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上海實業城市開發集團有限公司

SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

**POSSIBLE NOTIFIABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF SHANGHAI SHANGTOU**

The board of directors of Shanghai Industrial Urban Development Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that on 29 December 2017, the Company, entered into a letter of intent (the “**LOI**”) with Shanghai Shangtou Asset Operations Company Limited (上海上投資產經營有限公司) (the “**Transferor**”) in relation to the proposed acquisition of the entire equity interest in Shanghai Shangtou Real Estate Investment Company Limited (上海市上投房地產投資有限公司) (“**Shanghai Shangtou**”) from the Transferor (the “**Proposed Transfer**”). Shanghai Shangtou is a company established in the People’s Republic of China principally engaged in the secondary land development. As Shanghai Industrial Investment (Holdings) Company Limited, a controlling shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company, exercises the authority as a state-owned shareholder of the Transferor, the Transferor is a connected person of the Company.

Pursuant to the LOI, the Transferor proposes to transfer the entire equity interest in Shanghai Shangtou to the Company or a wholly-owned subsidiary to be nominated by the Company. The purchase price will be determined by reference to the valuation of Shanghai Shangtou to be determined in accordance with the requirements applicable to state-owned assets. Details of the terms of the Proposed Transfer are being negotiated and will be set out in the asset and equity transfer agreement (產權交易合同) to be entered into between the parties to the LOI.

This announcement is made by the Company on a voluntary basis. The Company wishes to emphasise that the Proposed Transfer may or may not materialise. If the Proposed Transfer materialises, the Company expects that it will constitute a notifiable and a connected transaction for the Company under the Listing Rules. The Company will comply with all relevant requirements under the Listing Rules if it eventually enters into a definitive agreement in respect of the Proposed Transfer.

By order of the Board of
Shanghai Industrial Urban Development Group Limited
Ji Gang
Chairman

Hong Kong, 29 December 2017

As at the date of this announcement, the Board comprises Mr. Ji Gang, Mr. Lou Jun, Mr. Yang Jianwei, Mr. Fei Zuoxiang, Mr. Ye Weiqi, Ms. Huang Fei and Mr. Zhong Tao as executive directors and Mr. Doo Wai-Hoi, William, J.P., Mr. Fan Ren Da, Anthony, Mr. Li Ka Fai, David and Mr. Qiao Zhigang as independent non-executive directors.

The English names of Chinese entities included in this announcement are unofficial translations of their Chinese names and are included for identification purposes only.