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

Press Release

SIUD'S FY2015 ATTRIBUTABLE PROFIT SURGES OVER TWOFOLD TO HK$517.4 MILLION

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TOTAL DIVIDEND INCREASES BY 154.5% TO 2.8 HK CENTS

Financial Highlights

(For the year ended 31 December)	2015 (HK$ million)	2014 (HK$ million)	Change
Revenue	3,871.9	7,773.6	(50.2%)
Attributable profit	517.4	161.2	221.0%
Basic and diluted earnings per share (HK cent)	10.75	3.35	221.0%
Total dividend per share (HK cent)	2.8	1.1	154.5%
- Final dividend per share (HK cent)	1.2	1.1	9.1%
- Special dividend per share (HK cent)	1.6	Nil	N/A

(Hong Kong, 29 March 2016) – **Shanghai Industrial Urban Development Group Limited** ("SIUD" or the "Group"; SEHK: 563) today announced its annual results for the year ended 31 December 2015.

Financial Review

For the year ended 31 December 2015, the Group's revenue decreased by 50.2% year-on-year to HK$3,872,000,000. Since most of the projects under construction of the Group are investment properties, revenue dropped together with the decreased delivery of completed residential properties. Property sales was the Group's main source of revenue and accounting for 75.0% of the total revenue. Revenue from leasing, property management and services, and hotel operations contributed 18.0%, 2.6% and 4.4% to the Group's total revenue respectively, with a sound growth in the proportion of rental income. During the year, gross profit margin decreased from 38.0% last year to 32.3%, mainly due to different project, product type and location of delivered properties commanding different cost structure, thus leading to an adjustment of the gross profit margin.

Thanks to the one-off gains from the disposal of the Yanjiao project in Hebei and Qi'ao Island project in Zhuhai, the Group's profit attributable to owners of the Company surged 221.0% year-on-year to approximately HK$517,385,000 (2014: HK$161,181,000) for the year ended 31 December 2015. Both the basic and diluted earnings per share for the year were 10.75 HK cents (2014: 3.35 HK cents). In view of shareholders' unwavering support over the years, the Board of Directors proposes a final dividend of 1.2 HK cents per share, together with a special dividend of 1.6 HK cents per share attributable to the gains derived from project disposals. The total dividend for the year amounted to 2.8 HK cents, up 154.5% from 2014.

In addition to the benefit brought by asset disposal, strong contract sale for last year also bear a substantial pre-sale proceeds of approximately RMB4,970,000,000, thus the Group's bank balances and cash increased by 77.0% to HK$11,371,189,000 (31 December 2014: HK$6,424,058,000) as at 31 December 2015. The net debt to total equity of the Group dropped from 65.6% as at the year-end of 2014 to 54.9% by the end of 2015. The Group's financial position is sound.

Business Review

In 2015, driven by the gradual relaxation of the macroeconomic policies towards the property sector, the industry generally recovered to a certain extent. During the year, the Group continued riding on its existing advantages and experience in the Yangtze River Delta region and coastal prosperous cities to strengthen its financial conditions and capture market opportunities in a timely manner. Hence, the Group achieved breakthroughs in a number of areas, such as contract sales, debt financing, project development, strategic cooperation and asset portfolio optimization.

In 2015, the overall contract sales of the Group increased by 23.6% year-on-year to RMB5,832,000,000 (2014: RMB4,717,000,000), of which contract sales from commodity housing surged 43.3% from a year earlier to RMB5,328,000,000, mainly driven by the comeback of the Shanghai market and the outstanding sales performance of Urban Cradle and the newly launched Grand Mansion project, as well as the Originally project in Xi'an and the Laochengxiang project in Tianjin. The average selling price of overall contract sales increased by 9.0% to approximately RMB19,400 per sq.m.

In July 2015, the Group entered into a strategic cooperation framework agreement with the Government of Minhang District of Shanghai to intensify cooperation with respect to the respective resource advantages. The agreement covered collaboration in real estate development, including the construction of municipal infrastructure and public ancillary facilities, creating favourable conditions for the Group to participate in the "urban village" renovation scheme. In addition, the Group also signed a strategic cooperation agreement with Ping An Real Estate Co., Ltd., pursuant to which, both parties will collaborate with each other by bringing together their respective advantages and explore cooperation initiatives.

The overall rental income for last year rose 47.3% year-on-year to approximately HK$696,086,000 (2014: HK$472,474,000). In view of the strategy and the G.F.A. under construction of the Group, the G.F.A. of premium investment properties held by the Group in core cities will further increase. In the meantime, a revamp and upgrading program has also been launched for ShanghaiMart. The Group expects to see a continuous enhancement of its sizeable premium investment property portfolio, which will become its critical profit contributor.

The Group expects China economy would continue to experience structural changes. As such, the Group quickened it steps in optimizing its asset portfolio and revitalizing its inventory assets to further improve earnings, cash flows and land bank portfolio of the Group with a view to focusing its resources in accelerating its development in the Yangtze River Delta region and prosperous cities. In addition to the disposal of Yanjiao and Qi'ao Island project, the Group's subsidiary SUD's interest in Green Carbon Fund was redeemed for a total amount of RMB1,668,000,000 in 8 January 2016. Indirectly owns 35% interests of the U Center in Minhang District, Shanghai, Green Carbon Fund is a limited liability partnership established in the PRC. The Group would record an unaudited estimated gain of approximately RMB933,000,000 before taxation from the redemption.

Furthermore, Renminbi depreciation against the dollar became a hot topic in the previous year. The Group will regulate its onshore and offshore debt ratio in a prudent manner and increase the use of domestic financing so as to minimize its exposure to foreign exchange risk. The Group had repaid a total amount of approximately USD428 million offshore debts in the first quarter of 2016. Together with the way of onshore bond financing, the Group not only lowered its interest rate but also extended the debt repayment schedule. It is expected that the Group has greatly reduced its exposure to foreign exchange risk in the forthcoming year.

Outlook

Going forward, the Group holds several premium investment properties in Shanghai, including Binjiang U Center in Xuhui District, and TODTOWN and U Center in Minhang District, which are expected to double the G.F.A. of the Group's investment properties in Shanghai upon completion. In the forthcoming year, Shanghai will remain as the Group's core sales area, and the contract sales from commodity housing are expected to be comparable to those of the previous year. In conclusion, the Group will, firstly, strengthen cooperation to acquire new land resources. The cooperation of the "Urban Village" renovation scheme with the Minhang District Government last year was a new attempt of a series of land acquisition methods, which will become the blue ocean strategy of the Group. Secondly, the Group will continue to introduce strategic partners and seek help from professional companies or third-party agencies to revitalize or swap its inventory assets with a view to enhancing or unlocking their original value. Thirdly, the Group will explore innovative business models and probe into the possibility of extending the industry chain, aside from continuing with the development of residential housing and operation of business assets.

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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 2015, the Group owns 19 real estate projects in 10 tier-one and tier–two Chinese cities, which include Shanghai, Beijing, Shenyang, Tianjin, Kunshan, Wuxi, Xi'an, Chongqing, Changsha and Shenzhen. Most of the projects belong to mid-range to high-end residential properties, and are already in the construction stage, with total saleable floor area of approximately 4,000,000 square meters.