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(Incorporated in Hong Kong with limited liability)

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ANNOUNCEMENT OF 2015 ANNUAL RESULTS

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the “**Company**”) is pleased to announce the audited annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2015. The Group recorded a total revenue of HK\$19,694 million, representing a decrease of 7.7% compared with last year, and a realised net profit of HK\$2,770 million, representing a decrease of 10.5% over last year. The decrease in profit was mainly due to higher non-recurring earnings that resulted from the disposal of plot E in Qingpu District, Shanghai in 2014, versus profit contributions from the disposal of Yanjiao and Qi’ao Island projects during the year.

During the year, the global capital market remained volatile. The cycle of interest rate hikes in the US began, resulting in an outflow of capital from emerging markets and a significant slowdown of the economies in Europe, Japan and Asia-Pacific countries. Commodity prices including gold and oil plunged while a number of major currencies depreciated substantially against the US dollar. In the mainland, the economy has entered a new normal. The slowdown of the economic growth in the PRC, the adjustments of the Renminbi exchange rates and wider fluctuations of the stock markets in the PRC and Hong Kong have all brought about considerable challenges to the operation of enterprises. Despite this, the Group has continued to capitalize on financing activities for its business operations and seize market opportunities for expansion, in accordance with strategic targets established for the year and under the leadership of the Board and the management. The asset structure of the Group has also been enhanced through a number of financing and mergers and acquisitions activities. Through innovative ideas and actions, the Group has successfully entered new business arenas and created future drivers for profit growth. In addition, members of the Group have created further synergies and promoted integration among themselves, thereby improving their management strategies and enhancing internal control. As a result, the Group has been able to maintain steady and sustainable growth for its principal businesses and achieved satisfactory results.

The Board has recommended a final dividend of HK45 cents (2014: HK45 cents) per share for 2015. Together with the interim dividend of HK36 cents (2014: HK45 cents) per share paid during the year, total dividends for the year amounted to HK81 cents (2014: HK90 cents) per share.

INFRASTRUCTURE FACILITIES

During the year, the infrastructure facilities business contributed a profit of HK\$1,080 million to the Group, representing a decrease of 5.3% over last year and accounting for 35.8% of the Group's Net Business Profit*. The decrease in profit was mainly due to a gain from dilution of shareholdings in General Water of China Limited (“**General Water of China**”) and gain of fair value change in Longjiang Environmental Protection Group Co., Ltd. (“**Longjiang Environmental**”) recorded last year. Excluding such gains, profit increased 2.2% from last year. During the year, the Group continued to increase its investments in water services and made considerable efforts to develop sewage treatment and solid waste projects. Our toll roads business brought stable profits and cash flows, providing strong support for the Group's overall business development.

Toll roads

The Group wholly owns three toll roads in Shanghai, including Jing-Hu Expressway (Shanghai Section), Hu-Kun Expressway (Shanghai Section) and Hu-Yu Expressway (Shanghai Section), all of which are main passageways in the northwest, southwest and west directions of Shanghai with a total length of approximately 120 kilometers, and contributing 32% of the total revenue from all toll roads in Shanghai. During the year, the traffic flow and toll revenue of the three toll roads maintained overall growth with smooth and normal road operation. All three main roads passed the national main highway examination (the National Examination) conducted once every five years, and met the respective requirements on all fronts, demonstrating the Group's effective management of the expressways.

The key operating data of our three toll roads are as follows:

Toll roads	Net profit from project company	Changes	Toll revenue	Changes	Traffic flow (vehicle journeys)	Changes
Jing-Hu Expressway (Shanghai Section)	HK\$293 million	-6.9%	HK\$658 million	+3.1%	46.68 million	+10.9%
Hu-Kun Expressway (Shanghai Section)	HK\$369 million	-1.5%	HK\$1,030 million	+5.6%	51.08 million	+8.4%
Hu-Yu Expressway (Shanghai Section)	HK\$174 million	+2.7%	HK\$533 million	+0.5%	39.68 million	+5.8%
Total	HK\$836 million	-2.6%	HK\$2,221 million	+3.6%	137 million	+8.5%

During the year, our toll road business was affected by continuous traffic divergence caused by the successive opening up of the Hu-Chang Expressway and Hu-Xiang Expressway as well as divergence caused by the connection of Shanghai Jia-Min Elevated Highway to Jing-Hu Expressway (Shanghai Section). Nevertheless, the toll revenue of Jing-Hu Expressway (Shanghai Section) for the year continued to increase, benefiting from increases in traffic flow and adjustments to the mileage charge for the toll expressways in Shanghai in mid-July 2015. The decrease in net

profit for the year was attributable to traffic divergence and, to a lesser extent, the impact from a smaller proportion of trucks and a bigger proportion of short-distance vehicles using the expressway. Meanwhile, the project company will keep a close eye on traffic flow and will make plans in a timely manner to prevent traffic jams and to ensure smooth road operation especially at road junctions, as a number of expressways in surrounding areas are being put into service respectively. During the year, the traffic signage project at Anting toll station was completed, and has effectively enhanced the traffic flow of various road sections and provided real-time guidance at peak hours.

As a result of such favourable factors as continuous good weather throughout the year and significant increase in traffic volume for small passenger cars during holidays, Hu-Kun Expressway (Shanghai Section) maintained stable growth in toll revenue in 2015. During the year, the project company applied suitable measures to prevent traffic jams and ensure smooth operation and initiated emergency management measures which were previously adopted only in peak periods to all sections at all times, maximizing the usage of the rapid transit function for electronic toll collection (ETC) lanes and effectively preventing free passage of vehicles due to traffic jams. With such measures, daily traffic flow of the highway reached a new high of 140,000 for the year. In addition, the construction of the Dazheng port bridge jacking up project was successfully completed during the year, and was put into full service in September 2015. With close supervisions, the two-year construction work was safe and smooth while normal operation was maintained on the road.

The toll revenue and traffic flow of Hu-Yu Expressway (Shanghai Section) continued to increase for 2015. Renovation work of the Dianshanhu Service Zone was completed during the National Day, improving service facilities for the public and bringing a brand new appearance to the neighbourhood. The construction of the new Jiudu Road toll station and the renovation of the ramp of Huting North Road was formally launched in the fourth quarter of the year and the road is expected to commence full operation in 2016. In the coming year, measures will be taken to prevent traffic jams and ensure smooth road operation and passage to cope with gradual traffic jams seen at Qingpu urban toll station and to ensure orderly and smooth road operation. The project company will further strive to lower cost and improve performance by installing automatic card machines at selected toll stations and re-assigning job duties for toll collectors. It will also promote wider applications of intelligent mechanical and electronic management systems to improve the quality and efficiency of toll collection so as to lower daily maintenance cost.

Water services

The Group will make greater efforts to ascertain investments in water related projects and will actively seek opportunities for investments in the clean energy arena. During the year, the Group successfully entered new sectors of sludge treatment and soil restoration, which are beneficial for driving future profit growth. The Group's water business has maintained rapid growth, and newly acquired projects have all been making profit contributions to our enterprises.

SI Environment

SIIC Environment Holdings Ltd. ("**SI Environment**") recorded a revenue of RMB1,804 million for 2015, representing a year-on-year growth of 19.9%. The increase in revenue was mainly attributable

to the newly acquired Shanghai Fudan Water Engineering and Technology Co., Ltd. (“**Fudan Water**”) and contributions from constructed revenue. Profit for the year increased by 24% year-on-year to RMB360 million, mainly due to higher water treatment volume by existing entities and increases in service income, as well as profit contributions from the newly acquired Fudan Water and Longjiang Environmental. Going forward, the Group will continue to invest in sewage treatment and solid waste projects and other environmental protection-related projects and will implement measures to upgrade the size and profitability of its projects. Suitable acquisition opportunities will be sought as and when appropriate in order to expand the scope of its business.

In March 2015, SI Environment acquired a 92.15% equity interest in Fudan Water for a total consideration of approximately RMB1,548 million (including repayment of debt), which was settled by cash payment and issue of shares. Fudan Water is mainly engaged in research and development and technology transfer for water treatment and water ecological restoration. The company owns a total of 10 projects located in Jiangsu, Zhejiang and Guangdong provinces with a total daily water treatment capacity of 600,000 tonnes. Completed in May 2015, the transaction will enable SI Environment to strengthen its nationwide network and optimise its assets and operational capability.

In April 2015, SI Environment and International Finance Corporation, a member of the World Bank Group, entered into a share subscription agreement to participate in the first round of private placement of MTI Environment Group Ltd. (“**MTI**”), each with an investment of US\$4 million. MTI is a leading enterprise in the domestic sludge treatment industry in China, and possesses a number of patented sludge treatment and deodorization technologies. MTI currently has a daily sludge treatment capacity of 1,600,000 tonnes.

In April 2015, SI Environment acquired a 14.7849% equity interest in Nanfang Water Co., Ltd. (“**Nanfang Water**”), in which its shareholding was raised from 76.419% to 91.203%. In December, SI Environment placed 26,730,407 new earn-out shares to Nanfang Water as share consideration in relation to its acquisition of equity interest in Nanfang Water in 2012. Accordingly, the shareholding of the Group in SI Environment was diluted from 35.98% to 35.55%,

Furthermore, the transaction under the asset transfer agreement and transfer-operation-transfer (TOT) franchise agreement for the sewage treatment plant no. 5 project in Yinchuan with a planned daily processing capacity of 50,000 tonnes, which was entered into by SI Environment last year, was completed in February 2015. The project has formally commenced operation. In May 2015, the Hanxi phase 2 renovation and expansion project in Wuhan with an estimated total investment amount of RMB700 million commenced construction. Upon completion, the project will have a daily processing capacity of 600,000 tonnes and the quality of water generated will be elevated to class 1D.

During the year, subsidiaries of SI Environment have won bids for the following projects: -

Project name	Daily production capacity (tonnes)	Investment amount	Franchise period
Phase III of water purification centre BOT project in Meihu, Huizhou	100,000	RMB216,000,000 (another RMB150,000,000 will be invested for construction of ancillary sewage pipe network)	27 years (included a 2-year construction period)
Sewage treatment plant BOT project in Wuhu, Huangbei, Wuhan	25,000 (phase I)	RMB63,760,000 (phase I)	30 years (for all phases)
Phase II of sewage treatment plant BOT project in Quanshui River, Dalian	105,000	RMB240,000,000	22 years (included a 2-year construction period)
Water supply asset transfer and operation project in Yiyang	320,000	RMB288,000,000	28 years

General Water of China

General Water of China recorded a revenue of HK\$1,789 million for the year with almost the same level as that of the last financial year. Net profits amounted to HK\$106 million, a year-on-year increase of 35.7%. As at the end of 2015, the company owned 25 water supply facilities and 19 sewage treatment plants with a total capacity of 6,059,000 tonnes/day, among which, water production capacity totalled 3,935,000 tonnes/day and sewage treatment capacity was 2,124,000 tonnes/day, and two reservoirs with a gross storage tank volume of 182.32 million tonnes and a pipe network of 5,200 kilometres in total. General Water of China has been awarded the “Top 10 Most Influential Enterprises in China’s Water Industry” for the 13th consecutive year, ranking no. 6.

During the year, General Water of China made major breakthroughs expanding new markets, further enhancing synergies for its regional development. In particular, the company has pushed forward several key projects, including (i) Xiangtan no. 3 water plant renovation and an expansion project with a planned capacity of 300,000 tonnes/day and total investment amount of approximately RMB339 million; and (ii) Class 1A upgrading and renovation project for a sewage treatment plant in eastern Wenzhou with a planned capacity of 100,000 tonnes/day and total investment amount of approximately RMB252 million, and won the bids for: (i) Bengbu Macheng water supply project, which has a planned medium- and long-term capacity of 100,000 tonnes/day and total investment amount of approximately RMB68 million and to be constructed in two phases; and (ii) water drainage project for Wuxing Children Clothing Industrial Park, in Shaxi city of Huzhou, comprising three parts including a sewage treatment plant, a production water supply plant (with a capacity of 12,000 tonnes/day) and a small village and township domestic water treatment station (with a capacity of 500 tonnes/day). The company has hence successfully entered the industrial wastewater treatment business.

Key construction projects for General Water of China progressed in an orderly manner. Construction of the water purification plant no. 3 in Suifenhe City was completed during the year; for the Wuhua mountain reservoir project, the construction of a retaining wall, certain roads within the site and the road on the dam top was carried out, and water impoundment and instalment of hydraulic turbine sets were completed. The main construction work for the phase 1 upgrading project of the sewage treatment project in the river east of Xiangtan was completed, and the quality

of sewage treated reached national class 1 standard. The company's sludge drying and waste incineration project successfully passed examinations for environmental protection, and is the first semi-dried sludge treatment production line in the PRC. The project has been recognised as a high-tech enterprise and enjoys preferential tax treatment.

NEW BUSINESS ARENA

With the gradual recovery of the photovoltaic industry, the State has gradually promulgated a series of policies to regulate and support the development of the industry. The Group has actively explored into the environmental protection business arena and expanded its investment in photovoltaic stations over the last few years through Shanghai Galaxy Investment Co., Ltd. ("**Shanghai Galaxy**") (a company held by Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. ("**Hu-Ning Expressway**"), a wholly-owned subsidiary of the Company, and SIIC Shanghai Holdings Co., Ltd. ("**SIIC Shanghai**"), a subsidiary of the parent company of the Company, as to 50% and 50%, respectively). In January 2016, each of Hu-Ning Expressway and SIIC Shanghai made a further capital contribution of RMB150 million to Shanghai Galaxy which was in proportion to their shareholdings, to finance the future development of the company.

In addition to its existing 320MW capacity investment, SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd. ("**Galaxy Energy**"), a 85%-owned subsidiary of Shanghai Galaxy, further acquired through bidding at Shanghai Assets and Equity Exchange three photovoltaic power companies in November 2015, which own photovoltaic power projects located in Ningxia Hui Autonomous Region, Shanxi Province and Inner Mongolia Autonomous Region, with a power generation capacity of 50MW, 50MW and 90MW, respectively. All these acquisitions were completed during the year. Galaxy Energy now owns nine photovoltaic projects in the PRC with a total power generation capacity reaching 510MW. All the projects have been connected to grids and are running smoothly. Going forward, the company will continue to expand its investments in photovoltaic sectors.

REAL ESTATE

During the year, the real estate business recorded a profit of HK\$888 million, representing a year-on-year decrease of 28.1% and accounting for 29.4% of the Group's Net Business Profit*. The decrease in profit was partly due to higher non-recurring earnings recorded by the Group from the disposal of Lot E of Qingpu District, Shanghai last year, versus the disposal of Yanjiao and Qi'ao Island projects during the year.

For the real estate business, the Group capitalized on market opportunities and participated in the reform of state-owned enterprises. This has successfully enlarged the Group's share capital through financing raised in the capital markets and further optimised its capital structure and improved the value of its total assets. Along with changes and trends in the market, the Group also entered the business of provision of intelligent construction energy saving application solutions, to integrate with its principle businesses in order to diversify and further consolidate its resources. During the year, efforts were made to strengthen its project development and existing assets were revitalized at appropriate times so that the potential value of its projects can be released and that it can focus its resources for the investment of its core businesses.

In September 2015, the Company entered into an equity transfer agreement to fully dispose of its remaining 10% interest in Four Seasons Hotel Shanghai for a consideration of HK\$160 million, further reducing its interests in non-controlling investment projects. The transaction was completed in late October 2015 and the consideration was received in full. The transaction will bring a profit after taxation of approximately HK\$154 million to the Company and is expected to further improve its cash flows, providing funding resources for mergers and acquisitions for its core businesses.

SI Development

In 2015, Shanghai Industrial Development Co., Ltd. (“**SI Development**”) recorded a revenue of RMB6,619 million, representing an increase of 9.3% over last year; net profit for the period dropped by 43.5% to RMB520 million, due to gains recorded from the disposal of its 51% interest in Lot E of the Qingpu District, Shanghai in the last financial year. Excluding such non-recurring earnings, the profit would increase by 44.1%. Contract sales for the real estate developments during the year amounted to RMB3,956 million, arising from such projects as Hua Ting Jia Yuan and Hua Ting Ni Yuan, Tianjin, United 88, Shanghai, Lake Villa, Suzhou, Shanghai International Art Centre, Shanghai, International Beer City, Qingdao, Flos Granati, Shanghai, Hi-Shanghai, Chengdu, Shanghai Bay, Huzhou, Shanghai Bay in Shanghai and Essence of Shanghai at Shanghai Jiading, and accounting for a total gross floor area of 262,300 square meters. Rental income for the year was approximately HK\$270 million.

In April 2015, SI Development announced a private placement of no more than 512,820,512 new ordinary shares of SI Development at a price of RMB11.70 per share to raise no more than RMB6,000 million. The initial placees included SIIC Shanghai Asset Operation Co., Ltd. (“**Shanghai Asset**”), an indirect wholly-owned subsidiary of SIIC, Cao Wenlong (“**Mr. Cao**”, founder of Shanghai Longchuang Eco-Energy Systems Co., Ltd. (“**Longchuang Eco-Energy**”)) and seven other institutional investors.

In November 2015, SI Development announced adjustments to the said private placement, pursuant to which the total investment amount of seven institutional investors was reduced, while other transactions basically remained unchanged. The ex-right and ex-dividend issue price was adjusted to RMB11.63 per share, and the total amount raised from the placement was reduced to around RMB4,800 million accordingly. The adjustments were made in line with market changes and the proposal was approved by the China Securities Regulatory Commission on 22 December 2015. By late January 2016, five of the said seven institutional investors subscribed for the shares of SI Development. Accordingly, SI Development issued a total of 335,523,659 new ordinary shares, raising a proceed of RMB3,902 million.

Of the proceeds finally raised through the private placement, (i) approximately RMB3,400 million was used for the acquisition of a 100% equity interest in Shanghai Investment Co. Ltd. (“**Shanghai Investment**”), an indirect wholly-owned subsidiary of SIIC Shanghai; and (ii) approximately RMB446 million was used for the acquisition of a 61.48% interest in Longchuang Eco-Energy (among which, RMB308 million was used to acquire a 42.3549% interest in Longchuang Eco-Energy, and 20,000,000 new shares of SI Development were issued in exchange for (a) 9,181,978 shares of Longchuang Eco-Energy (representing 19.13% equity interests in Longchuang

Eco-Energy) and (b) cash consideration of RMB94,740,000 payable by Mr. Cao). An amount of RMB200 million will be injected into Longchuang Eco-Energy following the acquisition of the share interests. After the capital injection, SI Development will own 69.7849% equity interest in Longchuang Eco-Energy.

Shanghai Investment is engaged in real estate development business in Shanghai (which is in the Jing'an, Xuhui and Qingpu districts respectively), Suzhou, Shaoxing and other places. The acquisition of Shanghai Investment will bring SI Development a high-quality land bank and significantly strengthen the principal business of SI Development with immediate and sustainable profit contributions. Longchuang Eco-Energy is engaged in the consultation, design and application of construction energy saving facilities and the provision of comprehensive energy saving application solutions. The acquisition of Longchuang Eco-Energy is expected to create synergies for the existing business of SI Development and add value to its real estate business, further enhancing the company's profitability. Currently the acquisition of a 100% equity interest in Shanghai Investment and a 42.3549% equity interest in Longchuang Eco-energy has been completed. The entire placing will have far-reaching effects on the overall scale, financing capability, profit contribution as well as future business growth for SI Development. This also reflects the Group's strategic move to further integrate its real estate business.

Leveraging on the strength of its principal businesses to actively develop new business, SI Development diversified its investment and expanded into related businesses such as high-technology, internet, energy saving and environmental protection and new sources of materials, etc. during the year to further upgrade its existing businesses and open up new frontiers for profit growth. In March 2015, SI Development successfully issued a RMB1,000 million first phase corporate bond (3 years + 2 years) with an interest rate at 4.92%, and in June 2015, the company further issued its 2015 first medium-term notes, with a principal amount of RMB1,000 million for a period of 3 years at an interest rate of 4.95%. The funds raised have been received in full and will be used to support the company's subsequent developments.

In May and July 2015 respectively, SI Development further increased its interests in Lot G05-6 located at Shanghai Jiading New Town by acquiring a 62.5% equity in total from other shareholders. The total consideration for the two transactions amounted to RMB56.25 million and, after the completion of the acquisition, SI Development will own 100% interest in the land. In June 2015, SI Development acquired a further 34% equity interest of the Yuzhengchuchu No. 18 plot project in Hangzhou from the other shareholder of the project company for a consideration of RMB53.35 million. After completion of the acquisition, SI Development will increase its equity interest in the plot to 85%.

In April 2015, SI Development acquired a 90% equity interest of Fengsheng Times Building located in Changsha, Hunan Province for a consideration of RMB18.58 million. Expected to be completed and delivered by the end of 2015, the property has a total of 31 floors and a total height of 99.90 meters. In June, SI Development acquired through bidding the land use right of a plot for residential use in Beibei District of Chongqing, for a consideration of RMB87.11 million. The land has a site area of 30,845 square meters with a plot ratio of 1.82 and a total planned floor area of 56,199 square metres. In September, a company as to 38% owned by SI Development, won a bid for the state-owned construction land use right for two plots in the Demonstration Zone of eastern

Dongtan of Chongming Island for a consideration of RMB221 million. In November 2015, SI Development further won a bid for the state-owned construction land use right for the plot HK324-01 located at Tilanqiao Road, Hongkou District, Shanghai through its 49% owned company for a consideration of RMB3,260 million. The plot has a site area of approximately 23,037 square meters and a planned total gross floor area of 126,700 square meters and is for commercial and office use.

In June 2015, SI Development disposed of its 10% equity interest in the plot B-2, B-7-1 and B-7-2 project in the eastern sea area of Quanzhou in Fujian Province by open bidding at a transfer price of RMB53 million. In September 2015, the company further disposed of its entire equity interest in Harbin SIIC Property for a consideration of RMB62,085,200. The Longines Bay project developed by the company has been basically sold out. The transaction will contribute a pre-tax profit of approximately RMB10 million. These transactions are expected to optimize cash flow for the Company.

SI Urban Development

Shanghai Industrial Urban Development Group Limited (“**SI Urban Development**”) recorded a revenue of HK\$3,872 million for the period, representing a decline of 50.2% over last year. Profits attributable to shareholders for the year were HK\$517 million, representing a year-on-year increase of 220.9% and mainly attributable to the completion of the disposal of the Qi’ao Island project in Zhuhai which generated a considerable pre-tax disposal profit of approximately HK\$1,196 million. The gross floor area of properties delivered during the year was approximately 206,000 square meters, and major projects included Urban Cradle in Shanghai, CBE International Peninsula in Xi’an and Shanghai Jing City. Rental income for the year was approximately HK\$696 million. The amount of contracted sales reached RMB5,832 million with a total floor area of 300,000 square meters, arising mainly from CBE International Peninsula in Xi’an, Shanghai Jing City and Urban Cradle in Shanghai.

In September 2015, SI Urban Development entered into a letter of intent with an independent third party in relation to the proposed disposal of a plot in Qi’ao Island, Zhuhai for a consideration of RMB3,100 million, of which RMB100 million was paid by the purchaser as deposit. The plot was planned to be developed into a commercial, residential and villa complex with a total floor area of approximately 2.21 million square meters. As of today, construction has not yet commenced. A final agreement was made in December 2015 followed by the completion of the transaction in the same month. SI Urban Development is expected to record a pre-tax profit of HK\$1,196 million from the disposal. The transaction has released the real value of the project and enabled SI Urban Development to focus on property development projects in the Yangtze River Delta and other developed cities.

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 completion of the transaction, Shanghai Urban Development holds

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 with a site area of 87,326.6 square meters and a planned total gross floor area of 511,982 square meters. Currently, construction of the project has almost been completed. Through this transaction, SI Urban Development successfully realized part of the hidden value of the “U Center” project and optimised the strategic landscape of its investment properties and this will be utilised to fund acquisitions of future new projects. A profit of approximately RMB933 million is expected to be recorded from the disposal for Shanghai Urban Development.

In July 2015, SI Urban Development reached a strategic cooperation framework agreement with the Minhang District government in Shanghai for a joint co-operation on the municipal infrastructure and public facilities construction, including the building of foundation facilities and the development of real estate related business in order to promote project development in the Minhang District. The Minhang District government has agreed to give tax and other policy concessions to the company in order to attract investments and to encourage its active participation in the development of projects in the district. In addition, renovation plans will be made in future for ShanghaiMart, which was jointly acquired by SI Urban Development and Nan Fung Group and is located in a prime area in Shanghai Hongqiao Economic and Technological Development Zone. The renovation is expected to further enhance management and operation of the project and to increase rental income. In February 2015, SI Urban Development disposed of its entire equity interest in a development project in the Yanjiao Economic and Technological Development Zone in Hebei Province for an aggregate consideration of RMB940 million.

In September 2015, SI Urban Development partnered with Sun Hung Kai Properties Limited (“**Sun Hung Kai**”) to jointly develop the TODTOWN project in Minhang District, Shanghai. Each of Shanghai Urban Development, Sun Hung Kai and the Minhang District Government holds 1/3 equity interest in the project, which will be developed into an urban area incorporating commercial, entertainment, cultural, leisure and residential facilities. In December 2015, SI Urban Development and Shenzhen Ping An Real Estate Company Ltd. entered into a strategic cooperation agreement, pursuant to which both parties will capitalize on their own strengths and to communicate and cooperate between the two parties in the area of equity cooperation, asset management, financial investment, specialized funds and property finance. The two parties will also jointly explore opportunities for new projects, develop existing projects and work together on the capital markets, as part of their pilot cooperative efforts, starting with the real estate area.

During the year, SI Urban Development successfully expanded its financing channels and effectively kept its capital cost under control. The fund raising activities completed include: Shanghai Urban Development issued 7-year corporate bonds with a principal amount of RMB1,800 million with a coupon rate of 4.47%; SI Urban Development obtained a free trade loan of RMB1,000 million from Bank of China and is applying for the issue of panda bonds of RMB5,000 million. In the future, SI Urban Development will focus on property development projects in the Yangtze River Delta and developed cities, where it already has a strong presence, and will allocate more resources to Shanghai to consolidate the foundation for its future development.

CONSUMER PRODUCTS

The consumer products business contributed a profit of HK\$1,048 million during 2015, representing a decrease of 2.8% over last year and accounting for 34.8% of the Group's Net Business Profit*. It continued to provide a steady profit and cash flow to the Group during the year. In the coming year, the Group will strive to consolidate its existing market share and accelerate development of new products while it will actively develop molded fiber business to expand its source of future profit.

Tobacco

During the year, Nanyang Brothers Tobacco Company, Limited (“**Nanyang Tobacco**”) recorded a net profit of HK\$930 million, a year-on-year increase of 2.5% and revenue of HK\$3,116 million, a year-on-year decrease of 1.7%. The year 2015 marked the 110th anniversary of the establishment of Nanyang Tobacco and was also a year in which Nanyang Tobacco consolidated its resources from all sides to enhance its operational strength. Nanyang Tobacco also strived to become a regional leading enterprise with sustainable development by adhering to its operational strategy of “controlling size, adjusting structure, maintaining performance and developing brand”. With the transformation of the PRC macro-economy, sales in the tobacco industry declined while the prices of raw materials continued to surge. Faced with challenges brought by the complexities and volatility of the external environment during the year, Nanyang Tobacco was able to overcome such difficulties and fulfilled its operational targets for the year. In the coming year, it will focus on market expansion, new product development and technical upgrading to ensure sustainable development of the company on a new era.

During the year, despite competition from international markets, Nanyang Tobacco leveraged on its own strengths and made flexible and prompt adjustments to its sales strategies to cope with changes in different markets, successfully meeting its sales target for the year. The new key product of the year was launched simultaneously in different countries with 16 versions, which has demonstrated its ability to develop and market new products abroad. During the year, Nanyang Tobacco accelerated the upgrading and alteration of equipment and technology to ensure that they reach industry advanced standards. As a result, the quality of tobacco it produced and its capability to develop new products has been significantly enhanced. With the substantial increase in the prices of raw materials, in particular leaf tobacco, Nanyang Tobacco broadened its purchase from different sources to strictly select high-quality leaf tobacco and enhance production management, to ensure stringent cost control.

Printing

The Wing Fat Printing Company, Limited (“**Wing Fat Printing**”) recorded a revenue of HK\$1,110 million in the year, representing a decrease of 2.7% from the last financial year; net profits amounted to HK\$128 million, a year-on-year decrease of 34.6%, which was mainly due to a considerable one-off net gain from entrustment funds recorded in July 2014. Due to adverse factors such as PRC policies for the tobacco and wine packaging industry and the decrease in bid price, the overall sales of the company declined. Through measures to lower cost and adjust business structure, the company was able to maintain its gross profit margin for the year. Through the establishment of

the molded fiber business during the year, Wing Fat Printing successfully made a strategic transformation of its business.

In August 2015, Wing Fat Printing reached an agreement with the shareholders of Qingdao Huiyu Pulp Mould Packaging Co., Ltd. (“**Qingdao Huiyu**”), pursuant to which the shareholders will set up a new company and inject the molded fiber business and assets of Qingdao Huiyu therein, while Wing Fat Printing will acquire a 70% equity interest of the new company for a consideration of RMB56 million to rapidly enter the business for the manufacturing of yellow molded fiber packaging boxes and to obtain better investment returns. In order to strengthen future development of its new business, Wing Fat Printing commenced the construction and expansion of production facilities for high-end molded fiber products in Hua County, Henan and Jiangyan, Jiangsu respectively in November 2015 to develop and produce the new generation of high-end molded fiber products, in order to meet the needs of new orders and explore new drivers for profit growth for the company. It will strive to develop the new business and fully enhance the product quality of its molded fiber business and team building in the next year.

**Net profit excluding net corporate expenses*

PROSPECTS

Looking forward to 2016, the PRC economy is entering a new normal and the real economy will continue to show a downward trend. The Renminbi is expected to face a strong pressure for depreciation as the US dollar continues to appreciate. All these factors will create considerable risks for the capital market. In addition, the Group is still facing different challenges for its future growth. Nevertheless, as the central Chinese government has actively pushed forward reforms on the supply side of the economy, the Group should seize such opportunities by coordinating resource allocation in a comprehensive and effective manner, continue to reinforce the joint efforts of financing and business operation, adhere to reforms and renovations and further optimise its assets and business structure.

As for the infrastructure business, SI Environment will strive to maintain stable growth in its results performance and facilitate the steady expansion of its assets and size in areas including water services, solid waste treatment and photovoltaic power generation, while exploring new business areas and optimising its business structure. For toll roads, the Group will acquire suitable projects as and when opportunities arise.

For the real estate business, the Group will continue to revitalize its assets and optimise its business structure and regional presence. The pace of development of its projects will be carefully monitored while the quality of the projects under construction will be maintained at high standards. In addition, the sale of completed projects will be accelerated. The Group will also continue to improve the operational efficiency for property investment assets, optimize assets and financial structure while leveraging on the strengths of its core businesses and making use of “Internet +” to expand the size of its new business. New operational methods will be introduced and efforts will be made for the development of property finance, property assets and financial investment, to seek further extension of the business chain and to enhance potential for future profit growth.

In the area of consumer products business, Nanyang Tobacco will continue to promote equipment upgrading to maintain its leading position on technical renovation. Relevant research and development goals will be established, product structure will be optimised, its brand value will be promoted and its markets will be expanded. Efforts will be made to strengthen its internal management, maintaining cost control, preventing exchange rate risks and further enhancing profitability. Wing Fat Printing will enhance its marketing capability for traditional-packaging business, extensively enhance and consolidate the quality of its molded fiber products and team building. It will also endeavour to develop new business of molded fiber packaging so as to break through the constraints of its business development, creating new sources of profit and improving its returns on investment.

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 March 2016

FINAL DIVIDEND

The Board of Directors has recommended a final dividend of HK45 cents per share (2014: HK45 cents per share). Together with the interim dividend of HK36 cents per share (2014: HK45 cents per share), the total dividend for the year ended 31 December 2015 amounted to HK81 cents per share (2014: HK90 cents per share).

Subject to approval by Shareholders at the Annual General Meeting, the final dividend will be paid on or about Thursday, 16 June 2016 to Shareholders whose names appear on the register of members of the Company on Monday, 6 June 2016.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at the Conference Room of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Thursday, 26 May 2016 at 3:00 p.m. (the “**Annual General Meeting**”). Notice of the meeting will be despatched to the shareholders in mid April 2016 and will be made available at the HKExnews website of The Hong Kong Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at www.hkexnews.hk and the website of the Company at www.sihl.com.hk accordingly.

CLOSURE OF REGISTER OF MEMBERS

Annual General Meeting

For the purpose of determining Shareholders' eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 25 May 2016 to Thursday, 26 May 2016, both days inclusive, during which period no transfer of shares will be effected. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 24 May 2016.

Final Dividend

For the purpose of determining Shareholders' entitlement to the final dividend, the register of members of the Company will be closed on Monday, 6 June 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 Friday, 3 June 2016.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the Company's consolidated annual results for the year ended 31 December 2015.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") throughout the year ended 31 December 2015, except for the deviations 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, was unable to attend the extraordinary general meeting of the Company on 15 June 2015 due to a business engagement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company bought back a total of 497,000 of its own ordinary shares on the Stock Exchange for a total consideration of approximately HK\$9,876,770 and all these shares were cancelled by the Company. The Board considered that the share buy-backs would enhance the net asset value of the Company and were in the interest of the Company and its Shareholders.

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 ANNUAL REPORT

The Annual Report 2015 will be despatched to the Shareholders in mid April 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 of Directors of the Company comprises five Executive Directors, namely Mr. Wang Wei, Mr. Zhou Jie, Mr. Lu Shen, Mr. Zhou Jun and Mr. Xu Bo; four Independent Non-Executive Directors, namely, Dr. Lo Ka Shui, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and Mr. Cheng Hoi Chuen, Vincent.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000 (restated)
Revenue	3	19,693,682	21,333,017
Cost of sales		(12,432,790)	(13,488,274)
Gross profit		7,260,892	7,844,743
Net investment income		998,087	813,790
Other income, gains and losses		(103,510)	576,448
Selling and distribution costs		(892,956)	(837,647)
Administrative and other expenses		(1,792,482)	(1,920,515)
Finance costs		(1,613,526)	(1,362,267)
Share of results of joint ventures		178,208	165,508
Share of results of associates		23,174	33,946
Gain on disposal of the Feng Qi Group		-	1,716,165
Net gain on disposal of interests in other subsidiaries and an associate/deemed partial disposal of interest in a joint venture		1,648,502	302,311
Impairment loss on available-for-sale investments		-	(342,427)
Profit before taxation		5,706,389	6,990,055
Income tax expense	4	(2,071,025)	(2,632,812)
Profit for the year	5	3,635,364	4,357,243
Profit for the year attributable to			
- Owners of the Company		2,770,168	3,096,256
- Non-controlling interests		865,196	1,260,987
		3,635,364	4,357,243
Earnings per share	7	HK\$	HK\$ (restated)
- Basic		2.553	2.860
- Diluted		2.452	2.657

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

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000 (restated)
Profit for the year	3,635,364	4,357,243
Other comprehensive (expense) income		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising on translation of foreign operations		
- subsidiaries	(1,928,881)	(1,252,292)
- joint ventures	(139,336)	(85,222)
- associates	(161,519)	(58,502)
Fair value change on available-for-sale investments held by		
- subsidiaries	183,750	286,975
- a joint venture	-	22,737
Impairment loss on available-for-sale investments	-	23,775
Reclassification on disposal of available-for-sale investments	(26,020)	(2,633)
Reclassification of translation reserve upon disposal/ deemed partial disposal of		
- the Feng Qi Group	-	(1,256)
- interests in other subsidiaries	1,965	(984)
- interest in a joint venture	-	(10,308)
Other comprehensive expense for the year	(2,070,041)	(1,077,710)
Total comprehensive income for the year	1,565,323	3,279,533
Total comprehensive income for the year attributable to		
- Owners of the Company	1,535,904	2,382,635
- Non-controlling interests	29,419	896,898
	1,565,323	3,279,533

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015**

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000 (restated)
Non-Current Assets			
Investment properties		15,362,596	15,979,200
Property, plant and equipment		4,312,097	4,661,883
Prepaid lease payments – non-current portion		262,995	283,248
Toll road operating rights		11,319,899	12,633,146
Goodwill		572,855	-
Other intangible assets		3,918,690	1,964,974
Interests in joint ventures		3,334,796	3,351,253
Interests in associates		2,708,144	2,636,196
Investments		1,192,559	1,005,180
Receivables under service concession arrangements – non-current portion		5,870,222	4,379,747
Deposits paid on acquisition of a subsidiary/property, plant and equipment		622,009	171,727
Other non-current receivables		194,872	-
Deferred tax assets		417,094	413,095
		50,088,828	47,479,649
Current Assets			
Inventories		52,844,091	53,298,120
Trade and other receivables	8	10,600,499	7,458,171
Prepaid lease payments – current portion		5,982	6,143
Investments		444,187	490,200
Receivables under service concession arrangements – current portion		166,658	137,176
Amounts due from customers for contract work		82,135	87,499
Prepaid taxation		200,844	218,195
Pledged bank deposits		362,252	742,973
Short-term bank deposits		1,314,414	469,736
Bank balances and cash		26,784,036	27,087,611
		92,805,098	89,995,824
Assets classified as held for sale		-	691,728
		92,805,098	90,687,552

	<i>Note</i>	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000 (restated)
Current Liabilities			
Trade and other payables	9	20,789,727	22,553,555
Customer deposits from sales of properties		7,410,541	5,415,008
Amounts due to customers for contract work		24,998	30,681
Taxation payable		3,386,361	3,763,484
Bank and other borrowings		10,977,611	18,456,862
Convertible bonds		3,681,843	-
		46,271,081	50,219,590
Liabilities associated with assets classified as held for sale		-	28
		46,271,081	50,219,618
Net Current Assets		46,534,017	40,467,934
Total Assets less Current Liabilities		96,622,845	87,947,583
Capital and Reserves			
Share capital		13,615,889	13,527,827
Share premium and reserves		22,412,209	21,700,596
Equity attributable to owners of the Company		36,028,098	35,228,423
Non-controlling interests		19,261,616	18,203,768
Total Equity		55,289,714	53,432,191
Non-Current Liabilities			
Provision for major overhauls		72,294	78,934
Bank and other borrowings		33,957,371	23,562,297
Convertible bonds		-	3,826,613
Deferred tax liabilities		7,303,466	7,047,548
		41,333,131	34,515,392
Total Equity and Non-Current Liabilities		96,622,845	87,947,583

Notes:

(1) GENERAL

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results 2015 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 required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. 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 Companies Ordinance.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2015 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

(2) BASIS OF PREPARATION AND RESTATEMENTS

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

(i) MERGER ACCOUNTING AND RESTATEMENTS

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. (“**SIIC Shanghai**”), 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 (the “**Shanghai SASAC**”), on 1 July 2014 and hence, the Group and Shanghai Investment first came under the common control of SIIC since that date.

In applying AG 5 to the acquisition of Shanghai Investment, the consolidated statement of financial position of the Group as at 31 December 2014 has been restated to include the assets and liabilities of Shanghai Investment and its subsidiaries (collectively referred to as the “**Shanghai Investment Group**”) as if they were within the Group on that date. The 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 for the year ended 31 December 2014 have also been restated to include the financial performance and cash flows of the Shanghai Investment Group as if they were within the Group since 1 July 2014.

(ii) APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

Amendments to HKFRS 10,
HKFRS 12 and HKAS 28

Amendments to HKFRS 11

Amendments to HKFRSs

Investment Entities: Applying the Consolidation Exception²

Accounting for Acquisitions of Interests in Joint Operations²

Annual Improvements to HKFRSs 2012 - 2014 Cycle²

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after a date to be determined.

Based on an analysis of the Group's financial assets as at 31 December 2015, the adoption of HKFRS 9 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. It is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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

(3) SEGMENT INFORMATION

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

For the year ended 31 December 2015

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE					
Segment revenue - external sales	4,348,739	11,455,908	3,889,035	-	19,693,682
Segment operating profit (loss)	1,834,639	2,585,050	1,254,899	(204,557)	5,470,031
Finance costs	(244,724)	(1,321,978)	(2,915)	(43,909)	(1,613,526)
Share of results of joint ventures	178,208	-	-	-	178,208
Share of results of associates	45,712	(26,461)	3,923	-	23,174
Net gain on disposal of interests in other subsidiaries and an associate	-	1,648,502	-	-	1,648,502
Segment profit (loss) before taxation	1,813,835	2,885,113	1,255,907	(248,466)	5,706,389
Income tax expense	(388,331)	(1,491,739)	(193,603)	2,648	(2,071,025)
Segment profit (loss) after taxation	1,425,504	1,393,374	1,062,304	(245,818)	3,635,364
Less: segment profit attributable to non-controlling interests	(345,889)	(505,407)	(13,900)	-	(865,196)
Segment profit (loss) after taxation attributable to owners of the Company	1,079,615	887,967	1,048,404	(245,818)	2,770,168

For the year ended 31 December 2014

	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	3,680,795	13,693,840	3,958,382	-	21,333,017
Segment operating profit (loss)	1,768,346	3,617,776	1,308,324	(217,627)	6,476,819
Finance costs	(222,362)	(1,091,692)	(4,127)	(44,086)	(1,362,267)
Share of results of joint ventures	165,508	-	-	-	165,508
Share of results of associates	16,059	(3,753)	21,640	-	33,946
Gain on disposal of the Feng Qi Group	-	1,716,165	-	-	1,716,165
Net gain on disposal of interests in other subsidiaries and associates/deemed partial disposal of interest in a joint venture	22,343	275,545	-	4,423	302,311
Impairment loss on available-for-sale investments	-	(318,652)	-	(23,775)	(342,427)
Segment profit (loss) before taxation	1,749,894	4,195,389	1,325,837	(281,065)	6,990,055
Income tax expense	(346,694)	(1,979,801)	(229,405)	(76,912)	(2,632,812)
Segment profit (loss) after taxation	1,403,200	2,215,588	1,096,432	(357,977)	4,357,243
Less: segment profit attributable to non-controlling interests	(263,686)	(979,735)	(17,566)	-	(1,260,987)
Segment profit (loss) after taxation attributable to owners of the Company	1,139,514	1,235,853	1,078,866	(357,977)	3,096,256

(4) INCOME TAX EXPENSE

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000 (restated)
Current tax		
- Hong Kong	222,119	202,242
- PRC Land appreciation tax (" PRC LAT ")	789,271	1,103,561
- PRC Enterprise income tax (" PRC EIT ") (including PRC withholding tax of HK\$4,353,000 (2014: HK\$24,386,000))	1,225,661	1,705,622
	2,237,051	3,011,425
(Over)under provision in prior years		
- Hong Kong	(2,112)	236
- PRC LAT (note iv)	(15,481)	(131,290)
- PRC EIT (note v) (including overprovision of PRC withholding tax of HK\$6,046,000 (2014: Nil))	(43,130)	(1,818)
	(60,723)	(132,872)
Deferred taxation for the year	(105,303)	(245,741)
	2,071,025	2,632,812

notes:

- (i) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.
- (ii) The Group's subsidiaries in the People's Republic of China (the "**PRC**") are subject to PRC EIT at a rate of 25% for both years, except for a PRC subsidiary which is qualified as High New Technology Enterprises and enjoys a preferential tax rate of 15% for both years. The preferential tax rate is applicable for three years until 2016 and subject to approval for renewal.
- (iii) PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs and all qualified property development expenditures.
- (iv) The Group recognised an overprovision of PRC LAT during the years ended 31 December 2014 and 2015 upon completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.
- (v) The Group also recognised an overprovision of PRC EIT during the year ended 31 December 2015 upon obtaining a tax clearance from the tax authority for disposal of a PRC subsidiary.

(5) **PROFIT FOR THE YEAR**

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000 (restated)
Profit for the year has been arrived at after charging:		
Amortisation of toll road operating rights (included in cost of sales)	776,386	746,569
Amortisation of other intangible assets (included in cost of sales)	129,981	82,672
Depreciation of property, plant and equipment	335,644	331,078
Release of prepaid lease payments	7,809	5,911
Compensation expense in relation to settlement of a legal case	127,708	-
Impairment loss on bad and doubtful debts	17,497	13,381
Impairment loss on properties held for sale	31,911	160,144
Impairment loss on inventories, other than properties	1,340	2,087
Net foreign exchange loss (included in other income, gains and losses)	664,559	262,850
Agreed payment in relation to withdrawal from a legal case	78,954	-
Research expenditure	4,238	2,659
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	51,246	40,703
Share of PRC EIT of associates (included in share of results of associates)	32,773	9,862
and after crediting other income, gains and losses as follows:		
Increase in fair value of investment properties	96,402	2,920
Net gain on disposal/written off of property, plant and equipment	40,202	730
Reversal of impairment loss on bad and doubtful debts	1,726	4,188
Reversal of impairment loss on properties held for sale upon subsequent sale	35,068	-
Reversal of impairment loss on other receivables	3,357	11,271
Reversal of provision for compensation to customers as a result of late delivery of properties	-	24,685

(6) **DIVIDENDS**

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Dividends recognised as distribution during the year:		
2015 interim dividend of HK36 cents (2014: 2014 interim dividend of HK45 cents) per share	390,906	487,243
2014 final dividend of HK45 cents (2014: 2013 final dividend of HK45 cents) per share	488,834	487,243
	<u>879,740</u>	<u>974,486</u>

The final dividend of HK45 cents per share in respect of the year ended 31 December 2015, amounting to approximately HK\$488.6 million in total, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

(7) **EARNINGS PER SHARE**

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

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000 (restated)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	2,770,168	3,096,256
Effect of dilutive potential ordinary shares - interest on convertible bonds, net of tax	148,185	70,145
Earnings for the purpose of diluted earnings per share	<u>2,918,353</u>	<u>3,166,401</u>
	<u>2015</u>	<u>2014</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,085,105,421	1,082,760,696
Effect of dilutive potential ordinary shares - convertible bonds - share options of the Company	104,758,634 342,090	107,319,758 1,555,728
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,190,206,145</u>	<u>1,191,636,182</u>

The computation of diluted earnings per share does not assume:

- (i) the exercise of certain of the Company's outstanding options as the 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 exercise price of those options was higher than the average market price for the corresponding period.

(8) **TRADE AND OTHER RECEIVABLES**

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000 (restated)
Trade receivables	1,107,214	962,697
Less: allowance for doubtful debts	(43,395)	(27,959)
	<u>1,063,819</u>	<u>934,738</u>
Other receivables	9,536,680	6,523,433
Total trade and other receivables	<u>10,600,499</u>	<u>7,458,171</u>

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, which approximates the respective revenue recognition dates.

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000 (restated)
Within 30 days	319,988	294,740
Within 31 – 60 days	182,919	260,654
Within 61 – 90 days	139,289	110,967
Within 91 – 180 days	180,503	96,075
Within 181 – 365 days	170,670	100,989
Over 365 days	70,450	71,313
	<u>1,063,819</u>	<u>934,738</u>

(9) TRADE AND OTHER PAYABLES

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000 (restated)
Trade payables	3,708,254	4,046,727
Consideration payables for acquisition of subsidiaries	2,993,929	5,083,979
Deposits received for identifying investment projects	1,633,628	-
Other payables	12,453,916	13,422,849
	<hr/>	<hr/>
Total trade and other payables	<u>20,789,727</u>	<u>22,553,555</u>

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

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000 (restated)
Within 30 days	743,706	484,307
Within 31 – 60 days	557,495	234,290
Within 61 – 90 days	755,497	175,273
Within 91 – 180 days	562,363	117,992
Within 181 – 365 days	683,017	1,268,008
Over 365 days	406,176	1,766,857
	<hr/>	<hr/>
	<u>3,708,254</u>	<u>4,046,727</u>

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

In 2015, the revenue amounted to approximately HK\$19,693.68 million, representing a decrease of 7.7% as compared to last year. Property sales in the real estate business dropped as compared to last year. Nevertheless, the decrease was partially offset by increases in revenue from the infrastructure facilities business.

The year-on-year increase in revenue of the infrastructure facilities business was mainly attributable to the completion of the acquisition of Fudan Water by SI Environment, the consolidation of its sales revenue and the reclassification of finance income from service concessions of approximately HK\$414.72 million in revenue.

The real estate business recorded a decrease in revenue, mainly due to a significant decline of HK\$4,204.58 million in property sales booked by SI Urban Development as compared to last year. The decrease was however partially offset by increases in the full-year sales of HK\$1,776.14 million after consolidations according to merger accounting after the completion of the acquisition of Shanghai Investment by SI Development.

Revenues from Nanyang Tobacco and Wing Fat Printing both recorded a mild fall, leading to a year-on-year decrease of approximately 1.8% in consumer products.

2. Profit Contribution from Each Business

Net profits from the infrastructure facilities business for the year were approximately HK\$1,079.62 million, accounting for 35.8% of Net Business Profit, and representing a year-on-year decrease of 5.3%. While the traffic flow of the three expressways recorded natural growth ranging from 5.8% to 10.9%, Jing-Hu Expressway (Shanghai Section) registered a drop in average toll revenue per vehicle, affected by the distribution of Shanghai Jia-Min Elevated Highway and reduced subsidies receipt. For these reasons, the result for toll roads recorded a year-on-year decrease of 2.6%. As for the water services business, the decrease in profit was mainly due to lack of gains during the year which was similar to the gain of fair value change from Longjiang Environmental of HK\$67.17 million and a dilution gain of HK\$15.76 million resulting from the dilution of shareholding in General Water of China from 47.5% to 45% last year. Excluding such one-off factors, the water services business recorded an increase of 23.1% in operating profit, of which SI Environment was driven by profit contributions from newly acquired projects. Profits attributable to shareholders increased by 24.0% while profit contributions to the Group were offset by the dilution of equity interests and recorded a year-on-year increase of 14.1%. General Water of China recorded a growth in operating profits, with a year-on-year growth of 31.8%, benefitting from capitalization of debts by two shareholders, which in turn reduced interest expenses for the year.

The real estate business recorded a profit of HK\$887.97 million, accounting for 29.4% of Net Business Profit, and representing a substantial decrease of approximately HK\$347.89 million over the same period of 2014. The decrease was mainly due to a decrease in property sales booked by SI Urban Development as compared to last year and a depreciation of 4.6% in Renminbi during the year, leading to higher foreign exchange losses recorded over last year by SI Urban Development. In addition, the disposal of Lot E of Qingpu District, Shanghai was completed the year before while the disposal of a 100% interests in Qi'ao Island Project, a 100% interests in Yanjiao Project and the remaining 10% interests in Four Seasons Hotel were completed during the year. A decrease of approximately HK\$123.05 million was recorded in profits from disposals of projects in the real estate business for the year.

The consumer products business recorded a net profit of HK\$1,048.40 million, accounting for 34.8% of Net Business Profit, and representing a year-on-year decrease of 2.8% in net profit. The decline was mainly attributable to the 2-year entrustment income recorded by Wing Fat Printing on maturity last year. Net profit contributions from Wing Fat Printing reduced considerably by 31.0% as similar investment income from Wing Fat Printing decreased for the year. The business of Nanyang Tobacco remained stable with an increase of HK\$22.61 million in net profit.

3. Profit before Taxation

(1) *Gross profit margin*

Compared to 2014, gross profit margins increased by a 0.1 percentage point, mainly due to finance income from service concessions of HK\$414.72 million reclassified by SI Environment for the year. The gross profit margin from such business is relatively higher, leading to an increase in the overall gross profit margin of the infrastructure facilities business by approximately 3.7 percentage points. The gross profit margin for the real estate and consumer products businesses remained stable.

(2) *Other income, gains and losses*

Foreign exchange losses increased due to a larger depreciation of Renminbi booked in this year.

(3) *Net gain on disposal of interests in other subsidiaries and an associate/deemed partial disposal of interest in a joint venture*

The net gain for the year was mainly attributable to a profit before tax of HK\$1,195.24 million and HK\$452.37 million from the disposal of a 100% equity interests in Qi'ao Island Project and a 100% equity interests in Yanjiao Project, respectively. The net gain for last year was mainly attributable to the disposal of a 40% interests in Tianjian Yijiahe Project completed by SI Urban Development and the dilution of equity interests in General Water of China formula from 47.5% to 45%, generating a profit of HK\$15.76 million.

4. Dividends

The Board of Directors has proposed a final dividend of HK45 cents per share. Together with an interim dividend of HK36 cents per share, the total dividend amounted to HK81 cents per share for 2015 (2014: HK90 cents per share). Annual dividend payout ratio is 31.7% (2014: 31.5%).

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 31 December 2015, increasing by 3,089,000 shares, compared with 1,082,761,600 shares as at the end of 2014. The exercise of share options by employees increased 3,586,000 shares but this was partly offset by the repurchase of 497,000 shares by the Company for cancellation during the year.

Equities attributable to owners of the Company reached HK\$36,028.10 million as at 31 December 2015, and the increase was attributable to the net profit after deducting the dividend actually paid during the year.

2. Indebtedness

(1) Borrowings

Through a wholly-owned subsidiary SIHL Finance Limited, the Company signed a HK\$3 billion or US dollar equivalent dual-currency club loan in July 2015 for a term of 5 years. The facility was used for the repayment of a syndicated loan of HK\$2.6 billion due in November 2015 and for general working capital. Apart from that, the Company signed a RMB1 billion loan in April 2015, which was used for the repayment of a RMB loan due in May 2015.

As at 31 December 2015, the total borrowings of the Group including bank borrowings, other borrowings and convertible bonds amounted to approximately HK\$48,684.33 million (31 December 2014: HK\$45,892.81 million), of which 62.0% (31 December 2014: 61.5%) was unsecured credit facilities.

(2) Pledge of assets

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\$12,613,259,000 (31 December 2014: HK\$12,456,886,000);
- (b) leasehold land and buildings with an aggregate carrying value of HK\$1,569,254,000 (31 December 2014: HK\$1,664,858,000);

- (c) plant and machineries with an aggregate carrying value of HK\$25,529,000 (31 December 2014: HK\$30,956,000);
- (d) one (31 December 2014: one) toll road operating right with a carrying value of HK\$2,778,489,000 (31 December 2014: HK\$3,095,721,000);
- (e) receivables under service concession arrangements with an aggregate carrying value of HK\$2,440,439,000 (31 December 2014: HK\$2,553,891,000);
- (f) properties under development held for sale with an aggregate carrying value of HK\$8,279,494,000 (31 December 2014: HK\$8,443,487,000);
- (g) properties held for sale with an aggregate carrying value of HK\$1,541,220,000 (31 December 2014: HK\$129,768,000);
- (h) trade receivables with an aggregate carrying value of HK\$188,229,000 (31 December 2014: HK\$192,098,000); and
- (i) bank deposits with an aggregate carrying value of HK\$362,252,000 (31 December 2014: HK\$742,973,000).

(3) *Contingent liabilities*

As at 31 December 2015, 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\$263.91 million, HK\$2,553.96 million and HK\$1,029.71 million (31 December 2014: HK\$269.93 million, HK\$1,669.79 million and HK\$837.17 million) respectively.

3. Capital Commitments

As at 31 December 2015, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK\$5,526.29 million (31 December 2014: HK\$7,373.54 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 31 December 2015, bank balances and short-term investments held by the Group amounted to HK\$28,460.70 million (31 December 2014: HK\$28,300.32 million) and HK\$444.19 million (31 December 2014: HK\$490.20 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances were 4%, 73% and 23% (31 December 2014: 8%, 81% and 11%) 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.

III. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the following events took place:

1. On 8 January 2016, Shanghai Urban Development, Green Carbon Fund, the Departing Partner and the New Partners entered into a redemption agreement. Pursuant to which Green Carbon Fund agreed to redeem the entire partnership interest held by Shanghai Urban Development for a total consideration of RMB1,668,000,000 (equivalent to HK\$1,991,880,000). The redemption was completed at the date of signing of the redemption agreement which was on 8 January 2016.

Further details of the transaction are set out in the Company's announcement dated 8 January 2016.

2. On 26 January 2016, a non-wholly owned subsidiary of the Group, SI Development, completed a share placing of 335,523,659 new ordinary shares, representing 30.97% of its total issued shares prior to the share placing or 23.65% of the enlarged capital of SI Development, at an issue price of RMB11.63 (equivalent to approximately HK\$13.89) per share, to Shanghai Asset and certain independent third parties. Upon the completion of the share placing, the Group's shareholding in SI Development is diluted from 63.65% to 48.60%. The Group would account for the share placement as equity transaction.

Further details of the share placement are set out in the Company's announcement dated 26 January 2016.