上海實業城市開發集團有限公司
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 563)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "**Board**") of Shanghai Industrial Urban Development Group Limited (the "**Company**") announces that the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012 were as follows:

FINANCIAL HIGHLIGHT

	For the year ended 31 December 2013	For the year ended 31 December 2012	Change %
Financial Highlights (HK$'000)			
Revenue	9,773,547	8,782,561	11.3
Profit (loss) attributable to owners of the Company	143,471	(190,166)	Turnaround
Financial Information per share (HK cents)			
Profit (loss)			
– Basic	2.98	(3.95)	Turnaround
– Diluted	2.98	(3.95)	Turnaround
	As at 31 December 2013	**As at 31 December 2012**	
Pre-sale proceeds received on sales of properties (HK$'000)	6,496,160	7,826,181	
Financial Ratios			
Net debt to total equity (%) (note)	41.3%	50.2%	
Current ratio	1.9	2.0	

Note: Net debt = total borrowings (including bank and other borrowings and senior notes) – bank balances and cash and restricted and pledged bank deposits.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	2013 HK$'000	2012 HK$'000
Revenue	4	**9,773,547**	8,782,561
Cost of sales		**(8,254,997)**	(7,423,621)
Gross profit		**1,518,550**	1,358,940
Other income	5 (a)	**88,239**	132,894
Other expenses, gains and losses	5 (b)	**(58,829)**	(137,789)
Gain on disposal of subsidiaries		**15,276**	359,222
Fair value changes on investment properties		**(122,835)**	18,551
Impairment loss in respect of inventories		**(36,374)**	(71,627)
Distribution and selling expenses		**(237,518)**	(157,936)
General and administrative expenses		**(495,796)**	(509,411)
Gain on disposal of assets through disposal of subsidiaries		**819,125**	–
Finance costs	6	**(698,583)**	(566,511)
Share of losses of associates		**(9,161)**	(4,721)
Profit before tax		**782,094**	421,612
Income tax	8	**(476,377)**	(388,301)
Profit for the year	7	**305,717**	33,311
Other comprehensive income for the year			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation into presentation currency		**544,190**	124,385
Item that may be reclassified subsequently to profit or loss:			
Reclassification adjustment for realisation of revaluation gains transferred to profit or loss upon sale of completed properties held-for-sale		**(1,602)**	(147)
Other comprehensive income for the year		**542,588**	124,238
Total comprehensive income for the year		**848,305**	157,549

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ***(CONTINUED)***

FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTE	2013 HK$'000	2012 HK$'000
Profit (loss) for the year attributable to:			
Owners of the Company		**143,471**	(190,166)
Non-controlling interests		**162,246**	223,477
		305,717	33,311
Total comprehensive income (expense) attributable to:			
Owners of the Company		**456,777**	(121,969)
Non-controlling interests		**391,528**	279,518
		848,305	157,549
Earnings (loss) per share			
Basic (HK cents)	9	**2.98**	(3.95)
Diluted (HK cents)	9	**2.98**	(3.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2013

	NOTES	**31.12.2013** HK$'000	31.12.2012 HK$'000
Non-current assets			
Investment properties	10	**5,736,299**	6,028,842
Property, plant and equipment		**1,511,007**	1,451,809
Prepaid lease payments		**92,178**	92,189
Intangible assets		**65,301**	63,433
Interests in associates		**1,647,749**	1,609,955
Interest in a joint venture		**65,718**	–
Amount due from an associate		**87,160**	84,666
Available-for-sale investments		**102,633**	34,398
Restricted and pledged bank deposits		**100,800**	231,715
Deferred tax assets		**217,379**	212,488
		9,626,224	9,809,495
Current assets			
Inventories	11	**34,431,317**	36,308,151
Trade and other receivables	12	**2,505,237**	1,384,348
Amounts due from related companies		**83,612**	195,388
Amount due from an associate		**19,270**	–
Prepaid lease payments		**2,709**	2,615
Prepaid income tax and land appreciation tax		**420,467**	296,780
Financial assets at fair value through profit or loss		**2,074**	12,887
Pledged bank deposits		**385,766**	52,731
Bank balances and cash		**5,827,825**	5,249,524
		43,678,277	43,502,424
Assets classified as held-for-sale		**132,458**	301,593
		43,810,735	43,804,017
Current liabilities			
Trade and other payables	13	**6,438,474**	4,845,705
Amounts due to related companies		**460,737**	606,304
Amounts due to associates		**94,264**	85,688

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
AT 31 DECEMBER 2013

	31.12.2013	31.12.2012
	HK$'000	*HK$'000*
Consideration payables for acquisition of subsidiaries	**325,348**	316,041
Pre-sale proceeds received on sales of properties	**6,496,160**	7,826,181
Bank and other borrowings	**3,858,292**	5,777,737
Senior notes	**3,093,059**	–
Income tax and land appreciation tax payables	**1,988,568**	2,061,572
Dividend payable	**6,423**	6,423
Dividend payable to an non-controlling shareholders	**339,309**	416,293
	23,100,634	21,941,944
Net current assets	**20,710,101**	21,862,073
Total assets less current liabilities	**30,336,325**	31,671,568
Non-current liabilities		
Bank and other borrowings	**7,535,109**	6,288,433
Senior notes	**–**	3,048,911
Deferred tax liabilities	**3,017,939**	3,242,628
	10,553,048	12,579,972
	19,783,277	19,091,596
Capital and reserves		
Share capital	**192,461**	192,461
Reserves	**12,426,509**	11,969,732
Equity contributable to owners of the Company	**12,618,970**	12,162,193
Non-controlling interests	**7,164,307**	6,929,403
	19,783,277	19,091,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent is Shanghai Industrial Holdings Limited ("**SIHL**") (incorporated in Hong Kong and listed on the Stock Exchange) and its ultimate holding company is Shanghai Industrial Investment (Holdings) Company Limited ("**SIIC**") (a private limited company also incorporated in Hong Kong).

The principal activities of the Group are property development and property investment and hotel operation in the People's Republic of China ("**PRC**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") as the Company is listed on the Stock Exchange, where most of its investors are located in Hong Kong. The functional currency of the Company is Renminbi ("**RMB**").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance. HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) INT – 12 "Consolidation – Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e 1 January 2013) as to whether or not the Group has control over its investees in accordance with the new definition of control and the related guidance set out in HKFRS 10 and concluded that the application had no impact on the consolidation of investees held by the Group.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC) – INT 13 "Jointly controlled entities – Non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the Company reviewed and assessed the classification of the Group's investment in a joint arrangement which was established in the current year in accordance with the requirements of HKFRS 11 and concluded that the joint arrangement of the Group is classified as a joint venture under HKFRS 11 and accounted for using the equity method.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to associates, joint arrangements and entities that have interests in subsidiaries. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to few exceptions.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirement prospectively. Other than the additional disclosures regarding investment properties and financial assets at fair value through profit or loss, the application of this new standard has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 for the first time in the current year. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Financial instruments[3]
HK(IFRIC) – INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014. Early application is permitted.

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future will have impact on classification and measurement in respect of the Group's available-for-sale investments and financial assets at fair value through profit or loss but not on the Group's other financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretation will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value for the purposes of measuring inventories in HKAS 2 or value in use for the purposes of impairment assessment in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4. 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 year. The Group is engaged in the property development, property investment and hotel operations.

Information reported to the Board 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 provided to the chief operating decision maker for the performance assessment of different business activities, no segment information is presented other than entity-wide disclosures.

Entity-wide disclosures

Revenue from major business services

The following is an analysis of the Group's revenue from its major business services:

	2013	2012
	HK$'000	*HK$'000*
Revenue from sale of properties	**9,344,198**	8,373,434
Rental income from leasing of properties	**253,037**	236,471
Property management service income	**91,670**	84,066
Revenue from hotel operations	**84,642**	88,590
	9,773,547	8,782,561

Geographical information

The Group's operations are located in the PRC. All revenue and non-current assets excluding financial instruments and deferred tax assets of the Group are generated from and located in the PRC. No revenue from a single customer or a group of customers under common control contributed 10% or more of the Group's revenue for the year ended 31 December 2013 and 2012.

5a. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Government unconditional subsidies and compensation *(note)*	**–**	36,882
Interest income on bank deposits	**43,238**	36,954
Other interest income	**7,661**	3,151
Rental income from property, plant and equipment	**5,654**	14,557
Others	**31,686**	41,350
	88,239	132,894

Note: For the year ended 31 December 2012, the balance mainly represented the compensation from the government in respect of recapture of a land which was included in properties under development.

5b. OTHER EXPENSES, GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
Exchange gain on senior notes	**89,789**	26,951
Exchange gain on other borrowings from SIHL Finance Limited	**29,449**	8,852
Other net exchange (loss) gain	**(29,948)**	3,862
Gain on fair value change of derivative financial instrument	**–**	3
Change in fair value of financial assets at fair value through profit or loss	**326**	(1,751)
Compensation to customers in respect of late delivery of properties	**(79,704)**	(181,677)
Impairment loss recognised on consideration receivables for disposal of assets	**–**	(22,007)
Impairment loss recognised on other receivables	**(1,957)**	–
Gain on disposal of property, plant and equipment	**572**	62
Gain on disposal of an associate	**25**	–
Others	**(67,381)**	27,916
	(58,829)	(137,789)

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank and other borrowings wholly repayable within five years	**818,637**	765,246
Bank and other borrowings not wholly repayable within five years	**36,113**	37,632
Senior notes	**348,697**	344,534
Total borrowing costs	**1,203,447**	1,147,412
Less: amount capitalised under properties under development	**(504,864)**	(580,901)
	698,583	566,511

Borrowing costs capitalised during the year arising on the general borrowing pool are calculated by applying a capitalisation rate of 9.14% (2012: 9.30%) per annum to expenditure on qualifying assets.

7. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	**75,661**	82,311
Less: depreciation capitalised into properties under development	**(3,860)**	(5,453)
	71,801	76,858
Amortisation of prepaid lease payments	**2,669**	2,615
Auditors' remuneration	**6,683**	7,571
Gross rental income from investment properties	**(253,037)**	(236,471)
Less: operating expenses	**19,142**	10,424
	(233,895)	(226,047)
Directors' remuneration	**10,751**	17,917
Other staff costs		
Salaries, wages and other benefits	**216,939**	156,019
Retirement benefit scheme contributions	**23,069**	23,974
Equity-settled share-based payment expenses	**–**	3,960
Total staff costs	**250,759**	201,870
Less: staff costs capitalised into properties under development	**(53,985)**	(65,469)
	196,774	136,401
Cost of properties held-for-sale recognised as an expense	**7,810,494**	7,180,426
Cost of inventories for hotel operations recognised as an expense	**21,919**	12,448
Share of tax of associates (included in share of results of associates)	**1,291**	1,122

8. INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
PRC enterprise income tax ("EIT")	**301,372**	302,055
PRC land appreciation tax ("LAT")	**391,795**	447,817
Capital gain tax on gain derived from disposal of PRC entity by non-resident companies	**81,913**	–
	775,080	749,872
Under (over) provision in prior years:		
PRC EIT *(note)*	**271**	(161,631)
PRC LAT *(note)*	**16,335**	(64,587)
	16,606	(226,218)
Deferred tax	**(315,309)**	(135,353)
	476,377	388,301

Note: The Group recognised a write-back of overprovision of PRC EIT and LAT during the year ended 31 December 2012 upon completion of tax clearance procedures by certain PRC subsidiaries with their respective tax authorities.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to Circular 698 issued by the State Administration of Taxation, the PRC, the tax rate applicable to the capital gain from disposal of PRC entities through transfer of shares in non-resident companies is 10%.

Under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) 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 property 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 both years.

9. EARNINGS (LOSS) PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings/loss per share:		
Profit (loss) for the year attributable to owners of the Company	**143,471**	(190,166)

	2013	2012
	'000	*'000*
Number of shares		
Number of ordinary shares for the purposes of basic and diluted earnings/loss per share	**4,811,523**	4,811,523

The computation of diluted earnings per share in current year 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 the year ended 31 December 2013.

The computation of diluted loss per share in prior year did not assume the exercise of the Company's share options/warrants because the exercise price of those share options/warrants was higher than the average market price for the year ended 31 December 2012.

10. INVESTMENT PROPERTIES

	2013	2012
	HK$'000	*HK$'000*
FAIR VALUE		
At 1 January	**6,028,842**	6,168,963
Subsequent expenditures	**6,102**	20,369
Transfer from inventories	**–**	257,836
Fair value (loss) gain on investment properties	**(122,835)**	18,551
Reclassified as assets classified as held-for-sale	**(132,458)**	(301,593)
Disposals	**(215,915)**	(187,047)
Exchange realignment	**172,563**	51,763
At 31 December	**5,736,299**	6,028,842
Unrealised (losses) gains on properties revaluation included in profit or loss	**(125,419)**	14,689

The carrying value of investment properties shown above comprises:

	2013	2012
	HK$'000	*HK$'000*
Land in PRC		
Medium-term lease	**5,736,299**	6,028,842

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

During the year ended 31 December 2012, inventories with carrying amount of approximately HK$257,836,000 were transferred to investment properties as the management had changed the intended use of the properties upon entering into various operating leases with tenants. The properties were fair-valued by external valuer, DTZ Debenham Tie Leung Limited ("DTZ"), at the date of transfer by reference to net rental income allowing for reversionary income potential. No fair value gain was recognised directly in profit or loss.

The fair value of the Group's investment properties at 31 December 2013 and 2012 have been arrived at on the basis of a valuation carried out on the respective dates by DTZ, an independent qualified professional valuer not connected with the Group. DTZ is a member of the institute of valuer and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The fair value was arrived at by reference to comparable sales transactions available in the relevant market and where appropriate, by investment approach by capitalizing the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the properties.

In estimating the fair value of the investment properties, the directors of the Company has considered that the highest and best use of the properties is their current use upon the application of HKFRS 13 "Fair value measurement". There has been no change of the valuation technique during the year.

At 31 December 2013, the fair value of the investment properties amounting to HK$132,458,000 (2012: HK$301,593,000) reclassified as assets classified as held-for-sale is arrived at by reference to the selling price as stated in the sales and purchases agreements entered into with independent third parties during the year.

During the year, the Group disposed of certain investment properties as well as those reclassified as assets held-for-sale as at 31 December 2012, for total cash proceeds of HK$328,596,000 (2012: HK$187,047,000).

11. INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	2013	2012
	HK$'000	*HK$'000*
Property development		
Properties under development	**24,926,441**	30,947,763
Properties held-for-sale	**9,499,440**	5,352,500
	34,425,881	36,300,263
Hotel operations		
Food and beverage and others	**5,436**	7,888
	34,431,317	36,308,151

All of the properties under development and completed properties held-for-sale are located in the PRC.

At 31 December 2013, properties under development of HK$2,854,078,000 (2012: HK$2,719,827,000) and properties held-for-sale of HK$257,195,000 (2012: HK$470,352,000) were carried at net realisable value.

At 31 December 2013, property under development of HK$21,103,891,000 (2012: HK$20,521,915,000) are not expected to be realised within one year.

At 31 December 2013, included in inventories are 4 pieces of land with carrying amount of RMB4,206,852,000 (equivalent to HK$5,386,494,000) which were obtained from Shanghai Xuhui District Planning and Land Administration Bureau (上海市徐匯區規劃和土地管理局) ("Shanghai Xuhui") under a land swap arrangement (the "Arrangement"). Under the Arrangement, the Group transferred a piece of land with similar carrying amount to Shanghai Xuhui. No land premium or any other amounts are payable by the Group for the land swap. In the opinion of directors of the Company, there is no material difference in fair values of the lands involved in the Arrangement. The land swap procedures have been completed as at 31 December 2013.

12. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**257,714**	80,586
Less: allowance for doubtful debts	**–**	(829)
	257,714	79,757
Other receivables	**312,832**	291,172
Advance payments to contractors	**38,355**	23,960
Amounts due from former subsidiaries *(note 1)*	**186,649**	628,726
Sales commission deposits	**11,754**	11,754
Prepaid other taxes	**248,555**	328,635
Deposits and prepayments	**269,941**	20,344
Consideration receivable for disposal of a subsidiary *(note 2)*	**172,535**	–
Consideration receivables for disposal of assets through disposal of subsidiaries *(note 3)*	**1,006,902**	–
	2,505,237	1,384,348

Notes:

(1) The amounts are composed of the amount due from 成都中新錦泰房地產開發有限公司 ("**Chengdu Zhongxin**"), the subsidiary disposed of in prior year, amounting to HK$2,142,000 (2012: HK$628,726,000) and the amount due from 上海城開集團重慶德普置業有限公司 ("**Chongqing Depu**"), the subsidiary disposed of in current year, amounting to HK$184,507,000 (2012: nil). The amount due from Chengdu Zhongxin is interest-free, repayable on demand and secured by the shares of Leadway Pacific Limited which holds 70% shareholding in Chengdu Zhongxin. The amount due from Chongqing Depu is unsecured, interest bearing at People's Bank of China's interest rate plus a premium and is repayable in installments, with RMB19,250,000 (equivalent to HK$24,648,000) and RMB62,425,000 (equivalent to HK$79,930,000) to be repaid on or before 31 March 2014 and 30 June 2014 respectively and the remaining balances to be repaid on or before 30 September 2014.

(2) The balance represents the consideration receivable for disposal Chongqing Depu. The disposal was completed in December 2013. The amount is interest bearing at People's Bank of China's interest rate, unsecured and is repayable in installments, with RMB40,425,000 (equivalent to HK$51,761,000) to be payable within three days after the transaction certificate dated 30 December 2013 issued by the relevant government authority, with RMB26,950,000 (equivalent to HK$34,507,000) to be repaid on or before 10 January 2014 and the remaining balances to be repaid on or before 31 March 2014. Up to the date when the financial statements are authorised for issue, HK86,268,000 has been settled.

(3) The balance represents the consideration receivables for disposal of its wholly owned subsidiaries, Earn Harvest Limited and Power Tact Investment Limited. The disposal was completed on 27 June 2013. The amount is interest-free, secured by ordinary shares of Earn Harvest Limited and Power Tact Investment Limited and is repayable in installments, with RMB300,000,000 (equivalent to HK$384,123,000) to be repaid on or before 31 March 2014 and the remaining balances to be repaid on or before 30 June 2014.

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. Balances as at 31 December 2013 mainly included the retention receivables of HK$201,792,000 (2012: HK$68,876,000) for affordable housing sold to the Shanghai government department for which a retention period of few months to one year was granted. These balances have not been due at the end of the reporting period. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the date of billing at the end of the reporting period.

	2013	2012
	HK$'000	*HK$'000*
Within 90 days	**130,101**	77,057
Within 91–180 days	**53,780**	1,591
Over 180 days	**73,833**	1,109
	257,714	79,757

Majority of the trade receivables that are neither past due nor impair has no default payment history.

13. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**892,941**	1,204,283
Accrued expenditure on properties under development	**3,822,551**	2,115,834
Amounts due to former shareholders of the Company's former subsidiaries *(note 1)*	**178,112**	147,524
Compensation payables to customers in respect of late delivery of properties	**136,801**	135,958
Deposits received for the disposal of investment properties	**66,249**	188,912
Receipts from customers for payment of expenses on their behalf	**61,537**	99,280
Interest payable	**190,187**	230,359
Payables to the Shanghai government department *(note 2)*	**366,528**	–
Accrued charges and other payables	**646,393**	696,495
Other taxes payables *(note 3)*	**77,175**	27,060
	6,438,474	4,845,705

Notes:

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

(2) The amount represents the receipts from the purchasers of affordable housings on behalf of the Shanghai government department, net of receivable from the relevant Shanghai government department arising from the sales of affordable housings.

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

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

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**4,707**	386,014
Within 31–180 days	**41,583**	114,162
Within 181–365 days	**671,971**	480,932
Over 365 days	**174,680**	223,175
	892,941	1,204,283

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the face of China's leadership transition, the overall property market in China maintained a steady pace of development in 2013 under government control measures. During the first half of the year, the previous Central Government and provincial governments continued to refine the constriction on China's property market to stabilize prices and suppress the speculative activities. The measures included the introduction of capital-gain tax on property sales, purchase restriction and tougher mortgage rules. During the second half of the year, the new government sought to retain the stability of the property market and suggested to increase the supply of both land and affordable housing, in order to meet the housing needs of the people and achieve a market balance of supply and demand.

According to China Index Academy, the "China 10 Major Cities Composite Index (New Property)" for December 2013 recorded a month-on-month growth for the 19th consecutive month. Despite the month-on-month growth continued to narrow, the year-on-year growth for December 2013 was widened. This reflected that the property demand in major cities in China remained strong and that property prices were at a healthy growth.

Business Review

Faced with fierce competition in 2013, the Group strived to capture market opportunities and maintain a scalable construction and sales volume, 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.

During the year, the primary focus of the Group was to restructure its land bank and optimize its asset, to lay a solid foundation for the Group's long-term development in the Yangtze River Delta and major coastal cities. In the first half of 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 land located in Binjiang, Xuhui District, which would be one of the key development areas of Shanghai in the future. Given their premium location that is adjacent to Huangpu River with great development potential and flexibility, the four parcels better align with the Group's development strategy.

In addition, the Group disposed 25% interest in U Center for RMB1,174,500,000 in June last year. Not only did this transaction further fortified the Group's financial position as at the year end by generating a substantial net cash inflow of RMB600,000,000 (the remaining balance included in the Group's trade and other receivables), it also unlocked part of the true asset value of U Center by making promising profit, and accelerated the development pace of the current project.

In December 2013, the Group sold Ivy Aroma Town in Chongqing for RMB134,750,000. This strategic move was in line with the Group's long-term strategy to allocate resources to projects with better profit margins and bigger inventory in the Yangtze River Delta and prosperous coastal cities. The Group will receive a cash inflow of RMB134,750,000 and a profit of approximately RMB12,109,000 (equivalent to approximately HK$15,276,000) before taxation.

Last year, the Group successfully accomplished a business turnaround and had its long-term credit rating upgraded by international ratings services providers. Such achievements were made possible by the effective land reserve optimization, flexible sales strategy and improved operational efficiency during the year.

Property Development

During the year ended 31 December 2013, the Group had a total G.F.A of approximately 2,620,000 sq.m. under development, including principal projects like Urban Cradle and U Center located in Shanghai, and CBE International Peninsula in Xi'an, of which 740,000 sq.m. were new projects. The Group had completed construction with G.F.A. of 1,240,000 sq.m., and delivered a total G.F.A. of 810,000 sq.m., comprising 510,000 sq.m. of commodity housing and 300,000 sq.m. of affordable housing.

Contract Sales

During the year ended 31 December 2013, the Group grasped the opportunities arisen from the fast-growing population of the first- and second-tier cities and the increasing housing demand from newly married couples, by adopting flexible strategies to promote small-sized residential apartments. Coupled with strategic project launch schedule, the average selling price generally increased, resulting in satisfactory performance in contract sales in spite of unfavorable climate brought by government control measures. During the year ended 31 December 2013, the Group recorded contract sales of RMB6,609,000,000 (2012: RMB6,682,000,000) from both commodity housing and affordable housing, which was higher than the sales target initially set at the beginning of the year and similar to that of the year before. Contract sales from commodity housing increased by 27.9% to RMB4,942,000,000 (2012: RMB3,865,000,000); with G.F.A. of approximately 255,000 sq.m. sold (2012: 328,000 sq.m.). Contract sales from affordable housing decreased by 40.8% to RMB1,667,000,000 (2012: RMB2,817,000,000); with a 50.9% drop to 138,000 sq.m. of G.F.A. sold (2012: 281,000 sq.m.).

During the year, the flagship project Urban Cradle, CBE International Peninsula, Yoooou.net in Kunshan, and Laochengxiang in Tianjin were the principal projects generating sales, accounting for approximately 65.8%, 9.8%, 8.7% and 4.1% of commodity housing sales, respectively. For the affordable housing projects, Jingjie Yuan recorded contract sales of approximately RMB1,028,000,000, while Shanghai Jing City recorded sales of approximately RMB639,000,000.

The average selling price of overall contract sales, including those for lower-margin affordable housing, increased by 52.7% to approximately RMB16,800 per sq.m., compared with RMB11,000 per sq.m. in 2012. Excluding affordable housing, the average selling price showed a significant increase of 64.4% to RMB19,400 per sq.m., (2012: RMB11,800 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 our projects.

Financial Review

Revenue

During the year ended 31 December 2013, the Group's revenue increased by 11.3% year-on-year to HK$9,774,000,000 (2012: HK$8,783,000,000), 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 in revenue. During the year, property sales remained as the Group's main source of revenue. It amounted to HK$9,344,000,000 (2012: HK$8,373,000,000), accounting for 95.6% (2012: 95.3%) of the Group's revenue. 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. Revenue from leasing, property management and services, and hotel operations provided stable revenue for the Group, contributing 2.6%, 0.9%, and 0.9%, respectively (2012: 2.7%, 1.0%, and 1.0%).

Gross Profit and Gross Profit Margin

For the year ended 31 December 2013, gross profit was HK$1,519,000,000, up 11.8% compared with 2012. It was mainly due to the overall revenue growth and effective cost control. Gross profit margin was 15.5%, similar to the corresponding period of last year. During the Year, 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.

Investment Property Revaluation

For the year ended 31 December 2013, the Group recorded a loss of property revaluation of HK$122,835,000. This was mainly attributable to the downward adjustments made in the leasing market surrounding the Chongqing Top City project (2012: net gain of HK$18,551,000 on property revaluation).

Material Acquisition and Disposal

During the year, the Group relentlessly consolidated and optimized its land bank and asset portfolio in order to lay a solid foundation for long-term development. On 18 May 2013, the Group has reached an agreement with Xuhui District Government in Shanghai to swap a piece of land parcel of approximately 35,343 sq.m. in the Xujiahui Centre project for four parcels of land of approximately 77,371 sq.m. in Binjiang, Xuhui District. Binjiang is one of the key areas in Shanghai under the government development's plan. The new land contains huge potential value, better flexibility for development and longer land-use term that are more consistent with the Group's future development strategies.

On 21 June 2013, the Group disposed 25% interest in the U Center project in Shanghai for RMB1,174,500,000, recording a net cash inflow of RMB600,000,000 (the remaining balance included in the Group's trade and other receivables), and a profit of approximately HK$819,000,000 before taxation during the year. The disposal unlocked the potential value of some of its projects and assets as well as enabled the Group to generate a considerable amount of profit and cash inflow, in order to accelerate the Group's existing project development, and create favorable conditions for new projects.

Distribution and Selling Expenses

For the year ended 31 December 2013, the Group's distribution and selling expenses rose by 50.4% year-on-year to HK$237,518,000 (2012: HK$157,936,000). To cope with macroeconomic regulations and control over the property market in 2013, the Group deployed stronger promotional effort to meet the sales target, resulting in the increase in the distribution and selling expenses.

General and Administrative Expenses

During the year ended 31 December 2013, the Group recorded general and administrative expenses of HK$495,796,000, a decline of 2.7% from HK$509,411,000 in 2012. This was mainly because of the Group's effective cost control mechanisms.

Profit

During the year ended 31 December 2013, profit attributable to owners of the Company was HK$143,471,000 (2012: loss of HK$190,166,000). The financial turnaround was traceable to the steady revenue increase in property sales and the one-off gain from the disposal of the interest of U Center in 2013. Basic and diluted earnings per share for the year were 2.98 HK cents (2012: loss of 3.95 HK cents).

Liquidity and Capital Resources

The financial position of the Group was strengthened during the year as a result of the cash inflow generated by satisfactory contract sales performance, the collection of the Chengdu Park Avenue project's sales proceeds and the disposal of the partial interest in the U Center project. In addition, SIHL and SIIC extended the outstanding loan of HK$1,000,000,000 and RMB1,000,000,000 from June and December 2013, to June and December 2014 respectively. The extension in loan repayment period further improved the Group's cash flow.

As at 31 December 2013, bank balances and cash of the Group increased by 11.0% to HK$5,827,825,000 (31 December 2012: HK$5,249,524,000).

The net debt to total equity of the Group decreased from 50.2% as at 31 December 2012 to 41.3% as at 31 December 2013. Current ratio slipped slightly to 1.9 as at 31 December 2013 (31 December 2012: 2.0).

The satisfactory performance in the Group's contract sales during the year brought in a sizable cash inflow. The Board believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirements and future expansion of the Group.

Human Resources and Remuneration Policies

As at 31 December 2013, the Group employed 1,089 employees (including Hong Kong and PRC offices). The remuneration policies for the employees of the Group are determined according to the performance, qualification and experience, and competence of the employee. The emolument of the directors of the Company is determined by the Remuneration Committee, having regard to the operating results of the Company, 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 directors and eligible employees. During the year ended 31 December 2013, the Group provided training programs relating to work to employees. Activities aiming at building up team spirit were regularly organised for employees, so as to enhance the human capital of the Group and the sense of belonging of the staff.

Land Bank

As at 31 December 2013, the Group's saleable land bank totaled approximately 7,593,000 sq.m. in G.F.A., which are developed into 23 property projects located in 12 cities. The Group will further consolidate its resources and dispose assets that do not match the Group's long term development. The Group will continue to seek high quality projects in the Yangtze River Delta region as well as the prosperous cities in coastal areas so as to set ground for future development.

Prospect

In 2013, the new Chinese government stated that the control measures for property market would focus on improving the supply and demand, with an aim to provide adequate housing for the entire population. Looking ahead to 2014, the Group is cautiously optimistic that the property market will develop healthily, while fully prepared to cope with market dynamics with flexible and effective strategies.

In the coming year, the Group will maintain a similar level of construction works as in 2013, with 20 projects covering a total G.F.A. of not less than 2,000,000 sq.m. (2012: 2,620,000 sq.m.), including the commencement of 9 new projects totaling 900,000 sq.m. (2012: 740,000 sq.m.). This is the largest G.F.A. of new construction projects launched by the Group since the acquisition of Neo-China Land in 2010.

In first- and second-tier cities in China, urbanization continues to take place, and population density and household income keep growing. Coupled with the relaxation of the one-child policy by the government, the housing demand of first-time home buyers and enlarged families is expected to rise high. These are favorable factors for the Group's development in the Yangtze River Delta region and coastal cities in the long run.

Moreover, the establishment of the Shanghai Free Trade Zone has stimulated the demand for both commercial and residential land in Shanghai. The Group will follow the market closely. Upon the completion of the commercial projects on hand in the next few years, the Group's revenue sources will become more diversified with stronger revenue and cash inflow from commercial projects and investment properties.

The Group will continue to optimize its asset portfolio and land bank by consolidating projects with low economic value, long development cycle and small return. Resources will be allocated to first- and second-tier cities which have high population density, rigid housing demand, strong spending power, but limited land supply. Housing prices in these areas are generally higher and have relatively strong resilience, hence strengthening the Group's ability to resist operational risks. Leveraging on the unique competitive advantages of our parent company SIHL and our strong relationship with the Shanghai government, the Group will actively search for low-cost land, and develop non-residential projects to embrace the opportunities brought by the free trade zone, thereby supporting the Group's long-term development.

Following the success of last year, the Group will strive to maintain progressive development by seizing market opportunities, addressing regional demand, launching timely projects for sale, as well as maximizing selling price, revenue and return to improve the Group's gross profit margin in 2014. In the meantime, the Group will maintain stringent internal control, enhance decision making quality and efficiency, leverage on its position in the capital market, to lay a steadfast foundation for its sustainable development and achieve its vision of being the leader in financial property.

ANNUAL GENERAL MEETING

It is proposed that the 2014 Annual General Meeting of the Company will be held on Tuesday, 27 May 2014 (the "**2014 AGM**"). Notice of the 2014 AGM will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.siud.com) and despatched to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2013 (for the year ended 31 December 2012: Nil).

CHANGE OF ADDRESS OF BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

The address of the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited (the "**Branch Share Registrar**") of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, will be changed to Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014. All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2014 AGM

The 2014 AGM is scheduled to be held on Tuesday, 27 May 2014. For determining the entitlement to attend and vote at the 2014 AGM, the register of members of the Company will be closed from Friday, 23 May 2014 to Tuesday, 27 May 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2014 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration not later than 4:30 p.m. on Thursday, 22 May 2014.

CORPORATE GOVERNANCE

During the year ended 31 December 2013, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Listing Rules except as noted hereunder.

Code Provision E.1.2 of the Code

Under code provision E.1.2 of the Code, the chairman of the board should invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. Mr. Doo Wai-Hoi, William (the chairman of the remuneration committee of the Company), Dr. Wong Ying Ho, Kennedy (the chairman of the nomination committee of the Company) and Mr. Li Ka Fai, David (the chairman of the audit committee of the Company) were unable to attend the annual general meeting of the Company held on Thursday, 16 May 2013 due to overseas commitments.

For the purpose of complying with the Code, the Board had adopted the board diversity policy and revised terms of reference for the Nomination Committee of the Company.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 December 2013, which will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company currently comprising four independent non-executive directors of the Company, namely Mr. Doo Wai-Hoi, William, Dr. Wong Ying Ho, Kennedy, Mr. Fan Ren Da, Anthony and Mr. Li Ka Fai, David (as Chairman) has reviewed the audited financial statements of the Group for the year ended 31 December 2013 and discussed with the management and the auditors of the Company on the accounting principles and practices adopted by the Group, internal control and financial reporting matters.

SHARE CAPITAL

The Company's issued and fully paid share capital as at 31 December 2013 amounted to approximately HK$192,460,927.56 divided into 4,811,523,189 ordinary shares of HK$0.04 each.

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 existing shareholders of the Company.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Company's directors.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2013.

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. Having made specific enquiry with the Company's directors, all the directors confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2013.

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 year ended 31 December 2013.

CHANGE IN INFORMATION ON DIRECTORS

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

(a) Mr. Ni Jianda ("**Mr. Ni**"), the chairman and an executive director of the Company, was appointed as an executive director of Shanghai Industrial Investment (Holdings) Company Limited with effect from 20 November 2013.

    Mr. Ni was appointed as an executive director of Shanghai Industrial Holdings Limited, a company listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with stock code of 363, with effect from 20 February 2014.

(b) Dr. Wong Ying Ho, Kennedy, an independent non-executive director of the Company, was re-designated as a member of the audit committee of Goldlion Holdings Limited, a company listed on the Stock Exchange with stock code of 533, with effect from 22 August 2013.

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

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.siud.com). The annual report of the Company for the year ended 31 December 2013 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company as well as published on the above websites in due course.

APPRECIATION

I would like to express my sincere gratitude to the Board, our management and all our staff for their dedicated efforts during this year as well as to our customers, suppliers, business partners and shareholders for their continued enthusiastic support to our Group.

By order of the Board
Shanghai Industrial Urban Development Group Limited
Ni Jianda
Chairman

Hong Kong, 27 March 2014

As at the date of this announcement, the Board of the Company comprises Mr. Ni Jianda, Mr. Ji Gang, Mr. Zhou Jun, Mr. Yang Jianwei, Mr. Yang Biao, Ms. Huang Fei and Mr. Ye Weiqi as executive directors and Mr. Doo Wai-Hoi, William, J.P., Dr. Wong Ying Ho, Kennedy, BBS, J.P., Mr. Fan Ren Da, Anthony and Mr. Li Ka Fai, David as independent non-executive directors.