上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

ANNOUNCEMENT OF 2013 ANNUAL RESULTS

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") is pleased to announce the audited annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2013. The Group realized net profits of HK$2,702 million for the year, representing an increase of 17.2%, after excluding disposal gains from the disposal of lot G of the Qingpu District in Shanghai in the last financial year. Total revenue amounted to HK$21,568 million, representing a year-on-year increase of 11.8%.

Despite the slow recovery in the global economy and a decline in China's economic growth as well as stricter policies in the mainland on domestic real estates and toll road operations, the Group has managed to reach its strategic targets through sound management and more stringent internal controls. During the year, the Group has made a concerted effort, under the leadership of the Board of Directors and our management executives, to overcome difficulties and seized timely opportunities for deploying capital operation, resulting in the completion of a number of significant projects. As a result, steady and sustainable growth has been maintained for the Group's core businesses and significant increases in operating revenue were recorded. During the year, transitions for the Board members were completed smoothly. Remarkable results for various major tasks were also achieved and annual targets for the year were met.

The Board of Directors has recommended a final dividend of HK45 cents (2012: HK58 cents) per share for 2013. Together with the interim dividend of HK42 cents (2012: HK50 cents) per share paid during the year, total dividends for the year amounted to HK87 cents (2012: HK108 cents) per share.

INFRASTRUCTURE FACILITIES

The infrastructure facilities business recorded net profits of HK$1,015 million, representing an increase of 3.8% over last year and accounting for 36.8% of the Group's Net Business Profit*.

During the period, steady growth and a continued rise in profits were seen in its toll roads business. Investments in the water services business have been significantly increased and efforts were made to speed up consolidation. Looking forward, the Group will continue to expand the water services business through mergers and acquisitions, and will increase its investment in clean energy in order to seek new areas for profit growth.

Toll Roads

Arrangements to cater for toll exemptions for small passenger cars for the Group's three toll roads have been duly made during the four major holidays including Lunar New Year, Ching Ming Festival, International Workers' Day and the National Day. Benefitting from the vibrant growth in the community and increases in traffic flow as well as the rising number of short distance vehicles entering from tourist spots nearby, continued growth in toll revenue and traffic flow has been recorded, despite the exemption policy that has affected the Group's toll road business. The key operating figures are as follows:

Tolls roads	Net profit from project company	Changes	Toll revenue	Changes	Traffic flow (vehicle journeys)	Changes
Jing-Hu Expressway (Shanghai Section)	HK$338 million	+3.5%	HK$653 million	+9.5%	40.1861 million	+11.0%
Hu-Kun Expressway (Shanghai Section)	HK$371 million	+1.6%	HK$940 million	+7.7%	43.5213 million	+10.8%
Hu-Yu Expressway (Shanghai Section)	HK$158 million	-8.2%	HK$504 million	+10.4%	34.6099 million	+11.4%

Toll collection at the Jing-Hu Expressway (Shanghai Section) has become increasingly efficient. Average road capacity per hour at the main toll collection stations in Jiangqiao and Anting during peak hours increased 6.52% and 4.11% respectively. During the year, various measures for preventing traffic congestions were implemented. For instance, the prevention work at the G2 Jiasong station completed during the year has effectively reduced traffic congestions in the main collection station. This year, the Group will make due preparation for fee collection management during the extension work that connects the Jiamin Elevated Expressway (North Section) and Jing-Hu Expressway (Shanghai Section).

Toll revenue and traffic flow for the Hu-Kun Expressway (Shanghai Section) increased throughout the year. In 2013, through increasing and altering Electronic Toll Collection (ETC) highways, strengthening contingency measures and on-site supervision, toll collection has been significantly improved and congestions during toll-free periods were properly addressed. Toll revenue and traffic flow reached record high in the same period over the past years. During the year, Shanghai Luqiao Development Co., Ltd. successfully obtained tax benefits which lowered its financial cost accordingly.

Hu-Yu Expressway (Shanghai Section) maintained its growth in toll revenue and traffic flow in 2013. Efficiency in toll collection has been enhanced following related contests held to motivate toll collectors. The average road capacity per hour at the exit lanes at Xujing toll station during peak hours increased by 9.62%. The alteration project of the G50 Jiasong toll station commenced in August 2013, during which traffic and toll collection remained in good order. The alteration work was basically completed at the end of 2013.

Water Services

The Group's water services sector has been expanding rapidly as its businesses continued to consolidate. The sector is expanding both its scale of investments as well as its geographical coverage and is positioning itself as a nationwide company. Currently, the Group is more focused in densely populated regions in the eastern area, while eastern, central and northern China continued to be the core regions for investment. Suitable water treatment projects will continue to be identified.

SI Environment

SIIC Environment Holdings Ltd. ("**SI Environment**") recorded a revenue and profit after tax of RMB1,214 million and RMB150 million, rising 51% and 15% year-on-year respectively. The increase in profit was mainly due to the consolidation of accounts of Nanfang Water Co., Ltd. ("**Nanfang Water**") since the second quarter of the previous financial year. During the year, SI Environment issued further consideration shares to the vendor in relation to the acquisition of 69.378% interests in Nanfang Water upon the vendor's fulfillment of relevant conditions precedent in the acquisition agreement. Such consideration shares represented approximately 7.9% of SI Environment's then enlarged capital. During the year, SI Environment's equity interest in Nanfang Water was increased to 76.419% through transfers of shares and capital injection.

The placement of shares for SI Environment took place in October with the allotment and issuance of an aggregate of 3.1 billion new ordinary shares to the placees (including globally renowned institutional investors) at an issue price of S$0.085 per share, amounting to S$263.5 million. The Company's subsidiary subscribed for 1.25 billion new shares, and the Group's shareholding was diluted from 50.33% to 46.72%. SI Environment remained a subsidiary of the Company and continues to be consolidated in the accounts of the Company. The placing of shares was completed at the end of 2013. Apart from enlarging the working capital of SI Environment by the net proceeds to support its business expansion, the placement of shares was also in line with the Group's strategic target to expand its infrastructure business.

In September and December 2013, SI Environment acquired 70% and the remaining 30% equity interest in Shanghai Qingpu Second Sewage Treatment Plant Co., Ltd. respectively from third parties through open bidding process in the Shanghai United Assets and Equity Exchange ("**SUAEE**") and by way of transfer of shares. The aggregate consideration of the two transactions amounted to approximately RMB180 million. The transactions were completed in February 2014, reflecting the entry of SI Environment's clean energy business into the Shanghai market. In addition, SI Environment further acquired from independent third parties a 50% interest in Shanghai Pucheng Thermal Power Energy Co., Ltd. and 100% interest in Dazhou Jiajin Environmental Protection and Recycling Resources Co., Ltd. for RMB530 million and RMB119 million respectively which represented two waste incineration and sewage treatment projects newly acquired by SI Environment, tripling the company's solid waste treatment capacity. The transactions were completed in January and February 2014 respectively. During the year, SI Environment undertook the upgrading and alteration project of the sewage treatment project in Hanxi. Upon completion, the daily operating capacity of the Hanxi sewage treatment plant will increase from 400,000 tonnes to 600,000 tonnes.

General Water of China

General Water of China Co., Ltd. ("**General Water of China**") recorded a revenue of HK$1,577 million for the year of 2013, representing a decline of 1.25% year-on-year. Net profit increased by 28.6% to HK$56.23 million. As at the end of 2013, the company owned of 23 water supply facilities and 19 sewage treatment plants as well as two reservoirs with a gross storage tank volume of 182.32 million tonnes and a pipe network of 4,800 kilometers in total. Daily production capacity totaled 5,509,000 tonnes. General Water of China has been awarded the 'Top 10 Most Influential Enterprises in China's Water Industry' for the consecutive 11th year. In 2014, the company will strive to accelerate its expansion plans, optimize its profit making strategies and explore further financing channels to enhance the core competitiveness of the company.

In October, the Company and China Energy Conservation and Environmental Group ("**CECEP Group**"), another shareholder of General Water of China, entered into a strategic cooperation agreement to capitalize on the advantages between the two parties and to jointly explore the water market of China as well as to resolve the problem of non-competition. Pursuant to the agreement, CECEP Group shall make a unilateral capital contribution into General Water of China. With the completion of the capital contribution, CECEP Group and the Group now owns 55% and 45% of General Water of China respectively. Furthermore, China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited, CECEP Group's wholly-owned subsidiary (and SI Environment's second largest shareholder), subscribed for 350 million placing shares of SI Environment and holds 13.02% of the enlarged capital of SI Environment.

During the year, General Water of China obtained the franchise for the Bengbu sewage treatment projects (including sewage treatment plants numbered 2, 3 and 4 in Bengbu) with a daily operating capacity of 350,000 tonnes and the sewage treatment project in eastern Wenzhou which included a technical alteration project with a daily operating capacity of 100,000 tonnes in phase 1 and an extension project with a daily operating capacity of 50,000 tonnes in phase 2. The 240t/d central sludge drying and incineration project in Wenzhou, representing the first semi-central sludge drying and incineration treatment business in China, was under pilot operation. During the period, water supply project in Suifenhe city, Wuhua Mountain reservoir project and construction work for water plant numbered 3 progressed smoothly. Wuhua Mountain reservoir has commenced operation.

Investment in New Business Arena

While strengthening its core businesses and focusing on major projects, the Group has also resorted to investments in new business arena with innovative concepts and business models in order to explore new profit growth, optimize its asset structure and improve its core competitiveness and profitability.

During the year, Shanghai Galaxy Investment Co., Ltd. (“**Shanghai Galaxy**”), of which Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. (“**Hu-Ning Expressway**”) and SIIC Shanghai Holdings Co., Ltd. each owns 50%, entered into a number of cooperation agreements for the acquisition of a 50MW photovoltaic power station in Gaotai, Gansu province and a 100MW project in Jiayuguan. The total annual power generation and total investment of the two projects are expected to reach 230.74 million kWh and RMB1.66 billion respectively. These projects are expected to bring in a steady revenue and new profit sources for the Group’s infrastructure business. The two shareholders of Shanghai Galaxy also made capital injections twice into the company, amounting to RMB200 million each, with a view to support its business development. In addition, the Group also actively invested in new businesses, including acquiring the equity interest in Shanghai Pudong Luqiao Construction Co., Ltd. and investing in a finance company and the Sichuen development fund.

REAL ESTATE

In 2013, the real estate business of the Group recorded a profit of HK$738 million, dropping 57.5% year-on-year and accounting for approximately 26.8% of the Net Business Profit* of the Group. The decline was mainly due to a relatively large gain recorded from the disposal of lot G of the Qingpu District in Shanghai in the last financial year. During the year, the Group continued to adopt a more refined development strategy for its real estate business, foster closer links and enhanced synergy between its subsidiaries. The Group is currently speeding up its project development and is trying to unfold the actual values of our projects and assets through various channels.

In November 2013, the Company entered into a share transfer agreement for the disposal of its 49% interests in lot E of the Qingpu District in Shanghai to a subsidiary of Shanghai City Land (Group) Co., Ltd. (“**Shanghai Chengtou Group**”) for a consideration of RMB821 million. The remaining 51% interest of the land lot was disposed of by Shanghai Industrial Development Co., Ltd. (“**SI Development**”), a subsidiary of the Company, whose A shares are listed, to Shanghai Chengtou Group by two separate transactions through an open listing process on the SUAEE. The profit after tax arising from the entire transaction, expected to be approximately HK$1.2 billion, will be credited in the first half of 2014. The transaction has enabled the Group to reap a profit and generate cash flow, speed up revenue income and lower its liability ratio. In addition, the Group obtained extra working capital for mergers and acquisitions for its core business which in turn has enhanced its profitability and overall return on capital.

SI Urban Development

In 2013, Shanghai Industrial Urban Development Group Limited (“**SI Urban Development**”) made a turnaround from a loss of HK$190 million last year to a profit attributable to shareholders of HK$143 million this year. The increase in profit was mainly due to increases in the delivery of properties and higher revenues recorded from projects, as well as the disposal of a 25% interest in the U Center project in June 2013 (for a total consideration of approximately RMB1,175 million) resulting in a profit after tax of approximately HK$737 million. In addition, SI Urban Development reached an agreement with the government of Xuhui District in May to swap its existing site for the development of Xujiahui Centre (approximately 35,343 square meters) for four other pieces of land in Binjiang, Xuhui District, Shanghai (approximately 77,371 square meters), instead of having interest in only one of the six pieces of land in the Xujiahui Centre project. The transaction will enable the company to allocate resources more effectively and ensure smooth development of the project that is closely in line with its overall future strategy. This also helps to unlock the potential value of some of its projects as well as assets and further speed up their development.

In 2013, SI Urban Development achieved contractual sales amounting to RMB6,609 million, mainly deriving from Urban Cradle, Jingjie Yuan and Shanghai Jing City in Shanghai and CBE International Peninsula in Xi'an. During the year, property sales revenue and delivered area was HK$9,344 million and 814,000 square meters respectively. These include Urban Cradle in Shanghai, CBE International Peninsula in Xi'an, Jingjie Yuan and Shanghai Youth City in Shanghai. Total rental revenue for the year was HK$253 million. Total area under construction during the year was approximately 262,000 square meters, mainly covering CBE International Peninsula in Xi'an, Shanghai Jing City, and Urban Cradle in Shanghai.

SI Development

In 2013, SI Development recorded a revenue of RMB3,905 million, representing an increase of 6.49% year-on-year. Net profits attributable to shareholders amounted to RMB435 million, decreased by 31.89% year-on-year. The decline was mainly due to a relative large gain recorded for disposing the Tangdao Bay project during the last financial year. Sales revenue for the year amounted to RMB3,644 million. In respect of sales for residential properties, the company has adopted a "fast, accurate and pragmatic" marketing strategy to strengthen sales procedures and closely monitor target for contractual sums received. As for the major projects, including Rhine Town in Tianjin, Hi-Shanghai in Chengdu, Flos Granati in Shanghai, Zhujiajiao projects in Qingpu District, Shanghai and Sea Melody in Dali, the company has responded swiftly to market changes and actively pursued its sales plans and duly monitored receipt of contract sums. Sales of such projects have been growing steadily. In respect of International Beer City project in Qingdao, the company adopted a marketing approach of "targeting sales by way of property development" for all of the three office building blocks. Rental revenue for the year was HK$196 million, demonstrating steady growth.

In October 2013, SI Development acquired a 48% interest of Shanghai SIIC Jinxiu Huacheng Properties Co., Ltd. ("**Jinxiu Huacheng**") (51% interest of which was owned by SI Development) from another shareholder of Jinxiu Huacheng for a consideration of RMB325 million. The "Flos Granati" project developed by Jinxiu Huacheng was completed with steady growth in sales since its launch. This transaction is expected to bring extra economic benefits to the company. Furthermore, in January 2014, SI Development disposed of its 51% interest in lot E of the Qingpu District by stages to Shanghai Chengtou Group through an open listing process on the SUAEE for an aggregate consideration of RMB855 million. Through these transactions, the company has achieved a good return on investment and effectively optimized its cash flow, both of which are beneficial for the sustainable and healthy development of the company.

CONSUMER PRODUCTS

During the year, profit contributions from the consumer products business increased 2.8% over last year to HK$1,001 million, accounting for approximately 36.4% of the Group's Net Business Profit*.

The business segment continued to provide steady earnings and cash flow for the Group and supported its long term business development.

Tobacco

In 2013, Nanyang Brothers Tobacco Company, Limited ("**Nanyang Tobacco**") has continued to follow through its strategies that emphasizes on "controlling the scale of its investments, refining its structure, stabilizing its results and raising its brand image". With considerable efforts made on development of new products, expansion of markets and improvement in technology, the company's results performance continued to demonstrate competitive. In 2013, total sales volume grew by 3.5%. Revenue and profit after tax increased by 7.6% and 18.5% to HK$2,911 million and HK$832 million respectively. Construction work for various production lines and technology alteration projects were completed during the year. In 2014, projects that the company plans to work on include technological alteration in tobacco production lines, cigarette packaging machines and canned cigarettes.

Nanyang Tobacco continued to enhance its marketing plans and explore its overseas distribution markets, resulting in a satisfactory increase in sales as well as the enhancement of the global brand awareness of Double Happiness. In 2013, the company focused on expanding into the American and European taxable and duty free markets. Within these markets, the Double Happiness "Classic Deluxe" gift set and box set for the South American markets were launched in July 2013. During the year, sales of all high value-added brands increased. New products include "Classic Infinity", "Southern Brotherhood" and "Peony Deluxe". In addition, new canned products with unique craftsmanship are developed targeting the duty-free markets. These include "Fair Ladies" and "Fortune", which will be launching to the market soon.

Printing

During the year, The Wing Fat Printing Company, Limited ("**Wing Fat Printing**") recorded a revenue of HK$1,055 million, representing an increase of 2.5% over last year. Net profit dropped 37.8% to HK$181 million. The decline was mainly due to the non-comparable factor of the one-off gains recorded from the disposal of 70% equity interests in Chengdu Wingfat Printing Co., Ltd. ("**Chengdu Wingfat Printing**") during the last financial year, as well as the impact on the business of Wing Fat Printing caused by the shrink in high-end tobacco and the wine packaging market in mainland China. The disposal of Wing Fat Printing's 30% interest in Zhejiang Tianwai Packaging and Printing Co., Ltd. was completed in the first half of 2013, contributing to a disposal gain of HK$87.95 million.

Wing Fat Printing is a time-honoured and reputable brand in Hong Kong and mainland China with over 100 years of history. Its business includes paper packaging such as tobacco and wine packaging, metal can packaging, production of tipping paper and paper for construction work, as well as printing services. With plants located in numerous provinces and cities including Hong Kong, Guangdong, Shanghai, Sichuan, Zhejiang, Henan, Shandong and Guangxi, the company ranks among the top in China's printing and packaging industry. During the year, its two subsidiaries were recognized as "R&D centre for packaging materials in China" and "R&D centre for anti-counterfeiting printing and packaging" by China Packaging Federation respectively. Wing

Fat Printing further explored on the entry into the pulp moulding packaging industry in order to achieve breakthroughs on business development and bring new profit sources.

**Net profit excluding net corporate expenses*

PROSPECTS

Looking forward to 2014, given the unfavorable environment in both domestic and international economies and more stringent regulatory policies in the mainland, the Group is committed to strengthen its current core business and focus on its key projects.

We will expand the scale of our investments in the infrastructure facilities business. In this regard, SI Environment will explore different financing alternatives to better balance its source of financing. The company will speed up its expansion plans in accordance with its strategic goals and further strengthen its operations to enhance competitiveness. We will also acquire favourable projects for toll roads to enhance the profitability of our core business.

For the real estate business, we will make greater efforts to review our business development strategies so as to increase our sales and revitalize our assets. We will managed to optimize our asset and financial structures and strengthen our brand building exercise in order to create a competitive business model that will help generate a higher return through capitalizing on the strength of the integrated development capability of our respective subsidiaries.

In the area of our consumer products business, we will strengthen our management and improve our operational efficiency in order to sustain our growth. At the same time, we will further explore the potential of our products in the overseas markets. We will also identify suitable targets for mergers and acquisitions so as to achieve new areas for profit growth and to facilitate sustainable development in the business segment.

On behalf of the Board of Directors, I wish to thank our shareholders and business partners for their continued patronage and support to the Group, and extend my sincere gratitude to our management team and staff members for their dedication and contributions in the development of our business.

Wang Wei
Chairman
Hong Kong, 31 March 2014

FINAL DIVIDEND

The Board of Directors has recommended a final dividend of HK45 cents per share (2012: HK58 cents per share). Together with the interim dividend of HK42 cents per share (2012: HK50 cents per share), the total dividend for the year ended 31 December 2013 amounted to HK87 cents per share (2012: HK108 cents per share).

Subject to approval by Shareholders at the Annual General Meeting, the final dividend will be paid on or about Friday, 13 June 2014 to Shareholders whose names appear on the register of members of the Company on Wednesday, 4 June 2014.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at the Conference Room of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Wednesday, 28 May 2014 at 3:00 p.m. (the "**Annual General Meeting**"). Notice of the meeting will be despatched to the shareholders in mid April 2014 and will be made available at the HKExnews website of The Hong Kong Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at *www.hkexnews.hk* and the website of the Company at *www.sihl.com.hk* accordingly.

CLOSURE OF REGISTER OF MEMBERS

Annual General Meeting

For the purpose of determining Shareholders' eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed on Tuesday, 27 May 2014. No transfer of shares will be effected on that day. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 26 May 2014.

Final Dividend

For the purpose of determining Shareholders' entitlement to the final dividend, the register of members of the Company will be closed on Wednesday, 4 June 2014. No transfer of shares will be effected on that day. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 3 June 2014.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the Company's consolidated annual results for the year ended 31 December 2013.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") throughout the year ended 31 December 2013, except for the deviations from A.6.7 and E.1.2 of the CG Code as described below. An independent non-executive Director, also being the chairman of the Nomination Committee and Remuneration Committee of the Company, was unable to attend the annual general meeting and extraordinary general meeting of the Company both held on 21 May 2013 due to an overseas business engagement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE ANNUAL REPORT

The Annual Report 2013 will be despatched to the Shareholders in mid April 2014 and will be made available at the HKExnews website of the Stock Exchange at *www.hkexnews.hk* and the website of the Company at *www.sihl.com.hk* accordingly.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises six Executive Directors, namely Mr. Wang Wei, Mr. Zhou Jie, Mr. Lu Shen, Mr. Zhou Jun, Mr. Ni Jian Da and Mr. Xu Bo; four Independent Non-Executive Directors, namely, Dr. Lo Ka Shui, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and Mr. Cheng Hoi Chuen, Vincent.

ANNUAL RESULTS

The consolidated results of the Group for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013**	2012
		HK$'000	HK$'000
Revenue	*3*	**21,567,724**	19,286,910
Cost of sales		**(15,261,364)**	(13,703,878)
Gross profit		**6,306,360**	5,583,032
Net investment income		**660,489**	608,352
Other income		**799,927**	1,368,962
Selling and distribution costs		**(872,222)**	(698,935)
Administrative and other expenses		**(1,982,151)**	(1,827,951)
Finance costs		**(1,199,557)**	(1,031,715)
Share of results of joint ventures		**79,730**	27,520
Share of results of associates		**22,788**	13,512
Gain on disposal of assets through disposal of subsidiaries		**819,125**	-
Gain on disposal of Feng Shun		**-**	1,276,515
Gain on disposal of interests in subsidiaries, joint ventures and associates		**215,116**	668,876
Impairment loss on available-for-sale investments		**(15,852)**	(40,427)
Profit before taxation		**4,833,753**	5,947,741
Income tax expense	*4*	**(1,389,533)**	(1,621,251)
Profit for the year	*5*	**3,444,220**	4,326,490
Profit for the year attributable to			
- Owners of the Company		**2,702,418**	3,438,210
- Non-controlling interests		**741,802**	888,280
		3,444,220	4,326,490
		HK$	HK$
Earnings per share	*7*		
- Basic		**2.500**	3.184
- Diluted		**2.374**	3.182

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	HK$'000	HK$'000
Profit for the year	**3,444,220**	4,326,490
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
- subsidiaries	**1,287,314**	314,328
- joint ventures	**54,318**	15,361
- associates	**61,565**	18,911
Fair value change on available-for-sale investments held by		
- subsidiaries	**37,543**	14,550
- a joint venture	**3,075**	(36,673)
Impairment loss on available-for-sale investments	**15,852**	-
Reclassification on disposal of available-for-sale investments	**(11,306)**	-
Reclassification of translation reserve upon disposal of		
- interests in subsidiaries	**(3,699)**	-
- interest in a subsidiary held for sale	**(24,503)**	(8,963)
- interest in a joint venture	**-**	(446)
Other comprehensive income for the year	**1,420,159**	317,068
Total comprehensive income for the year	**4,864,379**	4,643,558
Total comprehensive income for the year attributable to		
- Owners of the Company	**3,546,446**	3,613,170
- Non-controlling interests	**1,317,933**	1,030,388
	4,864,379	4,643,558

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	Note	**2013**	2012
		HK$'000	HK$'000
Non-Current Assets			
Investment properties		**9,779,462**	9,471,090
Property, plant and equipment		**3,599,557**	3,462,047
Prepaid lease payments – non-current portion		**137,364**	136,368
Toll road operating rights		**13,674,748**	13,899,749
Other intangible assets		**1,428,855**	1,197,928
Interests in joint ventures		**2,629,143**	1,781,046
Interests in associates		**2,047,043**	1,966,769
Investments		**1,127,334**	960,137
Receivables under service concession arrangements – non-current portion		**3,745,186**	3,399,244
Deposit paid on acquisition of a subsidiary		**156,399**	-
Deposits paid on acquisition of property, plant and equipment		**56,474**	41,569
Restricted bank deposits		**85,288**	82,270
Deferred tax assets		**260,075**	270,922
		38,726,928	36,669,139
Current Assets			
Inventories		**47,942,059**	51,021,592
Trade and other receivables	*8*	**6,198,674**	6,330,644
Prepaid lease payments – current portion		**3,490**	3,355
Investments		**542,117**	408,372
Receivables under service concession arrangements – current portion		**115,426**	92,964
Amounts due from customers for contract work		**94,259**	102,093
Prepaid taxation		**512,636**	399,127
Pledged bank deposits		**512,231**	447,838
Short-term bank deposits		**548,044**	212,888
Bank balances and cash		**25,975,351**	19,248,483
		82,444,287	78,267,356
Assets classified as held for sale		**1,238,810**	376,516
		83,683,097	78,643,872

	Note	2013	2012
		HK$'000	HK$'000
Current Liabilities			
Trade and other payables	9	**14,694,333**	11,759,240
Customer deposits from sales of properties		**9,122,413**	10,150,596
Amounts due to customers for contract work		**20,409**	72,129
Taxation payable		**3,219,064**	3,737,308
Bank and other borrowings		**12,960,798**	10,718,828
Senior notes		**1,994,842**	-
		42,011,859	36,438,101
Liabilities associated with assets classified as held for sale		**655,630**	-
		42,667,489	36,438,101
Net Current Assets		**41,015,608**	42,205,771
Total Assets less Current Liabilities		**79,742,536**	78,874,910
Capital and Reserves			
Share capital		**108,275**	108,025
Share premium and reserves		**34,837,749**	32,301,464
Equity attributable to owners of the Company		**34,946,024**	32,409,489
Non-controlling interests		**17,433,790**	15,829,544
Total Equity		**52,379,814**	48,239,033
Non-Current Liabilities			
Provision for major overhauls		**77,810**	79,516
Bank and other borrowings		**17,903,927**	22,112,850
Convertible bonds		**3,742,607**	-
Senior notes		**-**	2,746,903
Deferred tax liabilities		**5,638,378**	5,696,608
		27,362,722	30,635,877
Total Equity and Non-Current Liabilities		**79,742,536**	78,874,910

Notes:

(1) GENERAL

The financial information contained in this results announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2013 but is derived from those financial statements.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2013 as set out in the results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the results announcement.

(2) BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 - 2011 Cycle
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

HKFRS 12 "Disclosure of Interests in Other Entities"

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

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

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

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

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

NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 - 2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 - 2013 cycle[2]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC) - Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014.

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

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

5 Effective for annual periods beginning on or after 1 January 2016.

The adoption of HKFRS 9 will affect the classification and measurement of the Group's available-for-sale equity investments which are stated at cost less impairment but may not have a significant impact on the amounts reported in respect of the Group's other financial assets. It is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

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

(3) SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended 31 December 2013

	Infrastructure facilities	**Real estate**	**Consumer products**	**Unallocated**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
REVENUE					
Segment revenue - external sales	**3,550,386**	**14,374,056**	**3,643,282**	**-**	**21,567,724**
Segment profit	**1,598,994**	**2,161,774**	**1,077,114**	**74,521**	**4,912,403**
Finance costs	**(192,220)**	**(965,952)**	**(2,826)**	**(38,559)**	**(1,199,557)**
Share of results of joint ventures	**79,730**	**-**	**-**	**-**	**79,730**
Share of results of associates	**569**	**(9,804)**	**32,023**	**-**	**22,788**
Gain on disposal of assets through disposal of subsidiaries	**-**	**819,125**	**-**	**-**	**819,125**
Gain on disposal of interests in subsidiaries, joint ventures and associates	**-**	**109,953**	**103,340**	**1,823**	**215,116**
Impairment loss on available-for-sale investments	**-**	**-**	**-**	**(15,852)**	**(15,852)**
Profit before taxation	**1,487,073**	**2,115,096**	**1,209,651**	**21,933**	**4,833,753**
Income tax expense	**(305,329)**	**(815,997)**	**(194,505)**	**(73,702)**	**(1,389,533)**
Profit (loss) after taxation	**1,181,744**	**1,299,099**	**1,015,146**	**(51,769)**	**3,444,220**
Less: profit attributable to non-controlling interests	**(166,677)**	**(561,443)**	**(13,682)**	**-**	**(741,802)**
Profit (loss) for the year attributable to owners of the Company	**1,015,067**	**737,656**	**1,001,464**	**(51,769)**	**2,702,418**

For the year ended 31 December 2012

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
Segment revenue - external sales	2,848,463	13,011,356	3,427,091	-	19,286,910
Segment profit (loss)	1,494,106	2,585,729	989,680	(36,055)	5,033,460
Finance costs	(178,962)	(801,975)	(6,918)	(43,860)	(1,031,715)
Share of results of joint ventures	27,520	-	-	-	27,520
Share of results of associates	217	(4,902)	18,197	-	13,512
Gain on disposal of Feng Shun	-	1,276,515	-	-	1,276,515
Gain on disposal of interests in subsidiaries, joint ventures and associates	-	473,587	195,289	-	668,876
Impairment loss on available-for-sale investments	-	(40,427)	-	-	(40,427)
Profit (loss) before taxation	1,342,881	3,488,527	1,196,248	(79,915)	5,947,741
Income tax expense	(242,420)	(1,012,646)	(196,112)	(170,073)	(1,621,251)
Profit (loss) after taxation	1,100,461	2,475,881	1,000,136	(249,988)	4,326,490
Less: profit attributable to non-controlling interests	(122,334)	(739,595)	(26,351)	-	(888,280)
Profit (loss) for the year attributable to owners of the Company	978,127	1,736,286	973,785	(249,988)	3,438,210

(4) INCOME TAX EXPENSE

	2013	2012
	HK$'000	HK$'000
Current tax		
- Hong Kong	**158,308**	151,063
- PRC Land appreciation tax ("**PRC LAT**")	**648,661**	702,433
- PRC Enterprise income tax ("**PRC EIT**") (including PRC withholding tax of HK$135,786,000 (2012: HK$30,203,000))	**838,243**	1,098,431
	1,645,212	1,951,927
Under (over) provision in prior years		
- Hong Kong	**(267)**	(1,275)
- PRC LAT (note iv)	**16,335**	(94,902)
- PRC EIT (note iv)	**(9,231)**	(192,180)
	6,837	(288,357)
Deferred taxation for the year	**(262,516)**	(42,319)
	1,389,533	1,621,251

notes:

(i) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

(ii) The Group's major subsidiaries in the People's Republic of China (the "**PRC**") are subject to PRC EIT at a rate of 25%. A PRC subsidiary is taxed at a lower rate of 12.5% (2012: 12.5%) on a transitional basis.

(iii) PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs and all qualified property development expenditures.

(iv) The Group reversed overprovisions of PRC LAT and PRC EIT during the year ended 31 December 2012 upon completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

(5) PROFIT FOR THE YEAR

	2013	2012
	HK$'000	HK$'000
Profit for the year has been arrived at after charging:		
Amortisation of toll road operating rights (included in cost of sales)	**721,631**	610,895
Amortisation of other intangible assets (included in cost of sales)	**57,284**	47,005
Depreciation of property, plant and equipment	**273,083**	262,615
Release of prepaid lease payments	**3,934**	3,818
Compensation to customers as a result of late delivery of properties	**79,704**	181,677
Decrease in fair value of investment properties (included in administrative and other expenses)	**99,240**	-
Impairment loss on bad and doubtful debts	**17,530**	2,632
Impairment loss on properties held for sale	**36,374**	71,627
Impairment loss on inventories, other than properties	**5,001**	114,991
Research and development costs	**17,117**	12,024
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	**26,625**	15,758
Share of PRC EIT of associates (included in share of results of associates)	**10,485**	10,607
and after crediting other income as follows:		
Compensation income	**-**	178,703
Increase in fair value of investment properties	**-**	22,947
Net foreign exchange gains	**127,100**	64,214
Net gain on disposal/written off of property, plant and equipment	**2,826**	3,545
Reversal of impairment loss on bad and doubtful debts	**-**	33,687
Reversal of impairment loss on investment in an associate	**-**	4,000
Reversal of impairment loss on other receivables	**-**	587,079

(6) DIVIDENDS

	2013	2012
	HK$'000	HK$'000
Dividends recognised as distribution during the year:		
2013 interim dividend of HK42 cents (2012: 2012 interim dividend of HK50 cents) per share	**454,111**	539,984
2012 final dividend of HK58 cents (2012: 2011 final dividend of HK58 cents) per share	**626,916**	626,381
	1,081,027	1,166,365

The final dividend of HK45 cents per share in respect of the year ended 31 December 2013 (2012: final dividend of HK58 cents per share in respect of the year ended 31 December 2012), amounting to approximately HK$487.2 million (2012: HK$626.9 million) in total, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

(7) EARNINGS PER SHARE

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

	2013	2012
	HK$'000	HK$'000
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**2,702,418**	3,438,210
Effect of dilutive potential ordinary shares		
- interest on convertible bonds, net of tax	**60,321**	-
	2,762,739	3,438,210

	2013	2012
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,081,075,132**	1,079,963,999
Effect of dilutive potential ordinary shares		
- convertible bonds	**80,857,352**	-
- share options of the Company	**1,972,285**	635,016
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,163,904,769**	1,080,599,015

The computation of diluted earnings per share does not assume:

(i) the exercise of the Company's outstanding options if the exercise price of those options was higher than the average market price for the corresponding period;

(ii) the exercise of options/warrants issued by SI Urban Development because they are anti-dilutive. The warrants lapsed on 23 July 2012; and

(iii) the exercise of options issued by SI Environment, which expired on 13 August 2012, because they are anti-dilutive.

(8) TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	HK$'000
Trade receivables	**1,112,578**	828,431
Less: allowance for doubtful debts	**(18,827)**	(2,151)
	1,093,751	826,280
Other receivables	**5,104,923**	5,504,364
Total trade and other receivables	**6,198,674**	6,330,644

The Group generally allows credit periods ranging from 30 days to 180 days to its trade customers, other than property buyers. For property sales, due to the nature of business, the Group generally grants no credit period to property buyers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period.

	2013	2012
	HK$'000	HK$'000
Within 30 days	**288,178**	282,414
Within 31 – 60 days	**172,099**	151,790
Within 61 – 90 days	**226,304**	150,817
Within 91 – 180 days	**134,422**	86,733
Within 181 – 365 days	**169,979**	102,537
Over 365 days	**102,769**	51,989
	1,093,751	826,280

(9) TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	HK$'000
Trade payables	**2,641,685**	3,136,893
Consideration payables	**325,348**	316,041
Other payables	**11,727,300**	8,306,306
Total trade and other payables	**14,694,333**	11,759,240

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

	2013	2012
	HK$'000	HK$'000
Within 30 days	**553,062**	1,155,794
Within 31 – 60 days	**136,522**	161,667
Within 61 – 90 days	**54,079**	81,527
Within 91 – 180 days	**63,458**	83,340
Within 181 – 365 days	**859,465**	817,710
Over 365 days	**975,099**	836,855
	2,641,685	3,136,893

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

In 2013, the revenue amounted to approximately HK$21,567.72 million, representing a year-on-year increase of 11.8%, mainly due to the increase in property sales booked by SI Urban Development as compared to the last year, resulting in an increase in revenue of HK$990.99 million. Furthermore, SI Environment in infrastructure facilities recorded a year-on-year increase in revenue of HK$536.16 million, driven by consolidating Nanfang Water's sales after it was acquired by SI Environment.

The year-on-year increase in revenue of infrastructure facilities business was mainly attributable to the natural growth in the toll income from three expressways, together with the consolidation of Nanfang Water's twelve-months revenue after SI Environment completed the acquisition of controlling interests in Nanfang Water during the second half of 2012.

SI Urban Development recorded an increase of revenue of approximately 11.3% due to the higher amount of property delivered during the year and SI Development also recorded a year-on-year increase in the sales, resulting in an increase in revenue of 10.5% in real estate business.

As for the revenue from consumer products business, Nanyang Tobacco maintained a stable growth but Wing Fat Printing's income from packaging and printing service recorded an obvious decline since the sales were adversely impacted by the shrinking market for high-end cigarette and wine products. As a result, revenue from consumer products business only recorded a slight year-on-year increase.

2. Profit Contribution from Each Business

Net profit from the infrastructure facilities business for the year was approximately HK$1,015.07 million, accounting for 36.8% of Net Business Profit, representing a year-on-year increase of 3.8%. Although the traffic flow of three expressways recorded natural growth ranging from 10.8% - 11.4%, revenue from toll roads segment for the year was affected to a certain extent due to the policy of expressway toll exemptions for small passenger vehicles in key festivals introduced by the government during the second half of 2012. However, benefiting from our cost control measures, there was still a stable growth in profits. As for water services business, SI Environment completed the acquisition of controlling interests in Nanfang Water in the second half of 2012, the result of which was consolidated for the year, representing a new contribution to our profit, and in addition to the growing results recorded by General Water of China, water services segment achieved a significant growth in profit.

Real estate business recorded a profit of approximately HK$737.66 million, accounting for 26.8% of Net Business Profit, representing a year-on-year decrease of HK$998.63 million. The decrease was mainly due to the absence of net profit of HK$1,131.78 million from the disposal of 90% equity interest in Lot G in Qingpu and of sharing SI Development's reversal of investment impairment loss for the sale of the Beijing Workers' Gynasium project of HK$373.68 million for the last year, while during the year, the Group only shared the profit of HK$515.68 million from the disposal of interest in a land parcel, representing 25% equity interest of U Center project, which partly offset the decrease in profit of real estate business. Excluding the impact by the disposal and reversal, operating profit of real estate business improved mainly due to the increase in property sales booked during the year, most of which were higher gross margin real estate projects.

The consumer products business recorded a net profit of approximately HK$1,001.46 million for the year, accounting for 36.4% of Net Business Profit. Net profit increased year-on-year by HK$27.68 million or 2.8%, mainly due to the satisfactory increase in sales volume and continuous increase in profit as a result of continuous enhancement in marketing activities by Nanyang Tobacco and aggressive exploration for overseas market, though the increase in profit was partly offset by the decrease in Wing Fat Printing's result. During the year, the Company shared a profit of approximately HK$82.21 million from the disposal of 30% equity interest in Zhejiang Tianwai project by Wing Fat Printing while we shared a profit of approximately HK$161.11 million from the disposal of the entire 70% equity interest in Chengdu Wingfat Printing in last year. During the year, Wing Fat Printing recorded a year-on-year decline in operating profit mainly due to an obvious decrease in income from packaging and printing service as a result of the shrinking market for high-end cigarette and wine products.

3. Profit before Taxation

(1) Gross profit margin

Gross profit margin for the year was 29.2%, a marginal increase of 0.3 percentage points as compared to 28.9% for last year. The increase in gross profit margin was mainly due to part of the property sales booked in respect of the real estate business for the year was higher gross margin commodity housing.

(2) Other income

Other income for the last year included a reversal of impairment loss for real estate project of HK$587.08 million. There was no such income of similar nature during the year.

(3) Gain on disposal of assets through disposal of subsidiaries

The Group completed the disposal of interest in a land parcel, representing 25% equity interest in U Center project during the year and recorded a pre-tax gain of HK$819.13 million.

(4) *Gain on disposal of interests in subsidiaries, joint ventures and associates*

During the year, the Group recorded pre-tax disposal gains of HK$215.12 million as a result of the disposal of two wholly-owned subsidiaries of SI Development, namely 湖州湖鴻投資發展有限公司 and 湖州湖濱投資發展有限公司, together with the disposal of 30% equity interest in Zhejiang Tianwai project by Wing Fat Printing. During last year, the Group completed the disposals of the project of Forest Garden in Changsha, Tangdao Bay project and the 70% equity interest in Chengdu Wingfat Printing and recorded pre-tax disposal gains totaling HK$668.88 million.

4. Dividends

The Group continued to adopt a stable dividend payout policy. The Board of Directors has proposed a final dividend of HK45 cents per share. Together with an interim dividend of HK42 cents per share, the total dividend amounted to HK87 cents per share for 2013 (2012: HK108 cents per share), annual dividend payout ratio is 34.8% (2012: 33.9%).

II. Financial Position of the Group

1. Capital and Equity attributable to owners of the Company

The Group had a total of 1,082,751,600 shares in issue as at 31 December 2013, which was increased by 2,502,600 shares as compared with 1,080,249,000 shares in issue as at the end of 2012. The increase is mainly attributable to the exercise of share options by employees during the year.

The equity attributable to owners of the Company reached HK$34,946.02 million as at 31 December 2013, which was attributable to the net profits after deducting the dividend actually paid during the year.

2. Indebtedness

(1) *Borrowings*

During the year, the Company issued HK$3,900 million zero coupon five-year convertible bonds successfully through a wholly-owned subsidiary, Tong Jie Limited, which strongly improved the Group's funds base for business development while opening up a new financing channel in addition to bank borrowings. In addition, the Company entered a loan facility of RMB1,000 million in February 2014, which will be used for the refinancing of the RMB loan due in May 2014.

As at 31 December 2013, the total borrowings of the Group including bank borrowings, other borrowings, senior notes and convertible bonds amounted to approximately HK$37,806.53 million (31 December 2012: HK$36,763.90 million), of which 72.6% (31 December 2012: 64.6%) was unsecured credit facilities.

(2) Pledge of assets

As at 31 December 2013, the following assets were pledged by the Group to banks to secure general banking facilities granted by these banks to the Group:

(a) investment properties with an aggregate carrying value of HK$5,298,903,000 (31 December 2012: HK$8,212,311,000);

(b) leasehold land and buildings with an aggregate carrying value of HK$940,841,000 (31 December 2012: HK $11,516,000);

(c) plant and machineries with an aggregate carrying value of HK$14,837,000 (31 December 2012: Nil);

(d) One (31 December 2012: One) toll road operating right of HK$3,335,773,000 (31 December 2012: HK$3,359,512,000);

(e) receivables under service concession arrangements with an aggregate carrying value of HK$2,294,931,000 (31 December 2012: HK $1,900,411,000);

(f) properties under development held for sale with an aggregate carrying value of HK$10,630,517,000 (31 December 2012: HK$10,767,128,000);

(g) properties held for sale with an aggregate carrying value of HK$132,958,000 (31 December 2012: Nil);

(h) trade receivables with an aggregate carrying value of HK$240,273,000 (31 December 2012: HK$174,926,000); and

(i) bank deposits with an aggregate carrying value of HK$512,231,000 (31 December 2012: HK$447,838,000).

(3) Contingent liabilities

As at 31 December 2013, the guarantees given to banks by the Group in respect of banking facilities utilised by an entity controlled by Xuhui District State Owned Asset Administrative Committee, property buyers and a joint venture amounted to approximately HK$340.59 million, HK$3,137.45 million and HK$212.23 million (31 December 2012: HK$393.04 million, HK$3,205.16 million and Nil) respectively.

3. Capital Commitments

As at 31 December 2013, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK$8,894.87 million (31 December 2012: HK$7,319.36 million). The Group had sufficient internal resources or through loan market channel to finance its capital expenditures.

4. Bank Deposits and Short-term Investments

As at 31 December 2013, bank balances and short-term investments held by the Group amounted to HK$27,035.63 million (31 December 2012: HK$19,909.21 million) and HK$542.12 million (31 December 2012: HK$408.37 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars were 4%, 85% and 11% (31 December 2012: 5%, 85% and 10%) respectively. Short-term investments mainly consisted of investments such as bonds, Hong Kong and PRC listed shares.

While having sufficient working capital and a healthy interest cover, the Group is monitoring the market situation and the funding requirements for business development, will seek opportunities to optimize capital structure should the need arise.

III. EVENTS AFTER THE REPORTING PERIOD

The following events took place after the reporting period:

1. With respect to the announcements of the Company from 26 November 2013 to 28 January 2014 regarding the disposal of Shanghai Feng Qi Properties Co., Ltd. ("**Feng Qi Shanghai**"), the transactions of disposal of 49% and 51% equity interests in the Feng Qi Shanghai were completed in February 2014 and March 2014, respectively.

2. In January 2014, the Group completed the acquisition of 50% equity interest of Shanghai Pucheng Thermal Power Energy Co. Ltd., which principally engages in the business of waste incineration power generation in the PRC, from an independent third party at a consideration of RMB530 million (equivalent to approximately HK$679 million). The transaction will be accounted for using the purchase method.

3. In February 2014, the Group completed the acquisition of 100% equity interest of Shanghai Qingpu Second Waste Water Treatment Plant Co., Limited, which principally engages in the business of waste water treatment in the PRC, from an independent third party at a consideration of RMB180 million (equivalent to approximately HK$230 million). The transaction will be accounted for using the purchased method.