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 2016 INTERIM RESULTS

(Unaudited)

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**" or "**SIHL**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2016. The Group's total revenue amounted to HK$9,229 million, representing a year-on-year increase of 29.3%. Net profit increased year-on-year by 14.9% to HK$1,506 million. The increase was mainly attributable to the increase in profits from the real estate business as compared to the same period last year and stable growth in profit of our infrastructure business.

During the first half of the year, the economic growth in China continued to slow down and the exchange rate of the RMB declined. Property prices in some of the first- and second-tier cities increased significantly. Apart from this, many complex issues were surrounding the global economy, including the sluggish economic climate in Europe and Japan, uncertainties on U.S. dollar interest rate hikes, and the volatility of the financial markets triggered by Brexit. Against this scenario, the Group has made considerable efforts to integrate its financing activities and business operations under the leadership of the Board and the management. While making plans to drive the development of its core businesses to further improve operational efficiency and better allocate its resources, the Group has capitalized on market opportunities, optimizing its capital structure and effectively revitalizing its assets. During the period under review, all the Group's subsidiaries have achieved satisfactory operating results through enhancements of their risk management and strategic operation to facilitate the development of its business. As a result, the pre-determined strategic development targets have generally been achieved.

The Board of Directors has proposed to pay an interim dividend of HK36 cents (2015: HK36 cents) per share for 2016 and a special dividend of HK10 cents to commemorate the twentieth anniversary of the Company's listing, to shareholders whose names appear on the register of members of the Company on Tuesday, 20 September 2016. The interim and special dividends will be paid to shareholders on or about Thursday, 6 October 2016.

INFRASTRUCTURE FACILITIES

During the period, the infrastructure facilities business recorded a profit of HK$620 million, representing an increase of 7.8% over the same period last year and accounting for 42.1% of the Group's Net Business Profit*. The operation size of its water business has been expanding. The total water treatment capacity of S.I. Environment Holdings Ltd. ("**SI Environment**") and General Water of China Co., Ltd. ("**General Water of China**") together reached 14,000,000 tonnes. Our toll roads business continued to record stable profit and cash flow. As and when appropriate in the second half of the year, the group will plan to inject quality assets into the infrastructure business.

Toll roads

In the first half of the year, the traffic flow and toll revenue of the three toll roads of the Group in Shanghai overall maintained stable growth with smooth road operation. Overall traffic operation remained steady during the holidays. In the second half of the year, focus will be put on preventing traffic congestions and ensuring smooth road operation during the Mid-Autumn Day, the National Day, the crab-tasting season and routine peak hours. At the national main highway examination (the National Examination) during the "Twelfth Five-Year" period conducted last year, all three main roads passed the examination with excellent road conditions, systematic data management and quality counter services, demonstrating the Group's capability in the effective management of the expressways.

The key operating figures of the three tolls roads are as follows:

Toll Roads	Net profit from project company	Changes	Toll Revenue	Changes	Traffic flow (vehicle journey)	Changes
Jing-Hu Expressway (Shanghai Section)	HK$154 million	+ 4.1%	HK$339 million	+ 9.2%	25.51 million	+ 16.1%
Hu-Kun Expressway (Shanghai Section)	HK$228 million	+ 5.3%	HK$496 million	+ 1.0%	26.25 million	+ 6.9%
Hu-Yu Expressway (Shanghai Section)	HK$90 million	+ 1.8%	HK$261 million	- 2.9%	21.01 million	+ 9.7%
Total	**HK$472 million**	**+ 4.2%**	**HK$1,096 million**	**+ 2.4%**	**72.77 million**	**+ 10.8%**

Due to the rapid year-on-year growth in short-distance passage at the Shanghai Jia-Min Elevated Highway and benefiting from continuous growth in motor vehicle parc, the traffic flow of Jing-Hu Expressway (Shanghai Section) increased during the period. In addition, toll revenue also recorded relatively high growth during the period as a result of adjustments to mileage charge for toll expressways in Shanghai since mid-July 2015. Capitalizing on the good results achieved from the National Examination during the “Twelfth Five-Year” period, the project company has further improved its management system and policies. In the first half of the year, the company has continued to refine its management and intensified the inspection and appraisal of its maintenance and operation performance. In addition, through toll competitions, the site management of the roads, equipment maintenance and emergency management capability have been strengthened. Toll efficiency at road junctions maintained relatively high. In the second half of the year, the layout of car lanes at the Jiamin Station and Jiangqiao Station will be modified in order to adjust to traffic flow changes at the sections and to ensure smooth traffic operation of the road junctions.

As a result of such favourable factors as normal weather conditions in the first half of the year, stable increases in tourists and small passenger car travels during holidays and continuous measures implemented to prevent traffic congestions, as well as close monitoring of green agricultural vehicle passage, Hu-Kun Expressway (Shanghai Section) maintained stable growth in toll revenue. During the period, focus was made to standardize safety measures and to introduce safety responsibility at different levels. As part of the “Month of Safety” campaign, measures were taken to alert drivers for a better sense of safety, to reinforce site safety management and enhance road maintenance and to strengthen education programs for the training of employees on safety and routine safety management. All these measures have significantly improved our management capability on road safety.

Benefiting from increases in the traffic flow of cars, the traffic flow of Hu-Yu Expressway (Shanghai Section) continued to rise during the period. A competition section has been introduced to prevent traffic congestions and ensure smooth passage for the Qingpu urban station in this year’s toll contest, in order to minimize traffic congestions at peak hours at the station seen in recent years. The traffic capacity of the station at peak hours has now been raised by 6% as compared with the same period last year. During the period, the project company also made early arrangements on preventing floods and typhoons, examined flood-prevention materials and rescue teams and organized flood-fighting exercises to ensure a safe flood season. In the second half of the year, toll station alteration projects will be carried out in the urban areas of Qingpu to ease congestions during peak hours. Specific maintenance projects will also be implemented as planned to ensure safe road operations.

Water services

With respective contributions from newly acquired projects, the Group’s water business maintained rapid growth during the period. The size of operation has continued to expand and the overall production and operation capability has been further improved.

SI Environment

SI Environment recorded a revenue of RMB1,119 million for the first half of 2016, representing a year-on-year growth of 41.6%. The increase in revenue was mainly attributable to the newly acquired Shanghai Fudan Water Engineering and Technology Co., Ltd. ("**Fudan Water**") and contributions from newly constructed municipal projects. Profit for the year increased by 25.9% year-on-year to RMB191 million, mainly due to profit contributions from newly constructed BOT (build-operate-transfer) projects and from Fudan Water, newly acquired last year.

In March 2016, a wholly-owned subsidiary of SI Environment entered into a franchise agreement on the phase-I reconstruction and expansion of a sewage treatment plant in the Coastal Medical Park in Zhejiang Province. The long-term plan of the project is to reach a sewage treatment daily capacity of 50,000 tonnes, beginning from a capacity of 12,500 tonnes now to 25,000 tonnes. The current project will be reconstructed to enhance the quality of water generated to class II of the "Integrated Sewage Discharge Standard". The total consideration of the project is tentatively set at RMB162 million with a franchise period up to July 2028.

In April, Fudan Water and the Commission of Housing and Urban-Rural Development of Suizhou City entered into a franchise agreement, pursuant to which the newly constructed project will have a sewage treatment daily capacity of 50,000 tonnes and the quality of water generated will reach class I A of the "Integrated Sewage Discharge Standard". The total investment for the project is approximately RMB99.98 million with a franchise period of 25 years. In July, Fudan Water increased its investments in Henan Zhonghui Joint Investment Co., Ltd., a company principally engaged in sewage and sludge treatment, with RMB225 million. It will hold 75% interest in the company after the capital increase.

Going forward, SIIC Environment will continue to expand its financing channels and enhance the effect of its leveraging activities. The company will capitalize on opportunities from the growing market and integrations within the industry and to increase the size of the enterprise as well as its profitability based on the business experience that it has accumulated over the years. Investments will continue to be made in sewage treatment, solid waste projects and other environmental protection-related projects, and appropriate acquisition opportunities will be sought to expand the business size of the company when opportunities arise.

General Water of China

In the first half of the year, General Water of China recorded a revenue of HK$1,008 million, representing an increase of 12.4% over the same period last year; net profit for the period was HK$119 million, representing a year-on-year increase of 37.0%. During the period, the company established a PPP (public-private-partnership) joint venture for the investment of the Suzhou Bianbei sewage treatment plant and its ancillary pipe network. The joint venture is principally engaged in the construction, management, operation and maintenance of the facilities for the collection, treatment and discharge of urban sewage. With a contribution of RMB15 million, General Water of China holds 80% interests in the project. In accordance with requirements for the respective regulations, the registered capital for General Water of China in the water drainage project for the Wuxing Children Clothing Industrial Park in the Shaxi city of Huzhou will be increased from 30% to 40%. Currently, the total investment in the project is RMB86.87 million.

The sludge drying and waste incineration project under General Water of China, the first semi-dried sludge treatment production line in the PRC, is under trial run and commercial operation will begin after that. During the period, the project of General Water of China on the reservoir project in Tiger Lake, Huzhou, passed safety verifications on the dam of the reservoir conducted by a committee consisting of irrigation specialists in the Zhejiang Province and Huzhou City and was appraised as a "Class I" dam.

NEW BUSINESS ARENA

Shanghai Galaxy Investment Co., Ltd. ("**Shanghai Galaxy**") currently owns nine photovoltaic power generation projects in China through its 85%-owned subsidiary, SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd. ("**Galaxy Energy**"), by way of capital operation and acquisitions and mergers over the past few years. Shanghai Galaxy is a 50:50 joint venture between Shanghai Hu-Ning Expressway (Shanghai Section) Co. Ltd., a wholly-owned subsidiary of the Company, and SIIC Shanghai Holdings Co., Ltd., a company under the parent company. Located in six provinces, namely Gansu, Shanxi, Ningxia, Qinghai, Xinjiang and Inner Mongolia, the projects altogether have a total power generation capacity of 510MW, representing an increase of 190MW from the same period of last year. All the projects have been connected to grids. Power generation for the period reached 283 million kWh, representing a year-on-year growth of 48.9% and maintaining a rapid growth momentum. In the second half of the year, the company will seek to strengthen project expansion and actively strive for obtaining subsidies on power charges to further facilitate the sustainable and healthy development of its business.

In January 2016, each of the two shareholders of Shanghai Galaxy made a further capital contribution of RMB150 million to the company which was in proportion with their shareholdings, to finance the future development of the company.

REAL ESTATE

During the period, the real estate segment recorded a profit of HK$353 million, representing a year-on-year increase of 33.6% and accounting for 24.0% of the Group's Net Business Profit*. The increase in profit was mainly due to increases in number of properties delivered and booked for the period. Capitalizing on market opportunities, the real estate segment has successfully enlarged the Group's share capital through financing raised in the capital markets and further optimized its capital structure. In addition, the Group's assets have been revitalized, its resources allocation being optimized and the overall value of its assets enhanced.

SI Development

Shanghai Industrial Development Co., Ltd. ("**SI Development**") recorded a revenue of RMB2,226 million for the period, representing an increase of 146.3% over the same period last year. Such increases were mainly attributable to a rise in revenue from its real estate projects and new revenue from projects on construction work; profit attributable to shareholders for the period amounted to RMB206 million, representing an increase of 144.6% over the same period last year.

Contract sales for the period amounted to RMB3,973 million, arising from such projects as International Beer City in Qingdao, Hi-Shanghai in Hangzhou, Hi-Shanghai in Chengdu, Shanghai Bay in Huzhou, Essence of Shanghai in Shanghai, Sea County in Shanghai, Flos Granati in Shanghai, Shanghai Bay in Shanghai, United 88 in Shanghai, Fengsheng Times Building in Changsha, Lake Villa in Suzhou, International Chinese City in Shaoxing and Shanghai International Art Centre in Shanghai, accounting for a gross floor area of 280,900 square meters. Property sales booked for the period were RMB1,568 million, mainly including such projects as International Beer City in Qingdao, Shanghai Bay in Huzhou, Shanghai Bay in Shanghai and United 88 in Shanghai, representing a gross floor area of 125,200 square meters.

As at 22 January 2016, the private placement of SI Development was completed, in which an aggregate of 335,523,659 new ordinary shares were issued to seven placees (including five institutional investors) at an issue price of RMB11.63, raising a total proceed of RMB3,902 million. As a result, the proportion of the Company's shareholding in SI Development was diluted from 63.65% to 48.6%. Further to the completion of acquisition of a 100% equity interest in Shanghai Investment Co., Ltd. at the end of last year, as on 15 March this year, the transaction for the acquisition of 61.484% equities of Shanghai SIIC-LongChuang Smarter Energy Technology Co., Ltd. ("**SIIC Longchuang**") (formerly named Shanghai Longchuang Eco-Energy Systems Co., Ltd.) was also completed. An additional capital of RMB200 million was injected into SIIC Longchuang on 25 April this year, out of which RMB13,186,813 are for registered capital. As at 30 June 2016, all procedures for the capital injection were completed. SI Development now holds 69.7849% interest in SIIC Longchuang.

In July 2016, SI Development and the Company injected an additional capital of an aggregate of approximately RMB441 million into a joint venture engaged in the Shanghai Bay project in Shanghai. The capital injection was made in proportion to their respective shareholding of 51% and 49% in the joint venture. Located at Dianshan Lake side, Zhujiajiao, Qingpu, Shanghai, the Shanghai Bay project has a total gross floor area of approximately 497,100 square meters for residential purposes, with a plot ratio of 0.5. Currently, Phases I and II of the project were completed and delivered, while construction and development of Phase III is in progress. Phase IV is at a preliminary development stage. This capital increase is expected to accelerate the development and construction of the project, provide funding support for subsequent developments and to further enhance overall development efficiency.

The corporate bonds issued by SI Development, which were approved by China Securities Regulatory Commission in March of last year, were released by installments. The issue of the 2014 corporate bonds (the second installment) was completed on 14 March 2016. The actual issue size of such bonds amounted to RMB1,000 million with a final coupon rate of 3.23% for a term of 5 years.

SI Urban Development

Shanghai Industrial Urban Development Group Limited ("**SI Urban Development**") recorded profit attributable to shareholders of HK$312 million for the period, representing a significant increase of 173.8% as compared with the same period last year. Revenue for the period amounted to HK$2,457 million, representing an increase of 13.1% as compared with the same period last year.

Properties delivered during the period accounted for a total gross floor area of approximately 103,000 square meters, and included such major projects as Urban Cradle in Shanghai, Shanghai Jing City and Royal Villa in Kunshan. Rental income for the first half of the year amounted to HK$319 million. The amount of contract sales reached RMB4,533 million with a gross floor area of 195,800 square meters, mainly including Urban Cradle in Shanghai, Grand Mansion in Shanghai (located at Section 5 of Shanghai Jing City, a commodity housing project) and Royal Villa in Kunshan.

In January 2016, Shanghai Urban Development (Holdings) Co., Ltd. ("**Shanghai Urban Development**"), a 59%-owned subsidiary of SI Urban Development, entered into a redemption agreement in respect of Urban Development Green Carbon (Tianjin) Equity Investment Fund (Limited Partnership) ("**Green Carbon Fund**"), pursuant to which Green Carbon Fund will redeem the 35% partnership interest held by Shanghai Urban Development for a cash consideration of RMB1,668 million. Prior to the transaction, Shanghai Urban Development held 40% interest directly and 35% interest through Green Carbon Fund in Shanghai Urban Development Group Longcheng Properties Co., Ltd. ("**Longcheng Properties**") respectively. Longcheng Properties is responsible for developing the "U Center" project in Minhang District, Shanghai and the construction of the project was now completed. The above transaction has been completed. In May, Shanghai Urban Development further disposed of its remaining 40% interest in Longcheng Properties by way of open bidding to a related party at a consideration of RMB1,907 million, and has therefore exited fully from the project. This transaction is yet to be completed. Through these transactions, SI Urban Development has successfully realized the hidden value of the "U Center" project and optimized the strategic profile of its investment properties. The proceeds from these transactions will be utilized to fund acquisitions of future new projects and development of its existing projects. A total pre-tax profit of approximately RMB2,000 million is expected to be recorded by Shanghai Urban Development from the two transactions.

In April, SI Urban Development entered into a cooperation framework agreement with Shanghai Electric Power Construction Co., Ltd. ("**Shanghai Electric Power**") and Power China Real Estate Group Ltd. ("**Power China Real Estate**"), under which the three parties will leverage their respective advantages, to explore joint potential opportunities in quality real estate investments with a focus on investments in Shanghai and other first tier cities in China and major cities along the Yangtze River Delta region. Shanghai Electric Power is a large comprehensive construction enterprise with abundant land reserves in Shanghai. Shanghai Electric Power and Power China Real Estate are members of Power Construction Corporation of China acting as its main platform for developing the real estate sector with real estate developments and operations as their core business.

CONSUMER PRODUCTS

The consumer products business contributed a profit of HK$498 million to the Group for the first half of 2016, representing a decrease of 3.0% over the same period last year and accounting for 33.9% of the Group's Net Business Profit*. With intense competition and a difficult external environment, overall sales growth for the consumer products business relatively fell behind. The new moulded fiber business is still at a stage of investment, hence also affected the segment's profit level for the period. Going forward, the consumer products business will continue to explore markets overseas, launch new products with high profit margins, expand its customer base for its traditional printing business and speed up the development of its new business to achieve its business targets and increase its profits.

Tobacco

During the period, Nanyang Brothers Tobacco Company, Limited ("**Nanyang Tobacco**") recorded a year-on-year rise of 1.6%, 3.8% and 4.5% in sales volume, revenue and net profit respectively, maintaining the vantage of successive growth in these items. Revenue and net profit of the company amounted to HK$1,579 million and HK$475 million respectively. As the overall tobacco industry continued to decline during the period, Nanyang Tobacco has made considerable efforts to overcome the situation. Plans were made to increase cooperation between the company's production and marketing teams and to deal with competition. The company also strived to broaden its marketing activities to expand new markets and to develop new products. As a result of these efforts, the company was able to meet its business targets for the period.

During the period, Nanyang Tobacco continued to implement its technical transformation for the "Thirteenth Five-Year Plan", which covers the development of cigarette logistic works and fine cigarette production lines, increasing the warehouse capacity of cut tobacco and introducing flexible feeding technology for cut tobacco to increase its quality and production efficiency. In the second half of the year, Nanyang Tobacco will continue to strengthen its market base and consolidate its existing markets while continuing to expand emerging markets. Efforts will be made to develop new products, to intensify preparation work for fine cigarette technology and to apply first class technology and equipment for the achievement of its leading position in technology.

Printing

The Wing Fat Printing Company, Limited ("**Wing Fat Printing**") recorded a revenue of HK$452 million for the period, representing a year-on-year decrease of 17.6%, while net profits dropped 64.8% to HK$23.37 million. The significant decline in revenue and profit was mainly due to the impact of inventory reduction in the tobacco industry in the PRC, resulting in a year-on-year drop of 31.6% of revenue from the tobacco packaging business. In addition, investment costs injected into the construction of an exquisite moulded fibre manufacturing base also affected its net profit. During the period, the wine packaging business showed signs of bottoming out and recorded an increase in revenue of 5.7% over the same period last year.

Wing Fat Printing has set an overall target to transform its business into the production of consumer electronic product packaging. During the period, enormous efforts were made to cultivate the construction of high-end exquisite moulded fibre packaging products. Today, the production base for supplying exquisite moulded fibre packaging products to multinational enterprises has been completed as scheduled. The new facility will go into mass production in the second half of the year, and is expected to create a new economic growth benchmark for the company.

** Net profit excluding net corporate expenses*

PROSPECTS

In the second half of 2016, the Group's principal businesses are still expected to face considerable challenges. For toll roads, the opening up and extension of other new expressways is expected to affect the growth of traffic flow. The real estate sector is still expected to face enormous pressure in achieving sales targets for the second half of the year due to respective local policies despite a recovery in the market in the first half of the year. For consumer products, the business environment and competition remain severe.

Following its strategic targets established for the year, the Group will continue to capitalize on financing activities for its business operations, further enhance its risk management, optimize its internal control system and better allocate its resources to improve operating efficiency. At the same time, the Group will continue to improve its business and asset structure as and when opportunities arise to maximize value for its shareholders.

As for infrastructure facilities, the water business will continue to expand its investment size in an orderly way, further enhance its various corporate management models, optimize and integrate its management team to facilitate the rapid development of its business; for toll roads, while remaining operating efficiency, we will acquire suitable asset projects as and when opportunities arise to continue to maintain steady profit growth. For new business arenas, the Group will continue to invest in clean energy business like photovoltaic power generation to create a new driving force for the Group's profitability growth.

For the real estate segment, our project companies will accelerate the development of their projects and enhance marketing activities. Our interest in existing projects will be revived when opportunities arise so as to release the actual value of such projects. Leveraging on the strength of our traditional core business, we will also diversify into other related fields, integrating the development of real estates with intelligent services and the smart cities concept.

Nanyang Tobacco will make considerable efforts to expand its overseas markets, launch new products with high margins to improve its gross profit and stabilize its sales and profitability base. Wing Fat Printing will endeavour to seek new customers for its traditional business while speeding up the development of its moulded fiber business, thus enhancing the growth in its operating results through business and technological innovation.

Finally, 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 August 2016

INTERIM AND SPECIAL DIVIDENDS

The Board of Directors has proposed to pay an interim dividend of HK36 cents (2015: HK36 cents) per share for 2016 and a special dividend of HK10 cents to commemorate the twentieth anniversary of the Company's listing, to shareholders whose names appear on the register of members of the Company on Tuesday, 20 September 2016. The interim and special dividends will be paid to shareholders on or about Thursday, 6 October 2016.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim and special dividends, the register of members of the Company will be closed on Tuesday, 20 September 2016. 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, 19 September 2016.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2016.

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 six months ended 30 June 2016, except for the deviation from 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 at that time, was unable to attend the annual general meeting of the Company held on 26 May 2016 due to a business engagement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

In February 2013, Tong Jie Limited, a wholly-owned subsidiary of the Company, issued zero coupon convertible bonds with a principal amount of HK$3,900,000,000 (the "**Convertible Bonds**"). On 18 February 2016, certain bondholders exercised their redemption option and the Company redeemed and cancelled a principal amount of HK$3,437,000,000 of the Convertible Bonds, representing approximately 88.13% of the initial principal amount of the bonds in accordance with the terms and conditions of the Convertible Bonds. Subsequently in June 2016, the Company repurchased further Convertible Bonds with a principal amount of HK$108,000,000.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE INTERIM REPORT

The 2016 interim report will be despatched to shareholders in mid-September 2016 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 comprises four executive Directors, namely, Mr. Wang Wei, Mr. Zhou Jun, Mr. Lu Shen and Mr. Xu Bo; four independent non-executive Directors, namely, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis, Mr. Cheng Hoi Chuen, Vincent and Mr. Yuen Tin Fan, Francis.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	Six months ended 30.6.2016 HK$'000 (unaudited)	30.6.2015 HK$'000 (unaudited and restated)
Revenue	*3*	**9,228,568**	7,138,628
Cost of sales		**(5,662,286)**	(4,303,944)
Gross profit		**3,566,282**	2,834,684
Net investment income		**361,281**	559,214
Other income, gains and losses		**231,280**	301,699
Selling and distribution costs		**(418,825)**	(401,153)
Administrative and other expenses		**(886,414)**	(818,948)
Finance costs		**(668,791)**	(815,146)
Share of results of joint ventures		**128,462**	105,292
Share of results of associates		**6,825**	1,180
Gain on disposal of assets through disposal of interest in a subsidary/disposal of interests in subsidiaries		**1,114,163**	452,367
Profit before taxation		**3,434,263**	2,219,189
Income tax expense	*4*	**(1,038,515)**	(627,009)
Profit for the period	*5*	**2,395,748**	1,592,180
Profit for the period attributable to			
- Owners of the Company		**1,505,824**	1,310,375
- Non-controlling interests		**889,924**	281,805
		2,395,748	1,592,180
Earnings per share	*7*		
		HK$	HK$
- Basic		**1.387**	1.209
- Diluted		**1.352**	1.128

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Profit for the period	**2,395,748**	1,592,180
Other comprehensive (expense) income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
- subsidiaries	**(1,231,692)**	(38,746)
- joint ventures	**(27,928)**	(4,966)
- associates	**(24,425)**	(4,912)
Fair value adjustments on available-for-sale investments held by subsidiaries	**(18,498)**	126,920
Reclassification on disposal of available-for-sale investments held by subsidiaries	**-**	(7,843)
Other comprehensive (expense) income for the period	**(1,302,543)**	70,453
Total comprehensive income for the period	**1,093,205**	1,662,633
Total comprehensive income for the period attributable to		
- Owners of the Company	**714,677**	1,337,174
- Non-controlling interests	**378,528**	325,459
	1,093,205	1,662,633

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2016

	Note	**30.6.2016**	31.12.2015
		HK$'000	HK$'000
		(unaudited)	(audited)
Non-Current Assets			
Investment properties		**15,089,872**	15,362,596
Property, plant and equipment		**4,379,513**	4,312,097
Prepaid lease payments – non-current portion		**253,383**	262,995
Toll road operating rights		**10,678,821**	11,319,899
Goodwill		**863,507**	572,855
Other intangible assets		**4,394,599**	3,918,690
Interests in joint ventures		**3,613,541**	3,334,796
Interests in associates		**2,698,385**	2,708,144
Investments		**1,175,041**	1,192,559
Receivables under service concession arrangements – non-current portion		**6,066,717**	5,870,222
Deposits paid on acquisition of a subsidiary/property, plant and equipment		**200,973**	622,009
Other non-current receivables		**213,094**	194,872
Deferred tax assets		**406,102**	417,094
		50,033,548	50,088,828
Current Assets			
Inventories		**46,728,744**	52,844,091
Trade and other receivables	*8*	**8,569,290**	10,600,499
Prepaid lease payments – current portion		**5,670**	5,982
Investments		**342,424**	444,187
Receivables under service concession arrangements – current portion		**170,039**	166,658
Amounts due from customers for contract work		**610,461**	82,135
Prepaid taxation		**592,382**	200,844
Pledged bank deposits		**200,268**	362,252
Short-term bank deposits		**722,715**	1,314,414
Bank balances and cash		**24,753,516**	26,784,036
		82,695,509	92,805,098
Assets classified as held for sale		**6,615,093**	-
		89,310,602	92,805,098

	Note	**30.6.2016**	31.12.2015
		HK$'000	HK$'000
		(unaudited)	(audited)
Current Liabilities			
Trade and other payables	*9*	**13,953,361**	20,789,727
Customer deposits from sales of properties		**12,535,960**	7,410,541
Amounts due to customers for contract work		**30,264**	24,998
Taxation payable		**3,382,433**	3,386,361
Bank and other borrowings		**6,608,656**	10,977,611
Convertible bonds		**32,396**	3,681,843
		36,543,070	46,271,081
Liabilities associated with assets classified as held for sale		**5,634,816**	-
		42,177,886	46,271,081
Net Current Assets		**47,132,716**	46,534,017
Total Assets less Current Liabilities		**97,166,264**	96,622,845
Capital and Reserves			
Share capital		**13,615,889**	13,615,889
Reserves		**23,822,710**	22,412,209
Equity attributable to owners of the Company		**37,438,599**	36,028,098
Non-controlling interests		**22,975,415**	19,261,616
Total Equity		**60,414,014**	55,289,714
Non-Current Liabilities			
Provision for major overhauls		**69,194**	72,294
Bank and other borrowings		**29,537,123**	33,957,371
Deferred tax liabilities		**7,145,933**	7,303,466
		36,752,250	41,333,131
Total Equity and Non-Current Liabilities		**97,166,264**	96,622,845

Notes:

(1) REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2016 are unaudited, but have been reviewed 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 (the "**HKICPA**"), by Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is included in the interim report to be sent to shareholders.

(2) BASIS OF PREPARATION AND MERGER ACCOUNTING

(i) Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the 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 “**Stock Exchange**”).

The financial information relating to the year ended 31 December 2015 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are mandatorily effective for the current interim period.

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

(ii) Merger accounting

The Group accounts for all its business combinations involving entities under common control using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“**AG 5**”) issued by the HKICPA.

In December 2015, the Group, through a non-wholly owned listed subsidiary, Shanghai Industrial Development Co., Ltd. (“**SI Development**”), completed the acquisition of 100% equity interest in Shanghai Investment Co., Ltd. (“**Shanghai Investment**”) from SIIC Shanghai (Holdings) Co., Ltd., a wholly owned subsidiary of Shanghai Industrial Investment (Holdings) Company Limited (“**SIIC**”), for a cash consideration of RMB3,432,703,000 (equivalent to HK$4,099,239,000).

Shanghai Investment is principally engaged in the business of property development and sale in the PRC.

Shanghai Investment was acquired by SIIC from Shanghai International Group Co., Ltd., an entity controlled by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government, on 1 July 2014 and hence, the Group and Shanghai Investment first came under the common control of SIIC since that date.

The Group already applied AG5 to the acquisition of Shanghai Investment in the consolidated financial statements for the year ended 31 December 2015. In the current interim period, the condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2015 were restated to include the financial performance and cash flows of the Shanghai Investment and its subsidiaries as if they were within the Group at 1 January 2015.

(3) SEGMENT INFORMATION

Segment revenue and results

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

Six months ended 30 June 2016

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
Segment revenue - external sales	2,386,529	4,985,975	1,856,064	-	9,228,568
Segment operating profit (loss)	989,285	1,264,849	606,683	(7,213)	2,853,604
Finance costs	(115,494)	(541,249)	(1,384)	(10,664)	(668,791)
Share of results of joint ventures	128,462	-	-	-	128,462
Share of results of associates	21,761	(14,738)	(198)	-	6,825
Gain on disposal of assets through disposal of interest in a subsidiary	-	1,114,163	-	-	1,114,163
Segment profit (loss) before taxation	1,024,014	1,823,025	605,101	(17,877)	3,434,263
Income tax (expense) credit	(217,448)	(769,902)	(103,790)	52,625	(1,038,515)
Segment profit after taxation	806,566	1,053,123	501,311	34,748	2,395,748
Less: profit attributable to non-controlling interests	(186,441)	(700,472)	(3,011)	-	(889,924)
Segment profit after taxation attributable to owners of the Company	620,125	352,651	498,300	34,748	1,505,824

Six months ended 30 June 2015

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000 (restated)	HK$'000	HK$'000	HK$'000 (restated)
REVENUE					
Segment revenue - external sales	2,017,302	3,223,558	1,897,768	-	7,138,628
Segment operating profit	937,609	930,265	607,618	4	2,475,496
Finance costs	(118,166)	(680,970)	(1,923)	(14,087)	(815,146)
Share of results of joint ventures	105,292	-	-	-	105,292
Share of results of associates	9,370	(15,501)	7,311	-	1,180
Gain on disposal of interests in subsidiaries	-	452,367	-	-	452,367
Segment profit (loss) before taxation	934,105	686,161	613,006	(14,083)	2,219,189
Income tax expense	(203,308)	(302,570)	(92,624)	(28,507)	(627,009)
Segment profit (loss) after taxation	730,797	383,591	520,382	(42,590)	1,592,180
Less: profit attributable to non-controlling interests	(155,639)	(119,617)	(6,549)	-	(281,805)
Segment profit (loss) after taxation attributable to owners of the Company	575,158	263,974	513,833	(42,590)	1,310,375

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

At 30 June 2016

	Infrastructure facilities	**Real estate**	**Consumer products**	**Unallocated**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Segment assets	**30,553,260**	**99,464,656**	**6,384,469**	**2,941,765**	**139,344,150**
Segment liabilities	**6,705,687**	**64,456,002**	**768,061**	**7,000,386**	**78,930,136**

At 31 December 2015

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	30,761,174	98,589,637	6,786,259	6,756,856	142,893,926
Segment liabilities	6,918,118	67,393,771	765,268	12,527,055	87,604,212

(4) INCOME TAX EXPENSE

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	HK$'000
		(restated)
Current tax		
- Hong Kong	**99,153**	87,229
- PRC Land Appreciation Tax ("**LAT**")	**312,563**	282,531
- PRC Enterprise income tax ("**EIT**") (including PRC withholding tax of HK$45,328,000 (six months ended 30 June 2015: HK$48,454,000))	**746,240**	340,201
	1,157,956	709,961
Under(over)provision in prior periods		
- Hong Kong	**154**	(2,275)
- PRC LAT (Note i)	**(5,517)**	-
- PRC EIT (Note ii)	**(36,550)**	(4,416)
	(41,913)	(6,691)
Deferred taxation for the current period	**(77,528)**	(76,261)
	1,038,515	627,009

Notes:

(i) The Group recognised an overprovision of PRC LAT during the current interim period upon completion of tax clearance procedures by a PRC subsidiary with the tax authority.

(ii) The Group also recognised an overprovision of PRC EIT during the current interim period upon obtaining a tax clearance from the tax authority for deregistration of a PRC subsidiary.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

The Group's subsidiaries in the PRC are subject to PRC EIT at a rate of 25% for both periods, except for two (six months ended 30 June 2015: one) PRC subsidiaries which are qualified as High New Technology Enterprises and enjoy a preferential tax rate of 15% for both periods. The preferential tax rate is applicable for a consecutive three years from the date of grant and subject to approval for renewal.

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.

(5) PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	HK$'000
		(restated)
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of toll road operating rights (included in cost of sales)	**390,402**	374,681
Amortisation of other intangible assets (included in cost of sales)	**81,892**	46,396
Depreciation of property, plant and equipment	**164,661**	164,636
Release of prepaid lease payments	**6,232**	3,955
(Increase) decrease in fair value of investment properties (included in other income/administrative and other expenses)	**(78,262)**	27,344
Dividend income from investments (included in net investment income)	**(3,694)**	(164,471)
Net loss (gain) on disposal of property, plant and equipment	**445**	(4,812)
Interest income (included in net investment income)	**(357,581)**	(301,358)
Decrease (increase) in fair value of financial assets at fair value through profit or loss (included in net investment income)	**846**	(29,236)
Net foreign exchange loss	**156,334**	8,946
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	**43,284**	32,284
Share of PRC EIT of associates (included in share of results of associates)	**11,012**	11,504

(6) DIVIDENDS

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	HK$'000
2015 final dividend paid of HK45 cents (six months ended 30 June 2015: 2014 final dividend paid of HK45 cents) per share	**488,633**	488,834

Subsequent to the end of the reporting period, the directors of the Company have determined that an interim dividend of HK36 cents and a special dividend of HK10 cents (six months ended 30 June 2015: an interim dividend of HK36 cents) per share will be paid to the shareholders of the Company whose names appear on the Company's register of members on 20 September 2016.

(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:

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	HK$'000
		(restated)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**1,505,824**	1,310,375
Effect of dilutive potential ordinary shares - interest on convertible bonds, net of tax	**1,045**	35,382
Earnings for the purpose of diluted earnings per share	**1,506,869**	1,345,757
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,085,850,600**	1,084,216,653
Effect of dilutive potential ordinary shares		
- convertible bonds	**28,535,141**	107,319,758
- share options of the Company	**-**	1,834,143
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,114,385,741**	1,193,370,554

The computation of diluted earnings per share does not assume:

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

(ii) the exercise of options issued by Shanghai Industrial Urban Development Group Limited ("**SI Urban Development**"), a listed subsidiary of the Group, because the relevant exercise price of those options was higher than the average market price for the corresponding period.

(8) TRADE AND OTHER RECEIVABLES

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.

	30.6.2016	31.12.2015
	HK$'000	HK$'000
Within 30 days	**293,033**	319,988
Within 31 – 60 days	**208,206**	182,919
Within 61 – 90 days	**351,745**	139,289
Within 91 – 180 days	**135,097**	180,503
Within 181 – 365 days	**154,525**	170,670
Over 365 days	**135,065**	70,450
	1,277,671	1,063,819

(9) TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date.

	30.6.2016	31.12.2015
	HK$'000	HK$'000
Within 30 days	**438,543**	743,706
Within 31 – 60 days	**475,079**	557,495
Within 61 – 90 days	**153,860**	755,497
Within 91 – 180 days	**481,719**	562,363
Within 181 – 365 days	**500,188**	683,017
Over 365 days	**643,899**	406,176
	2,693,288	3,708,254

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

In the first half of 2016, revenue amounted to approximately HK$9,228.57 million, representing a year-on-year increase of 29.3%, mainly due to the increase in property sales in the real estate business as compared to the same period last year.

The year-on-year increase in revenue of the infrastructure facilities business was attributable to increase in revenue of approximately HK$335.58 million as SI Environment started consolidating the sales of Fudan Water upon completion of the acquisition in May last year and there was a year-on-year increase in construction income.

The increase in revenue of the real estate business was attributable to the increase in property sales booked in the real estate business as compared to last year, together with the consolidation of sales of SIIC Longchuang upon completion of acquisition early this year, which added HK$1,762.42 million in revenue of the real estate business as compared to the same period last year.

During the period, growth in revenue of Nanyang Tobacco was maintained while the sales amount of Wing Fat Printing dropped. Therefore, the revenue from consumer products business decreased slightly by 2.2%.

2. Profit Contribution from Each Business

Net profit from the infrastructure facilities business for the period was approximately HK$620.13 million, accounting for 42.1% of Net Business Profit, and representing a year-on-year increase of 7.8%. While the traffic flow of the three expressways recorded a growth ranging from 6.9% to 16.1% due to various factors, including growth in the number of vehicles, fine weather, higher number of tourists during holidays and adjustments to the mileage charge for the toll expressways in Shanghai, the result of toll road operation achieved a year-on-year increase of 4.2% due to an approximate 5% depreciation of RMB, which offset part of the increase in toll revenue. Water services business recorded an increase of 21.1% in profit, of which profit attributable to shareholders of SI Environment increased by 25.9% driven by profit contributions from newly acquired projects, while part of its profit contributions to SIHL were offset by the dilution of equity interests and an approximate 5% depreciation of RMB, and recorded a year-on-year increase of 6.5%. General Water of China recorded growth in operating profit, with a year-on-year increase of 37.0% in profit contribution.

Real estate business recorded a profit of approximately HK$352.65 million, accounting for 24.0% of Net Business Profit, and representing an increase of approximately HK$88.68 million as compared to the same period of 2015. The increase was mainly due to significant increase in property sales booked by SI Development's real estate business during the period, which led to a significant increase in profit attributable to shareholders. However, the equity interests in SI

Development held by SIHL were diluted from 63.65% to 48.6% following the completion of new share placement of SI Development in January. As affected by the dilution of equity interests and an approximate 5% depreciation of RMB, part of its profit contributions was offset. In addition, SI Urban Development exited the partnership interests in Green Carbon Fund, which holds 35% equity interests in Longcheng project, and recorded a profit after taxation of approximately HK$344.57 million during the period, while a profit of HK$442.30 million were recorded from the disposal of 100% interests in Yanjiao Project for the same period last year, which partly offset the increase in profit.

The consumer products business recorded a net profit of HK$498.30 million for the period, accounting for 33.9% of Net Business Profit, and representing a year-on-year decrease of 3.0%. The business of Nanyang Tobacco remained stable. The total sales volume of cigarettes increased year-on-year by 1.6%, contributing to a year-on-year increase in sales by 3.8% and in net profit by HK$20.24 million. During the period, Wing Fat Printing suffered a relatively larger decline in the profit from tobacco packaging printing business due to various factors, including destocking of tobacco industry, implementation of the open tender system and price reduction. In addition, a portion of expenses for setting up the production plant for fine paper mold cannot be capitalized also affected the amount of net profits. The profit contribution of Wing Fat Printing dropped significantly by 60.2% as compared to the same period last year.

3. Profit before Taxation

(1) Gross profit margin

Compared to the first half of 2015, the gross profit margin slightly decreased 1.1 percentage points, mainly due to an increase in proportion of construction income with relatively lower profit margin in infrastructure facilities business, which in turn resulted in an approximately 6.0 percentage points decrease in the overall profit margin of the infrastructure facilities business. Profit margin for the real estate and consumer products businesses remained stable.

(2) Other income, gains and losses

During the period, other income, gains and losses decreased as compared to the same period last year, mainly due to a foreign exchange loss was booked from the continuous depreciation of Renminbi.

(3) Gain on disposal of assets through disposal of interest in a subsidiary / disposal of interests in subsidiaries

The gain for the period was mainly attributable to the profit before tax of HK$1,114.16 million from exiting the partnership interests in Green Carbon Fund which holds 35% equity interests in Longcheng project; while the disposal of 100% equity interests in Yanjiao Project during the same period last year generated HK$452.37 million in profit before tax.

4. Dividends

The Board of Directors of the Group has resolved to declare an interim dividend of HK36 cents and a special dividend of HK10 cents, totaling HK46 cents per share, an increase of 27.8% as compared with 2015 interim of HK36 cents per share, and dividend payout ratio is 33.2% (2015 interim: 29.8%).

II. Financial Position of the Group

1. Capital and Equity attributable to owners of the Company

The Company had a total of 1,085,850,600 shares in issue as at 30 June 2016. There is no change compared with 1,085,850,600 shares as at the end of 2015.

Equities attributable to owners of the Company reached HK$37,438.60 million as at 30 June 2016, and the increase was attributable to the net profit after deducting the dividend actually paid during the period.

2. Indebtedness

(1) Borrowings

SIHL Finance Limited, a wholly-owned subsidiary of the Company, signed a HK$3 billion or US dollar equivalent dual-currency club loan in May 2016, of which HK$1.5 billion or US dollar equivalent dual-currency are of a term of 3 years and the remaining HK$1.5 billion or US dollar equivalent dual-currency are of a term of 5 years. The facility was used for the early repayment of a syndicated loan of totally HK$3.0 billion or US dollar equivalent dual-currency due in 2017 and 2019 respectively.

As at 30 June 2016, the total borrowings of the Group including bank borrowings, other borrowings and convertible bonds amounted to approximately HK$41,138.56 million (31 December 2015: HK$48,684.33 million), of which 64.0% (31 December 2015: 62.0%) was unsecured credit facilities. The proportions of US dollars, Renminbi and HK dollars of total borrowings were 8%, 81% and 11% (31 December 2015: 9%, 69% and 22%) respectively.

(2) Pledge of assets

As at 30 June 2016, 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$12,681,203,000 (31 December 2015: HK$12,613,259,000);

(b) leasehold land and buildings with an aggregate carrying value of HK$157,760,000 (31 December 2015: HK$1,569,254,000);

(c) plant and machineries with an aggregate carrying value of HK$23,049,000 (31 December 2015: HK$25,529,000);

(d) one (31 December 2015: one) toll road operating right with a carrying value of HK$2,623,409,000 (31 December 2015: HK$2,778,489,000);

(e) receivables under service concession arrangements with an aggregate carrying value of HK$2,153,111,000 (31 December 2015: HK$2,440,439,000);

(f) properties under development held for sale with an aggregate carrying value of HK$5,688,449,000 (31 December 2015: HK$8,279,494,000);

(g) properties held for sale with an aggregate carrying value of HK$1,506,147,000 (31 December 2015: HK$1,541,220,000);

(h) trade receivables with an aggregate carrying value of HK$63,425,000 (31 December 2015: HK$188,229,000); and

(i) bank deposits with an aggregate carrying value of HK$200,268,000 (31 December 2015: HK$362,252,000).

(3) Contingent liabilities

As at 30 June 2016, 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 joint ventures amounted to approximately HK$193.72 million, HK$3,264.05 million and HK$1,070.46 million (31 December 2015: HK$263.91 million, HK$2,553.96 million and HK$1,029.71 million) respectively.

3. Capital Commitments

As at 30 June 2016, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK$4,845.45 million (31 December 2015: HK$5,526.29 million). The Group had sufficient internal resources and / or through loan markets for the finance of its capital expenditures.

4. Bank Deposits and Short-term Investments

As at 30 June 2016, bank balances and short-term investments held by the Group amounted to HK$25,780.73 million (31 December 2015: HK$28,460.70 million) and HK$342.42 million (31 December 2015: HK$444.19 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances were 5%, 84% and 11% (31 December

2015: 4%, 73% and 23%) respectively. Short-term investments mainly consisted of investments such as Hong Kong and PRC listed shares.

While having sufficient working capital and a healthy interest cover, the Group is monitoring the market situation and respective funding requirements on a regular basis for business developments, and will seek opportunities to optimize its capital structure should the need arises.