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

[Press Release]

SIUD ACHIEVES A PROFIT TURNAROUND IN 2013
PROFIT ATTRIBUTABLE TO SHAREHOLDERS AMOUNTED TO HK$144 MILLION

(For the year ended 31 December)	2013 (HK$ million)	2012 (HK$ million)	Changes
Revenue	**9,774**	8,783	11.3%
Gross profit	**1,519**	1,359	11.8%
Gross profit margin	**15.5%**	15.5%	--
Gross profit margin (excluding affordable housing)	**23.1%**	17.4%	5.7 p.p.
Profit attributable to equity owners of the Company	**144**	(190)	Turnaround
Basic earnings per share (HK cent)	**2.98**	(3.95)	Turnaround

(Hong Kong, 27 March 2014) – **Shanghai Industrial Urban Development Group Limited** (“SIUD” or the “Group”, SEHK: 563) today announced its audited annual results for the year ended 31 December 2013.

In 2013, the Group’s revenue increased by 11.3% year-on-year to HK$9,774,000,000, which is the highest since the acquisition of Neo-China Land in 2010. It was mainly due to the acceleration in construction progress and delivery of properties, recognizing steadily increased revenue. Property sales remained as the Group’s main source of revenue, accounting for 95.6% of the Group’s revenue, while leasing, property management and services, and hotel operations accounted for 2.6%, 0.9%, and 0.9%, respectively. During the year, property sales amounted to approximately HK$9,344,000,000, and the contribution from Shanghai Jing City, CBE International Peninsula, and Urban Cradle, accounted for 29.5%, 25.1%, and 20.2% of the total property sales, respectively.

During the year, the Group’s gross profit margin maintained stable at 15.5% (2012: 15.5%), because the large amount of revenue from affordable housing dragged down the Group's overall gross profit margin. Excluding affordable housing, the Group's overall gross profit margin increased from 17.4% in 2012 to 23.1% in 2013.

In 2013, the Group recorded an operating profit of HK$1,489,900,000 (2012: HK$992,800,000) and a financial turnaround of profit attributable to owners of the Company of HK$143,471,000 (2012: loss of HK$190,166,000) in light of steady increase in revenue and a one-off gain from the disposal of U Center equity interests. Basic and diluted earnings per share for the year were 2.98 HK cents and 2.98 HK cents, respectively (2012: basic and diluted loss per share of 3.95 HK cents and 3.95 HK cents, respectively).

As at 31 December 2013, cash and bank balance of the Group increased by 11.0% to HK$5,827,825,000; the ratio of net debt to total equity of the Group decreased from 50.2% in 2012 to 41.3% for the year. The Group maintains a healthy financial position.

During the year, the Group recorded overall contract sales of RMB6,609,000,000 (2012: RMB6,682,000,000). Contract sales from commodity housing increased by 27.9% to RMB4,942,000,000, while contract sales from affordable housing decreased by 40.8% to RMB1,667,000,000. The average selling price of overall contract sales increased by 52.7% to approximately RMB16,800 per sq.m. in 2013. Excluding affordable housing, the average selling price showed a significant increase of 64.4% to RMB19,400 per sq.m. This was mainly driven by the increased sales volume of the higher-priced Urban Cradle, as well as the Group's competitive advantages in branding, quality and pricing power that resulting in general price hike of most of its projects.

Looking back in 2013, property prices of the first- and second-tier cities in China continued to grow generally. This reflected that the inelastic demand of property market in major cities still remained strong even under the macroeconomic regulations by the Central Government. In spite of the fierce competition, the Group strived to capture market opportunities and maintain a scalable construction and sales volume, as well as restructure its land bank and improve its operational efficiency. As a result of its efforts, the Group has successfully achieved a financial turnaround after several loss-making years, and entered a new page of harvest.

In May 2013, the Group reached an agreement with the Xuhui District Government in Shanghai to swap a piece of land parcel in the Xujiahui Centre project for four parcels of quality land located in Binjiang, Xuhui District, which laid a solid foundation for the Group's long-term development in the Yangtze River Delta and major coastal cities. The Group not only optimized its assets portfolio, but also successfully unlocked the potential value of some of its quality assets. In June 2013, the Group disposed 25% interest in the U Center project in Shanghai for RMB1,174,500,000, generating a profit of approximately HK$819,000,000 before taxation and a net cash inflow of RMB600,000,000 during the year. The remaining balance will be recovered in 2014. The Group relentlessly consolidated and optimized its land bank and asset portfolio, on one hand, to set ground for sustainable development, also to attain substantial profit.

Looking ahead to 2014, the Group believes that the property market will develop progressively. Following the success of last year, the Group will continue to seize market opportunities, launch timely projects for sale, as well as maximize selling price, revenue and return to improve the Group’s gross profit margin. In the meantime, the Group will continue to optimize its land bank by reallocating resources to first- and second-tier cities which have high rigid housing demand, strong spending power, but limited land supply. In addition, leveraging on the unique competitive advantages of our parent company Shanghai Industrial Holdings Limited (SEHK: 363) in the Yangtze River Delta and our strong relationship with the Shanghai government, the Group will actively search for low-cost land, and diversify to invest in more non-residential projects to embrace the opportunities brought by the Shanghai Free Trade Zone, thereby supporting the Group’s long-term development and achieving its vision of being the leader in financial property.

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About Shanghai Industrial Urban Development Group Limited

Shanghai Industrial Urban Development Group Ltd. is a subsidiary of Shanghai Industrial Holdings Ltd. It currently owns 23 real estate projects in 12 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 salable area of approximately 7,590,000 square meters.

This press release is issued by DLK Advisory Limited for and on behalf of Shanghai Industrial Urban Development Group Limited.

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