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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the "**Board**") of Shanghai Industrial Urban Development Group Limited (the "**Company**") announces that the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2014, together with the comparative figures for the year ended 31 December 2013 were as follows:

FINANCIAL HIGHLIGHT

	For the year ended 31 December 2014	31 December 2013	Change
Financial Highlights (HK$'000)			
Revenue	7,773,636	9,773,547	(20.5%)
Gross profit margin	38.0%	15.5%	22.5 points
Profit attributable to owners of the Company	161,181	143,471	12.3%
Financial Information per share (HK cents)			
Profit			
– Basic	3.35	2.98	12.4%
– Diluted	3.35	2.98	12.4%

	As at 31 December 2014	2013
Pre-sale proceeds received on sales of properties (HK$'000)	2,400,586	6,496,160
Financial Ratios		
Net debt to total equity (%) (note)	65.6%	41.3%
Current ratio	1.9	1.9

Note: Net debt = total borrowings (including bank and other borrowings and senior notes) – bank balances and cash and restricted and pledged bank deposits.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	**2014** **HK$'000**	2013 *HK$'000*
Revenue	*4*	**7,773,636**	9,773,547
Cost of sales		**(4,823,485)**	(8,254,997)
Gross profit		**2,950,151**	1,518,550
Other income	*5(a)*	**193,594**	88,239
Other expenses, gains and losses	*5(b)*	**(20,260)**	(58,829)
Fair value changes on investment properties		**(43,573)**	(122,835)
Impairment loss in respect of inventories		**(66,204)**	(36,374)
Distribution and selling expenses		**(200,580)**	(237,518)
General and administrative expenses		**(460,265)**	(495,796)
Gain on disposal of subsidiaries		**–**	15,276
Gain on disposal of assets through disposal of subsidiaries		**–**	819,125
Gain on disposal of an associate		**136,125**	–
Finance costs	*6*	**(757,327)**	(698,583)
Share of losses of associates		**(617)**	(9,161)
Profit before tax		**1,731,044**	782,094
Income tax	*8*	**(1,151,080)**	(476,377)
Profit for the year	*7*	**579,964**	305,717
Other comprehensive income for the year			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation into presentation currency		**(441,181)**	544,190
Item that may be reclassified subsequently to profit or loss:			
Reclassification adjustment for realisation of revaluation gains transferred to profit or loss upon sale of completed properties held-for-sale		**–**	(1,602)
Other comprehensive (expense) income for the year		**(441,181)**	542,588
Total comprehensive income for the year		**138,783**	848,305

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(CONTINUED)*

FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
	NOTE	***HK$'000***	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**161,181**	143,471
Non-controlling interests		**418,783**	162,246
		579,964	305,717
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(86,864)**	456,777
Non-controlling interests		**225,647**	391,528
		138,783	848,305
Earnings per share			
Basic (HK cents)	*9*	**3.35**	2.98
Diluted (HK cents)	*9*	**3.35**	2.98

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

	NOTES	**31.12.2014** *HK$'000*	31.12.2013 *HK$'000*
Non-current assets			
Investment properties	*11*	**12,320,845**	5,736,299
Property, plant and equipment		**2,197,490**	1,511,007
Prepaid lease payments		**252,445**	92,178
Intangible assets		**63,734**	65,301
Interests in associates		**1,291,941**	1,647,749
Interest in a joint venture		**65,718**	65,718
Amount due from an associate		**–**	87,160
Available-for-sale investments		**128,288**	102,633
Restricted and pledged bank deposits		**58,904**	100,800
Deferred tax assets		**289,580**	217,379
		16,668,945	9,626,224
Current assets			
Inventories	*12*	**32,150,353**	34,431,317
Trade and other receivables	*13*	**940,271**	2,505,237
Amounts due from related companies		**98,089**	83,612
Amount due from an associate		**–**	19,270
Prepaid lease payments		**5,381**	2,709
Prepaid income tax and land appreciation tax		**187,462**	420,467
Financial assets at fair value through profit or loss		**3,294**	2,074
Pledged bank deposits		**442,284**	385,766
Bank balances and cash		**6,424,058**	5,827,825
		40,251,192	43,678,277
Assets classified as held-for-sale		**646,566**	132,458
		40,897,758	43,810,735

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ***(CONTINUED)***
AT 31 DECEMBER 2014

	NOTE	**31.12.2014** *HK$'000*	31.12.2013 *HK$'000*
Current liabilities			
Trade and other payables	*14*	**5,897,521**	6,438,474
Amounts due to related companies		**2,008,960**	460,737
Amounts due to associates		**71,978**	94,264
Consideration payables for acquisition of subsidiaries		**763,940**	325,348
Pre-sale proceeds received on sales of properties		**2,400,586**	6,496,160
Bank and other borrowings		**7,838,393**	3,858,292
Senior notes		**–**	3,093,059
Income tax and land appreciation tax payables		**2,109,169**	1,988,568
Dividend payable		**6,423**	6,423
Dividend payable to non-controlling shareholders		**268,658**	339,309
		21,365,628	23,100,634
Liabilities classified as held-for-sale		**28**	–
		21,365,656	23,100,634
Net current assets		**19,532,102**	20,710,101
Total assets less current liabilities		**36,201,047**	30,336,325
Non-current liabilities			
Bank and other borrowings		**12,289,532**	7,535,109
Deferred tax liabilities		**3,796,683**	3,017,939
		16,086,215	10,553,048
		20,114,832	19,783,277
Capital and reserves			
Share capital		**192,461**	192,461
Reserves		**12,292,328**	12,426,509
Equity contributable to owners of the Company		**12,484,789**	12,618,970
Non-controlling interests		**7,630,043**	7,164,307
		20,114,832	19,783,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent is Shanghai Industrial Holdings Limited ("**SIHL**") (incorporated in Hong Kong and listed on the Stock Exchange) and its ultimate holding company is Shanghai Industrial Investment (Holdings) Company Limited ("**SIIC**") (a private limited company also incorporated in Hong Kong).

The principal activities of the Group are residential and commercial properties development, property investment and hotel operation in the PRC.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") as the Company is listed on the Stock Exchange, where most of its investors are located in Hong Kong. The functional currency of the Company is Renminbi ("**RMB**").

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

The Group has applied the following new interpretation and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT21	Levies

The application of the new interpretation and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[4]
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[5]
Amendments to HKAS 1	Disclosure initiatives[5]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception[5]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[5]
Amendments to HKAS 16 and HKAS 38	Classification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[1]
Amendments to HKAS 27	Equity method in separate financial statements[5]

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 annual periods beginning on or 1 January 2017.
5 Effective for annual periods beginning on or 1 January 2016.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have impacts on the Group's financial assets. However, in the opinion of the directors, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from contracts with customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the adoption of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, in the opinion of the directors, it is not practicable to provide a reasonable estimate of the effect for the application of HKFRS 15 until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance (Cap. 32).

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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 consolidated financial statements 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 for the purposes of measuring inventories in HKAS 2 or value in use for the purposes of impairment assessment 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 or liability.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold by the Group in the normal course of business to outside customers, net of discounts and sales related taxes for the year. The Group is engaged in the property development, property investment and hotel operation.

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of performance focuses only on revenue analysis. As no other discrete financial information is available for assessment of different business activities, no segment information is presented other than entity-wide disclosures.

Entity-wide disclosures

Revenue from major business services

The following is an analysis of the Group's revenue from its major business services:

	2014	2013
	HK$'000	*HK$'000*
Revenue from sale of properties	**7,107,449**	9,344,198
Rental income from leasing of properties	**472,474**	253,037
Property management service income	**95,762**	91,670
Revenue from hotel operations	**97,951**	84,642
	7,773,636	9,773,547

Geographical information

The Group's operations are located in the PRC. All revenue and non-current assets excluding financial instruments and deferred tax assets of the Group are generated from and located in the PRC. No revenue from a single customer or a group of customers under common control contributed 10% or more of the Group's revenue for the year ended 31 December 2014 and 2013.

5(a). OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Interest income on bank deposits	**104,958**	43,238
Other interest income	**18,808**	7,661
Rental income from property, plant and equipment	**6,917**	5,654
Dividend income from available-for-sale investments	**6,343**	–
Income from marketing and exhibition activities	**17,222**	–
Others	**39,346**	31,686
	193,594	88,239

5(b). OTHER EXPENSES, GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
Exchange (loss) gain on senior notes	**(76,383)**	89,789
Exchange (loss) gain on other borrowings from SIHL Finance Limited	**(22,825)**	29,449
Other net exchange loss	**(53,487)**	(29,948)
Change in fair value of financial assets at fair value through profit or loss	**1,279**	326
Reversal (provision) of compensation to customers in respect of late delivery of properties, net	**24,685**	(79,704)
Waiver of trade payables	**134,658**	–
Impairment loss recognised on other receivables	**–**	(1,957)
Gain on disposal of property, plant and equipment	**156**	572
Others	**(28,343)**	(67,356)
	(20,260)	(58,829)

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on:		
Bank and other borrowings wholly repayable within five years	**916,908**	818,637
Bank and other borrowings not wholly repayable within five years	**49,534**	36,113
Senior notes	**196,126**	348,697
Total borrowing costs	**1,162,568**	1,203,447
Less: Amount capitalised under properties under development for sale	**(405,241)**	(504,864)
	757,327	698,583

Borrowing costs capitalised during the year arising on the general borrowing pool are calculated by applying a capitalisation rate of 8.18% (2013: 9.14%) per annum to expenditure on qualifying assets.

7. PROFIT FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	**86,481**	75,661
Less: depreciation capitalised into properties under development for sale	**(2,204)**	(3,860)
	84,277	71,801
Amortisation of prepaid lease payments	**4,632**	2,669
Auditors' remuneration	**5,863**	6,683
Gross rental income from investment properties	**(472,474)**	(253,037)
Less: operating expenses	**86,684**	19,142
	(385,790)	(233,895)
Directors' remuneration	**13,780**	10,751
Other staff costs		
Salaries, wages and other benefits	**253,557**	216,939
Retirement benefit scheme contributions	**31,546**	23,069
Total staff costs	**298,883**	250,759
Less: staff costs capitalised into properties under development for sale	**(63,270)**	(53,985)
	235,613	196,774
Impairment loss in respect of inventories	**66,204**	36,374
Cost of properties held-for-sale recognised as an expense	**4,052,870**	7,810,494
Cost of inventories for hotel operations recognised as an expense	**23,805**	21,919
Share of tax of associates (included in share of results of associates)	**607**	1,291

8. INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2014	2013
	HK$'000	*HK$'000*
Current tax:		
PRC enterprise income tax ("EIT")	**534,632**	301,372
PRC land appreciation tax ("LAT")	**881,579**	391,795
Capital gain tax on gain derived from disposal of a PRC entity by non-resident companies	**–**	81,913
	1,416,211	775,080
Under (over) provision in prior years:		
PRC EIT	**30,026**	271
PRC LAT *(note)*	**(48,076)**	16,335
	(18,050)	16,606
Deferred tax	**(247,081)**	(315,309)
	1,151,080	476,377

Note: The Group recognised a write-back of overprovision of PRC LAT during the year ended 31 December 2014 upon completion of tax clearance procedures by certain PRC subsidiaries with their respective tax authorities.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to Circular 698 issued by the State Administration of Taxation, the PRC, the tax rate applicable to the capital gain from disposal of the PRC entities through transfer of shares in non-resident companies is 10%.

Under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in Bermuda and the British Virgin Islands in respect of both years.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2014 *HK$'000*	2013 *HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share: Profit for the year attributable to owners of the Company	**161,181**	143,471

	2014 *'000*	2013 *'000*
Number of shares		
Number of ordinary shares for the purposes of basic and diluted earnings per share	**4,811,523**	4,811,523

The computation of diluted earnings per share in both years does not assume the exercise of the Company's share options because the exercise price of the share options was higher than the average market price for both years.

10. DIVIDENDS

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2014 of HK1.1 cents (2013: nil in respect of the year ended 31 December 2013) has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

As the Company had no reserves available for distribution to the shareholders as at 31 December 2014, the final dividend is intended to be funded through cancellation of certain amount in respect of the share premium account and crediting such amount to a contributed surplus amount in accordance with the provisions of the applicable law of Bermuda. A special resolution regarding this share premium reduction will be proposed at the forthcoming general meeting.

11. INVESTMENT PROPERTIES

	2014 *HK$'000*	2013 *HK$'000*
FAIR VALUE		
At 1 January	**5,736,299**	6,028,842
Subsequent expenditures	**–**	6,102
Acquired from acquisition of subsidiaries	**6,583,206**	–
Transfer from inventories	**384,333**	–
Fair value loss on investment properties	**(43,573)**	(122,835)
Reclassified as assets classified as held-for-sale	**–**	(132,458)
Disposals	**(120,309)**	(215,915)
Exchange realignment	**(219,111)**	172,563
At 31 December	**12,320,845**	5,736,299
Unrealised losses on properties revaluation included in profit or loss	**(97,391)**	(125,419)

The carrying value of investment properties shown above comprises properties situated on:

	2014	2013
	HK$'000	*HK$'000*
Land in PRC		
Medium-term lease	**12,320,845**	5,736,299

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

During the year ended 31 December 2014, inventories with carrying amount of approximately HK$384,333,000 are transferred to investment properties as the management has changed the use of the properties upon entering into various operating leases with tenants.

The fair values of the Group's investment properties as at 31 December 2014 and 2013 and the date of acquisition of subsidiaries have been arrived at on the basis of a valuation carried out on the respective dates by DTZ Dehenham Tie Leung Limited ("DTZ"), an independent qualified professional valuer not connected with the Group. DTZ has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's investment properties were valued individually, on market value basis, which conforms to Hong Kong Institute of Surveyors Valuation Standards. The fair value was arrived at by reference to comparable sales transactions available in the relevant market and where appropriate, investment approach by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the properties.

In estimating the fair value of the investment properties, the directors of the Company has considered that the highest and best use of the properties is their current use upon the application of HKFRS 13 "Fair value measurement". There has been no change of the valuation technique during the year.

As at 31 December 2013, the fair value of the investment properties amounting to HK$132,458,000 reclassified as assets classified as held-for-sale was arrived at by reference to the selling price as stated in the sales and purchases agreements entered into with independent third parties.

During the year ended 31 December 2014, the Group disposed of certain investment properties as well as those reclassified as assets held-for-sale as at 31 December 2013, for total cash consideration of approximately HK$252,767,000 (2013: HK$328,596,000), of which a deposit of approximately HK$66,249,000 (2013: nil) was received in prior year and an amount of approximately HK$26,756,000 (2013: nil) was included in other receivables in current year.

12. INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	2014	2013
	HK$'000	*HK$'000*
Property development		
Properties under development for sale	**25,847,691**	24,926,441
Properties held-for-sale	**6,296,949**	9,499,440
	32,144,640	34,425,881
Hotel operations		
Food and beverage and others	**5,713**	5,436
	32,150,353	34,431,317

All of the properties under development for sale and completed properties held-for-sale are located in the PRC.

During the year ended 31 December 2014, the management changed the intention from selling the service apartments and the shopping malls included in the inventories to carrying out the hotel operation as well as leasing the shopping malls for rentals by the Group itself. Accordingly, inventories with carrying amount of approximately HK$665,312,000, HK$170,732,000 and HK$384,333,000 were transferred to hotel buildings and improvements included in property, plant and equipment, prepaid lease payments and investment properties respectively. The hotel and the shopping malls commenced operation in June and July 2014 respectively.

During the year ended 31 December 2014, car parks with carrying amount of approximately HK$139,037,000 (2013: HK$134,276,000) included in inventories were transferred to leasehold land and other buildings for the Group's own use.

As at 31 December 2014, properties under development for sale of HK$2,809,186,000 (2013: HK$2,854,078,000) and properties held-for-sale of HK$289,903,000 (2013: HK$257,195,000) were carried at net realisable value.

As at 31 December 2014, properties under development for sale of HK$23,369,198,000 (2013: HK$21,103,891,000) are not expected to be realised within one year.

13. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**16,121**	258,568
Less: Allowance for doubtful debts	**(808)**	(854)
	15,313	257,714
Other receivables	**632,922**	312,832
Advance payments to contractors	**17,136**	38,355
Amounts due from former subsidiaries *(note i)*	**2,083**	186,649
Amounts due from former associate *(note iv)*	**85,068**	–
Receivable in respect of the disposal of investment properties	**26,756**	–
Sales commission deposits	**–**	11,754
Prepaid other taxes	**130,835**	248,555
Deposits and prepayments	**30,158**	269,941
Consideration receivable for disposal of a subsidiary *(note ii)*	**–**	172,535
Consideration receivables for disposal of assets through disposal of subsidiaries *(note iii)*	**–**	1,006,902
	940,271	2,505,237

Notes:

(i) As at 31 December 2013, the amounts were composed of the amount due from 成都中新錦泰房地產開發有限公司 ("**Chengdu Zhongxin**"), the subsidiary disposed of in year 2012, amounting to HK$2,142,000 and the amount due from 上海城開集團重慶德普置業有限公司 ("**Chongqing Depu**"), the subsidiary disposed of in year 2013, amounting to HK$184,507,000. The amount due from Chengdu Zhongxin was interest-free, repayable on demand and secured by the shares of Leadway Pacific Limited which held 70% shareholding in Chengdu Zhongxin. The amount due from Chongqing Depu was unsecured, interest bearing at People's Bank of China's interest rate plus a premium and was repayable within nine months from the date of disposal on 27 December 2013. The amount due from Chongqing Depu was fully settled during the year ended 31 December 2014.

(ii) The balance represents the consideration receivable for disposal of Chongqing Depu in year 2013. The balance was interest bearing at People's Bank of China's interest rate, unsecured and repayable in installments, with RMB40,425,000 (equivalent to HK$51,761,000) to be payable within three days after the transaction certificate dated 30 December 2013 issued by the relevant government authority, with RMB26,950,000 (equivalent to HK$34,507,000) to be repaid on or before 10 January 2014 and the remaining balances to be repaid on or before 31 March 2014. The balance was fully settled during the year ended 31 December 2014.

(iii) The balance represents the consideration receivables for disposal of its wholly owned subsidiaries, Earn Harvest Limited and Power Tact Investment Limited in year 2013. The amount is interest-free, secured by ordinary shares of Earn Harvest Limited and Power Tact Investment Limited and repayable in installments, with RMB300,000,000 (equivalent to HK$384,123,000) to be repaid on or before 31 March 2014 and the remaining balances to be repaid on 30 June 2014.

(iv) The balance represents an interest-free and unsecured loan made by the Group to Tianjin Yijiahe before year 2013. Upon the disposal of Tianjin Yijiahe in current year, the outstanding balance is reclassified from "amount due from an associate" included in non-current assets of the consolidated financial statements. The balance has been fully settled subsequent to the year ended 31 December 2014.

The Group allows an average credit period of 90 days to its corporate hotel customers and generally grants no credit period to property buyers and tenants. Trade receivables as at 31 December 2013 mainly included the retention receivables of HK$201,792,000 (2014: nil) for affordable housing sold to the Shanghai government department for which a retention period of few months to one year was granted. These balances have not been due at the end of the reporting period. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the date of billing at the end of the reporting period.

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**14,447**	130,101
Within 91-180 days	**277**	53,780
Over 180 days	**589**	73,833
	15,313	257,714

Majority of the trade receivables that are neither past due nor impaired has no default payment history.

14. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**1,380,426**	892,941
Accrued expenditure on properties under development for sale	**2,842,269**	3,822,551
Amounts due to former shareholders of the Company's former subsidiaries *(note i)*	**174,363**	178,112
Compensation payables to customers in respect of late delivery of properties	**69,737**	136,801
Deposits received for the disposal of investment properties	**–**	66,249
Deposit received for the disposal of subsidiaries	**99,975**	–
Receipts from customers for payment of expenses on their behalf	**69,455**	61,537
Rental deposits and receipt in advance from tenants	**212,496**	76,018
Interest payable	**77,361**	190,187
Payables to the Shanghai government department *(note ii)*	**318,537**	366,528
Accrued charges and other payables	**605,568**	570,375
Other taxes payables *(note iii)*	**47,334**	77,175
	5,897,521	6,438,474

Notes:

(i) The amounts are non-trade in nature, interest-free and repayable on demand.

(ii) The amount represents the receipts of HK$1,250,399,000 (2013: HK$1,438,785,000) from the purchasers of affordable housings which were collected on behalf of the Shanghai government department and yet paid to it, net of receivable of HK$931,862,000 (2013: HK$1,072,257,000) for the construction and other related costs and the agreed margin of the affordable housings. The amount is repayable on demand. A net balance of HK$47,991,000 (2013: nil) was settled during the year ended 31 December 2014.

(iii) Other taxes payables comprise urban real estate tax payable, city maintenance and construction tax payable and business tax payable.

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period.

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**82,419**	4,707
Within 31–180 days	**20,601**	41,583
Within 181–365 days	**573,250**	671,971
Over 365 days	**704,156**	174,680
	1,380,426	892,941

MANAGEMENT DISCUSSION AND ANALYSIS

A Resilient Property Market

In 2014, China managed to post a GDP growth of 7.4% albeit the slowing pace of the nation's economy. For China's real estate market, the year was a mixed blessing. A series of austerity measures were followed by some steady development towards the end of the year. The first half of the year witnessed the continuation of strict enforcement of purchase restriction and tougher mortgage rules. During the second half of the year, easing enforcement of purchase restriction started in Hohhot and went on in most Chinese cities, before the central bank of the nation announced the Notice on Further Improving Residential Housing Financial Services (《關於進一步做好住房金融服務工作的通知》) in September to loosen the tough rules on mortgages.

According to China Index Academy, the real estate market demonstrated increasingly remarkable trend of cross-regional deviations of development since the adjustment of the last year. Year-on-year drop in property prices in December was a mere 0.61% for the top ten cities, which was a substantially slighter decline compared to the average decrease for the top hundred cities which include small- and medium-sized cities. This evidenced the greater resilience of property prices in first- and second-tier cities and underscored the stability of property prices in major cities of China where the rigid demand persisted.

Business Review

With strong financial stance, premium brand equity and extensive experience, the Group continued to ride on its strengths in the Yangtze River Delta region to identify quality projects and land in the area in 2014. Well versed in abreast of the market trend and capturing market opportunities, the Group achieved notable results of operations via its timely acquisition, disposal and cooperation initiatives.

In April 2014, the Group entered into an agreement with the Government of Minhang District of Shanghai for the acquisition of a land parcel in Meilong Town with total G.F.A. of approximately 150,000 square meters at a total amount of RMB767,000,000 (relocation costs inclusive), to be developed into commodity housing under Phase V of Shanghai Jing City. In September of the same year, the Group joined hands with Nan Fung Group, a major international entity, to acquire 99% stakes in ShanghaiMart at a consideration of US$579,000,000. The acquired stakes, with a total floor area of over 280,000 square meters, was considered a good bargain by the management. The acquisition will also contribute to the significant increase in the Group's overall rental income. While its annual rental income is currently approximately RMB300,000,000, the project will be renovated, managed and operated by the Group and Nan Fung Group in joint efforts to become a new landmark in Changning District of Shanghai. The Group is confident that its rental income can be elevated in the future.

In December 2014, the Group disposed of Tianjin Beichen project, in which it holds a non-controlling stake, at RMB366,000,000 to line up with its long-term strategies of focusing on the development in the Yangtze River Delta region and prosperous coastal cities. The Group recorded a profit of approximately RMB108,000,000 before taxation and will receive a total cash inflow of RMB434,070,000.

In the same year, the construction of the Binjiang U Center project was about to begin. As the most eye-catching project after U Center (Minhang District core area), Xinzhuang Metro Superstructure and ShanghaiMart. Binjiang U Center is a large-scale city complex integrating office, commercial, cultural, recreational and other functional clusters. Boasting a panoramic view of Huangpu River, the project is set to become a new city landmark in the Binjiang neighborhood in Xuhui District.

Property Development

During the year ended 31 December 2014, the Group had a total G.F.A of approximately 2,598,000 sq.m. under development, which primarily included the CBE International Peninsula in Xi'an, Shanghai Jing City and Xinzhuang Metro Superstructure, of which 759,000 sq.m. were new projects. The Group completed construction with G.F.A. of 484,000 sq.m., and delivered a total G.F.A. of 434,000 sq.m., comprising approximately 356,000 sq.m. of commodity housing and 78,000 sq.m. of affordable housing.

Contract Sales

During the year ended 31 December 2014, the Group recorded contract sales of RMB4,717,000,000 (2013: RMB6,609,000,000) from commodity housing and affordable housing, or approximately 9.7% above the sales target of RMB4,300,000,000 initially set at the beginning of the year. Contract sales from commodity housing reached RMB3,716,000,000 (2013: RMB4,942,000,000); with G.F.A. of approximately 166,000 sq.m. sold (2013: 255,000 sq.m.). Due to the diminished number of affordable housing units, contract sales from affordable housing decreased by 40.0% year-on-year to RMB1,001,000,000 (2013: RMB1,667,000,000). The full-year contract sales represented a decrease of 28.6% from 2013, which was attributable to the limited resources available for sale during the year in view of the vast proportion of investment properties among the overall project developments during the year, and to the sale of affordable housing being in its final phase. During the year, the flagship projects Urban Cradle, U Center and CBE International Peninsula were the principal projects for sale, accounting for approximately 43.7%, 26.9% and 14.1% of commodity housing sales in the year respectively. In 2014, total G.F.A. sold under contract sales amounted to 265,000 sq.m., or a decrease of 32.6% year-on-year, out of which 166,000 sq.m. and 99,000 sq.m. were accounted for by commodity housing and affordable housing, respectively.

The average selling price of overall contract sales, including those for lower-margin affordable housing, increased by 6.0% to approximately RMB17,800 per sq.m., compared with approximately RMB16,800 per sq.m. in 2013. Excluding affordable housing, the average selling price showed a year-on-year increase of 15.5% to RMB22,400 per sq.m. (2013: RMB19,400 per sq.m.). The sound growth was mainly driven by the change of product mix of Urban Cradle. It has always been a strategy of the Group to maintain a steady pace in raising selling prices of new projects, as evidenced by the launch of the large-sized deluxe fitted-out mansions of Phase V of Urban Cradle in late May, 2014, which ranked top in Shanghai property market in June in terms of sales volume.

Financial Review

Revenue

During the year ended 31 December 2014, the Group's revenue decreased by 20.5% year-on-year to HK$7,774,000,000 (2013: HK$9,774,000,000), primarily due to the decreased delivery of completed property. During the year, property sales remained as the Group's main source of revenue and amounted to HK$7,107,000,000 (2013: HK$9,344,000,000), accounting for 91.4% (2013: 95.6%) of the Group's total revenue. The revenue contribution from Urban Cradle, CBE International Peninsula and Shanghai Jing City accounted for 51.9%, 23.0% and 12.0% of property sales respectively. Revenue from leasing, property management and services, and hotel operations contributed 6.1%, 1.2% and 1.3% (2013: 2.6%, 0.9% and 0.9%) to the Group's total revenue respectively. The rapid growth in the proportion of rental income was attributable to the acquisition of ShanghaiMart in late September.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2014, the Group's gross profit was HK$2,950,151,000, up 94.3% compared with 2013. It was mainly due to the vast proportion of high-return projects completed and delivered by the Group during the year, the adherence to the strategy of maintaining a steady pace in raising selling prices as well as the effective control over costs. Gross profit margin was 38.0%, an increase of approximately 22.5 percentage points from 15.5% last year.

Investment Property Revaluation

For the year ended 31 December 2014, the Group recorded a net loss on revaluation of investment properties of approximately HK$43,573,000, which was mainly attributable to the Laochengxiang project in Tianjin.

Material Acquisition and Disposal

On 25 September 2014, the Group, through its wholly-owned subsidiary, Advantage World Investment Limited ("AWI"), acquired 99% stakes in ShanghaiMart with a total consideration of approximately US$579,000,000. On the same day, the Group announced the establishment of a joint venture with Nan Fung, pursuant to which SIUD and Nan Fung would indirectly hold 51% and 49% equity interests of AWI respectively. AWI indirectly holds 99% equity interests of ShanghaiMart, while the remaining 1% is held by Shanghai Hongqiao Economic & Technological Development Zone United Development Co., Ltd. As at 18 November 2014, the acquisition of the remaining 1% equity interest in ShanghaiMart was completed.

In December of the same year, the Group completed the disposal of all of its 40% equity interests in the commercial and residential development project located in Beichen, Tianjin to Sino-Ocean Land Holdings Limited at a consideration of RMB366,000,000, a move in line with the Group's long-term strategy of focusing on the development of Yangtze River Delta and coastal cities.

Distribution and Selling Expenses

For the year ended 31 December 2014, as a result of effective cost control and the decrease of saleable housing units, the Group's distribution and selling expenses fell by 15.6% year-on-year to HK$200,580,000 (2013: HK$237,518,000).

General and Administrative Expenses

During the year ended 31 December 2014, the Group recorded general and administrative expenses of approximately HK$460,265,000, a decrease of 7.2% year-on-year (2013: HK$495,796,000). This was mainly attributable to the Group's continual efforts in its stringent implementation of cost control measures, which proved to be effective.

Profit

During the year ended 31 December 2014, the Group's profit for the year increased significantly by 90.0% to approximately HK$579,964,000 (2013: HK$305,717,000), which was mainly attributable to the greater contribution from the high-margin project Urban Cradle and the one-off gain arising from the disposal of the interests in Tianjin Beichen project. Profit attributable to owners of the Company was HK$161,181,000 (2013: HK$143,471,000), up 12.3% compared with last year. Both basic and diluted earnings per share for the year were 3.35 HK cents (2013: 2.98 HK cents).

Liquidity and Capital Resources

During the year, the Group entered a club loan facility of HK$1,826,000,000 and US$65,000,000, and raised new shareholder loans of approximately HK$372,000,000 and US$252,000,000. Together with the collection of outstanding amount in respect of the disposal of U Center's partial interests in 2013, the Group achieved an even stronger financial position. As at 31 December 2014, bank balances and cash of the Group increased by 10.2% to HK$6,424,058,000 (31 December 2013: HK$5,827,825,000).

The net debt to total equity of the Group (as calculated in the section headed "Financial Highlights" in this announcement) rose from 41.3% as at 31 December 2013 to 65.6% at the end of 2014, principally due to the new club loan and shareholder loans secured during the year for redeeming the senior notes due in July 2014 and acquiring new projects. Current ratio maintained at 1.9 (31 December 2013: 1.9).

The Group achieved strong cash inflow during the year. The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirements and future expansion of the Group.

Distribution of dividends

In view of shareholders' unwavering support over the years, the Board resolved through discussion to propose a dividend of 1.1 HK cents per share, which is the first time ever since the acquisition of Neo-China Land.

Human Resources and Remuneration Policies

As at 31 December 2014, the Group employed 1,113 employees (including Hong Kong and PRC offices). The remuneration policies for the employees of the Group are determined according to the performance, qualification and experience, and competence of the employee. The emolument of the directors of the Company is determined by the remuneration committee of the Company, having regard to the operating results of the Group, individual performance and comparable market statistics. Staff benefits include discretionary bonus payments which are linked to the profitability of the Group and individual performances and contributions to the Mandatory Provident Fund Schemes.

The Group had adopted a share option scheme as an incentive to directors and eligible employees. During the year ended 31 December 2014, the Group provided training programs relating to work to employees. Activities aiming at building up team spirit were regularly organized for employees, so as to enhance the human capital of the Group and the sense of belonging of the staff.

Land Bank

As at 31 December 2014, the Group's saleable land bank totaled approximately 5,666,000 sq.m. in G.F.A., which are developed into 22 property projects located in 12 cities. During the year, the Group acquired land parcels and projects of approximately 430,000 sq.m. in G.F.A. in total, including a land parcel in Meilong Town, Minhang District, Shanghai and ShanghaiMart in Changning District, Shanghai. Going forward, the Group will continue to maintain its sustainable development strategy and further consolidate its resources in order to sharpen and utilize its competitive edge in Shanghai and coastal areas.

Outlook

In the second half of 2014, the Chinese government released a number of composite documents targeting at boosting the real estate market in China via land supply, mortgage loan, provident fund, tax relief, policies for household registration through purchase of housing, market regulation and other aspects. The Group is of the view that the real estate market is still in solid demand which will stimulate relevant industries and supply in China. In 2015, the Group will take a cautiously optimistic attitude towards the market.

In the coming year, the Group will maintain a similar level of construction works as in 2014, with approximately 13 projects covering a total G.F.A. of approximately 2,713,000 sq.m. (2013: approximately 2,598,000 sq.m.) and 8 new projects totaling approximately 574,000 sq.m. (2013: approximately 759,000 sq.m.) are scheduled to commence.

Looking forward, the Group remains confident in the real estate market of the first-tier cities in China. Despite the slowdown in China's economic growth, the pace is still much faster than other developed countries. Frequent trading activities, together with the establishment of free trade zones, helped stabilize and bolster the office and commercial property market in Shanghai and other first-tier cities. Over the past two years, the Group revitalized its inventory assets and optimized its layout structure for the best investment returns. With its foothold in first-tier cities, the Group fully capitalized on the unique competitive edge of large cities. All of the Group's investment projects in Shanghai including Binjiang U Center, Minhang U Center and Xinzhuang Metro Superstructure that had already entered or were about to enter the construction stage are expected to benefit from the overall economic growth of Shanghai in the future.

The acquisition of ShanghaiMart in September 2014 marked an important milestone in the Group's development. In the upcoming years, the Group will be committed to renovating this project, striving for improvements on management and operations, and in turn higher level of rental income. Upon completion of all the Group's investment projects, the leasable G.F.A. is expected to aggregate to no less than 1,000,000 sq.m. This will result in significant changes in the Group's income structure and in turn substantial increase in recurring income.

Lowered finance costs as a result of interest rate cut by China's central bank provide increasingly diversified financing channels to real estate companies. Backed by its controlling shareholder SIHL, which possesses tremendous financial resources, and having set up Shanghai Guochen Equity Investment Management Co., Ltd. in the Shanghai Free Trade Zone to raise funds for its projects, the Group is more flexible in allocating financial resources to enhance the profitability of its projects. Such combination of business operations and financing options is aimed at maximizing the effectiveness of various financing platforms.

Going forward, the Group will further consolidate its resources, optimize its land bank, improve its capital utilization by diversifying financing channels and accelerate returns. Riding on SIHL's regional advantages, the Group will continue to obtain land resources through merger and acquisition or by seizing the opportunities of redeveloping government land, participating in redevelopment projects and secondary development.

In a nutshell, the Group will carry on with its strategic deployment in three aspects: (1) to ensure decent profit by maintaining existing development progress and scale of quality projects; (2) to develop more investment properties so as to raise the recurring income level and ensure stable cash flow; and (3) to timely adjust its land bank portfolio and expedite its assets turnover in a bid to maximize overall return and generate greater interests for the shareholders.

ANNUAL GENERAL MEETING

It is proposed that the 2015 Annual General Meeting of the Company will be held on Wednesday, 27 May 2015 (the "**2015 AGM**"). Notice of the 2015 AGM will be published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkex.com.hk) and the Company (www.siud.com) and despatched to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") in due course.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK 1.1 cents per share in cash for the year ended 31 December 2014 (for the year ended 31 December 2013: Nil) to shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on Thursday, 4 June 2015, subject to approval by the Shareholders at the 2015 AGM.

As the Company had no reserves available for distribution to the Shareholders as at 31 December 2014, the final dividend is intended to be funded through cancellation of certain amount standing to the credit of the share premium account of the Company as at 31 December 2014 and crediting of such amount to the contributed surplus account of the Company in accordance with the provisions of the applicable law of Bermuda (the "**Share Premium Reduction**"). A special resolution will be proposed at the 2015 AGM to approve the Share Premium Reduction. The details of the Share Premium Reduction will be disclosed in the form of an announcement in due course.

Conditional upon the approval of the proposed distribution of final dividend as well as the proposed Share Premium Reduction by the Shareholders at the 2015 AGM, it is expected that the final dividend warrants will be dispatched to those entitled Shareholders on or around 30 June 2015.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2015 AGM

The 2015 AGM is scheduled to be held on Wednesday, 27 May 2015. For determining the entitlement to attend and vote at the 2015 AGM, the register of members of the Company will be closed from Friday, 22 May 2015 to Wednesday, 27 May 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2015 AGM, unregistered holders of shares of the Company should ensure that all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30p.m. on Thursday, 21 May 2015.

Entitlement to receive the proposed final dividend

For determining the entitlement of the Shareholders to receive the proposed final dividend, the Company's register of members will be closed from Wednesday, 3 June 2015 to Thursday, 4 June 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30p.m. on Tuesday, 2 June 2015.

CORPORATE GOVERNANCE

During the year ended 31 December 2014, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Listing Rules except as noted hereunder.

Code Provision A.2.1 of the Code

The code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the re-designation of Mr. Ji Gang as the Chairman of the Board with effect from 2 February 2015, there is a deviation from code provision A.2.1 as Mr. Ji Gang also performs the role of chief executive of the Group. The Board is aware of the said deviation but considers that this arrangement is appropriate and in the best interests of the Group as it helps to maintain the continuity of the Group's policies and strategies and the stability of the operations of the Group. The Board also considers that such arrangement would not impair the balance of power and authority between the Board and the management of the Company as the Board does meet regularly on a quarterly basis to review the operations of the Group and to consider other major matters affecting the business development and operations of the Group. Going forward, the Board will periodically review the effectiveness of this arrangement.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 December 2014, which will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company currently comprising four independent non-executive directors of the Company, namely Mr. Li Ka Fai, David (Committee Chairman), Mr. Doo Wai-Hoi, William, Dr. Wong Ying Ho, Kennedy and Mr. Fan Ren Da, Anthony has reviewed the audited financial statements of the Group for the year ended 31 December 2014 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, internal controls and financial reporting matters.

SHARE CAPITAL

The Company's issued and fully paid share capital as at 31 December 2014 amounted to HK$192,460,927.56 divided into 4,811,523,189 ordinary shares of HK$0.04 each.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Company's directors.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the directors and the relevant employees (who are likely to be in possession of inside information relating to the Company or its securities) (the "**Guidelines for Securities Transactions by Relevant Employees**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry with the Company's directors, all directors confirmed that they have complied with the required standards as set out in the Model Code and its code of conduct regarding directors' securities transactions for the year ended 31 December 2014.

In addition, no incident of non-compliance of the Guidelines for Securities Transactions by Relevant Employees by the relevant employees of the Group was noted by the Company throughout the year ended 31 December 2014.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of directors of the Company are set out as follows:

(a) Dr. Wong Ying Ho, Kennedy ("**Dr. Wong**"), an independent non-executive director of the Company, was appointed as an independent non-executive director, the chairman of the remuneration committee and a member of the audit committee of Sinopec Yizheng Chemical Fibre Company Limited, a company listed on the Stock Exchange with stock code of 1033, with effect from 9 February 2015.

    Dr. Wong was appointed as an independent non-executive director, a member of each of the audit committee, the remuneration committee and the nomination committee of Credit China Holdings Limited, a company listed on the Stock Exchange with stock code of 8207, with effect from 16 February 2015.

(b) Mr. Fan Ren Da, Anthony, an independent non-executive director of the Company, was appointed as an independent non-executive director, a member of each of the audit committee, the remuneration committee and the nomination committee of CGN Meiya Power Holdings Co., Ltd., a company listed on the Stock Exchange with stock code of 1811, with effect from 2 September 2014.

(c) Mr. Li Ka Fai, David, an independent non-executive director of the Company, was appointed as an independent non-executive director and the chairman of the audit committee of Wai Yuen Tong Medicine Holdings Limited, a company listed on the Stock Exchange with stock code of 897, with effect from 17 March 2015.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.siud.com). The annual report of the Company for the year ended 31 December 2014 containing all the information required by the Listing Rules will be despatched to the Shareholders as well as published on the above websites in due course.

APPRECIATION

I would like to express my sincere gratitude to the Board, our management and all our staff for their dedicated efforts during this year as well as to our customers, suppliers, business partners and shareholders for their continued enthusiastic support to our Group.

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

Hong Kong, 27 March 2015

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