

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONTINUING CONNECTED TRANSACTION

THIRD VARIATION OF THE CROSS GUARANTEE AGREEMENT

We refer to the announcements of the Company dated 29 October 2007, 15 December 2009 and 6 December 2012, respectively, relating to the Cross Guarantee Agreement and the supplements and amendments to the Cross Guarantee Agreement.

Third Supplemental Agreement

On 9 February 2015, Shanghai Urban Development and State-owned Management Company entered into the Third Supplemental Agreement to further vary the terms of the Cross Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement and the Second Supplemental Agreement), whereby the parties have agreed to reduce the Guarantee Limit from RMB400,000,000 (equivalent to approximately HK\$499,875,000) to RMB332,000,000 (equivalent to approximately HK\$414,896,000). The term of the Cross Guarantee Agreement (as amended by the Third Supplemental Agreement) shall be from 1 January 2016 to 31 December 2017 (both dates inclusive).

Listing Rules Implications

Shanghai Urban Development, an indirect non-wholly owned subsidiary of the Company, is owned as to 59% indirectly by SIUD (an indirect non-wholly owned subsidiary of the Company) and 41% by Xuhui SASAC. Xuhui SASAC, being a substantial shareholder of Shanghai Urban Development, is a connected person of the Company. As the operation of State-owned Management Company is authorised by Xuhui SASAC and Xuhui SASAC exercises the authority as the state-owned shareholder of State-owned Management Company, State-owned Management Company is therefore regarded as a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. Accordingly, the Amended Cross Guarantee Arrangement between Shanghai Urban Development and State-owned Management Company constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.90 of the Listing Rules, the guarantees provided by State-owned Management Company under the Amended Cross Guarantee Arrangement in respect of the loans and credit facilities obtained by Shanghai Urban Development are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

However, in relation to the guarantees provided by Shanghai Urban Development under the Amended Cross Guarantee Arrangement in respect of the loans and credit facilities obtained by State-owned Management Company, as one of the applicable percentage ratios calculated in accordance with Chapter 14A of the Listing Rules exceeds 1% but is less than 5%, the Amended Cross Guarantee Arrangement is subject to reporting, annual review and announcement requirements of Chapter 14A of the Listing Rules, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

As disclosed in the announcements of the Company dated 29 October 2007, 15 December 2009 and 6 December 2012, Shanghai Urban Development (an indirect non-wholly owned subsidiary of the Company) and State-owned Management Company have entered into the Cross Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement dated 15 December 2009 and the Second Supplemental Agreement dated 6 December 2012), pursuant to which the parties agreed to guarantee each other's obligations in respect of the loans and credit facilities which they may respectively obtain from banks from time to time to the extent of not more than RMB400,000,000 (equivalent to approximately HK\$499,875,000). The term of the Cross Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement and the Second Supplemental Agreement) was from 1 January 2013 to 31 December 2015 (both dates inclusive).

THIRD SUPPLEMENTAL AGREEMENT

On 9 February 2015, Shanghai Urban Development and State-owned Management Company entered into the Third Supplemental Agreement to further vary the terms of the Cross Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement and the Second Supplemental Agreement), whereby the parties have agreed to reduce the Guarantee Limit from RMB400,000,000 (equivalent to approximately HK\$499,875,000) to RMB332,000,000 (equivalent to approximately HK\$414,896,000). The term of the Cross Guarantee Agreement (as amended by the Third Supplemental Agreement) shall be from 1 January 2016 to 31 December 2017 (both dates inclusive).

CROSS GUARANTEE AMOUNTS

As at the date of this announcement, the total amount of loans and credit facilities of Shanghai Urban Development guaranteed by State-owned Management Company amounted to approximately RMB312,000,000 (equivalent to approximately HK\$389,903,000).

As at the date of this announcement, the total amount of loans and credit facilities of State-owned Management Company guaranteed by Shanghai Urban Development amounted to approximately RMB176,000,000 (equivalent to approximately HK\$219,945,000). The aggregate amount of loans and credit facilities obtained by State-owned Management Company in respect of which guarantees were provided by Shanghai Urban Development at any point in time during the two years ended 31 December 2014 and up to the date of this announcement did not exceed the existing Guarantee Limit of RMB400 million (equivalent to approximately HK\$499,875,000).

REASONS FOR AND BENEFITS OF THE AMENDED CROSS GUARANTEE ARRANGEMENT AND THE THIRD SUPPLEMENTAL AGREEMENT

The reason for the Cross Guarantee Agreement is to enable State-owned Management Company and Shanghai Urban Development to obtain certain loans and credit facilities which are required to meet their respective funding needs. As the funding needs of State-owned Management Company and Shanghai Urban Development have not reached the Guarantee Limit (as amended by the Second Supplemental Agreement) of RMB400,000,000 (equivalent to approximately HK\$499,875,000) during the two years ended 31 December 2014 and up to the date of this announcement, and on the assumption that there will not be any substantial increase in the respective funding needs of each of Shanghai Urban Development and State-owned Management Company for the year ending 31 December 2015 and the years thereafter, the parties have entered into the Third Supplemental Agreement to reduce the Guarantee Limit from RMB400,000,000 (equivalent to approximately HK\$499,875,000) to RMB332,000,000 (equivalent to approximately HK\$414,896,000) to reflect the latest circumstances, and to renew the term of the Cross Guarantee Agreement up until 31 December 2017.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Third Supplemental Agreement and the Amended Cross Guarantee Arrangement are on normal commercial terms, are fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole. None of the Directors has any material interest in the Third Supplemental Agreement or the Amended Cross Guarantee Arrangement or is required to abstain from voting from the relevant resolutions of the Board.

LISTING RULES IMPLICATIONS

Shanghai Urban Development, an indirect non-wholly owned subsidiary of the Company, is owned as to 59% indirectly by SIUD (an indirect non-wholly owned subsidiary of the Company) and 41% by Xuhui SASAC. Xuhui SASAC, being a substantial shareholder of Shanghai Urban Development, is a connected person of the Company. As the operation of State-owned Management Company is authorised by Xuhui SASAC and Xuhui SASAC exercises the authority as the state-owned shareholder of State-owned Management Company, State-owned Management Company is therefore regarded as a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. Accordingly, the Amended Cross Guarantee Arrangement between Shanghai Urban Development and State-owned Management Company constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.90 of the Listing Rules, the guarantees provided by State-owned Management Company under the Amended Cross Guarantee Arrangement in respect of the loans and credit facilities obtained by Shanghai Urban Development are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

However, in relation to the guarantees provided by Shanghai Urban Development under the Amended Cross Guarantee Arrangement in respect of the loans and credit facilities obtained by State-owned Management Company, as one of the applicable percentage ratios calculated in accordance with Chapter 14A of the Listing Rules exceeds 1% but is less than 5%, the Amended Cross Guarantee Arrangement is subject to reporting, annual review and announcement requirements of Chapter 14A of the Listing Rules, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The Group is principally engaged in the business of infrastructure facilities, real estate and consumer products. Shanghai Urban Development is an indirect non-wholly owned subsidiary of SIUD and the Company. The principal activities of Shanghai Urban Development and its subsidiaries include property development, property investment and hotel operations.

State-owned Management Company is a wholly state-owned enterprise, whose establishment was approved by the Shanghai Xuhui District People's Government in the PRC and authorised by Xuhui SASAC. It is principally engaged in the business of investment, asset management and project financing.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Amended Cross Guarantee Arrangement”	the arrangement pursuant to the Cross Guarantee Agreement (as amended by the Third Supplement Agreement)
“Board”	the board of Directors
“Company”	Shanghai Industrial Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to such term under the Listing Rules

“Cross Guarantee Agreement”	the agreement dated 26 December 2002 entered into between State-owned Management Company and Shanghai Urban Development, whereby State-owned Management Company and Shanghai Urban Development have agreed to provide guarantees in respect of each other's obligations under loans and credit facilities obtained from banks or credit unions from time to time to the extent of not more than RMB700,000,000 (equivalent to approximately HK\$874,781,000), as amended by the First Supplemental Agreement and the Second Supplemental Agreement
“Directors”	the directors of the Company
“First Supplemental Agreement”	the supplemental agreement dated 15 December 2009 entered into between Shanghai Urban Development and State-owned Management Company, whereby the Guarantee Limit of the Cross Guarantee Agreement was increased from RMB700,000,000 (equivalent to approximately HK\$874,781,000) to RMB1,200,000,000 (equivalent to approximately HK\$1,499,625,000) and the term was renewed from 1 January 2010 to 31 December 2012 (both dates inclusive)
“Group”	the Company and its subsidiaries
“Guarantee Limit”	the maximum amount of loans and credit facilities obtained by State-owned Management Company and by Shanghai Urban Development, respectively, in respect of which State-owned Management Company or Shanghai Urban Development (as the case may be) shall provide guarantees pursuant to the Cross Guarantee Agreement, the First Supplemental Agreement, the Second Supplemental Agreement or the Third Supplemental Agreement (as the case may be)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China and for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Second Supplemental Agreement”	the second supplemental agreement to the Cross Guarantee Agreement dated 6 December 2012 entered into between Shanghai Urban Development and State-owned Management Company, whereby the Guarantee Limit of the Cross Guarantee Agreement was reduced from RMB1,200,000,000 (equivalent to approximately HK\$1,499,625,000) to RMB400,000,000 (equivalent to approximately HK\$499,875,000) and the term was renewed from 1 January 2013 to 31 December 2015 (both dates inclusive)
“Shanghai Urban Development”	上海城開(集團)有限公司 (Shanghai Urban Development (Holdings) Co., Ltd.*), a Sino-foreign equity joint venture company established in the PRC and is owned by SIUD indirectly as to 59% and by Xuhui SASAC as to 41%
“SIUD”	Shanghai Industrial Urban Development Group Limited (stock code: 563), a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. As at the date of this announcement, approximately 69.95% of the issued share capital of SIUD is indirectly owned by the Company
“State-owned Management Company”	上海徐匯國有資產投資經營有限公司 (Shanghai Xuhui State-owned Assets Management Co., Ltd.*), a state-owned enterprise established under the laws of the PRC with Xuhui SASAC as the authorised representative exercising state-owned shareholder's right over it
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to such term under the Listing Rules
“Third Supplemental Agreement”	the third supplemental agreement to the Cross Guarantee Agreement dated 9 February 2015 entered into between Shanghai Urban Development and State-owned Management Company
“Xuhui SASAC”	上海市徐匯區國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District*), a government authority authorised by and established directly under Shanghai Xuhui District People’s Government in the PRC for supervising and managing state-owned assets in the possession of Xuhui District, including but not limited to, exercising state-owned shareholders’ right over Shanghai Urban Development and a shareholder holding 41% of the equity interest in Shanghai Urban Development

“%”

per cent.

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.8002 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at the above rate or at any other rates or at all.

By order of the Board
Shanghai Industrial Holdings Limited
Yee Foo Hei
Company Secretary

Hong Kong, 9 February 2015

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Wang Wei, Mr. Zhou Jie, Mr. Lu Shen, Mr. Zhou Jun and Mr. Xu Bo

Independent non-executive Directors:

Dr. Lo Ka Shui, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and Mr. Cheng Hoi Chuen, Vincent

** for identification purpose only*