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

Press Release

SIUD RECORDS BETTER RESULTS IN 2014
PROPOSES DIVIDEND PAYOUT FOR THE FIRST TIME

Financial Highlight

(For the year ended 31 December)	2014 (HK$ million)	2013 (HK$ million)	Changes
Revenue	**7,774**	9,774	(20.5%)
Gross profit	**2,950**	1,519	94.3%
Gross profit margin	**38.0%**	15.5%	22.5 p.p.
Gross profit margin (excluding affordable housing)	**41.7%**	23.1%	18.6 p.p.
Profit attributable to equity owners of the Company	**161**	143	12.3%
Basic earnings per share (HK cent)	**3.35**	2.98	12.4%
Final Dividend per share (HK cent)	**1.1**	N/A	N/A

(Hong Kong, 27 March 2015) – **Shanghai Industrial Urban Development Group Limited** ("SIUD" or the "Group", SEHK: 563) today announced its annual results for the year ended 31 December 2014.

<u>Financial Review</u>

For the year ended 31 December 2014, the Group's revenue decreased by 20.5% year-on-year to HK$7,774,000,000, primarily due to the decreased delivery of completed property. Property sales was the Group's main source of revenue, of which accounted for 91.4% of total revenue. Revenue from leasing, property management and services, and hotel operations contributed 6.1%, 1.2% and 1.3% to the Group's total revenue respectively. The rapid growth in the proportion of rental income was attributable to the acquisition of ShanghaiMart in late September. Thanks to the increased proportion of quality projects completed and delivered by the Group during the year, as well as the adherence to the strategy of maintaining a steady pace in raising new projects' selling prices, its gross profit margin increased from 15.5% last year to 38.0% during the year.

Due to the greater contribution from the high-margin project Urban Cradle and the one-off gain arising from the disposal of the interests in Tianjin Beichen project, the Group's profit before interest and taxation recorded a year-on-year increase of 68.0% to HK$2,488,000,000 (2013: HK$1,481,000,000) for the year ended 31 December 2014. If the one-off gain is excluded, the profit before interest and taxation even surged 264.1% to HK$2,352,000,000 (2013: HK$646,000,000). During the year, the Group's profit attributable to owners of the Company recorded a 12.3% increase year-on-year to HK$161,181,000 (2013: HK$143,471,000). Both basic and diluted earnings per share increased 12.4% year-on-year to 3.35 HK cents (2013: 2.98 HK cents). In view of shareholders' unwavering support over the years, the Board proposed a dividend of 1.1 HK cents per share, equivalent to a dividend payout ratio of 32.8%, which is the first time ever since the acquisition of Neo-China Land.

During the year, the Group secured financing of HK$1,826,000,000 and US$65,000,000 through a club loan deal, and raised approximately HK$372,000,000 and US$252,000,000 new shareholder loans. The club loan even slashed the borrowing rate of the US$400 million senior notes due July 2014 by more than half, which is an advantage to the future development of the Group. As at 31 December 2014, bank balance and cash of the Group increased by 10.2% to HK$6,424,058,000 (31 December 2013: HK$5,827,825,000).

Business Review

Reviewing the year of 2014, the real estate market demonstrated increasingly remarkable trend of cross-regional deviations of development since the adjustment of the market last year. The greater resilience of property prices in first- and second-tier cities shows that the rigid demand still persisted in major cities of China. In response to the new dynamics in the external environment, the Group optimized and adjusted the geographical distribution of its project portfolio. In 2014, in furtherance of its existing strategy, the Group leverages its regional advantages in the Yangtze River Delta region and speeded up its strategic shifting towards first-tier cities and the Yangtze River Delta region where solid demand for housing products as well as economic development was better secured, and selectively withdrew from third-tier and fourth-tier cities, striving for profit maximization on the back of Shanghai's geographical advantage.

During the year, the Group recorded overall contract sales of RMB4,717,000,000 (2013: RMB6,609,000,000), or approximately 9.7% above the sales target with approximately RMB3,716,000,000 from commodity housing. The average selling price of overall contract sales showed a year-on-year increase of 6.0% to approximately RMB17,800 per sq.m. Excluding affordable housing, the average selling price of contract sales showed a year-on-year increase of 15.5% to approximately RMB22,400 per sq.m., which was mainly attributable to the adjustment of Urban Cradle product mix.

In April 2014, the Group entered into an agreement with the Government of Minhang District of Shanghai for the acquisition of a land parcel in Meilong Town at a total amount of RMB767,000,000 (relocation costs inclusive), to be developed into commodity housing under Phase V of Shanghai Jing City. In September 2014, the Group joined hands with Nan Fung Group and acquired ShanghaiMart at a consideration of US$579,000,000. It marked a milestone in the Group's development. In the following years, the project will be renovated, managed and operated by the Group and Nan Fung Group in joint efforts to raise its rental income and to become a new landmark in Changning District of Shanghai.

During the year, SIUD continued to strip assets that do not fit its long-term development strategy. In December 2014, the Group disposed of Tianjin Beichen project, in which it holds a non-controlled stake, at approximately RMB366,000,000. The Group recorded a profit of approximately RMB108,000,000 before taxation and will receive a cash flow of RMB434,070,000.

Outlook

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

Looking forward, the Group remains confident in the real estate market of the first-tier cities in China. Over the past two years, the Group revitalized its inventory assets and optimized its layout structure for the best investment returns. With its foothold in first-tier cities, the Group fully capitalized on the unique competitive edge of large cities. All of the Group's investment projects in Shanghai including Binjiang U Center, Minhang U Center and Xinzhuang Metro Superstructure that had already entered or were about to enter the construction stage are expected to benefit from the overall economic growth of Shanghai in the future. The Group will carry on with its strategic deployment in three aspects: (1) to ensure decent profit by maintaining existing development progress and scale of quality projects; (2) to develop more investment properties so as to raise the recurring income level and ensure stable cash flow, and (3) to timely adjust its land bank portfolio and expedite its assets turnover in a bid to maximize overall return and generate greater interests for the shareholders.

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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 December 2014, the Group owns 22 real estate projects in 12 tier-one and tier–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 5,670,000 square meters.