



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

THINKING AHEAD

MEASURING SUCCESS



INTERIM REPORT

2016



HAIPAI¹ QUALITY TO ACHIEVE SOLID PROGRESS

Shanghai Industrial Urban Development Group Limited (“SIUD” or the “Company”, together with its subsidiaries the “Group”) currently has 19 real estate projects in 10 major cities in China, namely Shanghai, Kunshan, Wuxi, Beijing, Shenyang, Tianjin, Xi’an, Chongqing, Changsha and Shenzhen. Most of the projects are mid- to high-end residential projects which are under construction at full steam, presenting the Group with an approximately 3.77 million-square-meter saleable land bank and excellent foundation for long term development.

Note 1: Haipai (海派; literally “Shanghai style”) refers to the avant-garde but unique “East Meets West” culture from Shanghai in the 20th and 21st centuries.





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ji Gang *(Chairman and President)*

Zhou Jun

Yang Jianwei

Yang Biao

Ye Weiqi

Huang Fei

Independent Non-Executive Directors

Doo Wai-Hoi, William, *J.P.*

Fan Ren Da, Anthony

Li Ka Fai, David

AUTHORIZED REPRESENTATIVES

Ji Gang

Chan Kin Chu, Harry

BOARD COMMITTEES

Audit Committee

Li Ka Fai, David *(Committee Chairman)*

Doo Wai-Hoi, William, *J.P.*

Fan Ren Da, Anthony

Remuneration Committee

Doo Wai-Hoi, William, *J.P. (Committee Chairman)*

Fan Ren Da, Anthony

Ye Weiqi

Nomination Committee

Ji Gang *(Committee Chairman)*

Doo Wai-Hoi, William, *J.P.*

Fan Ren Da, Anthony

Investment Appraisal Committee

Fan Ren Da, Anthony *(Committee Chairman)*

Yang Jianwei

Ye Weiqi

COMPANY SECRETARY

Chan Kin Chu, Harry

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited

Clarendon House,

2 Church Street,

Hamilton, HM11,

Bermuda.

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited

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Hong Kong.

LEGAL ADVISERS

As to Hong Kong Law

Ashurst Hong Kong

As to Bermuda Law

Conyers Dill & Pearman

REGISTERED OFFICE

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2 Church Street,

Hamilton, HM11,

Bermuda.

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Facsimile: (852) 2544 8004

WEBSITE

<http://www.siud.com>

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Agricultural Bank of China Limited

China Construction Bank Corporation

Industrial and Commercial Bank of China (Asia) Limited

Shanghai Pudong Development Bank Company Limited

Bank of China Limited

AUDITOR

Deloitte Touche Tohmatsu

35/F., One Pacific Place,

88 Queensway, Hong Kong.

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

Ordinary Shares

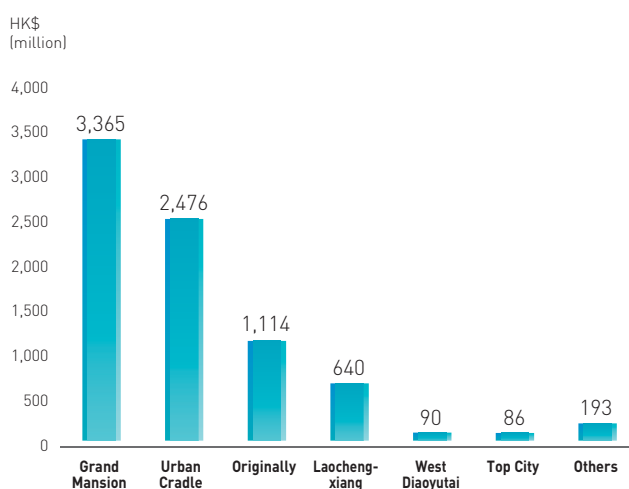
(Stock Code: 563)

FINANCIAL HIGHLIGHTS

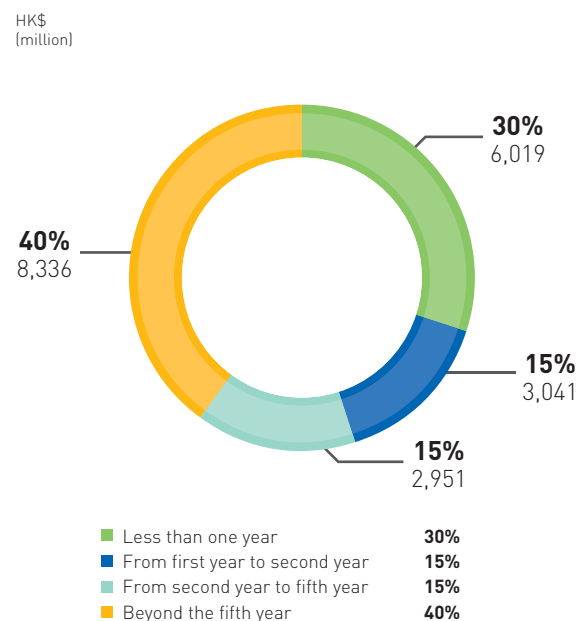
	For the six months ended 30 June 2016	For the six months ended 30 June 2015
Financial Highlights (HK\$'000)		
Revenue	2,456,815	2,173,156
Profit attributable to equity owners of the Company	312,101	114,005
Financial Information per share (HK cent)		
Earnings per share		
– Basic	6.49	2.37
– Diluted	6.49	2.37
As at		
	30 June 2016	31 December 2015
Pre-sale proceeds received on sales of properties (HK\$'000)	7,963,583	4,967,064
Financial Ratios		
Net debt to total equity (%)	41.8%	54.9%
Current ratio	1.9	2.0

Note: Net debt = total borrowings (including bank borrowings, other borrowings, bonds and bank borrowings included in liabilities classified as held for sale) less cash and cash equivalents and pledged bank deposits (including bank balance and cash included in assets classified as held-for-sale).

ANALYSIS ON PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES



DEBT MATURITY PROFILE



CHAIRMAN'S STATEMENT

CHAIRMAN
JI GANG



In March 2016, the Report on the Work of the Government introduced the guideline of “adopting different policies in different cities” to destock real estate market inventory, as well as the need to increase the proportion of monetary resettlement in shanty town renovation schemes. The report also proposed to improve the taxation and credit policies for the support of reasonable housing consumption from residents, rigid housing demand and demand for living standard improvement, and to establish a housing system that encourages both renting and purchasing. The central bank of China led the steady and moderate growth of the monetary and credit markets while creating promising prospects for the healthy development of the property industry by announcing the first deposit reserves reduction in this March and cultivated a favorable monetary and financial environment for structural reforms by continuing to adopt a sound and balanced monetary policy.

During the first half of 2016, the property market continued to pick up in various cities in China. First-tier cities, such as Shanghai and Shenzhen, recorded significant growth in terms of rate of growth and transaction volume, whereas second- and third-tier cities also witnessed full recovery. Both sales volume and selling prices of the Group's products soared. During the first half, the contract sales of the Group surged by 1.19 times to RMB4.53 billion, representing 85.5% of the sales target set at the beginning of the year. Meanwhile, the Group continued to optimize and revitalize its asset portfolio to further improve the return cycle of its projects. In February 2016, the Group redeemed 35% of equity interest of U Center and reaped a gain before taxation of approximately RMB550 million. During the period under review, profit attributable to owners of the Group rose by 1.74 times to approximately HK\$312 million, and the cash on hand further increased to approximately HK\$11.96 billion, demonstrating the further consolidation of the Group's profitability and financial conditions.

Looking back, the referendum poll regarding the United Kingdom's European Union membership not only brought uncertainty to the global economy, but also affected the exchange rates of Renminbi. Earlier this year, with the expectation that property developers in China would continue to be adversely impacted by the exchange losses arising from the devaluation of Renminbi, the Group had adopted early effective measures to repay its foreign currency debts approximately HK\$4.08 billion during the period thereby further controlling the relevant foreign exchange risks and successfully stabilizing the financial conditions of the Group. With the persistence of an easing monetary environment in China during the period, the Group will also take measures to utilize the window period to conduct debt financing at a relatively lower cost to further rationalize its finance costs and improve its financial structure. During the period, the sufficient cash flows and sound financial conditions provided it a solid foundation for project development and new project acquisition.

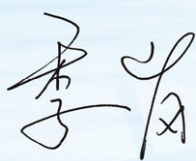
Chairman's Statement

A wave of "land kings" emerged in Shanghai during the first half, setting both the average land price and premium rate to a record high. During the period, the Group actively explored the possibility of acquiring new projects. Apart from participating in tender, auction and public listing, the Group strove to facilitate project progress via asset merger and acquisition, urban renewal projects and urban village renovation. The Group fully capitalized on its state-owned background and outstanding development efforts to boost its investment efforts in new projects. Aside from working on the existing batch of large scale projects, the Group also planned to develop a project pipeline with strong potential, with a view to acquiring high quality and safe assets. Meanwhile, the Group will also strengthen the cooperation with its industry peers to benefit from complementary advantages and enhance the competitiveness of its new investments.

In the next half of 2016, other than key projects such as Grand Mansion and Urban Cradle in Shanghai, the Group will also launch Originally in Xi'an and Forest Sea 望府裡 in Changsha. The residential portion of TODTOWN, the first transit-oriented development project in Shanghai, is expected to enter the market in 2017.

This year marks the 20th anniversary of the Group's foundation as well as the starting year of the Company's strategic development. With the continuous reformation and transformation of the property industry, there is a growing need for the developers to diversify their business model and products. Other than the established residential development operation of the Group, the investment properties of the Group have gradually taken shape. The future completion of investment property landmarks including TODTOWN and Binjiang U Center in Shanghai, coupled with ShanghaiMart, which is undergoing adjustment and upgrading, and Chongqing K-Mall, which has commenced trial operation, will consolidate and refine the Group's investment property portfolio and generate stable rental income. Besides, the Group has also paid strenuous effort to explore different sectors, including property management, property development for specific industries and financial real estate investment.

Finally, I would like to express my appreciation to all employees for their dedications and contributions as well as my sincere gratitude to all of our business partners, customers and shareholders for their long-term support.



Ji Gang
Chairman

30 August 2016

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY MARKET REVIEW

In the first half of 2016, due to the city-specific destocking measures actively introduced in China, the property market maintained an upward trend at the end of last year and continued to firm up, with both transaction volume and housing prices climbing up. As various control measures have been adopted in first-tier cities, such as Shanghai and Shenzhen, since March, such cities are faced with narrower average monthly increases in housing prices and transaction volume in the second quarter. Benefited from favourable conditions including sufficient capital and easing policies, certain second-tier cities in China witnessed a larger increase in housing prices than first-tier cities in the second quarter and the property market was generally buoyant. In the first quarter, the transaction volume of the Shanghai property market hit a record high in recent years. Having realized the market trend at the beginning of the year, the Group enhanced strategic focus on its core city – Shanghai without losing its focus on quality. The Grand Mansion and the Urban Cradle in Shanghai, both being residential projects, demonstrated a remarkable contract sales performance during the period.

BUSINESS REVIEW

In the first half of 2016, the Group proactively optimised its asset and strategy deployment to strengthen its financial conditions and deepen its strategic cooperation with other enterprises. In February 2016, the Group disposed its 35% interests in Shanghai U Center by redeeming its shares from Green Carbon Fund. The gain before taxation attributable to owners of the Group is expected to be approximately RMB550,470,000. After establishing a strategic partnership with the Government of Minhang District of Shanghai and Ping An Real Estate Co., Ltd. last year, the Group also entered into a cooperation framework agreement with Shanghai Electric Power Construction and PowerChina Real Estate in April to jointly explore investment opportunities on premium properties. Meanwhile, the Group has maintained close communications and reached consensus with the local government, regional and county authorities, property developers and financial institutions via new project development, investment promotion seminars and discussion forum, with a view to laying a solid foundation for its land bank acquisition in the future.

Property Development

During the six months ended 30 June 2016, the Group had 18 projects with a total G.F.A. of 2,050,000 sq.m. under construction, which primarily included TODTOWN in Xinzhuang, Shanghai, Originally in Xi'an and Shenyang U Center, of which 51,100 sq.m. was new construction area from the Laochengxiang project in Tianjin. The Group completed construction with G.F.A. of 49,700 sq.m., which mainly comprised Royal Villa in Kunshan. The Group expected that the new construction G.F.A. and completed G.F.A. will be derived mainly from the second half.

Contract Sales

During the six months ended 30 June 2016, the contract sales from commodity housing and affordable housing of the Group surged 119.1% year-on-year to RMB4,533,000,000 (six months ended 30 June 2015: RMB2,068,000,000), representing 85.5% of the sales target of RMB5,300,000,000 set at the beginning of the year. The Group is confident in fulfilling the annual sales target. Contract sales in terms of G.F.A. were 196,000 sq.m. during the period, up 78.2% year-on-year. The average selling price rose by approximately 22.9% to approximately RMB23,100 per sq.m., mainly due to the increase in sales percentage of Shanghai projects during the period.

The residential market in Shanghai continued to pick up during the first quarter this year. Based on judgement on market trends at the beginning of the year, the management of the Group increased focus in launching property projects in Shanghai. During the first half, the contract sales from commodity housing of the Group rose by 189.8% year-on-year to RMB4,533,000,000 (six months ended 30 June 2015: RMB1,564,000,000). During the period, the flagship projects Grand Mansion and Urban Cradle in Shanghai were the principal projects for sale, which recorded sales of RMB1,850,000,000 and RMB1,596,000,000, respectively, accounting for approximately 40.8% and 35.2% of the commodity housing sales.

Investment Properties

In late June 2016, the Group's Chongqing K-mall was successfully put into trial operation. It is located within Top City, a large-scale existing project of the Group in Chongqing, and is situated in the Yuanjiagang business district (an important business district in Chongqing) adjacent to the Chongqing Olympic Sports Center. In the meantime, renovation has been launched for ShanghaiMart, one of the major investment properties of the Group, for the purpose of expanding the area of its commercial and office portions. The design work for the renovation of the public and thematic zones has been finished.

Material Disposal

In February 2016, the Group indirectly disposed its 35% interests in Shanghai U Center by redeeming its shares from Green Carbon Fund. As of 30 June 2016, the unaudited gain before taxation attributable to owners of the Group is expected to be approximately RMB550,470,000. The remaining 40% interests in Shanghai U Center was approved for disposal in May. The relevant gain before taxation will be realised in the current period upon receiving the consideration. The disposal of Shanghai U Center presented a good opportunity to realise its hidden value. Meanwhile, the Group also owns several large scale investment properties in the surrounding area. The transaction will help optimise the strategic landscape of the Group's investment properties, and the sales proceeds can be used to accelerate the development of its existing projects and to fund acquisition of any new projects.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2016, the Group's revenue increased by 13.1% year-on-year to HK\$2,456,815,000 (six months ended 30 June 2015: HK\$2,173,156,000), primarily due to the increased delivery of completed property. During the period, property sales remained as the Group's main source of revenue and amounted to HK\$2,001,800,000 (six months ended 30 June 2015: HK\$1,734,958,000), accounting for 81.5% of the Group's total revenue. The revenue contribution from Shanghai Urban Cradle and Shanghai Jing City accounted for 51.0% and 21.0% of property sales, respectively.

Revenue from leasing, property management and services, and hotel operations continued to provide stable revenue sources for the Group, contributing HK\$319,015,000, HK\$49,984,000 and HK\$86,016,000 and accounting for 13.0%, 2.0% and 3.5% (six months ended 30 June 2015: 14.7%, 2.1% and 3.4%) of the total revenue, respectively.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2016, the Group's gross profit was HK\$824,998,000 (six months ended 30 June 2015: HK\$728,791,000), representing an increase as compared with the corresponding period last year, which was attributable to an increase of revenue. Gross profit margin was 33.6%, approximately the same level compared with that during the same period last year.

Investment Property Revaluation

For the six months ended 30 June 2016, the Group recorded a net gain on revaluation of investment properties of approximately HK\$47,523,000, which was mainly attributable to ShanghaiMart.

Distribution and Selling Expenses

For the six months ended 30 June 2016, the Group's distribution and selling expenses increased by 28.2% year-on-year to HK\$88,359,000 (six months ended 30 June 2015: HK\$68,911,000) as a result of a significant increase of contract sales during the period.

General and Administrative Expenses

During the six months ended 30 June 2016, the Group recorded general and administrative expenses of approximately HK\$219,217,000, a decrease of 2.5% year-on-year (six months ended 30 June 2015: HK\$224,895,000), which was mainly attributable to the Group's continual efforts in enhancing its structural integration and improving its internal management efficiency.

Profit

During the six months ended 30 June 2016, the Group's profit increased significantly year-on-year by 2.89 times to approximately HK\$732,833,000 (six months ended 30 June 2015: HK\$188,243,000), which was mainly attributable to the one-off gain arising from the disposal of the interests in U Center indirectly through withdrawing from the partnership in Green Carbon Fund during the period. During the period, profit attributable to owners of the Company climbed to HK\$312,101,000 (six months ended 30 June 2015: profit attributable to owners of the Company of HK\$114,005,000). During the first half of the year, the basic and diluted earnings per share amounted to 6.49 HK cents (six months ended 30 June 2015: earnings per share of 2.37 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, cash and cash equivalents and equity attributable to owners of the Company (comprising issued share capital and reserves).

As at 30 June 2016, bank balances and cash of the Group were HK\$11,962,262,000 (31 December 2015: HK\$11,371,189,000). The net debt to total equity of the Group (net debt (total borrowings less cash and cash equivalents and pledged bank deposits) to total equity) decreased from 54.9% as at the end of last year to 41.8%. Current ratio dropped slightly to 1.9 (31 December 2015: 2.0).

As at 30 June 2016, the total borrowings of the Group including bank borrowings, other borrowings, bonds and bank borrowings included in liabilities classified as held-for-sale amounted to approximately HK\$20,346,686,000 (31 December 2015: HK\$22,233,639,000).

The Group maintained sufficient cash balance 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.

Foreign Exchange Risks

During the period, owing to the continuous devaluation of RMB, which affected a lot of domestic property developers holding US and HK dollars debts. In light of this, the Group repaid a substantial amount of its foreign currency debts in the first half of 2016 in order to ensure sound financial conditions and minimize the foreign exchange risks. Such debts were cut by approximately HK\$4,079,756,000.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2016, the Group employed 1,620 employees (including Hong Kong and 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 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 the Directors and eligible employees. During the six months ended 30 June 2016, 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 2016, the Group’s land bank is developed into 19 property projects located in 10 cities and is distributed across major cities in China, including Shanghai, Beijing, Shenyang, Tianjin, Kunshan, Wuxi, Xi’an, Chongqing, Changsha and Shenzhen. Most of the land bank is developed into medium to high class residential properties, which are currently under construction. With a future saleable planned G.F.A. of approximately 3,770,000 sq.m., the Group’s land bank is sufficient to support its development pipeline for the next three to five years. The Group will continue to explore new resources as its continuous development drivers and support to sharpen and utilise its competitive edge in the Yangtze River Delta region and coastal areas.

Recently, property developers in China have been expanding their financing efforts to develop their land reserve, making 2016 first half with the largest number of “land kings”, a reference to a plot sold for a record high price per unit. During the period, the transaction prices and premiums in Shanghai’s land market reached a record high. Presently, property developers are sharing the difficulties of scarce new land resources and fierce competition in first-tier cities.

This year, the Group continued to adopt a multi-channel land acquisition strategy. By studying the possibility of acquiring new projects through participation in tender, auction and public listing, equity acquisition, urban renewal and redevelopment, while balancing the structural risks of the market and prudently predicting market trends, we strove to acquire high quality assets for the Group and maximise shareholder returns. In 2015, Shanghai Municipal Government issued the “Implementation Opinions on Renewal of Land Parcels in Urban Villages in Shanghai” and launched 35 pilot projects on “urban village” renewal for the purpose of revitalizing the premium land parcels surrounding the Middle Ring Line. This year, the Group has been granted one of the first batch of urban village renewal projects in Shanghai – the Hangnan land parcel in Minhang District, Shanghai. In the future, the Group will also actively participate in several new projects in the southern area of Shanghai, such as Minhang, Pudong and Xuhui districts.

OUTLOOK

Looking ahead, global economic growth faces uncertainty. In the recent “World Economic Outlook” report, taking into account the adverse impact of Brexit, the International Monetary Fund has marked down the global economic growth forecasts for 2016 and 2017 by 0.1% to 3.1% and 3.4%, respectively. Although the impact of Brexit on China is limited, the international economic environment is still rough and complicated.

The supply-side structural reform in China beginning this year has initially borne fruits. China performed steadily as it posted a 6.7% GDP growth in both first and second quarters. The short-term pain associated with readjustment will also persist as the Chinese economy is undergoing a key stage of internal restructuring, transformation and upgrading. Hence, the property industry will remain as an important pillar in the real economic growth.

2016 is the starting year of the Group’s strategy, with the gradual implementation of its five-year strategic development plan of “Residence + Commerce + X”. The Group will continue to focus on developing key regions with Shanghai as the center and stabilise its core industry while expanding commercial property development. The Group will also take greater efforts in innovation and extend the industry chain.

Going forward, the Group will further consolidate its strengths and enhance its advantages. The management remains optimistic about the full-year results of the Group and is committed to generating solid returns for the shareholders.

DETAILS OF PROPERTIES

The Group has 19 projects in 10 cities, comprising mid- to high-end residential units, serviced apartments, commercial and office buildings. As at 30 June 2016, the total GFA of the future saleable land bank of the Group was approximately 3.77 million sq.m.

The Group has restructured its projects and will adopt prudent strategies in future land acquisition.

As at 30 June 2016

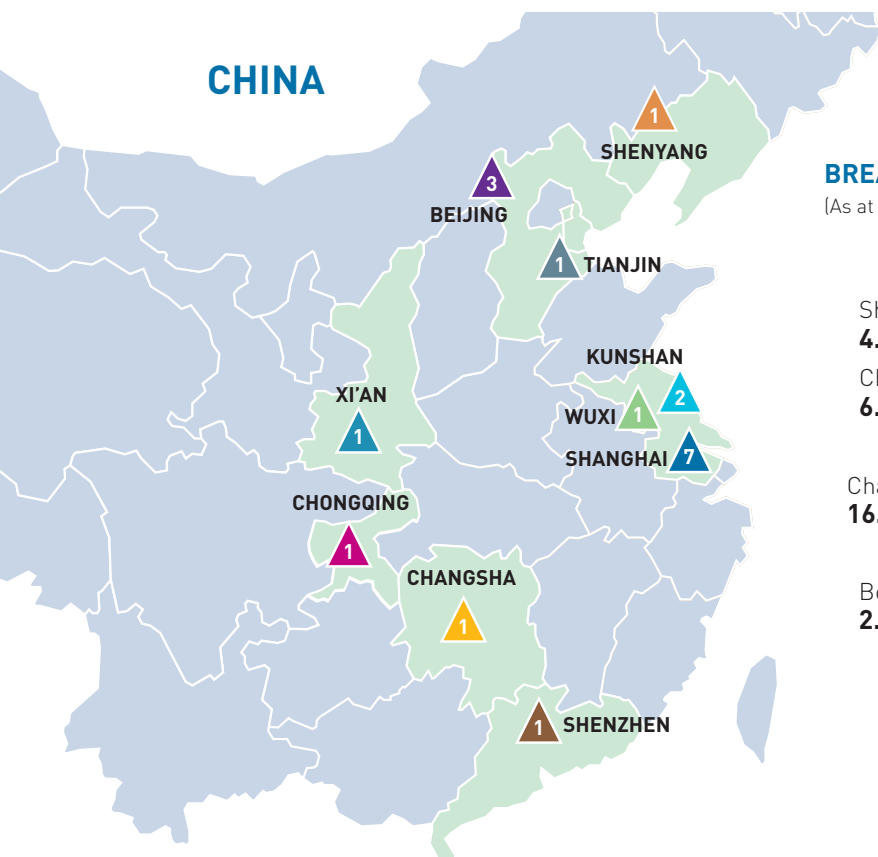
Project	City	Site Area (sq.m.)	Planned G.F.A. (sq.m.)	Saleable G.F.A. (sq.m.)	1H2016 pre-sold G.F.A. (sq.m.)	Accumulated G.F.A. Sold (sq.m.)	Future saleable G.F.A. (sq.m.)	Saleable G.F.A. under construction (sq.m.)	Saleable G.F.A. for future development (sq.m.)	Expected completion date	Ownership (%)
Urban Cradle	Shanghai	908,950	1,136,468	822,724	27,548	728,259	94,465	68,088	-	2007-2016, in phases	53.1%
Binjiang U Center	Shanghai	77,371	404,600	324,600	-	-	324,600	-	324,600	2017-2021, in phases	35.4%
Shanghai Youth City	Shanghai	57,944	212,130	164,688	437	138,574	26,114	-	-	Completed	100.0%
U Center	Shanghai	52,712	203,222	192,273	-	-	192,273	192,273	-	2014-2016, in phases	59.0%
Shanghai Jing City	Shanghai	301,908	772,885	610,514	40,905	540,203	70,311	106,815	38,217	2012-2017, in phases	59.0%
Jingjie Yuan	Shanghai	49,764	125,143	95,594	-	95,594	-	-	-	Completed	59.0%
TODTOWN	Shanghai	117,825	605,000	385,300	-	-	385,300	272,300	113,000	2018-2022, in phases	20.7%
American Rock	Beijing	121,499	523,833	454,610	845	451,596	3,014	-	-	Completed	100.0%
Youngman Point	Beijing	112,700	348,664	295,114	4,311	251,749	43,365	13,693	-	2007-2016, in phases	100.0%
West Diaoyutai	Beijing	42,541	250,930	230,801	237	172,069	58,732	-	49,288	2007-2017, in phases	90.0%
Laochengxiang	Tianjin	244,252	752,883	613,357	9,655	569,147	44,210	29,560	29,795	2006-2017, in phases	100.0%
Yoooo.net	Kunshan	34,223	129,498	112,812	3,605	58,949	53,863	-	-	Completed	30.7%
Royal Villa	Kunshan	205,017	267,701	222,666	34,151	198,217	24,449	11,369	-	2007-2017, in phases	53.1%
Urban Development International Centre	Wuxi	24,041	193,368	143,862	6,163	24,200	119,662	-	-	Completed	59.0%
Originally	Xi'an	2,101,967	3,899,867	3,202,324	56,726	1,937,485	1,264,839	215,008	973,593	2008-2017, in phases	71.5%
Shenyang•U Center	Shenyang	22,651	228,768	181,373	143	143	181,230	181,373	-	2015-2017, in phases	80.0%
Top City	Chongqing	120,014	786,233	616,122	8,759	367,786	248,336	44,716	-	2008-2016, in phases	100.0%
Forest Sea	Changsha	679,620	907,194	872,185	2,333	242,719	629,466	75,534	488,947	2007-2017, in phases	67.0%
China Phoenix Tower	Shenzhen	11,038	106,190	79,391	-	78,343	1,048	-	-	Completed	91.0%
Total		5,286,037	11,854,577	9,620,310	195,818	5,855,033	3,765,277	1,210,729	2,017,440		

MAJOR INVESTMENT PROPERTIES

Project	City	Type	Lease Term	Planned G.F.A. (sq.m.)
Laochengxiang	Tianjin	Residential, commercial and office	Medium term	1,509 ¹
Shanghai Youth City	Shanghai	Commercial	Medium term	16,349 ¹
Top City	Chongqing	Commercial and car park	Medium term	251,847 ¹
China Phoenix Tower	Shenzhen	Office	Medium term	1,048 ¹
Youngman Point	Beijing	Commercial	Medium term	19,768 ¹
ShanghaiMart ²	Shanghai	Exhibition, trade market, office and car park	Medium term	284,651
Urban Development International Tower ³	Shanghai	Office	Medium term	45,239
Huimin Commercial Tower ⁴	Shanghai	Commercial	Medium term	13,839
Others	Shanghai	Commercial and office	Medium term	9,249
Total				643,499

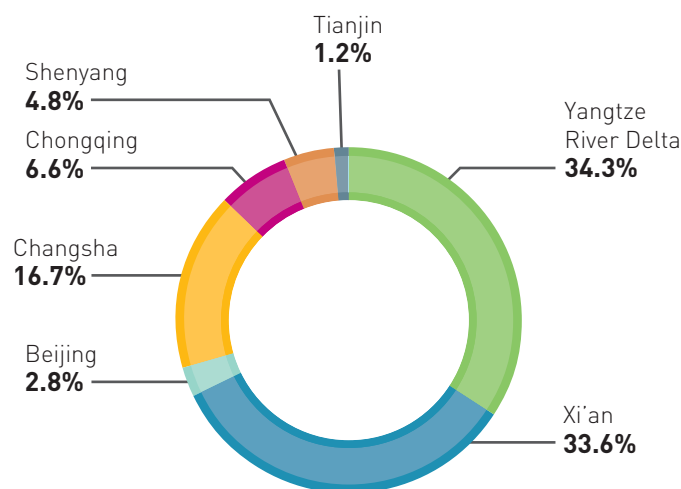
Notes:

1. Included on page 12 of this interim report
2. Address: No. 2299, Yan'an Road West, Changning District, Shanghai
3. Address: No. 355, Hongqiao Road, Xuhui District, Shanghai
4. Address: No. 123, Tianyaoqiao Road, Xuhui District, Shanghai



BREAKDOWN OF G.F.A. FOR FUTURE SALE

(As at 30 June 2016)



KEY PROJECT INTRODUCTION



URBAN CRADLE



Address:
No. 588,
Gulong Road
Minhang District,
Shanghai

Category:
Residence/
Commerce



Feature:

The project is located in Gumei, Minhang District, Shanghai, west of Lianhua Road, east of Hechuan Road, north of Gudai Road and south of Pingnan Road, less than 700 meters from the middle ring line. The area is a major focal point for large scale residential development in the “10th Five-Year Plan” of Shanghai. The project spans a total site area of about 943,100 sq.m. with a total construction area of about 1.3 million sq.m., including about 770,000 sq.m. of residences, close to nearly 400,000 sq.m. of underground space and more than 100,000 sq.m. for accommodating amenities for the estimated over 20,000 residents. Urban Cradle is an all-engulfing showcase of architectural forms and brilliant products including international-grade apartments, standalone villas, garden houses, deluxe mansions, modern commercial premises and green landscapes, bringing comfortable and stylish living together with commerce, entertainment, culture, education, and business and leisure pursuits.

BINJIANG U CENTER



Artist's Impression

Address:

Xuhui Binjiang,
Shanghai

Category:

Office/
Commerce



Feature:

Facing Huangpu River in Shanghai, Binjiang U Center is situated at the business hub of Binjiang, Xuhui District and is planned for composite commercial usage, which will be built as property partly for sales and held for rental respectively. The surrounding view of the project is glorious. Also, the transportation network is well established as the project is adjacent to Longyao Road Tunnel that leads to Pudong, coupled with the Yunjin Road Station of metro line 11 is now in use.

U CENTER



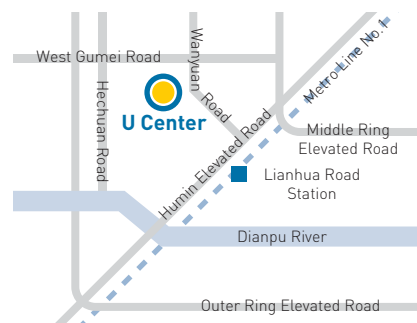
Artist's Impression

Address:

Meilong Town,
Minhang District,
Shanghai

Category:

Office/Commerce/
Hotel



Feature:

U Center, primarily located at the intersection of Xuhui and Minhang District, enjoys location advantage, mature amenities and transportation network support with access to, the Lianhua Road Station on Shanghai Metro Line 1 and the Middle Ring Line, and also the Humin Super Highway. It is blessed with the consuming power of an about 600,000 strong permanent population within a three kilometer radius and there are the Xujiahui business district and Caohejing New Technology Development Zone within the eight kilometer radius. The project has a total construction area of about 388,125 sq.m., approximately 100,000 sq.m. of which will be A-grade offices with LEED-CS certification. It will also home a more than 36,000 sq.m. 5-star hotel, an over 110,000 sq.m. commercial complex and a 57,000 sq.m. urban park on the south side, all of vanguard designs taking care of every need of occupants.

Key Project Introduction

TODTOWN



Address:

Xinzhuang Town,
Minhang District,
Shanghai

Category:

Residence/
Commerce/Hotel/
Office/Apartment
office



Feature:

Located at the southern and northern squares of the Xinzhuang station, the secondary city center of Shanghai, with Guangtong Road on its north, West Meilong Road on its east and Xinzhu Road and Dushi Road on its south, TODTOWN will be served by an overpass bridge conveniently linking Shuiqing Road at the northern square and Dushi Road at the southern square.

As one of the most advanced TOD (Transit-oriented Development) projects in Shanghai, TODTOWN covers a total site area of approximately 117,825 sq.m. with a total G.F.A. of 605,000 sq.m., of which 100,000 sq.m. is transport-related. Upon completion, TODTOWN will be connected to metro line 1 and line 5, Shanghai-Hangzhou High-speed Railway and numerous public bus routes, as well as the station to be established for the Jinshan sub-line. Different modes of transport operated by different departments, such as metro lines, public buses and commuter rail services, will be blended into the project to achieve seamless and convenient transition. TODTOWN will be a "city in the sky" encompassing residential, commercial and leisure functions. As a complex equipped with comprehensive systems and facilities, TODTOWN will offer 50,000 sq.m. of offices, 140,000 sq.m. of shopping mall, 20,000 sq.m. of hotel, 90,000 sq.m. of residential units, 85,000 sq.m. of serviced apartments and 20,000 sq.m. of ancillary public facilities.

SHANGHAIMART



Address:

2299 West
Yan'an Road,
Shanghai

Category:

Exhibition/
Commerce/Office



Feature:

Located in the emerging Shanghai Hongqiao Economic and Technological Development Zone, ShanghaiMart is uniquely positioned with Gubei Road and Hongqiao Road on its west, Yan'an Road on its south as well as the Hongqiao consulate area on its north. Situated next to the Inner Ring Road and the exit of an elevated expressway, ShanghaiMart is only a 10-minute drive to the "Hongqiao Comprehensive Transportation Hub", which is a convenient transport network assembling numerous transportation routes, including inter-city high speed railway, maglev trains, metro lines, airport and city buses.

With a total G.F.A. of 284,651 sq.m., ShanghaiMart comprises three main buildings: the Mart, Expo and Tower. As a super trading market integrating the exhibition, trades, office and information functions, ShanghaiMart offers excellent world-class facilities and services to domestic and international merchants and professional buyers.

SHANGHAI JING CITY (INCLUDING GRAND MANSION)



Artist's Impression

Address:

Lane 266,
Zhumei Road,
Shanghai

Category:

Residence/
Commerce


Feature:

The project is an affordable housing project approved by Shanghai Bureau of Housing Security and Housing Administration. It is a large scale indemnificatory housing project on the list of among major construction projects of Shanghai in 2009. In Meilong Town, Minhang District, the project is on an about 301,908 sq.m. site with construction area totaling about 610,514 sq.m. It will consist of high-rise buildings of 18 to 33 floors and become a major all-encompassing affordable housing community with educational, medical and health care and other community service facilities. Grand Mansion is located at Section 5 of Shanghai Jing City and belongs to commodity housing project.

SHANGHAI YOUTH CITY


Address:

No. 1519,
Husong Road,
Jiuting Town,
Songjiang District,
Shanghai

Category:

Commerce/
Office


Feature:

The project is 20 kilometers from downtown Shanghai above Jiuting Station on metro line 9. The station is the first stop of the metro line in Songjiang District where major roads crisscross and business movers and shakers and crowds gather, a high traffic hub in southwest Shanghai. The project comprises eight petite LOFT apartment blocks, an office building, a deluxe boutique apartment building standing on top of an arcade of shops. The project has three phases. Phase I and II of the project had all been sold out and Phase III is in the stage of sale.

AMERICAN ROCK



Feature:

Right next to the central business district ("CBD"), the project has its first phase targeting white-collar customers, attracting them with a host of design novelties. It is an avant product with a strong sense of contemporary style. Offices are included in Phase II to provide work spaces for many fast growing businesses in the eastern part of the city. Except for a small number of parking spaces, the project is completely developed and sold out.

Beijing

Address:

No. 16,
Baizwan Road,
Chaoyang District,
Beijing

Category:

Residence/
Commerce



YOUNGMAN POINT



Feature:

At the intersection of Qingnian Road and North Chaoyang Road in Chaoyang District, the project stands opposite Chaoyang Joy City – a major commercial complex in Chaoyang, and is only 3.8 kilometers away from the CBD. With green belts on the north and a stretch of quiet water on the south, the project presents unique scenic pleasures to its inhabitants. The project has three phases. Phase I and II had been completed and sold out and Phase III has begun development.

Address:

No. 2,
Middle Lane
Ganluyuan,
Qingnian Road,
Chaoyang District,
Beijing

Category:

Residence/
Commerce

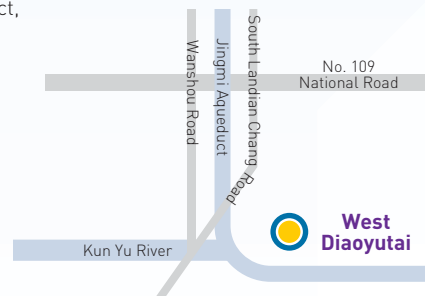


WEST DIAOYUTAI



Address:
No. 1 and
No. 2 Section,
West Diaoyutai
Village,
Haidian District,
Beijing

Category:
Residence



Feature:

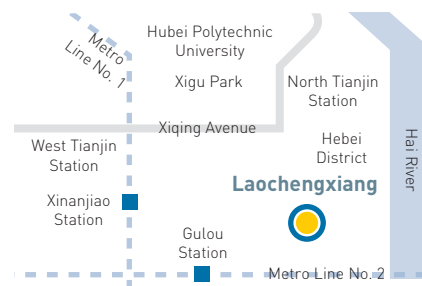
Located in the west third ring, on the east and north side of Kunyu River and west to the 137-hectare Yuyuantan Park, the project enjoys a 67-hectare expanse of magnificent aquatic scenes, the largest in Beijing where water is a scarce resource, giving it uniqueness and a touch of supremacy. The project has deluxe apartments with river views as its core products aiming to appeal to the affluent on the high-end. The project has three phases. Phase I and II had been completed and sold out and preparation work has begun for Phase III.

LAOCHENGXIANG



Address:
Laochengxiang,
Nankai District,
Tianjin

Category:
Residence/
Commerce/
Office



Tianjin

Feature:

Laochengxiang is located in the traditional city center of Tianjin with profound history. It is the cradle of culture and economy for Tianjin and also the only zenithal region in Tianjin. As the development of downtown Tianjin has accelerated in recent years, Laochengxiang has become a favorite destination for investors and property buyers in Tianjin.

The general planning of the district is divided into three parts, namely the core, inner ring and outer ring, with Gulou Commercial and Cultural Street as the center. The project is a large-scale integrated community well served by auxiliary facilities, such as education and medical services, and comprises residences, commercial premises, offices and luxurious villas.

SHENYANG • U CENTER



Artist's Impression

Feature:

The project is located in the most prosperous business district downtown Shenyang – Taiyuan Street, north of Zhonghua Road, south of Minzhu Road, west of Taiyuan South Street and east of Tianjin South Street, with profound history and an extensive commercial network covering Northeast Asia. Covering a total G.F.A. of 230,000 sq.m., the U Center comprises high-end offices, SOHO, boutique apartments and open commercial blocks with an integration of cultural and creative industries, food and beverage, leisure pleasure, entertainment, offices and luxurious apartments, making it an icon of the city.

Shenyang

Address:

South
Taiyuan Street,
Heping District,
Shenyang

Category:

Commerce/Office/
Serviced Apartment



YOOOOU.NET



Feature:

Located in the centre of Huaqiao International Commercial City and adjoining the west gate of Shanghai, the project is less than 25 kilometers from downtown Shanghai and can be reached directly riding the Shanghai – Nanjing high-speed railway and Shanghai Metro Line No. 11. With four youthful components – commerce, SOHO Studio, Entrepreneur Incubator and Office, it stands out as a community where young and intellectual industries such as computer games, entertainment and e-commerce can thrive.

Kunshan

Address:

No. 258,
Lvdi Avenue,
Huaqiao Town,
Kunshan

Category:

Commerce/Office



ROYAL VILLA



Address:
No. 859,
East Yingbin Road,
Kunshan (near
Changjiang Road)

Category:
Residence



Feature:

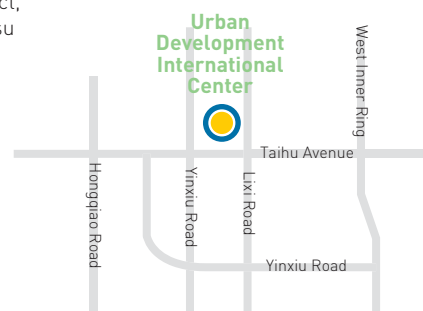
The project is located in Zhoushi Town of Kunshan City, Jiangsu, the core of the administration center in northern Kunshan. Neighboring the Kunshan Ecological and Sports Park, it comprises 18 high-rise apartment buildings and 92 standalone villas.

URBAN DEVELOPMENT INTERNATIONAL CENTER



Address:
Intersection of
Yinxu Road and
Taihu Avenue,
Binhu District,
Wuxi, Jiangsu

Category:
Commerce/Hotel/
Office/Service
Apartment



Wuxi

Feature:

The project is an icon at the heart of the Liyuan Economic Development Zone, the new axis of Wuxi. It is only 5 kilometers from the center of the city with Lihu Lake Scenic Spot, Lihu Central Park and Bogong Island in its vicinity to enjoy. The area is well developed, equipped with all essential facilities and convenient transportation choices. The integrated complex comprises an international five-star hotel, serviced apartments, a 5A-grade office building and a commercial center.

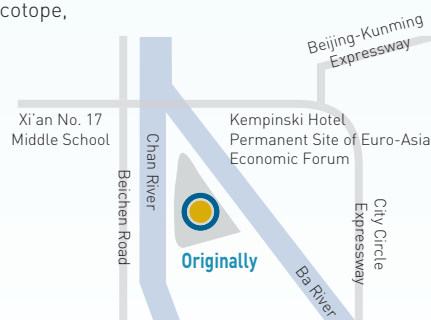
Key Project Introduction

ORIGINALLY



Address:
East to
Chanhe River,
Chanba Avenue,
Chanba Ecotope,
Xi'an

Category:
Residence/
Commerce/Hotel



Xi'an

Feature:

In the heart of Xi'an Chanba Ecotope, the project lies where the Chan River and Ba River meet. The project with more than 2,000,000 square meters in terms of site area is the largest eco-district in northwestern China. The area has been well planned and is developing rapidly, enjoying convenient access to road networks and public transports including Metro Line 3 which will soon commence operation.

It is the home of the Euro-Asia Economic Forum as well as the Guangyuntan national wetland park and was where the 2011 International Horticultural Exposition took place, asserting its significance in the development of Xi'an. The project has 12 land parcels in the plan to cater to diverse functions including Kempinski Hotel where the Euro-Asia Economic Forum will permanently base and related necessary facilities completed or soon to be completed to meet community business requirements and educational, medical and shopping needs.

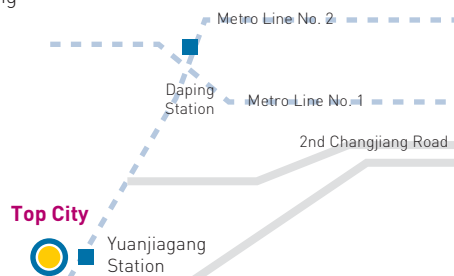
To demonstrate the premium geographical location of the project, a new brand called "Originally" has been introduced into the project for sale as a new property project starting from the second half of 2014.

TOP CITY



Address:
No. 1,
Aoti Road,
Yuanjiagang,
Jiulongpo District,
Chongqing

Category:
Residence/
Commerce/
Office



Chongqing

Feature:

The project is right in the center of Chongqing's main city zone, at the intersection of Jiulongpo District and Yuzhong District with the Chongqing Olympic Sports Center and the city rail line 2 as its neighbors. With prominent business presence, comprising offices and residences, it is currently one of the biggest integrated real estate projects in the main city zone of Chongqing. By the hands of a famed Canadian design company, it embraced diversity, openness and international concept championing the HOPSCA lifestyle of western origins. It is a rare and distinctive metropolis complex that stands out in Chongqing.

FOREST SEA



Artist's Impression

Feature:

The project not only shares the same area as Wangcheng District, but is also in the Waterfront New Town, a major development focus of the government. Leifeng Avenue and Xiang River View Avenue (Xiaoxiang Avenue) are on its east and the ecological technology industrial park area borders with it on the south. The project, which will serve a strong population of community businesses, is only about 200 meters from the Wangcheng old town on the west and is just on the opposite of the road of the new Wangcheng District Government to its north. Positioned as a million square meter ecological new town, the project has adopted innovative design concept, possessing all required supporting facilities while keeping green landscapes at an overall ratio of more than 40%. Its constituents include high-rise apartment buildings with scenic views, elevator-served garden houses, townhouses and elegant mixed design houses, all in pure Mediterranean architectural styles. They come together to form a low-density residential community that promises high comfort.

Changsha

Address:
No. 1218,
Leifeng North Avenue,
Wangcheng District,
Changsha

Category:
Residence/
Commerce



CHINA PHOENIX TOWER



Feature:

The project is in the heart of Futian District served by Shennan Avenue, a major road in Shenzhen. It is a joint endeavor of the Group and another of its major shareholder Phoenix Television Holdings Co., Ltd. The project consists of an office building, a commercial/residential building and a shopping arcade, and has been completed and sold out.

Shenzhen

Address:
No. 2008,
Shennan Avenue,
Futian District,
Shenzhen

Category:
Residence/
Commerce/
Office



OTHER INFORMATION

INTERIM DIVIDEND

The board of directors of the Company (the “**Board**”) does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (for the six months ended 30 June 2015: Nil).

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 2016.

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 2016, 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 deviated 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 2016.

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 2016.

FACILITIES AGREEMENT WITH SPECIFIC PERFORMANCE COVENANT ON THE CONTROLLING SHAREHOLDER

As disclosed in the Company's announcement dated 10 July 2014, the Company (as the borrower) entered into a facilities agreement (the "**Facilities Agreement**") with certain banks (as the lenders) on 10 July 2014 for dual currency term loan facilities of HK\$1,826,000,000 and US\$65,000,000 (the "**Facilities**") for a term of 36 months to finance repayment of the 2014 due US\$400,000,000 senior notes, payment of financing charges and general corporate purposes of the Company. Pursuant to the terms of the Facilities Agreement, if, among others, Shanghai Industrial Holdings Limited ("**SIHL**"), a controlling shareholder of the Company, ceases to own at least 51% of the beneficial shareholding interest in the issued share capital of, and carrying 51% of the voting rights in the Company, or ceases to have management control over the Company, all loans together with accrued interest and any other amounts accrued under the Facilities may become immediately due and payable. As at the date of this interim report, SIHL is interested in approximately 71.00% of the voting share capital of the Company.

On 12 January 2016, all the principle loan amount of HK\$1,826,000,000 and US\$65,000,000 have been fully repaid by the Company and all liabilities under or in connection with the Facilities have been discharged.

Other than as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.18 of the Listing Rules.

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, *J.P.* 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; risk management 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 2016, 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 2016 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, risk management and 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 2016 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2016, the interests and short positions of the Directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the shares and underlying shares of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted ¹	Approximate % of the issued share capital of the Company
Ji Gang	Beneficial owner	150,000	–	0.00%
Zhou Jun	Beneficial owner	–	7,000,000	0.15%
Yang Biao	Beneficial owner	–	7,000,000	0.15%
Ye Weiqi	Beneficial owner	–	6,000,000	0.12%
Huang Fei	Beneficial owner	–	6,000,000	0.12%
Doo Wai-Hoi, William	Beneficial owner	–	1,000,000	0.02%
Fan Ren Da, Anthony	Beneficial owner	–	1,000,000	0.02%
Li Ka Fai, David	Beneficial owner	–	1,000,000	0.02%

Note:

- These interests represent the interests in the underlying shares of the Company in respect of share options granted by the Company to these Directors as beneficial owners, details of which are set out in the section headed "SHARE OPTION SCHEME" of this interim report.

(2) Long positions in the shares and underlying shares of the associated corporations of the Company

SIHL

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted ¹	Approximate % of interest in the corporation
Ji Gang	Beneficial owner	–	350,000	0.03%
Zhou Jun	Beneficial owner	195,000	600,000	0.07%
Yang Jianwei	Beneficial owner	–	280,000	0.03%

Note:

1. These interests represent the interests in the underlying shares of SIHL in respect of the share options (which are unlisted and physically settled equity derivatives) granted by SIHL under its share option scheme. Particulars of such share options and their movements during the six months ended 30 June 2016 (the "Period") were as follows:

Name of Directors	Date of grant	Exercise price per share HK\$	Outstanding as at 1.1.2016	Granted during the Period	Exercised during the Period	Cancelled/	Outstanding as at 30.06.2016
						Lapsed during the Period	
Ji Gang	20 September 2011	22.71	350,000	-	-	-	350,000
Zhou Jun	20 September 2011	22.71	600,000	-	-	-	600,000
Yang Jianwei	20 September 2011	22.71	280,000	-	-	-	280,000

Share options granted in September 2011 under SIHL's share option scheme are exercisable during the period from 21 September 2011 to 20 September 2016 in three batches, being:

- 21 September 2011 to 20 September 2012 (up to 40% of the share options granted are exercisable)
- 21 September 2012 to 20 September 2013 (up to 70% of the share options granted are exercisable)
- 21 September 2013 to 20 September 2016 (all share options granted are exercisable)

Shanghai Pharmaceuticals Holding Co., Ltd.

Name of Director	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted	Approximate % of interest in the corporation
Ji Gang	Beneficial owner	50,000	-	0.01%

Save as disclosed herein, as at 30 June 2016, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

SHARE OPTION SCHEME

Pursuant to ordinary resolutions passed by the Shareholders at its special general meeting held on 12 December 2002, the Company adopted a share option scheme (the “Share Option Scheme”).

As at 30 June 2016, the Company granted 41,750,000 shares options to subscribe for up to a total of 41,750,000 ordinary shares of nominal value of HK\$0.04 each in the capital of the Company under the Share Option Scheme, representing approximately 0.87% of the issued share capital of the Company as at 30 June 2016. The Share Option Scheme expired on 11 December 2012.

The particulars and movements of the share options to subscribe for the Company’s shares under the Share Option Scheme during the six months ended 30 June 2016 were as follows:

Name of categories	Date of grant	Exercise price per share HK\$	Exercise period ¹	Outstanding as at 1.1.2016	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 30.06.2016
Directors								
Zhou Jun	24 September 2010	2.98	24 September 2010 to 23 September 2020	7,000,000	-	-	-	7,000,000
Yang Biao	24 September 2010	2.98	24 September 2010 to 23 September 2020	7,000,000	-	-	-	7,000,000
Ye Weiqi	24 September 2010	2.98	24 September 2010 to 23 September 2020	6,000,000	-	-	-	6,000,000
Huang Fei	24 September 2010	2.98	24 September 2010 to 23 September 2020	6,000,000	-	-	-	6,000,000
Doo Wai-Hoi, William	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	-	-	-	1,000,000
Wong Ying Ho, Kennedy ²	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	-	-	1,000,000	0
Fan Ren Da, Anthony	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	-	-	-	1,000,000
Li Ka Fai, David	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	-	-	-	1,000,000
Senior management and employees	24 September 2010	2.98	24 September 2010 to 23 September 2020	12,750,000	-	-	-	12,750,000
Total				42,750,000	-	-	1,000,000	41,750,000

Notes:

1. Share options granted in September 2010 under the Share Option Scheme are exercisable during the period from 24 September 2010 to 23 September 2020 in three batches, being:
 - 24 September 2010 to 23 September 2011 (up to 40% of the share options granted are exercisable)
 - 24 September 2011 to 23 September 2012 (up to 70% of the share options granted are exercisable)
 - 24 September 2012 to 23 September 2020 (all share options granted are exercisable)
2. Dr. Wong Ying Ho, Kennedy resigned as an independent non-executive Director, a member of the Audit Committee and the chairman of the nomination committee of the Company with effect from 3 August 2015.

Pursuant to ordinary resolutions passed by the Shareholders at its annual general meeting held on 16 May 2013 (the "**Adoption Date**"), the Company adopted a new share option scheme (the "**New Share Option Scheme**").

Reference was made to the circular of the Company dated 16 April 2013 in relation to the adoption of the New Share Option Scheme (the "**Circular**"). Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used in this interim report. As disclosed in the Circular, the New Share Option Scheme will be valid for ten years since the Adoption Date. The purpose of the New Share Option Scheme is to enable the Company to grant options to the Eligible Participants, as incentives and/or rewards for their contributions to the Group. The Board considers that the New Share Option Scheme will provide the Eligible Participants with the opportunity to acquire shares of the Company and to encourage the Eligible Participants to work towards enhancing the value of the Company and for the benefit of the Company and its shareholders as a whole. The provisions of the New Share Option Scheme comply with the requirements of Chapter 17 of the Listing Rules. Further details of the New Share Option Scheme can be found in the Circular.

The Company had not granted any share options under the New Share Option Scheme since the Adoption Date up to 30 June 2016.

Save as disclosed herein, the Company had not granted any share options to any persons as required to be disclosed under Rule 17.07 of the Listing Rules during the six months ended 30 June 2016.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2016, substantial shareholders and other persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

Ordinary shares of HK\$0.04 each of the Company

Name of substantial shareholders	Capacity	Number of shares of the Company held	Approximate % of the issued share capital of the Company
SIHL	Held by controlled corporation	3,415,883,000(L) ^{2,3}	71.00%
SIIC	Held by controlled corporation	3,427,983,000(L) ^{2,3,4}	71.25%

Notes:

- L denotes long positions.
- 3,365,883,000 shares of the Company were beneficially held by Smart Charmer Limited. 50,000,000 shares of the Company are deemed to be held by Novel Good Limited under the pledge described in note 3 below. Smart Charmer Limited and Novel Good Limited are both wholly-owned subsidiaries of SIHL.
- These interests include 50,000,000 shares of the Company (short positions) held by Invest Gain Limited (a company beneficially and wholly owned by Mr. Li Song Xiao who ceased to be a substantial shareholder of the Company during the year ended 31 December 2011) which was pledged to Novel Good Limited. Therefore, SIHL and Shanghai Industrial Investment (Holdings) Company Limited ("SIIC") are deemed or taken to be interested in these 50,000,000 shares.
- SIIC through its subsidiaries, namely Shanghai Investment Holdings Limited, SIIC Capital (B.V.I.) Limited, SIIC Treasury (B.V.I.) Limited, Shanghai Industrial Financial (Holdings) Company Limited, South Pacific International Trading Limited, SIIC Trading Company Limited, The Tien Chu Ve Tsin (Hong Kong) Company Limited, SIIC CM Development Funds Limited, Billion More Investments Limited, SIIC CM Development Limited and South Pacific Hotel (Hong Kong) Limited held approximately 58.87% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 3,415,883,000 shares held by SIHL for the purpose of the SFO. Separately, 12,100,000 shares of the Company were held by SIIC Trading Company Limited, a subsidiary of SIIC.

Save as disclosed herein, as at 30 June 2016, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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:

- (a) Mr. Zhou Jun ("**Mr. Zhou**"), an executive director of the Company, has been re-designated as the Vice Chairman and Chief Executive Officer of SIHL, a company listed on the Stock Exchange with stock code of 363, with effect from 25 August 2016. Mr. Zhou remains as an executive director of SIHL;
- (b) Mr. Fan Ren Da, Anthony ("**Mr. Fan**"), an independent non-executive director of the Company, was appointed as the chairman of the risk management committee of Technovator International Limited, a company listed on the Stock Exchange with stock code of 1206, with effect from 29 March 2016; and
- (c) Mr. Fan ceased to be the chairman of the nomination committee and was appointed as a member of the remuneration committee of Uni-President China Holdings Ltd., a company listed on the Stock Exchange with stock code of 220, with effect from 1 April 2016.

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

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, 30 August 2016

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



**TO THE BOARD OF DIRECTORS OF
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED**

上海實業城市開發集團有限公司

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shanghai Industrial Urban Development Group Limited (the '**Company**') and its subsidiaries (collectively referred to as the '**Group**') set out on pages 33 to 60, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

30 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	3	2,456,815	2,173,156
Cost of sales		(1,631,817)	(1,444,365)
Gross profit		824,998	728,791
Other income		150,509	69,991
Fair value changes on investment properties		47,523	(59,061)
Other expenses, gains and losses, net		(226,042)	(11,472)
Distribution and selling expenses		(88,359)	(68,911)
General and administrative expenses		(219,217)	(224,895)
Gain on disposal of subsidiaries	10	–	444,995
Gain on disposal of assets through disposal of a subsidiary	11	1,114,163	–
Finance costs	4	(337,754)	(419,938)
Share of gains (losses) of associates		945	(5,923)
Profit before tax		1,266,766	453,577
Income tax	5	(533,933)	(265,334)
Profit for the period	6	732,833	188,243
Other comprehensive expense for the period			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation into presentation currency		(527,218)	–
Item that may be reclassified subsequently to profit or loss:			
Net loss on fair value changes of available-for-sale investments, net of tax		(13,087)	–
Total comprehensive income for the period		192,528	188,243
Profit for the period attributable to:			
– Owners of the Company		312,101	114,005
– Non-controlling interests		420,732	74,238
		732,833	188,243
Total comprehensive income attributable to:			
– Owners of the Company		(30,079)	114,005
– Non-controlling interests		222,607	74,238
		192,528	188,243
Earnings per share	7		
– Basic (HK cents)		6.49	2.37
– Diluted (HK cents)		6.49	2.37

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	NOTES	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Non-current assets			
Investment properties	8	11,589,101	11,811,202
Property, plant and equipment		1,869,214	1,961,549
Prepaid lease payments		223,739	234,523
Intangible assets		59,517	60,903
Interests in associates		1,188,611	1,215,340
Interest in a joint venture		65,718	65,718
Other receivables	12	213,094	194,872
Available-for-sale investments		284,104	295,441
Pledged bank deposits		23,439	43,665
Deferred tax assets		353,489	344,564
		15,870,026	16,227,777
Current assets			
Inventories		25,896,063	32,548,428
Trade and other receivables	12	1,452,272	3,346,931
Amounts due from related companies	9	313,054	-
Prepaid lease payments		4,958	5,254
Prepaid income tax and land appreciation tax		459,678	170,154
Financial assets at fair value through profit or loss		4,104	4,532
Pledged bank deposits		69,640	106,185
Bank balances and cash		11,962,262	11,371,189
		40,162,031	47,552,673
Assets classified as held-for-sale	13	6,615,093	-
		46,777,124	47,552,673

Condensed Consolidated Statement of Financial Position

	NOTES	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Current liabilities			
Trade and other payables	14	6,223,258	7,137,933
Amounts due to related companies	9	2,024,216	2,035,987
Amounts due to associates		37,135	58,007
Consideration payables for acquisition of subsidiaries		70,020	127,915
Pre-sale proceeds received on sales of properties		7,963,583	4,967,064
Bank and other borrowings	15	1,116,867	4,990,628
Deposits received for identifying investment projects	16	–	1,991,880
Income tax and land appreciation tax payables		2,079,837	1,888,785
Dividend payable		8,427	6,976
Dividend payable to non-controlling shareholders		64,115	125,340
		19,587,458	23,330,515
Liabilities classified as held-for-sale	13	5,634,816	–
		25,222,274	23,330,515
Net current assets		21,554,850	24,222,158
Total assets less current liabilities		37,424,876	40,449,935
Non-current liabilities			
Amount due to a related company	9	–	68,784
Bank and other borrowings	15	14,328,430	17,243,011
Deferred tax liabilities		3,524,882	3,624,389
		17,853,312	20,936,184
		19,571,564	19,513,751
Capital and reserves			
Share capital	17	192,451	192,451
Reserves		12,178,661	12,343,455
Equity contributable to owners of the Company		12,371,112	12,535,906
Non-controlling interests		7,200,452	6,977,845
		19,571,564	19,513,751

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total HK\$'000		
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (note (iv))	Share option reserve HK\$'000	Other revaluation reserve HK\$'000 (note (i))	Investment revaluation reserve HK\$'000	Statutory reserve HK\$'000	Shareholder's contribution/merger reserve HK\$'000 (note (iii))	Other reserve HK\$'000 (note (iii))	Exchange reserve HK\$'000			Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2015 (audited)	192,461	10,325,453	-	66,842	52,526	-	164,666	2,214,569	(47,317)	1,423,608	(1,906,039)	12,484,789	7,630,043	20,114,832
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	114,005	114,005	74,238	188,243
Transfer upon disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(22,010)	22,010	-	-	-
Transfer to distributable reserve	-	(210,000)	210,000	-	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	9,158	-	-	-	-	(9,158)	-	-	-
Dividends declared (Note 23)	-	-	(52,927)	-	-	-	-	-	-	-	-	(52,927)	-	(52,927)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(141,725)	(141,725)
Contribution from a non-controlling interest upon establishment of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	49,988	49,988
At 30 June 2015 (unaudited)	192,461	10,115,453	157,073	66,842	52,526	-	173,844	2,214,569	(47,317)	1,401,598	(1,781,182)	12,545,867	7,612,544	20,158,411
At 1 January 2016 (audited)	192,451	10,115,153	157,073	49,367	52,526	129,917	173,726	2,214,569	(47,317)	559,069	(1,060,628)	12,535,906	6,977,845	19,513,751
Profit for the period	-	-	-	-	-	-	-	-	-	-	312,101	312,101	420,732	732,833
Exchange differences arising on translation into presentation currency	-	-	-	-	-	-	-	-	-	(329,093)	-	(329,093)	(198,125)	(527,218)
Net loss on fair value changes of available-for-sale investment, net of tax	-	-	-	-	-	(13,087)	-	-	-	-	-	(13,087)	-	(13,087)
Total comprehensive income for the period	-	-	-	-	-	(13,087)	-	-	-	(329,093)	312,101	(30,079)	222,607	192,528
Transfer upon disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(5,318)	5,318	-	-	-
Transfer	-	-	-	-	-	-	3,423	-	-	-	(3,423)	-	-	-
Dividends declared (Note 23)	-	-	(134,715)	-	-	-	-	-	-	-	-	(134,715)	-	(134,715)
Forfeiture of share options (Note 18)	-	-	-	(1,165)	-	-	-	-	-	-	1,165	-	-	-
At 30 June 2016 (unaudited)	192,451	10,115,153	22,358	48,202	52,526	116,830	177,149	2,214,569	(47,317)	224,658	(745,467)	12,371,112	7,200,652	19,571,564

Condensed Consolidated Statement of Changes in Equity

Notes:

- (i) The other revaluation reserve comprises the difference between the fair value, net of deferred tax, and the carrying amount of additional interest in associates being acquired and become subsidiaries of the Company. This reserve will be recognised in the profit or loss upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates.
- (ii) Merger reserve represents the difference in the fair value of the consideration paid to the parent company, Shanghai Industrial Holdings Limited ("**SIHL**"), for the acquisition of subsidiaries controlled by SIHL and the acquired carrying amount of the subsidiaries at the date of the Group and the subsidiaries acquired became under common control. Shareholder's contribution represents capital contribution from SIHL and State-Owned Assets Supervision and Administration Commission of Shanghai Xuhui District ("**Xuhui SASAC**"), being non-controlling interest, (based on their respective percentage of equity interest) to a subsidiary of the Group, Shanghai Urban Development (Holdings) Co., Ltd. ("**SUD**"), as paid-in capital in April 2011. Xuhui SASAC holds 41% interests in SUD.
- (iii) Other reserve represents a premium contributed by the owners of the Company on acquiring the remaining 1.0% interests of 上海世界貿易商城有限公司 ("**Shanghai World Trade**") from a non-controlling shareholder subsequent to the acquisition of Continental Land Group as defined in note 9 (v). This acquisition, without changing the Group's control over Shanghai World Trade, was accounted for as an equity transaction. The difference between the fair value of cash consideration of HK\$92,274,000 and 1.0% share of net assets by the non-controlling shareholder of HK\$44,957,000 amounting to HK\$47,317,000 was recognised directly in equity as other reserve and attributable to owners of the Company.
- (iv) Pursuant to the special resolution passed on 27 May 2015, the Company transferred an amount of HK\$210,000,000 from share premium account to contributed surplus account, which increased the distributable reserves of the Company thereby giving the Company a greater flexibility in its dividend policy and making distributions to the shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Profit before taxation		1,266,766	453,577
Adjustments for:			
Finance costs		337,754	419,938
Gain on disposal of subsidiaries		–	(444,995)
Gain on disposal of assets through disposal of a subsidiary		(1,114,163)	–
Impairment loss recognised on other receivables		122,078	–
Other non-cash items		(165,483)	84,177
Operating cash flows before movements in working capital		446,952	512,697
Decrease (increase) in inventories		1,134,753	(2,462,777)
(Increase) decrease in trade and other receivables		(1,326,344)	198,792
Increase (decrease) in pre-sale proceeds received on sales of properties		3,281,522	(441,112)
Increase in trade and other payables		221,157	721,746
Other working capital items		(19,905)	1,020
Cash from (used in) operations		3,738,135	(1,469,634)
Income taxes paid		(625,191)	(147,567)
Net cash from (used in) operating activities		3,112,944	(1,617,201)
Net cash (used in) from investing activities:			
Proceeds from disposal of property, plant and equipment		425	580
Purchase of available-for-sale investments		(13,069)	(14,053)
Purchase of property, plant and equipment and investment properties		(5,543)	(21,136)
Decrease in restricted and pledged bank deposits		54,325	119,986
Dividend received from available-for-sale investments		374	–
Advances to a related company		(318,707)	–
Repayments from related companies		–	82,230
Advance to an independent third party		(23,066)	(156,444)
Repayments of consideration payables for acquisition of subsidiaries		(26,248)	(438,503)
Payments of construction costs on behalf of owners of the Carved-out Site 1 and 2 (as defined in note 11)		(3,095,552)	–
Receipts of consideration receivables in respect of disposal of subsidiaries		2,563,080	–
Net proceeds from disposal of the Disposal Group	10	–	824,690
Deposits received for disposal of SUD Longcheng	13	712,843	–
Interest received from consideration receivables		36,492	–
Interest received		50,386	40,141
		(64,260)	437,491

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash (used in) from financing activities:		
Dividends paid to non-controlling interests	(59,427)	(141,750)
Dividends paid	(133,264)	(28,357)
Proceeds from new bank and other borrowings	7,997,132	5,381,421
Repayments of bank and other borrowings	(9,527,464)	(4,443,978)
Advances from related parties	173,035	277,574
Repayments to related companies	(203,829)	(11,857)
Capital injection from a non-controlling interest upon establishment of a subsidiary	–	49,988
Increase in amounts due to a related party	–	374,145
Interest paid	(386,978)	(831,524)
	(2,140,795)	625,662
Net increase (decrease) in cash and cash equivalents	907,889	(554,048)
Cash and cash equivalents as at 1 January	11,371,189	6,424,164
Effect of foreign exchange rate changes	(212,583)	–
Cash and cash equivalents as at 30 June, represented by bank balances and cash	12,066,495	5,870,116
Analysis of cash and cash equivalents as at 30 June represented by bank balances and cash held by		
– the Group	11,962,262	5,870,116
– the disposal group held-for-sale	104,233	–
	12,066,495	5,870,116

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

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**”).

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

During the six months ended 30 June 2016, the Group disposed of its entire interest in a wholly-owned subsidiary and resulted in significant impacts to the Group’s current interim financial position and performance. Details of this disposal are set out in note 11.

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 2016 are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

During the six months ended 30 June 2016, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 January 2016.

The application of the amendments to HKFRSs during the six months ended 30 June 2016 has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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 properties 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	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interests on bank and other borrowings	556,782	663,131
Less: Amount capitalised under properties under development for sale	(219,028)	(243,193)
	337,754	419,938

Borrowing costs capitalised during the period arising on the general borrowing pool are calculated by applying a capitalisation rate of 4.76% (six months ended 30 June 2015: 4.98%) per annum to expenditure on qualifying assets.

5. INCOME TAX

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
– PRC Enterprise Income Tax (“EIT”) (note (i))	374,054	52,535
– PRC Land Appreciation Tax (“LAT”)	190,704	255,383
– Capital gains tax on disposal of PRC entities by non-resident companies (note (ii))	–	44,499
	564,758	352,417
Deferred tax	(30,825)	(87,083)
	533,933	265,334

Notes:

- (i) During the six months ended 30 June 2016, EIT of approximately HK\$278,541,000 was provided for the gains on disposal of partnership interest in Green Carbon Fund (as defined in note 11), which was accounted for as a wholly-owned subsidiary of the Group, by a resident company. The EIT provided for the gain on disposal of partnership interest in Green Carbon Fund is calculated at 25% on the gain. Details of the disposal of partnership interest in Green Carbon Fund are set out in note 11.
- (ii) During the six months ended 30 June 2015, capital gains tax of approximately HK\$44,499,000 was provided for the gains on disposal of shares in Zhong Ou Cheng Kai (as defined in note 10) by non-resident companies. The capital gains tax provided for the gain on disposal of shares in Zhong Ou Cheng Kai is calculated at 10% on the difference between the consideration for acquisition of shares and the contributed capital of the relevant subsidiaries incorporated in the PRC. Details of the disposal of shares in Zhong Ou Cheng Kai are set out in note 10.

5. INCOME TAX (CONTINUED)

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 China's State Administration of Taxation, the tax rate of EIT applicable to the capital gains 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 properties 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 the six months ended 30 June 2016 and 2015.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2016	2015
	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	54,453	55,365
Interest income on bank deposits (included in other income)	(50,386)	(40,141)
Other interest income (included in other income) (note)	(63,376)	(1,178)
Impairment loss recognised on other receivables (included in other expenses, gains and losses, net)	122,078	–
Net foreign exchange loss (included in other expenses, gains and losses, net)	123,104	14,959

Note: For the six months ended 30 June 2016, other interest income includes an amount of approximately HK\$36,492,000 (six months ended 30 June 2015: nil) which represents accrued interest on outstanding consideration receivables in respect of disposal of subsidiaries on 28 December 2015 (the "Disposal Date"). According to the sales and purchase agreement of such disposal, the purchaser is required to pay a daily interest on the consideration receivable from the Disposal Date until the consideration receivable is settled in full. The daily interest rate is calculated on the basis of (i) for the first 90 days after the Disposal Date, the PBOC rate (as defined in note 9 (iii)) as of the Disposal Date and divided by 365; and (ii) thereafter, a daily interest rate of 0.05%. The consideration receivable was settled by instalments since the Disposal Date and was settled in full on 18 May 2016. The other interest income also includes an amount of approximately HK\$24,188,000 (six months ended 30 June 2015: nil) which represents accrued interest on outstanding other receivables recognised as non-current assets. Details of these other receivables are set out in note 12.

7. 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:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	312,101	114,005

	Six months ended 30 June	
	2016	2015
	'000	'000
Number of shares:		
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	4,811,273	4,811,523

The calculation of diluted earnings per share in current and prior period 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 periods.

8. MOVEMENTS IN INVESTMENT PROPERTIES

The fair values of the Group's investment properties as at 30 June 2016 have been arrived at on the basis of a valuation carried out 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 value basis, which conforms to Hong Kong Institute of Surveyors Valuation Standards. The fair values of the Group's investment properties were arrived at by reference to comparable sales transactions available in the relevant markets and where appropriate, investment approach by capitalising the net rental income derived from existing tenancies with due allowance for the reversionary potential of the properties. The resulting increase in fair values of the Group's investment properties of approximately HK\$47,523,000 has been recognised directly in profit or loss for the six months ended 30 June 2016 (six months ended 30 June 2015: decrease in fair values of approximately HK\$59,061,000).

During the six months ended 30 June 2015, the Group incurred subsequent expenditures of HK\$7,961,000 on certain investment properties.

The Group did not dispose of any investment properties during both interim periods.

9. AMOUNTS DUE FROM (TO) RELATED COMPANIES

		30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Amount due from a related company recognised in current assets:			
– A non-controlling shareholder	note (iii)	313,054	–
Amounts due to related companies recognised in current liabilities:			
– Xuhui SASAC and entities controlled by Xuhui SASAC	note (ii)	361,870	462,133
– An entity controlled by a former controlling shareholder	note (i)	–	2,466
– Non-controlling shareholders	note (iii)	249,224	190,741
– Nan Fung Group	note (v)	1,385,469	1,352,351
– SIHL	note (iv)	27,653	28,296
		2,024,216	2,035,987
Amounts due to related companies recognised in non-current liabilities:			
– A non-controlling shareholder	note (iii)	–	68,784

Notes:

- (i) The entity is controlled by Mr. Li Song Xiao, the former controlling shareholder of the Company. The amount is unsecured, interest-free and repayable on demand.

9. AMOUNTS DUE FROM (TO) RELATED COMPANIES (CONTINUED)

Notes: (Continued)

- (ii) The entire amounts due to Xuhui SASAC and entities controlled by Xuhui SASAC are non-trade in nature and unsecured.

Included in the amounts due to Xuhui SASAC and entities controlled by Xuhui SASAC as at 30 June 2016 is an amount of approximately HK\$92,776,000 (31 December 2015: approximately HK\$78,815,000) which represents a loan advanced from an entity controlled by Xuhui SASAC during the six months ended 30 June 2016 through an entrusted loan agreement administrated by a bank, which carries fixed interest at 12.5% (31 December 2015: 12.5%) per annum and is repayable on 27 June 2017 (31 December 2015: on 27 June 2016).

As at 31 December 2015, included in the amounts due to Xuhui SASAC was an amount of approximately HK\$121,355,000 which represented payables to Xuhui SASAC arising from the disposal of listed equity securities held on its behalf by the Group during the year. The securities had been disposed of at its fair value of approximately HK\$466,196,000 which was required to be returned to Xuhui SASAC, of which an amount of approximately HK\$344,841,000 was paid during the year ended 31 December 2015 and the remaining balance of approximately HK\$121,355,000 was paid during the six months ended 30 June 2016.

The remaining balance is interest-free and repayable on demand.

- (iii) The amounts are due from (to) non-controlling shareholders of the Group's subsidiaries.

The amount due from a non-controlling shareholder as at 30 June 2016 is non-trade in nature, unsecured, carrying variable interest at 90% of People's Bank of China Benchmark Lending Rate (the "PBOC" rate) per annum. The amount was advanced to a non-controlling shareholder for collection of a piece of land in relation to a potential property project and the amount is repayable upon completion of the land auction procedures, either successful or not. The directors of the Company expect the land auction procedures will be completed with one year.

The entire amounts due to non-controlling shareholders are non-trade in nature and unsecured. Included in the amounts due to non-controlling shareholders as at 30 June 2016 is an amount of approximately HK\$10,316,000 (31 December 2015: approximately HK\$15,262,000) which represents loans advanced from a non-controlling shareholder through an entrusted loan agreement administrated by a bank carrying variable interest at 105% (31 December 2015: 105%) of the "PBOC" rate per annum and repayable within one year. Included in the amounts due to non-controlling shareholders as at 30 June 2016 is an amount of approximately HK\$95,227,000 (31 December 2015: approximately HK\$97,444,000) which represents loans advanced from a non-controlling shareholder carrying variable interest at 120% (31 December 2015: 120%) of PBOC rate per annum and of which an amount of approximately HK\$28,008,000 (31 December 2015: approximately HK\$28,660,000) is repayable on 10 December 2016 and an amount of approximately HK\$67,219,000 (31 December 2015: approximately HK\$68,784,000) is repayable on various dates in year 2017 with last payment on 16 April 2017. The remaining balance is interest-free and repayable on demand.

- (iv) The amount is unsecured, interest-free and repayable on demand.

- (v) The entire amounts due to Nan Fung Group are denominated in US\$, unsecured, interest-free and repayable on demand. Included in the amounts due to Nan Fung Group is an amount of approximately US\$151,793,000 (equivalent to approximately HK\$1,183,988,000) (31 December 2015: US\$151,793,000 (equivalent to approximately HK\$1,183,988,000)) which represents an unsettled loan advanced from Nan Fung Group to finance initial payment for the acquisition of the entire issued capital of Continental Land Development Limited ("Continental Land") and its 99% interest in a PRC subsidiary, namely Shanghai World Trade (collectively referred to as "Continental Land Group"), during the year ended 31 December 2014. The acquisition was undertaken by Advantage World Investment Limited ("AWI"), a partially owned subsidiary of the Group, which, on the date of completion of the acquisition, allotted and issued subscription shares, representing 49% of the enlarged issue share capital of AWI, to a subsidiary of Nan Fung Group. The remaining balance of approximately US\$25,831,000 (equivalent to approximately HK\$201,481,000) (31 December 2015: US\$21,585,000 (equivalent to approximately HK\$168,363,000)) represents loans advanced from Nan Fung Group to finance the repayments of the consideration payable for such acquisition (the "Consideration Payable"). During the six months ended 30 June 2016, an amount of approximately US\$4,246,000 (equivalent to approximately HK\$33,118,000) was advanced from Nan Fung Group to finance the final repayment of the Consideration Payable.

10. 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 referred to as the “**Disposal Group**”). On 10 February 2015, the Group entered into a share transfer agreement with an independent third party. Pursuant to the share transfer agreement, the Group agreed to dispose of its entire interest in Bold Eagle for a consideration of RMB940,000,000 (equivalent to approximately HK\$1,174,706,000), of which RMB280,000,000, RMB460,000,000 and RMB200,000,000 would be settled on or before 27 March 2015, 10 June 2015 and 10 October 2015 respectively. During the year ended 31 December 2014, a deposit of HK\$99,975,000 regarding the disposal was received by the Group. The disposal was completed on 10 June 2015 and the remaining consideration of RMB200,000,000 (equivalent to approximately HK\$249,938,000) was fully settled during the second half year of 2015.

	HK\$'000
Consideration:	
Cash received	1,074,731
Deposit received during year ended 31 December 2014	99,975
Total consideration	1,174,706
Analysis of assets and liabilities over which control was lost:	
Property 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
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 prior interim period:	
Cash received during the six months ended 30 June 2015	824,793
Less: bank balances and cash disposed of	(103)
	824,690

The Disposal Group was principally engaged in property development in Hebei Province of the PRC. The main assets of the subsidiaries were 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.

11. GAIN ON DISPOSAL OF ASSETS THROUGH DISPOSAL OF A SUBSIDIARY

For the six months ended 30 June 2016, the Group disposed of an exclusive right for a designated portion of the “U Center” project (the “**Carved-out Site 1**”) held by a subsidiary, Shanghai Urban Development Group Longcheng Properties Co., Ltd 上海城開集團龍城置業有限公司 (“**SUD Longcheng**”), through disposal of its wholly-owned subsidiary of the Company, Urban Development Green Carbon (Tianjin) Equity Investment Fund (“**Green Carbon Fund**”), a limited partnership established in the PRC, for a total consideration of RMB1,668,000,000 (equivalent to approximately HK\$1,991,880,000) (the “**Purchase Consideration**”). The Purchase Consideration will be settled by redemption of the partnership interest in Green Carbon Fund held by SUD, a non wholly-owned subsidiary of the Company, under a redemption agreement dated 8 January 2016 (the “**Redemption Date**”) entered into among SUD, Green Carbon Fund, an existing general partner of Green Carbon Fund (the “**Departing GP**”) and two new partners of Green Carbon Fund (the “**New Partners**”) (the “**Redemption Agreement**”). According to the terms set out in the Redemption Agreement, RMB1,098,000,000 of the Purchase Consideration would be settled within five business days after the date of the Redemption Agreement, RMB300,000,000 of the Purchase Consideration would be settled on or before 31 March 2016 and the remaining RMB270,000,000 of the Purchase Consideration would be received on or before 30 June 2016. As stated in the Redemption Agreement, any amounts SUD received previously from Green Carbon Fund and which remains to be owed to Green Carbon Fund could be used to offset the Purchase Consideration, accordingly, an amount of RMB1,368,000,000 advanced by Green Carbon Fund to SUD before 31 December 2015 (see note 16) was offset against the Purchase Consideration which resulted in a remaining balance of RMB300,000,000 being owed by Green Carbon Fund to SUD. As at 30 June 2016, the remaining balance of the Purchase Consideration of RMB300,000,000 (equivalent to approximately HK\$350,099,000) has yet been settled and included in “trade and other receivables” line item of the condensed consolidated statement of financial position. This outstanding balance is subjected to penalty interests accrued according to the terms as set out in Redemption Agreement. Up to the date of these condensed consolidated financial statements are authorised for issue, the outstanding balance has been settled in full.

In addition to the Purchase Consideration, the New Partners agreed not entitle to exert influence or share of any appropriations of SUD Longcheng generated from operations or obliged to bear any additional obligations of SUD Longcheng after the Redemption Date, other than its exclusive right for the Carved-out Site 1.

SUD Longcheng is owned as to 25% by Power Tact Investment Limited (“**Power Tact**”), 35% by Green Carbon Fund and 40% by SUD. During the year ended 31 December 2013, the Group disposed of its interest in Power Tact through sales of its entire interest in the holding company of Power Tact. Though this disposal, the Group disposed of an exclusive right for another designated portion of the “U Center” project (“**Carved-out Site 2**”) and the purchaser agreed not entitle to exert influence or share of any appropriations of SUD Longcheng generated from operations or obliged to bear any additional obligations of SUD Longcheng after the disposal, other than its exclusive right for the Carved-out Site 2.

The land use right of the Carved-out Site 1 and Carved-out Site 2 is still held under the name of SUD Longcheng.

11. GAIN ON DISPOSAL OF ASSETS THROUGH DISPOSAL OF A SUBSIDIARY (CONTINUED)

The net assets of Green Carbon Fund and assets (including the Carved-out Site 1) at the Redemption Date were as follows:

	HK\$'000
Consideration:	
Deposits received during the year ended 31 December 2015 (Note 16)	1,633,628
Consideration receivables	358,252
Total consideration	1,991,880
Analysis of assets and liabilities disposed of:	
Inventories – properties under development for sale	2,393,272
Other receivables	3,045
Accrued expenditure on properties under development for sale	(388,760)
Other payables	(1,129,840)
Net assets disposed of	877,717
Gain on disposal:	
Total cash consideration	1,991,880
Net assets disposed of	(877,717)
Gain on disposal	1,114,163

After the redemption of partnership interest in Green Carbon Fund, SUD still owned 40% equity interest in SUD Longcheng and it continued to exert control over the composition of the board of directors of SUD Longcheng. Therefore, SUD Longcheng would continue to be a subsidiary of the Group and the remaining assets and liabilities and results of SUD Longcheng would continue to be consolidated into financial statements of the Group.

12. TRADE AND OTHER RECEIVABLES

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Trade and other receivables recognised as current assets		
Trade receivables	29,364	17,279
Less: Allowance for doubtful debts	(757)	(777)
	28,607	16,502
Other receivables (note (i))	477,407	555,680
Advance payments to contractors	14,663	31,726
Prepaid other taxes	447,652	97,530
Deposits and prepayments	133,844	18,209
Consideration receivables in respect of disposal of subsidiaries	-	2,627,284
Consideration receivables in respect of disposal of assets through disposal of a subsidiary (Note 11)	350,099	-
	1,452,272	3,346,931
Other receivables recognised as non-current assets		
Other receivables (note (ii))	213,094	194,872

Notes:

- (i) Other receivables mainly comprised of various warranty deposits placed with the relevant government bodies in respect of properties being sold, receivables in respect of advances made to contractors for collection of land and interest receivables in respect of interest bearing other receivables which are recognised as non-current assets. In addition to the above items, the balance as at 31 December 2015 also included rental accruals in respect of rent-free periods granted to a lessee of the Group's investment properties. During the six months ended 30 June 2016, these rental accruals of approximately HK\$122,078,000 were impaired as the underlying lease agreement had been terminated on 20 June 2016 without any penalty.
- (ii) The other receivables recognised as non-current assets of approximately HK\$213,094,000 (31 December 2015: HK\$194,872,000) represents loans advanced to a subsidiary of a tenant of one of the Group's investment properties (the "Borrower") through an entrusted loan agreement (the "EL Agreement") administrated by a trust company.

Pursuant to the EL Agreement, the Borrower was granted a loan facility of RMB182,600,000 which could be drawn down in any amounts and at any time after the date of the EL Agreement on 23 December 2014. The maturity date of each loan is five years from the date of drawn down. The Borrower has the right to repay the loans and accrued interests in full or by instalments in twelve months before the maturity date to the Group. The loans carry fixed interest at 10% per annum for the first and second year, 15% per annum for the third and fourth year and 18% per annum for the fifth year. The interests are payable in arrear semi-annually on 20 June and 20 December each year. The loans are secured by the registered share capital of the immediate and intermediate holding companies of the Borrower and these holding companies are principally engaged in commercial properties management.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: (Continued)

During the six months ended 30 June 2016, a total facility of approximately RMB182,600,000 (equivalent to approximately HK\$213,094,000) (31 December 2015: RMB163,186,000 (equivalent to approximately HK\$194,872,000)) was drawn down by the Borrower with details set out below:

Date of drawdown	Date of maturity	Amount RMB'000	Nominal interest rate per annum	Effective interest rate per annum
05.01.2015	05.01.2020	65,686	10%	13%
20.03.2015	20.03.2020	59,500	10%	13%
29.10.2015	29.10.2020	31,000	10%	13%
17.12.2015	17.12.2020	7,000	10%	13%
05.01.2016	05.01.2021	19,414	10%	13%
		182,600		

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 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within 90 days	20,636	11,766
Within 91-180 days	971	20
Over 180 days	7,000	4,716
	28,607	16,502

13. ASSETS/LIABILITIES CLASSIFIED AS HELD-FOR-SALE

On 12 May 2016, the Group entered into an equity transfer agreement (the “**ET Agreement**”) with Zhonggeng Real Estate Industrial Group Co., Ltd., 中庚地產實業集團有限公司, a connected person of the Company at the subsidiary level. Pursuant to the ET Agreement, the Group agreed to dispose of an exclusive right for the remaining designated portion of the “U Center” project held by SUD Longcheng, through disposal of 40% equity interest in SUD Longcheng (the “**Disposal**”), at a consideration of RMB1,907,000,000 (equivalent to approximately HK\$2,225,464,000) (the “**Disposal Consideration**”), of which RMB600,000,000, RMB300,000,000, RMB300,000,000 and RMB707,000,000 would be settled on or before 18 May 2016, 7 November 2016 and 5 February 2017 and 6 May 2017 respectively.

According to the terms as set out in the ET Agreement, completion of the Disposal will take place within five business days after full payment of the Disposal Consideration by the Purchaser (the “**Completion**”). Following the Completion, the Group will cease to have control on SUD Longcheng and it will cease to be a subsidiary of the Group. As at 30 June 2016, RMB600,000,000 (equivalent to approximately to HK\$700,198,000) of the Disposal Consideration was received by the Group and included in “trade and other payables” line item of the condensed consolidated statement of financial position. Up to the date of these condensed consolidated financial statements are authorised for issue, RMB1,607,000,000 of the Disposal Consideration has been received and the directors of the Company expect the remaining RMB300,000,000 of the Disposal Consideration will be received within one year from the interim period ended 30 June 2016.

Given the Group obtained the approval from the major shareholder at the date entering into the ET Agreement and the Disposal has not yet been completed before the period end, the assets and liabilities in relation to the 40% interest in SUD Longcheng has been reclassified to assets and liabilities classified as held-for-sale respectively as at 30 June 2016.

The major classes of assets and liabilities of SUD Longcheng classified as held-for-sale as at 30 June 2016 are as follows:

	HK\$'000
Properties, plant and equipment	886
Inventories – properties under development for sale	2,709,309
Deposits and prepayments	705,113
Other receivables	3,095,552
Bank balances and cash	104,233
Total assets classified as held-for-sale	6,615,093
Other payables	424,409
Accrued expenditure on properties under development for sale	193,202
Pre-sale proceeds received on sales of properties	115,816
Bank borrowings	4,901,389
Total liabilities classified as held-for-sale	5,634,816

14. TRADE AND OTHER PAYABLES

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Trade payables	653,280	826,573
Accrued expenditure on properties under development for sale	3,170,043	4,607,146
Amounts due to former shareholders of the Company's former subsidiaries (note (i))	164,273	167,589
Compensation payables to customers in respect of late delivery of properties	44	1,075
Receipts from customers for payment of expenses on their behalf	46,710	49,093
Rental deposits and receipt in advance from tenants	182,144	201,800
Interest payables	169,804	77,356
Payables to the Shanghai government department (note (ii))	470,969	370,280
Provision for compensation expense in relation to settlement of a legal case	120,810	123,621
Provision for an agreed payment in relation to withdrawal from a legal case	-	76,427
Deposits received for the Disposal (Note 13)	700,198	-
Accrued charges and other payables	519,031	591,755
Other taxes payables (note (iii))	25,952	45,218
	6,223,258	7,137,933

Notes:

- (i) The amounts are non-trade in nature, interest-free and repayable on demand.
- (ii) The amount represents the receipts of HK\$1,953,458,000 (31 December 2015: HK\$1,551,534,000) from the purchasers of affordable housings which were collected on behalf of Shanghai government department and not yet paid to it, net of receivable of HK\$1,482,489,000 (31 December 2015: HK\$1,181,254,000) for the construction and other related costs and the agreed profit margin of the affordable housings. The amount is repayable on demand. During the six months ended 30 June 2016, none was repaid to Shanghai government department.
- (iii) Other taxes payables comprise urban real estate tax payable, city maintenance and construction tax payable and business tax payable.

14. TRADE AND OTHER PAYABLES (CONTINUED)

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within 30 days	2,910	198,534
Within 31–180 days	497,112	495,561
Within 181–365 days	80,094	30,594
Over 365 days	73,164	101,884
Total trade payables	653,280	826,573

15. BANK AND OTHER BORROWINGS

During the six months ended 30 June 2016, the Group obtained new bank and other borrowings of approximately RMB6,731,186,000 (equivalent to approximately HK\$7,997,132,000) (six months ended 30 June 2015: RMB4,237,500,000 and US\$11,009,000 (in aggregate equivalent to approximately HK\$5,381,421,000)). As at 30 June 2016, the balances of banks and other borrowings carry variable interest ranging from 2.23% to 7.38% (31 December 2015: 2.23% to 7.38%) per annum and are payable from one to ten years (six months ended 30 June 2015: one to nine years). The loans were obtained for the purpose of property project development of the Group.

During the six months ended 30 June 2016, the Group also repaid the bank and other borrowings of approximately HK\$2,826,000,000, RMB4,585,336,000 and US\$160,730,000, (in aggregate equivalent to approximately HK\$9,527,464,000) (six months ended 30 June 2015: approximately RMB3,486,634,000 and US\$11,125,000 (in aggregate equivalent to approximately HK\$4,443,978,000)). As at 30 June 2016, bank borrowings of RMB4,200,000,000 (equivalent to approximately of HK\$4,901,389,000) has been reclassified to liabilities classified held-for-sale. Details of the reclassification are set out in note 13.

Included in bank and other borrowings are borrowings from SIHL Finance Limited, a wholly owned subsidiary of SIHL, of HK\$2,337,600,000 (31 December 2015: HK\$3,337,600,000). This entire amount is unsecured and comprised of HK\$ denominated loan of HK\$372,000,000 (31 December 2015: HK\$1,372,000,000) and US\$ denominated loan of approximately HK\$1,965,600,000 (31 December 2015: equivalent to approximately HK\$1,965,600,000). An amount of HK\$1,000,000,000 included in the HK\$ denominated loan as at 31 December 2015 which carried variable interest rate at three months Hong Kong Interbank Offered Rate ("HIBOR") plus 4.48% per annum was repaid during the period.

16. DEPOSITS RECEIVED FOR IDENTIFYING INVESTMENT PROJECTS

Deposits received from partners of Green Carbon Funds

On 6 May 2015, SUD, a subsidiary of the Company, Green Carbon Fund, the Departing GP and the New Partners entered into an investment agreement (the "Investment Agreement"). The Departing GP and the New Partners are independent parties not connected to the Group. Pursuant to the Investment Agreement, the New Partners committed to invest RMB1,668,000,000 (equivalent to approximately HK\$1,991,880,000) in aggregate into Green Carbon Fund for exploring investment opportunities on new projects and the New Partners would not be entitled to any benefits in relation to an existing project that Green Carbon Fund is currently investing.

During the year ended 31 December 2015, the New Partners invested RMB1,368,000,000 (equivalent to approximately HK\$1,633,628,000) in aggregate into Green Carbon Fund and the same amount was advanced by Green Carbon Fund to SUD for the purpose of identifying investment opportunities on new projects.

As at 31 December 2015, in view of the fact that no potential new projects has been identified by SUD, SUD negotiated with the New Partners in respect of disposal of its interest in the existing project to the New Partners through disposal of its partnership interest in Green Carbon Fund.

During the six months ended 30 June 2016, the entire deposits received from the New Partners were utilised to become the consideration for the Group's disposal of its assets through disposal of a subsidiary. Details of this disposal are set out in note 11.

Deposit received from a non-controlling shareholder

As at 31 December 2015, included in the deposits received for identifying investment projects was an amount of RMB300,000,000 (equivalent to approximately HK\$358,252,000) which was a refundable deposit received by the Group from a non-controlling shareholder of a subsidiary of the Group in relation to potential disposal of the Group's interest in a subsidiary to the non-controlling shareholder. During the six months ended 30 June 2016, this deposit was refunded to the non-controlling shareholder.

17. SHARE CAPITAL

Ordinary shares of HK\$0.04 each.

Issued and fully paid

	Number of shares '000	Share capital HK\$'000
As at 1 January 2015 and 30 June 2015	4,811,523	192,461
Share repurchased and cancelled	(250)	(10)
As at 1 January 2016 and 30 June 2016	4,811,273	192,451

18. SHARE-BASED PAYMENT

As at 30 June 2016, the number of shares of the Company in respect of which options had been granted and remained outstanding under the share option scheme was 41,750,000 (31 December 2015: 42,750,000), representing 0.9% (31 December 2015: 0.9%) of the shares of the Company in issue at that date. During the six months ended 30 June 2016 and 2015, no options were granted or expired. During the six months ended 30 June 2016, 1,165,000 options (six months ended 30 June 2015: nil) were forfeited.

19. CAPITAL COMMITMENTS

Capital expenditure in respect of properties under development for sale:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Contracted for but not provided for in the condensed consolidated financial statements – additions in properties under development for sale	3,107,465	3,602,746

20. CONTINGENT LIABILITIES**(a) Corporate guarantees**

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Guarantee given to banks in respect of banking facilities utilised by:		
– property buyers	2,194,352	2,208,403
– an entity controlled by Xuhui SASAC	193,722	198,233
– an entity jointly held by a joint venture entity of the Group	257,906	263,912
	2,645,980	2,670,548

As at 30 June 2016, 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\$387,443,000 (31 December 2015: HK\$396,465,000).

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.

The Company entered into agreements with banks to provide corporate guarantees with respect to bank loans granted to an entity controlled by Xuhui SASAC. As at 30 June 2016, the maximum liability of the Company under such guarantees is the outstanding amount of the bank loans to the entity controlled by Xuhui SASAC of approximately HK\$198,722,000 (31 December 2015: HK\$198,233,000).

The Company entered into agreements with a bank to provide corporate guarantees with respect to bank loans granted to an entity jointly held by a joint venture entity of the Group. As at 30 June 2016, the maximum liability of the Company under such guarantees is the outstanding amount of the bank loans to an entity jointly held by a joint venture entity of the Group of approximately HK\$257,906,000 (31 December 2015: HK\$263,912,000).

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the directors of the Company exercise judgement in evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation. In the opinion of the directors of the Company, the possibility of default by these parties is remote given their financial background and the quality of assets. Accordingly, no provision has been made in the condensed consolidated financial statements for these guarantees.

20. CONTINGENT LIABILITIES (CONTINUED)**(b) Warranty against defects of properties**

Properties purchased by buyers are provided with various warranties with terms ranging from one to two years against certain specified defects as stipulated in either the sale and purchase agreements of properties or the PRC laws and regulations.

21. RELATED PARTY TRANSACTIONS

(i) Save as disclosed elsewhere in these condensed consolidated financial statements, during the period, the Group had the following significant transactions with related parties:

Related party	Nature of transactions	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Ultimate holding company	Interest expense	(15,492)	(14,327)
Entities controlled by SIHL	Interest expense	(67,544)	(83,257)
	Rental expense	-	(63)
Entity controlled by an independent non-executive director of SIHL	Rental expense and management fee	(3,116)	(3,151)
Associates	Property agency fee	(24,584)	(14,870)
	Rental income	697	361
	Interest income	708	-
Non-controlling shareholders of a subsidiary	Interest expense	(76)	(591)
	Management fee	(592)	-
An entity controlled by Xuhui SASAC	Interest expense	(4,133)	(6,017)

21. RELATED PARTY TRANSACTIONS (CONTINUED)**(ii) Compensation of key management personnel**

The remuneration of key management personnel of the Group, including amounts paid to the Company's directors during the period, was as follows:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	5,771	8,702
Post-employment benefit	27	36
	5,798	8,738

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

(iii) Government-related entities

The Group itself is part of a larger group of companies under SIIC Group (SIIC and its subsidiaries are collectively referred to as "SIIC Group") which is controlled by the PRC government. The directors of the Company consider that the Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("PRC government related entities"). Apart from the transactions with the SIIC Group and Xuhui SASAC which have been disclosed above and in other notes to the condensed consolidated financial statements, the Group also conducts businesses with other PRC government-related entities in the ordinary course of business. The Group's deposits placements, borrowings and other general banking facilities are entered into with certain banks which are PRC-government related entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosures would not be meaningful.

In addition, the Group has entered into various transactions, including sales, purchases and other operating expenses with other PRC government-related entities. In the opinion of the directors of the Company, these transactions are considered as individually and collectively insignificant to the operation of the Group during the six months ended 30 June 2016 and 2015.

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy
	30 June 2016	31 December 2015	
Held-for trading non derivative financial assets classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	Listed equity securities in the PRC – HK\$4,104,000	Listed equity securities in the PRC – HK\$4,532,000	Level 1
Available-for-sale investments	Listed equity securities in the PRC – HK\$167,520,000 (note)	Listed equity securities in the PRC with restriction period – HK\$189,277,000	Level 1

Note: The restriction period of the listed equity securities in the PRC classified as available-for-sale investments was end during the six months ended 30 June 2016.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities carried at amortised cost in the condensed consolidated financial statements approximate their fair values.

23. DIVIDENDS

Dividends recognised as distribution during the period:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
2015 final dividend declared – HK\$1.2 cents (2015: HK\$1.1 cents for year 2014)	57,735	52,927
2015 special dividend declared – HK\$1.6 cents	76,980	–

2015 a final dividend and a special dividend of HK\$1.2 cents and HK\$1.6 cents were declared and approximately HK\$133,264,000 was paid during the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$52,927,000).

No 2016 interim dividends were proposed during the six months ended 30 June 2016, nor has any dividend been proposed since the end of the reporting period.