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 2017 INTERIM RESULTS

(Unaudited)

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2017. The Group's total revenue amounted to HK$12,141 million, representing a year-on-year increase of 31.6%. Net profit increased year-on-year by 5.4% to HK$1,621 million. Given that Shanghai Industrial Urban Development Group Limited ("**SI Urban Development**"), a subsidiary of the Group, recorded additional gains arising from the completion of the disposal of partial interest in the "U Center" project during the same period last year, the Group's profit would actually have increased 35.8% year-on-year when excluding this factor.

During the first half of 2017, a cycle of rising US interest rates began; the situation of economic recovery in European countries is uncertain; terrorist attacks proliferated globally and the geopolitical situations became increasingly complicated. Against this scenario, the Group continued to integrate its financing activities and business operations and effectively revitalized its assets under the leadership of the Board and the management. Capitalizing on market opportunities, the Group managed to increase its share capital and optimize its capital structure. While actively pursuing business development opportunities, the Group has further enhanced the operational efficiency and risk management of its subsidiaries. As a result, the Group achieved stable development for its core businesses and recorded satisfactory overall results, successfully accomplishing its strategic development targets established for the period.

The Board of Directors has proposed to pay an interim dividend of HK46 cents (2016: an interim dividend of HK36 cents and a special dividend of HK10 cents) per share for 2017 to shareholders whose names appear on the register of members of the Company on Tuesday, 19 September 2017. The interim dividends will be paid to shareholders on or about Wednesday, 4 October 2017.

INFRASTRUCTURE FACILITIES

During the period, the infrastructure facilities business recorded a profit of HK$813 million, representing an increase of 24.2% over the same period last year and accounting for 47.3% of the Group's Net Business Profit*. The water and environmental protection business grew rapidly, resulting in the expansion of the scale of its business. The toll roads business remained stable and, with additional profit contributions from newly acquired assets, the segment has continued to provide stable profits to the Group and contribute to its cash flow position.

Toll roads

For the first half of the year, the four toll roads under the Group (including the 23.0584% interest in the Hangzhou Bay Bridge acquired from the parent company last year) recorded healthy growth in toll revenue and traffic flow. Through measures taken to prevent traffic congestions and ensure smooth traffic flow, the road and traffic conditions remained smooth and stable. Overall traffic was in order during holidays. In the second half of the year, focus will be made to prevent traffic congestions and ensure smooth road operations especially at road junctions during the Mid-Autumn Festival, the National Day, the crab-tasting season as well as regular peak hours. Efforts will also be made to ensure road safety operations during flood seasons, typhoons, ice, snow and other hazardous weather conditions.

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

Toll roads	Interest attributable to the Group	Net profit from project company	Change	Toll revenue	Change	Traffic flow (vehicle journey)	Change
Jing-Hu Expressway (Shanghai Section)	100%	HK$190 million	+23.5%	HK$338 million	-0.1%	27.70 million	+8.6%
Hu-Kun Expressway (Shanghai Section)	100%	HK$262 million	+14.6%	HK$509 million	+2.7%	28.02 million	+6.7%
Hu-Yu Expressway (Shanghai Section)	100%	HK$107 million	+19.9%	HK$287 million	+9.8%	21.04 million	+0.1%
Hangzhou Bay Bridge	23.0584%	HK$47 million	+35.3%	HK$825 million	+8.0%	6.37 million	+12.7%
Total		**HK$606 million**	**+19.6%**	**HK$1,959 million**	**+5.4%**	**83.13 million**	**+6.0%**

The traffic flow of Jing-Hu Expressway (Shanghai Section) recorded rapid growth, benefitting from continuous increases in motor vehicle parc. During the period, a road safety competition under the theme "Safety 360" was organized by the project company, Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. ("**Hu-Ning Expressway**") to promote safety management standards and employees' safety awareness. In addition, efforts were made to strengthen emergency management, refine the information communication process, upgrade data analysis and modify monitoring facilities. In May, Hu-Ning Expressway acquired approximately 11.27% shareholdings in Zhejiang Wufangzhai Industrial Co., Ltd. ("**Wufangzhai**") held by Shanghai Galaxy Investment Co., Ltd. ("**Shanghai Galaxy**") (a 50/50 joint venture between Hu-Ning Expressway and the parent company) for a total consideration of RMB162,764,700. The transaction was completed in the first half of the year. Hu-Ning Expressway now owns approximately 23.97% direct interest in Wufangzhai which has been accounted for in the Group's accounts by way of equity accounting. The increased shareholdings are expected to contribute higher profits to Hu-Ning Expressway.

During the period, Hu-Kun Expressway (Shanghai Section) maintained stable growth in toll revenue and traffic flow as a result of normal weather conditions, stable increases in tourists and small passenger car travel during holidays and measures implemented to prevent traffic congestions, as well as close monitoring of green agricultural vehicle passages. The road operation was also generally smooth without long and extended congestions due to effective routine measures taken to prevent traffic congestions and ensure smooth traffic flows based on past experience. These included enhancing work plans, strengthening the on-site management of electronic toll collection (ETC) lanes and improving information connection and communication systems. During the period, as part of the "Month of Safety" campaign, activities were conducted to check and control safety risks and to identify the source of danger. As a result, the overall work was stable and manageable.

While the resumption of toll collection by the Jiasong toll station of the Hu-Yu Expressway (Shanghai Section) in the beginning of the year affected traffic flow of the section to some extent, toll revenue recorded stronger growth due to the resumption and continuous growth in motor vehicle parc as well as increases in travelling. Continued toll competitions also further enhanced smooth traffic operation. Traffic operations at toll stations in the urban area of Qingpu during peak hours increased 7.7% over the same period last year. To ensure smooth traffic flow, the Ministry of Transport has been conducting intensive monitoring exercise of the national trunk highway networks each year, comprising bridges, tunnels and roads. The Lanlu Port Bridge of the Hu-Yu Expressway (Shanghai Section) represents the only bridge project under monitoring in Shanghai this year. The project company was highly commended for the examination through its detailed and comprehensive preparation work for the monitoring exercise and the great efforts it has put into the daily operation. The construction of the new Jiudu Road toll station and the alteration of the Huting North Road were basically completed, and preparation for their opening was actively underway. During the period, Hu-Yu Expressway (Shanghai Section) was the first pilot expressway in Shanghai for toll payments using mobile phones. Currently, payment devices were installed at the Xujing toll station and toll stations in the urban areas of Qingpu. Related training and testing have been actively conducted.

The Group completed the acquisition of 23.0584% interests in Hangzhou Bay Bridge at the end of last year. In line with the Group's development strategy for toll roads business, the acquisition has reinforced the asset portfolio of its infrastructure facilities business and is expected to further increase the operating profits of the segment. The traffic flow and toll revenue of the Hangzhou Bay Bridge recorded satisfactory growth during the first half of 2017, benefitting from the resumption of original toll levels and implementation of the favourable policy in Zhejiang province for ETC vehicles to pay toll according to actual routes, as well as higher holiday traffic and lesser impact from bad weather conditions such as fog and snow.

Water services

The Group has been expanding its water services business with the development of sewage treatment and solid waste projects in recent years. Strategies to increase its investment in water business will be continued this year to increase its water treatment capacity.

In January 2017, the Company entered into a subscription agreement with SIIC Environment Holdings Ltd. (“**SI Environment**”) for the subscription of 350,000,000 new ordinary shares in SI Environment at a placement price of S$0.63 per share. The subscription was approved by the independent shareholders of SI Environment and the share placement was completed in May. Immediately following the completion of the transaction, the Company held approximately 45.95% of the enlarged issued capital of SI Environment, which remains a subsidiary of the Company. The subscription of the shares and the increase in shareholdings in SI Environment are considered to be in line with the Group’s development strategy of expanding its infrastructure facilities business.

In addition, the Company, through its wholly-owned subsidiary, and Canvest Environmental Protection Group Company Limited (“**Canvest Environmental**”), a company listed in Hong Kong, entered into an agreement in February 2017, pursuant to which it would subscribe for 300,000,000 new ordinary shares of Canvest Environmental at HK$3.50 per share. The total investment sum is HK$1,050 million and the transaction was completed. Considering that SI Environment already held 2.42% of Canvest Environmental’s enlarged issued share capital, the Group held 15.28% of the company’s enlarged issued share capital immediately following the completion of the transaction, and has nominated a non-executive director in Canvest Environmental. Both parties will work together for the strategic development of the waste-to-energy businesses.

In February of the same year, a wholly-owned subsidiary of the Company, acquired from an independent third party the entire interests in a company which held 3.75% shareholding interests in Longjiang Environmental Protection Group Co., Ltd. (“**Longjiang Environmental**”) for a consideration of RMB96 million, for further acquisition of such indirect shareholding interests in Longjiang Environmental. Together with the 95% shareholding interests in Longjiang Environmental already held by the Group, the shareholding has been increased to 98.75%. This enlarged shareholdings will enable the Group to further benefit from the positive earnings contribution brought by Longjiang Environmental. The transaction is in line with the Group's development strategy for investing its water services business in the northeastern region of the PRC, especially in the Heilongjiang Province.

SI Environment

For the first half of 2017, SI Environment recorded a revenue of RMB1,995 million, representing a year-on-year growth of 78.2%. The increase in revenue was mainly attributable to newly constructed BOT (build-operate-transfer) projects which resulted in the increase of urban EPC (engineering, procurement and construction) revenue and the revenue contributions from newly acquired companies. Profit for the year increased by 25.9% year-on-year to RMB240 million, mainly due to profit contributions from newly constructed BOT projects and from newly acquired companies. Currently, the total daily water treatment capacity of the water services projects of SI Environment exceeds 10,000,000 tonnes.

In January, Longjiang Environmental acquired in cash a 100% equity interest of CITIC Envirotech Water Resource (Hegang) Co., Ltd. for RMB111.87 million. The company operates two sewage treatment plants and one water recycling project in Hegang City, Heilongjiang, PRC with a total designed daily capacity of 110,000 tonnes. Longjiang Environment will continue to acquire projects with growth potential when opportunities arise to expand the scale of its business.

In June, SI Environment signed a Public-Private Partnership (PPP) Project Contract for Sewage Treatment Plant in Eastern Pinghu City, to participate in the construction, operation and management of sewage treatment facilities in the Pinghu City of the Zhejiang province and the provision of high quality and efficient operation and management services relating to the sewage treatment of the city. The contract items includes, in particular, the upgrading and alteration of the original sewage treatment plant and expansion of the functional area of urban sewage water treatment, etc.

Subsequent to the half year end, SI Environment announced in August that its 92.15% subsidiary, Shanghai Fudan Water Engineering and Technology Co., Ltd., has been awarded a BOT sewage treatment Phase 3 project by the Housing and Urban Development Bureau in Yuyao city, PRC, with a designed daily capacity of 75,000 tonnes for a concessionary period of 25 years. Water quality was Grade 1A standard.

Going forward, SI Environment will continue to expand its financing channels, expand the scale of its business through organic growth and external mergers and acquisitions as well as to optimize its internal management and control systems and enhance the company's brand and recognition.

General Water of China

The overall working principles for General Water of China Co., Ltd. ("**General Water of China**") in 2017 are to: sustain healthy development and to strengthen existing regional markets and deepen linkage and radiating effects in these areas. The company will also actively develop new domestic and foreign markets; further optimize its capital, profit and management structures. In addition, considerable efforts will be made to standardise management practices, promote quality and efficiency and accelerate the promotion and application of new technology. The company is committed to building up an excellent enterprise technology brand and to fully enhance its core competitiveness.

During the period, General Water of China continued to strengthen its regional markets and expand its existing regional linkage. In addition, arrangements were made to promote quality and efficiency throughout the whole system. Net profit for the period was HK$118 million, which is almost the same level as last year, and revenue was HK$920 million, representing a year-on-year decrease of 8.8%. In March, General Water of China was awarded one of the Top 10 Most Influential Enterprises in China's Water Industry for the 14th consecutive year, ranking the fifth.

NEW BUSINESS ARENA

As at the first half of 2017, Shanghai Galaxy and its 85% owned subsidiary SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd. ("**Galaxy Energy**") operated 11 photovoltaic power generation projects in the PRC, with total photovoltaic assets reaching 560MW, representing an increase of 50MW from the same period last year. The companies currently rank among the top photovoltaic enterprises in the PRC. During the period, the total amount of on-grid electricity sold was approximately 352.3 million kWh, representing an increase of 24.7% over the same period last year. The photovoltaic business increased rapidly. While the project companies continued to pursue potential quality assets, efforts were also made to strengthen the management of the existing projects. A number of projects from Shanghai Galaxy and Galaxy Energy are applying for subsidies in renewable energy price, with the objective of enhancing the cash flow of the companies.

REAL ESTATE

During the period, the real estate segment recorded a profit of HK$362 million, representing a year-on-year increase of 2.6% and accounting for 21.0% of the Group's Net Business Profit*. SI Urban Development has recorded additional gains arising from the disposal of a 35% interest in the "U Center" project in Shanghai by last year, and excluding this factor, the profit of the Group's real estate segment for the period would actually have increased HK$354 million year-on-year.

SI Development

Shanghai Industrial Development Co., Ltd. ("**SI Development**") recorded a revenue of RMB2,358 million for the period, representing an increase of 6.0% over the same period last year, which was mainly brought about by property sales booked for a number of projects. Net profit for the period amounted to RMB228 million, representing an increase of 12.4% over the same period last year. Contract sales for the period amounted to RMB2,427 million, arising from such projects as Sea Garden in Jiading, Shanghai, Sea Palace in Quanzhou and Hi-Shanghai in Hangzhou with a total gross floor area of 138,800 square meters. Property sales booked for the period were RMB1,637 million, which mainly included International Beer City in Qingdao, United 88 in Changning, Shanghai, Flos Granti in Jinshan, Shanghai and Lake Villa in Suzhou, representing a gross floor area of 70,235 square meters. Rental income for the first half of the year amounted to HK$132 million.

The company's core business achieved a major breakthrough in sales last year with satisfactory results due to business upgrading and new business development efforts and continued optimisation of the company's business structure. As a result of prudent analysis of the macro-economy and current conditions of the industry and having balanced short-term business goals and long-term development plans, SI Development proposed to distribute cash dividends of RMB0.38 (tax inclusive) for every 10 shares held by shareholders. The total cash dividends distributed amounted to approximately RMB70.09 million and the related resolutions were passed by shareholders at an annual general meeting held in May 2017.

In June, a wholly-owned subsidiary of SI Development won the bid for the purchase of land use rights for the land lot "Su Di 2017-WG-10" in Suzhou City, Jiangsu at a price consideration of RMB2,196.60 million. The parcel of land is located in Mudu Town, Wuzhong District, Suzhou with a site area of 40,816.9 square meters and a plot ratio of 2.2, for residential use.

In the same month, Guangzhou Cowork Internet Technology Co., Ltd. ("**Cowork Internet**") was invited to inject 100% equity interest of its wholly-owned subsidiary, Guangzhou Cowork Technology Co., Ltd. ("**Cowork Technology**") into Weplus (Shanghai) Technology Co., Ltd. ("**Weplus Technology**"), a 45% associated company of SI development, for an increase of registered capital amounting RMB41,058,919. With the completion of the capital increase, Weplus Technology will hold the entire equity interest of Cowork Technology and Cowork Internet will hold 26% equity interest of Weplus Technology, while the equity interest of Weplus Technology held by SI development will be diluted to 28.4956%. The successful completion of the transaction is expected to lay a strong foundation for the establishment of a platform by Weplus Technology in the area of resource matching, service upgrading and space sharing in the shared-office sector. With the new arrangement, Weplus Technology is able to strategically penetrate the Southern China market, involving a presence in 15 major cities and occupying 47 spaces across the country. Commanding a leading position in the industry in terms of the number of cities and spaces, the company will further strengthen its management capability and expand the size of its non-rental business. The transaction marks a step forward for SI Development in the exploration of the shared office business and represents an effective pilot programme for the company. Continued support will be given to Weplus Technology for the development and expansion of its business in accordance with market principles.

Subsequent to the half year end, SI Development introduced Mori Building China (Shanghai) Co., Ltd. ("**Mori Building Shanghai**"), a subsidiary of a top property development enterprise in Japan, to contribute an additional capital of approximately RMB128.08 million to Shanghai Hongsheng Investment Development Co., Ltd. ("**Shanghai Hongsheng**"), a 49% associated company of SI development, representing a 10% equity interest of Shanghai Hongsheng, in July. Following the completion of the capital increase, the equity interest of SI Development in Shanghai Hongsheng will be diluted to 44.1%. In addition to optimizing the funding structure of Shanghai Hongsheng, the transaction will also enable Shanghai Hongsheng to benefit from the extensive experience of its new shareholder in the area of urban redevelopment and town management. Such resources are expected to help the company to step up the development and construction progress of the Honghou North Bund project and to enhance the quality of project construction and operation. The partnership is also expected to foster Sino-foreign cooperation in urban redevelopment and town management, which will enhance subsequent strategic cooperation with accumulated experience.

SI Urban Development

SI Urban Development recorded a revenue of HK$4,222 million for the first half of 2017, representing an increase of 71.8% as compared with the same period last year. Profit amounted to HK$323 million, representing an increase of 3.4%. The company recorded considerable gains arising from completion of the disposal of 35% interest in the "U Center" project in Shanghai last year, while there was no such one-off disposal gain recorded during the period. Excluding this factor, profit would actually have increased by HK$503 million year-on-year. Rental income for the first half of the year amounted to HK$310 million.

During the period, SI Urban Development continued to adhere to the strategy of strengthening its operation in the Yangtze River Delta and other developed cities and to stepping up its marketing efforts in Shanghai, a major city in which the company expects to establish a strategic presence. Contract sales amounted to RMB4,645 million, reaching 50% of the sales target set in the beginning of the year, and mainly included Urban Cradle and Grand Mansion in Shanghai and Originally in Xi'an, accounting for a total gross floor area of 274,000 square meters. During the period, sales amounted to HK$3,790 million, accounting for a total gross floor area of 135,000 square meters and mainly included Urban Cradle, Grand Mansion in Shanghai and Originally in Xi'an.

TODTOWN is a landmark integrated metro superstructure development in the mainland under SI Urban Development. Located at the sub-center of Shanghai and adjacent to key railways, the project was jointly developed by SI Urban Development, Sun Hung Kai Properties Ltd. and the Shanghai government, and represents one of the key projects of the company in 2017. The residential portion of TODTOWN Phase I is ready for launch. With the successive completion of Binjiang U Center and the commercial portion of TODTOWN, the ongoing modification and upgrading of ShanghaiMart, as well as other rental properties, the investment properties portfolio of SI Urban Development will be further strengthened, generating stable rental returns for the company.

Subsequent to the half year end, SI Urban Development won the bid for the land use rights of Plot 117K-02, Unit S110502, Gumei North District in Shanghai for a land premium of RMB2,220 million in August. The land is located at Minhang District, Shanghai, next to a large park and is a metro superstructure project along Metro Line No. 12, with a total site area of approximately 34,000 square metres for commercial and office use. The site is expected to be developed into a low-density commercial complex with a total gross floor area of approximately 118,000 square metres. The transaction will further establish the presence of SI Urban Development in the neighbourhood of Shanghai and consolidate its brand image as one of the leading real estate developers in Shanghai.

Looking forward, SI Urban Development will seize market opportunities to increase its land bank while speeding up the development and marketing of its projects in the city. Leveraging on the strength of its traditional core business, the company will also diversify into other related fields and integrate the development of its real estate business with intelligent services and the smart cities concept.

CONSUMER PRODUCTS

For the first half of 2017, the consumer products business contributed a profit of HK$545 million to the Group, representing an increase of 9.3% over the same period last year and accounting for 31.7% of the Group's Net Business Profit*. Despite a decline in consumption in the tobacco market and against a macro-environment of smoking control, Nanyang Brothers Tobacco Company, Limited ("**Nanyang Tobacco**") recorded a growth in profit with respective increases in gross profit margin due to successful controls in material and manufacturing costs. For The Wing Fat Printing Company, Limited ("**Wing Fat Printing**"), the implementation of the key project for its moulded fiber products business since the latter half of last year has made it an important source of profit for the company. Meanwhile, the traditional printing and packaging business remained stable in general.

Tobacco

Through enhanced product structure and cost control, Nanyang Tobacco achieved after tax profit of HK$485 million for the first half of 2017, representing an increase of 2.2% year-on-year; revenue was HK$1,532 million, a decrease of 3.0% over the same period last year. Manufacture and sales in the cigarette market have been difficult due to heavier consumption tax and restrictions in tobacco advertisement imposed in the mainland. On top of that, the inventory in the industry has yet to be absorbed and different tax returns attestations were required for duty free market sales.

In view of the negative external environment, Nanyang Tobacco took counter measures during the period to deal with the situation, including (1) actively expanded its sales outlets: “Double Happiness” was sold in 76 countries and regions, of which the number of duty free sales outlets was 244, with the addition of two sales outlets in the first half of the year; (2) broadened the range of products: as the economic and trade cooperation between China and India further strengthened, the company increased its supply at the request of customers and also increased the types of products for sale, including hard-packs and “Peony Deluxe”, “Hong Kong Memorial (canned)” and “Double Happiness Premium” cigarette packages; (3) explored new markets: striving to complete the development of the Bulgaria market during the period; and (4) increased brand publicity and promotion: training staff to boost promotion efforts, and strengthening the display of its flagship product “Southern Brotherhood” at the Hong Kong International Airport duty free shop to increase consumers’ awareness of the cigarette package and product features.

Printing

Wing Fat Printing recorded a revenue of HK$578 million for the first half of 2017, representing a rise of 27.9% over the same period last year. This was mainly attributable to the year-on-year increase in profit contribution brought by the new moulded fiber products business. During the period, the cigarette packaging business was still under the pressure such as destocking as well as bids and tenders and reduction of prices. Notwithstanding this, the business has stabilized after rapid declines in the previous year. The wine-packaging business continued to show signs of recovery amidst an environment of recovery in the wine industry. The drastic increase in material price also posed challenges to the company during the period. The positive trend of the moulded fiber goods business in the second half of last year has continued while diversified product mix and new business development are expected to be new drivers for future development.

Wing Fat Printing recorded a net profit of HK$6,365 million for the period, representing a significant increase of 172.3% over the same period last year. The increase was mainly brought about by contributions from its moulded fiber products business, a key project of the company that has become an important source of profit since its operation in the latter half of last year. Meanwhile, the traditional printing and packaging business remained stable in general.

**Net profit excluding net corporate expenses*

PROSPECTS

In the second half of 2017, the economic environment is expected to be still in a severe condition. Accordingly, the Group is planning to follow its strategic targets established for the year, continue to capitalize on financing activities for its business operations, optimise business structures and further enhance risk management to improve operational efficiency.

As for infrastructure facilities, the water services business will continue to expand its size of investment in an orderly way and to further enhance its corporate management models, optimizing and integrating its management team to facilitate future developments. For toll roads, while maintaining operating efficiency, we will continue to pursue steady profit growth. For new business arenas, the Group will continue to invest in clean energy business such as photovoltaic power generation to create a new driving force for the Group's profit growth.

For the real estate segment, our subsidiaries will accelerate the development of their projects and enhance marketing activities while controlling overall risks. Our interests in existing projects will be revived when opportunities arise so as to release the actual value of such projects. We will enhance the debt and capital structure and seek appropriate investment opportunities.

Nanyang Tobacco will continue to make considerable efforts to expand its overseas markets, launch new products with high gross profit margins, control cost and stabilize its sales and profitability base. Wing Fat Printing will continue to pursue business transformation and technological innovation. Profit contributions from its moulded fiber business not only effectively offset the downward trend of its traditional business, but will lead to a steady increase in the company's operating results.

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, 29 August 2017

INTERIM DIVIDEND

The Board of Directors has proposed to pay an interim dividend of HK46 cents (2016: an interim dividend of HK36 cents and a special dividend of HK10 cents) per share for 2017 to shareholders whose names appear on the register of members of the Company on Tuesday, 19 September 2017. The interim dividend will be paid to shareholders on or about Wednesday, 4 October 2017.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed on Tuesday, 19 September 2017. 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, 18 September 2017.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2017.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance 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**") throughout the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2017, SI Urban Development, a subsidiary of the Company, bought back a total of 300,000 of its own ordinary shares on the Stock Exchange for a total consideration of approximately HK$481,000, and all these shares were cancelled.

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

PUBLICATION OF THE INTERIM REPORT

The 2017 interim report will be despatched to shareholders in mid-September 2017 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. Xu Bo and Mr. Xu Zhan; 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 2017

	Notes	**Six months ended 30 June** **2017** **HK$'000** **(unaudited)**	2016 HK$'000 (unaudited and restated)
Revenue	*3*	**12,141,119**	9,228,568
Cost of sales		**(6,597,774)**	(5,662,286)
Gross profit		**5,543,345**	3,566,282
Net investment income		**313,079**	361,652
Other income, gains and losses		**458,720**	231,277
Selling and distribution costs		**(523,362)**	(418,825)
Administrative and other expenses		**(810,602)**	(886,420)
Finance costs		**(869,917)**	(668,791)
Share of results of joint ventures		**135,915**	128,462
Share of results of associates		**46,116**	41,494
Gain on disposal of assets through disposal of interest in a subsidary		**-**	1,114,163
Profit before taxation		**4,293,294**	3,469,294
Income tax expense	*4*	**(1,702,768)**	(1,041,439)
Profit for the period	*5*	**2,590,526**	2,427,855
Profit for the period attributable to			
- Owners of the Company		**1,620,946**	1,537,931
- Non-controlling interests		**969,580**	889,924
		2,590,526	2,427,855
Earnings per share	*7*		
		HK$	HK$
- Basic		**1.492**	1.416
- Diluted		**1.491**	1.381

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Profit for the period	**2,590,526**	2,427,855
Other comprehensive income (expense)		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
- subsidiaries	**1,581,673**	(1,273,421)
- joint ventures	**125,727**	(27,928)
- associates	**119,591**	(24,425)
Fair value change on available-for-sale investments held by subsidiaries	**25,344**	(18,498)
Release of reserve upon deemed disposal of available-for-sale investments	**(40,401)**	-
Other comprehensive income (expense) for the period	**1,811,934**	(1,344,272)
Total comprehensive income for the period	**4,402,460**	1,083,583
Total comprehensive income for the period attributable to		
- Owners of the Company	**2,594,378**	705,055
- Non-controlling interests	**1,808,082**	378,528
	4,402,460	1,083,583

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Note	**30 June 2017**	31 December 2016
		HK$'000	HK$'000
		(unaudited)	(audited)
Non-Current Assets			
Investment properties		**19,530,151**	18,619,278
Property, plant and equipment		**4,404,058**	4,388,915
Prepaid lease payments – non-current portion		**246,977**	243,135
Toll road operating rights		**9,725,510**	9,812,934
Goodwill		**832,521**	809,347
Other intangible assets		**7,594,798**	7,325,733
Interests in joint ventures		**3,729,239**	3,467,597
Interests in associates		**5,082,760**	3,378,695
Investments		**799,089**	1,170,084
Receivables under service concession arrangements		**13,646,905**	12,489,936
Deposits paid on acquisition of a subsidiary/ property, plant and equipment		**224,441**	139,974
Other non-current receivables		**60,557**	58,732
Deferred tax assets		**253,255**	458,621
		66,130,261	62,362,981
Current Assets			
Inventories		**46,928,898**	45,899,422
Trade and other receivables	*8*	**10,485,658**	9,242,575
Prepaid lease payments – current portion		**5,473**	5,293
Investments		**536,804**	226,967
Receivables under service concession arrangements		**276,898**	244,374
Amounts due from customers for contract work		**843,854**	710,079
Prepaid taxation		**865,376**	503,469
Pledged bank deposits		**465,914**	430,853
Short-term bank deposits		**288,004**	309,705
Bank balances and cash		**32,060,995**	31,312,457
		92,757,874	88,885,194

	Note	30 June 2017	31 December 2016
		HK$'000	HK$'000
		(unaudited)	(audited)
Current Liabilities			
Trade and other payables	9	**14,905,235**	14,665,883
Customer deposits from sales of properties		**16,770,690**	14,776,557
Amounts due to customers for contract work		**24,541**	23,879
Taxation payable		**2,725,223**	4,207,441
Bank and other borrowings		**9,441,747**	8,553,493
Convertible bonds		**33,082**	32,722
		43,900,518	42,259,975
Net Current Assets		**48,857,356**	46,625,219
Total Assets less Current Liabilities		**114,987,617**	108,988,200
Capital and Reserves			
Share capital		**13,649,839**	13,633,449
Reserves		**25,319,425**	23,282,840
Equity attributable to owners of the Company		**38,969,264**	36,916,289
Non-controlling interests		**26,719,827**	25,556,228
Total Equity		**65,689,091**	62,472,517
Non-Current Liabilities			
Provision for major overhauls		**83,181**	82,077
Bank and other borrowings		**40,167,312**	37,595,994
Deferred tax liabilities		**9,048,033**	8,837,612
		49,298,526	46,515,683
Total Equity and Non-Current Liabilities		**114,987,617**	108,988,200

Notes:

(1) REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2017 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, PRINCIPAL ACCOUNTING POLICIES AND MERGER ACCOUNTING

(i) Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 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 2016 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 2016 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.

(ii) Principal Accounting Policies

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of Annual Improvements to HKFRSs 2014 - 2016 Cycle

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements but the application may have impact on disclosures in the consolidated financial statements for the year ending 31 December 2017.

(iii) 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 September 2016, the Group, through a wholly owned subsidiary, S.I. Infrastructure Holdings Limited, completed the acquisition of 100% equity interest in Yield Express Limited ("**Yield Express**") from SIIC and transferred a related shareholder's loan, at a total cash consideration of HK$1,803,000,000.

Yield Express, through its wholly owned subsidiaries, holds approximately 23.06% equity interest in 寧波市杭州灣大橋發展有限公司 ("**Hangzhou Bay Bridge**"), which principally engages in the investment, operation and management of the bridge and its ancillary facilities.

The Group already applied AG 5 to the acquisition of Yield Express in the consolidated financial statements for the year ended 31 December 2016. 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 2016 were restated to include the financial performance and cash flows of the Yield Express and its subsidiaries (collectively referred to as the "**Yield Express Group**") as if they were within the Group at 1 January 2016.

(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 2017 (unaudited)

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
Segment revenue - external sales	3,357,638	6,828,966	1,954,515	-	12,141,119
Segment operating profit (loss)	1,453,946	2,872,156	661,726	(6,648)	4,981,180
Finance costs	(290,213)	(555,107)	(1,918)	(22,679)	(869,917)
Share of results of joint ventures	136,012	(97)	-	-	135,915
Share of results of associates	64,266	(20,451)	2,301	-	46,116
Segment profit (loss) before taxation	1,364,011	2,296,501	662,109	(29,327)	4,293,294
Income tax expense	(287,722)	(1,237,452)	(108,311)	(69,283)	(1,702,768)
Segment profit after taxation	1,076,289	1,059,049	553,798	(98,610)	2,590,526
Less: profit attributable to non-controlling interests	(263,104)	(697,264)	(9,212)	-	(969,580)
Segment profit after taxation attributable to owners of the Company	813,185	361,785	544,586	(98,610)	1,620,946

Six months ended 30 June 2016 (unaudited and restated)

	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	(6,851)	2,853,966
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	56,430	(14,738)	(198)	-	41,494
Gain on disposal of assets through disposal of interest in a subsidiary	-	1,114,163	-	-	1,114,163
Segment profit (loss) before taxation	1,058,683	1,823,025	605,101	(17,515)	3,469,294
Income tax (expense) credit	(217,448)	(769,902)	(103,790)	49,701	(1,041,439)
Segment profit after taxation	841,235	1,053,123	501,311	32,186	2,427,855
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	654,794	352,651	498,300	32,186	1,537,931

Segment assets and liabilities

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

At 30 June 2017 (unaudited)

	Infrastructure facilities	**Real estate**	**Consumer products**	**Unallocated**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Segment assets	**46,242,626**	**101,549,181**	**6,568,093**	**4,528,235**	**158,888,135**
Segment liabilities	**16,315,006**	**65,121,142**	**861,375**	**10,901,521**	**93,199,044**

At 31 December 2016 (audited)

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	42,239,453	99,269,022	7,011,509	2,728,191	151,248,175
Segment liabilities	14,914,247	64,397,622	859,800	8,603,989	88,775,658

(4) INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Current tax		
- Hong Kong	**100,861**	99,153
- PRC Land Appreciation Tax ("**LAT**")	**733,434**	312,563
- PRC Enterprise income tax ("**EIT**") (including PRC withholding tax of HK$117,059,000 (six months ended 30 June 2016: HK$45,328,000))	**726,452**	749,164
	1,560,747	1,160,880
(Over)underprovision in prior periods		
- Hong Kong	**(200)**	154
- PRC LAT (Note i)	**-**	(5,517)
- PRC EIT (Note ii)	**(27,505)**	(36,550)
	(27,705)	(41,913)
Deferred taxation for the current period	**169,726**	(77,528)
	1,702,768	1,041,439

Notes:

(i) The Group recognised an overprovision of PRC LAT during the six months ended 30 June 2016 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 six months ended 30 June 2016 and 2017 upon completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

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 one (six months ended 30 June 2016: two) PRC subsidiary which is qualified as a High New Technology Enterprise and enjoys 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 June	
	2017	2016
	HK$'000	HK$'000
	(unaudited)	(unaudited and 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)	**385,530**	390,402
Amortisation of other intangible assets (included in cost of sales)	**155,625**	81,892
Depreciation of property, plant and equipment	**191,900**	164,661
Release of prepaid lease payments	**3,634**	6,232
Net increase in fair value of investment properties (included in other income)	**(55,776)**	(78,262)
Dividend income from investments (included in net investment income)	**(1,929)**	(3,694)
Net gain on disposal of property, plant and equipment	**511**	445
Interest income (included in net investment income)	**(282,205)**	(357,952)
(Increase) decrease in fair value of financial assets at fair value through profit or loss (included in net investment income)	**(28,180)**	846
Net foreign exchange (gain) loss	**(18,188)**	156,334
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	**50,207**	43,284
Share of PRC EIT of associates (included in share of results of associates)	**18,980**	22,568

(6) DIVIDENDS

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(unaudited)	(unaudited)
2016 final dividend paid of HK46 cents (six months ended 30 June 2016: 2015 final dividend paid of HK45 cents) per share	**500,117**	488,633

Subsequent to the end of the reporting period, the directors of the Company have determined that an interim dividend of HK46 cents (six months ended 30 June 2016: an interim dividend of HK36 cents and a special dividend of HK10 cents) per share will be paid to the shareholders of the Company whose names appear on the Company's register of members on 19 September 2017.

(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 June	
	2017	2016
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**1,620,946**	1,537,931
Effect of dilutive potential ordinary shares - interest on convertible bonds, net of tax	**301**	1,045
Earnings for the purpose of diluted earnings per share	**1,621,247**	1,538,976
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,086,767,313**	1,085,850,600
Effect of dilutive potential ordinary shares - convertible bonds	**880,573**	28,535,141
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,087,647,886**	1,114,385,741

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 following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date, which approximates the respective revenue recognition date:

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(unaudited)	(audited)
Within 30 days	**482,888**	511,349
Within 31 – 60 days	**290,194**	255,866
Within 61 – 90 days	**163,673**	324,616
Within 91 – 180 days	**226,428**	170,387
Within 181 – 365 days	**520,573**	158,327
Over 365 days	**379,671**	267,315
	2,063,427	1,687,860

(9) TRADE AND OTHER PAYABLES

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

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(unaudited)	(audited)
Within 30 days	**687,702**	869,497
Within 31 – 60 days	**347,669**	391,452
Within 61 – 90 days	**206,671**	256,090
Within 91 – 180 days	**539,597**	603,626
Within 181 – 365 days	**1,080,493**	868,971
Over 365 days	**828,404**	1,096,221
	3,690,536	4,085,857

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

In the first half of 2017, revenue amounted to approximately HK$12,141.12 million, representing a year-on-year increase of 31.6%, mainly due to the significant increase in property sales of SI Urban Development as compared to the same period last year.

The year-on-year increase in revenue of the infrastructure facilities business was attributable to the increase in revenue of SI Environment by approximately HK$907.44 million as it started to consolidate the sales of Longjiang Environmental upon completion of the acquisition of additional interests in October 2016, plus a year-on-year increase in construction income.

The increase in revenue of the real estate business was attributable to the significant increase in property sales booked by SI Urban Development as compared to the same period last year.

Sales of Wing Fat Printing increased during the period mainly due to growth in the new moulded fibre packaging business as compared to the same period last year. Therefore, the revenue from the consumer products business increased slightly by approximately 5.3%.

a. Profit Contribution from Each Business

Net profit from the infrastructure facilities business for the period was approximately HK$813.19 million, accounting for 47.3% of Net Business Profit, and representing a year-on-year increase of 24.2%. For toll road business, save for the reduction of traffic flow during the period due to the resumption of toll collection in the Xujing to Jiasong section of the Hu-Yu Expressway (Shanghai Section), the traffic flow of the other two expressways recorded a growth of 6.7% and 8.6%. The growth was attributable to a number of factors, including normal weather conditions in the first half of the year, a higher number of tourists during holidays and stable increase in small passenger cars. Despite the approximately 5% depreciation of the Renminbi which offset part of the increase in toll revenue, the results of toll road operation achieved a year-on-year increase of 19.6%, benefiting from the fair value gain of Wufangzhai, which has become an associate of Hu-Ning after further acquisition of shares in it by Hu-Ning and a significant increase in profit contribution was recorded from Shanghai Galaxy. In addition, profit contribution from Hangzhou Bay Bridge also increased by HK$12.23 million year-on-year as merger accounting was adopted following the completion of the acquisition of 23.06% interests at the end of 2016. For the water services business, an increase in profit of 39.8% was recorded, mainly due to the 25.9% increase in profit attributable to shareholders of SI Environment driven by profit contribution from newly acquired projects. During the period, the profit contribution of SI Environment to SIHL increased 36.3% year-on-year, which was attributable to the increase in shareholdings in SI Environment by 9.38%. The result of General Water of China remained stable, while its profit contribution slightly decreased 0.5% year-on-year due to the impact of an approximately 5% depreciation of the Renminbi. Canvest Environmental, a company listed in Hong Kong which has become an associate after additional investments from the Group, contributed a profit of HK$16.50 million during the period.

The real estate business recorded a profit of approximately HK$361.79 million, accounting for 21.0% of Net Business Profit, and representing an increase of approximately HK$9.13 million over the same period of 2016. A profit after taxation of approximately HK$344.57 million recorded for the same period last year arising from SI Urban Development's exit in partnership interests of the Green Carbon Fund, which holds 35% equity interests in the Longcheng project. Excluding this factor, net profit would actually have increased HK$353.70 million year-on-year. During the period, property sales booked by SI Urban Development increased significantly as compared to the same period last year, resulting in an increase in operating profit. SI Development's business remained stable and its profit attributable to shareholders increased 12.4%.

The consumer products business recorded a net profit of HK$544.59 million for the period, accounting for 31.7% of Net Business Profit, and representing a year-on-year increase of 9.3%. The business of Nanyang Tobacco remained stable. Despite a decline in revenue of 3.0% during the period, it recorded an increase of net profit by HK$10.33 million or 2.2% through tighter controls in material costs and manufacturing expenses. Wing Fat Printing contributed a net profit of HK$59.65 million for the period, representing a significant year-on-year increase of 151.7%. The increase was recorded as the new moulded fiber packaging business which the company has embarked on has grown from the construction stage last year to a cycle of profit contribution during the period. The increase was also due to the stabilizing of the traditional printing and packaging business generally.

3. Profit before Taxation

(1) Gross profit margin

Compared to the same period of 2016, gross profit margin increased by 7.1 percentage points during the period, mainly due to an increase in the proportion of property sales booked with higher profit margins in the real estate business for the period, while SI Environment benefited from contribution from newly acquired projects with higher profit margins in the infrastructure facilities business, which in turn resulted in an increase of approximately 1.7 percentage points in the overall gross profit margin of the infrastructure facilities business. Meanwhile, the gross profit margin for the consumer products business remained stable.

(2) Other income, gains and losses

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

(3) *Gain on disposal of assets through disposal of interest in a subsidiary*

The gain for the same period last year was mainly attributable to the profit before taxation of HK$1,114.16 million from exiting the partnership interests in the Green Carbon Fund which holds 35% equity interests in the Longcheng project, while there was no disposal gain during the period.

4. Dividends

The Board of Directors of the Group has resolved to declare an interim dividend of HK46 cents, which is the same as compared with the interim dividend and special dividend totaling HK46 cents per share for 2016. The interim dividend payout ratio is 30.8% (2016 interim: 32.5%).

II. Financial Position of the Group

1. Capital and Equity attributable to owners of the Company

The Company had a total of 1,087,211,600 shares in issue as at 30 June 2017, which was increased by 646,000 shares as compared with 1,086,565,600 shares in issue as at the end of 2016. The increase is attributable to the exercise of share options by employees during the period.

Equities attributable to owners of the Company reached HK$38,969.26 million as at 30 June 2017, and the increase was attributable to the net profit for the first half of the year 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$2.4 billion or US dollar equivalent dual-currency club loan for a term of 5 years in March 2017.

As at 30 June 2017, the total borrowings of the Group including bank borrowings, other borrowings and convertible bonds amounted to approximately HK$49,709.41 million (31 December 2016: HK$46,235.88 million), of which 67.5% (31 December 2016: 67.9%) was unsecured credit facilities. The proportions of US dollars, Renminbi and HK dollars of total borrowings were 3%, 80% and 17% (31 December 2016: 3%, 84% and 13%) respectively.

(2) Pledge of assets

As at 30 June 2017, the following assets were pledged by the Group to banks to secure banking facilities granted by these banks to the Group:

(a) investment properties with an aggregate carrying value of HK$11,617,052,000 (31 December 2016: HK$11,585,060,000);

(b) leasehold land and buildings with an aggregate carrying value of HK$147,270,000 (31 December 2016: HK$906,567,000);

(c) plant and machineries with an aggregate carrying value of HK$18,663,000 (31 December 2016: HK$20,218,000);

(d) one (31 December 2016: one) toll road operating right with a carrying value of HK$2,401,036,000 (31 December 2016: HK$2,415,929,000);

(e) receivables under service concession arrangements with an aggregate carrying value of HK$9,473,395,000 (31 December 2016: HK$9,179,515,000);

(f) properties under development held for sale with an aggregate carrying value of HK$1,546,627,000 (31 December 2016: HK$5,644,075,000);

(g) properties held for sale with an aggregate carrying value of HK$16,233,000 as at 31 December 2016 (30 June 2017: Nil);

(h) trade receivables with an aggregate carrying value of HK$54,722,000 (31 December 2016: HK$63,968,000); and

(i) bank deposits with an aggregate carrying value of HK$465,914,000 (31 December 2016: HK$430,853,000).

(3) Contingent liabilities

As at 30 June 2017, the guarantees given to banks by the Group in respect of banking facilities utilised by an entity controlled by State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District, property buyers and joint ventures amounted to approximately HK$168.09 million, HK$5,397.92 million and HK$2,709.36 million (31 December 2016: HK$163.02 million, HK$4,926.28 million and HK$1,779.63 million) respectively.

3. Capital Commitments

As at 30 June 2017, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK$8,784.12 million (31 December 2016: HK$5,831.65 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 2017, bank balances and short-term investments held by the Group amounted to HK$32,814.91 million (31 December 2016: HK$32,053.02 million) and HK$536.80 million (31 December 2016: HK$226.97 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances were 3%, 84% and 13% (31 December 2016: 3%, 88% and 9%) 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 development, and will seek opportunities to optimize its capital structure should the need arises.

III. Event After the Reporting Period

Subsequent to the end of the reporting period, SI Urban Development, a listed subsidiary of the Group successfully bid the land use rights for a piece of land in Shanghai of the PRC at a consideration of RMB2,200 million (equivalent to approximately HK$2,533 million) and the details are set out in SI Urban Development’s announcement dated 2 August 2017.