上海實業城市開發集團有限公司
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

Press Release

SIUD ACHIEVES CONTINUOUS IMPROVEMENT IN CORE BUSINESS FOR THE FIRST HALF OF 2014

(For the 6 months ended 30 June)	2014 (HK$ million)	2013 (HK$ million)	Changes
Revenue	**3,167**	2,966	+6.8%
Gross profit	**970**	945	+2.7%
Gross profit margin	**30.6%**	31.9%	-1.3 p.p.
Gross profit margin (Commodity Housing)	**40.8%**	32.6%	+8.2p.p.
Profit attributable to the owners of the Company	**(148)**	482	N/A
Profit attributable to the owners of the Company (excluding one-off gain)	**(148)**	(255)	Reduction in loss
Basic earnings per share (HK cent)	**(3.08)**	10.02	N/A

(Hong Kong, 26 August 2014) – **Shanghai Industrial Urban Development Group Limited** ("SIUD" or the "Group", SEHK: 563) today announced its unaudited interim results for the six months ended 30 June 2014.

For the six months ended 30 June 2014, the Group's revenue rose by 6.8% to HK$3,167,095,000, which reflected the Group's efforts to accelerate project construction progress and delivery of property. During the review period, property sales were the Group's main source of revenue, representing 93.1% of total revenue. The largest contribution was from Urban Cradle, accounting for 42.7% of property sales, followed by Shanghai Jing City, at 28.9%. In addition, leasing, property management and services, and hotel operations accounted for 4.4%, 1.2%, and 1.3% of the revenue respectively.

During the period under review, the Group's gross profit was HK$969,896,000, up 2.7% year-on-year, largely due to increase of revenue. Gross profit margin was approximately 30.6%, similar to that of the last corresponding period. If only commodity housing was taken into consideration, the Group's overall gross profit margin increased from 32.6% to 40.8% for the first half of 2014. Thanks to the product quality and branding, the Group was able to increase its selling price steadily, instead of sacrificing price for sales volume.

For the first half of 2014, the Group recorded a loss attributable to owners of the Company of HK$148,190,000 (six months ended 30 June 2013: profit attributable to owners of the Company of HK$481,877,000). The decrease was mainly due to the one-off gain from the disposal of the U Center project in the same period last year, which increased the year-on-year base for comparison. Excluding the one-off gain from the disposal, loss attributable to owners of the Company during this period would have recorded a year-on-year decrease of approximately HK$107,146,000, compared with the loss of HK$255,336,000 for the corresponding period last year. For the six months ended 30 June 2014, both basic and diluted loss per share were 3.08 HK cents (six months ended 30 June 2013: both basic and diluted earnings per share were 10.02 HK cents)

For the six months ended 30 June 2014, the Group recorded a total contract sales of RMB2,520,000,000 (six months ended 30 June 2012: RMB3,340,000,000), surpassing half of the full-year contract sales target set at the beginning of the year. During the period, contract sales from commodity housing amounted to RMB1,710,000,000, down 36.7% year-on-year, accounting for 67.9% of the Group's overall contract sales. The year-on-year decrease was mainly a result of the difference in project launch schedules. Since for the key project Urban Cradle, inventories of Phase IV were almost sold out early this year and Phase V was only released in June. In the first half year, average selling price of commodity housing contract sales was approximately RMB20,800 per sq.m., up 1% year-on-year. Contract sales from affordable housing were RMB810,000,000, up 26.6% year-on-year, accounting for 32.1% of the Group's overall contract sales.

In the first half of 2014, China's economy experienced steady growth. The Central Government stated that establishing long-term mechanisms is essential to property market development. In the Yangtze River Delta and first-tier coastal cities where the Group is actively engaged in, the fundamentals of the market remain solid. For quality projects whose branding and quality are superior to its peers, such as the Group's Urban Cradle, selling prices have been steadily increasing, which serves to distinguish the developer's strength.

In April 2014, the Group signed an agreement with the Minhang District Government in Shanghai to acquire a land parcel located at Meilong Town, Minhang District for RMB767 million for the development of Phase V of Shanghai Jing City. The project will be developed into small- and medium- sized commodity housing to satisfy the rigid housing demand from targeted consumer segments such as newlyweds and the growing urban population.

In the second half of 2014, the Group will seize opportunities and focus on developing business in the more affluent cities in the Yangtze River Delta and along the coastline, promoting innovative property development model. It will strive to obtain quality land resources riding on opportunities presented by equity reforms of state-owned enterprises and urban development, and also through ways, such as mergers and acquisitions, renovation of old towns, and upgrade of land use by local governments. Efforts will be made to unleash the potential value of land. The Group's flexible approach in embarking on projects other than its own, like in collaboration with other developers or strategic partners, or capitalizing on assets and pursuing projects at suitable time, will enable the Group to maximize its asset value, and at the same time also to accelerate cash inflows. Moreover, the management expected that the Shanghai Free Trade Zone would surely drive the capital market liberalization and international development in Shanghai and the consequent rise in commercial activities in the district and the city of Shanghai. The Group possesses a multitude of excellent land parcels for commercial and office use in Shanghai and is poised for this market opportunity.

During the review period, the Group will continue to divest assets no longer aligned with the its long-term strategies. On 6 August, the Group entered into a framework agreement with Bosera Asset Management Co., Limited, disposing a subsidiary owning 40% equity of the Tianjin Beichen project for RMB366,000,000. Upon the completion, it is expected that the Group will record an income before taxation of RMB109,179,000 and will receive approximately RMB434,070,000 cash inflow (including a repayment of shareholder's loan). The proceeds will be reinvested into projects with greater profitability or used as working capital.

Also, the Group will accelerate the construction of new projects. In June 2014, the construction began for the Xinzhuang Metro Superstructure. Meanwhile, the approval of the design and construction plans of Phase V of Shanghai Jing City has been processing well. Both the Phase V of Shanghai Jing City and the Xuhui Bijiang project are expected to begin construction at the end of this year or the beginning of next year. In terms of property sales in the second half year, the emphasis would be on the large-sized deluxe fitted-out mansions in Phase V of Urban Cradle in Shanghai, CBE International Peninsula in Xi'an, and Top City in Chongqing.

In terms of capital liquidity, the Group entered into a facilities agreement with certain banks for dual currency term loan facilities of HK$1,826,000,000 and US$65,000,000 for a term of 36 months. Furthermore, the Group obtained a US$300,000,000 loan from the controlling shareholder Shanghai Industrial Holdings Limited. The costs of these two financing arrangements are much lower than that of the previous US$400,000,000 senior note inherited from the former Neo-China Land, which would be beneficial to the Group's future development.

In the second half of 2014, the Group is committed to executing strategic development plans and implementing projects progressively to secure fruitful returns for our shareholders.

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About Shanghai Industrial Urban Development Group Limited

Shanghai Industrial Urban Development Group Limited is a subsidiary of Shanghai Industrial Holdings Limited. At the end of June 2014, The Group owns 23 real estate projects in 12 tier-one and –two Chinese cities, which include Shanghai, Beijing, Sanhe, Shenyang, Tianjin, Kunshan, Wuxi, Xi'an, Chongqing, Changsha, Shenzhen and Zhuhai. Most of the projects belong to mid-range to high-end residential properties, and are already in the construction stage, with total saleable area of approximately 7,530,000 square meters.