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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)

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION
VARIATION OF THE CROSS GUARANTEE AGREEMENT
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

On 9 February 2015, Shanghai Urban Development and State-owned Management Company entered into the Third Supplemental Agreement amending the terms of the Cross Guarantee Agreement. Pursuant to the Third Supplemental Agreement, the parties have agreed to (1) extend the term of the Cross Guarantee Agreement for two years so that it ends on 31 December 2017; and (2) revise the Existing Guarantee Limit of RMB400,000,000 (equivalent to approximately HK\$505,785,000) to the Revised Guarantee Limit of RMB332,000,000 (equivalent to approximately HK\$419,801,000).

Shanghai Urban Development is owned as to 41% by Xuhui SASAC and as to 59% indirectly by the Company. Xuhui SASAC, being a substantial shareholder of a subsidiary of the Company, is a connected person of the Company. The operation of State-owned Management Company, a state-owned enterprise, 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, and as such the provision of guarantees by Shanghai Urban Development in respect of the loans and credit facilities obtained by State-owned Management Company pursuant to the Amended Cross Guarantee Agreement constitutes continuing connected transactions of the Company under the Listing Rules. As the Cross Guarantee Arrangement is entered into between the Group and a connected person at the subsidiary level on normal commercial terms, it is only subject to the reporting, announcement and annual review requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of Chapter 14A of the Listing Rules.

Based on the Revised Guarantee Limit of RMB332,000,000 (equivalent to approximately HK\$419,801,000), one of the applicable percentage ratios under Listing Rule 14.07 exceeds 5% and all the applicable percentage ratios are below 25%. Accordingly, the provision of guarantees by Shanghai Urban Development in respect of the loans and credit facilities obtained by State-owned Management Company under the Amended Cross Guarantee Agreement constitutes a discloseable transaction of the Company and is therefore subject to the requirements of reporting and announcement pursuant to Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 31 October 2011 in relation to certain connected transactions and continuing connected transactions of the Company and the circular of the Company dated the same date. Reference is also made to the announcement of the Company dated 6 December 2012 and the circular of the Company dated 31 December 2012 in relation to the Cross Guarantee Agreement. As disclosed in the said announcements and circulars, in 2002, Shanghai Urban Development and State-owned Management Company entered into the Cross Guarantee Agreement (which was subsequently 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 subject to a cap of RMB400,000,000 (equivalent to approximately HK\$505,785,000). At all material times, Shanghai Urban Development was and is owned as to 41% by Xuhui SASAC. State-owned Management Company is a state-owned enterprise and is authorised by Xuhui SASAC which exercises its authority as the state-owned shareholder of State-owned Management Company. The transactions under the Cross Guarantee Agreement became continuing connected transactions of the Company following the Company's acquisition of 51% interest in Shanghai Urban Development in November 2011.

THE THIRD SUPPLEMENTAL AGREEMENT

On 9 February 2015, Shanghai Urban Development and State-owned Management Company entered into the Third Supplemental Agreement amending the terms of the Cross Guarantee Agreement. Pursuant to the Third Supplemental Agreement, the parties have agreed to (1) extend the term of the Cross Guarantee Agreement for two years so that it ends on 31 December 2017; and (2) revise the Existing Guarantee Limit of RMB400,000,000 (equivalent to approximately HK\$505,785,000) to the Revised Guarantee Limit of RMB332,000,000 (equivalent to approximately HK\$419,801,000).

REASONS FOR AND BENEFITS OF THE AMENDED CROSS GUARANTEE ARRANGEMENT

The Existing Guarantee Limit and historical figures

Pursuant to the Cross Guarantee Agreement, the Existing Guarantee Limit for the three years ending 31 December 2015 is RMB400,000,000 (equivalent to approximately HK\$505,785,000). 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. The table below sets out the aggregate amount of loans and credit facilities of State-owned Management Company that were guaranteed by Shanghai Urban Development as at 31 December 2013 and 2014 and as at the date of this announcement respectively:

	As at 31 December 2013	2014	As at the date of this announcement
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Approximate aggregate amount of loans and credit facilities	266	216	176

Reason for entering into the Third Supplemental Agreement

The purpose of 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 Existing Guarantee Limit of RMB400,000,000 (equivalent to approximately HK\$505,785,000) in the past two years, 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 in the year ending 31 December 2015 and the years thereafter, the parties have entered into the Third Supplemental Agreement to reduce the guarantee limit to RMB332,000,000 (equivalent to approximately HK\$419,801,000) to reflect the latest circumstances, and to extend the term of the Cross Guarantee Agreement for two years so that it ends on 31 December 2017. For the avoidance of doubt, the existing guarantee limit in the amount of RMB400,000,000 (equivalent to approximately HK\$505,785,000) will remain unchanged and be applicable to the year ending 31 December 2015.

Given that Shanghai Urban Development will also benefit from the cross guarantee under the Amended Cross Guarantee Agreement, the Directors (including all the independent non-executive Directors) are of the view, and all the independent non-executive Directors have confirmed, that the arrangements under the Amended Cross Guarantee Agreement including the provision of guarantees by Shanghai Urban Development in respect of the loans and credit facilities obtained by State-owned Management Company and the Revised Guarantee Limit is on normal commercial terms albeit not in the ordinary and usual course of business of the Group, and such terms are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Shanghai Urban Development is owned as to 41% by Xuhui SASAC and as to 59% by Joy Century, an indirect wholly-owned subsidiary of the Company. Xuhui SASAC, being the holder of 41% equity interest in Shanghai Urban Development, is a substantial shareholder of a subsidiary of the Company and hence a connected person of the Company. The operation of State-owned Management Company, a state-owned enterprise, 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, and as such the provision of guarantees by Shanghai Urban Development in respect of the loans and credit facilities obtained by State-owned Management Company pursuant to the Amended Cross Guarantee Agreement constitutes continuing connected transactions of the Company under the Listing Rules. As the Cross Guarantee Arrangement is entered into between the Group and a connected person at the subsidiary level on normal commercial terms, it is only subject to the reporting, announcement and annual review requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of Chapter 14A of the Listing Rules.

Based on the Revised Guarantee Limit of RMB332,000,000 (equivalent to approximately HK\$419,801,000), one of the applicable percentage ratios under Listing Rule 14.07 exceeds 5% and all the applicable percentage ratios are below 25%. Accordingly, the provision of guarantees by Shanghai Urban Development in respect of the loans and credit facilities obtained by State-owned Management Company under the Amended Cross Guarantee Agreement constitutes a discloseable transaction of the Company and is therefore subject to the requirements of reporting and announcement pursuant to Chapter 14 of the Listing Rules.

The Board has resolved and approved the Amended Cross Guarantee Arrangement and the Revised Guarantee Limit. As none of the Directors has material interest in the Amended Cross Guarantee Arrangement, no Director has abstained from voting on the relevant board resolutions of the Company.

INFORMATION ON THE GROUP

The Group is one of the leading property developers in the PRC. The Group principally engages in the businesses of property development, property investment and hotel operations.

INFORMATION ON STATE-OWNED MANAGEMENT COMPANY

State-owned Management Company is a wholly state-owned enterprise, whose establishment was approved by the People's Government of Xuhui District 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 Agreement”	the Cross Guarantee Agreement as amended by the Third Supplemental Agreement
“Amended Cross Guarantee Arrangement”	the arrangement pursuant to the Amended Cross Guarantee Agreement whereby Shanghai Urban Development and State-owned Management Company have agreed to provide guarantees in respect of each other's obligations under loans and credit facilities obtained from banks from time to time subject to a cap of RMB332,000,000 (equivalent to approximately HK\$419,801,000)

“Board”	the board of Directors
“Company”	Shanghai Industrial Urban Development Group Limited, 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
“connected person”	has the meaning given to it under the Listing Rules
“controlling shareholder”	has the meaning given to it under the Listing Rules
“Cross Guarantee Agreement”	the cross guarantee agreement dated 26 December 2002 and entered into between Shanghai Urban Development and State-owned Management Company and as amended by the First Supplemental Agreement and the Second Supplemental Agreement
“Directors”	directors of the Company
“Existing Guarantee Limit”	the current maximum amount of guarantee amounting to RMB400,000,000 (equivalent to approximately HK\$505,785,000) which Shanghai Urban Development and State-owned Management Company may provide in respect of each other’s loans and credit facilities pursuant to the Cross Guarantee Agreement
“First Supplemental Agreement”	the first supplemental agreement to the Cross Guarantee Agreement dated 15 December 2009 entered into between Shanghai Urban Development and State-owned Management Company
“Group”	the Company and its subsidiaries
“Joy Century”	Joy Century Investments Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“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 Special Administrative Region, Macau Special Administrative Region and Taiwan

“Revised Guarantee Limit”	the revised maximum amount of guarantee amounting to RMB332,000,000 (equivalent to approximately HK\$419,801,000) which Shanghai Urban Development and State-owned Management Company may from time to time provide in respect of each other’s loans and credit facilities pursuant to the Amended Cross Guarantee Agreement
“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
“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 indirectly owned by the Company as to 59% and by Xuhui SASAC as to 41%
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“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 given to it 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 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

English names of the PRC established companies/entities in this announcement are only translation of their respective official Chinese names. In case of any inconsistency, the Chinese names shall prevail.

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.79085 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 Urban Development Group Limited
Ji Gang
Chairman

Hong Kong, 9 February 2015

As at the date of this announcement, the Board comprises Mr. Ji Gang, Mr. Zhou Jun, Mr. Yang Jianwei, Mr. Yang Biao, Ms. Huang Fei and Mr. Ye Weiqi as executive Directors and Mr. Doo Wai-Hoi, William, J.P., Dr. Wong Ying Ho, Kennedy, BBS, J.P., Mr. Fan Ren Da, Anthony and Mr. Li Ka Fai, David as independent non-executive Directors.