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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the "**Board**") of Shanghai Industrial Urban Development Group Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2015 (the "**Period**"), together with the comparative figures for the corresponding period in 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**2,173,156**	3,167,095
Cost of sales		**(1,444,365)**	(2,197,199)
Gross profit		**728,791**	969,896
Other income		**69,991**	60,304
Fair value changes on investment properties		**(59,061)**	(65,940)
Other expenses, gains and losses		**(11,472)**	100,758
Distribution and selling expenses		**(68,911)**	(89,536)
General and administrative expenses		**(224,895)**	(196,632)
Gain on disposal of subsidiaries	*9*	**444,995**	–
Finance costs	*4*	**(419,938)**	(356,425)
Share of losses of associates		**(5,923)**	(6,048)
Profit before taxation		**453,577**	416,377
Income tax	*5*	**(265,334)**	(399,570)
Profit for the period	*6*	**188,243**	16,807
Other comprehensive expense			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation into presentation currency		**–**	(422,474)
Total comprehensive income (expense) for the period		**188,243**	(405,667)
Profit (loss) for the period attributable to:			
– Owners of the Company		**114,005**	(148,190)
– Non-controlling interests		**74,238**	164,997
		188,243	16,807
Total comprehensive income (expense) attributable to			
– Owners of the Company		**114,005**	(375,199)
– Non-controlling interests		**74,238**	(30,468)
		188,243	(405,667)
Earnings (loss) per share	*7*		
– Basic (HK cents)		**2.37**	(3.08)
– Diluted (HK cents)		**2.37**	(3.08)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	NOTES	**30 June 2015 *HK$'000* (unaudited)**	31 December 2014 *HK$'000* (audited)
Non-current assets			
Investment properties	*8*	**12,269,745**	12,320,845
Property, plant and equipment	*8*	**2,155,053**	2,197,490
Prepaid lease payments		**248,994**	252,445
Intangible assets		**63,734**	63,734
Available-for-sale investments		**142,341**	128,288
Interests in associates		**1,286,018**	1,291,941
Interest in a joint venture		**65,718**	65,718
Other receivable	*10*	**156,444**	–
Restricted and pledged bank deposits		**99,810**	58,904
Deferred tax assets		**319,805**	289,580
		16,807,662	16,668,945
Current assets			
Inventories		**34,690,049**	32,150,353
Trade and other receivables	*10*	**991,417**	940,271
Amounts due from related companies		**15,859**	98,089
Prepaid lease payments		**5,381**	5,381
Prepaid income tax and land appreciation tax		**189,659**	187,462
Financial assets at fair value through profit or loss		**6,501**	3,294
Pledged bank deposits		**281,392**	442,284
Bank balances and cash		**5,870,116**	6,424,058
		42,050,374	40,251,192
Assets classified as held-for-sale		**–**	646,566
		42,050,374	40,897,758

	NOTES	30 June 2015 HK$'000 (unaudited)	31 December 2014 HK$'000 (audited)
Current liabilities			
Trade and other payables	*11*	**6,519,292**	5,897,521
Amounts due to related companies		**2,648,822**	2,008,960
Amounts due to associates		**72,998**	71,978
Consideration payables for acquisition of subsidiaries		**325,437**	763,940
Pre-sale proceeds received for sale of properties		**1,959,474**	2,400,586
Bank and other borrowings	*12*	**3,180,173**	7,838,393
Income tax and land appreciation tax payables		**2,050,882**	2,109,169
Dividend payable		**30,993**	6,423
Dividend payable to non-controlling shareholders		**268,633**	268,658
		17,056,704	21,365,628
Liabilities classified as held-for-sale		**–**	28
		17,056,704	21,365,656
Net current assets		**24,993,670**	19,532,102
Total assets less current liabilities		**41,801,332**	36,201,047
Non-current liabilities			
Bank and other borrowings	*12*	**17,903,096**	12,289,532
Deferred tax liabilities		**3,739,825**	3,796,683
		21,642,921	16,086,215
		20,158,411	20,114,832
Capital and reserves			
Share capital		**192,461**	192,461
Reserves		**12,353,406**	12,292,328
Equity attributable to owners of the Company		**12,545,867**	12,484,789
Non-controlling interests		**7,612,544**	7,630,043
		20,158,411	20,114,832

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

3. 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 period. The Group is engaged in the residential and commercial property development, property investment, property management and hotel operation in the People's Republic of China (the "**PRC**").

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 the assessment of different business activities, no segment information is presented.

4. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on:		
Bank and other borrowings wholly repayable within five years	**554,771**	360,651
Bank and other borrowings not wholly repayable within five years	**108,360**	29,528
Senior notes	**–**	174,664
Total borrowing costs	**663,131**	564,843
Less: Amount capitalised under properties under development for sale	**(243,193)**	(208,418)
	419,938	356,425

Borrowing costs capitalised during the period arising on the general borrowing pool are calculated by applying a capitalisation rate of 4.98% (six months ended 30 June 2014: 9.1%) per annum to expenditure on qualifying assets.

5. INCOME TAX

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax		
– PRC Land Appreciation Tax ("**LAT**")	**255,383**	320,496
– PRC Enterprise Income Tax	**52,535**	156,181
– Capital gain tax on gain derived from disposal of PRC subsidiaries by non-resident companies	**44,499**	–
	352,417	476,677
Deferred tax	**(87,083)**	(77,107)
	265,334	399,570

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 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 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税暫行條例》) 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税暫行條例實施細則》) 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 sale of properties less deductible expenditures including borrowing costs and properties development expenditures in relation to the gains arising from sale 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 the six months period ended 30 June 2015 and 2014.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	**55,365**	41,229
Bank interest income (included in other income)	**(40,141)**	(51,276)
Net foreign exchange loss	**14,959**	78,650
Waiver of trade payables as compensation for late completion of properties (included in other expenses, gains and losses)	**–**	(134,574)

7. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings (loss):		
Earnings (loss) for the purposes of calculating basic and diluted earnings (loss) per share		
Profit (loss) for the period attributable to owners of the Company	**114,005**	(148,190)

	Six months ended 30 June	
	2015	2014
	'000	*'000*
Number of shares:		
Number of ordinary shares for the purposes of calculating basic and diluted earnings (loss) per share	**4,811,523**	4,811,523

The calculation of diluted earnings (loss) per share in current and prior period does not assume the exercise of the Company's share options because the exercise price of share options was higher than the average market price for both periods.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group incurred approximately HK$13,175,000 (six months ended 30 June 2014: HK$15,619,000) on additions to property, plant and equipment.

In addition, during the period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK$247,000 (six months ended 30 June 2014: HK$1,738,000) for cash proceeds of HK$580,000 (six months ended 30 June 2014: HK$1,392,000), resulting in gain on disposal of approximately HK$333,000 (six months ended 30 June 2014: loss on disposal of HK$346,000).

All investment properties of the Group as at 30 June 2015 were fair valued by DTZ Debenham Tie Leung Limited ("DTZ"), an independent firm of qualified professional valuers 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 basis, which conform to the Hong Kong Institute of Surveyors Valuation Standards. The fair values of investment properties being held for capital appreciation or currently without existing lease contracts were arrived at by adopting comparison approach under which the fair values were made reference to comparable sales transactions in relevant markets. The fair values of investment properties being held for earning rental income were arrived at by adopting investment approach which capitalises the net rental income derived from existing tenancies with due allowance for the reversionary potential of the properties. The resulting decrease in fair value of investment properties of HK$59,061,000 has been recognised directly in profit or loss for the six months ended 30 June 2015 (six months ended 30 June 2014: HK$65,940,000).

During the six months ended 30 June 2015, the Group has incurred subsequent expenditures of HK$7,961,000 (six months ended 30 June 2014: HK$2,515,000) on certain investment properties.

During the six months ended 30 June 2014, the Group disposed of certain investment properties for cash proceeds of HK$36,248,000.

9. DISPOSAL OF SUBSIDIARIES

On 26 August 2014, the directors of the Company resolved to dispose of the entire interest in Bold Eagle Investment Limited ("Bold Eagle"), a wholly owned subsidiary of the Group, and its wholly owned subsidiaries including All Win Investment Limited and Zhong Ou Cheng Kai Co., Ltd. 中歐城開有限公司 ("Zhong Ou Cheng Kai") (collectively the "Disposal Group"). On 10 February 2015, the Group entered into a share transfer agreement with an independent third party in pursuant to which the Group agreed to dispose of its entire interest in the Disposal Group. The disposal was completed during the six months ended 30 June 2015.

	HK$'000
Consideration:	
Cash received during the six months ended 30 June 2015	824,793
Deposit received during the year ended 31 December 2014 *(note 11)*	99,975
Consideration receivable *(note 10)*	249,938
Total consideration	1,174,706
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	131
Inventories – properties under development for sale	729,505
Bank balances and cash	103
Other payables	(28)
Net assets disposed of	729,711

	HK$'000
Gain on disposal:	
Total cash consideration	1,174,706
Net assets disposed of	(729,711)
Gain on disposal	444,995
Net cash inflow arising on disposal for the period:	
Cash received during the six months ended 30 June 2015	824,793
Less: bank balances and cash disposed of	(103)
	824,690

The consideration receivable would be settled in cash on or before 10 October 2015.

The Disposal Group is principally engaged in property development in Hebei Province of the PRC. The main assets of the subsidiaries are properties under development for sale including the leasehold land in Hebei Province.

The subsidiaries disposed of during the six months ended 30 June 2015 did not have any significant contribution to the results and cash flows of the Group during the period prior to the disposal.

10. TRADE AND OTHER RECEIVABLES

	30 June 2015 *HK$'000* **(unaudited)**	31 December 2014 *HK$'000* (audited)
Trade and other receivables recognised as current assets		
Trade receivables	**46,944**	15,313
Other receivables	**552,748**	632,922
Advance payments to contractors	**15,566**	17,136
Amount due from a former subsidiary	**2,083**	2,083
Amount due from a former associate	**–**	85,068
Receivable in respect of disposal of investment properties	**–**	26,756
Prepaid other taxes	**94,155**	130,835
Deposits and prepayments	**29,983**	30,158
Consideration receivable in respect of disposal of the Disposal Group *(note 9)*	**249,938**	–
	991,417	940,271
Other receivable recognised as non-current assets		
Other receivable	**156,444**	–

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 unless it is specifically approved.

The following is an ageing analysis of trade receivables, net of allowance for doubtful debts, presented based on the date of billing which approximated the revenue recognition date at the end of the reporting period.

	30 June 2015 *HK$'000* **(unaudited)**	31 December 2014 *HK$'000* (audited)
Within 90 days	**29,332**	14,447
Within 91–180 days	**16,031**	277
Over 180 days	**1,581**	589
Total trade receivables	**46,944**	15,313

The other receivable recognised as non-current assets of approximately HK$156,444,000 (31 December 2014: nil) representing a loan advanced to the parent company of a tenant of one of the Group's investment properties (the "**Borrower**"), which is not connected with the Group, through an entrusted loan agreement administrated by a trust company, which carries fixed interest rate at 10% per annum and repayable in 5 years. The loan would be utilised by the Borrower for the renovation and improvement works on the property leased by its subsidiary from the Group. The loan is secured by unlisted ordinary shares of the subsidiaries of the Borrower and these subsidiaries are principally engaged in commercial properties management.

11. TRADE AND OTHER PAYABLES

	30 June 2015 *HK$'000* **(unaudited)**	31 December 2014 *HK$'000* (audited)
Trade payables	**1,554,344**	1,380,426
Accrued expenditure on properties under development for sale	**3,402,161**	2,842,269
Amounts due to former shareholders of the Company's former subsidiaries *(note (a))*	**174,363**	174,363
Compensation payables to customers in respect of late delivery of properties	**69,737**	69,737
Deposit received in respect of disposal of the Disposal Group *(note 9)*	**–**	99,975
Receipts from customers for payment of expenses on their behalf	**20,588**	69,455
Rental deposits and receipt in advance from tenants	**205,767**	212,496
Interest payable	**150,701**	77,361
Payable to the Shanghai government department *(note (c))*	**298,355**	318,537
Accrued charges and other payables	**615,911**	605,568
Other taxes payables *(note (b))*	**27,365**	47,334
	6,519,292	5,897,521

Notes:

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

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

(c) The amount represents the receipts of HK$1,171,173,000 (31 December 2014: HK$1,250,399,000) from the purchasers of affordable housings which were collected on behalf of the Shanghai government department, net of receivable of HK$872,818,000 (31 December 2014: HK$931,862,000) for the construction and other related costs and the agreed profit margin of the affordable housings. The amount is unsecured, interest-free and repayable on demand. An amount of HK$20,182,000 (31 December 2014: HK$47,991,000) was settled during the six months ended 30 June 2015.

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

	30 June 2015 *HK$'000* **(unaudited)**	31 December 2014 *HK$'000* (audited)
Within 30 days	**61,076**	82,419
Within 31–180 days	**616,421**	20,601
Within 181–365 days	**57,892**	573,250
Over 365 days	**818,955**	704,156
Total trade payables	**1,554,344**	1,380,426

12. BANK AND OTHER BORROWINGS

During the six months ended 30 June 2015, the Group obtained new bank and other borrowings of approximately RMB4,237,500,000 and US$11,009,000, in aggregate equivalent to approximately HK$5,381,421,000 (six months ended 30 June 2014: RMB1,885,900,000 and US$16,000,000, in aggregate equivalent to approximately HK$2,494,439,000). As at 30 June 2015, the balances of banks and other borrowings carry variable interest ranging from 2.69% to 7.36% (31 December 2014: 2.68% to 7.87%) per annum and are payable from one to nine years (six months ended 30 June 2014: one to ten years). The loans were obtained for the purpose of property project development of the Group.

The Group also repaid the bank borrowings of approximately RMB3,486,634,000 and US$11,125,000 (equivalent to approximately HK$4,443,978,000) (six months ended 30 June 2014: approximately RMB1,409,848,000 (equivalent to approximately HK$1,773,166,000)) during the period.

Included in bank and other borrowings are borrowings from SIHL Finance Limited, a wholly owned subsidiary of SIHL, of HK$3,337,600,000 (31 December 2014: HK$3,337,600,000). This entire amount is unsecured and comprised of HK$ denominated loan of HK$1,372,000,000 (31 December 2014: HK$1,372,000,000) and US$ denominated loan of approximately HK$1,965,600,000 (31 December 2014: equivalent to approximately HK$1,965,600,000). Included in the HK$ denominated loan, an amount of HK$1,000,000,000 (31 December 2014: HK$1,000,000,000) carries variable interest rate at three months Hong Kong Interbank Offered Rate ("**HIBOR**") plus 4.48% per annum and is repayable on 30 June 2016 (31 December 2014: variable interest rate at three months HIBOR plus 4.48% per annum and repayable on 30 June 2015). The remaining balance of the HK$ denominated loan of HK$372,000,000 (31 December 2014: HK$372,000,000) carries variable interest rate at three months HIBOR plus 4.77% per annum and is repayable on 15 July 2017 (31 December 2014: variable interest rate at three months HIBOR plus 4.77% per annum and repayable on 15 July 2017). The US$ denominated loan carries variable interest rate at three months London Interbank Offered Rate ("**LIBOR**") plus 4.77% per annum and is repayable on 15 July 2017 (31 December 2014: variable interest rate at three months LIBOR plus 4.77% per annum and repayable on 15 July 2017). All these loan balances will be settled in the original currency the Group borrowed.

Bank and other borrowings also include unsecured loans from Shanghai Industrial Investment (Holdings) Company Limited ("**SIIC**"), ultimate holding company of the Group, of approximately HK$499,875,000 (31 December 2014: approximately HK$1,249,688,000) through an entrusted loan agreement administered by banks. Such loans carry fixed interest at 6.52% (31 December 2014: 6.52%) per annum and are due within one year.

13. CONTINGENT LIABILITIES

Corporate guarantees

	30 June 2015 *HK$'000* (unaudited)	31 December 2014 *HK$'000* (audited)
Guarantee given to banks in respect of banking facilities utilised by:		
– property buyers	**2,683,048**	2,100,545
– an entity controlled by Xuhui SASAC	**144,964**	269,933
– an entity jointly held by a joint venture entity of the Group	**162,459**	162,459
	2,990,471	2,532,937

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition, and the directors of the Company consider that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interests and penalties. Accordingly, no provision has been made in the condensed consolidated financial statements for these guarantees.

As at 30 June 2015, the total amount of loans and credit facilities obtained by the Group in respect of which guarantees were provided by Xuhui SASAC was approximately HK$339,915,000 (31 December 2014: HK$414,896,000).

In addition to the corporate guarantees as describe above, the Group also assessed contingent liabilities in relation to warranty against defects of properties and legal proceedings initiated by third parties against the Company. The directors of the Company, after consulting legal advisors, considered no provision was required during the six months ended 30 June 2015. Detailed disclosures will be set out in the interim report.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY MARKET REVIEW

In the first half of 2015, China's property market maintained a steadily improving trend amidst the volatility following the introduction of a series of stimulus policies by the government. The interest rates on home mortgages lowered after four consecutive interest rate cuts and three reductions in deposit reserves ratio announced by the central bank of China from the end of last year to the first half of 2015. Policies such as the gradual relaxation of home purchase restrictions throughout the country also stimulated the property market.

During the period under review, many developers adopted the sales strategy of sacrificing price for volume. In view of the remarkable trend of cross-regional deviations of development in the domestic real estate market, the Group focused on developing our businesses in the Yangtze River Delta region and prosperous coastal cities, where both the fundamentals of the market and demand remain solid. The Group concentrated on developing high-quality projects, such as our flagship project Urban Cradle in Shanghai. Given their superiority over similar products in the vicinity in terms of branding and quality, these projects have relatively stronger pricing capabilities and are able to maintain stable sales levels.

BUSINESS REVIEW

In the first half of 2015, the Group remained focused on restructuring and optimizing our asset portfolio by taking an active role in the reform of state-owned enterprises and further realizing asset marketization with a view to enhancing the Group's competitiveness. In February 2015, the Group disposed of the 100% interests in its indirectly held Yanjiao project at a total consideration of RMB940,000,000, generating a profit before taxation of approximately RMB356,000,000 for the Group. By the end of the first half, the Group entered into a strategic cooperation framework agreement with the Government of Minhang District of Shanghai to intensify cooperation with respect to our respective resource advantages. Under the agreement, among others, the Government of Minhang District would: (1) join hands with SIUD in the construction of municipal infrastructure and public ancillary facilities, including operations relating to land maturing and real estate development; (2) provide the Group with taxation, investment and business promotion incentives; and (3) notify SIUD of any information about the relevant projects in a timely manner and, subject to the same conditions, encourage SIUD to play an active role in project construction in order to facilitate its cooperation with the state-owned assets and enterprises in Minhang District and help SIUD further expand its market.

Property Development

During the six months ended 30 June 2015, the Group had a total G.F.A of approximately 2,238,000 sq.m. under construction, of which approximately 68,000 sq.m. were new projects. The projects under construction primarily included the CBE International Peninsula in Xi'an, U Center, Shanghai Jing City and Xinzhuang Metro Superstructure in Shanghai. The Group completed construction with G.F.A. of 220,000 sq.m., and delivered a total G.F.A. of 131,000 sq.m., comprising approximately 126,000 sq.m. of commodity housing and approximately 5,000 sq.m. of affordable housing.

Contract Sales

During the six months ended 30 June 2015, the Group recorded total contract sales of RMB2,068,000,000 (six months ended 30 June 2014: RMB2,520,000,000) from commodity housing and affordable housing, representing 46.0% of the annual sales target of RMB4,500,000,000 initially set at the beginning of the year. Since most projects will be launched in the second half of the year, the Group is confident in fulfilling the annual sales target. Contract sales in terms of G.F.A. were 110,000 sq.m. during the period, down 33.3% year-on-year, while average selling price rose by approximately 22.9% to approximately RMB18,800 per sq.m., mainly due to the variation in product category and project location during the period.

During the first half, contract sales from commodity housing amounted to RMB1,564,000,000 (six months ended 30 June 2014: RMB1,710,000,000), accounting for 75.6% of the total contract sales. Urban Cradle in Shanghai, CBE International Peninsula in Xi'an and Royal Villa in Kunshan accounted for 73.6%, 18.6% and 3.9% of commodity housing contract sales respectively. The total G.F.A. sold under contract sales of commodity housing was 78,000 sq.m., or a decrease of 4.9% year-on-year, while the average selling price also dropped by 3.8% to approximately RMB20,000 per sq.m. due to the variation in product portfolio during the period. During the first half, the sales of affordable housing amounted to RMB504,000,000 (six months ended 30 June 2014: RMB810,000,000), all of which was derived from Shanghai Jing City. The decrease of sales was attributable to the sale of the Group's affordable housing coming to an end. The sales of affordable housing accounted for 24.4% of the overall contract sales and the G.F.A. sold under contract sales was 32,000 sq.m., representing a year-on-year decrease of 61.4%, while the average selling price increased by 61.2% to approximately RMB15,800 per sq.m.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2015, the Group's revenue decreased by 31.4% year-on-year to HK$2,173,156,000 (six months ended 30 June 2014: HK$3,167,095,000), primarily due to the decreased delivery of completed property. During the period, property sales remained as the Group's main source of revenue and amounted to HK$1,734,958,000 (six months ended 30 June 2014: HK$2,949,358,000), accounting for 79.8% of the Group's total revenue. The revenue contribution from Urban Cradle, CBE International Peninsula and Top City accounted for 42.1%, 39.7% and 8.9% of property sales respectively. Commodity and affordable housing accounted for 95.8% and 4.2% of the revenue from property sales respectively (six months ended 30 June 2014: 71.1% and 28.9%).

Revenue from leasing, property management and services, and hotel operations continued to provide stable revenue sources for the Group, contributing HK$319,143,000, HK$45,504,000 and HK$73,551,000 and accounting for 14.7%, 2.1% and 3.4% (six months ended 30 June 2014: 4.4%, 1.2% and 1.3%) of the total revenue respectively. Due to the acquisition of ShanghaiMart in late September 2014, the rental income grew substantially by 127% during the period.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2015, the Group's gross profit was HK$728,791,000 (six months ended 30 June 2014: HK$969,896,000), representing a decrease as compared with the corresponding period last year, which was attributable to a decrease of revenue. Gross profit margin was 33.5%, an increase of approximately 2.9 percentage points from 30.6% during the same period last year.

Investment Property Revaluation

For the six months ended 30 June 2015, the Group recorded a net loss on revaluation of investment properties of approximately HK$59,061,000, which was mainly attributable to Top City in Chongqing.

Distribution and Selling Expenses

For the six months ended 30 June 2015, the Group's distribution and selling expenses fell by 23.0% year-on-year to HK$68,911,000 (six months ended 30 June 2014: HK$89,536,000) as a result of the decrease of saleable housing units during the period.

General and Administrative Expenses

During the six months ended 30 June 2015, the Group recorded general and administrative expenses of approximately HK$224,895,000, an increase of 14.4% year-on-year (six months ended 30 June 2014: HK$196,632,000), which was mainly attributable to the inclusion of the general and administrative expenses of ShanghaiMart in the Group's financial statements following the acquisition of ShanghaiMart in last September.

Profit

During the six months ended 30 June 2015, the Group's profit increased significantly year-on-year by 10.2 times to approximately HK$188,243,000 (six months ended 30 June 2014: HK$16,807,000), which was mainly attributable to the one-off gain arising from the disposal of the Yanjiao project during the period. During the period, profit attributable to owners of the Company reversed its position from a loss to a profit and increased significantly to HK$114,005,000 (six months ended 30 June 2014: loss attributable to owners of the Company of HK$148,190,000). During the first half of the year, both basic and diluted earnings per share also turned around to 2.37 HK cents (six months ended 30 June 2014: loss per share of 3.08 HK cents).

Cash and Financial Position

The Group manages its capital to ensure that entities in the Group will be able to operate continuously on a sustainable basis while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, senior notes, cash and cash equivalent and equity attributable to owners of the Company (comprising issued share capital and reserves).

As at 30 June 2015, bank balances and cash of the Group were HK$5,870,116,000 (31 December 2014: HK$6,424,058,000). The net debt to total equity of the Group (net debt (total borrowings less cash and cash equivalents and restricted and pledged bank deposits) to total equity) rose from 65.6% as at the end of last year to 73.6%. Current ratio increased to 2.5 (31 December 2014: 1.9).

As at 30 June 2015, the total borrowings of the Group including bank borrowings, other borrowings and bonds amounted to approximately HK$21,083,269,000 (31 December 2014: HK$20,127,925,000).

The Group had a total of 4,811,523,189 shares in issue as at 30 June 2015. Due to profit recorded in the first half, the equity attributable to owners of the Company amounted to HK$12,545,867,000 as at 30 June 2015.

The Group maintained sufficient cash inflow during the period. 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.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2015, the Group employed a total of 1,318 employees (including Hong Kong and the PRC offices). The remuneration policies for the employees of the Group are determined according to the performance, qualification, experience and competence of the employees. The emoluments of the directors of the Company (the "**Directors**") 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 contributions to the Mandatory Provident Fund Schemes and discretionary bonus payments which are linked to the profitability of the Group and individual performance.

The Group had adopted a share option scheme as an incentive to the Directors and eligible employees. During the six months ended 30 June 2015, 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 30 June 2015, the Group's future saleable land bank totaled approximately 4,897,000 sq.m. in G.F.A., which are developed into 20 property projects located in 11 cities. The Group's land bank, which is currently distributed across the Yangtze River Delta region, Western China, Bohai Bay, Pearl River Delta region and Central China, is sufficient to support the Group's development pipeline for the next three to five years. 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 the Yangtze River Delta region and coastal areas.

OUTLOOK

Looking ahead, the economic development of China will keep making progress under the new norms during the year. The downward trend of property prices has slowed down significantly as the favourable policies continue to take effect. In first-tier cities, property prices have even entered a rising cycle. The number of cities recording a month-on-month increase in the price of new commodity residential housing has increased month by month in the first half year. According to the statistics of China Index Academy, 50 representative cities recorded a monthly average transaction volume of approximately 26,000,000 sq.m. during the first half of 2015, representing a year-on-year increase of 25%, which was a new high as compared to previous corresponding periods. Moreover, home prices in 100 cities went up by 0.82% during the first half. In particular, the price rise in first-tier cities, including Beijing, Shanghai and Guangdong, has outstripped the whole country with Shenzhen taking the lead. The property market in first-tier cities is expected to follow a steady uptrend in the second half of the year.

On 18 May 2015, the government issued the Opinions on Key Work on Deepening Economic System Reform in 2015 (《關於二零一五年深化經濟體制改革重點工作的意見》) to set out the overall plan for the reform of state-owned enterprises this year. Certain proposals were raised on the issues of the restructure of central enterprises, operation of state-owned capital, development of mixed ownership enterprises and enhancement of corporate internal management. With the roll-out of the general plan of the reform of state-owned enterprises, the objectives, procedures, directions and focuses of the reform have become much clearer and the reform of state-owned enterprises will further speed up. Large-scale restructuring of state-owned enterprises featuring spin-offs and regrouping is expected in the second half of the year. On one hand, state-owned enterprises will further open their doors to the capital market. On the other hand, the merger and acquisition and restructuring of state-owned enterprises will also enter a new stage. The Group will grasp the opportunity to take an active part in the reform of state-owned assets and enterprises in order to seek cooperation and development opportunities relating to the real estate industry with an aim of maximizing the investment returns for its shareholders.

With its foothold in Shanghai, the Group is able to fully capitalize on the competitive edges of this large city by entering into a strategic cooperation framework agreement with the Government of Minhang District during the period. The Group is proactively identifying suitable land in the hope of obtaining premium land parcels in Shanghai in the second half of the year. Under the new norms in economy, to create wider room for development in the real estate industry, the management is well prepared to complement with enterprises enjoying an edge in their respective sectors so as to seek opportunities to develop mixed property projects by injecting different elements, such as tourism, culture, elderly care or innovative technology, into the projects.

Under the easing monetary policy, finance costs of domestic enterprises have lowered, and a continuous drop is expected in the total borrowing costs of the Group. Besides, the completion and putting into operation of the Group's investment projects in Shanghai in the future, including Binjiang U Center, Minhang U Center and Xinzhuang Metro Superstructure, will substantially increase the rental income of the Group, and thus lead to a more solid balance sheet.

Furthermore, the Group will launch most of its projects in the second half of the year, with focuses on the commodity housing in Phase V of Shanghai Jing City, garden houses in CBE International Peninsula in Xi'an, apartments and shops in the Laochengxiang project in Tianjin and apartments in the Shenyang•U Center project. While the Group is confident in achieving its annual sales target, taking the opportunities of the reform of state-owned enterprises and transformation of the real estate industry, the Group has also devised plans to extend its businesses along the real estate industry chain and strengthen or expand its operations in property management, property development for specific industries and financial real estate investment.

In a nutshell, given the Group's effectiveness in stressing its strengths, comprehensive management system and professional and seasoned management team, the management remains optimistic about the full-year results of the Group and is convinced that the investment returns of the shareholders can be enhanced in the long run.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (for the six months ended 30 June 2014: Nil).

SHARE CAPITAL

The Company's issued and fully paid share capital as at 30 June 2015 amounted to HK$192,460,927.56 divided into 4,811,523,189 ordinary shares of HK$0.04 each.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

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 the existing shareholders of the Company (the "**Shareholders**").

CORPORATE GOVERNANCE

During the six months ended 30 June 2015, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") 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.

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. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the six months ended 30 June 2015.

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 six months ended 30 June 2015.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") currently consists of three independent non-executive Directors, namely Mr. Li Ka Fai, David (Committee Chairman), Mr. Doo Wai-Hoi, William and Mr. Fan Ren Da, Anthony. The Audit Committee is primarily responsible for reviewing the accounting principles and practices adopted by the Group; reviewing the financial reporting process and internal controls system of the Group; and reviewing the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor. During the six months ended 30 June 2015, the Audit Committee has reviewed the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee has also reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2015 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, internal controls matter, final results and financial statements and the terms of reference for the Audit Committee.

The Group's external auditor, Messrs. Deloitte Touche Tohmatsu, has reviewed the Company's unaudited condensed consolidated financial statements for the six months ended 30 June 2015 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 Hong Kong Institute of Certified Public Accountants.

CHANGES IN INFORMATION OF DIRECTORS

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

Mr. Doo Wai-Hoi, William, an independent non-executive director of the Company, was re-designated from executive director to non-executive director of Lifestyle International Holdings Limited, a company listed on the Stock Exchange with stock code of 1212, with effect from 11 June 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 INTERIM RESULTS AND INTERIM 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 interim report of the Company for the six months ended 30 June 2015 containing all the applicable 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 as well as to our customers, suppliers, business partners and shareholders for their continued enthusiastic support to our Group.

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

Hong Kong, 17 August 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, Mr. Ye Weiqi and Ms. Huang Fei as executive Directors and Mr. Doo Wai-Hoi, William, J.P., Mr. Fan Ren Da, Anthony and Mr. Li Ka Fai, David as independent non-executive Directors.