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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 2015

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 2015, together with the comparative figures for the year ended 31 December 2014 were as follows:

FINANCIAL HIGHLIGHT

	For the year ended 31 December		
	2015	**2014**	**Change**
Financial Highlights (HK$'000)			
Revenue	3,871,923	7,773,636	(50.2)%
Gross profit margin	32.3%	38.0%	(5.7) points
Profit attributable to owners of the Company	517,385	161,181	221.0%
Financial Information per share (HK cents)			
Profit			
– Basic	10.75	3.35	221.0%
– Diluted	10.75	3.35	221.0%

	As at 31 December	
	2015	**2014**
Pre-sale proceeds received on sales of properties (HK$'000)	4,967,064	2,400,586
Financial Ratios		
Net debt to total equity (%) (note)	54.9%	65.6%
Current ratio	2.0	1.9

Note: Net debt = total borrowings (including bank and other borrowings) less bank balances and cash and pledged bank deposits.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 HK$'000	2014 HK$'000
Revenue	4	**3,871,923**	7,773,636
Cost of sales		**(2,619,927)**	(4,823,485)
Gross profit		**1,251,996**	2,950,151
Other income	5(a)	**132,610**	193,594
Other expenses, gains and losses, net	5(b)	**(588,685)**	(20,260)
Fair value changes on investment properties	11	**38,934**	(43,573)
Impairment loss in respect of inventories		**(31,911)**	(66,204)
Distribution and selling expenses		**(168,020)**	(200,580)
General and administrative expenses		**(460,317)**	(460,265)
Gain on disposal of subsidiaries	15	**1,640,999**	–
Gain on disposal of associates		**1,140**	136,125
Finance costs	6	**(810,988)**	(757,327)
Share of gains (losses) of associates		**3,516**	(617)
Profit before tax		**1,009,274**	1,731,044
Income tax	8	**(469,288)**	(1,151,080)
Profit for the year	7	**539,986**	579,964
Other comprehensive income for the year			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation into presentation currency		**(884,410)**	(441,181)
Item that may be reclassified subsequently to profit or loss:			
Net gain on fair value changes of available-for-sale investment net of tax		**129,917**	–
Other comprehensive expense for the year		**(754,493)**	(441,181)
Total comprehensive (expense) income for the year		**(214,507)**	138,783

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ***(CONTINUED)***
FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTE	**2015** HK$'000	2014 HK$'000
Profit for the year attributable to:			
Owners of the Company		**517,385**	161,181
Non-controlling interests		**22,601**	418,783
		539,986	579,964
Total comprehensive (expense) income attributable to:			
Owners of the Company		**104,354**	(86,864)
Non-controlling interests		**(318,861)**	225,647
		(214,507)	138,783
Earnings per share			
Basic (HK cents)	*9*	**10.75**	3.35
Diluted (HK cents)	*9*	**10.75**	3.35

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	31.12.2015 HK$'000	31.12.2014 HK$'000
Non-current assets			
Investment properties	11	**11,811,202**	12,320,845
Property, plant and equipment		**1,961,549**	2,197,490
Prepaid lease payments		**234,523**	252,445
Intangible assets		**60,903**	63,734
Interests in associates		**1,215,340**	1,291,941
Interest in a joint venture		**65,718**	65,718
Other receivables		**194,872**	–
Available-for-sale investments		**295,441**	128,288
Pledged bank deposits		**43,665**	58,904
Deferred tax assets		**344,564**	289,580
		16,227,777	16,668,945
Current assets			
Inventories	12	**32,548,428**	32,150,353
Trade and other receivables	13	**3,346,931**	940,271
Amounts due from related companies		**–**	98,089
Prepaid lease payments		**5,254**	5,381
Prepaid income tax and land appreciation tax		**170,154**	187,462
Financial assets at fair value through profit or loss		**4,532**	3,294
Pledged bank deposits		**106,185**	442,284
Bank balances and cash		**11,371,189**	6,424,058
		47,552,673	40,251,192
Assets classified as held-for-sale		**–**	646,566
		47,552,673	40,897,758

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ***(CONTINUED)***
AT 31 DECEMBER 2015

	NOTE	**31.12.2015** **HK$'000**	31.12.2014 *HK$'000*
Current liabilities			
Trade and other payables	*14*	**7,137,933**	5,897,521
Amounts due to related companies		**2,035,987**	2,083,942
Amounts due to associates		**58,007**	71,978
Consideration payables for acquisition of subsidiaries		**127,915**	763,940
Pre-sale proceeds received on sales of properties		**4,967,064**	2,400,586
Bank and other borrowings		**4,990,628**	7,838,393
Deposits received for identifying investment projects		**1,991,880**	–
Income tax and land appreciation tax payables		**1,888,785**	2,109,169
Dividend payable		**6,976**	6,423
Dividend payable to non-controlling shareholders		**125,340**	193,676
		23,330,515	21,365,628
Liabilities classified as held-for-sale		**–**	28
		23,330,515	21,365,656
Net current assets		**24,222,158**	19,532,102
Total assets less current liabilities		**40,449,935**	36,201,047
Non-current liabilities			
Amount due to a related company		**68,784**	–
Bank and other borrowings		**17,243,011**	12,289,532
Deferred tax liabilities		**3,624,389**	3,796,683
		20,936,184	16,086,215
		19,513,751	20,114,832
Capital and reserves			
Share capital		**192,451**	192,461
Reserves		**12,343,455**	12,292,328
Equity contributable to owners of the Company		**12,535,906**	12,484,789
Non-controlling interests		**6,977,845**	7,630,043
		19,513,751	20,114,832

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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 residential and commercial properties development, property investment and hotel operation in the 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 amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle

The application of the amendments to 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 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:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKAS 27	Equity method in separate financial statements[1]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have impacts on the Group's financial assets. However, in the opinion of the directors of the Company, 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 adoption of HKFRS 15 in the future may have impacts on the amounts reported and disclosures made in the Group's consolidated financial statements. However, in the opinion of the directors of the Company, it is not practicable to provide a reasonable estimate of the effect for the application of HKFRS 15 until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised HKFRSs 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 ("**Listing Rules**") and by the Hong Kong Companies Ordinance ("**CO**").

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits and to streamline with HKFRSs and became effective for the Company for the financial year ended 31 December 2015. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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 and services.

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, leasing transactions that are within the scope of HKAS 17, 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 residential and commercial properties development, property investment and hotel operation.

Information reported to the executive directors 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 available for 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 activities:

	2015	2014
	HK$'000	*HK$'000*
Revenue from sale of properties	**2,902,873**	7,107,449
Rental income from leasing of properties	**696,086**	472,474
Property management service income	**100,779**	95,762
Revenue from hotel operations	**172,185**	97,951
	3,871,923	7,773,636

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 years ended 31 December 2015 and 2014.

5(a). OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Interest income on bank deposits	**88,533**	104,958
Other interest income	**7,072**	18,808
Rental income from property, plant and equipment	**4,506**	6,917
Dividend income from available-for-sale investments	**323**	6,343
Income from marketing and exhibition activities	**5,327**	17,222
Others	**26,849**	39,346
	132,610	193,594

5(b). OTHER EXPENSES, GAINS AND LOSSES, NET

	2015	2014
	HK$'000	*HK$'000*
Exchange loss on senior notes	**–**	(76,383)
Other net exchange loss	**(404,356)**	(76,312)
Change in fair value of financial assets at FVTPL	**1,429**	1,279
Impairment loss recognised on other receivables	**(16,464)**	–
Reversal of compensation to customers in respect of late delivery of properties, net	**–**	24,685
Waiver of trade payables as compensation for late delivery of properties	**–**	134,658
Gain on disposal of property, plant and equipment	**39,945**	156
Provision for settlement of a legal case	**(127,708)**	–
Provision for agreed payment in relation to withdrawal from a legal case	**(78,954)**	–
Others	**(2,577)**	(28,343)
	(588,685)	(20,260)

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interests on:		
Banks and other borrowings	**1,306,898**	966,442
Senior notes	**–**	196,126
Total borrowing costs	**1,306,898**	1,162,568
Less: Amount capitalised under properties under development for sale	**(495,910)**	(405,241)
	810,988	757,327

Borrowing costs capitalised during the year arising on the general borrowing pool are calculated by applying a capitalisation rate of 5.05% (2014: 8.18%) per annum to expenditure on qualifying assets.

7. PROFIT FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	**116,480**	86,481
Less: depreciation capitalised into properties under development for sale	**(2,188)**	(2,204)
	114,292	84,277
Amortisation of prepaid lease payments	**6,814**	4,632
Auditors' remuneration	**6,648**	5,863
Gross rental income from investment properties	**(696,086)**	(472,474)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**149,195**	86,684
	(546,891)	(385,790)
Directors' remuneration	**11,798**	13,780
Other staff costs		
Salaries, wages and other benefits	**227,795**	215,385
Retirement benefit scheme contributions	**37,252**	34,353
Total staff costs	**276,845**	263,518
Less: staff costs capitalised into properties under development for sale	**(43,624)**	(63,270)
	233,221	200,248
Cost of properties held-for-sale recognised as an expense	**2,182,993**	4,052,870
Cost of inventories for hotel operations recognised as an expense	**23,065**	23,805
Share of tax of associates (included in share of results of associates)	**469**	607

8. INCOME TAX

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

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
PRC enterprise income tax ("**EIT**")	**225,003**	534,632
PRC land appreciation tax ("**LAT**")	**260,388**	881,579
Capital gains tax on disposal of PRC entities by non-resident companies	**84,146**	–
	569,537	1,416,211
Under(over)provision in prior years:		
PRC EIT	**23,053**	30,026
PRC LAT	**(15,481)**	(48,076)
	7,572	(18,050)
Deferred tax	**(107,821)**	(247,081)
Income tax for the year	**469,288**	1,151,080

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 China's State Administration of Taxation, the tax rate of EIT applicable to the capital gains on disposal of the 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税暫行條例》) 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税暫行條例實施細則》) 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 PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of calculating basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company	**517,385**	161,181

	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	**4,811,451**	4,811,523

The computation of diluted earnings per share in both years 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 both years.

10. DIVIDENDS

2014 final dividend of approximately HK$52,927.000 was declared and approximately HK$52,374,000 was paid during the year ended 31 December 2015 (2014: nil).

Subsequent to the end of the reporting period, final dividend and a special dividend in respect of the year ended 31 December 2015 of HK1.2 cents (2014: HK1.1 cents) per ordinary share and HK1.6 cents (2014: nil) per ordinary share respectively have been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

11. INVESTMENT PROPERTIES

	2015	2014
	HK$'000	*HK$'000*
FAIR VALUE		
At 1 January	**12,320,845**	5,736,299
Acquired from acquisition of subsidiaries	**–**	6,583,206
Transfer from inventories	**–**	384,333
Fair value gains (losses) on investment properties, net	**38,934**	(43,573)
Disposals	**–**	(120,309)
Exchange realignment	**(548,577)**	(219,111)
At 31 December	**11,811,202**	12,320,845
Unrealised gains (losses) on properties revaluation included in profit or loss for the year	**38,934**	(97,391)

The carrying value of investment properties shown above comprises completed properties which are situated on land in the PRC.

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.

12. INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	2015	2014
	HK$'000	*HK$'000*
Property development		
Properties under development for sale	**25,942,626**	25,847,691
Properties held-for-sale	**6,600,716**	6,296,949
	32,543,342	32,144,640
Hotel operations		
Food and beverage and others	**5,086**	5,713
	32,548,428	32,150,353

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

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables recognised as current assets

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**17,279**	16,121
Less: Allowance for doubtful debts	**(777)**	(808)
	16,502	15,313
Other receivables	**555,680**	632,922
Advance payments to contractors	**31,726**	17,136
Amounts due from former subsidiaries	**–**	2,083
Amounts due from former associate	**–**	85,068
Receivable in respect of the disposal of investment properties	**–**	26,756
Prepaid other taxes	**97,530**	130,835
Deposits and prepayments	**18,209**	30,158
Consideration receivables in respect of disposal of subsidiaries *(Note 15(a))*	**2,627,284**	–
	3,346,931	940,271

Other receivables recognised as non-current assets

	2015	2014
	HK$'000	*HK$'000*
Other receivables *(Note)*	**194,872**	–

Note: The other receivables recognised as non-current assets of approximately HK$194,872,000 (2014: nil) represents loans advanced to a subsidiary of a tenant of one of the Group's investment properties through an entrusted loan agreement administrated by a trust company.

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 unless it is specially approved. The following is an ageing analysis of trade receivables, net of allowance for doubtful debts, presented based on the date of billing at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**11,766**	14,447
Within 91–180 days	**20**	277
Over 180 days	**4,716**	589
	16,502	15,313

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

14. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**826,573**	350,645
Accrued expenditure on properties under development for sale	**4,607,146**	3,872,050
Amounts due to former shareholders of the Company's former subsidiaries	**167,589**	174,363
Compensation payables to customers in respect of late delivery of properties	**1,075**	69,737
Deposit received for the disposal of subsidiaries *(Note 15(b))*	**–**	99,975
Receipts from customers for payment of expenses on their behalf	**49,093**	69,455
Rental deposits and receipt in advance from tenants	**201,800**	212,496
Interest payable	**77,356**	77,361
Payables to the Shanghai government department *(Note)*	**370,280**	318,537
Provision for compensation expense in relation to settlement of a legal case	**123,621**	–
Provision for agreed payment in relation to withdrawal from a legal case	**76,427**	–
Accrued charges and other payables	**591,755**	605,568
Other taxes payables	**45,218**	47,334
	7,137,933	5,897,521

Note: The amount represents the receipts of HK$1,551,534,000 (2014: HK$1,250,399,000) from the purchasers of affordable housings which were collected on behalf of the Shanghai government department and not yet paid to it, net of receivables of HK$1,181,254,000 (2014: HK$931,862,000) for the construction and other related costs and the agreed profit margin for the affordable housings. The amount is repayable on demand. A net balance of HK$47,991,000 was repaid to Shanghai government department during the year ended 31 December 2014 and none was repaid to Shanghai government department during the year ended 31 December 2015.

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

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**198,534**	82,419
Within 31–180 days	**495,561**	20,601
Within 181–365 days	**30,594**	97,737
Over 365 days	**101,884**	149,888
	826,573	350,645

15. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Zhuhai Qi'ao Island Project (as defined below)

On 28 December 2015, Neo-China Land Group (China) Ltd ("NCL"), a wholly-owned subsidiary of the Company, and De Rong Group Limited ("DRG"), an independent third party entered into a sale and purchase agreement (the "S&P Agreement"). Pursuant to the S&P Agreement, NCL agreed to dispose of its entire interest in Neo-China Real Estate (Shanghai) Limited ("NCRE"), a wholly-owned subsidiary of the Company, and to assign NCRE's shareholder loan of approximately RMB2,677,800,000 (equivalent to approximately HK$3,197,755,000) to DRG for a total consideration of RMB3,100,000,000 (equivalent to approximately HK$3,701,935,000 (collectively referred to as the "Disposal"). The Disposal was completed at the date of signing the S&P Agreement which was on 28 December 2015 (the "Disposal Date"). RMB100,000,000 (equivalent to approximately HK$119,417,000) of the total consideration was received as deposit upon signing the letter of intent on 29 September 2015, RMB799,912,634 (equivalent to approximately HK$955,234,000) of the total consideration was received on the Disposal Date and the remaining RMB2,200,087,366 (equivalent to approximately HK$2,627,284,000) of the total consideration (i.e. consideration receivable) would be received within 180 days from the Disposal Date in accordance with the terms of the S&P Agreement and is included in "trade and other receivable" line item of the consolidated statement of financial position.

	HK$'000
Consideration:	
Cash received	1,074,651
Consideration receivable *(Note 13)*	2,627,284
Total consideration	3,701,935
Analysis of assets and liabilities over which control was lost:	
Property and equipment	126
Inventories – properties under development for sale	2,664,399
Other receivables	140
Bank balances and cash	1,336
Consideration payables for acquisition of subsidiaries	(160,070)
Net assets disposed of	2,505,931
Gain on disposal:	
Total cash consideration	3,701,935
Net assets disposed of	(2,505,931)
Gain on disposal	1,196,004
Net cash inflow arising on disposal:	
Cash received	1,074,651
Less: bank balances and cash disposed of	(1,336)
	1,073,315

Up to 29 March 2016, consideration receivables of HK$1,150,000,000 have been received.

15. DISPOSAL OF SUBSIDIARIES – Continued

(b) Disposal of the Disposal Group (as defined below)

On 26 August 2014, the directors of the Company resolved to dispose of the entire interest in Bold Eagle Investment Limited ("Bold Eagle"), a wholly owned subsidiary of the Group, and its wholly owned subsidiaries including All Win Investment Limited and Zhong Ou Cheng Kai Co., Ltd. 中歐城開有限公司 ("Zhong Ou Cheng Kai") (collectively referred to as the "Disposal Group"). On 10 February 2015, the Group entered into a share transfer agreement with an independent third party pursuant to which the Group agreed to dispose of its entire interest in Bold Eagle for a consideration of RMB940,000,000 (equivalent to approximately HK$1,174,706,000) of which RMB280,000,000, RMB460,000,000 and RMB200,000,000 would be settled on or before 27 March 2015, 10 June 2015 and 10 October 2015 respectively. During the year ended 31 December 2014, a deposit of HK$99,975,000 regarding the disposal was received by the Group. The disposal was completed on 10 June 2015 and the consideration was fully settled during the current year.

	HK$'000
Consideration:	
Cash received	1,074,731
Deposit received during year ended 31 December 2014 *(Note 14)*	99,975
Total consideration	1,174,706
Analysis of assets and liabilities over which control was lost:	
Property and equipment	131
Inventories – properties under development for sale	729,505
Bank balances and cash	103
Other payables	(28)
Net assets disposed of	729,711
Gain on disposal:	
Total cash consideration	1,174,706
Net assets disposed of	(729,711)
Gain on disposal	444,995
Net cash inflow arising on disposal:	
Cash received	1,074,731
Less: bank balances and cash disposed of	(103)
	1,074,628

MANAGEMENT DISCUSSION AND ANALYSIS

REAL ESTATE POLICIES AND MARKET REVIEW

In 2015, the Chinese economy slowed down in growth while quickening its steps in economic restructuring. The financial market also experienced large fluctuations. Nevertheless, driven by the gradual relaxation of the macroeconomic policies towards the property sector, the industry generally recovered to a certain extent. Throughout 2015, thanks to the five interest rate cuts and five reductions in deposit reserves ratio announced by the People's Bank of China and further relaxation of various home purchase policies, such as the reduction of down payment to 40% for buyers of second homes in the first quarter and the subsequent adjustment to the policy of home purchase with provident funds as promulgated by local governments, property sales in China climbed year-on-year to a record high. However, the growth in real estate investment in third- and fourth-tier cities was still stagnant. Destocking has become the first priority in the property market.

According to China Index Academy, the average home prices for the top hundred cities posted month-on-month growth for eight months in a roll since May 2015, and the prices of new commodity residential housing in 70 large- and medium-sized cities rose 7.7% year-on-year as at the year end. The real estate market demonstrated remarkable trends of polarization among cities. The year-on-year growth of property prices in first-tier cities was, on average, higher than that in second- and third-tier cities, while certain third-tier cities were faced with acute overstocking problem. In 2015, Shanghai saw a substantial year-on-year increase in the transacted G.F.A. of new commodity residential housing, and ranked second in property price growth in China, just behind Shenzhen. Shanghai also performed better than many other cities in China in terms of inventory cycle, which proved that our land bank in Shanghai was indeed very precious and valuable.

BUSINESS REVIEW

Overview

In 2015, 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.

During the year, the Group derived its profits mainly from the property sales in core cities, rental increase of its properties and consolidation of the original asset structure. The sale and delivery of various projects, such as Urban Cradle and Shanghai Jing City in Shanghai, and Originally (formerly CBE International Peninsula) in Xi'an, went on smoothly, whereas ShanghaiMart and Urban Development International Tower brought steady rental income to the Group. Meanwhile, the Group disposed of several non-core projects to further improve the structure of its assets, liabilities, earnings, capital and land bank portfolio, a move in line with its strategy of focusing resources on the business development in the Yangtze River Delta region and prosperous cities. The disposal of the Qi'ao Island project in Zhuhai and Yanjiao project in Hebei generated a large cash inflow for the Group.

In light of the changes in the macroeconomic environment, the Group contended that there would be changes ranging from the means of land acquisition, property development requirements, sale of property to the development model of property developers in the industry. Therefore, the Group took the initiative to enter into strategic cooperation framework agreements with the government and various companies in order to enhance its competitive strengths. In July last year, the Group entered into a strategic cooperation framework agreement with the Government of Minhang District of Shanghai to intensify cooperation with respect to our respective resource advantages. The agreement covered, among others, collaboration in real estate development, including the construction of municipal infrastructure and public ancillary facilities, taxation, investment and business promotion incentives, as well as cooperation with the state-owned assets and enterprises in Minhang District in market expansion, 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 in the real estate sector in order to strengthen the expansion efforts and competitiveness of the new projects.

Property Development

The concept exhibition center of TODTOWN, that is, the Xinzhuang Metro Superstructure project in Minhang District, Shanghai, was opened during the year. SUD under the Group, Sun Hung Kai and the government each holds about one-third stakes of this key project. By adopting the transit-oriented development (TOD) model, the project is set to become a conceptual model for first-tier mainland cities. TODTOWN will be situated in Minhang District – Shanghai's secondary city center – which also serves as a key southwestern gateway of Shanghai. Up to the end of 2015, the trenching work of the southern square at Xinzhuang station was completed and the development was progressing satisfactorily. Besides, Binjiang U Center also entered into the trial piling stage as at the end of 2015. With a development scale of 404,600 sq.m. in G.F.A., not only will the Binjiang U Center project become an important landmark in Xuhui District, it will also form an integral part of the entire Shanghai complex development.

During the year ended 31 December 2015, the Group had a total G.F.A of approximately 2,359,000 sq.m. under construction, which primarily included the Originally in Xi'an, Grand Mansion (i.e. Section 5 of Shanghai Jing City) and TODTOWN in Shanghai, of which 192,000 sq.m. were new projects. The Group completed construction with G.F.A. of 302,000 sq.m., and delivered a total G.F.A. of 206,000 sq.m., comprising approximately 184,000 sq.m. of commodity housing and 22,000 sq.m. of affordable housing.

Contract Sales

During the year ended 31 December 2015, the overall contract sales of the Group increased 23.6% year-on-year to RMB5,832,000,000 (2014: RMB4,717,000,000), exceeding the sales target of RMB4,500,000,000 by approximately 29.6%. Contract sales from commodity housing surged 43.3% from a year earlier to RMB5,328,000,000 (2014: RMB3,716,000,000). Due to the diminished number of affordable housing units, contract sales from affordable housing decreased by 49.7% year-on-year to RMB504,000,000 (2014: RMB1,001,000,000). The outstanding full-year contract sales were attributable to the stronger-than-expected performance of the Shanghai property market and the excellent 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. During the year, the flagship projects Urban Cradle, Grand Mansion and Originally were the principal projects for sale, accounting for approximately 41.2%, 30.4% and 15.0% of commodity housing sales in the year respectively. In 2015, total G.F.A. sold under contract sales amounted to 300,000 sq.m., or an increase of 13.2% year-on-year, out of which 269,000 sq.m. (2014: 166,000 sq.m.) and 31,000 sq.m. (2014: 99,000 sq.m.) were accounted for by commodity housing and affordable housing, respectively.

The average selling price of overall contract sales increased by 9.0% to approximately RMB19,400 per sq.m., compared with approximately RMB17,800 per sq.m. in 2014. The Group has been adopting a prudent and observant approach in selling its Shanghai projects. Although the selling price of Grand Mansion was at a premium over the comparable projects in the same district, it still received overwhelming response due to the high demand for quality housing in Minhang District. The project hit the RMB1 billion sales mark in just three hours after launch, and ranked top in Shanghai property sales market in August.

Investment Properties

The Group is committed in holding commercial properties at premium locations in important cities, and has a portfolio of investment properties in Shanghai, Beijing, Tianjin and Chongqing. During the year ended 31 December 2015, the G.F.A. of investment properties held by the Group was 643,795 sq.m. and the overall rental income rose 47.3% year-on-year to HK$696,086,000 (2014: HK$472,474,000). In view of the strategy and the G.F.A. under development of the Group, the G.F.A. of premium properties held by the Group in core cities will further increase in future. In the meantime, a revamp and upgrading programme has also been launched for ShanghaiMart. The Group expects to see a continuous enhancement of its sizeable premium investment property portfolio, which will contribute long-term and steady revenue to the Group and become its critical profit contributor.

Material Disposal

In February 2015, the Group entered into an agreement with Basic Urban Development Co. Limited, an independent third party, to dispose of the 100% interests in its indirectly held Yanjiao project in Hebei at a total consideration of RMB940,000,000. Moreover, on 28 December 2015, the Group also completed the disposal of the Qi'ao Island project in Zhuhai to De Rong Group Limited, an independent third party, at a consideration of RMB3,100,000,000. The former brought about a profit before taxation of approximately RMB356,000,000, while the latter recorded a gain before taxation of approximately RMB1,001,534,000. Together, the two disposals would generate a large cash inflow of approximately RMB4,040,000,000 for the Group, of which an aggregate amount of approximately RMB1,839,912,000 was received before 31 December 2015. The Group quickened it steps in optimizing its asset portfolio and revitalizing its inventory assets to further improve the 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. The disposals helped the Group to better equip itself to confront the future economic restructuring in China and the new changes in the property market and allowed the Group to be financially prepared for acquiring new projects in the new year and implementing its five-year plan during challenging times.

In addition, the interest of SUD, the Group's subsidiary, in Green Carbon Fund was redeemed for a total amount of RMB1,668,000,000 in February 2016. Indirectly owning 35% interest 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. For further information about the redemption, please refer to the circular of the Company dated 24 February 2016.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2015, the Group's revenue decreased by 50.2% year-on-year to HK$3,872,000,000 (2014: HK$7,774,000,000). Since most of the projects under construction of the Group are investment properties, revenue dropped together with the decreased delivery of completed residential properties. During the year, property sales remained as the Group's main source of revenue and amounted to HK$2,903,000,000 (2014: HK$7,107,000,000), accounting for 75.0% (2014: 91.4%) of the Group's total revenue. The revenue contribution from Urban Cradle, Originally and Shanghai Jing City accounted for 39.0%, 27.7% and 13.6% of property sales respectively. Revenue from leasing, property management and services, and hotel operations contributed 18.0%, 2.6% and 4.4% (2014: 6.1%, 1.3% and 1.2%) to the Group's total revenue respectively. The significant growth in the proportion of rental income was mainly attributable to the full year recognition of the rental income of ShanghaiMart, as compared to recording only the rental income in the fourth quarter in 2014.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2015, the Group's gross profit was HK$1,252,000,000, down 57.6% compared with 2014, due to a drop of revenue. Gross profit margin was 32.3%, a decrease of approximately 5.7 percentage points from 38.0% last year, which was mainly due to different projects, product types and locations of delivered properties commanding different cost structure, thus leading to an adjustment of the gross profit margin.

Investment Property Revaluation

During the year under review, the Group recorded a net gain on revaluation of investment properties of approximately HK$38,934,000, which was mainly attributable to the ShanghaiMart project.

Distribution and Selling Expenses

For the year ended 31 December 2015, as a result of effective cost control and the decrease of saleable housing units, the Group's distribution and selling expenses fell by 16.2% year-on-year to HK$168,020,000 (2014: HK$200,580,000).

General and Administrative Expenses

During the year ended 31 December 2015, the general and administrative expenses maintained at a comparable level to the previous year of approximately HK$460,317,000 (2014: HK$460,265,000). Despite the first-time consolidation of the full-year general and administrative expenses of ShanghaiMart in the Group's financial statements, our efforts in implementing a series of stringent cost control measures, enhancing structural consolidation and improving the internal management efficiency reaped fruitful results.

Other Expenses, Gains and Losses, net

During the year ended 31 December 2015, the net loss of other expenses, gains and losses was approximately HK$588,685,000 (2014: loss of HK$20,260,000), mainly due to a booked foreign exchange loss arising from the depreciation of Renminbi during the year, provision for settlement of a legal case and provision for agreed payments in relation to withdrawal from a legal case.

Profit

During the year ended 31 December 2015, the Group's profit for the year dropped 6.9% to approximately HK$539,986,000 (2014: HK$579,964,000) mainly owing to the decrease in revenue. Profit attributable to owners of the Company was approximately HK$517,385,000 (2014: HK$161,181,000), up 221.0% from last year, mainly due to the disposal of the Yanjiao project in Hebei and Qi'ao Island project in Zhuhai during the year. Both the basic and diluted earnings per share for the year were 10.75 HK cents (2014: 3.35 HK cents).

Liquidity and Capital Resources

As at 31 December 2015, bank balances and cash of the Group increased by 77.0% to HK$11,371,189,000 (31 December 2014: HK$6,424,058,000).

In November last year, SUD, a subsidiary of the Group, completed the issue of domestic corporate bonds in the PRC with a principal amount of RMB1,800,000,000 and a term of seven years at an annual coupon rate of 4.47%. The Group intends to use the net proceeds for repayment of bank loans and its general working capital. The net debt to total equity of the Group (as calculated in the section headed "Financial Highlights" in this announcement) dropped from 65.6% as at 31 December 2014 to 54.9% in 2015, principally due to an increase in cash flow which was attributable to the asset disposal and strong performance in contract sales. Current ratio stood at 2.0 (31 December 2014: 1.9).

The disposal of the Qi'ao Island project in Zhuhai and Yanjiao project in Hebei provided the Group with strong liquidity during the year. The management 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.

Foreign Exchange Risks

Most of the Group's revenues and operating costs were denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, bank loans denominated in US dollar and Hong Kong dollar, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements to control its exposure to exchange rate fluctuations during the year ended 31 December 2015. However, the Group will adopt necessary measures at appropriate time to minimize the impact arising from currency fluctuations.

Distribution of Dividends

In view of shareholders' unwavering support over the years, the Board resolved through discussion to propose 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.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed 1,673 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 of the Company, having regard to the operating results of the Group, 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 2015, the Group provided training programs relating to work to employees. Activities aiming at building up team spirit were regularly organized 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 2015, the Group's future saleable land bank totaled approximately 4 million sq.m. in G.F.A., which are developed into 19 property projects located in 10 cities, covering residential housing, serviced apartments, premium offices, shopping centers and hotels.

OUTLOOK

The comeback of the real estate market in 2015 has positively changed the property industry. With the belief that the property industry will remain as an important pillar in the economic growth of China in 2016, we expect that the government will launch more easing policies, including tax incentives and reduction in down payment and interest rate targeting at unlocking rigid and housing improvement demands, which may improve the business environment of the property sector in 2016. However, in view of the high housing inventory level in most cities in China, further increase in land acquisition costs, and narrower room for monetary policy control as compared to the previous year with the launch of the interest rate upcycle by the United States, the prospect of the real estate industry in China is still challenging on the whole. The market will pick up its pace in weeding out the weak and, at last, only the fittest will survive.

The Group will maintain a solid and sound investment strategy. It is envisaged that future property investment will further concentrate in prosperous regions, such as first-tier cities and certain important second-tier cities, with joint investment and cooperation development as the prevailing trend. On the other hand, the market will become even more challenging for the operation of business assets, and the entire industry will be revolving around important topics such as reorganization, transformation and innovation. The Group will continue to take an active role in examining market opportunities with a focus on the Yangtze River Delta region and prosperous cities by fully leveraging on the synergies created with its strategic partners.

In the coming year, the Group will maintain a similar level of construction works as in 2015, with approximately 10 projects covering a total G.F.A. of not less than 2,000,000 sq.m. (2015: 2,359,000 sq.m.).

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 and benefit from the stable economic growth in Shanghai upon completion. In the coming year, while Shanghai will remain as the Group's core sales area (mainly arising from the new phases of the hot-selling projects last year, namely Urban Cradle and Grand Mansion), new phases and new projects will be launched in Xi'an, Tianjin and Shenyang. The contract sales from commodity housing are expected to be comparable to those of the previous year.

In the coming year, the Group will, 1. strengthen cooperation by establishing a cooperation mechanism with more quality property developers and financial institutions to bolster its strengths; 2. continue to introduce strategic partners and seek help from professional companies or third-party agencies to revitalize its inventory assets with a view to enhancing or unlocking their true value; and 3. explore innovative business models, emphasize the development of financial properties, industry-specific real estates and financial real estate investment, and probe into the possibility of extending the industry chain, aside from continuing with the development of residential housing and operation of commercial assets.

Furthermore, Renminbi depreciation against the US dollar became a hot topic in the previous year, and attracts much speculation in the market over its outlook in the coming 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 risk of foreign exchange losses. Meanwhile, the Group will also closely monitor the interest rates in order to timely adjust its debt structure and review the taxation planning of each of the project companies in a bid to enhance the overall profitability of the Group.

Going forward, as large international players, such as Disneyland and Oriental DreamWorks, landed their feet in Shanghai, the Group is confident about the room for economic growth in first-tier cities like Shanghai. Capitalizing on its strong controlling shareholder background and decades of professional experience in Shanghai property development possessed by its management, the Group will keep on actively exploring high quality land resources in the region and generate solid returns for the shareholders.

ANNUAL GENERAL MEETING

It is proposed that the 2016 annual general meeting of the Company will be held on Wednesday, 25 May 2016 (the "**2016 AGM**"). Notice of the 2016 AGM will be published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkex.com.hk) and the Company (www.siud.com) and despatched to the shareholders of the Company (the "**Shareholders**") in the manner as required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange in due course.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommends the payment of a final dividend of 1.2 HK cents per share in cash and a special dividend of 1.6 HK cents per share in cash for the year ended 31 December 2015 (for the year ended 31 December 2014: final dividend of 1.1 HK cents per share in cash) to Shareholders whose names appear on the register of members of the Company on Thursday, 2 June 2016, subject to approval by the Shareholders at the 2016 AGM. It is expected that the final and special dividend warrants will be despatched to those entitled Shareholders on or around 30 June 2016.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2016 AGM

The 2016 AGM is scheduled to be held on Wednesday, 25 May 2016. For determining the entitlement to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Friday, 20 May 2016 to Wednesday, 25 May 2016, 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 2016 AGM, unregistered holders of shares of the Company should ensure that all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30p.m. on Thursday, 19 May 2016.

Entitlement to receive the proposed final and special dividend

For determining the entitlement of the Shareholders to receive the proposed final and special dividend, the Company's register of members will be closed from Wednesday, 1 June 2016 to Thursday, 2 June 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final and special dividend (subject to Shareholders' approval at the 2016 AGM), all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30p.m. on Tuesday, 31 May 2016.

CORPORATE GOVERNANCE

During the year ended 31 December 2015, 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 deviated hereunder.

Code Provision A.2.1 of the Code

The code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the re-designation of Mr. Ji Gang as the Chairman of the Board with effect from 2 February 2015, there is a deviation from code provision A.2.1 as Mr. Ji Gang also performs the role of chief executive of the Group. The Board is aware of the said deviation but considers that this arrangement is appropriate and in the best interests of the Group as it helps to maintain the continuity of the Group's policies and strategies and the stability of the operations of the Group. The Board also considers that such arrangement would not impair the balance of power and authority between the Board and the management of the Company as the Board does meet regularly on a quarterly basis to review the operations of the Group and to consider other major matters affecting the business development and operations of the Group. Going forward, the Board will periodically review the effectiveness of this arrangement.

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 2015, which will be published and despatched to the Shareholders 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 three independent non-executive directors of the Company, namely Mr. Li Ka Fai, David (Committee Chairman), Mr. Doo Wai-Hoi, William, *J.P.*, and Mr. Fan Ren Da, Anthony, has reviewed the audited financial statements of the Group for the year ended 31 December 2015 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group; risk management and internal controls; and financial reporting matters.

SHARE CAPITAL

The Company's issued and fully paid share capital as at 31 December 2015 amounted to HK$192,450,927.56 divided into 4,811,273,189 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 the existing Shareholders.

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 THE COMPANY'S LISTED SECURITIES

Repurchase of Shares

During the year ended 31 December 2015, the Company repurchased a total of 250,000 ordinary shares of the Company of HK$0.04 each on the Stock Exchange at an aggregate purchase price of HK$308,500. Details of the repurchases of such ordinary shares were as follows:

Date of repurchases	Number of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price
		Highest	Lowest	
		HK$	*HK$*	*HK$*
26 August 2015	200,000	1.22	1.22	244,000.00
28 August 2015	50,000	1.29	1.29	64,500.00
Total	250,000			308,500.00
	Total expenses on shares repurchased			805.64
			Total	309,305.64

All of the above-mentioned repurchased ordinary shares were cancelled on 17 September 2015. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the directors of the Company pursuant to the repurchase mandate granted at the annual general meeting of the Company held on 27 May 2015.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year ended 31 December 2015.

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. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards as set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the year ended 31 December 2015.

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 2015.

CHANGES IN INFORMATION OF DIRECTORS

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

Mr. Li Ka Fai, David, an independent non-executive director of the Company, was appointed as members of the nomination committee and the remuneration committee of China-Hongkong Photo Products Holdings Limited, a company listed on the Stock Exchange with stock code of 1123, with effect from 21 August 2015.

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 2015 containing all the applicable information required by the Listing Rules will be despatched to the Shareholders 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 of
Shanghai Industrial Urban Development Group Limited
Ji Gang
Chairman

Hong Kong, 29 March 2016

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