



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

NEW STAGE NEW INITIATIVE

INTERIM REPORT 2014



NEW STAGE

NEW INITIATIVE

Shanghai Industrial Urban Development Group Limited (“**SIUD**” or the “**Company**”, together with its subsidiaries, the “**Group**”) currently has 23 real estate projects in 12 major cities in China, namely Shanghai, Kunshan, Wuxi, Beijing, Sanhe, Shenyang, Tianjin, Xi’an, Chongqing, Changsha, Shenzhen and Zhuhai. Most of the projects are mid- to high-end residential projects which are under construction at full steam, presenting the Group with an approximately 7.53 million-square-meter land bank and excellent foundation for long term development.



Artist's Impression



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ni Jianda (*Chairman*)
Ji Gang (*Vice Chairman & President*)
Zhou Jun
Yang Jianwei
Yang Biao
Huang Fei
Ye Weiqi

Independent Non-Executive Directors

Doo Wai-Hoi, William, J.P.
Wong Ying Ho, Kennedy, BBS, J.P.
Fan Ren Da, Anthony
Li Ka Fai, David

AUTHORIZED REPRESENTATIVES

Ni Jianda
Chan Kin Chu, Harry

BOARD COMMITTEES

• *Audit Committee*

Li Ka Fai, David (*Committee Chairman*)
Doo Wai-Hoi, William, J.P.
Wong Ying Ho, Kennedy, BBS, J.P.
Fan Ren Da, Anthony

• *Remuneration Committee*

Doo Wai-Hoi, William, J.P. (*Committee Chairman*)
Fan Ren Da, Anthony
Ye Weiqi

• *Nomination Committee*

Wong Ying Ho, Kennedy, BBS, J.P. (*Committee Chairman*)
Fan Ren Da, Anthony
Ni Jianda

• *Investment Appraisal Committee*

Fan Ren Da, Anthony (*Committee Chairman*)
Zhou Jun
Ye Weiqi

COMPANY SECRETARY

Chan Kin Chu, Harry

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
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Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong

LEGAL ADVISERS

As to Hong Kong Law

Ashurst Hong Kong

As to Bermuda Law

Conyers Dill & Pearman

COMPLIANCE ADVISER

Somerley Capital Limited

REGISTERED OFFICE

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PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Shanghai Pudong Development Bank Company Limited
China Construction Bank Corporation
Agricultural Bank of China Limited

AUDITOR

Deloitte Touche Tohmatsu
35th Floor, One Pacific Place
88 Queensway, Hong Kong

LISTING INFORMATION

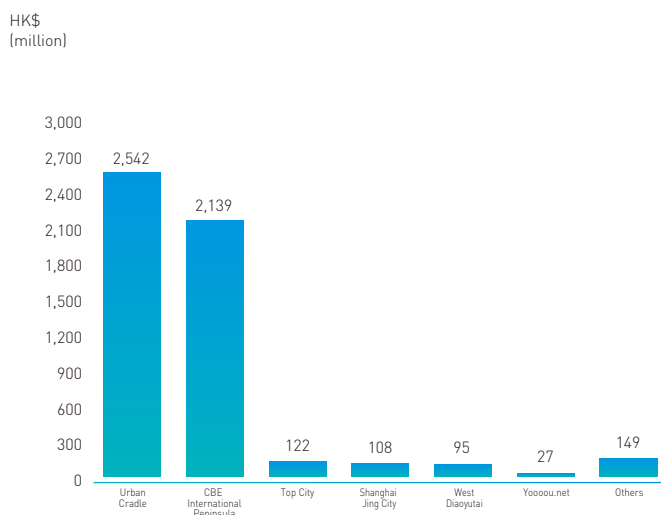
The Stock Exchange of Hong Kong Limited
Ordinary Shares
(Stock Code: 563)

FINANCIAL HIGHLIGHTS

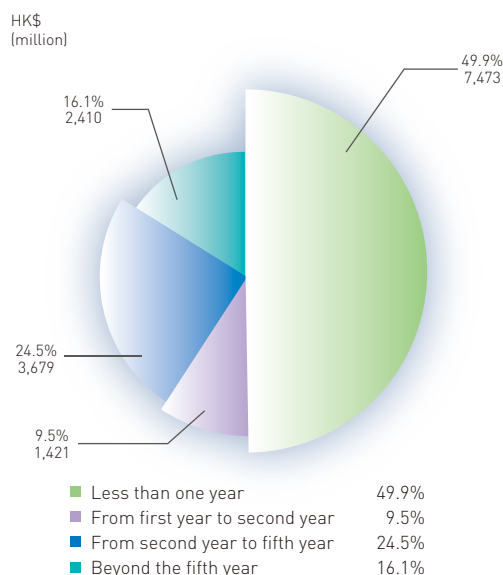
	For the six months ended 30 June 2014	For the six months ended 30 June 2013
Financial Highlights (HK\$'000)		
Revenue	3,167,095	2,965,733
(Loss) Profit attributable to equity owners of the Company	(148,190)	481,877
Financial Information per share (HK cents)		
(Loss) Earnings		
– Basic	(3.08)	10.02
– Diluted	(3.08)	10.02
	As at 30 June 2014	As at 31 December 2013
Pre-sale proceeds received on sales of properties (HK\$'000)	5,181,963	6,496,160
Financial Ratios		
Net debt to total equity (%)	45.9%	41.3%
Current ratio	1.93	1.90

Note: Net debt = total borrowings (including bank borrowings, loan payables and senior notes) less cash and cash equivalents and restricted bank deposits secured against bank borrowings.

ANALYSIS ON PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES



DEBT MATURITY PROFILE



CHAIRMAN'S STATEMENT



In March 2014, China Premier Li Keqiang proposed in the Report on the Work of the Government that appropriate control measures and regulations of China's property market should be based upon the specific conditions of different areas and cities, under the principles of protecting consumption demand and suppressing investment needs. Subsequently, the Central Government has continuously relaxed different monetary policies to stabilize home buyers' demand. Against the backdrop of relatively weak macroeconomic conditions, regulations implemented by the Central Government put extra emphasis on long-term benefits, allowing market mechanism to adjust the property market to promote stable and healthy growth. The property enterprises are expected to face opportunities and challenges in a more market-driven environment.



In the first half of 2014, the Chinese economy remained stable in spite of the slowdown in growth. Both urbanization and GDP per capita in China continued to advance. Despite some exceptional price reductions of certain property projects to stimulate sales in the first-tier or second-tier cities, the general property market was still in solid demand, especially demand from first-time home buyers and existing home-owners seeking an upgrade. This led to a progressive and healthy development of the property market. During the period, the Group achieved satisfactory result in contract sales and exceeded its sales target for the first half. This was attributable to the Group's effort in conducting comprehensive market analysis to capture market opportunities and launch key projects timely for sale and this proved the management's business acumen in market developments.

Being the Group's flagship project, Urban Cradle in Shanghai has been famous with its remarkable sales. Housing in Phase I to IV was well-received by the market, with inventory in Phase IV almost sold out in the first half of this year. In June 2014, the Group launched the large-sized deluxe fitted-out mansions of Phase V, which were again received favorably by the market. Since the release of Phase I of Urban Cradle, the average selling price has been increasing continuously. This demonstrates that in the growingly market-driven property market, the branding, quality and location distinguish a project from its peers. The Group's projects will continue to compete through branding and quality, offering excellent products to customers at reasonable prices, and to operate under the premise of preserving the Group's profit margin, in order to ensure the best interests of shareholders.

During the period, the Group continued to focus on restructuring and optimizing asset portfolio as its key strategy. The Group actively sought quality projects in the Yangtze River Delta and major coastal cities and developed quality projects at appropriate times, in order to lay the bedrock for the Group's long-term development. In March 2014, the group successfully obtained a land parcel at Meilong Town, Minhang District, Shanghai. The land will be developed as the Phase V of the Shanghai Jing City and sold as a commodity housing project. For other projects, the construction of the Xinzhuang Metro Superstructure began, the construction of U Centre was in good progress, the hotel in Wuxi commenced operations, and the construction of the new phase of the Xi'an project also got started. On the other hand, the Group continued to divest assets which were no longer aligned to its long-term strategy. On 6 August, the Group entered into a framework agreement to dispose a subsidiary owning 40% of the Tianjin Beichen project to realize its asset value and to generate cash inflow for the development of future projects with greater returns or for working capital purpose.

Keen on innovation, the Group secured approximately US\$600,000,000 in July through a club loan and a new shareholder loan, for the repayment of the high-interest senior notes due in late July and the financial support for the Group's subsequent development, strategic move and business model. The Group's mid- and long-term strategy will capitalize upon the opportunity from the reformation of equity in state-owned enterprises, leverage upon the advantages from the Group's background, to engage in secondary development for land upgrade. By unleashing land value and establishing strategic alliances, the Group will form a new operating model. The Group will actively develop projects in key areas to foster the building of brand and project teams, and capitalize on projects and assets at appropriate times to increase shareholder returns and speed up cash inflows. Furthermore, in light of the Shanghai Free Trade Zone driving commercial activities in the city of Shanghai and stimulating demand for commercial properties and office spaces, the Group's commercial complex projects in Shanghai will be certainly benefited.

Looking ahead to the second half of the year, the Group will seize market opportunities, accurately match project positioning with consumer demands, and focus on developing high-returns projects as well as investment properties. Also, the Group will continue to optimize product mix, improve internal management in multiple areas such as engineering, sales and finance, and expand business operations while cautiously assess market risks. The Group will actively engage in asset integration and increase its returns on capital, continue to improve product quality and enhance brand competitiveness to secure fruitful returns for shareholders.

Finally, on behalf of the Board, I would like to express my gratitude to the management of the Group and every employee for their whole-hearted contribution for the Group, as well as the long-term support from the Group's business partners and shareholders.

Ni Jianda

Chairman

26 August 2014

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2014, China's economy experienced steady growth thanks to the Central Government's deepening reforms and effective implementation of the economic development model. In the National People's Congress and Chinese People's Political Consultative Conference held in March 2014, the Central Government stated that establishing long-term mechanisms is essential to property market development. The keynote was to adopt different measures in different cities according to the specific conditions locally. For first-tier cities, control measures would focus on expanding supply and suppressing speculative demand; whereas for cities with relatively large property supply would emphasize on regulating the supply mechanisms of land and property. In the Yangtze River Delta and first-tier coastal cities where the Group is actively engaged in, the fundamentals of the market remain solid, with price reduction to stimulate sales being isolated incidents by certain developers or projects. For quality projects whose branding and quality are superior to its peers, such as the Group's Urban Cradle, selling prices have been steadily increasing, which serves to distinguish the developer's strength.

BUSINESS REVIEW

In the first half of 2014, the Group focused on restructuring and optimizing asset portfolio, by seeking quality projects actively in the Yangtze River Delta and major coastal cities, in order to provide impetus for the Group's long-term development. In April 2014, the Group signed an agreement with the Minhang District Government in Shanghai to acquire a land parcel located at Meilong Town, Minhang District for RMB767 million for the development of Phase V of Shanghai Jing City. The project will be developed into small- and medium-sized commodity housing to satisfy the rigid housing demand from targeted consumer segments such as newlyweds and the growing urban population.

Property Development

During the period under review, the Group had a total gross floor area ("**G.F.A.**") of approximately 2,042,000 square meters ("**sq.m.**") under construction, of which 202,000 sq.m. were new projects. Principal projects included Shanghai Jing City and Xinzhuang Metro Superstructure. The Group had completed construction with G.F.A. of 40,000 sq.m., and delivered a total G.F.A. of 182,000 sq.m., comprising 104,000 sq.m. of commodity housing and 78,000 sq.m. of affordable housing.

Contract Sales

For the six months ended 30 June 2014, the Group recorded a total contract sales of RMB2,520,000,000 (six months ended 30 June 2013: RMB3,340,000,000) from commodity and affordable housing, surpassing half of the full-year sales target set at the beginning of the year. Contract sales in terms of G.F.A. were approximately 165,000 sq.m., down 5.2% year-on-year.

During the period, contract sales from commodity housing amounted to RMB1,710,000,000, down 36.7% year-on-year, accounting for 67.9% of the Group's overall contract sales. The year-on-year decrease was a result of the difference in project launch schedules. Since for the key project Urban Cradle, inventories of Phase IV were almost sold out early this year and Phase V was only released in June. In the first half, commodity housing contract sales in terms of G.F.A. were approximately 82,000 sq.m., representing a year-on-year decrease of 38.0%. Average selling price was approximately RMB20,800 per sq.m., slightly up 1% year-on-year.

Contract sales from affordable housing were RMB810,000,000, up 26.6% year-on-year, accounting for 32.1% of the Group's overall contract sales. Contract sales in terms of G.F.A. were approximately 83,000 sq.m., representing a year-on-year increase of approximately 95.3%.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2014, the Group's revenue rose by 6.8% to HK\$3,167,095,000 (six months ended 30 June 2013: HK\$2,965,733,000), which mainly reflected the Group's efforts to accelerate project construction progress and delivery of property. During the review period, property sales were the Group's main source of revenue. The Group has delivered properties with a total G.F.A. of 182,000 sq.m., down from 236,000 sq.m. in the same period a year earlier, and recorded a property sales of HK\$2,949,358,000 (six months ended 30 June 2013: HK\$2,771,250,000), representing 93.1% of total revenue. The largest contribution was from Urban Cradle, accounting for 42.7% of property sales, followed by Shanghai Jing City, at 28.9%.

Revenues from leasing, property management and services, and hotel operations also provided stable revenue sources for the Group, contributing HK\$139,486,000, HK\$36,629,000, and HK\$41,622,000 and accounting for 4.4%, 1.2%, and 1.3% of revenue respectively (six months ended 30 June 2013: 4.0%, 1.2%, and 1.4% respectively).

Gross Profit and Gross Profit Margin

During the period under review, gross profit was HK\$969,896,000, up 2.7% year-on-year, largely due to increase of revenue. Gross profit margin was approximately 30.6%, similar to that of the last corresponding period.

Investment Property Revaluation

For the six months ended 30 June 2014, the Group recorded a net loss on revaluation of investment properties of HK\$65,940,000, mainly from the Laochengxiang project in Tianjin.

Distribution and Selling Expenses

For the six months ended 30 June 2014, the Group recorded distribution and selling expenses of approximately HK\$89,536,000, decreasing by 30.7% from HK\$129,145,000 in the first half of 2013. The decrease of relevant distribution and selling expenses were commensurate with fewer property projects launched for sales during the period.

General and Administrative Expenses

During the six months ended 30 June 2014, the Group recorded general and administrative expenses of approximately HK\$196,632,000, a decline of 7.3% year-on-year, thanks to the Group's ongoing strict cost control measures.

Profit

During the six months ended 30 June 2014, the Group's after-tax profit amounted to HK\$16,807,000 (six months ended 30 June 2013: HK\$625,164,000). In the first half of 2014, the Group recorded a loss attributable to owners of the Company of HK\$148,190,000 (six months ended 30 June 2013: profit attributable to owners of the Company of HK\$481,877,000). The results were mainly due to the one-off gain from the disposal of the U Center project in the same period last year, which increased the year-on-year base for comparison. Excluding the one-off gain from the disposal, loss attributable to owners of the Company during the period under review would have recorded a year-on-year decrease of approximately HK\$107,146,000. In the first half of the year, both basic and diluted loss per share were 3.08 HK cents (six months ended 30 June 2013: both basic and diluted earnings per share were 10.02 HK cents).

Cash and Financial Position

The Group manages its capital to ensure that entities in the Group will be able to operate continuously on a sustainable basis while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, senior notes, cash and cash equivalent and equity attributable to owners of the Company (comprising issued share capital and reserves).

As at 30 June 2014, the Group's cash and cash equivalents were HK\$6,089,745,000 (31 December 2013: HK\$6,314,391,000). The addition to net proceed of bank and other borrowings was approximately HK\$721,273,000. This caused the net gearing ratio (net debt (total borrowings less cash and cash equivalents and restricted and pledged bank deposits) to total equity) to rise from 41.3% as at the end of last year to 45.9% and current ratio to increase to 1.93 (31 December 2013: 1.90).

As at 30 June 2014, the total borrowings of the Group including bank borrowings, other borrowings and senior notes amounted to approximately HK\$14,982,861,000 (31 December 2013: HK\$14,486,460,000).

The Group had a total of 4,811,523,189 shares in issue as at 30 June 2014. Due to losses recorded in the first half, the equity attributable to owners of the Company amounted to HK\$12,243,771,000 as at 30 June 2014.

Foreign Exchange Exposure

Other than financing activities such as foreign currency borrowings which were denominated in foreign currencies, the Group conducts its business almost exclusively in RMB. The Group would be affected mainly by the bank deposits denominated in foreign currencies and the outstanding foreign borrowings, which comprises mainly US\$400,000,000 senior notes, US\$31,480,000 bank borrowings and HK\$1,000,000,000 other borrowings as at 30 June 2014.

Notwithstanding that short-term fluctuations of RMB exchange rates during the period affected exchange gains or losses, the Group has not implemented any hedging or other alternative measures during the six months ended 30 June 2014 but is closely monitoring aforesaid exchange rate risks and will exercise prudence in considering measures to reduce the associated risks at appropriate times. As at 30 June 2014, the Group did not have any exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Human Resources and Remuneration Policies

As at 30 June 2014, the Group employed 1,180 employees (including offices in Hong Kong and the People's Republic of China). The remuneration policies for the employees of the Group are determined according to the performance, qualification, experience and competence of the employee. The emolument of the directors of the Company (the "**Directors**") is determined by the remuneration committee of the Company, having regard to the operating results of the Company, individual performance and comparable market statistics. Discretionary bonus payments available to the Group's employees are linked to the profitability of the Group and individual performances.

The Group had adopted a share option scheme as an incentive to Directors and eligible employees. During the six months ended 30 June 2014, the Group provided work-related training programs 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.

Contingent Liabilities

Details of contingent liabilities are set out in note 19 to the consolidated financial statements.

Charge on Group's Assets

As at 30 June 2014, certain bank deposits of approximately HK\$71,048,000 (31 December 2013: HK\$60,471,000) were pledged to banks to secure mortgage loans granted by banks to the purchasers of pre-sold properties. These pledged deposits will be released upon the transfer of the property title certifications to the respective purchasers.

As at 30 June 2014, certain inventories, a hotel property and its land use right, certain investment properties and bank deposits of the Group located in the PRC, with total carrying amounts of approximately HK\$15,537,280,000 (31 December 2013: HK\$10,763,475,000), HK\$753,157,000 (31 December 2013: 798,539,000) HK\$3,423,215,000 (31 December 2013: HK\$3,376,629,000), and HK\$321,319,000 (31 December 2013: HK\$342,037,000) respectively, were pledged as collateral for the Group's bank borrowings.

LAND BANK

As at 30 June 2014, the Group had a saleable land bank with a G.F.A. of approximately 7,530,000 sq.m., which has been developed into 23 property projects located across 12 cities. As its strategic direction, the Group will continue to actively seek new high quality projects in the Yangtze River Delta and prosperous cities in the coastal areas, restructure its land bank, and allocate resources into projects with higher profitability.

OUTLOOK

In 2014, the Central Government actively pursues its annual economic growth target of 7.5%. The People's Bank of China continued to relax the monetary policies by mini-stimulus had made a significant impact on the economic growth. Market forecasts a continuation in relaxing monetary policies in the second half of 2014, which could become a norm during the period of economic restructuring in the next few years. As property development is an important pillar for economic growth, it is anticipated that the Central Government's regulatory policies would stay stable in general under the principle of implementing different measures for different cities. The market supply-demand imbalance would be resolved through adjustments by the market itself and prices would be driven by consumption demand mainly from first-time home buyers and existing homeowners seeking to upgrade.

More importantly in financial liquidity, the Central Government has implemented various policies to stabilize home-buying demand. Banks started to lessen mortgage rates for homes. At the end of July 2014, the big four state-owned banks have lowered the mortgage rates for first-time home buyers in the Shanghai region. This indicated state-owned banks' support in the mortgage types encouraged by government policies, with the hope that the increased availability of mortgages will further stimulate and release the rigid housing demand. Overall, the Central Government is expected to implement a holistic property control program to ensure sound and stable development of the property market.

In the second half of 2014, the Group will seize opportunities and focus on developing business in the more affluent cities in the Yangtze River Delta and along the coastline, pursuing innovative property development. It will strive to obtain quality land resources riding on opportunities presented by equity reforms of state-owned enterprises, land development and enhancement, and also through ways, such as mergers and acquisitions, renovation of old towns, and upgrade of land use by local governments. Efforts will be made to unleash the potential value of land. The aforementioned plus the Group's unique competitive advantage in the Yangtze River Delta and its flexible approach in embarking on projects other than its own, like in collaboration with other developers or strategic partners, or capitalizing on assets and pursuing projects at suitable time, will enable the Group to maximize its asset value, and at the same time also to accelerate cash inflows hence free it from the funding restraints commonly faced by its industry peers. This unique developmental strategy and competitive advantage have continually driven the Group's progressive development. In the past, the Group has effectively accumulated cost-efficient, high-quality land reserves, with successful cases such as obtaining U Center in Shanghai and the land parcel for Phase V of Shanghai Jing City in Minhang District, Shanghai, and swapping a piece of land parcel of the Xujiahui Centre project for four excellent parcels of land located in Binjiang, Xuhui District. These examples demonstrate the Group's innovative property development model and its execution capacity. Moreover, eyeing the Shanghai Free Trade Zone officially approved in the third quarter of 2013 by the State Council, which would surely drive the capital market liberalization and international development in Shanghai and the consequent rise in commercial activities in the district and the city of Shanghai, thus spur the demand for commercial property and office space. The Group possesses a multitude of excellent land parcels for commercial and office use in Shanghai and is poised for this market opportunity.

During the review period, the Group will continue restructuring land reserves and optimizing asset portfolio by actively seeking projects with high profit margins and capacity to generate significant economic benefits in the Yangtze River Delta or cities along the coastline, while divesting assets no longer aligned with the Group's long-term strategies. On 6 August 2014, the Group entered into a framework agreement with Bosera Asset Management Co., Limited, disposing a subsidiary owning 40% equity of the Tianjin Beichen project for RMB366,000,000. Upon the completion, it is expected that the Group will record an income before taxation of RMB109,179,000 and will receive approximately RMB434,070,000 cash inflow (including a repayment of shareholder's loan by the Beichen project company). The proceeds will be reinvested into projects with greater profitability or used as working capital.

Meanwhile, the Group will accelerate the construction of new projects. In June 2014, construction began for the Xinzhuang Metro Superstructure, which is a project with enormous potential as a commercial complex located at a subway intersection. The Xuhui Binjiang project and the Phase V of Shanghai Jing City are both expected to begin construction at the end of this year or the beginning of next year. In terms of property sales in the second half of 2014, the emphasis would be on the large-sized deluxe fitted-out mansions in Phase V of Urban Cradle in Shanghai, CBE International Peninsula in Xi'an, Top City in Chongqing and the like.

Regarding capital liquidity, the US\$400,000,000 senior notes from the former Neo-China Land was due in July 2014 for repayment. After assessing the cost-effectiveness of several financing sources, the Group has formulated a refinancing plan at a relatively lower cost. On 10 July 2014, the Group entered into a facilities agreement with certain banks for dual currency term loan facilities of HK\$1,826,000,000 and US\$65,000,000 for a term of 36 months. Furthermore, in July 2014 the Group also obtained a US\$300,000,000 loan from the controlling shareholder Shanghai Industrial Holdings Limited. The costs of these two financing arrangement are much lower than that of the previous US\$400,000,000 senior note, which would be beneficial to the Group for future development.

In the second half of 2014, the Group is committed to executing strategic development plans and implementing projects progressively to secure fruitful returns for our shareholders.

DETAILS OF PROPERTIES

The Group has 23 projects in 12 cities, comprising mid- to high-end residential units, serviced apartments, hotels, commercial and office buildings. As at 30 June 2014, the Group's future saleable land bank totaled approximately 7,530,000 square meters in G.F.A.

The Group has restructured its projects and will adopt prudent strategies in future land acquisition.

As at 30 June 2014

Project	City	Site Area (sq.m.)	G.F.A. (sq.m.)	Saleable G.F.A. (sq.m.)	G.F.A. sold in 1H2014 (sq.m.)	Accumulated G.F.A. Sold (sq.m.)	G.F.A. for future sale (sq.m.)	Under construction (sq.m.)	Future development (sq.m.)	Expected Completion Date	Ownership (%)
Urban Cradle	Shanghai	908,950	1,136,468	822,724	24,491	651,788	170,936	193,764	-	2007-2015, in phases	53.1%
Binjiang Land	Shanghai	77,371	404,600	284,600	-	-	284,600	-	284,600	Planning	35.4%
Shanghai Youth City	Shanghai	57,944	212,130	164,688	304	137,454	27,234	-	-	Completed	100.0%
U Center	Shanghai	65,727	388,125	242,010	-	-	242,010	220,867	21,143	2014-2016, in phases	59.0%
Shanghai Jing City	Shanghai	301,908	772,885	610,514	82,459	405,694	204,820	-	145,032	2012-2017, in phases	59.0%
Jingjie Yuan	Shanghai	49,764	125,143	95,594	-	95,594	-	-	-	Completed	59.0%
Xinzhuang Metro Superstructure Project	Shanghai	117,825	605,000	378,300	-	-	378,300	57,000	321,300	2018-2022, in phases	20.7%
American Rock	Beijing	121,499	523,833	454,610	495	449,851	4,759	-	-	Completed	100.0%
Youngman Point	Beijing	112,700	348,664	295,114	5,781	246,662	48,452	33,461	-	2007-2016, in phases	100.0%
West Diaoyutai	Beijing	42,541	250,930	230,801	174	170,434	60,367	-	49,288	2007-2015, in phases	90.0%
Yanjiao	Sanhe	333,333	666,600	666,600	-	-	666,600	-	666,600	2015-2018, in phases	100.0%
Laochengxiang	Tianjin	244,252	752,883	613,357	5,378	543,894	69,463	-	62,800	2006-2017, in phases	100.0%
Beichen	Tianjin	1,115,477	2,042,750	1,893,684	-	88,748	1,804,936	179,379	1,625,879	2015-2018, in phases	40.0%
Yooou.net	Kunshan	34,223	129,498	112,812	1,125	55,214	57,598	-	-	Completed	30.7%
Royal Villa	Kunshan	205,017	267,701	222,666	6,598	132,089	90,577	44,718	11,247	2007-2017, in phases	53.1%
Urban Development International Center	Wuxi	24,041	193,368	143,862	-	10,530	133,332	-	-	Completed	59.0%
CBE International Peninsula	Xi'an	2,101,967	3,899,867	3,202,324	14,478	1,724,521	1,477,803	545,206	1,102,228	2008-2017, in phases	71.5%
Shenyang U Center	Shenyang	22,651	228,768	181,373	-	-	181,373	181,373	-	2015-2017, in phases	80.0%
Top City	Chongqing	120,014	785,225	561,606	22,197	340,861	220,745	70,028	-	2008-2015, in phases	100.0%
Toscana	Changsha	180,541	210,980	186,492	-	186,492	-	-	-	Completed	32.5%
Forest Sea	Changsha	679,620	907,194	872,185	1,022	234,137	638,048	63,400	564,481	2007-2017, in phases	67.0%
Qi Ao Island	Zhuhai	2,215,516	1,090,000	770,000	-	-	770,000	-	770,000	Planning	100.0%
China Phoenix Tower	Shenzhen	11,038	106,190	79,391	-	78,343	1,048	-	-	Completed	91.0%
Total		9,143,919	16,048,802	13,085,307	164,502	5,552,306	7,533,001	1,589,196	5,624,598		

MAJOR INVESTMENT PROPERTIES

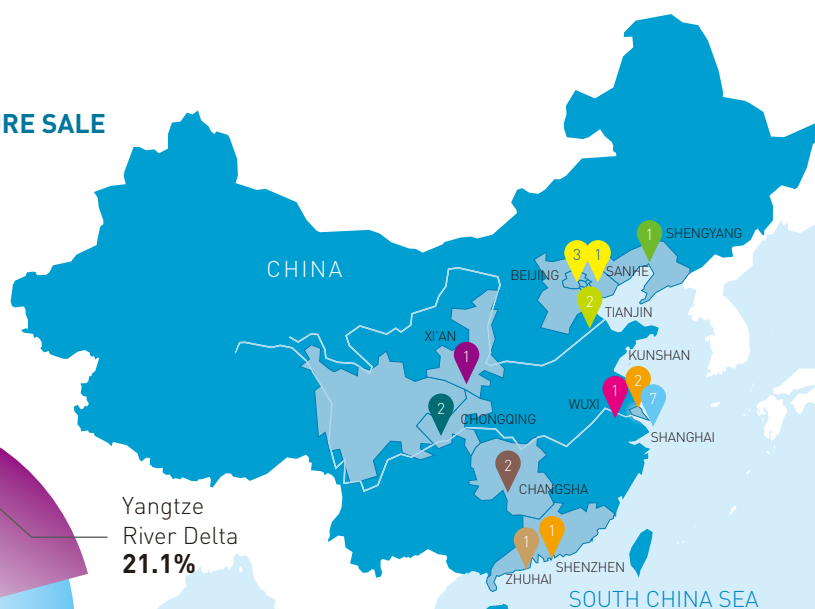
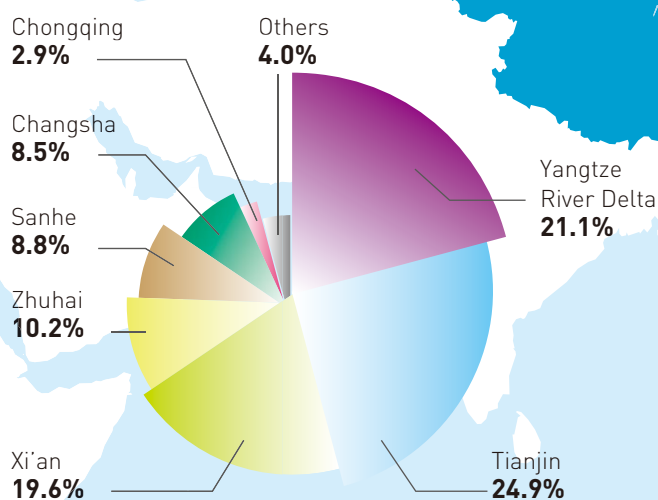
Project	City	Type	Lease Term	Ownership (%)	G.F.A. (sq.m.)
Laochengxiang	Tianjin	Residential/ Commercial/Office	Medium term	100%	4,092 ¹
Shanghai Youth City	Shanghai	Commercial	Medium term	100%	16,349 ¹
Top City	Chongqing	Commercial/Car park	Medium term	100%	251,847 ¹
China Phoenix Tower	Shenzhen	Office	Medium term	91%	1,048 ¹
Urban Development International Tower ²	Shanghai	Office	Medium term	59%	45,239
Huimin Commercial Tower ³	Shanghai	Commercial	Medium term	59%	13,839
Others	Shanghai	Commercial/Office	Medium term	59%	9,249
Total					341,663

Notes:

1. Included on page 13 of this interim report
2. Address: No. 355, Hongqiao Road, Xuhui District, Shanghai
3. Address: No. 123, Tianyaoqiao Road, Xuhui District, Shanghai

BREAKDOWN OF G.F.A. FOR FUTURE SALE

(As at 30 June 2014)



MAJOR PROJECT INTRODUCTION

Shanghai



URBAN CRADLE



Address:

No. 932, Wanyuan Road, Minhang District, Shanghai

Category:

Residence / Commerce

Feature:

The project is located in Gumei, Minhang District, Shanghai, east of Lianhua Road, west of Hechuan Road, south of Gudai Road and north of Pingnan Road, less than 700 meters from the middle ring line. The area is a major focal point for large scale residential development in the "10th Five-Year Plan" of Shanghai. The project spans a total site area of about 908,950 sq.m. with a total construction area of about 1.14 million sq.m., including about 770,000 sq.m. of residences, close to nearly 220,000 sq.m. of underground space and more than 100,000 sq.m. for accommodating amenities for the estimated over 20,000 residents. Urban Cradle is an all-engulfing showcase of architectural forms and brilliant products including international-grade apartments, standalone villas, garden houses, deluxe mansions, modern commercial premises and green landscapes, bringing comfortable and stylish living together with commerce, entertainment, culture, education, and business and leisure pursuits.

BINJIANG



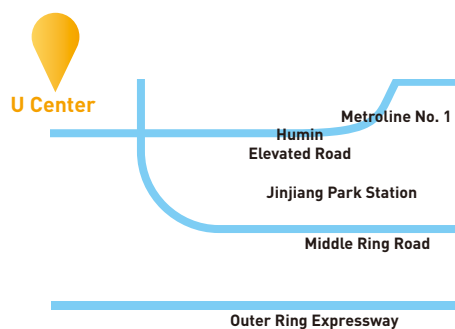
Address:
Xuhui Binjiang, Shanghai

Category:
Mixed use

Feature:

Facing Huangpu River in Shanghai, Binjiang land parcels are situated at the business hub of Binjiang, Xuhui District and is planned for composite commercial usage, which will be built as property partly for sales and held for rental respectively. The surrounding view of the project is glorious. Also, the transportation network is well established as the project is adjacent to Longyao Road Tunnel that lead to Pudong, coupled with the Yunjin Road Station of metro line 11 is now in use.

U CENTER



Address:
Meilong Town, Minhang District, Shanghai

Category:
Commerce/Hotel/Office

Feature:

U Center, primarily located at the intersection of Xuhui and Minhang District, enjoys location advantage, mature amenities and transportation network support with access to, the Lianhua Road Station on Shanghai Rail Transit Line 1 and the Middle Ring Line, and also the Humin Super Highway. It is blessed with the consuming power of an about 600,000 strong permanent population within a three-kilometer radius, and there are the Xujiahui business district and Caohejing New Technology Development Zone within the eight-kilometer radius. The project has a total construction area of about 390,000 sq.m., approximately 100,000 sq.m. of which will be A-grade offices with LEED-CS certification. It will also home a more than 36,000 sq.m. 5-star hotel, an over 110,000 sq.m. commercial complex and a 57,000 sq.m. urban park on the south side, all of vanguard designs taking care of every need of occupants.

XINZHUANG METRO SUPERSTRUCTURE



Address:

Xinzhuang Town, Minhang District, Shanghai

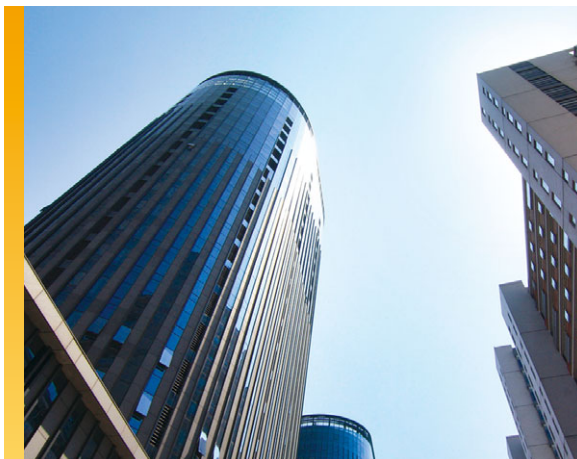
Category:

Residence/Commerce/Hotel/Office/Apartment (office)

Feature:

In a mature neighborhood with convenient transportation support, the project is right at the terminus of Shanghai metro line 1 and 5. Residential premises, apartment (office), offices, a hotel, commercial premises and related facilities are covered in the project plan.

SHANGHAI YOUTH CITY



Address:

No. 1519, Husong Road, Jiuting Town, Songjiang District, Shanghai

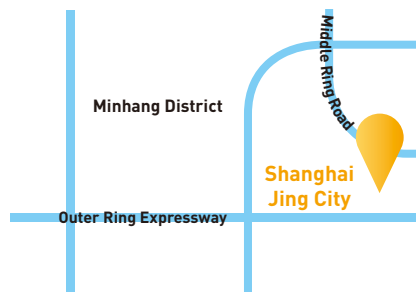
Category:

Commerce/Office

Feature:

The project is 20 kilometers from downtown Shanghai above Jiuting Station on subway line 9. The station is the first stop of the subway line in Songjiang district where major roads crisscross and business movers and shakers and crowds gather, a high traffic hub in southwest Shanghai. The project comprises eight petite LOFT apartment blocks, an office building, a deluxe boutique apartment building standing on top of an arcade of shops. Phase I and II of the project had all been sold out and Phase III is in the stage of sale.

SHANGHAI JING CITY



Address:
Lane 266, Zhumei Road, Shanghai

Category:
Residence/Commerce

Feature:

The project is an affordable housing project approved by Shanghai Bureau of Housing Security and Housing Administration. It is a large scale indemnificatory housing project on the list of among major construction projects of Shanghai in 2009. In Meilong Town, Minhang District, the project is on an about 319,000 sq.m. site with construction area totaling about 611,000 sq.m. It will consist of high-rise buildings of 18 to 33 floors and become a major all-encompassing affordable housing community with educational, medical and health care and other community service facilities.

Beijing

AMERICAN ROCK



Address:
No. 16, Baizwan Road, Chaoyang District, Beijing

Category:
Residence/Commerce

Feature:

Right next to the central business district ("CBD"), the project has its first phase targeting white-collar customers, attracting them with a host of design novelties. It is an avant product with a strong sense of contemporary style. Offices are included in Phase II to provide work spaces for many fast growing businesses in the eastern part of the city. Except for a small number of parking spaces, the project is completely developed and sold out.

YOUNGMAN POINT



Address:

No. 2, Middle Lane Ganluyuan, Qingnian Road, Chaoyang District, Beijing

Category:

Residence/Commerce

Feature:

At the intersection of Qingnian Road and Chaoyang North Road in Chaoyang District, the project stands opposite Chaobei Dayuecheng – a major commercial complex in Chaobei, and is only 3.8 kilometers away from the CBD. With green belts on the north and a stretch of quiet water on the south, the project presents unique scenic pleasures to its inhabitants. The project has three phases. Phase I and II had been completed and sold out and Phase III had begun development.

WEST DIAOYUTAI



Address:

No. 1 and No. 2 Section, West Diaoyutai Village, Haidian District, Beijing

Category:

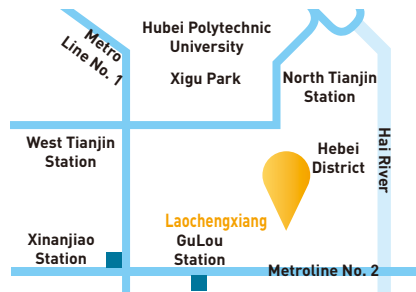
Residence

Feature:

In the west third ring, on the west and south banks of Kunyu River and east to the 137-hectare Yuyuantan Park, the project enjoys a 67-hectare expanse of magnificent aquatic scenes, the largest in Beijing where water is a scarce resource, giving it uniqueness and a touch of supremacy. The project has deluxe apartments with river views as its core products aiming to appeal to the affluent on the high-end. The project has three phases. Phase I and II had been completed and sold out and preparation work has begun for Phase III.

Tianjin

LAOCHENGXIANG



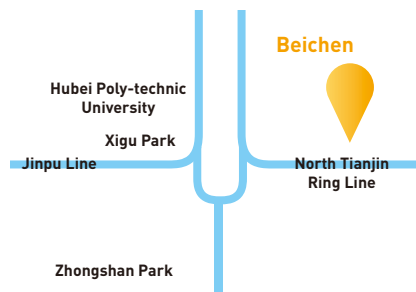
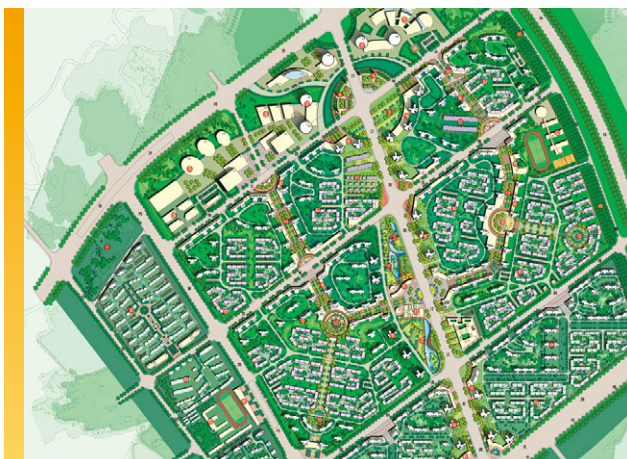
Address:
Laochengxiang, Nankai District, Tianjin

Category:
Residence/Commerce/Office

Feature:

In the traditional city center of Tianjin, the project is a major community with location advantage, comprising residences, commercial premises and offices. Its well-knitted cluster of buildings has become a landmark of the city.

BEICHEN



Address:
Jiucun Village, Yixingfu, Tianjin

Category:
Residence/Commerce/Hotel

Feature:

The aim of the project is to give a new face to an old village. In a transportation hub, the enormous project has the Beijing-Tianjin Railway in close vicinity. There will be a wide array of premises in it to meet residential and commercial needs. At the joint effort of SIUD and its partner Minmetals Real Estate Co., Ltd., construction of phase one of the project is in full steam.

Sanhe

YANJIAO



Address:
Yanjiao Economic and Technological Development Zone, Sanhe, Hebei

Category:
Commerce/Residence/Hotel/Office

Feature:

The Yanjiao Economic Technology Development Zone is in eastern Beijing, 30 kilometers from Tiananmen Square and accessible on a less than 40 minute ride on the Beijing-Tongliao and Beijing-Harbin expressways. Meanwhile, Hebei has reached an agreement with Beijing on extending the Batong Line eastward to Yanjiao, promising ease of transportation conducive to compatible development of the real estate markets of both places. The project will be developed into a large community.

Shenyang

SHENYANG•U CENTER



Address:
South Taiyuan Street, Heping District, Shenyang

Category:
Commerce/Office/Service Apartment

Feature:

The project is in the most prosperous business district downtown Shenyang – south of Taiyuan Street business district, with profound historical charisma and deep commercial roots. The integrated real estate complex offers appealing choices in shopping, food and beverage, leisure pleasure, entertainment, offices for work and luxurious apartments, making it an icon of the city. When completed, the project together with Taiyuan North Street and the existing Zhonghua Road business district will see the birth of the larger Taiyuan Street Commercial District.

Kunshan

Y0000U.NET



Address:
No. 258, Lvdi Avenue, Huaqiao Town, Kunshan

Category:
Commerce/Office

Feature:

Located in the centre of Huacheng International Commercial City and adjoining the west gate of Shanghai, the project is less than 25 kilometers from downtown Shanghai and can be reached directly riding the Huning high-speed railway. With four youthful components – commerce, SOHO, LOFT and MINIHOTEL, it stands out as a community where young and intellectual industries such as computer games, entertainment and e-commerce can thrive.

ROYAL VILLA



Address:
No. 859, East Yingbin Road, Kunshan (near Changjiang Road)

Category:
Residence

Feature:

The project is located in Zhoushi Town of Kunshan City, Jiangsu, the core of the administration center in northern Kunshan. Neighboring the Kunshan Ecological Park, it comprises 18 high-rise apartment buildings and 92 standalone villas.

Wuxi

URBAN DEVELOPMENT INTERNATIONAL CENTER



Address:

Intersection of Yinxu Road and Taihu Avenue, Binhu District, Wuxi, Jiangsu

Category:

Commerce/Hotel/Office/Service Apartment

Feature:

The project is an icon at the heart of the Liyuan Economic Development Zone the new axis of Wuxi. It is only 5 kilometers from the center of the city with the scenic Lihu Lake, Lihu Central Park and Bogong Island in its vicinity to enjoy. The area is well developed, equipped with all essential facilities and convenient transportation choices. The integrated complex comprises an international five-star hotel, serviced apartments, a 5A-grade office building and a commercial center.

Xi'an

CBE INTERNATIONAL PENINSULA



Address:

200 meters east to Chanhe River, Chanba Avenue, Chanba Ecotope, Xi'an

Category:

Residence/Commerce/Hotel

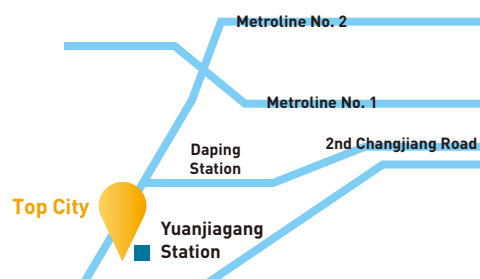
Feature:

In the heart of Xi'an Chanba Ecotope, the project lies where the Chan River and Ba River meet. The project with more than 2,000,000 square meters in terms of site area is the largest eco-district in northwestern China. The area has been flawlessly planned and is developing rapidly, enjoying convenient access to road networks and public transports including Metro Line 3 which will soon commence operation.

It is the home of the Euro-Asia Economic Forum as well as the Guangyuntan national wetland park and was where the 2011 International Horticultural Exposition took place, asserting its significance in the development of Xi'an. The project has 12 land parcels in the plan to cater to diverse functions including Kempinski Hotel where the Euro-Asia Economic Forum will permanently base and related necessary facilities completed or soon to be completed to meet community business requirements and educational, medical and shopping needs.

Chongqing

TOP CITY



Address:
No. 1, Aoti Road, Yuanjiagang, Jiulongpo District, Chongqing

Category:
Residence/Commerce/Office

Feature:

The project is right in the center of Chongqing's main city zone, at the intersection of Jiulongpo District and Yuzhong District with the Chongqing Olympic Sports Center and the city rail line 2 as its neighbors. With prominent business presence, comprising offices and residences, it is currently one of the biggest integrated real estate projects in the main city zone of Chongqing. By the hands of a famed Canadian design company, it embraced diversity, openness and international concept championing the HOPSCA lifestyle of western origins. It is a rare and distinctive metropolis complex that stands out in Chongqing.

Changsha

FOREST SEA



Address:
No. 399, North Section, Leifeng Avenue, Wangcheng District, Changsha

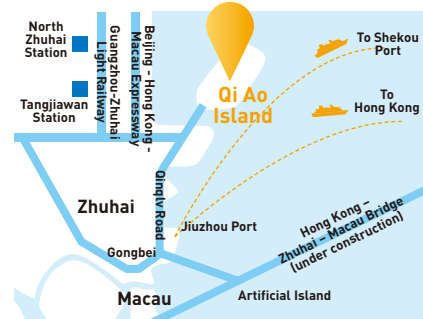
Category:
Residence/Commerce

Feature:

The project not only shares the same address as Wangcheng District, but is also in the Waterfront New Town, a major development focus of the government. Leifeng Avenue and Xiangjiang View Avenue (Xiaoxiang Avenue) are on its east and the ecological technology industrial park area borders with it on the south. The project, which will serve a strong population of community businesses, is only about 200 meters from the Wangcheng old town on the west and is just on the opposite of the road of the new Wangcheng District Government to its north. Positioned as a million square meter ecological new town, the project has adopted innovative design concept, possessing all required supporting facilities while keeping green landscapes at an overall ratio of more than 40%. Its constituents include high-rise apartment buildings with scenic views, elevator-served garden houses, townhouses and elegant mixed design houses, all in pure Mediterranean architectural styles. They come together to form a low-density residential community that promises high comfort.

Zhuhai

QI'AO ISLAND



Address:

East side of Qi'ao East Line Road, Qi'ao Island, Tangjia High-tech Zone, Zhuhai, overlooking Wangchiling Mountain Ranges and surrounding areas

Category:

Residence/Commerce/Hotel

Feature:

On the east side of a planned main road (Qi'ao East Line Road) of Qi'ao Island, the project is about 20 kilometers from downtown. It is in preliminary planning stage and will be developed into a large eco-community with hotels, high-end residences and special businesses.

Shenzhen

CHINA PHOENIX TOWER



Address:

No. 2008, Shennan Road, Futian District, Shenzhen

Category:

Residence/Commerce/Office

Feature:

The project is in the heart of Futian District served by Shennan Avenue, a major road in Shenzhen. It is a joint endeavor of SIUD and another of its shareholder Phoenix Television Holdings Co., Ltd. The project consists of an office building, a commercial/residential building and a shopping arcade, and has been completed and sold out.

OTHER INFORMATION

INTERIM DIVIDEND

The board of directors of the Company (the “**Board**”) does not recommend the payment of any interim dividend for the six months ended 30 June 2014 (for the six months ended 30 June 2013: Nil).

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 during the six months ended 30 June 2014.

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.

CORPORATE GOVERNANCE

During the six months ended 30 June 2014, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 of the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code and the Guidelines for Securities Transactions by Relevant Employees during the six months ended 30 June 2014.

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 six months ended 30 June 2014.

FACILITIES AGREEMENT WITH SPECIFIC PERFORMANCE COVENANT ON THE CONTROLLING SHAREHOLDER

As disclosed in the Company’s announcement dated 10 July 2014, the Company (as the borrower) entered into a facilities agreement (the “**Facilities Agreement**”) with certain banks (as the lenders) on 10 July 2014 for dual currency term loan facilities of HK\$1,826,000,000 and US\$65,000,000 (the “**Facilities**”) for a term of 36 months to finance repayment of the 2014 due US\$400,000,000 senior notes, payment of financing charges and general corporate purposes of the Company. Pursuant to the terms of the Facilities Agreement, if, among others, Shanghai Industrial Holdings Limited (“**SIHL**”), the controlling shareholder of the Company, ceases to own at least 51% of the beneficial shareholding interest in the issued share capital of, and carrying 51% of the voting rights in, the Company or ceases to have management control over the Company, all loans together with accrued interest and any other amounts accrued under the Facilities may become immediately due and payable. As at the date of this interim report, SIHL is interested in approximately 70.99% of the voting share capital of the Company.

Other than as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.18 of the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently consists of four independent non-executive Directors, namely Mr. Li Ka Fai, David (as chairman), Mr. Doo Wai-Hoi, William, Dr. Wong Ying Ho, Kennedy and Mr. Fan Ren Da, Anthony.

The main responsibilities of the Audit Committee are:

1. to review the accounting principles and practices adopted by the Group;
2. to review the financial reporting process and internal controls system of the Group; and
3. to review the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor.

During the six months ended 30 June 2014, the Audit Committee has reviewed the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee has also reviewed the unaudited interim financial statements of the Company for the six months ended 30 June 2014 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, internal controls matter, final results and financial statements for the year ended 31 December 2013 and the terms of reference for the Audit Committee.

The Group's external auditor, Messrs. Deloitte Touche Tohmatsu, has reviewed the Company's unaudited condensed consolidated financial statements for the six months ended 30 June 2014 in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and Hong Kong Accounting Standard 34 "Interim Financial Reporting", both of which were issued by the Hong Kong Institute of Certified Public Accountants.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2014, the interests and short positions of the directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code as set out in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the shares and underlying shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted ¹	Approximate percentage of the issued share capital of the Company
Ni Jianda	Beneficial owner	–	8,000,000	0.17%
Ji Gang	Beneficial owner	150,000	–	0.00%
Zhou Jun	Beneficial owner	–	7,000,000	0.15%
Yang Biao	Beneficial owner	–	7,000,000	0.15%
Huang Fei	Beneficial owner	–	6,000,000	0.12%
Ye Weiqi	Beneficial owner	–	6,000,000	0.12%
Doo Wai-Hoi, William	Beneficial owner	–	1,000,000	0.02%
Wong Ying Ho, Kennedy	Beneficial owner	–	1,000,000	0.02%
Fan Ren Da, Anthony	Beneficial owner	–	1,000,000	0.02%
Li Ka Fai, David	Beneficial owner	–	1,000,000	0.02%

Note:

- These interests represent the interests in the underlying shares in respect of share options granted by the Company to these Directors as beneficial owners, details of which are set out in the section headed "SHARE OPTION SCHEME", of this interim report.

(2) Long positions in shares and underlying shares of the associated corporation of the Company**SIHL**

Name of Director	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted¹	Approximate percentage of the issued share capital
Ji Gang	Beneficial owner	–	900,000	0.08%
Zhou Jun	Beneficial owner	195,000	1,350,000	0.14%
Yang Jianwei	Beneficial owner	–	730,000	0.07%

Note:

1. These interests represent the interests in the underlying shares of SIHL in respect of the share options (which are unlisted and physically settled equity derivatives) granted by SIHL under its share option scheme. Particulars of such share options and their movements during the six months ended 30 June 2014 (the "Period") were as follows:

Name of Director	Date of grant	Exercise price per share HK\$	Outstanding as at 1.1.2014	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 30.6.2014
Ji Gang	2 November 2010	36.60	550,000	–	–	–	550,000
	20 September 2011	22.71	350,000	–	–	–	350,000
Zhou Jun	2 November 2010	36.60	750,000	–	–	–	750,000
	20 September 2011	22.71	600,000	–	–	–	600,000
Yang Jianwei	2 November 2010	36.60	450,000	–	–	–	450,000
	20 September 2011	22.71	280,000	–	–	–	280,000

Share options granted in November 2010 under SIHL's share option scheme are exercisable during the period from 3 November 2010 to 2 November 2015 in three batches, being:

- 3 November 2010 to 2 November 2011 (up to 40% of the share options granted are exercisable)
- 3 November 2011 to 2 November 2012 (up to 70% of the share options granted are exercisable)
- 3 November 2012 to 2 November 2015 (all share options granted are exercisable)

Share options granted in September 2011 under SIHL's share option scheme are exercisable during the period from 21 September 2011 to 20 September 2016 in three batches, being:

- 21 September 2011 to 20 September 2012 (up to 40% of the share options granted are exercisable)
- 21 September 2012 to 20 September 2013 (up to 70% of the share options granted are exercisable)
- 21 September 2013 to 20 September 2016 (all share options granted are exercisable)

Save as disclosed herein, as at 30 June 2014, none of the directors or chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and which were required to be entered into the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Pursuant to ordinary resolutions passed by shareholders of the Company at its special general meeting held on 12 December 2002, the Company adopted a share option scheme (the "Share Option Scheme").

As at 30 June 2014, the Company granted 57,750,000 shares options to subscribe for up to a total of 57,750,000 ordinary shares of nominal value of HK\$0.04 each in the capital of the Company under the Share Option Scheme, representing 1.2% of the issued share capital of the Company as at 30 June 2014. The Share Option Scheme expired on 11 December 2012.

During the six months ended 30 June 2014, the details of movements in the share options to subscribe for the Company's shares under the Share Option Scheme were as follows:

Name of category	Date of grant	Exercise price per share HK\$	Exercise period ¹	Outstanding as at 1.1.2014	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 30.6.2014
Directors								
Ni Jianda	24 September 2010	2.98	24 September 2010 to 23 September 2020	8,000,000	-	-	-	8,000,000
Zhou Jun	24 September 2010	2.98	24 September 2010 to 23 September 2020	7,000,000	-	-	-	7,000,000
Yang Biao	24 September 2010	2.98	24 September 2010 to 23 September 2020	7,000,000	-	-	-	7,000,000
Huang Fei	24 September 2010	2.98	24 September 2010 to 23 September 2020	6,000,000	-	-	-	6,000,000
Ye Weiqi	24 September 2010	2.98	24 September 2010 to 23 September 2020	6,000,000	-	-	-	6,000,000
Doo Wai-Hoi, William	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	-	-	-	1,000,000
Wong Ying Ho, Kennedy	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	-	-	-	1,000,000
Fan Ren Da, Anthony	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	-	-	-	1,000,000
Li Ka Fai, David	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	-	-	-	1,000,000
Senior management and employees	24 September 2010	2.98	24 September 2010 to 23 September 2020	19,750,000	-	-	-	19,750,000
Total				57,750,000	-	-	-	57,750,000

Note:

- Share options granted in September 2010 under the Share Option Scheme are exercisable during the period from 24 September 2010 to 23 September 2020 in three batches, being:
 - 24 September 2010 to 23 September 2011 (up to 40% of the share options granted are exercisable)
 - 24 September 2011 to 23 September 2012 (up to 70% of the share options granted are exercisable)
 - 24 September 2012 to 23 September 2020 (all share options granted are exercisable)

Pursuant to ordinary resolutions passed by shareholders of the Company at its annual general meeting held on 16 May 2013 (the “**Adoption Date**”), the Company adopted a new share option scheme (the “**New Share Option Scheme**”).

Reference was made to the circular of the Company dated 16 April 2013 in relation to the adoption of the New Share Option Scheme (the “**Circular**”). Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used in this interim report. As disclosed in the Circular, the New Share Option Scheme will be valid for ten years since the Adoption Date. The purpose of the New Share Option Scheme is to enable the Company to grant options to the Eligible Participants, as incentives and/or rewards for their contribution to the Group. The Board considers that the New Share Option Scheme will provide the Eligible Participants with the opportunity to acquire shares of the Company and to encourage the Eligible Participants to work towards enhancing the value of the Company and for the benefit of the Company and its shareholders as a whole. The provisions of the New Share Option Scheme comply with the requirements of Chapter 17 of the Listing Rules. Further details of the New Share Option Scheme can be found in the Circular.

The Company had not granted any share options under the New Share Option Scheme since the Adoption Date up to 30 June 2014.

Save as disclosed herein, the Company had not granted any share options to any persons as required to be disclosed under Rule 17.07 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, substantial shareholders and other persons (other than the directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

Ordinary shares of HK\$0.04 each of the Company

Name of substantial shareholder	Long/short position	Capacity	Number of shares of the Company interested	Approximate percentage of the issued share capital of the Company
SIHL	Long	Held by controlled corporation	3,415,883,000 ^{1,2}	70.99%
SIIC	Long	Beneficial owner/ Held by controlled corporation	3,435,037,000 ^{1,2,3}	71.39%

Other Information

Notes:

1. 3,365,883,000 shares of the Company were beneficially held by Smart Charmer Limited. 50,000,000 shares of the Company are deemed to be held by Novel Good Limited under the pledge described in note 2 below. Smart Charmer Limited and Novel Good Limited are both wholly-owned subsidiaries of SIHL.
2. These interests include 50,000,000 shares of the Company (short positions) held by Invest Gain Limited (a company beneficially and wholly owned by Mr. Li Song Xiao who ceased to be a substantial shareholder of the Company during the year ended 31 December 2011) which was pledged to Novel Good Limited. Therefore, SIHL and Shanghai Industrial Investment (Holdings) Company Limited ("**SIIC**") are deemed or taken to be interested in these 50,000,000 shares.
3. SIIC through its subsidiaries, namely Shanghai Investment Holdings Limited, SIIC Capital (B.V.I.) Limited, SIIC Treasury (B.V.I.) Limited, Shanghai Industrial Financial (Holdings) Company Limited, South Pacific International Trading Limited, SIIC Trading Company Limited, Billion More Investments Limited and SIIC CM Development Limited held approximately 57.07% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 3,415,883,000 shares held by SIHL for the purpose of the SFO.

Save as disclosed herein, as at 30 June 2014, the Company had not been notified by any persons (other than the directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CHANGES IN INFORMATION OF DIRECTORS

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

- (a) Dr. Wong Ying Ho, Kennedy, an independent non-executive director of the Company, was appointed as an independent non-executive director, a member of each of the audit committee and nomination committee of Times Property Holdings Limited, a company listed on the Stock Exchange with stock code of 1233, with effect from 21 March 2014.
- (b) Mr. Fan Ren Da, Anthony, an independent non-executive director of the Company, was appointed as an independent non-executive director of Neo-Neon Holdings Limited, a company listed on the Stock Exchange with stock code of 1868, with effect from 25 August 2014.

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

APPRECIATION

I would like to express my sincere gratitude to the Board, our management and all our staff for their dedicated efforts 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, 26 August 2014

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

上海實業城市開發集團有限公司

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shanghai Industrial Urban Development Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 34 to 52, which comprise the condensed consolidated statement of financial position as of 30 June 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 August 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Six months ended 30 June	
	NOTES	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	3	3,167,095	2,965,733
Cost of sales		(2,197,199)	(2,020,926)
Gross profit		969,896	944,807
Other income		60,304	41,473
Fair value changes on investment properties		(65,940)	(67,849)
Other expenses, gains and losses		100,758	(29,379)
Distribution and selling expenses		(89,536)	(129,145)
General and administrative expenses		(196,632)	(212,048)
Impairment loss in respect of inventories		-	(22,363)
Gain on disposal of assets through disposal of subsidiaries		-	819,125
Finance costs	4	(356,425)	(323,180)
Share of losses of associates		(6,048)	(3,664)
Profit before taxation		416,377	1,017,777
Income tax	5	(399,570)	(392,613)
Profit for the period	6	16,807	625,164
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation into presentation currency		(422,474)	93,133
Total comprehensive (expense) income for the period		(405,667)	718,297
(Loss) profit for the period attributable to:			
-Owners of the Company		(148,190)	481,877
-Non-controlling interests		164,997	143,287
		16,807	625,164
Total comprehensive (expense) income attributable to:			
-Owners of the Company		(375,199)	539,313
-Non-controlling interests		(30,468)	178,984
		(405,667)	718,297
(Loss) earnings per share	7		
-Basic (HK cents)		(3.08)	10.02
-Diluted (HK cents)		(3.08)	10.02

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	NOTES	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Non-current assets			
Investment properties	8	5,496,877	5,736,299
Property, plant and equipment	9	2,108,372	1,511,007
Prepaid lease payments		258,067	92,178
Intangible assets		63,702	65,301
Available-for-sale investments		128,224	102,633
Interests in associates		1,601,403	1,647,749
Interest in a joint venture		65,718	65,718
Amount due from an associate	11	85,026	87,160
Restricted and pledged bank deposits		96,981	100,800
Deferred tax assets		189,358	217,379
		10,093,728	9,626,224
Current assets			
Inventories		32,904,606	34,431,317
Trade and other receivables	12	1,210,047	2,505,237
Amounts due from related companies	10	90,171	83,612
Amount due from an associate	11	87,434	19,270
Prepaid lease payments		2,249	2,709
Prepaid income tax and land appreciation tax		443,894	420,467
Financial assets at fair value through profit or loss		2,743	2,074
Pledged bank deposits		343,644	385,766
Bank balances and cash		5,649,120	5,827,825
		40,733,908	43,678,277
Assets classified as held-for-sale	8	–	132,458
		40,733,908	43,810,735

Condensed Consolidated Statement of Financial Position
At 30 June 2014

	NOTES	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Current liabilities			
Trade and other payables	13	5,477,902	6,438,474
Amounts due to related companies	10	452,272	460,737
Consideration payables for acquisition of subsidiaries		317,383	325,348
Pre-sale proceeds received on sales of properties		5,181,963	6,496,160
Bank and other borrowings	15	4,356,242	3,858,292
Senior notes	14	3,116,874	3,093,059
Amounts due to associates		69,370	94,264
Income tax and land appreciation tax payables		1,785,367	1,988,568
Dividend payable		6,423	6,423
Dividend payable to non-controlling shareholders		331,001	339,309
		21,094,797	23,100,634
Net current assets		19,639,111	20,710,101
Total assets less current liabilities		29,732,839	30,336,325
Non-current liabilities			
Bank and other borrowings	15	7,509,745	7,535,109
Deferred tax liabilities		2,845,484	3,017,939
		10,355,229	10,553,048
		19,377,610	19,783,277
Capital and reserves			
Share capital	16	192,461	192,461
Reserves		12,051,310	12,426,509
Equity attributable to owners of the Company		12,243,771	12,618,970
Non-controlling interests		7,133,839	7,164,307
		19,377,610	19,783,277

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Other revaluation reserve HK\$'000 (note i)	Statutory reserve HK\$'000	Shareholder's contribution/merger reserve HK\$'000 (notes ii & iii)	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2013 (audited)	192,461	10,325,453	70,337	54,128	158,622	2,214,569	1,356,745	(2,210,122)	12,162,193	6,929,403	19,091,596
Profit for the period	-	-	-	-	-	-	-	481,877	481,877	143,287	625,164
Exchange differences arising on translation into presentation currency	-	-	-	-	-	-	57,436	-	57,436	35,697	93,133
Total comprehensive income for the period	-	-	-	-	-	-	57,436	481,877	539,313	178,984	718,297
Transfer	-	-	-	-	92,910	-	-	(92,910)	-	-	-
Transfer to accumulated losses upon forfeiture of share options	-	-	(1,160)	-	-	-	-	1,160	-	-	-
At 30 June 2013 (unaudited)	192,461	10,325,453	69,177	54,128	251,532	2,214,569	1,414,181	(1,819,995)	12,701,506	7,108,387	19,809,893
At 1 January 2014 (audited)	192,461	10,325,453	66,842	52,526	161,128	2,214,569	1,671,653	(2,065,662)	12,618,970	7,164,307	19,783,277
(Loss) profit for the period	-	-	-	-	-	-	-	(148,190)	(148,190)	164,997	16,807
Exchange differences arising on translation into presentation currency	-	-	-	-	-	-	(227,009)	-	(227,009)	(195,465)	(422,474)
Total comprehensive income for the period	-	-	-	-	-	-	(227,009)	(148,190)	(375,199)	(30,468)	(405,667)
At 30 June 2014 (unaudited)	192,461	10,325,453	66,842	52,526	161,128	2,214,569	1,444,644	(2,213,852)	12,243,771	7,133,839	19,377,610

Notes:

- (i) The other revaluation reserve comprises the difference between the fair value, net of deferred tax, and the carrying amount of additional interest in associates being acquired and become subsidiaries of the Company. This reserve will be recognised in the profit or loss upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates.
- (ii) Merger reserve represents the difference in the fair value of the consideration paid to parent company, Shanghai Industrial Holdings Limited ("SIHL") for the acquisition of subsidiaries controlled by SIHL and the acquired carrying amount of the subsidiaries at the date of the Group and the subsidiaries acquired became under common control.
- (iii) Capital contribution from parent company and non-controlling interests represents capital injection from SIHL and State-Owned Assets Supervision and Administration Commission of Shanghai Xuhui District ("Xuhui SASAC") to a subsidiary of the Group, Shanghai Urban Development (Holdings) Co., Ltd. ("SUD"), as paid-in capital in April 2011.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Net cash used in operating activities	(1,315,894)	(999,635)
Net cash from investing activities:		
Proceeds from disposal of property, plant and equipment	1,392	61,964
Proceeds from disposal of investment properties	36,248	26,108
Proceeds from disposal of assets classified as held for sale	66,209	301,593
Purchase of available-for-sale investments	(28,298)	(28,034)
Purchase of property, plant and equipment and investment properties	(18,134)	(64,792)
Withdrawal of restricted and pledged bank deposits	34,265	–
Placement of restricted and pledged bank deposits	–	(115,730)
Advance to related companies	(8,666)	(13,567)
Repayment from an associate	18,928	–
Advance to an associate	(88,039)	(18,812)
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed of)	908,131	244,249
Interest received	55,743	19,176
	977,779	412,155
Net cash from (used in) financing activities:		
Proceeds from new bank and other borrowings	2,494,439	3,106,653
Repayments of bank and other borrowings	(1,773,166)	(5,096,795)
Advances from related parties	2,834	16,636
Interest paid	(472,438)	(670,877)
	251,669	(2,644,383)
Net decrease in cash and cash equivalents	(86,446)	(3,231,863)
Cash and cash equivalents at 1 January	5,827,825	5,249,524
Effect of foreign exchange rate changes	(92,259)	25,142
Cash and cash equivalents at 30 June, represented by		
Bank balances and cash	5,649,120	2,042,803

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment entities
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities
HKAS 36 (Amendments)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendments)	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

The application of above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. 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 period. The Group is engaged in the property development, property investment activities, property management and hotel operation in the People's Republic of China (the "PRC").

Information reported to the board of 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 the assessment of different business activities, no segment information is presented.

4. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
Bank and other borrowings wholly repayable within five years	360,651	397,291
Bank and other borrowings not wholly repayable within five years	29,528	28,604
Senior notes	174,664	172,120
Total borrowing costs	564,843	598,015
Less: Amount capitalised under properties under development	(208,418)	(274,835)
	356,425	323,180

Borrowing costs capitalised during the period arising on the general borrowing pool are calculated by applying a capitalisation rate of 9.1% (six months ended 30 June 2013: 9.1%) per annum to expenditure on qualifying assets.

5. INCOME TAX

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
– PRC Land Appreciation Tax (“LAT”)	320,496	280,873
– PRC Enterprise Income Tax	156,181	220,597
– Capital gain tax on gain derived from disposal of PRC entity by non-resident companies	–	81,913
	476,677	583,383
Deferred tax	(77,107)	(190,770)
	399,570	392,613

Under the Law of the PRC 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 properties 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 the six months period ended 30 June 2014 and 2013.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	41,229	34,600
Bank interest income (included in other income)	(51,276)	(19,176)
Net foreign exchange loss (gain)	78,650	(6,476)
Compensation to customers in respect of late delivery of properties	-	37,083
Compensation from a contractor in respect of late completion of properties	(134,574)	-

7. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) earnings:		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share		
(Loss) profit for the period attributable to owners of the Company	(148,190)	481,877

	Six months ended 30 June	
	2014	2013
Number of shares (in thousands):		
Number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	4,811,523	4,811,523

The computation of diluted (loss) earnings per share in current and prior 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 both periods.

8. MOVEMENTS IN INVESTMENT PROPERTIES

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Beginning balance (audited)	5,736,299	6,028,842
Subsequent expenditures	2,515	–
Fair value change on investment properties	(65,940)	(67,849)
Disposals	(36,248)	(26,108)
Reclassified as assets classified as held-for-sale	–	(19,108)
Exchange realignment	(139,749)	29,840
Ending balance (unaudited)	5,496,877	5,945,617

All investment properties of the Group were fair valued by DTZ Debenham Tie Leung Limited, an independent firm of qualified professional valuers not connected with the Group, at 30 June 2014. DTZ Debenham Tie Leung Limited is a member of the Institute of Valuers and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuations, which conform to the Valuation Standards on Properties of the Hong Kong Institute of Surveyors, were arrived at by reference to comparable sales evidences available in the relevant markets 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.

During the period, the Group disposed of certain investment properties for cash proceeds of HK\$36,248,000 (six months ended 30 June 2013: HK\$26,108,000).

At 31 December 2013, the fair value of the investment properties amounting to HK\$132,458,000 reclassified as assets held-for-sale was arrived at by reference to the selling price as stated in the sales and purchases agreements entered into with independent third parties during the period. All investment properties reclassified as assets held-for-sale as at 31 December 2013 were disposed of during the period ended 30 June 2014.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK\$15,619,000 (six months ended 30 June 2013: HK\$64,792,000) on additions to property, plant and equipment.

In addition, during the period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$1,738,000 (six months ended 30 June 2013: HK\$61,964,000) for cash proceeds of HK\$1,392,000 (six months ended 30 June 2013: HK\$61,964,000), resulting in loss on disposal of HK\$346,000 (six months ended 30 June 2013: no gain or loss on disposal).

During the period ended 30 June 2014, the management changed the intention of selling the hotel properties included in inventories to carrying out the hotel operation by the Group itself. Accordingly, inventories with carrying amount of approximately HK\$665,312,000 and HK\$170,732,000 (six months ended 30 June 2013: nil) were transferred to property, plant and equipment as hotel buildings and improvements, and prepaid lease payments respectively. This hotel commenced operation in June 2014.

10. AMOUNTS DUE FROM (TO) RELATED COMPANIES

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Amounts due from related companies:		
– Non-controlling shareholders (note (iii))	90,171	83,612
	90,171	83,612
Amounts due to related companies:		
– Xuhui SASAC and entities controlled by Xuhui SASAC (note (ii))	304,959	310,088
– An entity controlled by a former controlling shareholder (note (i))	2,466	2,466
– Non-controlling shareholders (note (iii))	115,250	117,843
– SIHL (note (iv))	29,597	30,340
	452,272	460,737

Notes:

- (i) The entity is controlled by Mr. Li Song Xiao, the former controlling shareholder of the Company. Mr. Li Song Xiao was a substantial shareholder of the Company at 31 December 2010. The amount is unsecured, non-interest bearing and repayable on demand.
- (ii) Xuhui SASAC owns 41% equity interests in SUD and is therefore a non-controlling shareholder of the Group. Xuhui SASAC is a government authority authorised by and established directly under the Shanghai Xuhui District People's Government for supervising and managing state-owned assets in the Xuhui District, the PRC. The amounts due to Xuhui SASAC and entities controlled by Xuhui SASAC are unsecured, non-interest bearing and repayable on demand.
- (iii) The amounts are due from (to) non-controlling shareholders of the Group other than Xuhui SASAC and entities controlled by Xuhui SASAC. Included in the amounts due from non-controlling shareholders at 30 June 2014 of HK\$90,171,000 (31 December 2013: HK\$83,612,000), which are non-trade in nature, unsecured, non-interest bearing and repayable on demand (31 December 2013: fully repayable on 3 March 2014). Included in the amounts due to non-controlling shareholders at 30 June 2014 of HK\$15,963,000 (31 December 2013: HK\$16,364,000) represents loans advanced from non-controlling shareholders through entrusted loan agreements administrated by banks, which carry fixed interests ranging from 6% to 7% (31 December 2013: 6% to 7%) per annum and repayable within one year.

The remaining amounts are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

- (iv) The amount is unsecured, non-interest bearing and repayable on demand.

11. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate, 天津市億嘉合置業有限公司 (“**Tianjin Yijiahe**”), with carrying amount of HK\$85,026,000 (31 December 2013: HK\$87,160,000) is non-trade in nature, unsecured, interest free and repayable on demand. The directors of the Company consider that the amount will not be repaid within twelve months. Accordingly, the amount is classified as non-current assets as at 30 June 2014 and 31 December 2013.

The amount due from an associate, 上海莘天置業有限公司, with carrying amount of HK\$87,434,000 (31 December 2013: HK\$19,270,000) is non-trade in nature, unsecured, bearing interest at 10% per annum and repayable on demand. The directors of the Company consider that the amount will be repaid within twelve months. Accordingly, the amount is classified as current assets as at 30 June 2014 and 31 December 2013.

12. TRADE AND OTHER RECEIVABLES

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Trade receivables	23,009	257,714
Other receivables	421,038	312,832
Advance payments to contractors	19,491	38,355
Amount due from a former subsidiary	158,028	186,649
Sales commission deposits	–	11,754
Prepaid other taxes	288,857	248,555
Deposits and prepayments	28,318	269,941
Consideration receivables for disposal of subsidiaries	–	172,535
Consideration receivables for disposal of assets through disposal of subsidiaries	271,306	1,006,902
	1,210,047	2,505,237

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 specifically approved. Balances at 31 December 2013 mainly included the retention receivables of HK\$201,792,000 for affordable housing sold to the Shanghai government department for which a retention period of few months to one year was granted. The balance was fully settled during the current period.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the date of billing which approximated the revenue recognition date at the end of the reporting period.

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 90 days	15,140	130,101
Within 91–180 days	328	53,780
Over 180 days	7,541	73,833
Total trade receivables	23,009	257,714

13. TRADE AND OTHER PAYABLES

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Trade payables	1,116,588	892,941
Accrued expenditure on properties under development	2,555,823	3,822,551
Amounts due to former shareholders of the Company's former subsidiaries (note (a))	174,287	178,112
Compensation payables to customers in respect of late delivery of properties	133,452	136,801
Deposit received for the disposal of investment properties	–	66,249
Receipts from customers for payment of expenses on their behalf	66,887	61,537
Interest payable	247,936	190,187
Payable to the Shanghai government department (note (c))	318,378	366,528
Accrued charges and other payables	836,792	646,393
Other taxes payables (note (b))	27,759	77,175
	5,477,902	6,438,474

Notes:

- (a) The amounts are non-trade in nature, interest-free and repayable on demand.
- (b) Other taxes payables comprise urban real estate tax payable, city maintenance and construction tax payable and business tax payable.
- (c) 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.

13. TRADE AND OTHER PAYABLES (CONTINUED)

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

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 30 days	16,293	4,707
Within 31–180 days	358,691	41,583
Within 181–365 days	645,564	671,971
Over 365 days	96,040	174,680
	1,116,588	892,941

14. SENIOR NOTES

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Beginning balance (audited)	3,093,059	3,048,911
Effective interest for the period	174,664	172,120
Interest paid	(150,849)	(150,848)
Ending balance (unaudited)	3,116,874	3,070,183

15. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank and other borrowings of approximately RMB1,885,900,000 and US\$16,000,000, in aggregate equivalent to approximately HK\$2,494,439,000 (six months ended 30 June 2013: RMB2,493,400,000, equivalent to approximately HK\$3,106,653,000). As at 30 June 2014, the loans carry variable interest ranging from 2.23% to 7.38% (31 December 2013: 1.98% – 7.48%) per annum and are payable from one to ten years. The loans were obtained for property project development of the Group.

The Group also repaid the bank borrowings of RMB1,409,848,000 (equivalent to HK\$1,773,166,000) (six months ended 30 June 2013: RMB4,090,688,000 (equivalent to HK\$5,096,795,000)) during the period.

Included in the amount of bank and other borrowings is a borrowing from SIHL Finance Limited, a wholly owned subsidiary of SIHL, of HK\$1,000,000,000 (31 December 2013: HK\$1,000,000,000). The amount is unsecured and bearing variable interest at 3-month Hongkong Inter-bank Borrowing Rate ("HIBOR") plus 4.48% per annum and repayable on 30 June 2015 (31 December 2013: fixed interest at 5.85% per annum and repayable on 30 June 2014). Bank and other borrowings also include a borrowing from Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), ultimate holding company of the Group, of HK\$1,249,000,000 (31 December 2013: HK\$1,280,410,000) through an entrusted loan agreement administered by banks. The amount is bearing fixed interest at 6.52% (31 December 2013: fixed interest at 6.52%) per annum and is due within one year.

16. SHARE CAPITAL

Ordinary shares of HK\$0.04 each.

Issued and fully paid

	Six months ended 30 June	
	Number of shares '000	Share capital HK\$'000
As at 1 January 2013, 30 June 2013, 1 January 2014 and 30 June 2014	4,811,523	192,461

17. SHARE-BASED PAYMENT

At 30 June 2014, the number of shares of the Company in respect of which options had been granted and remained outstanding under the share option scheme was 57,750,000 (31 December 2013: 57,750,000), representing 1.2% (31 December 2013: 1.2%) of the shares of the Company in issue at that date. During the six months ended 30 June 2014, no options (six months ended 30 June 2013: 1,000,000 options) were forfeited.

18. CAPITAL COMMITMENTS

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Contracted for but not provided for – additions in properties under development	8,177,578	5,636,786

In 2009, the Group agreed to sell 40% out of 80% equity interest in Tianjin Yijiahe to 五礦置業有限公司 (“Wukuang”), which owned 20% of the equity interest in Tianjin Yijiahe.

After completion of the disposal of 40% equity interest in Tianjin Yijiahe (the “Disposal”) in 2009, the Group and Wukuang held 40% and 60% of the equity interest in Tianjin Yijiahe, respectively. Upon the Disposal, the Group agreed to pledge the Group’s remaining shareholdings in Tianjin Yijiahe to Wukuang, as security for any possible breach of the responsibilities of the Group under the supplemental agreement in relation to the Disposal. The main responsibilities of the Group are as follows:

- (i) The Group is responsible for undertaking the preliminary development works of the property development project in respect of the piece of land situated at Tianjin Beichen Qu Yi Xing Bu Project (the “Project”) including demolition and re-settlement and obtaining planning approval and land clearance;

18. CAPITAL COMMITMENTS (CONTINUED)

- (ii) Wukuang is responsible for contributing a total amount of funds of RMB1,584,000,000 (equivalent to HK\$1,980,000,000) ("**Wukuang's Contribution**") for the demolition and re-settlement expenses of the land lot nos.7 and 8 with a gross construction area of 800,000 square metres of the land of the Project, whilst the Group is responsible for payment of any excess amount of the actual amount of the demolition and resettlement expenses over Wukuang's Contribution; and
- (iii) In the event that there is any change in the shareholding of the Project, the affected outgoing shareholder shall provide complete and full disclosure to the new shareholder of the Project of all relevant matters and legal documents, and agreed terms of cooperation among the parties with respect to the Project.

As the demolition and re-settlement of the Project is still in progress, in the opinion of the directors of the Company, the capital commitment cannot be quantified as at 30 June 2014 and 31 December 2013.

19. CONTINGENT LIABILITIES**(a) Corporate guarantees**

	30 June 2014	31 December 2013
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Guarantee given to banks in respect of banking facilities utilised by:		
– property buyers	2,334,021	2,435,210
– an entity controlled by Xuhui SASAC	394,704	340,589
	2,728,725	2,775,799

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition, and the directors of the Company consider that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Accordingly, no provision has been made in the condensed consolidated financial statements for these guarantees.

As at 30 June 2014, the total amount of loans and credit facilities obtained by the Group in respect of which guarantees were provided by Xuhui SASAC was approximately HK\$415,000,000 (31 December 2013: HK\$387,000,000).

(b) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties with terms ranging from one to two years against certain specified defects as stipulated in the PRC laws and regulations which are covered by back-to-back warranties provided by the relevant contractors of the projects.

19. CONTINGENT LIABILITIES (CONTINUED)**(c) Legal proceedings initiated by third parties against the Company**

The Group is a defendant to a claim by a third party regarding non-payment of certain outstanding consideration which has been fully accrued but unpaid by the Group. The third party claim also includes liquidated damage which amounted to approximately HK\$273,000,000 up to 25 July 2012 and which is to be accumulated at a daily rate of approximately HK\$160,000 thereafter until settlement. The Group, after taking legal advice, is of the opinion that it has good ground for withholding the payment of the outstanding consideration and that it is pre-mature to estimate the outcome of the third party claim. Accordingly, no provision for the liquidated damage has been made in the condensed consolidated financial statements as of 30 June 2014.

20. RELATED PARTY TRANSACTIONS

- (i) Save as disclosed elsewhere in these condensed consolidated financial statements, during the period, the Group had the following significant transactions with related parties:

Related party	Nature of transactions	Six months ended 30 June	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Ultimate holding company	Interest expense	(41,092)	(40,062)
Entities controlled by SIHL	Interest expense	(28,849)	(31,229)
	Rental expense	(21)	(82)
Entity controlled by an independent non-executive director of SIHL	Rental expense and management fee	(3,024)	(3,097)
Associates	Property agency fee	(7,363)	(33,358)
	Rental income	718	1,286
	Interest income	1,568	-
Entities controlled by Xuhui SASAC	Interest income	-	3,596
	Interest expense	-	(360)
Non-controlling shareholders of a subsidiary	Interest expense	(56)	(5,100)

20. RELATED PARTY TRANSACTIONS (CONTINUED)**(ii) Compensation of key management personnel**

The remuneration of key management personnel of the Group, including amounts paid to the Company's directors during the period, was as follows:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	8,402	6,020
Post-employment benefit	53	49
	8,455	6,069

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

(iii) Government-related entities

The Group itself is part of a larger group of companies under SIIC Group which is controlled by the PRC government. The directors of the Company consider that the Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("**PRC government related entities**"). Apart from the transactions with the SIIC Group and Xuhui SASAC which have been disclosed above and in other notes to the condensed consolidated financial statement, the Group also conducts businesses with other PRC government-related entities in the ordinary course of business. The Group's deposits placements, borrowings and other general banking facilities are entered into with certain banks which are PRC-government related entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosures would not be meaningful.

In addition, the Group has entered into various transactions, including sales, purchases and other operating expenses with other PRC government-related entities. In the opinion of the directors of the Company, these transactions are considered as individually and collectively insignificant to the operation of the Group during the six months ended 30 June 2014 and 2013.

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy
	30.6.2014	31.12.2013	
Held-for trading non derivative financial assets classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	Listed equity securities in the PRC of HK\$2,743,000	Listed equity securities in the PRC of HK\$2,074,000	Level 1

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

22. EVENT AFTER THE END OF THE INTERIM PERIOD

The following significant event took place after the end of the interim period:

On 6 August 2014, the Company entered into a framework agreement pursuant to which the Company conditionally agreed to dispose of its 40% equity interest in Tianjin Yijiahe, an associate of the Company, through disposal of the subsidiary at a cash consideration of RMB366,000,000 (equivalent to approximately HK\$457,157,000) to an independent third party.