THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Industrial Urban Development Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Shanghai Industrial Urban Development Group Limited.

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)

MAJOR TRANSACTIONS

ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CONTINENTAL LAND DEVELOPMENT LIMITED; FORMATION OF JOINT VENTURE WITH NAN FUNG GROUP AND DEEMED DISPOSAL OF 49% INTEREST IN ADVANTAGE WORLD INVESTMENT LIMITED

A letter from the Board is set out from pages 5 to 18 of this circular.

12 November 2014

CONTENTS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Acquisition"	the acquisition of the Sale Shares and the Sale Loans by AWI pursuant to the terms of the Sale and Purchase Agreement
"Announcements"	the two announcements of the Company both dated 25 September 2014, in relation to (i) the Acquisition and (ii) the Formation of the Joint Venture and the Share Subscription, respectively
"AWI" or "JV Company"	Advantage World Investment Limited, a company incorporated in the BVI with limited liability, and an indirect wholly-owned subsidiary of the Company prior to entering into the Joint Venture Agreement
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"close associates"	has the meaning ascribed to it under the Listing Rules
"Company"	Shanghai Industrial Urban Development Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Directors"	directors of the Company
"Eastlake"	Eastlake Corporation, a company incorporated in the BVI with limited liability and one of the Sellers
"Enlarged Group"	the Group as enlarged by the Acquisition
"Formation of the Joint Venture"	the formation of the joint venture between Keychina and Prestige Land in accordance with the terms of the Joint Venture Agreement
"Group"	the Company and its subsidiaries
"Huntington"	Huntington Development Ltd., a company incorporated in the BVI with limited liability and one of the Sellers

"Joint Venture Agreement"	the joint venture agreement dated 25 September 2014 entered into among the Company, Keychina, the JV Company, Prestige Land and Nan Fung Investment China
"JV Company Shares"	shares in the share capital of the JV Company
"JV Group"	the JV Company and its subsidiaries
"Keychina"	Keychina Investment Limited, a company incorporated in the BVI with limited liability, an indirect wholly-owned subsidiary of the Company and the immediate holding company of AWI
"Latest Practicable Date"	10 November 2014, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Multi-United"	Multi-United Investment Inc., a company incorporated in the BVI with limited liability and one of the Sellers
"Nan Fung Investment China"	Nan Fung Investment China Holdings Limited, a company incorporated in the BVI and a member of the Nan Fung group
"NF Loan"	an aggregate of approximately US$361,400,000 loan provided by Nan Fung group to the Group to finance the Acquisition
"Pearlking"	Pearlking Developments Ltd., a company incorporated in the BVI with limited liability and one of the Sellers
"PRC"	the People's Republic of China and for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"Prestige Land"	Prestige Land Investments Limited, a company incorporated in the BVI with limited liability and a member of the Nan Fung group

"Property"	Shanghaimart, a permanent international trade mart located in the Shanghai Hongqiao Economic Development Zone, which is owned by Shanghai World Trade
"Purchase Price"	the aggregate consideration for the Acquisition in the amount of approximately US$579,300,000 payable by AWI in accordance with the terms of the Sale and Purchase Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the agreement dated 25 September 2014 entered into among AWI, the Company and the Sellers in relation to the Acquisition
"Sale Loans"	the aggregate amount of shareholders' loans, together with interest accrued thereon, owed by the Target to the Sellers as of 31 May 2014
"Sale Shares"	10,000 shares in the issued share capital of the Target, representing the entire issued share capital of the Target
"Sellers"	Shing Kwan, Eastlake, Universal Global, Pearlking, Smoothly Capital, Huntington and Multi-United
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai World Trade"	上海世界貿易商城有限公司 (Shanghai World Trade City Corp., Ltd.), a sino-foreign joint venture company established in the PRC and is owned as to 99% by the Target and 1% by SHUDC
"Shareholder"	a holder of the ordinary shares of HK$0.04 each in the issued share capital of the Company
"Share Subscription"	the subscription of the Subscription Shares in AWI by Prestige Land pursuant to the terms of the Joint Venture Agreement
"Shing Kwan"	Shing Kwan Investment (Singapore) Pte Ltd, a company incorporated in Singapore with limited liability and one of the Sellers
"SHUDC"	上海虹橋經濟技術開發區聯合發展有限公司 (Shanghai Hongqiao Economic & Technological Development Zone United Development Co., Ltd.), a sino-foreign joint venture enterprise established in the PRC

"SIHL"	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange, and a controlling shareholder of the Company
"SIIC"	Shanghai Industrial Investment (Holdings) Company Limited
"Smart Charmer"	Smart Charmer Limited, a company incorporated in the BVI with limited liability, which is the holder of 3,365,883,000 Shares as of the date of the Announcements
"Smoothly Capital"	Smoothly Capital Limited, a company incorporated in the BVI with limited liability and one of the Sellers
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Shares"	49 JV Company Shares allotted and issued by the JV Company, representing 49% of the issued share capital of the JV Company as enlarged by the Share Subscription
"Target"	Continental Land Development Limited, a company incorporated in Hong Kong with limited liability
"Target Group"	the Target and Shanghai World Trade
"Universal Global"	Universal Global Invest Limited, a company incorporated in the BVI with limited liability and one of the Sellers

For the purpose of this circular, unless the context requires otherwise, conversion of Renminbi into Hong Kong dollars and U.S. Dollars is based on the following approximate exchange rates:

RMB0.7925 to HK$1.00
RMB6.1525 to US$1.00

Such exchange rates are for the purpose of illustration only and do not constitute a representation that any amounts in Hong Kong dollars, U.S. dollars or RMB have been, could have been or may be converted at such or any other rates or at all.

Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.

The English names of the Chinese nationals, companies, entities, departments, facilities, certificates, titles and the like are translation of their Chinese names and are included in this circular for identification purpose only and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese names prevail.

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)

Executive Directors:
Ni Jianda *(Chairman)*
Ji Gang *(Vice-Chairman and President)*
Zhou Jun
Yang Jianwei
Yang Biao
Huang Fei
Ye Weiqi

Independent Non-executive Directors:
Doo Wai-Hoi, William, J.P.
Wong Ying Ho, Kennedy, BBS, J.P.
Fan Ren Da, Anthony
Li Ka Fai, David

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business in Hong Kong:
Suites 3003–3007
30th Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

12 November 2014

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTIONS

ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CONTINENTAL LAND DEVELOPMENT LIMITED; FORMATION OF JOINT VENTURE WITH NAN FUNG GROUP AND DEEMED DISPOSAL OF 49% INTEREST IN ADVANTAGE WORLD INVESTMENT LIMITED

I. INTRODUCTION

Reference is made to the two announcements of the Company both dated 25 September 2014, in which the Company announced that:

(a) the Company and AWI entered into the Sale and Purchase Agreement with the Sellers pursuant to which AWI agreed to purchase, and the Sellers agreed to sell, the Sale Shares and the Sale Loans for a total consideration of approximately US$579,300,000 in cash. The Sale Shares represent the entire issued share capital of the Target and the Sale Loans represent the aggregate amount of shareholders' loans, together with interest accrued thereon, owed by the Target to the Sellers as of 31 May 2014. The Company has agreed to guarantee AWI's payment obligations under the Sale and Purchase Agreement; and

(b) the Company, AWI and Keychina entered into the Joint Venture Agreement with Prestige Land and Nan Fung Investment China, in relation to the Formation of the Joint Venture and the Share Subscription. Under the Joint Venture Agreement, Prestige Land subscribed for and was allotted and issued the Subscription Shares at par value for a total amount of US$49. Following the allotment and issuance of the Subscription Shares, Prestige Land became the holder of 49% of the enlarged issued capital of AWI and the Company's shareholding interest (through Keychina) in AWI reduced from 100% to 51%. Therefore, the Share Subscription constitutes a deemed disposal of the Company. The Joint Venture Agreement further sets out the parties' respective rights and obligations in relation to the JV Company.

The purpose of this circular is to provide you with further information in relation to the Acquisition, the Formation of the Joint Venture and the Share Subscription.

II. THE ACQUISITION

THE SALE AND PURCHASE AGREEMENT

Date

25 September 2014

Parties

(1) Shing Kwan, Eastlake, Universal Global, Pearlking, Smoothly Capital, Huntington and Multi-United, as the Sellers

(2) AWI, as the purchaser

(3) The Company, as the guarantor

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, each of the Sellers and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets acquired

The assets acquired under the Sale and Purchase Agreement comprise (i) the Sale Shares, being the entire issued share capital of the Target; and (ii) the Sale Loans in the amount of approximately US$185,000,000, being the aggregate amount of shareholders' loans, together with interest accrued thereon, owed by the Target to the Sellers as of 31 May 2014. All rights attaching to the Sale Shares accrued after 31 May 2014 are for the account of AWI. The Directors confirmed that, up to the Latest Practicable Date, there had been no material adverse change in the financial positions or liabilities of the Target Group since 31 May 2014.

The information regarding the Target Group is set out in the paragraph headed "Information on the Target Group" below.

Consideration

The Purchase Price for the Acquisition is approximately US$579,300,000 and is payable in cash in the following manner:

(a) approximately US$521,400,000, representing 90% of the Purchase Price (the "**First Payment**"), was paid by AWI to the Sellers on the date of the Sale and Purchase Agreement; and

(b) the remaining 10% of the Purchase Price (the "**Final Payment**") is payable in two tranches as follows:

   (i) approximately US$46,300,000 (representing 8.0% of the Purchase Price) ("**Tax Reserve Amount**") will be withheld by AWI for the payment of any tax obligations of the Sellers owed to the PRC tax authorities arising from the transactions under the Sale and Purchase Agreement. Following the issue of the tax demand, AWI will make the tax payment to the relevant PRC tax authorities on the Sellers' behalf up to the Tax Reserve Amount. The Sellers are responsible for any tax payable in excess of the Tax Reserve Amount. In the event that the tax payable is less than the Tax Reserve Amount, AWI will pay the excess amount to the Sellers; and

   (ii) approximately US$11,600,000 (representing 2.0% of the Purchase Price) will be withheld by AWI and will only be released to the Sellers following the expiry of one year from the date of the Sale and Purchase Agreement if there are no claims by AWI against the Sellers under the terms of the Sale and Purchase Agreement outstanding as of the expiry of the said one-year period.

Hong Kong stamp duty payable in respect of the transfer of the Sale Shares will be borne by the Sellers on one part and AWI on the other part in equal shares. An amount equal to the estimated Hong Kong stamp duty payable by the Sellers has been deducted from the First Payment. The First Payment was financed as to approximately US$160,000,000 by the Group's internal resources and as to the balance by the NF Loan.

The Purchase Price was determined after arm's length negotiations between the parties taking into account various factors, including but not limited to the following:

- the value of the Property — based on the audited consolidated financial statements of the Target Group for the year ended 31 December 2013, the fair market value of the Property as of 31 December 2013 was approximately US$774,000,000, which was determined by an independent property valuer; based on the valuation report prepared by DTZ Debenham Tie Leung Limited as set out in Appendix V to this circular, the Property has a market value of RMB5,224,000,000 (equivalent to US$849,086,000) as of 30 September 2014;

- the historical financial information of the Target Group — the audited net profit before taxation and extraordinary items of the Target Group for each of the two years ended 31 December 2012 and 2013 are US$37,780,000 and US$42,226,000, respectively; the audited net profit after taxation and extraordinary items of the Target Group for each of the two years ended 31 December 2012 and 2013 are US$30,983,000 and US$26,401,000, respectively; and

- the reasons for the Acquisition — the Board considers that the Acquisition can help to enhance and enlarge the property investment portfolio of, and bring additional recurring rental income to, the Group.

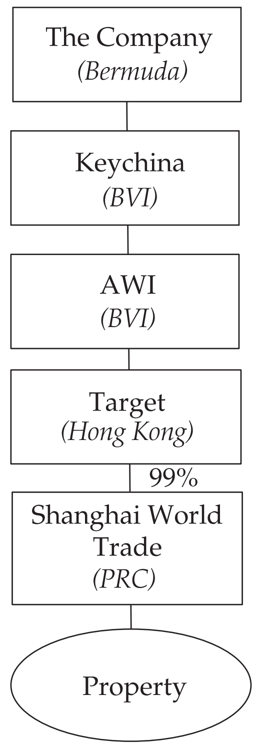
Guarantee

The Company has agreed to guarantee the payment obligations of AWI under the terms of the Sale and Purchase Agreement.

Completion

Completion of the Acquisition was subject to the Company having obtained its shareholders' approval for the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules. Such condition was satisfied prior to the signing of the Sale and Purchase Agreement. Completion of the Acquisition took place on 25 September 2014 immediately following the signing of the Sale and Purchase Agreement. Following completion of the Acquisition, the Target becomes a subsidiary of the Company and its results will be consolidated into the accounts of the Group.

The following diagram illustrates the shareholding structure of the Target Group immediately after the completion of the Acquisition, but prior to the Share Subscription (unless otherwise specified, each subsidiary is 100% owned, directly or indirectly, by its holding company):



INFORMATION ON THE SELLERS

The following table sets out the percentage holding of the Target held by each Seller, and the basic information of each Seller:

Sellers	Approximate % holding in Target	Place of incorporation	Principal business
Shing Kwan	25.0%	Singapore	Investment holding
Eastlake	25.0%	BVI	Investment holding
Universal Global	15.2%	BVI	Investment holding
Pearlking	12.5%	BVI	Investment holding
Smoothly Capital	9.8%	BVI	Investment holding
Huntington	7.5%	BVI	Investment holding
Multi-United	5.0%	BVI	Investment holding

INFORMATION ON THE TARGET GROUP

The Target Group comprises the Target and Shanghai World Trade. The Target is an investment holding company with no material assets, other than its holding in Shanghai World Trade. As of the Latest Practicable Date, the Target held 99% equity interest of Shanghai World Trade, a sino-foreign joint venture company established in the PRC. The other 1% equity interest of Shanghai World Trade was held by SHUDC, which is a sino-foreign joint venture enterprise approved by the People's Government of Shanghai City and undertakes the overall development and management of the Hongqiao Economic & Technological Development Zone.

Shanghai World Trade is the owner of the Property and engages in the business of showcasing, exhibiting and hosting trade fairs for imported/exported products; providing trading venues and facilities for domestic and foreign customers, and other ancillary services; operating car parks and providing property management services. The Target Group generates revenue mainly from leasing the office spaces, together with other revenue from providing building management services, short-term leasing of the exhibition hall and providing other services. The Board considers that after Acquisition the property investment portfolio of the Group will be enhanced and enlarged with additional recurring rental income.

Information on the Property

Opened in 1999, the Property is the first permanent international trade mart in the PRC. It is located at 2299 Yan'an Road (West) in the Shanghai Hongqiao Economic Development Zone, approximately 20 minutes away from Shanghai Hongqiao Airport. With an aggregate gross floor area in excess of 280,000 sq.m., the Property is the largest of its kind in Asia and comprises three main buildings, namely the Mart, Expo, and Tower. The Mart, which spans over 201,000 sq.m., functions as a year round product showcase venue. The Expo, which has a gross floor area of approximately 37,000 sq.m., is a venue suited for hosting of exhibitions and fairs. The Tower, which has a total gross floor area of approximately 42,000 sq.m. and spans 30 floors, accommodates a multi-storey commercial office space for corporations and consulates. The land use rights in respect of the land on which the Property is situated has been granted for a period of 50 years commencing 21 October 1999 and ending on 20 October 2049.

Financial information on the Target Group

The audited net asset value of the Target Group as of 31 December 2013 and 31 May 2014 was approximately US$335.7 million and US$361.8 million, respectively.

The audited net profit before and after taxation and extraordinary items of the Target Group for each of the two years ended 31 December 2012 and 2013 are set out below:

	For the year ended 31 December	
	2012	**2013**
	(US$'000) *(Approximate)*	*(US$'000)* *(Approximate)*
Net profit before taxation and extraordinary items	37,785	42,226
Net profit after taxation and extraordinary items	30,983	26,401

Information on the Shanghai World Trade Acquisition

On 20 December 2013, the Target entered into an equity transfer agreement with SHUDC pursuant to which the Target agreed to purchase and SHUDC agreed to sell the 1% equity interest of Shanghai World Trade held by SHUDC at a purchase consideration to be determined by the parties in due course (the "**Shanghai World Trade Acquisition**"). On 9 October 2014, the 1% equity interest of Shanghai World Trade was listed for sale on Shanghai United Assets and Equity Exchange for an opening price of approximately RMB72.4 million. The Target submitted a formal bid on 3 November 2014 at the opening price and has received the formal confirmation letter from the Shanghai United Assets and Equity Exchange confirming that the Target is the sole qualified bidder. The Target will proceed with the payment of the bidding price and it is currently expected that the transfer of the 1% equity interest of Shanghai World Trade will be completed by mid-November 2014. As of the Latest Practicable Date, completion of the Shanghai World Trade Acquisition has not taken place. Each of the Sellers undertakes to use its commercially reasonable endeavours to assist in the completion of the Shanghai World Trade Acquisition. Upon completion of the Shanghai World Trade Acquisition, the Target, through Shanghai World Trade, will be the sole shareholder of Shanghai World Trade.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a property developer in the PRC and is principally engaged in the businesses of property development, property investment and hotel operations.

The Board considers that the Acquisition can help to enhance and enlarge the property investment portfolio of, and bring additional recurring rental income to, the Group. After taking into consideration the above factors, the Board considers that the Sale and Purchase Agreement has been made on normal commercial terms and that its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

III. FORMATION OF JOINT VENTURE AND SHARE SUBSCRIPTION

THE JOINT VENTURE AGREEMENT

Date

25 September 2014, after completion of the Acquisition

Parties

(1) The Company

(2) Keychina

(3) AWI, as the JV Company

(4) Prestige Land

(5) Nan Fung Investment China

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, Prestige Land, Nan Fung Investment China and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Share Subscription

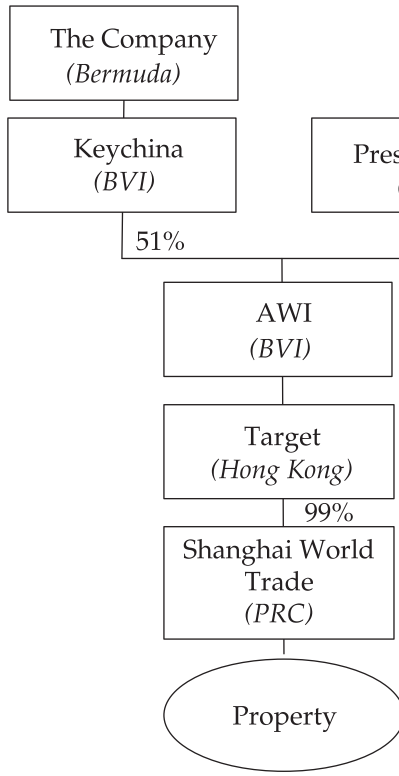
Pursuant to the terms of the Joint Venture Agreement, Prestige Land has subscribed for, and AWI has allotted and issued, the Subscription Shares, representing 49% of the enlarged issued share capital of AWI at the aggregate subscription price of US$49. AWI will apply the subscription monies paid by Prestige Land as part of AWI's working capital.

The aggregate subscription price has been determined after arm's length negotiations between the parties taking into account various factors, including but not limited to the respective terms of the Joint Venture Agreement and the Sale and Purchase Agreement (including but not limited to the purchase consideration for the Acquisition and the amount of shareholders' loans to be extended to AWI by Keychina and Prestige Land).

Completion

Completion of the Share Subscription took place immediately following the signing of the Joint Venture Agreement, following which, AWI is owned as to 51% by Keychina and 49% by Prestige Land. AWI remains as a subsidiary of the Company and the results of the JV Group will be consolidated into the Company's consolidated financial statements.

The following diagram illustrates the shareholding structure of the Target Group after the completion of the Share Subscription (unless otherwise specified, each subsidiary is 100% owned, directly or indirectly, by its holding company):



Formation of Joint Venture

Scope of business of the JV Company

The parties agree that the scope of business of the JV Company shall include the renovation, management and operation of the Property, and such other business as the parties may agree from time to time.

The Acquisition and financing of the JV Company

As disclosed in the paragraph headed "II. The acquisition — The Sale and Purchase Agreement — Consideration" above, 90% of the consideration for the Acquisition was settled upon completion of the Acquisition. In connection with the Acquisition, Nan Fung group provided the NF Loan in the amount of approximately US$361,400,000 to the Company to finance the initial payment for the Acquisition. The NF Loan consists of the Tranche A Loan and the Tranche B Loan in the amount of US$105,911,686 and US$255,483,776, respectively. Set out below the key terms of the Tranche A Loan and the Tranche B Loan.

	Tranche A Loan	**Tranche B Loan**
Date of loan agreement	25 September 2014	25 September 2014
Amount	US$105,911,686	US$255,483,776
Term	90 days	Repayment upon demand
Interest rate	The aggregate of Margin (being 3.72 per cent. per annum) and LIBOR	Interest-free

Immediately following completion of the Share Subscription, Prestige Land contributed 49% of the initial funding of the Acquisition as its capital commitment to the JV Company and has transferred the Tranche B Loan from the Company to the JV Company thereby converting the Tranche B Loan into a shareholders' loan extended by Prestige Land to the JV Company. The Tranche B Loan is repayable upon demand. Pursuant to the Joint Venture Agreement, the JV Company shall not make any repayment on the shareholder's loans unless such repayment are made to both shareholders at the same time and in proportion to their respective actual capital contribution to the JV Company.

As part of the NF Loan arrangement, the Group has placed a RMB660,000,000 deposit with the Nan Fung group. Upon repayment of all the amounts due under the Tranche A Loan, such deposit will be released and transferred back to the Group.

Keychina and Prestige Land undertake to provide shareholders' loans in their respective shareholding proportions to pay for the remainder of the purchase consideration. The parties are considering obtaining external bank financing by the JV Company to refinance the funding of the Acquisition and to fund the JV Group's general working capital requirements.

Unless the board approves otherwise, the parties have no obligation to provide further funding to the JV Group. Any further financing or guarantee provided by the parties to the JV Group will be in the proportion relative to their shareholding interest in the JV Company.

Board of directors of the JV Group

The board of directors of each member of the JV Group shall comprise seven directors, four of whom shall be appointed by Keychina and three by Prestige Land. Keychina and Prestige Land shall have the right to appoint the Chairman and Vice Chairman of these companies, respectively. The quorum for all meetings of the directors shall be four directors (which shall include two directors appointed by each of Keychina and Prestige Land). The board of directors of each member of the JV Group shall be responsible for, among other things, the approval of the annual budgets, changes in capital structure, formulation of dividend proposals, acquisition and disposal of major assets, and changes to the composition of the executive committee, etc. The approval of certain of such matters require the unanimous consent of the board, including without limitation the approval of annual budget and business plan and any subsequent substantial amendments or changes thereto; the increase, reduction, transfer or otherwise change in the capital structure, and the issue of shares and other securities convertible into shares; any shareholder financing other than those contemplated under the Joint Venture Agreement; the suspension, dissolution or winding up of the company, or the initiating in such proceedings or similar proceedings; the incur of debt or provision of financial assistance or the creation of any security or charge over the company's assets or the issue of debt securities; the change of company name, company articles and business scope; the approval of the company's profit distribution plan in respect of the part of no more than 50% profits after tax; and the sale, transfer or otherwise disposal of assets exceeding 10% of the company's total assets, etc. The board may from time to time delegate its powers to executive committees or other senior management to carry out its duties.

Executive committee of Shanghai World Trade

An executive committee of Shanghai World Trade comprising four members, with Keychina and Prestige Land each having the right to appoint two members, will be formed to supervise matters relating to project design, project management, operational management and asset management. Keychina and Prestige Land shall have the right to appoint the General Manager and First Deputy General Manager of Shanghai World Trade, respectively.

Lock-up undertaking

Unless both Keychina and Prestige Land agree to do so collectively or except as permitted under the Joint Venture Agreement, each of Keychina and Prestige Land undertakes to the other that it will not dispose of or create any encumbrance over any of the JV Company Shares for a period of three years commencing from the date of the Joint Venture Agreement. Following the expiry of the initial lock-up period, any party that intends to transfer its interest in the JV Company will be subject to the other party's rights of first refusal and tag along rights, unless such transfer is to one of its associated companies. Keychina and Prestige Land acknowledged that the Company is listed on the Stock Exchange and therefore the performance of contractual obligations under the Joint Venture Agreement by the Company or Keychina is subject to compliance with the requirements under the Listing Rules. The Company and Keychina shall use their reasonable endeavours to ensure that such requirements are fulfilled so that they can perform their respective contractual obligations under the Joint Venture Agreement.

Guarantee by Nan Fung Investment China

The Company has provided a guarantee to the Sellers in respect of the payment obligations of AWI under the Sale and Purchase Agreement. Under the Joint Venture Agreement, Nan Fung Investment China has agreed to be responsible for 49% of the Company's guarantee obligations under the Sale and Purchase Agreement which is in proportion to Prestige Land's shareholding proportion in AWI.

INFORMATION ON PRESTIGE LAND AND NAN FUNG INVESTMENT CHINA

Each of Prestige Land and Nan Fung Investment China is an investment holding company and a subsidiary of Nan Fung International Holdings Limited, which through its subsidiaries, is an international business conglomerate with global interests in property markets, financial investments and a diverse range of business partnerships.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE AND THE SHARE SUBSCRIPTION

Through the Share Subscription, Prestige Land became a joint venture party of the JV Company. The Board considers that the Formation of the Joint Venture is a value-creating opportunity to form a strong partnership with the Nan Fung group which will enable the JV Group to (i) achieve operational synergies and efficiencies with each of the Group and Nan Fung group focussing on each of their strengths; and (ii) tap into the expertise of the management of both groups and enhance the talent pool for the strategic renovation and operation of the Property.

With the backing of the Nan Fung group, the Formation of the Joint Venture will also provide the JV Group with an additional source of financial resources that it may be able to tap into in the future to renovate, operate and manage the Property.

The Board considers that the Joint Venture Agreement have been made on normal commercial terms and that its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. INFORMATION ON THE GROUP AND AWI

The Group is a property developer in the PRC and is principally engaged in the businesses of property development, property investment and hotel operations.

AWI was established as an investment holding company and had acted as the purchaser in relation to the Acquisition. The principal asset of AWI and the Target is the 99% equity interest in Shanghai World Trade. Shanghai World Trade is the owner of the Property.

The total issued share capital of AWI is US$100 divided into 100 shares of US$1 each. Since the subscription money received for the Share Subscription is classified as equity and the Share Subscription will not result in a loss of the Group's control over AWI, the effect of the Share Subscription will be accounted for as an equity transaction that will not result in the recognition of any gain or loss in profit or loss.

V. LISTING RULES IMPLICATIONS

Acquisition

As one or more of the applicable percentage ratios in respect of the Acquisition as calculated under Rule 14.07 of the Listing Rules is greater than 25% and all the applicable percentage ratios are less than 100%, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under the Listing Rules.

Formation of the Joint Venture and Share Subscription

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules for the Formation of the Joint Venture and the Share Subscription is greater than 25% and all the applicable percentage ratios are less than 75%, the entering into of the Joint Venture Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under the Listing Rules.

VI. SHAREHOLDERS APPROVAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders and any of their respective close associates has any material interest in the transactions contemplated under the Sale and Purchase Agreement or the Joint Venture Agreement and therefore none of them is required to abstain from voting if an extraordinary general meeting was to be convened for the approval of the Sale and Purchase Agreement, the Joint Venture Agreement and the transactions contemplated therein. The Company had obtained written approvals for the Sale and Purchase Agreement, the Joint Venture Agreement and the transactions contemplated therein (including the Acquisition, the Formation of the Joint Venture and the Share Subscription) in accordance with Rule 14.44 of the Listing Rules from Smart Charmer, a Shareholder holding 3,365,883,000 ordinary shares of the Company, representing approximately 69.95% of the issued share capital of the Company as of the Latest Practicable Date. Smart Charmer has the right to attend and vote at the extraordinary general meeting (if convened) to approve such transactions. As such, the Company is not required to convene an extraordinary general meeting for this purpose as is permitted under Rule 14.44 of the Listing Rules.

VII. RECOMMENDATION

Although no general meeting will be convened for approving the Sale and Purchase Agreement and the Joint Venture Agreement, the Directors (including the independent non-executive Directors) believe that the transactions contemplated under the Sale and Purchase Agreement and the Joint Venture Agreement are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting was convened for approving the Sale and Purchase Agreement, the Joint Venture Agreement and the transactions contemplated therein, the Directors would have recommended the Shareholders to vote in favour of the Sale and Purchase Agreement, the Joint Venture Agreement and the transactions contemplated therein.

VIII. FURTHER INFORMATION

Your attention is drawn to the appendices to this circular, which contain further information on the Group, the Target Group and other information required to be disclosed under the Listing Rules.

Yours faithfully,
By order of the Board
Shanghai Industrial Urban Development Group Limited
Ni Jianda
Chairman

THREE-YEAR FINANCIAL INFORMATION OF THE COMPANY

The Company is required to set out or refer to in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group. The financial information of the Group is disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.siud.com):

- The audited consolidated financial statements of the Group for the year ended 31 December 2013 are set out in the annual report of the Company (pages 79 – 160) published on 14 April 2014. Please also see below link to the Annual Report 2013:

  http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0414/LTN20140414251.pdf

- The audited consolidated financial statements of the Group for the year ended 31 December 2012 are set out in the annual report of the Company (pages 74 – 149) published on 15 April 2013. Please also see below link to the Annual Report 2012:

  http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0415/LTN20130415519.pdf

- The audited consolidated financial statements of the Group for the year ended 31 December 2011 are set out in the annual report of the Company (pages 63 – 143) published on 13 April 2012. Please also see below link to the Annual Report 2011:

  http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0413/LTN20120413385.pdf

INDEBTEDNESS

As at the close of business on 30 September 2014, being the latest practicable date for the sole purpose of this statement of indebtedness prior to the date of this circular, the bank and other borrowings of the Group and the Target Group comprise the following:

	HK$'000
Bank borrowings	
– Secured and guaranteed	189,284
– Secured and unguaranteed	11,066,589
– Unsecured and guaranteed	330,617
– Unsecured and unguaranteed	182,974
	11,769,464
Other borrowings	
– Secured and unguaranteed	822,277
– Unsecured and unguaranteed	8,466,736
	9,289,013
Amounts due to related companies, unsecured and unguaranteed	323,424
Amounts due to non-controlling shareholders, unsecured and unguaranteed	400,424
Amounts due to former shareholders of the Company's former subsidiaries, unsecured and unguaranteed	178,801
Total	21,961,126

Bank borrowings

As at 30 September 2014, the bank borrowings of approximately HK$11,586,490,000 of the Group and the Target Group were secured by:

(a) properties under development of approximately HK$3,448,996,000, properties held-for-sale of approximately HK$196,353,000, a hotel property of approximately HK$676,015,000, a land use right of approximately HK$66,542,000 and investment properties of approximately HK$6,676,153,000 of the Group and the Target Group located in the PRC;

(b) pledged bank deposits of HK$341,858,000 the Group; and

(c) a corporate guarantee given by Xuhui District State-owned Assets Supervision and Administrative Committee (the "**Xuhui SASAC**"), a non-controlling shareholder of the Group, to the extent of RMB332,000,000 (equivalent to approximately HK$418,949,000).

The remaining bank borrowings of approximately HK$182,974,000 of the Group were unsecured and unguaranteed.

Other borrowings

As at 30 September 2014, the other borrowings from a financial institution of approximately HK$822,277,000 of the Group was secured by a pledged deposit of RMB660,000,000 (equivalent to approximately HK$832,850,000) of the Group.

The remaining other borrowings of approximately HK$8,466,736,000 of the Group were unsecured and unguaranteed.

Contingent liabilities

As at 30 September 2014, the Group and the Target Group have the following contingent liabilities:

(a) Financial guarantees issued in respect of bank loans for an entity controlled by Xuhui SASAC

As at 30 September 2014, the Company has entered into agreements with banks to provide corporate guarantees with respect to bank loans granted to an entity controlled by Xuhui SASAC. The maximum liability of the Company as at 30 September 2014 under such guarantees is the outstanding amount of the bank loans to the entity controlled by Xuhui SASAC of RMB216,000,000 (equivalent to approximately HK$272,569,000).

(b) Legal proceedings initiated by a third party against the Group

The Company and Neo-China Realestate (Shanghai) Limited, a wholly-owned subsidiary of the Company, are defendants to a claim by a third party regarding non-payment of certain outstanding consideration which has been fully accrued but unpaid by the Group. The third party claim also includes liquidated damage which amounted to approximately HK$275,000,000 up to 25 July 2012 and which is to be accumulated at a daily rate of approximately HK$162,000 thereafter until settlement. The Group, after taking legal advice, is of the opinion that it has good ground for withholding the payment of the outstanding consideration and that it is pre-mature to estimate the outcome of the third party claim. Accordingly, no provision for the liquidated damage has been made in respect of this claim.

(c) Guarantees in respect of mortgage facilities of certain property buyers

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and has made deposits as security to and given guarantees on mortgage loans provided to the buyers by these banks under the agreements. Pursuant to the terms of guarantees, upon default in payments of mortgage instalments by these buyers, the Group is responsible to repay the remaining outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers, after netting off the pledged bank deposits, to the banks and the Group is entitled to take over the legal title and possession of the related properties. The pledged bank deposits and guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within one year after the property title deeds are passed to the buyers. As at 30 September 2014, the total amounts of the pledged bank deposits regarding the mortgage and the outstanding mortgages guaranteed by the Group were RMB18,169,000 (equivalent to approximately HK$22,928,000) and RMB1,759,301,000 (equivalent to approximately HK$2,220,050,000) respectively.

(d) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties with terms ranging from one to two years against certain specified defects as stipulated in the PRC laws and regulations which are covered by back-to-back warranties provided by the relevant contractors of the projects.

Except as disclosed and apart from intra-group liabilities, the Group and the Target Group did not have, as of 30 September 2014, any other debt securities issued and outstanding, and authorised or otherwise created but unissued, terms loans, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchases commitments, mortgages, charges, guarantees or other material contingent liabilities.

WORKING CAPITAL

Taking into account cash from operating activities, borrowings available to the Enlarged Group including the NF Loan, and the effect of the Acquisition, the Directors are of the opinion that the Enlarged Group will have sufficient funds to meet its working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is a property developer in the PRC and is principally engaged in the businesses of property development, property investment and hotel operations. The Target Group is primarily engaged in the business of showcasing, exhibiting and hosting trade fairs for imported/exported products; providing trading venues and facilities for domestic and foreign customers, and other ancillary services; operating car parks and providing property management services. The Target Group is the owner of the Property, which is the first permanent international trade mart in the PRC. With an aggregate gross floor area in excess of 280,000 sq.m., the Property is the largest of its kind in Asia and comprises three main buildings, namely the Mart, Expo, and Tower. The Mart, which spans over 201,000 sq.m., functions as a year round product showcase venue. The Expo, which has a gross floor area of approximately 37,000 sq.m., is a venue suited for hosting of exhibitions and fairs. The Tower, which has a total gross floor area of approximately 42,000 sq.m. and spans 30 floors, accommodates a multi-storey commercial office space for corporations and consulates. With the addition of the Target Group's business, the Board believes that the Enlarged Group will possess an enhanced property investment portfolio, which will enable it to generate additional recurring rental income.

NO MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2013 (being the date to which the latest published audited financial statements of the Group were made up).

EFFECT OF THE ACQUISITION ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

Following completion of the Acquisition, the financial results of the Target will be consolidated with those of the Group and the earnings of the Group will be affected by the performance of the Target Group.

As of 30 June 2014, the consolidated total assets and liabilities of the Group amounted to approximately HK$50,827.6 million and HK$31,450.0 million, respectively. As set out in Appendix IV to this circular, assuming the Acquisition and the Formation of Joint Venture had taken place on 30 June 2014, the unaudited pro forma consolidated total assets and liabilities of the Enlarged Group would be increased to approximately HK$56,225.1 million and HK$36,847.5 million respectively.

Further details of the financial effect of the Acquisition and the Formation of Joint Venture are set out in Appendix IV to this circular and as follows:

a. Assets

As of 30 June 2014, the consolidated total assets of the Group were approximately HK$50,827.6 million. According to the unaudited pro forma financial information, the unaudited pro forma consolidated total assets of the Enlarged Group would have been increased to approximately HK$56,225.1 million.

b. Liabilities

As of 30 June 2014, the consolidated total liabilities of the Group were approximately HK$31,450 million. According to the unaudited pro forma financial information, the unaudited pro forma consolidated total liabilities of the Enlarged Group would have been increased to approximately HK$36,847.5 million.

c. Total equity

As of 30 June 2014, the total equity of the Group was HK$19,377.6 million. According to the unaudited pro forma financial information, the unaudited pro forma total equity of the Enlarged Group would remain stable at HK$19,377.6 million.

d. Earnings

For the year ended 31 December 2013, the consolidated net profit of the Group was HK$305.7 million and according to the accountants' report of the Target Group as set out in Appendix II to this circular, the audited net profit for the year ended 31 December 2013 was amounted to US$26.4 million (approximately HK$204.95 million). The Directors believe the Target Group will be able to continue to generate profit attributable to the Shareholders in the future.

e. Gains/losses

The total issued share capital of the JV Company is US$100 divided into 100 shares of US$1 each. Since the subscription money received for the Share Subscription is classified as equity and the Share Subscription will not result in a loss of the Group's control over AWI, the effect of the Share Subscription will be accounted for as an equity transaction that will not result in the recognition of any gain or loss in profit or loss.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

12 November 2014

The Directors
Shanghai Industrial Urban Development Group Limited
Suites 3003-3007, 30th Floor,
Great Eagle Centre,
23 Harbour Road,
Wan Chai, Hong Kong

Dear Sirs,

We set out below our report on the financial information for each of the three years ended 31 December 2013 and the five months ended 31 May 2014 (the "Relevant Periods") (the "Financial Information") of Continental Land Development Limited (the "Company") and its subsidiary (collectively known as the "Group") for inclusion in the circular of Shanghai Industrial Urban Development Group Limited (the "SIUD") dated 12 November 2014 (the "Circular") issued in conjunction with the proposed acquisition of 99% interest of Shanghai World Trade City (the "Property") through the acquisition of 100% of the issued share capital of the Company (the "Acquisition").

The Company, which acts as investment holding company, was incorporated with limited liability in Hong Kong on 16 June 1992. As of the end of each of the respective Reporting Periods and the date of this report, particulars of the Company's subsidiary are as follows:

Name of company	Place of incorporation	Paid up capital	Proportion of nominal value of registered capital held by the Company directly	Principal activities
上海世界貿易商城有限公司 Shanghai World Trade City Corporation Limited ("SWTCC")	The People's Republic of China (the "PRC")	US$100,000,000	99%	Development and operation of the Shanghaimart

The statutory consolidated financial statements of the Company (the "Financial Statements") for each of the three years ended 31 December 2013 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and were audited by us.

The statutory financial statements of SWTCC were prepared in accordance with relevant accounting principles and regulations in PRC and were audited by 上會會計師事務所 registered in the PRC for each of the three years ended 31 December 2013.

For the purpose of this report, the directors of the Company have prepared consolidated financial statements of the Group for the five months ended 31 May 2014 in accordance with HKFRSs (the "31 May 2014 Financial Statements"). We have undertaken an independent audit of the 31 May 2014 Financial Statements in accordance with Hong Kong Standards on Auditing issued by HKICPA.

The Financial Information set out in this report has been prepared from the Financial Statements and 31 May 2014 Financial Statements (collectively referred to as "Underlying Financial Statements"). We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA. No adjustments to the Underlying Financial Statements are considered necessary in the preparation of this report for inclusion in the Circular.

The preparation of the Underlying Financial Statements is the responsibility of the directors of the Company. The directors of SIUD are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in Note 1 below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 December 2011, 2012, 2013 and 31 May 2014 and of the consolidated results and consolidated cash flows of the Group for the Relevant Periods.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the Group for the five months ended 31 May 2013 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "31 May 2013 Financial Information"), which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review of the 31 May 2013 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 31 May 2013 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the 31 May 2013 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 May 2013 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

(I) FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Five months ended 31 May	
		2011	2012	2013	2013	2014
		US$	*US$*	*US$*	*US$* (unaudited)	*US$*
Revenue	*6*	45,641,268	48,308,703	51,310,054	20,540,214	21,080,279
Other income	*7*	30,834,599	5,652,465	4,435,042	1,531,024	1,177,429
Increase in fair value of investment properties		42,190,757	14,408,977	40,336,210	24,559,892	26,064,835
Depreciation		(154,431)	(130,466)	(116,063)	(79,917)	(49,973)
Staff costs		(6,679,803)	(7,041,794)	(7,504,153)	(3,120,224)	(3,272,712)
Other operating expenses		(19,571,677)	(13,827,597)	(21,513,208)	(10,073,696)	(5,023,702)
Finance costs	*8*	(17,703,163)	(9,585,599)	(24,721,582)	(16,252,109)	(5,554,627)
Loss on disposal of an associate		(119,284)	–	–	–	–
Share of losses of an associate	*15*	(13,347)	–	–	–	–
Profit before tax	*9*	74,429,919	37,784,689	42,226,300	17,105,184	34,421,529
Income tax expense	*11*	(14,923,319)	(6,801,294)	(15,825,520)	(8,304,897)	(8,367,845)
Profit for the year/period		59,501,600	30,983,395	26,400,780	8,800,287	26,053,684
Profit and total comprehensive income for the year/period attributable to:						
Owners of the Company		58,733,034	30,670,275	25,879,793	8,532,782	25,752,475
Non-controlling interests		768,566	313,120	520,987	267,505	301,209
		59,501,600	30,983,395	26,400,780	8,800,287	26,053,684

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December			At 31 May
		2011	2012	2013	2014
		US$	US$	US$	US$
ASSETS AND LIABILITIES					
Non-current assets					
Equipment	13	585,293	539,773	496,421	483,969
Investment properties	14	705,120,955	721,105,491	774,102,812	801,579,810
Interest in an associate	15	–	–	–	–
		705,706,248	721,645,264	774,599,233	802,063,779
Current assets					
Prepaid expenses — related company	16	4,687,558	4,687,558	–	–
Amounts due from non-controlling interests of a subsidiary	16	–	–	11,481,244	11,481,244
Trade and other receivables, prepayments and deposits	17	1,222,193	3,087,182	1,042,844	1,392,808
Bank balances, deposits and cash	18	29,812,354	33,826,589	10,715,632	8,801,564
		35,722,105	41,601,329	23,239,720	21,675,616
Current liabilities					
Other payables and accrued expenses	19	23,295,158	23,874,708	26,226,332	24,157,720
Bank loans – due within one year	20	10,593,055	11,603,487	12,370,481	13,593,092
Loans from shareholders	21	–	176,443,950	181,558,764	184,999,871
Tax payables		2,428,418	1,358,030	2,807,553	299,673
		36,316,631	213,280,175	222,963,130	223,050,356
Net current liabilities		(594,526)	(171,678,846)	(199,723,410)	(201,374,740)
Total assets less current liabilities		705,111,722	549,966,418	574,875,823	600,689,039
Non-current liabilities					
Loans from shareholders	21	178,443,950	–	–	–
Bank loans – due after one year	20	148,971,820	137,714,827	126,169,399	119,412,722
Deferred tax liabilities	22	99,316,000	102,918,244	113,002,297	119,518,506
		426,731,770	240,633,071	239,171,696	238,931,228
Net assets		278,379,952	309,333,347	335,704,127	361,757,811
CAPITAL AND RESERVE					
Share capital	23	1,000,000	1,000,000	1,000,000	1,000,000
Retained profits		273,169,378	303,839,653	329,719,446	355,471,921
Equity attributable to owners of the Company		274,169,378	304,839,653	330,719,446	356,471,921
Non-controlling interests		4,210,574	4,493,694	4,984,681	5,285,890
Total equity		278,379,952	309,333,347	335,704,127	361,757,811

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital	Capital reserve[(b)]	Statutory surplus reserve[(a)]	Accumulated profits	Total	Non-controlling interests	Total
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Balance as at 1 January 2011	1,000,000	–	–	210,686,344	211,686,344	3,472,008	215,158,352
Profit and total comprehensive income for the year	–	–	–	58,733,034	58,733,034	768,566	59,501,600
Deemed contribution from a shareholder[(b)]	–	3,750,000	–	–	3,750,000	–	3,750,000
Dividend paid to non-controlling shareholder	–	–	–	–	–	(30,000)	(30,000)
Transfer to statutory surplus reserve	–	–	976,790	(976,790)	–	–	–
Balance as at 31 December 2011	1,000,000	3,750,000	976,790	268,442,588	274,169,378	4,210,574	278,379,952
Profit and total comprehensive income for the year	–	–	–	30,670,275	30,670,275	313,120	30,983,395
Dividends paid to non-controlling shareholder	–	–	–	–	–	(30,000)	(30,000)
Transfer to statutory surplus reserve	–	–	906,236	(906,236)	–	–	–
Balance as at 31 December 2012	1,000,000	3,750,000	1,883,026	298,206,627	304,839,653	4,493,694	309,333,347
Profit and total comprehensive income for the year	–	–	–	25,879,793	25,879,793	520,987	26,400,780
Dividends paid to non-controlling shareholder	–	–	–	–	–	(30,000)	(30,000)
Transfer to statutory surplus reserve	–	–	1,353,640	(1,353,640)	–	–	–
Balance as at 31 December 2013	1,000,000	3,750,000	3,236,666	322,732,780	330,719,446	4,984,681	335,704,127
Profit and total comprehensive income for the period	–	–	–	25,752,475	25,752,475	301,209	26,053,684
Transfer to statutory surplus reserve	–	–	556,000	(556,000)	–	–	–
Balance as at 31 May 2014	1,000,000	3,750,000	3,792,666	347,929,255	356,471,921	5,285,890	361,757,811
For the five months ended 31 May 2013 (Unaudited)							
Balance as at 1 January 2013	1,000,000	3,750,000	1,883,026	298,206,627	304,839,653	4,493,694	309,333,347
Profit and total comprehensive income for the period	–	–	–	8,532,782	8,532,782	267,505	8,800,287
Balance as at 31 May 2013	1,000,000	3,750,000	1,883,026	306,739,409	313,372,435	4,761,199	318,133,634

(a) Statutory surplus reserve representing appropriations from the profit after taxation of its subsidiary, Shanghai World Trade City Corporation Limited ("SWTCC") established in the People's Republic of China (the "PRC") forms part of shareholders' equity of SWTCC. In accordance with the PRC Company Law and the Articles of Association of SWTCC, SWTCC is required to appropriate an amount at a minimum of 10% of its profit after taxation each year to a statutory surplus reserve until the statutory surplus reserve reaches 50% of its registered capital. The statutory surplus can be used for capitalisation into capital of SWTCC.

(b) This amount represents partial amount of loan from a shareholder, who has significant influence on the Company, that the shareholder has agreed to waive repayment from the Company. This amount is recorded in capital reserve as a deemed contribution from a shareholder.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Operating activities					
Profit before taxation	74,424,919	37,784,689	42,226,300	17,105,184	34,421,529
Adjustments for:					
Interest on bank loans	5,200,770	9,585,599	7,242,102	3,640,898	2,113,520
Interest on shareholders' loans	12,502,393	–	17,479,480	12,611,211	3,441,107
Written off of construction related other payables and accruals for development of Shanghaimart	(25,834,713)	–	–	–	–
Depreciation	154,431	130,466	116,063	79,917	49,973
Interest income	(145,097)	(238,899)	(307,492)	(136,025)	(235,834)
Increase in fair value of investment properties	(42,190,757)	(14,408,977)	(40,336,210)	(24,559,892)	(26,064,835)
Loss (gain) on disposal of equipment	11,803	7,456	7,835	(74,942)	7,492
(Reversal of) allowance for trade receivables	(828)	–	10,748	–	(11,513)
Loss on disposal of an associate	119,284	–	–	–	–
Share of loss of an associate	13,347	–	–	–	–
Operating cash flows before movements in working capital	24,255,552	32,860,334	26,438,826	8,666,351	13,721,439
Decrease (increase) in trade and other receivables	660,940	109,444	2,033,590	(2,056,249)	(338,451)
Increase (decrease) in other payables and accrued expenses	3,490,160	579,550	2,351,624	(3,155,749)	(2,068,612)
(Increase) decrease in prepaid expense to a related party company	(4,687,558)	–	4,687,558	4,687,558	–
Cash generated from operations	23,719,094	33,549,328	35,511,598	8,141,911	11,314,376
Income tax paid	(2,863,566)	(4,269,438)	(4,291,944)	(3,198,042)	(4,359,517)
Net cash from operating activities	20,855,528	29,279,890	31,219,654	4,943,869	6,954,859

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Investing activities					
Additions of investment properties	(3,913,569)	(1,575,559)	(12,661,111)	(337,594)	(1,412,163)
Additions of prepayments for development of Shanghaimart	–	(1,974,433)	–	–	–
Purchase of equipment	(138,678)	(111,719)	(81,181)	(236,114)	(45,648)
Interest received	145,097	238,899	307,492	136,025	235,834
Proceeds on disposal of equipment	29,154	19,317	635	–	635
Proceeds on disposal of an associate	31,336	–	–	–	–
Advance to non-controlling interests	–	–	(11,481,244)	–	–
Net cash used in investing activities	(3,846,660)	(3,403,495)	(23,915,409)	(437,683)	(1,221,342)
Financing activities					
Repayment of bank loans	(116,075,009)	(10,246,561)	(10,662,146)	(3,790,581)	(5,534,065)
Dividends paid to non-controlling interest	(30,000)	(30,000)	(30,000)	–	–
Interest paid	(5,200,770)	(9,585,599)	(7,358,390)	(3,640,898)	(2,113,520)
Additions of bank loans	159,564,875	–	–	–	–
Repayment to related companies	(37,615,149)	–	–	–	–
Repayment to shareholders	–	(2,000,000)	(12,364,666)	(12,373,198)	–
Net cash from (used in) financing activities	643,947	(21,862,160)	(30,415,202)	(19,804,677)	(7,647,585)
Net increase (decrease) in cash and cash equivalents	17,652,815	4,014,235	(23,110,957)	(15,298,491)	(1,914,068)
Cash and cash equivalents at beginning of year/period	12,159,539	29,812,354	33,826,589	33,826,589	10,715,632
Cash and cash equivalents at end of year/period, represented by bank balances, deposits and cash	29,812,354	33,826,589	10,715,632	18,528,098	8,801,564

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The Financial Information has been prepared on a going concern basis because the shareholders have agreed not to demand repayment of loans to the Group amounting to US$184,999,871 as at 31 May 2014 (31 December 2013: US$181,558,764, 31 December 2012: US$176,443,950 and 31 December 2011: US$178,443,950), until the Group is in a financial position to do so and the Group has US$39,212,596 (31 December 2013: US$32,732,056, 31 December 2012: US$21,270,371 and 31 December 2011: US$10,935,374), undrawn borrowing facilities as at 31 May 2014. After the completion of the Acquisition, SIUD has agreed to provide adequate funds to enable the Company to meet in full its financial obligations as they fall due for the foreseeable future.

The financial information are presented in United States dollars ("US$"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presentation the Financial Information for the Relevant Periods, the Group has applied HKFRSs issued by the HKICPA which are effective for the financial period beginning on 1 January 2014 and consistently applied throughout the Relevant Periods.

At the date of this report, the Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle[6]
HKFRS 9	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[6]
Amendments to HKAS 16 and HKAS 38	Classification of Acceptable Methods of Depreciation and Amortisation[6]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[6]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[6]

[1] Effective for annual periods beginning on or after 1 July 2014.
[2] Effective for annual periods beginning on or 1 January 2018.
[3] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
[4] Effective for first annual HKFRS financial statements beginning on or 1 January 2016.
[5] Effective for annual periods beginning on or 1 January 2017.
[6] Effective for annual periods beginning on or 1 January 2016.

The directors anticipate that the application of these new and revised HKFRSs will not have material effect on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information include applicable disclosure requirement by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These Financial Information also comply with the Hong Kong Companies Ordinance, which for the Relevant Periods continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The Financial Information has been prepared on the historical cost basis, except for investment properties, which are measured at fair values at the end of each reporting periods, as explained in the accounting policies set out below.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset.

The significant accounting policies adopted are set out below.

Basis of consolidation

The Financial Information incorporate the financial statements of the Company and its subsidiary. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group, obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Exhibition income, marketing and promotion income and building management income are recognised when the services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's policy for the recognition of revenue from operating lease is described in the accounting policy for leasing below.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's accounting policies to those of the Group. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Property that is being constructed or developed for future use as investment property is classified as investment property. If fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or construction is completed.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Equipment

Equipment is stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from non-controlling interests of a subsidiary and a related company and bank balances, deposits and cash) are measured at amortised cost using the effective interest method, less any impairment losses.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the financial assets have been affected.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liability or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including other payables, loans from shareholders and bank loans) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Retirement benefit costs

Payment to state-managed retired benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. CRITICAL JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period, in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised deferred taxation based on the tax consequences of recovering the carrying amounts of the investment properties through use.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimation of fair value of investment properties

At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 14 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties. In relying on the valuation report, the management has exercised their judgment and is satisfied that the assumption used in valuation is reflective of the current market conditions.

5. SEGMENT INFORMATION

The directors of the Company, being chief operating decision maker, regularly reviews the consolidated results of the Group as a whole for the purposes of resource allocation and performance assessment. Therefore, the management of the Company concluded that the property operating segment is the only single reportable segment and no further analysis for segment information is presented.

The Group's operation is based in Shanghai, PRC. Accordingly, the revenue is generated and non-current assets are located in Shanghai. There is no individual customer contributed over 10% of the total revenue of the Group in the Relevant Periods.

6. REVENUE

Revenue represents rental income received and receivable and invoiced value of services rendered during the year/period, net of The People's Republic of China (the "PRC") business tax, and is analysed as follows:

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Rental income					
Mart	23,087,137	25,115,017	26,941,228	11,199,413	11,463,923
Office building	9,563,328	10,824,139	10,829,504	4,427,162	4,591,651
Exhibition hall	2,643,376	2,289,946	3,003,633	689,231	846,709
Building management income	8,992,049	9,190,730	9,400,658	3,930,122	3,929,230
Other service fee *(Note)*	4,070,783	3,832,853	4,320,784	1,584,905	1,539,426
	48,356,673	51,252,685	54,495,807	21,830,833	22,370,939
PRC business tax charged on rental income and services rendered	(2,715,405)	(2,943,982)	(3,185,753)	(1,290,619)	(1,290,660)
	45,641,268	48,308,703	51,310,054	20,540,214	21,080,279

Note: Other service fee is the rental income for banks, food stores and other services including air-conditioning fee.

7. OTHER INCOME

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Marketing and promotion income	3,426,012	2,765,459	1,971,360	1,009,150	921,522
Government grants	1,003,738	1,746,209	1,085,636	–	–
Interest income	145,097	238,899	307,492	136,025	235,834
Others	425,039	901,898	1,070,554	385,849	20,073
Written back of construction related other payables and accruals for development of Shanghaimart *(Note)*	25,834,713	–	–	–	–
	30,834,599	5,652,465	4,435,042	1,531,024	1,177,429

Note: The written back of construction related other payables and accruals for development of Shanghaimart was recognised upon the finalisation of the contract costs with the contractors.

8. FINANCE COSTS

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Interest on:					
Bank loans wholly repayable within five years	1,945,189	1,561,752	1,257,597	614,435	391,751
Bank loans not wholly repayable within five years	3,255,581	8,023,847	5,984,505	3,026,463	1,721,769
Loan from shareholders	12,502,393	–	17,479,480	12,611,211	3,441,107
	17,703,163	9,585,599	24,721,582	16,252,109	5,554,627

9. PROFIT BEFORE TAX

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Profit before tax has been arrived after charging (crediting):					
Auditor's remuneration	75,370	88,903	79,679	10,699	10,361
Directors' remuneration	–	–	–	–	–
Rentals of land and buildings	138,893	119,672	103,179	42,342	47,471
Rentals of a staff quarter	44,188	18,499	18,902	6,078	7,192
Net foreign exchange differences	2,071,770	1,014,744	863,037	571,678	(318,150)
Staff costs:					
Other staff costs	5,469,883	5,550,294	5,929,819	2,311,210	2,401,420
Retirement benefits scheme contributions	1,209,920	1,491,500	1,574,334	809,014	871,292
	6,679,803	7,041,794	7,504,153	3,120,224	3,272,712
Net loss (gain) on disposal of equipment	11,803	7,456	7,835	(74,942)	7,492
(Reversal of) allowance for trade receivables	(828)	–	10,748	–	(11,513)
Interest income on bank deposits	(145,097)	(238,899)	(307,492)	(136,025)	(235,834)
Written back of construction related other payables and accruals for development of Shanghaimart	(25,834,713)	–	–	–	–

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments and chief executive

No remuneration were paid or payable to any directors and chief executive of the Company during the Relevant Periods.

(b) Employees' emoluments

The emoluments of the five highest paid individuals of the Group for the Relevant Periods were as follows:

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Salaries and other benefits	452,312	541,026	622,512	369,765	343,984
Contributions to retirement benefits schemes	33,063	27,455	29,511	12,126	12,378
	485,375	568,481	652,023	381,891	356,362

	Number of individuals			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Emoluments					
No more than HK$1,000,000 (Not more than approximately US$128,205)	5	3	3	5	5
HK$1,000,000 to HK$1,500,000 (approximately US$128,206 to US$192,308)	–	2	2	–	–
	5	5	5	5	5

During the Relevant Periods, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX EXPENSE

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	US$	*US$*	*US$*	*US$* (unaudited)	*US$*
Current tax:					
PRC Enterprise Income Tax					
Current year	3,423,319	3,199,050	3,810,095	2,164,924	1,851,636
Underprovision in prior year	–	–	619,230	–	–
Withholding tax	–	–	1,312,142	–	–
	3,423,319	3,199,050	5,741,467	2,164,924	1,851,636
Deferred tax:					
Current year/period	11,500,000	3,602,244	10,084,053	6,139,973	6,516,209
	14,923,319	6,801,294	15,825,520	8,304,897	8,367,845

No provision for Hong Kong Profits Tax has been made since the Company operating in Hong Kong had no assessable profit for the Relevant Periods.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

The income tax expense for the year/period can be reconciled to the profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	US$	*US$*	*US$*	*US$* (unaudited)	*US$*
Profit before tax	74,424,919	37,784,689	42,226,300	17,105,184	34,421,529
Tax at the domestic tax rate of 25% *(Note)*	18,606,230	9,446,172	10,556,575	4,276,296	8,605,382
Tax effect of expenses that are not deductible in determining taxable profit	3,855,845	962,245	5,942,736	4,490,999	1,017,153
Tax effect of income that are not taxable in determining taxable profit	(7,570,362)	(3,607,123)	(2,605,163)	(544,626)	(1,254,690)
Withholding tax arising from distribution of profit from a subsidiary	–	–	1,312,142	–	–
Underprovision in prior years	–	–	619,230	–	–
Others	31,606	–	–	82,228	–
Income tax expense for the year/period	14,923,319	6,801,294	15,825,520	8,304,897	8,367,845

Note: The income tax rate in the PRC, in which the operation of the Group is substantially based, is used.

Details of deferred taxation are set out on note 22.

12. EARNINGS PER SHARE

Earnings per share of the Group for the Relevant Periods are not presented as such information is not considered meaningful in the context of this report.

13. EQUIPMENT

	Furniture and fixtures	Office equipment	Motor vehicles	Total
	US$	*US$*	*US$*	*US$*
COST				
At 1 January 2011	70,287	1,519,454	561,362	2,151,103
Additions	20,357	118,321	–	138,678
Disposals	(254)	(157,734)	(46,972)	(204,960)
At 31 December 2011	90,390	1,480,041	514,390	2,084,821
Additions	19,956	30,330	61,433	111,719
Disposals	(3,235)	(87,533)	(36,845)	(127,613)
At 31 December 2012	107,111	1,422,838	538,978	2,068,927
Additions	19,620	61,561	–	81,181
Disposals	(8,543)	(76,154)	–	(84,697)
At 31 December 2013	118,188	1,408,245	538,978	2,065,411
Additions	5,453	40,195	–	45,648
Disposals	–	(14,041)	–	(14,041)
At 31 May 2014	123,641	1,434,399	538,978	2,097,018
DEPRECIATION				
At 1 January 2011	45,704	1,128,246	335,150	1,509,100
Provided for the year	5,800	87,819	60,812	154,431
Eliminated on disposal	(230)	(121,499)	(42,274)	(164,003)
At 31 December 2011	51,274	1,094,566	353,688	1,499,528
Provided for the year	9,640	73,805	47,021	130,466
Eliminated on disposal	(2,912)	(64,768)	(33,160)	(100,840)
At 31 December 2012	58,002	1,103,603	367,549	1,529,154
Provided for the year	12,478	67,883	35,702	116,063
Eliminated on disposal	(7,689)	(68,538)	–	(76,227)
At 31 December 2013	62,791	1,102,948	403,251	1,568,990
Provided for the year	6,516	28,581	14,876	49,973
Eliminated on disposal	–	(5,914)	–	(5,914)
At 31 May 2014	69,307	1,125,615	418,127	1,613,049
CARRYING VALUES				
At 31 December 2011	39,116	385,475	160,702	585,293
At 31 December 2012	49,109	319,235	171,429	539,773
At 31 December 2013	55,397	305,297	135,727	496,421
At 31 May 2014	54,334	308,784	120,851	483,969

The above items of equipment are depreciated on a straight-line basis, after taking into account of their estimated residual value, at the following rates per annum:

Furniture and fixtures	16.66% – 20%
Office equipment	16.66% – 30%
Motor vehicles	20%

14. INVESTMENT PROPERTIES

	Total
	US$
FAIR VALUE OR COST	
At 1 January 2011	659,016,629
Additions	3,913,569
Increase in fair value recognised in profit or loss	42,190,757
Balance as at 31 December 2011	705,120,955
Additions	1,575,559
Increase in fair value recognised in profit or loss	14,408,977
Balance as at 31 December 2012	721,105,491
Additions	12,661,111
Increase in fair value recognised in profit or loss	40,336,210
Balance as at 31 December 2013	774,102,812
Additions	1,412,163
Increase in fair value recognised in profit or loss	26,064,835
Balance as at 31 May 2014	801,579,810

The Group's investment properties include office building, mart and exhibition halls under medium-term leases in the PRC known as Shanghaimart.

All of the Group's investment properties are held under operating leases to earn rental income and are measured using the fair value model and have been pledged to secure general banking facilities as at 31 May 2014, 31 December 2013, 31 December 2012 and 31 December 2011.

During the Relevant Periods, the unrealised gain on property revaluation included in profit or loss in US$26,064,835 (31 December 2013: US$40,336,210, 31 December 2012: US$14,408,977 and 31 December 2011: US$42,190,757) attributable to the investment properties held at each of the end of the reporting period.

The investment properties are under Level 3 fair value measurements. At the end of each of the Relevant Periods, the directors of the Company works closely with the independent qualified professional valuer to establish and determine the appropriate valuation techniques and inputs. Discussion of valuation process and results are held between the directors of the Company at least once a year.

The fair value of the Group's investment properties at 31 May 2014 has been arrived at on basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, whose address is 16th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

The fair values of the Group's investment properties at 31 May 2014 were determined based on the income approach, which is a valuation method by capitalising all the rental income derived from the existing tenancies of Shanghaimart for the respective unexpired terms of tenancies, with due provision for the reversionary potential of Shanghaimart.

The fair values of the Group's investment properties at 31 December 2013, 31 December 2012 and 31 December 2011 have been arrived at on the basis of a valuation carried out on that date by Savills Valuation and Professional Services Limited, whose address is 23/F, Two Exchange Square, Central, Hong Kong.

The fair value of the Group's completed investment properties are 31 December 2013, 31 December 2012 and 31 December 2011 was determined based on the income approach, which is a valuation method by capitalising all the rental income of contractual tenancies for unexpired terms of tenancies and the reversionary market rents after the expiry of tenancies. The independent qualified professional valuers have estimated the reversionary market rents by making reference to relevant comparable rental transactions as available in the market.

Both of them are independent qualified professional valuers not connected with the Group. They are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

In estimating the fair value of the Group's investment properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy for the end of the reporting period are as follows:

	Level 3/ Fair value
	US$
Balances as at 31 December 2011	705,120,955
Balances as at 31 December 2012	721,105,491
Balances as at 31 December 2013	774,102,812
Balances as at 31 May 2014	801,579,810

Information about fair value measurements using key unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair values for investment properties and the key unobservable inputs used in the valuation models.

Description	Fair value as at 31 May 2014 *US$*	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Office building	195,801,929	Income approach	Reversionary rate derived from existing contracts rent and market rent	6.0%	The higher the reversionary rate, the lower the fair value
Mart	524,191,587	Income approach	Reversionary rate derived from existing contracts rent and market rent	6.0%	The higher the reversionary rate, the lower the fair value
Exhibition hall, carparks and others	81,586,294	Income approach	Reversionary rate derived from existing contracts rent and market rent	6.0%	The higher the reversionary rate, the lower the fair value
	801,579,810				

Description	Fair value as at 31 December 2013 *US$*	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Office building	190,900,000	Income approach	Reversionary rate derived from existing contracts rent and market rent	7.0%	The higher the reversionary rate, the lower the fair value
Mart	445,900,000	Income approach	Reversionary rate derived from existing contracts rent and market rent	7.0%	The higher the reversionary rate, the lower the fair value
Exhibition hall, carparks and others	137,302,812	Income approach	Reversionary rate derived from existing contracts rent and market rent	5%	The higher the reversionary rate, the lower the fair value
	774,102,812				

Description	Fair value as at 31 December 2012 *US$*	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Office building	182,670,000	Income approach	Reversionary rate derived from existing contracts rent and market rent	7.0%	The higher the reversionary rate, the lower the fair value
Mart	426,980,000	Income approach	Reversionary rate derived from existing contracts rent and market rent	7.0%	The higher the reversionary rate, the lower the fair value
Exhibition hall, carparks and others	111,455,491	Income approach	Reversionary rate derived from existing contracts rent and market rent	5%	The higher the reversionary rate, the lower the fair value
	721,105,491				

Description	Fair value as at 31 December 2011 *US$*	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Office building	176,230,000	Income approach	Reversionary rate derived from existing contracts rent and market rent	7.0%	The higher the reversionary rate, the lower the fair value
Mart	409,150,000	Income approach	Reversionary rate derived from existing contracts rent and market rent	7.0%	The higher the reversionary rate, the lower the fair value
Exhibition hall, carparks and others	119,740,955	Income approach	Reversionary rate derived from existing contracts rent and market rent	5%	The higher the reversionary rate, the contracts rent lower the fair value
	705,120,955				

There were no transfers into or out of Level 3 during the year/period.

15. INTEREST IN AN ASSOCIATE

	THE GROUP 31 December 2011 *US$*
Cost of investment in associate	
Unlisted	366,218
Share of losses	(215,598)
	150,620
Eliminated on disposal of an associate *(Note)*	(150,620)
	–

The Group had interest in the following associate during the year ended 31 December 2011:

Name of associate	Country of establishment and operation	Paid up capital	Proportion of nominal value of registered capital held by the Group Indirectly 1 January 2011	Principal activity
上海炫意商貿有限公司 ("上海炫意")	The PRC	RMB4,500,000	55.57%	Trading of gift and women's and men's accessories

Note: All major decisions of 上海炫意, requires chairman approval and the Company have no right to appoint the Chairman of the board of directors of 上海炫意. Accordingly, the directors of the Company considered that they could not control 上海炫意.

On 7 June 2011, SWTCC entered into an agreement to dispose of its 36.23% and 19.34% interests in 上海炫意 at a consideration of US$20,369 and US$10,967 to one of the existing shareholders of 上海炫意 and an independent third party, respectively.

The summarised financial information in respect of the Group's associate is set out below:

	7 June 2011 (date of disposal)
	US$
Total assets	340,531
Total liabilities	(45,467)
Net assets	295,064

	Period from 1 January 2011 to 7 June 2011 (date of disposal)
	US$
Revenue	58,739
Loss for the period	24,020
Group's share of loss of an associate for the period	13,347

16. PREPAID EXPENSES – RELATED COMPANY/AMOUNTS DUE FROM NON-CONTROLLING INTERESTS OF A SUBSIDIARY

The amounts due from non-controlling interests of a subsidiary are unsecured, non-interest bearing and repayable on demand.

The prepaid expenses were paid to a related company, which a shareholder who has a significant influence over the Company has joint control for consultancy services where were rendered during the year ended 31 December 2013.

17. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	At 31 December			**At 31 May**
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
Trade receivables	421,345	298,268	449,393	723,825
Less: allowance for doubtful debts	(12,640)	(12,640)	(23,388)	(11,875)
	408,705	285,628	426,005	711,950
Other receivables, net of allowance	387,739	56,977	31,336	246,311
Prepayments and deposits	425,749	2,744,577	585,503	434,547
Total trade and other receivables	1,222,193	3,087,182	1,042,844	1,392,808

The following is an analysis of trade receivables by age, net of allowance for doubtful debts, presented based on the invoice date, which approximated the revenue recognition date.

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
Within 30 days	–	78,523	305,007	370,046
31 to 90 days	157,184	87,872	22,785	204,729
91 to 120 days	99,188	119,233	67	405
Over 120 days	152,333	–	98,146	136,770
	408,705	285,628	426,005	711,950

Trade receivables are payable on presentation of invoices.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately US$711,950 (31 December 2013: US$426,005, 31 December 2012: US$285,628 and 31 December 2011: US$408,705) which are past due as at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
Within 30 days	–	78,523	305,007	370,046
31 – 90 days	157,184	87,872	22,785	204,729
91 to 120 days	99,188	119,233	67	405
Over 120 days	152,333	–	98,146	136,770
Total	408,705	285,628	426,005	711,950

Movement in allowance for doubtful debts

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
Beginning of the year/period	36,186	12,640	12,640	23,388
Provision for the year/period	–	–	10,748	–
Reversal of trade receivables	(828)	–	–	(11,513)
Amounts written off as uncollectible	(22,718)	–	–	–
At the end of year/period	12,640	12,640	23,388	11,875

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of US$11,875 (31 December 2013: US$23,388, 31 December 2012: US$12,640 and 31 December 2011: US$12,640).

18. BANK BALANCES, DEPOSITS AND CASH

At 31 December 2012 included in bank balances, deposits and cash of the Group is time deposits amounting to US$381,831 (2011: US$444,381) which carries fixed interest rate at 4% per annum (2011: fixed interest rate at 1.49% plus 3.71% per annum) with original maturity of three months (2011: four months). The issued bank has the right to early redeem the time deposits if 6-month Shanghai Interbank Offered Rate ("SHIBOR") is greater than 5.5% (2011: out of the range of 2% to 7.5%) for 5 consecutive days and the interest rate for early redemption would be a fixed interest rate at 3.8% (2011: fixed interest rate at 1.49% plus 3.01% per annum). The time deposits are redeemed and no time deposits are placed since 2013.

The remaining of the bank balances of the Group carry interest at prevailing market rate.

19. OTHER PAYABLES AND ACCRUED EXPENSES

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
Other payables	4,613,918	3,783,443	4,024,215	3,879,950
Rental deposits received from customers	10,256,537	10,323,713	10,847,562	10,935,005
Receipt in advance	6,606,088	6,948,121	6,412,220	6,739,467
Accruals	1,818,615	2,819,431	4,942,335	2,603,298
	23,295,158	23,874,708	26,226,332	24,157,720

20. BANK LOANS

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
Bank loans – secured	159,564,875	149,318,314	138,539,880	133,005,814
Carrying amount repayable:				
within one year	10,593,055	11,603,487	12,370,481	13,593,092
more than one year, but not exceeding two years	11,309,821	25,154,707	27,174,386	13,060,374
more than two years, but not more than five years	54,661,999	44,940,120	52,915,013	49,502,348
more than five years	83,000,000	67,620,000	46,080,000	56,850,000
	159,564,875	149,318,314	138,539,880	133,005,814

	Payable on or before	Effective interest rate				Carrying amount			
		At 31 December			At 31 May	At 31 December			At 31 May
		2011	2012	2013	2014	2011	2012	2013	2014
						US$	*US$*	*US$*	*US$*
Variable-rate borrowing:									
LIBOR plus 4% US$ loan	18 October 2016	4.46%	4.44%	3.63%	2.93%	35,035,843	34,302,711	33,117,269	28,881,071
LIBOR plus 6% US$ loan	18 October 2021	6.46%	6.44%	4.78%	3.23%	83,176,197	83,172,508	83,094,559	83,549,100
RMB loan	18 October 2021	7.05%	6.80%	6.55%	6.55%	41,352,835	31,843,095	22,328,052	20,575,643
						159,564,875	149,318,314	138,539,880	133,005,814

The Group has variable-rate borrowings which carry interest at a premium over London Interbank Offered Rate ("LIBOR") and People's Bank of China Prescribed Interest Rate. These bank loans are secured by the investment properties of the Group. As at 31 May 2014, the Group has US$39,212,596 (31 December 2013: US$32,732,056, 31 December 2012: US$21,270,371 and 31 December 2011: US$10,935,374) undrawn borrowing facilities. The weighted average effective interest rate on bank loans is 3.68% (31 December 2013: 4.79%, 31 December 2012: 6.06% and 31 December 2011: 6.17%) per annum as at 31 May 2014.

21. LOANS FROM SHAREHOLDERS

At 31 December 2011, the loans from shareholders are unsecured, interest bearing at a range of 5.24% to 9.20% per annum and not repayable within twelve months. Two out of seven shareholders have significant influence on the Company throughout the Relevant Periods.

At 31 December 2012, the loans from shareholders are unsecured, non-interest bearing and repayable on demand.

At 31 December 2013, the loans from shareholders are unsecured, and repayable on demand. The management agreed with shareholders to charge interest starting from 1 January 2013 at a range of 5% to 10% per annum.

At 31 May 2014, the loans from shareholders are unsecured, and repayable on demand. The management agreed with shareholders to charge interest at 5% per annum.

22. DEFERRED TAX LIABILITIES

The following is the major deferred tax liability recognised and movements thereon during the current and prior years:

	Fair value changes in investment properties
	US$
Balance as at 1 January 2011	87,816,000
Charge to profit or loss for the year	11,500,000
Balance as at 31 December 2011	99,316,000
Charge to profit or loss for the year	3,602,244
Balance as at 31 December 2012	102,918,244
Charge to profit or loss for the year	10,084,053
Balance as at 31 December 2013	113,002,297
Charge to profit or loss for the period	6,516,209
Balance as at 31 May 2014	119,518,506

Deferred tax liabilities recognised at the end of the reporting period represents the temporary differences arising from the changes in fair value of the Group's investment properties at that date.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiary amounting to US$28,482,000 (31 December 2013: US$22,927,000, 31 December 2012: US$25,760,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

23. SHARE CAPITAL

THE COMPANY

	Number of shares	Amount
		US$
Ordinary shares of US$100 each		
Authorised:		
At 1 January 2011, 31 December 2011, 31 December 2012, 31 December 2013	10,000	1,000,000
At 31 May 2014	N/A *(note)*	N/A *(note)*
Issued and fully paid:		
At 1 January 2011, 31 December 2011, 31 December 2012, 31 December 2013		
– Ordinary shares of US$100 each	10,000	1,000,000
At 31 May 2014		
– Ordinary shares with no par value	10,000	1,000,000

Note: The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. March 3, 2014).

24. CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group's overall strategy remained unchanged throughout the Relevant Periods.

The capital structure of the Group consists of net debt, which includes loan from shareholders and bank loans, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and retained profits.

The directors of the Company review the capital structure on a quarterly basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

25. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
Financial assets				
Loans and receivables (including cash and cash equivalents)	30,608,798	34,169,194	22,654,217	21,241,069
Financial liabilities				
Amortised cost	342,622,743	329,545,707	324,122,859	321,885,635

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances, deposits and cash and amounts due from non-controlling interests of a subsidiary, other payables, loans from shareholders and bank loans. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group has certain financial assets and liabilities that are denominated in Renminbi ("RMB"). As a result, the Group is exposed to fluctuations in exchange rates of RMB against USD. The Group did not enter into any derivative contracts nor did it have a foreign currency hedging policy aimed at minimising exchange rate risks during the year/period. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets			
	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
RMB				
Trade and other receivables	–	–	457,341	958,261
Amount due from non-controlling interests of a subsidiary	–	–	11,481,244	11,481,244
Bank balance, deposits and cash	–	–	9,045,234	7,611,976
	–	–	20,983,819	20,051,481

	Liabilities			
	At 31 December			At 31 May
	2011	2012	2013	2014
	US$	*US$*	*US$*	*US$*
RMB				
Other payables	–	–	3,964,600	3,861,680
Bank loans	41,352,835	31,843,095	22,328,052	20,575,643
	41,352,835	31,843,095	26,292,652	24,437,323

Sensitivity analysis

The sensitivity analysis below includes foreign currency denominated monetary items at the end of the reporting periods and has been determined based on the exposure to exchange rates of RMB against USD. For a 5% (2013: 5%, 2012: 5% and 2011: 5%) weakening of RMB against USD and all other variables being held constant, the Group's post-tax profit for the period ended 31 May 2014 would increase by approximately US$164,000 (31 December 2013: US$199,000, 31 December 2012: US$1,194,000 and 31 December 2011: US$1,551,000).

There would be an equal and opposite impact on the post-tax profit for the year/period where the RMB strengthens against USD by 5%.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the year/period.

Interest rate risk

The Group are exposed to cash flow interest rate risk in relation to variable rate bank loans (see note 20 for details) and time deposits. It is the Group's policy to keep their borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of London Inter-Bank Offered Rate and People's Bank of China Prescribed Interest Rate arising from the Group's US dollar and Renminbi denominated borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate-borrowings, at the end of the reporting period. The analysis is prepared using their balances outstanding as at the end of the reporting period. A 50 basis points (31 December 2013, 31 December 2012 and 31 December 2011: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates have been 50 basis points (31 December 2013, 2012 and 2011: 50 basis point) higher or lower and all other variables were held constant, the Group's post-tax profit for the year/period would decrease/increase accordingly. This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings which is not hedged. The following analysis shows the Group's sensitivity to interest rates exposure.

Increase in interest rates basis points by:

	Decrease in profit			
	Year ended 31 December			Five months ended 31 May
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
50 basis points	598,368	559,944	519,525	498,772

Conversely, if the interest rates were to decline, the effect would be an increase in the Group's result by the amount shown above.

No interest rate sensitivity analysis in relation to interest bearing bank balance and deposits of the Group is presented since the management considers that the interest rate risk exposure on the interest bearing financial assets is insignificant.

Credit risk

The Group are exposed to credit risk in relation to financial assets as stated in the consolidated statement of financial position. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk, deposits are mainly placed with high-credit quality financial institutions. In addition, it has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group's review regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentration of credit risks.

Liquidity risk

The Group has net current liabilities at 31 December 2011, 31 December 2012, 31 December 2013 and 31 May 2014 amounted to US$594,526, US$171,678,846, US$199,723,410 and US$201,374,740.

The Group are exposed to liquidity risk of being unable to meet its financial obligations when they fall due.

To manage the liquidity risk, the Group monitor and maintain a level of cash and cash equivalents considered adequate by the management to finance their operations and mitigate the effects of fluctuations in cash flows.

The directors of the Company are of the opinion that, taking into account the shareholders' undertaking not to demand repayment of loans to the Group as at 31 December 2011, 31 December 2012, 31 December 2013 and 31 May 2014 amounting to US$178,443,950, US$176,443,950, US$181,558,764 and US$184,999,871 in case they need to priorities payments to outsiders until they have the financial ability to do so. In addition as at 31 December 2011, 31 December 2012, 31 December 2013, and 31 May 2014, the Group has US$10,935,374, US$21,270,371, US$32,732,056 and US$39,212,596 undrawn borrowing facilities respectively, thus the Group have sufficient working capital for its present requirements for the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Liquidity risk analysis

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The maturity dates for the non-derivative financial liabilities are based on the agreed repayment dates.

	Weighted average interest rate	Repayable on demand	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31 December 2011
	%	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
31 December 2011								
Financial liabilities								
Other payables	*N/A*	–	4,613,918	–	–	–	4,613,918	4,613,918
Loans from shareholders	*7.4*	–	–	191,591,197	–	–	191,591,197	178,443,950
Bank loans – variable rate	*6.2*	–	18,663,264	74,055,347	62,085,949	113,022,617	267,827,177	159,564,875
		–	23,277,182	265,646,544	62,085,949	113,022,617	464,032,292	342,622,743

	Weighted average interest rate	Repayable on demand	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31 December 2012
	%	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
31 December 2012								
Financial liabilities								
Other payables	*N/A*	–	3,783,443	–	–	–	3,783,443	3,783,443
Loans from shareholders	*N/A*	176,443,950	–	–	–	–	176,443,950	176,443,950
Bank loans – variable rate	*6.1*	–	15,100,295	30,109,464	52,342,612	75,256,874	172,809,245	149,318,314
		176,443,950	18,883,738	30,109,464	52,342,612	75,256,874	353,036,638	329,545,707

	Weighted average interest rate	Repayable on demand	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31 December 2013
	%	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
31 December 2013								
Financial liabilities								
Other payables	*N/A*	–	4,024,215	–	–	–	4,024,215	4,024,215
Loans from shareholders	*5*	181,558,764	–	–	–	–	181,558,764	181,558,764
Bank loans – variable rate	*4.79*	–	12,709,021	30,003,798	65,899,255	64,109,402	172,721,476	138,539,880
		181,558,764	16,733,236	30,003,798	65,899,255	64,109,402	358,304,455	324,122,859

	Weighted average interest rate	Repayable on demand	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31 May 2013
	%	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
31 May 2014								
Financial liabilities								
Other payables	*N/A*	–	3,879,950	–	–	–	3,879,950	3,879,950
Loans from shareholders	*5*	184,999,871	–	–	–	–	184,999,871	184,999,871
Bank loans – variable rate	*3.68*	–	13,905,428	13,871,322	56,672,264	71,679,229	156,128,243	133,005,814
		184,999,871	17,785,378	13,871,322	56,672,264	71,679,229	345,008,064	321,885,635

c. **Fair value**

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

26. OPERATING LEASE

Rental income, net of outgoings of US$3,132,293 (2013: US$8,205,636, 2012: US$8,748,453 and 2011: US$8,168,368), earned during the period/year was US$12,923,281 (2013: US$29,565,096, 2012: US$27,190,703 and 2011: US$24,482,097). Certain investment properties held have committed tenants for ranging from the next one to ten years and are expected to generate rental yield of approximately 3% (2013: 3%, 2012: 3% and 2011: 3%) per annum on an ongoing basis.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	Year ended 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
Within one year	30,171,668	36,724,706	32,484,920	34,872,949
In the second to fifth year, inclusive	37,775,967	41,344,235	27,612,364	34,018,858
Over five years	23,287,977	11,607,740	5,789,514	9,690,321
	91,235,612	89,676,681	65,886,798	78,582,128

27. CAPITAL COMMITMENTS

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
Capital expenditure in respect of the acquisition of equipment – contracted for but not provided in the consolidated financial statements	117,651	70,051	326,854	441,997

28. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of these schemes were held separately from those of the Group in funds under the control of trustees. The cost charged to the consolidated statement of profit or loss and other comprehensive income represented contributions payable to the funds by the Group at rates specified in the rules of the scheme.

In addition to the Mandatory Provident Fund Scheme for the Group's employees in Hong Kong, the Group is required to contribute to central pension schemes for certain Group's employees in the PRC based on applicable rates of monthly salary in accordance with government regulations. The only obligation of the Group with respect to the retirement benefit scheme is to make the specific contributions.

29. RELATED PARTY TRANSACTIONS

(a) The Group entered into the following transactions with related parties during the year/period:

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Rentals expenses to a shareholder *(note 1)*	39,615	39,231	39,231	16,346	16,346
Interest expenses on loans from shareholders *(note 2)*	12,502,393	–	17,479,480	12,611,211	3,441,107
Consultancy fee to a related company *(note 3)*	–	–	4,687,558	–	–

Notes:

1. The shareholder have significant influence on the Company.

2. In the current period 31 May 2014, the interest expenses on loans from shareholders, who have significant influence on the Company, is US$1,720,554 (31 May 2013: US$6,305,606, 31 December 2013: US$8,739,740, 31 December 2012: nil and 31 December 2011: US$6,251,197).

3. Consultancy fee, included in other operating expenses, are paid to a related company, which is jointly controlled by a shareholder who has significant influence on the Company.

Details of the Group's outstanding balances with related companies as at 31 May 2014, 31 December 2011, 31 December 2012 and 31 December 2011 are set out in the consolidated statement of financial position on notes 16 and 21.

(b) Compensation of key management personnel

The remuneration of directors and other key management personnel during the year/period was as follows:

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Short-term benefits	568,978	657,692	746,358	413,996	392,061
Post employment benefits	37,294	32,070	34,126	14,049	14,301
	606,272	689,762	780,484	428,045	406,362

The remuneration of directors and other key management personnel is determined by the board of directors having regard to the performance of individuals and market trends.

(II) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by any of the entities comprising the Group in respect of any period subsequent to 31 May 2014.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Set out below is the management discussion and analysis of the Target Group for the three financial years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014. The discussion and analysis relate to the consolidated results and financial position of the Target Group.

MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITIONS

Overview

The Target Group is primarily engaged in the business of showcasing, exhibiting and hosting trade fairs for imported/exported products; providing trading venues and facilities for domestic and foreign customers, and other ancillary services; operating car parks and providing property management services. The Target Group is the owner of the Property, which is the first permanent international trade mart in the PRC. With an aggregate gross floor area in excess of 280,000 sq.m., the Property is the largest of its kind in Asia and comprises three main buildings, namely the Mart, Expo, and Tower. The Mart, which spans over 201,000 sq.m., functions as a year round product showcase venue. The Expo, which has a gross floor area of approximately 37,000 sq.m., is a venue suited for hosting of exhibitions and fairs. The Tower, which has a total gross floor area of approximately 42,000 sq.m. and spans 30 floors, accommodates a multi-storey commercial office space for corporations and consulates.

The Target Group maintained steady growth in its revenue for the three financial years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014. Revenue of the Target Group increased from US$45.6 million in 2011 to US$51.3 million in 2013, representing a CAGR of 6.0%. For the five months ended 31 May 2014, the Target Group recorded a revenue of US$21.1 million, representing a growth rate of 2.6% as compared to a revenue of US$20.5 million for the corresponding period in 2013.

Financial review

Revenue

Revenue of the Target Group represents rental income from leasing the office spaces, building management income, and exhibition income and other service fee, minus PRC business tax charged on rental income and services rendered. Set out below is a breakdown of the Target Group's revenue for the periods indicated:

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Rental income	32,650,465	35,939,156	37,770,732	15,626,575	16,055,574
Building management income	8,992,049	9,190,730	9,400,658	3,930,122	3,929,230
Exhibition income and other service fee	6,714,159	6,122,799	7,324,417	2,274,136	2,386,135
	48,356,673	51,252,685	54,495,807	21,830,833	22,370,939
PRC business tax charged on rental income and services rendered	(2,715,405)	(2,943,982)	(3,185,753)	(1,290,619)	(1,290,660)
	45,641,268	48,308,703	51,310,054	20,540,214	21,080,279

For the three financial years ended 31 December 2011, 2012 and 2013, revenue of the Target Group increased from US$45.6 million in 2011 to US$51.3 million in 2013, representing a CAGR of 6.0%. For the five months ended 31 May 2014, the Target Group recorded a revenue of US$21.1 million, representing a growth rate of 2.6% as compared to a revenue of US$20.5 million for the corresponding period in 2013. The steady growth in the Target Group's revenue was mainly attributable to the growth in its rental income from the Property, and the Target Group expects to maintain such trend in the year ending 31 December 2014.

Rental income of the Target Group demonstrated an increasing trend and amounted to US$32.7 million, US$35.9 million and US$37.8 million for the three financial years ended 31 December 2011, 2012 and 2013, respectively. For the five months ended 31 May 2014, rental income of the Target Group increased to US$16.1 million from US$15.6 million for the corresponding period in 2013. The increase in rental income was primarily due to increase in rental price during the relevant reporting periods.

Building and management income of the Target Group remained relatively stable with an upward trend and amounted to US$9.0 million, US$9.2 million and US$9.4 million for the three financial years ended 31 December 2011, 2012 and 2013, respectively. For the five months ended 31 May 2014, building and management income of the Target Group remained roughly unchanged at US$3.9 million as compared to the corresponding period in 2013.

Exhibition income primarily consisted of rental income generated from short-term leasing of the exhibition hall to third parties. Exhibition income and other service fee of the Target Group decreased from US$6.7 million in 2011 to US$6.1 million in 2012, and subsequently increased to US$7.3 million in 2013. For the five months ended 31 May 2014, exhibition income and other service fee of the Target Group increased to US$2.4 million from US$2.3 million for the corresponding period in 2013. The fluctuation in exhibition income and other service fee primarily reflected the number and size of the exhibitions and fairs organised by third parties that took place at the Property during the relevant reporting periods.

Other income

Other income of the Target Group primarily consists of marketing and promotion income, government grants, interest income, others, and written back of construction related other payables. Set out below is a breakdown of the Target Group's other income for the periods indicated:

	Year ended 31 December			**Five months ended 31 May**	
	2011	**2012**	**2013**	**2013**	**2014**
	US$	*US$*	*US$*	*US$* (unaudited)	*US$*
Marketing and promotion income	3,426,012	2,765,459	1,971,360	1,009,150	921,522
Government grants	1,003,738	1,746,209	1,085,636	–	–
Interest income	145,097	238,899	307,492	750	235,834
Others	425,039	901,898	1,070,554	521,124	20,073
Written back of construction related other payables	25,834,713	–	–	–	–
	30,834,599	5,652,465	4,435,042	1,531,024	1,177,429

For the three financial years ended 31 December 2011, 2012 and 2013, other income of the Target Group amounted to US$30.8 million, US$5.7 million and US$4.4 million, respectively. The significantly higher level of other income in 2011 was primarily attributable to the written back of construction related other payables in the amount of US$25.8 million that year upon confirmation that payment of the amount was not required. For the five months ended 31 May 2014, other income of the Target Group decreased to US$1.2 million from US$1.5 million for the corresponding period in 2013, primarily due to a US$0.5 million decrease in others and a US$0.1 million decrease in marketing and promotion income, which was partially offset by a US$0.2 million increase in interest income.

Marketing and promotion income primarily consisted of income generated from the organisation of exhibitions and marketing activities by the Target Group. Marketing and promotion income of the Target Group showed a slight downward trend and amounted to US$3.4 million, US$2.8 million and US$2.0 million for the three financial years ended 31 December 2011, 2012 and 2013, respectively. For the five months ended 31 May 2014, marketing and promotion income of the Target Group decreased to US$0.9 million from US$1.0 million for the corresponding period in 2013. The decrease in marketing and promotion income was primarily attributable to decreased number of exhibitions organised by the Target Group.

Increase in fair value of investment properties

Investment properties of the Target Group include office building, mart and exhibition hall of the Property under medium-term leases. At the end of each reporting period, the Target Group states investment properties at fair value based on the valuation performed by an independent professional valuer. Investment properties on which the Target Group conducts normal maintenance and renovation work will be classified and recorded in the accounts as properties under development. For the three financial years ended 31 December 2011, 2012 and 2013, increase in fair value of investment properties of the Target Group amounted to US$42.2 million, US$14.4 million and US$40.3 million, respectively. For the five months ended 31 May 2013 and 2014, increase in fair value of investment properties of the Target Group amounted to US$24.6 million and US$26.1 million, respectively.

Staff costs

For the three financial years ended 31 December 2011, 2012 and 2013, staff costs of the Target Group amounted to US$6.7 million, US$7.0 million and US$7.5 million, respectively. For the five months ended 31 May 2013 and 2014, staff costs of the Target Group amounted to US$3.1 million and US$3.3 million, respectively. The increase in staff costs was primarily due to increase in the general salary level of the staff.

Other operating expenses

Other operating expenses primarily consist of marketing expenses, administrative expenses (not including staff costs and depreciation expenses) and other tax expenses. For the three financial years ended 31 December 2011, 2012 and 2013, other operating expenses of the Target Group amounted to US$19.6 million, US$13.8 million and US$21.5 million, respectively. For the five months ended 31 May 2013 and 2014, other operating expenses of the Target Group amounted to US$10.1 million and US$5.0 million, respectively.

Finance costs

Finance costs of the Target Group primarily consist of interest on bank loans and loans from shareholders, as well as bank loans arrangement fee.

For the three financial years ended 31 December 2011, 2012 and 2013, finance costs of the Target Group amounted to US$17.7 million, US$9.6 million and US$24.7 million, respectively. The lower level of finance costs in 2012 primarily reflected the absence of interest on loans from shareholders that year. For the five months ended 31 May 2014, finance costs decreased to US$5.6 million from US$16.2 million for the corresponding period in 2013, primarily due to a US$10.6 million decrease in interest on loans from shareholders.

Income tax expense

For the three financial years ended 31 December 2011, 2012 and 2013, income tax expense of the Target Group amounted to US$14.9 million, US$6.8 million and US$15.8 million, respectively. For the five months ended 31 May 2013 and 2014, income tax expense of the Target Group amounted to US$8.3 million and US$8.4 million, respectively.

Profit

For the three financial years ended 31 December 2011, 2012 and 2013, profit of the Target Group amounted to US$59.5 million, US$31.0 million and US$26.4 million, respectively. For the five months ended 31 May 2014, profit of the Target Group increased to US$26.1 million from US$8.8 million for the corresponding period in 2013.

Liquidity, financial resources and capital structure

The Target Group primarily finances its operations with cash flows generated internally from its operating activities, as well as bank loans and loans from shareholders.

As of 31 December 2011, 2012 and 2013 and 31 May 2014, net assets of the Target Group were US$278.4 million, US$309.3 million, US$335.7 million and US$361.8 million, respectively. As of 31 December 2011, 2012 and 2013 and 31 May 2014, the Target Group had net current liabilities in the amount of US$0.6 million, US$171.7 million, US$199.7 million and US$201.4 million, respectively. The significant increase in net current liabilities as of 31 December 2012 and 2013 and 31 May 2014 primarily reflected the change in maturity profile of loans from shareholders.

The Target Group's borrowings consist of bank loans and loans from shareholders. Set out below is a breakdown of the Target Group's borrowings by type and maturity profile as of the balance sheet dates indicated:

	As of 31 December			As of 31 May
	2011	**2012**	**2013**	**2014**
	US$	*US$*	*US$*	*US$*
Bank loans				
Bank loans – due within one year	10,593,055	11,603,487	12,370,481	13,593,092
Bank loans – due after one year	148,971,820	137,714,827	126,169,399	119,412,722
	159,564,875	149,318,314	138,539,880	133,005,814
Loans from shareholders				
Loans from shareholders – repayable on demand	–	176,443,950	181,558,764	184,999,871
Loans from shareholders – repayable after one year	178,443,950	–	–	–
	178,443,950	176,443,950	181,558,764	184,999,871
Total borrowings	338,008,825	325,762,264	320,098,644	318,005,685

Bank loans of the Target Group were secured by the investment properties of the Target Group. These bank loans carried variable interest rates at a premium over the London Interbank Offered Rate. The weighted average effective interest rate on the Target Group's bank loans was 6.17%, 6.06%, 4.79% and 3.68% per annum as of 31 December 2011, 2012 and 2013 and 31 May 2014, respectively. Further details of the maturity profile and interest rate of the Target Group's bank loans are set out in Note 20 of Appendix II to this circular.

Loans from shareholders were unsecured. As of 31 December 2011, loans from shareholders bore interest rates ranging from 5.24% to 9.20% and were not repayable within one year. As of 31 December 2012, loans from shareholders were non-interest bearing and repayable on demand. As of 31 December 2013, loans from shareholders were repayable on demand and the management agreed with its shareholders to charge interest starting from 1 January 2012 at 5.00% per annum. As of 31 May 2014, loans from shareholders were repayable on demand and the management agreed with its shareholders to charge interest at 5.00% per annum.

Gearing ratio of the Target Group, which was calculated as total borrowings divided by total equity, was 121.4%, 105.3%, 95.4% and 87.9% as of 31 December 2011, 2012 and 2013 and 31 May 2014, respectively, demonstrating a decreasing trend.

Material acquisitions and disposals

The Target Group did not have any material acquisitions of subsidiaries and associated companies in the three financial years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014.

On 7 June 2011, Shanghai World Trade entered into an agreement to dispose of its 36.23% and 19.34% interests in its associated company, Shanghai Xuan Yi Trading Co. Ltd. (上海炫意商貿有限公司), at consideration of US$20,369 and US$10,967 to one of the existing shareholders of Shanghai Xuan Yi Trading Co. Ltd. (上海炫意商貿有限公司) and an independent third party, respectively. Details of the financial information in respect of Shanghai Xuan Yi Trading Co. Ltd. (上海炫意商貿有限公司) are set out in Note 15 of Appendix II to this circular.

Foreign currency exposure

The Target Group reports its financial information in US dollar and has certain financial assets and liabilities denominated in RMB. As a result, the Target Group is exposed to fluctuations in the exchange rate of RMB against US dollar. The Target Group did not enter into any derivative contracts nor did it have a foreign currency hedging policy aimed at minimising exchange rate risks during the relevant reporting periods. However, the management of the Target Group closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Further details of the Target Group's foreign currency exposure, including a sensitivity analysis, are set out in Note 25 of Appendix II to this circular.

Contingent liabilities and capital commitments

As of 31 December 2011, 2012 and 2013 and 31 May 2014, capital commitments of the Target Group were US$0.1 million, US$0.1 million, US$0.3 million and US$0.4 million, respectively, all of which were contracted for but not provided in the consolidated financial statements. The sources of funding for capital commitments mainly consisted of the Target Group's own operational income and borrowings.

Save as disclosed above and in Note 27 of Appendix II to this circular, the Target Group did not have any material contingent liabilities and capital commitments.

Pledge of assets

As of 31 December 2011, 2012 and 2013 and 31 May 2014, all of the Target Group's investment properties, which amounted to US$705.1 million, US$721.1 million, US$774.1 million and US$801.6 million, respectively, were pledged to secure general banking facilities.

Employees and remuneration policies

The Target Group remunerated its employees by reference to their qualification, experience, responsibilities, profitability of the Target Group and market conditions. The remuneration of the employees comprises basic salary, discretionary bonus, other allowances and retirement benefit scheme contributions.

As of 31 December 2011, 2012 and 2013 and 31 May 2014, the Target Group had 264, 248, 247 and 244 employees, respectively. For the three financial years ended 31 December 2011, 2012 and 2013, staff costs of the Target Group amounted to US$6.7 million, US$7.0 million and US$7.5 million, respectively. For the five months ended 31 May 2013 and 2014, staff costs of the Target Group amounted to US$3.1 million and US$3.3 million, respectively.

The Target Group operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. In addition, the Target Group is required to contribute to central pension schemes for certain of its employees in the PRC based on applicable rates of monthly salary in accordance with government regulations.

Amounts due from non-controlling interests of a subsidiary

As of 31 December 2013 and 30 June 2014, the Target Group had amounts due from non-controlling interests of a subsidiary in the amount of US$11,481,244, which represented a prepayment made by the Target to SHUDC for the proposed acquisition of 1% equity interest in Shanghai World Trade held by SHUDC.

The Directors confirmed that none of underlying transactions in relation to the amounts due from a related company/non-controlling interests of a subsidiary as shown in the accountants' report of the Target Group as set out in Appendix II to the circular will constitute connected transactions of the Company after completion.

PROPERTY VALUATION

DTZ Debenham Tie Leung Limited, an independent property valuer, has valued the Property as at 30 September 2014. The full text of the letter and valuation certificate issued by DTZ Debenham Tie Leung Limited is included in Appendix V to this circular. The table below sets out the reconciliation between the net book value of the Target Group's property interests, which comprises the Property, as at 31 May 2014 and the valuation of the Property as at 30 September 2014:

	US$ '000
Net book value of property interests of the Target Group as at 31 May 2014	
Investment properties	801,580
Net valuation surplus(1)	47,506
Net book value and valuation as at 30 September 2014(2)	849,086

Notes:

(1) There is a net valuation surplus, representing the excess market value of the Property over its carrying value.

(2) The indicated value is extracted from the valuation report prepared by DTZ Debenham Tie Leung Limited as set out in Appendix V to this circular.

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following unaudited pro forma consolidated statement of financial position of the Enlarged Group (the "Unaudited Pro Forma Consolidated Statement of Financial Position") has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effects of the acquisition of the entire issued share capital of Target by AWI ("Acquisition") and the deemed disposal of 49% equity interest in AWI to Prestige Land (the "Transactions") on the Group as if the Transactions had been completed on 30 June 2014.

The Unaudited Pro Forma Consolidated Statement of Financial Position is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2014 which has been extracted from the Group's interim report for the six months ended 30 June 2014; and (ii) the audited consolidated statement of financial position of the Target Group as at 31 May 2014 which has been extracted from the accountants' report thereon set out in Appendix II to this circular, after making pro forma adjustments relating to the Transactions that are (i) directly attributable to the Transactions; and (ii) factually supportable as if the Transactions had been undertaken as at 30 June 2014.

The Unaudited Pro Forma Consolidated Statement of Financial Position has been prepared by the Directors based on a number of assumptions, estimates and uncertainties for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group. Accordingly, the Unaudited Pro Forma Consolidated Statement of Financial Position does not purport to describe the financial position of the Enlarged Group that would have been attained had the Transactions been completed on 30 June 2014, nor purport to predict the future financial position of the Enlarged Group.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group as at 30 June 2014	The Target Group as at 31 May 2014	Pro forma adjustments: Acquisition	Pro forma adjustments	Pro forma adjustments: Deemed disposal	The Enlarged Group as at 30 June 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 3)*	*(note 4)*	*(note 5)*	
Non-current assets						
Investment properties	5,496,877	6,213,526				11,710,403
Property, plant and equipment	2,108,372	3,752				2,112,124
Prepaid lease payments	258,067	–				258,067
Goodwill	–	–	293,448			293,448
Intangible assets	63,702	–				63,702
Available–for-sale investments	128,224	–				128,224
Interests in associates	1,601,403	–				1,601,403
Interest in a joint venture	65,718	–				65,718
Amount due from an associate	85,026	–				85,026
Restricted and pledged bank deposits	96,981	–				96,981
Deferred tax assets	189,358	–				189,358
	10,093,728	6,217,278				16,604,454
Current assets						
Inventories	32,904,606	–				32,904,606
Trade and other receivables	1,210,047	10,797	88,998			1,309,842
Amounts due from related companies	90,171	88,998	(88,998)			90,171
Amount due from an associate	87,434	–				87,434
Prepaid lease payments	2,249	–				2,249
Prepaid income tax and land appreciation tax	443,894	–				443,894
Financial assets at fair value through profit or loss	2,743	–				2,743
Pledged bank deposits	343,644	–				343,644
Bank balances and cash	5,649,120	68,226	(4,041,649)	(41,018)	2,801,393	4,436,072
	40,733,908	168,021				39,620,655

	The Group as at 30 June 2014	The Target Group as at 31 May 2014	Pro forma adjustments Acquisition		Deemed disposal	The Enlarged Group as at 30 June 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 3)*	*(note 4)*	*(note 5)*	
Current liabilities						
Trade and other payables	5,477,902	187,261				5,665,163
Amounts due to related companies	452,272	–				452,272
Consideration payables for acquisition of subsidiaries	317,383	–	449,072			766,455
Pre-sale proceeds received on sales of properties	5,181,963	–				5,181,963
Bank and other borrowings	4,356,242	105,368			2,801,393	7,263,003
Loans from shareholders	–	1,434,045	(1,434,045)			–
Senior notes	3,116,874	–				3,116,874
Amounts due to associates	69,370	–				69,370
Income tax and land appreciation tax payables	1,785,367	2,323				1,787,690
Dividend payable	6,423	–				6,423
Dividend payable to non-controlling shareholders	331,001	–				331,001
	21,094,797	1,728,997				24,640,214
Net current assets (liabilities)	19,639,111	(1,560,976)				14,980,441
Total assets less current liabilities	29,732,839	4,656,302				31,584,895
Non-current liabilities						
Bank and other borrowings	7,509,745	925,640				8,435,385
Deferred tax liabilities	2,845,484	926,460				3,771,944
	10,355,229	1,852,100				12,207,329
Net assets	19,377,610	2,804,202				19,377,566

			Pro forma adjustments			
	The Group as at 30 June 2014	The Target Group as at 31 May 2014	Acquisition		Deemed disposal	The Enlarged Group as at 30 June 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 3)*	*(note 4)*	*(note 5)*	
Capital and reserves						
Share capital	192,461	7,752	(7,752)			192,461
Reserves	12,051,310	2,755,476	(2,755,476)	(41,018)		12,010,292
Equity attributable to owners of the Company	12,243,771	2,763,228				12,202,753
Non-controlling interests	7,133,839	40,974				7,174,813
Net assets	19,377,610	2,804,202				19,377,566

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The balances are extracted from the published interim report of the Group for the six months ended 30 June 2014.

2. The balances are extracted from the accountants' report of the Target Group as set out in Appendix II to this circular and translated into HK$ at the exchange rate of United State dollar ("US$")1 to HK$7.7516 prevailing at the close of business on 30 June 2014. No representation is made that US$ amounts have been, could have been or could be converted to HK$, or vice versa, at the applied or at any other rates or at all.

3. The adjustment reflects the acquisition of the Target Group by AWI under the Sale and Purchase Agreement and recognition of pro forma goodwill of HK$293,448,000 arising from Acquisition. The Acquisition is accounted for using acquisition method of accounting in accordance with Hong Kong Financial Reporting Standard 3 "Business Combination".

   For the purpose of preparing the Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group, the pro forma fair values of the identifiable assets and liabilities (other than goodwill) of the Target Group as at 30 June 2014 are assumed to be the same as their carrying amounts as at 31 May 2014 as if the Acquisition had been completed as at 30 June 2014. The recognition of pro forma goodwill arising on the Acquisition as if the Acquisition had been completed as at 30 June 2014 is as follows:

   Pro forma goodwill arising on the Acquisition (note c):

	HK$'000
Consideration *(note a)*	4,490,721
Less: Pro forma fair value of identifiable net assets acquired *(note b)*	(2,804,202)
Plus: non-controlling interests of Target Group *(note b)*	40,974
Less: Loans from shareholders	(1,434,045)
	293,448

   (a) The amount represents the consideration paid and payable under the Acquisition. Pursuant to the Sale and Purchase Agreement dated 25 September 2014, the Group, through its subsidiary, AWI, acquired the Target as well as the loans from shareholders together with the interest accrued thereon as at 31 May 2014 at a consideration of approximately US$579,328,000 (equivalent to approximately HK$4,490,721,000). The total consideration of the Acquisition was settled by cash in the following manner:

      i) approximately US$521,395,000 (equivalent to approximately HK$4,041,649,000) was paid at the date of Sale and Purchase Agreement;

      ii) the remaining US$57,933,000 (equivalent to approximately HK$449,072,000) was withheld for (i) the payment of other obligations and any tax obligations of the sellers owed to the PRC tax bureau authorities arising from their disposal of the Target and (ii) the payment of any potential claims by the Group against the sellers within one year from the date of the Sale and Purchase Agreement.

      In the opinion of the Directors, the other obligations and tax obligations of the sellers will be settled by the Group on their behalf within one year and accordingly, the balance is classified as current liabilities.

(b) The fair value of the identifiable assets and liabilities of the Target Group will be re-assessed at the actual completion date of the Acquisition, the amount of goodwill to be recognised in connection with the Acquisition at the completion date are therefore subject to changes from the pro forma amounts shown above. The non-controlling interest is measured using the pro forma fair value of identifiable net assets of Shanghai World Trade, subsidiary of the Target.

(c) Pro forma goodwill arose on the Acquisition because the Company expected synergy arising from its horizontal integration into the property investment industry. Therefore, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and the future market development of the Enlarged Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

(d) For the purpose of the preparation of the Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group, no impairment is identified by the Directors on the pro forma amount of goodwill as at the date of completion of the Acquisition in accordance with HKAS36 "Impairment of Assets". The Directors confirmed that they will assess impairment of goodwill in subsequent reporting periods, based on the discounted cash flow forecast of the cash-generating unit, in accordance with the requirements of HKAS 36.

In addition, after the Acquisition, the amounts due from related companies amounting to HK$88,998,000 as stated in the Target Group's consolidated statement of financial statement as at 31 May 2014 is reclassified as trade and other receivables as those counterparties no longer meet the definition of related parties as defined in accordance with HKAS 24.

4. The adjustment represents the estimated transaction costs, including mainly legal and professional fees, commission fee and stamp duties of approximately HK$41,018,000 to be incurred by the Company and recognised in the profit and loss, upon the completion of the Acquisition.

5. The adjustment represents the deemed disposal of 49% equity interest in AWI under the a share subscription agreement ("Joint Venture Agreement") signed on the same date immediately with Prestige Land, a subsidiary of Nan Fung group. Pursuant to Joint Venture Agreement, Prestige Land is agreed to subscribe for, and AWI allot and issue, the subscription shares, representing 49% of the enlarged issue share capital of AWI at the aggregate subscription price of US$49 (equivalent to approximately to HK$400).

The directors of the Group are of the opinion that the Group will continue to have control over AWI after the deemed disposal. Accordingly, for the purposes of preparation of the pro forma financial information, it is assumed that facts and circumstances after the deemed disposal date will exist which can demonstrate that the Group has retained the existing rights that give the Group the ability to direct the relevant activities of the Target Group. Specifically, it is assumed that the details of operations which demonstrate the ability to direct the activities that significantly affect the investee's returns will be included in the annual business plan and budget of which the Group is able to control over by its majority votes for this resolution in the board of directors' meeting. The Group is in the process of preparing the first annual business plan and budget and it is expected to be completed before year end date.

In connection with the Acquisition, Nan Fung group provided loan of approximately US$361,396,000 (equivalent to approximately HK$2,801,393,000) to the Company. After the subscription of shares of AWI by Prestige Land pursuant to the Joint Venture Agreement, Nan Fung group transferred the loan from the Company of approximately US$255,483,000 to AWI to become a shareholder' loan to AWI. This shareholder loan to AWI is unsecured, interest free and repayable on demand. For the remaining loan to the Company of approximately US$105,913,000, it is secured by a pledged deposit of RMB660,000,000, interest bearing at LIBOR plus 3.72% and repayable on or before 24 December 2014.

B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this circular, in respect of the unaudited pro forma financial information of the Enlarged Group.

Deloitte.
德勤

TO THE DIRECTORS OF SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Shanghai Industrial Urban Development Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 June 2014 and related notes as set out on pages IV-1 to IV-6 of the circular dated 12 November 2014 (the "Circular") issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on pages IV-1 to IV-6 of the Circular.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of entire issued share capital of Continental Land Development Limited by Advantage World Investment Limited ("AWI"), a subsidiary of the Company and deemed disposal of 49% equity interest in AWI (hereinafter collectively referred to as the "Transactions") on the Group's financial position as at 30 June 2014 as if the Transactions had taken place at 30 June 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2014, on which a review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Transactions on unadjusted financial information of the Group as if the Transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transactions as at 30 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the Transactions in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
12 November 2014

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market value in existing state of the Property in the PRC as at 30 September 2014.

DTZ 戴德梁行
a UGL company

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

12 November 2014

The Board of Directors
Shanghai Industrial Urban Development Group Limited
Suites 3003-3007, 30th Floor,
Great Eagle Centre,
23 Harbour Road,
Wanchai,
Hong Kong

Dear Sirs,

Re: Shanghaimart, No. 2299 Yan'an Road (West), Changning District, Shanghai, the People's Republic of China (the "Property")

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions of Shanghai Industrial Urban Development Group Limited (referred to as the "Company") for us to value the Property held by Shanghai World Trade City Corporation Limited (上海世界貿易商城有限公司) in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of market value in existing state of the Property as at 30 September 2014 (the "Valuation Date").

DEFINITION OF MARKET VALUE

Our valuation of the Property represents its market value. The definition of Market Value adopted in The HKIS Valuation Standards 2012 Edition follows the International Valuation Standards published by the International Valuation Standards Council ("IVSC"). Market Value is defined by the IVSC as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION BASIS & ASSUMPTIONS

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the Property situated in the PRC, we have prepared our valuation on the basis that transferable land use rights in respect of the Property for its specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion of the legal adviser, AllBright Law Offices (上海市錦天城律師事務所), regarding the title to the Property and the interest in the Property. In valuing the Property, we have prepared our valuation on the basis that the owner has enforceable title to the Property and have free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

METHODS OF VALUATION

In valuing the Property which is held for investment purposes in the PRC; we have adopted Investment Method by capitalizing the rental derived from the existing tenancies with due provision of the reversionary rental potential of the Property or, wherever appropriate, by Direct Comparison Method by making reference to comparable sales evidences as available in the relevant market.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institutes of Surveyors.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Company and the opinion of the PRC legal adviser as to the PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the Property, particulars of occupancy, tenancy information, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided by the Company with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments to any documents. We have not been able to cause title search for the Property in the PRC but we have made reference to the copies of the title documents which have been made available to us by the Company. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

Our valuer, Mr. Eric Fan (Registered China Real Estate Appraiser, MRICS) of Shanghai office, has inspected the exterior and, wherever possible, the interior of the Property in October 2014. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects, we are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all sums stated in our valuation are in Renminbi, the official currency of the PRC.

REMARK

Please note that we are appointed by Shanghai Industrial Urban Development Group Limited and a bank as a valuer for the valuations of the Property for disclosure purpose and mortgage reference purpose respectively. We have prepared our valuations on an impartial basis without bias to any parties concerned.

We attach herewith our valuation certificate.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Philip C Y Tsang
Registered Professional Surveyor
(General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is a Registered Professional Surveyor (General Practice) who has over 21 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property held by Shanghai World Trade City Corporation Limited for investment purposes in the PRC

<table>
<tr><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market Value in existing state as at 30 September 2014</th></tr>
<tr>
<td>Shanghaimart,
No. 2299
Yan'an Road (West),
Changning District,
Shanghai,
the People's
Republic of China</td>
<td>The Property, Shanghaimart, is a commercial, office and expo composite building erected on a parcel of land with a site area of approximately 44,000 sq.m. It was completed in 1999.

The Property comprises a 22-storey office building erected upon an 11-storey exhibition podium (Mart is located on L2-L11 and Expo is located on L1-L4 & L7) plus a 2-storey carpark basement with a total leasable area of approximately 201,495.45 sq.m. and total gross floor area of approximately 284,651.22 sq.m., the breakdown areas are listed below:

<table>
<tr><th>Use</th><th>Level</th><th>Leasable Area
(sq.m.)</th><th>Gross Floor Area
(sq.m.)</th></tr>
<tr><td>Office</td><td>L13-L30</td><td>35,004.40</td><td>41,552.25</td></tr>
<tr><td>Mart</td><td>L2-L11</td><td>132,350.26</td><td>155,080.73</td></tr>
<tr><td>Expo</td><td>L1-L4 & L7</td><td>20,800.00</td><td>35,908.59</td></tr>
<tr><td>Others & Carpark</td><td>L1-L2, B1-B2</td><td>13,340.79</td><td>52,109.65</td></tr>
<tr><td></td><td>Total:</td><td>201,495.45</td><td>284,651.22</td></tr>
</table>
</td>
<td>As at the Valuation Date, various office units with a total leasable area of 33,220.13 sq.m. were subject to various tenancies with the latest expiry date on 10 January 2019 at a total monthly rent of approximately RMB5,700,000, the remaining portion was vacant.

Mart portion of the Property with a total leasable area of 132,350.26 sq.m. was subject to various tenancies with the latest expiry date on 28 January 2019 at a total monthly rent of approximately RMB13,200,000.

Expo portion of the Property was subject to short term tenancies basis, the exhibition income from January 2014 to September 2014 was approximately RMB14,000,000.</td>
<td>RMB5,224,000,000</td>
</tr>
</table>

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2014
	The Property is located in Changning District which is in urban area in Shanghai. Its south abuts West Yan An Road; its east abuts Loushanguan Road; its north abuts Xingyi Road; its west abuts Gubei Road. Developments nearby are mainly office, hotel, apartment, deluxe villas development. According to the information provided by the Company, there is no condition imposed as to construction of municipal road, drainage and other facilities for public use. The land use rights of the Property have been granted for a term from 21 October 1999 to 20 October 2049 for composite exhibition and office uses.	Others portion of the Property (including catering, retail, bank etc.) with a total leasable area of 10,550.71 sq.m. was subject to various tenancies with the latest expiry date on 30 September 2025 at a total monthly rent of approximately RMB1,000,000, the remaining portion was vacant. The carparks were licensed on monthly and hourly basis.	

Notes:

(1) According to Shanghai Certificate of Real Estate Ownership No. (2011)005636 dated 16 May 2011, the land use rights of the Property with a site area of approximately 44,000 sq.m. and the building ownership rights of the Property with a total gross floor area of 284,651.22 sq.m. are vested in Shanghai World Trade City Corporation Limited (上海世界貿易商城有限公司) for a term from 21 October 1999 to 20 October 2049 for composite exhibition and office uses.

(2) According to Business Licence No. 310000400037291 dated 26 September 2014, Shanghai World Trade City Corporation Limited (上海世界貿易商城有限公司) was established as limited liability company with a registered capital of US$100,000,000 for a valid operation period from 24 February 1993 to 20 October 2049.

(3) According to the PRC legal opinion:

(i) Shanghai World Trade City Corporation Limited (上海世界貿易商城有限公司) has obtained the Shanghai Certificate of Real Estate Ownership No. (2011)005636 and has entitled to own the land use rights and building ownership rights of the Property;

(ii) The land use rights and 284,435.99 sq.m. gross floor area of the Property are pledged to the Hongqiao Branch of ICBC (工行虹橋支行). The transfer to the Property is subject to the consent from the bank;

(iii) Shanghai World Trade City Corporation Limited (上海世界貿易商城有限公司) has settled the land premium and other expense in accordance to the agreed amount on related grant contracts, supplement agreement and memorandum of the Property; Shanghai World Trade City Corporation Limited (上海世界貿易商城有限公司) has rights to use, transfer, lease, pledge the land use rights within the remaining of the period without to pay the extra land premium;

(iv) According to the Deed Tax Payment Certificate signed on 7 March 2011, Shanghai World Trade City Corporation Limited (上海世界貿易商城有限公司) has settled RMB14,221,236.9 for deed tax. The basic calculated amount RMB474,041,202.99 on the Deed Tax Payment Certificate is generally consistent with total land transaction price on Land Use Right Grant Contract and Consign Contract. Nevertheless, Shanghai World Trade City Corporation Limited (上海世界貿易商城有限公司) and Shanghai Hongqiao Economic and Technological Development Zone United Development Co., Ltd. (上海虹橋經濟技術開發區聯合發展有限公司) have signed a Consign Contract Supplemental Agreement dated 4 August 2010, the consign fee has been changed to approximately RMB914,000,000 by considering deferred payment of interests and overdue payment. Hence, there is a potential risk for Shanghai World Trade City Corporation Limited (上海世界貿易商城有限公司) to pay for the deed tax in accordance with the exact land price, the related amount of tax risk was approximately RMB13,446,000; and

(v) Shanghai World Trade City Corporation Limited (上海世界貿易商城有限公司) has not obtained neither the Pre-sale Permit for Commodity Housing nor Sale Permit for Commodity Housing, and has not signed any transaction agreement of its withhold property.

(4) According to the information provided by the Company and the legal opinion, the status of the title and grant of major approvals and licenses are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Business Licence	Yes

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

INTERESTS OF DIRECTORS

As of the Latest Practicable Date, the interests and short positions of the Directors, including the chief executives of the Company, in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as set out below.

Long positions in the Shares and underlying shares of the Company

Name of Director	Nature of interest	Number of Shares held	Number of underlying Shares held subject to options granted[(1)]	Approximate % of the issued share capital of the Company
Ni Jianda	Beneficial interest	–	8,000,000	0.17%
Ji Gang	Beneficial interest	150,000	–	0.00%
Zhou Jun	Beneficial interest	–	7,000,000	0.15%
Yang Biao	Beneficial interest	–	7,000,000	0.15%
Huang Fei	Beneficial interest	–	6,000,000	0.12%
Ye Weiqi	Beneficial interest	–	6,000,000	0.12%
Doo Wai-Hoi, William, J.P	Beneficial interest	–	1,000,000	0.02%
Wong Ying Ho, Kennedy, BBS, J.P.	Beneficial interest	–	1,000,000	0.02%
Fan Ren Da, Anthony	Beneficial interest	–	1,000,000	0.02%
Li Ka Fai, David	Beneficial interest	–	1,000,000	0.02%

Note:

(1) These interests represent the interests in the underlying Shares in respect of options granted by the Company to these Directors as beneficial owners.

Long positions in the shares and underlying shares of associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Total number of shares held	Total number of underlying shares subject to options granted[(1)]	Approximate % of interest in the corporation
Ji Gang	SIHL	Beneficial owner	–	900,000	0.08%
Zhou Jun	SIHL	Beneficial owner	195,000	1,350,000	0.14%
Yang Jianwei	SIHL	Beneficial owner	–	730,000	0.07%

Note:

(1) These interests represent the interests in the underlying shares of SIHL in respect of the share options (which are unlisted and physically settled equity derivatives) granted by SIHL under its share option scheme.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors, including the chief executives of the Company, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, persons (other than the Directors and chief executives of the Company) who had interests and short positions in the Shares and underlying shares of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange, were as set out below.

Name of substantial shareholder	Nature of interest	Number of Shares held	Approximate % of the issued share capital of the Company
SIHL	Held by controlled corporation	3,415,883,000(L) [(2)(3)]	70.99%
SIIC	Beneficial owner/ Held by controlled corporation	3,437,163,000(L) [(2)(3)(4)]	71.44%

Notes:

(1) L denotes long positions.

(2) 3,365,883,000 Shares were beneficially held by Smart Charmer. 50,000,000 Shares are deemed to be held by Novel Good Limited under the pledge descried in note 3 below. Smart Charmer and Novel Good Limited are both wholly-owned subsidiaries of SIHL.

(3) These interests include 50,000,000 Shares (short positions) held by Invest Gain Limited (a company beneficially and wholly-owned by Mr. Li Song Xiao who ceased to be a substantial shareholder of the Company during the year ended 31 December 2011) which were pledged to Novel Good Limited. Therefore, SIHL and SIIC are deemed or taken to be interested in these 50,000,000 Shares.

(4) SIIC through its subsidiaries, namely Shanghai Investment Holdings Limited, SIIC Capital (B.V.I.) Limited, SIIC Treasury (B.V.I.) Limited, Shanghai Industrial Financial (Holdings) Company Limited, South Pacific International Trading Limited, SIIC Trading Company Limited, Billion More Investments Limited and SIIC CM Development Limited held approximately 57.16% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 3,415,883,000 Shares held by SIHL for the purpose of the SFO.

(5) Mr. Ni Jianda is an executive director of SIHL and SIIC. Mr. Ji Gang is a director of SIIC. Mr. Zhou Jun is an executive director of SIHL and an executive director and vice president of SIIC.

Save as disclosed above, as of the Latest Practicable Date, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As of the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interest in business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors has or is proposed to have a service contract with any member of the Group other than contracts expiring or determinable by the employer within one year without the payment of compensation other than the statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS/ARRANGEMENTS

As of the Latest Practicable Date:

(a) none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company since 31 December 2013, being the date to which the latest published audited accounts of the Company were made up; and

(b) none of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date which is significant in relation to the business of the Group.

LITIGATION

The Company and Neo-China Realestate (Shanghai) Limited, a wholly-owned subsidiary of the Company, are defendants to a claim by a third party regarding non-payment of RMB128,096,800 (approximately HK$162,000,000) as consideration for the Group's acquisition of the shares in Moral Luck Group Limited in 2007. The third party claim also includes damage which amounted to RMB218,017,764 (approximately HK$275,000,000) for the period up to 25 July 2012 and further damages to be accumulated at a daily rate of RMB128,097 (approximately HK$162,000) thereafter until settlement. Please refer to the announcement of Company dated 27 July 2012 for further information on the above legal proceeding. On 24 October 2014, the solicitors for the plaintiff filed case management summons to the High Court to seek the court's direction for further management of this action. As set out in the summons, the parties have reached consensus to a stay of this action pending attempt to resolve the dispute in this action by mediation. The Group, after taking legal advice, is of the opinion that it has good ground for withholding the payment of the outstanding consideration and that it is pre-mature to estimate the outcome of the third party claim. Accordingly, no provision for the liquidated damage has been made in the condensed consolidated financial statements of the Group as of 30 June 2014.

Except as disclosed above, as of the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

EXPERTS

The following is the qualification of the experts who have provided its opinion or advice, which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
DTZ Debenham Tie Leung Limited	Valuer
AllBright Law Offices	PRC lawyers

Each of the experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter and/or report or the references to its name in the form and context in which it appears.

As of the Latest Practicable Date, none of the experts had any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group and none of them had any interest, either direct or indirect, in any assets which had since 31 December 2013, being the date to which the latest published audited financial statements of the Company were made up, been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

(a) An agreement dated 21 December 2012 entered into between Neo-China Investment Limited and Honghui Investments Company Limited in relation to the sale and purchase of the entire issued share capital of Leadway Pacific Limited for a purchase price of RMB110.6 million together with the assignment of the shareholder's loans in an aggregate amount of approximately HK$141.2 million ("**Leadway Disposal Agreement**").

(b) An agreement dated 27 December 2012 entered into between中置(北京)企業管理有限公司 (Zhongzhi (Beijing) Enterprise Management Co., Ltd.) and 成都三創緯業房地產開發有限公司 (Chengdu Sanchuang Weiye Real Estate Development Co., Ltd.) in relation to the sale and purchase of the 30% equity interest in 成都中新錦泰房地產開發有限公司 (Chengdu Zhongxin Jintai Real Estate Development Co., Ltd.) for a consideration of RMB47.4 million and assignment of loans in an aggregate amount of RMB248.1 million.

(c) A supplemental agreement dated 19 April 2013 entered into between Neo-China Investment Limited and Honghui Investments Company Limited amending certain terms of the Leadway Disposal Agreement.

(d) An agreement dated 21 June 2013 entered into among China Vision Enterprises Limited, Earth & Gold International Holdings Limited and the Company in relation to, among other things, the sale and purchase of the entire issued share capital of Earn Harvest Limited and the assignment of a shareholder's loan for a total consideration of RMB1,174.5 million.

(e) The agreement dated 6 August 2014 entered into among the Company, 博時資本管理有限公司 (Bosera Capital Management Co., Ltd.), 中置(北京)企業管理有限公司 (Zhongzhi (Beijing) Enterprise Management Co., Ltd.), 上海雅閣麗星裝飾有限公司 (Shanghai Yage Lixing Zhuangshi Co., Ltd.), 天津市億嘉合置業有限公司 (Tianjin Yijiahe Real Estate Co., Ltd.), and 五礦置業有限公司 (Minmetals Real Estate Co., Ltd.) relating to, among other things, the sale and purchase of the entire issued share capital of Well Kingdom Investment Ltd for a consideration of RMB336 million.

(f) The Sale and Purchase Agreement.

(g) The Joint Venture Agreement.

MISCELLANEOUS

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, and the principal place of business in Hong Kong Suites 3003–3007, 30th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

(b) The company secretary of the Company is Mr. Chan Kin Chu, Harry, who is a solicitor of the High Court of Hong Kong Special Administrative Region.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this circular shall prevail over its Chinese text in case of inconsistency.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including 26 November 2014:

(a) the memorandum of association and the bye-laws of the Company;

(b) the accountant's report of the Target Group for the three years ended 31 December 2013 and the six months ended 31 May 2014 prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this circular;

(c) the audited consolidated financial statements of the Company for the two years ended 31 December 2012 and 2013;

(d) the report from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;

(e) the property valuation report prepared by DTZ Debenham Tie Leung Limited as set out in Appendix V to this circular;

(f) the contracts referred to in the paragraph headed "Material contracts" in this Appendix;

(g) the written consents from Deloitte Touche Tohmatsu, DTZ Debenham Tie Leung Limited and All Bright Law Offices referred to in the paragraph headed "Experts" in this Appendix; and

(h) this circular.