上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Stock Code : 363)

2018
Interim Report

TEAMWORK & EXECUTION

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Shen Xiao Chu *(Chairman)*
Mr. Zhou Jun *(Vice Chairman & Chief Executive Officer)*
Mr. Xu Bo *(Deputy CEO)*
Mr. Xu Zhan

Independent Non-Executive Directors

Prof. Woo Chia-Wei
Mr. Leung Pak To, Francis
Mr. Cheng Hoi Chuen, Vincent
Mr. Yuen Tin Fan, Francis

BOARD COMMITTEES

Executive Committee

Mr. Shen Xiao Chu *(Committee Chairman)*
Mr. Zhou Jun
Mr. Xu Bo

Audit Committee

Mr. Cheng Hoi Chuen, Vincent *(Committee Chairman)*
Prof. Woo Chia-Wei
Mr. Leung Pak To, Francis
Mr. Yuen Tin Fan, Francis

Remuneration Committee

Prof. Woo Chia-Wei *(Committee Chairman)*
Mr. Leung Pak To, Francis
Mr. Cheng Hoi Chuen, Vincent
Mr. Yuen Tin Fan, Francis
Mr. Li Han Sheng
Mr. Tang Ming

Nomination Committee

Prof. Woo Chia-Wei *(Committee Chairman)*
Mr. Leung Pak To, Francis
Mr. Cheng Hoi Chuen, Vincent
Mr. Yuen Tin Fan, Francis
Mr. Li Han Sheng
Mr. Tang Ming

COMPANY SECRETARY

Mr. Yee Foo Hei

QUALIFIED ACCOUNTANT

Mr. Lee Kim Fung, Edward

AUTHORISED REPRESENTATIVES

Mr. Zhou Jun
Mr. Yee Foo Hei

REGISTERED OFFICE

26th Floor, Harcourt House,
39 Gloucester Road, Wanchai, Hong Kong

COMPANY STOCK CODE

Stock Exchange	:	363
Bloomberg	:	363 HK
Reuters	:	0363.HK
ADR	:	SGHIY

COMPANY WEBSITE

www.sihl.com.hk

AUDITOR

Deloitte Touche Tohmatsu

ADR DEPOSITORY BANK

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BNY Mellon Shareowner Services
P.O. Box 358516,
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Toll free (USA)	:	(1) 888 BNY ADRS
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Information for Shareholders

SHAREHOLDER ENQUIRIES

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Company Secretarial

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Investor Relations

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Facsimile	:	(852) 2866 2989

Share Registrar

Tricor Secretaries Limited

Address	:	22nd Floor, Hopewell Centre 183 Queen's Road East Hong Kong
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Our Website

Press releases and other information of the Group can be found at our website: www.sihl.com.hk.

DIVIDEND

The Board of Directors has resolved to pay an interim dividend of HK48 cents (2017: HK46 cents) per share for 2018, to shareholders whose names appear on the register of members of the Company on Wednesday, 19 September 2018. The interim dividend will be paid to shareholders on or about Friday, 5 October 2018.

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 Wednesday, 19 September 2018, 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 by 4:30 p.m. on Tuesday, 18 September 2018.

FINANCIAL CALENDAR

2018 interim results announced	29 August 2018
Despatch of 2018 interim report	on or about 13 September 2018
Ex-dividend date for 2018 interim dividend	17 September 2018
Record date for 2018 interim dividend	19 September 2018
Despatch of notice of 2018 interim dividend	on or about 5 October 2018

Chairman's Statement

I am pleased to report to our shareholders the Group's interim results for the period ended 30 June 2018.

Amidst international trade disputes, global exchange rate fluctuations, rising interest rates, regulatory policies on finance and real estates on the mainland, geopolitical situations and other external factors, the Group continued to actively promote high-quality business development efforts in the first half of 2018 under the leadership of the Board and the executive team. The Group also enhanced its operational efficiency and effectively revitalized its assets. Capitalizing on market opportunities, the Group has broadened its investor base. In addition, its capital structure has also been further streamlined, resulting in a more competitive position in the market. By further strengthening its operation and raising risk management standards, the Group's core businesses maintained stable growth and achieved satisfactory results overall, basically accomplishing its strategic development targets established for the period.

For the six months ended 30 June 2018, the Group's total revenue amounted to HK$15,339 million, representing a year-on-year increase of 26.3%. Net profit increased year-on-year by 22.6% to HK$1,982 million.

The Board of Directors has resolved to pay an interim dividend of HK48 cents (2017: HK46 cents) per share for 2018 to shareholders whose names appear on the register of members of the Company on Wednesday, 19 September 2018. The interim dividend will be paid to shareholders on or around Friday, 5 October 2018.

Maintaining a strong growth momentum, the Group's infrastructure facilities business recorded earnings of HK$963 million, representing a significant year-on-year increase of 18.4%. During the period, SIIC Environment and General Water of China refined their management and continued to develop their business rapidly. SIIC Environment recorded a revenue of RMB2,851 million and a profit of RMB256 million for the first half of 2018, representing a year-on-year growth of 42.9% and 6.5%, respectively. General Water of China recorded a revenue and a net profit of RMB1,127 million and RMB167 million for the same period, representing a year-on-year growth of 22.5% and 41.5%, respectively. The toll roads segment focused on controlling cost and increasing efficiency and maintained steady growth overall in terms of revenue and traffic flow in the first half of 2018, providing a stable profit contribution to and sufficient cash flow for the Group.

The real estate business achieved healthy growth and recorded a revenue of HK$8,420 million, a year-on-year increase of 23.3%. As the Company holds 49% interest of Shanghai Bay under SI Development in Qingpu, Shanghai during the period, the profit shared on the booked sales upon delivery of the properties contributed to the remarkable growth in profit of the real estate segment to HK$587 million, representing a significant year-on-year growth of 64.3%.

The consumer products business achieved satisfactory results through transforming and upgrading its business to maintain steady overall growth. The segment continued to make stable contributions to the Group's earnings and cash flow. A revenue and net profit of HK$2,183 million and HK$547 million, representing a year-on-year increase of 11.7% and 0.4% respectively, were recorded.

Capitalizing on opportunities to boost market position

The shares of SIIC Environment were successfully listed on the Main Board of the Hong Kong Stock Exchange in March 2018. The dual primary listings in Singapore and Hong Kong were completed, further broadening the company's investor base activating the liquidity of its shares and enhancing awareness in the market. All of these are expected to facilitate the long-term development of the company.

Maintaining rapid growth in water businesses while strengthening cash flow for toll roads segment

For water services business, SIIC Environment recorded rapid growth in business and expansion of its assets through a refined management. The company's asset quality and overall profitability continued to improve, further reinforcing its position as one of the top environmental protection enterprises in the PRC. The daily water treatment capacity of SIIC Environment amounted to approximately 11,280,000 tonnes; together with General Water of China, the capacity for water treatment for the Group reached 18,078,000 tonnes.

In the first half of 2018, the Group's three quality toll roads and the Hangzhou Bay Bridge recorded steady growth in traffic flow and revenue, benefitting from efficient management, smooth traffic, continuous growth in motor vehicle parc, normal weather conditions and overall stable traffic flow during holidays.

Galaxy Energy, a subsidiary of Shanghai Galaxy, owns 11 photovoltaic power generation projects nationwide with a total asset scale of 560MW. During the period, the total amount of on-grid electricity sold hit a new high of approximately 422 million kWh, representing an increase of 19.6% over the same period last year. In addition, solid waste power generation business, mainly relating to investments in Canvest Environmental, recorded steady growth on the scale of its investment and market shares. Through cooperation with Shanghai Galaxy and Shangtou Asset, the Group successfully acquired Green Energy through pubic bidding and made its debut in offshore wind power business in Shanghai. In addition, the Company joined hands with Shanghai Pharmaceuticals, a subsidiary of SIIC, to invest in CIRC, a company listed in the Hong Kong Stock Exchange, as cornerstone investors to explore the development potential in the radioactive drugs sector.

Increasing real estate marketing efforts while enhancing efficiency of investment property assets

The real estate business continued to sharpen its sales strategies and boost its sales. For the period under review, SI Development and SI Urban Development together achieved contract sales of RMB5,774 million. The Group is committed to further enhance the property management service for its portfolio and improve the operational efficiency of its investment property assets and to revitalize its assets and focus its resources on the development of its core businesses.

SI Urban Development acquired 100% equity interest of Shangtou Real Estate, 35% equity interest of NR Investment and commercial lands in Minhang District, Shanghai and successfully integrated with the management of the respective companies. In order to focus its resources on the Yangtze River Delta and first-tier and second-tier core cities in the country, SI Urban Development disposed of a 26.01% interest in the Fuzhou project. The disposal was completed and booked during the first half year.

SI Development acquired the entire equity interest in Shenda Property and SUD Commercial from SI Urban Development to consolidate its property management business and to successfully integrate the management and control of the four companies which it acquired. With the acquisitions, the company's property management portfolio reached 22,000,000 square meters, significantly bolstering its competitive position in the market.

Optimizing market and product structure while transforming and upgrading consumer products business

To further consolidate its business and maintain its competitiveness in the market, Nanyang Tobacco continued to promote its brand upgrading and introduce new products in the first half of the year. In addition, the technology transformation of its flexible production lines was accelerated, laying a solid foundation for the long-term development of the company. During the period, Nanyang Tobacco recorded a stable increase in turnover and profit, which is attributable to stricter cost control, expansion of sales networks and enhancement of product quality.

Wing Fat Printing continued to upgrade customer service for its printing and packaging business and made additional efforts to explore exquisite packaging and wine packaging, resulting in a stable recovery in this area of business. The company also continued to enhance its technology for its moulded fiber packaging business and further diversified its customer base and product range to sustain stable growth.

PROSPECTS

In the second half of 2018, the external economic environment is expected to be in a more severe condition, and this will bring new challenges to the Group's operation and development. As such, the Group is committed to follow through with the strategic targets established for the year, ensure high-quality development, optimize its asset structure and to further enhance risk management to improve operational efficiency. The Group will also capitalize on new opportunities arising from the "One Belt and One Road" initiatives, the "Guangdong-Hong Kong-Macau Greater Bay Area" and other development strategies.

As for infrastructure facilities, the water services business will further enhance its corporate management models and continue to expand its size of investment in an orderly way to ensure healthy growth. For toll roads, we will continue to implement quality operation and management to maintain a stable increase in profit. For new business arenas, the Group will continue to invest in photovoltaic power generation and explore the development of clean energy business such as offshore wind power generation to create a new driving force for the Group's profit growth.

For the real estate business, the Group will focus on sales and fully promote refined management of its projects and strengthen quality control. It will manage and control overall risks, seize market opportunities, revitalize existing assets when opportunities arise. It will also focus on core businesses, optimize debt and capital structures and seek appropriate investment opportunities.

Nanyang Tobacco will strengthen technology innovation and transformation, make additional efforts to expand overseas markets, launch new products with high gross profit margins and control cost to ensure the sales and profit growth of the company. Wing Fat Printing will continue to promote technology innovation in new businesses, improve product yield, diversify its customers and consolidate the recovery momentum of its printing and packaging business to achieve 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.

Shen Xiao Chu
Chairman
Hong Kong, 29 August 2018

Group Business Structure

As at 29 August 2018

SIIC

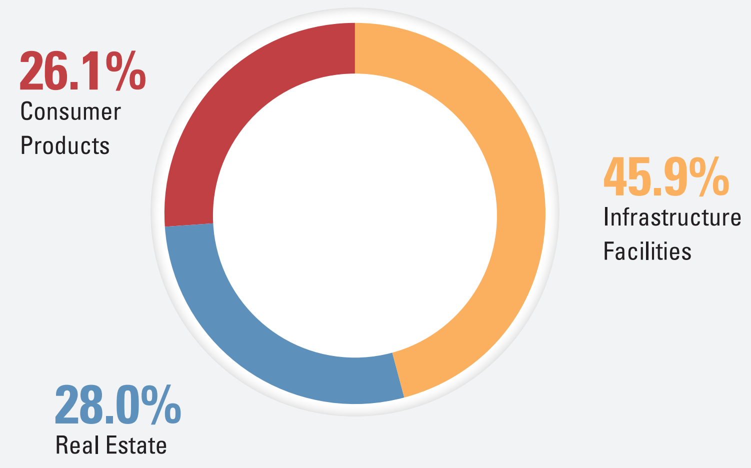
- **INFRASTRUCTURE FACILITIES**
  - **TOLL ROADS/ BRIDGE**
    - 100% Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd.
    - 100% Shanghai Luqiao Development Co., Ltd.
    - 100% Shanghai Shen-Yu Development Co., Ltd.
    - 23.0584% Ningbo Hangzhou Bay Bridge Development Co., Ltd.
  - **WATER SERVICES**
    - 46.67% SIIC Environment Holdings Ltd. (BHK SGX; 807 HKSE)
    - 45% General Water of China Co., Ltd.
- **REAL ESTATE**
  - 48.60% Shanghai Industrial Development Co., Ltd. (600748 SSE)
  - 69.96% Shanghai Industrial Urban Development Group Limited (563 HKSE)
- **CONSUMER PRODUCTS**
  - **TOBACCO**
    - 100% Nanyang Brothers Tobacco Company, Limited
  - **PRINTING**
    - 94.29% The Wing Fat Printing Company, Limited

Business Review, Discussion and Analysis

For the six months ended 30 June 2018, the Group's unaudited turnover amounted to HK$15,339 million, representing a year-on-year increase of 26.3%. Profits attributable to shareholders were HK$1,982 million, rising 22.6% over the same period last year.

While maintaining infrastructure facilities, real estate and consumer products as its principal businesses, the Group continued to seek breakthroughs along its stable course of development. In the first half of 2018, the Group recorded satisfactory operating results with a sound financial position and solid progress for all its projects. The infrastructure facilities segment demonstrated robust growth; the real estate business consolidated in an orderly manner while the consumer products sector achieved stable growth. During the period, the Group capitalized on opportunities in the market, with the successful dual primary listing of SIIC Environment on the Stock Exchange of Hong Kong, establishing its foothold in the Hong Kong capital market, broadening its investor base and elevating the company's brand and position.

Profit contribution from the Group's core business



INFRASTRUCTURE FACILITIES

For the period under review, the infrastructure facilities business recorded a profit of HK$963 million, representing an increase of 18.4% over the same period last year and accounting for 45.9% of the Group's Net Business Profit. Maintaining a strong growth momentum, the segment's water services business expanded rapidly while an integrated approach was adopted for the development of water, solid waste, clean energy, soil restoration and other related businesses. For toll roads and bridge operations, focuses were made on reducing costs and increasing efficiency, as well as ensuring ample inflow of cash.

Toll roads/bridge

In the first half of 2018, the three toll roads and the Hangzhou Bay Bridge maintained overall growth in revenue and traffic flows as well as stable road operation. In anticipation of the first China International Import Expo (CIIE) to be held in Shanghai later this year, the Group will do its best to ensure the smooth operation of the roads and expressways under its management. Focus will be made to prevent traffic congestions and ensure smooth traffic during the Mid-Autumn Festival, National Day and crab-tasting season.

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

Toll roads/bridge	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$211 million	+10.7%	HK$384 million	+13.4%	29.68 million	+7.1%
Hu-Kun Expressway (Shanghai Section)	100%	HK$280 million	+7.2%	HK$563 million	+10.6%	28.86 million	+3.0%
Hu-Yu Expressway (Shanghai Section)	100%	HK$123 million	+14.5%	HK$325 million	+13.4%	20.36 million	-3.2%
Hangzhou Bay Bridge	23.0584%	HK$64 million	+37.1%	HK$969 million	+17.5%	6.90 million	+8.3%
Total		**HK$678 million**	**+11.9%**	**HK$2,241 million**	**+14.4%**	**85.80 million**	**+3.2%**

The traffic flow of Jing-Hu Expressway (Shanghai Section) recorded rapid growth, benefitting from rising motor vehicle parc and higher traffic flows due to the diversion of traffic to this section as a result of major overhaul works for the Shen-Hai Expressway (Jiajin Section). During the period, frequent changes occurred due to construction works at the Shen-Hai Expressway and Shanghai Ring Expressway. To ensure safety and smooth traffic flows at toll stations at major lines, the respective project company has stepped up its efforts to learn about such changes and to take effective measures to ensure smooth traffic accordingly. Jing-Hu Expressway (Shanghai Section) is a key thoroughfare for the CIIE. To ensure smooth road operation during the event, preparation for related construction works was made during the first half of 2018 and the project is scheduled for completion in September. During the period, competitions with the theme of “three accomplishments and three initiatives” were conducted, focusing on the importance of having a clean environment, sound facilities and well-ordered services in order to improve the service quality and efficiency at toll counters.

In the first half of the year, Hu-Kun Expressway (Shanghai Section) recorded satisfactory growth in passenger traffic flows over the same period last year, arising from peak demand for family travel on holidays, the approaching summer vacation and no adverse impact from severe weather conditions, resulting in an increase in toll revenue. Specific upgrading and maintenance works based on requirements for smooth road operations for the CIIE were implemented which were in line with its annual road maintenance plans. To date, such works have been carried out.

Traffic flows at the Hu-Yu Expressway (Shanghai Section) decreased moderately year-on-year due to the closure of the temporary ramps at Huting North Road in mid-July last year and impacts from bad weather conditions such as snow and fog in this January. Toll revenues, however, recorded stronger growth, benefiting from the opening of the Jiudu Road toll station in July the year before and continued growth in motor vehicle parc. Adjacent to the National Exhibition and Convention Center, Hu-Yu Expressway (Shanghai Section) is a key thoroughfare for the CIIE. For this reason, the project company has placed great emphasis on the event. Preparation for related construction works such as setting up acoustic barriers and collision bars were made during the first half of 2018 and the entire project is scheduled for completion in September. To ensure smooth road operation during the CIIE event, competitions were held for toll collectors with the objectives of further improving the overall efficiency on toll collection, civilized etiquette and safety measures, to ensure toll quality and efficiency at toll sections. Hu-Yu Expressway (Shanghai Section) was the first toll road to conduct pilot “mobile payment” in Shanghai. The plan was highly acclaimed by motorists.

The operational efficiency of the Hangzhou Bay Bridge continued to improve during the first half of 2018. Both traffic flow and toll revenue recorded satisfactory growth, benefiting from the development of the tourism industry in the neighboring areas of the bridge, higher traffic during the picking period of waxberry and other fruits and summer time being the usual peak travelling season as well as lesser impacts from bad weather conditions.

Water services

With continuous urbanization, water supply, sewage treatment, waste-to-energy and other environmental protection-related industries will be benefitted accordingly. The Group is further developing its water services business and will continue to seek quality development projects to expand into new areas of environmental protection in future.

SIIC Environment

SIIC Environment successfully completed the dual primary listing in the Hong Kong Stock Exchange by way of introduction on 23 March 2018 (stock code: 807). In addition to capitalizing on the Group's capital operation, the listing is expected to bring about further interactions between Singapore and Hong Kong investors and represents a significant milestone for the future development of the company.

During the period, SIIC Environment recorded a revenue of RMB2,851 million, representing a year-on-year growth of 42.9%. The increase in revenue was mainly attributable to newly constructed BOT (build-operate-transfer) projects (such as the Qingpu Phase 4 upgrading and expansion project, the Fengxian western region project and the sewage treatment project in Hanxi, Wuhan) which resulted in increases for urban EPC (engineering, procurement and construction) revenue and rising revenues from the increase in sewage treatment and water supply. Despite the deduction of related listing expenses, the profit for the period for SIIC Environment still recorded a year-on-year growth of 6.5% to RMB256 million.

In the first half of the year, SIIC Environment completed the acquisition of 100% equity interest in the Dalian Ziguang sewage treatment plant project and the Dalian Lingshui sewage treatment plant project. Both projects are required to upgrade the water quality of the original project from grade 1B to grade 1A. The Dalian Ziguang sewage treatment plant project plan will be expanded from the current water treatment capacity of 80,000 tonnes to 90,000 tonnes while the Dalian Lingshui sewage treatment plant project will be expanded from 60,000 tonnes to 80,000 tonnes.

To date, the total daily water treatment capacity of SIIC Environment increased to approximately 11,280,000 tonnes. It is expected that the overall operational results of the enterprise will be improved through the operation of new projects, the upgrading of existing projects and the acquisition of new projects or enterprises.

General Water of China

In the first half of 2018, General Water of China continued to strengthen its interactions with and penetrations in existing regional markets and actively developed new domestic and foreign markets. During the period, the company has further optimized its capital structure as well as to maximize its profitability and streamlined its management structures in order to promote quality and efficiency. The promotion and application of new technology has been accelerated to build up an excellent enterprise technology brand and to fully enhance its sustainable development. For the period under review, General Water of China recorded net profits of HK$167 million, rising 41.5% over the previous period. Revenue amounted to HK$1,127 million, a year-on-year increase of 22.5%.

In June, the Wuhua mountain reservoir and hydropower station in Suifenhe achieved on-grid power generation, representing the first hydropower generation project for General Water of China. During the period, General Water of China was awarded one of the Top 10 Most Influential Enterprises in China's Water Industry, the 15th consecutive year in a row and ranking fifth among the awardees.

Details of the water development projects under the Group as at 30 June 2018 are as follows:

	Province	Projects of SIIC Environment	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
Sewage treatment/Reclaimed water treatment projects						
1	Auhui	Sewage treatment project in Chemical Industrial Park, Hefei	Sewage treatment	30,000	60%	The project is in operation.
2	Auhui	Phase I of sewage treatment plant project in southern Lingbi	Sewage treatment	25,000	46.4%	The project is in operation.
3	Auhui	Phase II of sewage treatment plant project in southern Lingbi	Sewage treatment	25,000	46.4%	The project is in operation.
4	Auhui	Sewage treatment plant project in northern Lingbi	Sewage treatment	20,000	46.4%	The project is under construction.
5	Auhui	Phase I of water recycling project of sewage treatment plant in southern Lingbi	Reclaimed water treatment	25,000	46.4%	The project is yet to commence construction.
6	Fujian	Phase I of sewage treatment plant BOT project in Longmen Town, Anxi	Sewage treatment	12,500	91.2%	The project is in operation.
7	Fujian	Phase II of sewage treatment plant BOT project in Longmen Town, Anxi	Sewage treatment	12,500	91.2%	The project is yet to commence construction.
8	Fujian	Sewage treatment plant forward BOT project in Longmen Town, Anxi	Sewage treatment	25,000	91.2%	The project is yet to commence construction.
9	Guangdong	Sewage treatment plant project in southern Songshan Lake, Dalang, Dongguan	Sewage treatment	100,000	75.5%	The project is in operation.
10	Guangdong	Phase I of sewage treatment plant project in Shayao, Shijie, Dongguan	Sewage treatment	60,000	75.5%	The project is in operation.
11	Guangdong	Phase II of sewage treatment plant in Yantian, Fenggang, Dongguan	Sewage treatment	50,000	75.5%	The project is in operation.
12	Guangdong	Phase I and II of BOT project in Sanzhou, Changan, Dongguan	Sewage treatment	150,000	35.5%	The project is in operation.
13	Guangdong	Phase I of water purification centre project in Meihu, Huizhou	Sewage treatment	100,000	91.2%	The project is in operation.
14	Guangdong	Phase II of water purification centre project in Meihu, Huizhou	Sewage treatment	100,000	91.2%	The project is in operation.
15	Guangdong	Phase I and II of water purification centre advance treatment project in Meihu, Huizhou	Sewage treatment	200,000	91.2%	The project is in operation.
16	Guangdong	Phase III of water purification centre project in Meihu, Huizhou	Sewage treatment	100,000	91.2%	The project is under construction.
17	Guangdong	Sewage treatment plant project in Pinghu, Shenzhen	Sewage treatment	25,000	91.2%	The project is in operation.
18	Guangdong	Sewage treatment plant expansion project in Pinghu, Shenzhen	Sewage treatment	55,000	91.2%	The project is in operation.
19	Guangdong	Sewage treatment plant project in Pudixia, Shenzhen	Sewage treatment	50,000	91.2%	The project is in operation.
20	Guangdong	Sewage treatment plant project in Egongling, Shenzhen	Sewage treatment	50,000	91.2%	The project is in operation.
21	Guangdong	Phase II of sewage treatment plant project in Henggang, Shenzhen	Sewage treatment	100,000	91.2%	The project is in operation.
22	Guangdong	Water recycling plant project in Henggang, Shenzhen	Reclaimed water treatment	50,000	91.2%	The project is in operation.
23	Guangdong	Sewage treatment plant project in Banxuegang, Shenzhen	Sewage treatment	40,000	91.2%	The project is in operation.

	Province	Projects of SIIC Environment (continued)	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
24	Guangdong	Phase I and II of sewage treatment plant project in Guanlan, Shenzhen	Sewage treatment	260,000	54.7%	The project is in operation.
25	Guangdong	Sewage treatment emergency operation entrustment project in Guanlan River, Shenzhen	Sewage treatment	400,000	54.7%	The project is in operation.
26	Guangdong	Sewage treatment plant project in Wuchuan	Sewage treatment	40,000	91.2%	The project is in operation.
27	Guangxi	Phase I of city sewage treatment plant project in Beiliu	Sewage treatment	40,000	75.5%	The project is in operation.
28	Heilongjiang	City sewage treatment plant and water recycling plant project in Anda	Sewage treatment	45,000	57.7%	The project is in operation.
29	Heilongjiang	Sewage treatment plant project in Baoqing	Sewage treatment	20,000	58%	The project is in operation.
30	Heilongjiang	City sewage treatment plant no. 2 project in Fujin	Sewage treatment	10,000	58%	The project is in operation.
31	Heilongjiang	Sewage treatment plant project in Fujin	Sewage treatment	15,000	57.1%	The project is in operation.
32	Heilongjiang	Phase I of sewage treatment plant project in Acheng, Haerbin	Sewage treatment	50,000	58%	The project is in operation.
33	Heilongjiang	Phase II of sewage treatment plant project in Acheng, Haerbin	Sewage treatment	50,000	58%	The project is in operation.
34	Heilongjiang	Sewage treatment plant operation entrustment project in Laocheng, Hulan, Haerbin	Sewage treatment	20,000	58%	The project is in operation.
35	Heilongjiang	Factory no. 2 of sewage treatment plant no. 2 project in Laocheng, Hulan, Haerbin	Sewage treatment	30,000	58%	The project is under construction.
36	Heilongjiang	Sewage treatment plant project in Pingfang, Haerbin	Sewage treatment	150,000	57.3%	The project is in operation.
37	Heilongjiang	Sewage treatment plant project in Taiping, Haerbin	Sewage treatment	325,000	58%	The project is in operation.
38	Heilongjiang	Sewage treatment plant project in Wenchang, Haerbin	Sewage treatment	325,000	58%	The project is in operation.
39	Heilongjiang	Sewage treatment plant upgrading and reconstruction project in Wenchang, Haerbin	Sewage treatment	650,000	58.0%	The project is in operation.
40	Heilongjiang	Sewage treatment plant project in Xinyigou, Haerbin	Sewage treatment	100,000	57.3%	The project is in operation.
41	Heilongjiang	Phase I of sewage treatment plant project in Heihe	Sewage treatment	25,000	57.6%	The project is in operation.
42	Heilongjiang	Phase I of sewage treatment project in Jiguan, Jixi	Sewage treatment	50,000	58%	The project is in operation.
43	Heilongjiang	Phase II of sewage treatment project in Jiguan, Jixi	Sewage treatment	50,000	58%	The project is in operation.
44	Heilongjiang	Recycling water project in Jixi	Reclaimed water treatment	5,000	58%	The project is under construction.
45	Heilongjiang	Phase I of sewage treatment plant project in eastern Jiamusi	Sewage treatment	60,000	56.4%	• The project is in operation. • The upgrading and reconstruction projects are under construction.
46	Heilongjiang	Phase II of sewage treatment plant project in eastern Jiamusi	Sewage treatment	40,000	56.4%	• The project is under construction. • The upgrading and reconstruction projects are under construction.
47	Heilongjiang	Phase I of sewage treatment plant project in western Jiamusi	Sewage treatment	50,000	56.4%	The project is in operation.

	Province	Projects of SIIC Environment (continued)	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
48	Heilongjiang	Phase II of sewage treatment plant project in western Jiamusi	Sewage treatment	50,000	56.4%	The project is yet to commence operation.
49	Heilongjiang	Sewage treatment and water recycling project in eastern Jiamusi	Reclaimed water treatment	40,000	56.4%	The project is yet to commence operation.
50	Heilongjiang	City sewage treatment plant project in Mudanjiang	Sewage treatment	100,000	58%	The project is in operation.
51	Heilongjiang	Phase II of sewage treatment plant project in Mudanjiang	Sewage treatment	100,000	58%	The project is in operation.
52	Heilongjiang	Sewage treatment plant project in Ningan	Sewage treatment	20,000	57.5%	The project is in operation.
53	Heilongjiang	Sewage treatment plant franchise project in Shangzhi	Sewage treatment	40,000	58%	The project is in operation.
54	Heilongjiang	Phase I of city sewage treatment plant project in Shuangyashan	Sewage treatment	50,000	58%	• The project is in operation. • The upgrading and reconstruction projects are under construction.
55	Heilongjiang	Phase II of city sewage treatment plant project in Shuangyashan	Sewage treatment	50,000	58%	The project is in operation.
56	Heilongjiang	Sewage treatment plant in Youyi, Shuangyashan	Sewage treatment	10,000	58%	The project is in operation.
57	Heilongjiang	City sewage treatment and water recycling project in Anbang River Basin, Shuangyashan	Reclaimed water treatment	40,000	29.6%	The project is under construction.
58	Heilongjiang	Phase I and II of city sewage treatment plant project in Shaodong	Sewage treatment	50,000	57.1%	The project is in operation.
59	Heilongjiang	Sewage treatment plant no. 2 project in Shaodong	Sewage treatment	50,000	57.1%	The project is under construction.
60	Heilongjiang	Phase I of sewage treatment and water recycling project in eastern Hegang	Sewage treatment	30,000	58%	The project is in operation.
61	Heilongjiang	Phase I of sewage treatment and water recycling project in western Hegang	Sewage treatment	50,000	58%	The project is in operation.
62	Heilongjiang	Phase II of sewage treatment and water recycling project in eastern Hegang	Sewage treatment	30,000	58%	The project is yet to commence construction.
63	Heilongjiang	Phase II of sewage treatment and water recycling project in western Hegang	Sewage treatment	50,000	58%	The project is yet to commence construction.
64	Heilongjiang	Sewage treatment and water recycling project in Hegang (water recycling)	Reclaimed water treatment	30,000	58%	The project is yet to commence operation.
65	Heilongjiang	Sewage treatment plant project in Fuyuan (sludge treatment in sewage treatment plant)	Sewage treatment	10,000	58%	The project is in operation.
66	Henan	Phase I of sewage treatment plant project in Dongcheng, Luohe	Sewage treatment	20,000	75.5%	The project is in operation.
67	Henan	Sewage treatment plant project in southern Baihe, Nanyang	Sewage treatment	100,000	69.1%	The project is in operation.
68	Henan	Sewage treatment plant no. 1 project in Suiping	Sewage treatment	30,000	69.1%	The project is in operation.
69	Henan	Sewage treatment plant no. 2 project in Suiping	Sewage treatment	10,000	69.1%	The project is in operation.
70	Hubei	Phase II of sewage treatment plant project in Cihu, Huangshi	Sewage treatment	125,000	100%	The project is in operation.

	Province	Projects of SIIC Environment (continued)	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
71	Hubei	Sewage treatment plant project in Hanxi, Wuhan	Sewage treatment	340,000	80%	• The project is in operation. • The upgrading project is under construction.
72	Hubei	Sewage treatment plant expansion project in Hanxi, Wuhan (including Hanxi sludge treatment project)	Sewage treatment	260,000	80%	• The project is in operation. • The upgrading project is under construction.
73	Hubei	Phase I of sewage treatment plant project in Qianchuan, Huangpi, Wuhan	Sewage treatment	30,000	100%	• The project is in operation. • The upgrading and expansion projects are under construction.
74	Hubei	Phase I of sewage treatment plant project in Panlong, Huangpi, Wuhan	Sewage treatment	22,500	100%	• The project is in operation. • The upgrading project is under construction.
75	Hubei	Sewage treatment plant continued construction project in Panlong, Huangpi, Wuhan	Sewage treatment	22,500	100%	• The project is in operation. • The upgrading project is under construction.
76	Hubei	Phase I of sewage treatment plant project in Wuhu, Huangpi, Wuhan	Sewage treatment	25,000	100%	The trial operation of the project is completed.
77	Hubei	Phase I of sewage treatment plant project in Economic and Development Zone of Wuhan	Sewage treatment	60,000	100%	The project is in operation.
78	Hubei	Phase I of sewage treatment plant project in southern Suizhou	Sewage treatment	50,000	92.2%	The project is in operation.
79	Hunan	Sewage treatment BOT project in Linwu, Chenzhou	Sewage treatment	10,000	18.2%	The project is in operation.
80	Hunan	Phase I of sewage treatment plant project in Chenzhou	Sewage treatment	80,000	91.2%	The project is in operation.
81	Hunan	Phase I of sewage treatment plant expansion project in Chenzhou	Sewage treatment	40,000	91.2%	The project is in operation.
82	Hunan	Sewage treatment project in Taohuajiang, Taojiang	Sewage treatment	20,000	75.5%	The project is in operation.
83	Hunan	Sewage treatment plant project in the new zone of eastern Gaoxin, Yiyang	Sewage treatment	30,000	75.5%	The project is in operation.
84	Hunan	Sewage treatment plant BOT project in northern Yiyang	Sewage treatment	40,000	75.5%	The project is in operation.
85	Hunan	Phase II of sewage treatment plant upgrading and expansion projects in northern Yiyang	Sewage treatment	40,000	75.5%	The project is under construction.
86	Inner Mongolia	Sewage treatment BOT project in Dazhuangyuan Roulian Plant, Xilinhot	Sewage treatment	3,500	58%	The project is under construction.
87	Inner Mongolia	Sewage treatment plant BOT project in Xilinhot	Sewage treatment	40,000	58%	The project is under construction.
88	Jiangsu	Phase I of sewage treatment project at Newport Park, Jingjiang	Sewage treatment	20,000	91.2%	The project is in operation.
89	Jiangsu	Phase II of sewage treatment project at Newport Park, Jingjiang	Sewage treatment	20,000	91.2%	The project is yet to commence construction.
90	Jiangsu	Phase III of sewage treatment project at Newport Park, Jingjiang	Sewage treatment	40,000	91.2%	The project is yet to commence construction.
91	Jiangsu	Phase I of sewage treatment plant project in southern Shuyang	Sewage treatment	30,000	91.2%	The project is in operation.
92	Jiangsu	Phase II of sewage treatment plant project in southern Shuyang	Sewage treatment	30,000	91.2%	The project is in operation.

	Province	Projects of SIIC Environment (continued)	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
93	Jiangsu	Phase I of sewage treatment plant project in Guanyinshan, Nantong	Sewage treatment	25,000	92.2%	The project is in operation.
94	Jiangsu	Phase II of sewage treatment plant project in Guanyinshan, Nantong	Sewage treatment	48,000	92.2%	The project is in operation.
95	Jiangsu	Phase I of sewage treatment plant project in Huangqiao, Taixing	Sewage treatment	25,000	91.2%	The project is in operation.
96	Jiangsu	Phase II of sewage treatment plant project in Huangqiao, Taixing	Sewage treatment	25,000	91.2%	The project is yet to commence construction.
97	Jiangsu	Phase I of sewage treatment plant project in Huangqiao Industrial Park, Taixing	Sewage treatment	10,000	91.2%	The project is under construction.
98	Jiangsu	Phase II of sewage treatment plant project in Huangqiao Industrial Park, Taixing	Sewage treatment	10,000	91.2%	The project is under construction.
99	Jiangsu	Phase I of sewage treatment plant with reclaimed water treatment project in Huangqiao Industrial Park, Taixing	Reclaimed water treatment	3,000	91.2%	The project is yet to commence construction.
100	Jiangsu	Phase II of sewage treatment plant with reclaimed water treatment project in Huangqiao Industrial Park, Taixing	Reclaimed water treatment	3,000	91.2%	The project is yet to commence construction.
101	Jiangxi	Phase I of sewage treatment plant project in Chongren Industrial Park	Sewage treatment	10,000	60%	The project is in trial operation.
102	Jiangxi	Phase I of sewage treatment plant project in Yihuang Industrial Park	Sewage treatment	5,000	60%	The project is in operation.
103	Jiangxi	Phase I of comprehensive sewage treatment plant project in Yongxin Industrial and Development Zone	Sewage treatment	10,000	60%	The project is in trial operation.
104	Jiangxi	Phase I of sewage treatment plant project in Xiaolan Economic and Development Zone, Nanchang	Sewage treatment	25,000	60%	The project is in operation.
105	Jiangxi	Phase II of sewage treatment plant project in Xiaolan Economic and Development Zone, Nanchang	Sewage treatment	50,000	60%	The project is in operation.
106	Jiangxi	Phase I of sewage treatment plant project in Wanzai Industrial Park	Sewage treatment	5,000	60%	The project is in operation.
107	Jiangxi	Sewage treatment plant expansion project in Wanzai Industrial Park	Sewage treatment	7,500	60%	The project is in trial operation.
108	Jiangxi	Phase I of sewage treatment plant project in Yongfeng Industrial Park	Sewage treatment	10,000	60%	The project is in trial operation.
109	Jilin	Sewage treatment plant project in Yingcheng, Jiutai, Changchun	Sewage treatment	15,000	58%	The project is under construction.
110	Jilin	Sewage treatment plant project in Industrial and Development Zone of Panshi	Sewage treatment	10,000	58%	The project is under construction.
111	Jilin	Sewage treatment plant project in Economic and Development Zone of Mincheng	Sewage treatment	2,500	58%	The project is under construction.
112	Jilin	Phase I of sewage treatment plant in Jiaohe	Sewage treatment	15,000	58%	The project is in operation.
113	Jilin	Sewage treatment plant upgrading and reconstruction project in Jiaohe	Sewage treatment	10,000	58%	The project is in operation.

	Province	Projects of SIIC Environment (continued)	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
114	Liaoning	Phase I of sewage treatment plant project in Sanshilibao, Puwan New Zone, Dalian	Sewage treatment	30,000	92.7%	The project is under construction.
115	Liaoning	Sewage treatment plant project in Houhai, Puwan New Zone, Dalian	Sewage treatment	20,000	92.7%	The project is yet to commence construction.
116	Liaoning	Sewage treatment plant project in Dalian Bay	Sewage treatment	40,000	75.5%	The project is in trial operation.
117	Liaoning	Phase II of sewage treatment plant project in Quanshui River, Dalian	Sewage treatment	105,000	75.5%	The project is in trial operation.
118	Liaoning	Sewage treatment plant in northern Economic and Technological Development Zone of Yingkou	Sewage treatment	30,000	60%	The project is in operation.
119	Liaoning	Sewage treatment plant project in Lingshui River, Dalian	Sewage treatment	60,000	86.5%	The project is in operation.
120	Liaoning	Sewage treatment plant upgrading project in Lingshui River, Dalian	Sewage treatment	20,000	86.5%	The project is under construction.
121	Liaoning	Sewage treatment plant project in Tiger Beach, Dalian	Sewage treatment	80,000	75.5%	The project is in operation.
122	Liaoning	Sewage treatment plant upgrading project in Tiger Beach, Dalian	Sewage treatment	10,000	75.5%	The project is under construction.
123	Ningxia Hu Autonomous Region	Phase I of sewage treatment plant no. 5 project in Yinchuan	Sewage treatment	50,000	100%	The project is in operation.
124	Ningxia Hu Autonomous Region	Phase II of sewage treatment plant no. 5 upgrading and expansion project in Yinchuan	Sewage treatment	50,000	100%	The trial operation of the project is completed.
125	Ningxia Hu Autonomous Region	Phase I of sewage treatment plant project in Binhe New Zone, Yinchuan	Sewage treatment	50,000	100%	The project is in operation.
126	Ningxia Hu Autonomous Region	Sewage treatment plant no. 5 with reclaimed water treatment escrow project in Yinchuan	Reclaimed water treatment	50,000	100%	The project is in operation.
127	Shandong	Sewage treatment plant in Dezhou	Sewage treatment	100,000	75.5%	The project is in operation.
128	Shandong	Sewage treatment plant in western Weifang	Sewage treatment	40,000	75.5%	The project is in operation.
129	Shandong	Phase I of sewage treatment plant in Weifang High Technology Industrial Development Zone	Sewage treatment	50,000	75.5%	The project is in operation.
130	Shandong	Sewage treatment plant with reclaimed water treatment project in Weifang	Reclaimed water treatment	38,500	75.5%	The project is in operation.
131	Shandong	Sewage treatment plant relocation and expansion project in Weifang	Sewage treatment	200,000	75.5%	The project is in operation.
132	Shandong	Sewage treatment centre project in Shanting, Zaozhuang	Sewage treatment	20,000	75.5%	The project is in operation.
133	Shandong	Phase I of sewage treatment centre project in Yicheng, Zaozhuang	Sewage treatment	20,000	75.5%	The project is in operation.
134	Shandong	Phase II of sewage treatment centre project in Yicheng, Zaozhuang	Sewage treatment	20,000	75.5%	The project is in operation.
135	Shanghai	Phase I of sewage treatment plant no. 2 project in Qingpu	Sewage treatment	15,000	100%	The project is in operation.

	Province	Projects of SIIC Environment (continued)	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
136	Shanghai	Phase II of sewage treatment plant no. 2 project in Qingpu	Sewage treatment	45,000	100%	The project is in operation.
137	Shanghai	Phase III of sewage treatment plant no. 2 project in Qingpu	Sewage treatment	60,000	100%	The project is in operation.
138	Shanghai	Phase IV of sewage treatment plant no. 2 expansion project in Qingpu	Sewage treatment	60,000	100%	The project is under construction.
139	Shanghai	Sewage treatment plant project in western Fengxian	Sewage treatment	100,000	73.7%	The project is in operation.
140	Shanghai	Sewage treatment plant expansion project in western Fengxian	Sewage treatment	50,000	73.7%	The project is in operation.
141	Shanghai	Phase III of sewage treatment plant expansion project in western Fengxian	Sewage treatment	50,000	73.7%	The project is under construction.
142	Zhejiang	Phase I of sewage treatment plant with pipe network ancillary facilities project in Zhejiang Chemical Raw Material Base Linhai Park	Sewage treatment	12,500	100%	The project is in operation.
143	Zhejiang	Phase I of sewage treatment plant with pipe network ancillary facilities expansion project in Zhejiang Chemical Raw Material Base Linhai Park	Sewage treatment	12,500	100%.	The project is in operation.
144	Zhejiang	First batch of phase I of water purifying plant project in Xiaocaoe, Yuyao	Sewage treatment	60,000	69.1%	The project is in operation.
145	Zhejiang	Second batch of phase I of water purifying plant project in Xiaocaoe, Yuyao	Sewage treatment	60,000	69.1%	The project is in operation.
146	Zhejiang	Sewage treatment plant upgrading and expansion project in Xiaocaoe, Yuyao	Sewage treatment	30,000	69.1%	The project is in operation.
147	Zhejiang	Phase III of city sewage treatment plant upgrading project in Xiaocaoe, Yuyao	Sewage treatment	75,000	69.1%	The project is under construction.
148	Zhejiang	Sewage pretreatment plant project in Zhacai, Yuyao	Sewage treatment	3,000	69.1%	The project is in operation.
149	Zhejiang	Sewage treatment plant upgrading project in Binhai, Huangjiabu, Ningbo	Sewage treatment	30,000	64.5%	The project is in operation.
150	Zhejiang	Phase I of sewage treatment plant expansion project in new zone of Hangzhou Bay, Ningbo	Sewage treatment	90,000	64.5%	The project is in operation.
151	Zhejiang	Sewage treatment plant and artificial wetland entrustment project in northern Cixi	Sewage treatment	100,000	59.9%	The project is in operation.
152	Zhejiang	Phase I of sewage treatment plant in eastern Pinghu	Sewage treatment	50,000	100%	The project is in operation and reconstruction.
153	Zhejiang	Phase I of sewage treatment plant upgrading and technical alteration project in eastern Pinghu	Sewage treatment	40,000	100%	The project is under construction.
154	Zhejiang	Phase II of sewage treatment plant expansion project in eastern Pinghu	Sewage treatment	45,000	100%	The project is under construction.
155	Zhejiang	Phase III of sewage treatment plant expansion project in eastern Pinghu	Sewage treatment	135,000	100%	The project is yet to commence construction.
Total				**9,084,000**		

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	Province	Projects of SIIC Environment	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
Water supply projects						
1	Heilongjiang	Water supply plant no. 1 project in Mudanjiang	Water supply	80,000	58%	The project is in operation.
2	Heilongjiang	Water supply plant no. 2 project in Mudanjiang	Reclaimed water treatment	50,000	58%	• Construction of the project was completed. • The project is yet to commence operation.
3	Heilongjiang	Water supply plant no. 4 project in Mudanjiang	Water supply	170,000	58%	The project is in operation.
4	Heilongjiang	City water supply TOT project in Jiamusi (Xijiao water resource water supply project)	Water supply	160,000	58%	The project is in operation.
5	Heilongjiang	City water supply TOT project in Jiamusi (Jiangbei water supply plant)	Water supply	200,000	58%	The project is in operation.
6	Henan	Water supply plant no. 1 project in Suiping	Water supply	30,000	69.1%	The project is in operation.
7	Henan	Water supply plant no. 2 project in Suiping	Water supply	10,000	69.1%	The project is in operation.
8	Henan	Water supply and sewage treatment plant project in Suiping	Sewage treatment and water supply	80,000	69.1%	The project is in reorganization.
9	Hubei	Water supply plant no. 1 project in Tianmen	Water supply	100,000	100%	The project is in operation.
10	Hubei	Phase I of water supply plant no. 2 project in Tianmen	Water supply	100,000	100%	The project is in operation.
11	Hubei	Water supply project in new countryside in Tianmen	Water supply	N/A	70.0%	The project is in operation.
12	Hubei	Water supply plant expansion project in Qianchuan, Huangpi, Wuhan	Water supply	40,000	100.0%	The project is in operation.
13	Hubei	Water supply plant reserve entrustment project in Qianchuan, Huangpi, Wuhan	Water supply	80,000	100%	The project is in operation.
14	Hubei	Phase I of New Wuhu water supply plant project in Huangpi, Wuhan	Water supply	100,000	100%	The project is in operation.
15	Hunan	Huilongshan water supply plant city water supply project in Yiyang	Water supply	120,000	90%	The project is in operation.
16	Hunan	Phase I of water supply plant no. 3 city water supply project in Yiyang	Water supply	100,000	90%	The project is in operation.
17	Hunan	Phase II of water supply plant no. 3 city water supply expansion project in Yiyang	Water supply	100,000	90%	The project is in operation.
18	Hunan	Water supply plant no. 4 city water supply project in Yiyang	Water supply	200,000	90%	The project is under construction.
19	Shandong	Water supply project in Hanting, Weifang	Water supply	60,000	26.2%	The project is in operation.
20	Shandong	City water supply project in Weifang (Bailanghe water supply plant)	Water supply	120,000	51.3%	The project is in operation.
21	Shandong	City water supply project in Weifang (Gaoxin water distribution plant)	Water supply	200,000	51.3%	The project is in operation.
22	Shandong	General water supply company project in Fangzi, Weifang	Water supply	40,000	26.2%	The project is in operation.
23	Shanxi	Water supply project in citation into Sichuan (south line)	Water supply	55,000	100%	The project is in operation.
Total				**2,195,000**		
Total for water projects				**11,279,000**		

	Province	Projects of SIIC Environment	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
Water incineration projects						
1	Shandong	Household waste incineration thermal power generation project in Wulian	Water incineration	600	82.9%	The project is under construction.
2	Shanghai	Waste incineration thermal power generation project in Pucheng	Water incineration	1,050	50%	The project is in operation.
3	Sichuan	Stage 1 of city household waste incineration thermal power generation project in Dazhou	Water incineration	700	100%	The project is in operation.
4	Sichuan	Stage 2 of city household waste incineration thermal power generation project in Dazhou	Water incineration	350	100%	The project is yet to commence construction.
5	Zhejiang	Waste incineration thermal power generation project in Wenling	Water incineration	1,100	50%	The project is in operation.
Total				**3,800**		

	Province	Projects of SIIC Environment	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
Sludge treatment projects						
1	Heilongjiang	Phase I of sewage treatment plant sludge treatment project in Haerbin	Sludge treatment	650	58%	The project is in operation.
2	Heilongjiang	Phase II of sewage treatment plant sludge treatment project in Haerbin	Sludge treatment	350	58%	The project is in operation.
3	Heilongjiang	Sludge treatment project in Heihe	Sludge treatment	40	57.6%	The project is yet to commence operation.
4	Heilongjiang	Sewage treatment plant sludge treatment project in Jiamusi	Sludge treatment	100	56.4%	The project is in operation.
5	Heilongjiang	Sewage treatment plant sludge treatment project in Mudanjiang	Sludge treatment	150	58%	The project is in operation.
6	Heilongjiang	Sludge treatment plant project in Ningan	Sludge treatment	40	57.5%	The project is in operation.
7	Henan	Sludge treatment project in Xinxiang	Sludge treatment	300	69.1%	The project is in operation.
8	Henan	Phase I of sewage treatment plant sludge treatment project in Nanyang	Sludge treatment	200	69.1%	The project is in operation.
9	Henan	Phase II of sewage treatment plant sludge treatment project in Nanyang	Sludge treatment	100	69.1%	The project is in operation.
10	Hubei	Sludge treatment project in Hanxi, Wuhan	Sludge treatment	325	80%	The project is in trial operation.
Total				**2,255**		

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	Province	Projects of General Water of China	Project type	Daily production capacity (tonnes)	Interest attributable to General Water of China	Project progress
Sewage treatment projects						
1	Auhui	Sewage treatment plant projects nos. 2, 3 and 4 in Bengbu	Sewage treatment	350,000	100%	The project is in operation.
2	Auhui	Sewage treatment project in Suzhou	Sewage treatment	100,000	80%	The project is under construction.
3	Fujian	Sewage treatment project in Xiamen	Sewage treatment	1,202,500	55%	The project is in operation.
4	Guangdong	Sewage treatment plant project in Longhua, Shenzhen	Sewage treatment	150,000	90%	The project is in operation.
5	Heilongjiang	City sewage treatment project in Suifenhe	Sewage treatment	20,000	100%	The project is in operation.
6	Hunan	Sewage treatment project in river east of Xiangtan	Sewage treatment	150,000	100%	The project is in operation.
7	Zhejiang	Sewage treatment project in the new zone of eastern Huzhou	Sewage treatment	50,000	100%	The project is in operation.
8	Zhejiang	Sewage treatment project in Huzhou	Sewage treatment	15,000	100%	The project is in operation.
9	Zhejiang	Sewage treatment plant upgrading entrustment project in the new zone of eastern Wenzhou	Sewage treatment	50,000	N/A	The project is in operation.
10	Zhejiang	Sewage treatment project in eastern Wenzhou	Sewage treatment	150,000	100%	The project is in operation.
11	Zhejiang	Sewage treatment project in central Wenzhou	Sewage treatment	200,000	70%	The project is in operation.
Total				**2,437,500**		

	Province	Projects of General Water of China	Project type	Daily production capacity (tonnes)	Interest attributable to General Water of China	Project progress
Water supply/water generating projects						
1	Auhui	Water supply project in Bengbu	Water supply	705,000	60%	The project is in operation.
2	Auhui	Water supply project in Guzhen	Water supply	100,000	60%	The project is in operation.
3	Auhui	Water supply project in Huaiyuan	Water supply	97,000	60%	Bidding of the project was won.
4	Fujian	Water generation project in Xiamen	Water generation	1,565,000	45%	The project is in operation.
5	Heilongjiang	Wuhua mountain reservoir project and water supply project in Suifenhe	Water supply	305,000	100%	The project is in operation.
6	Hubei	Water supply project in Xiangyang	Water supply	953,000	50%	The project is in operation.
7	Hunan	Water supply project in Xiangtan	Water supply	425,000	70%	The project is in operation.
8	Zhejiang	Reservoir and water induction project in Tiger Lake, Huzhou	Water supply	200,000	100%	The project is in operation.
9	Zhejiang	GWC sewage treatment (water supply plant) project in Huzhou	Water supply	12,000	100%	The project is in operation.
Total				**4,362,000**		
Total for water projects				**6,799,500**		

NEW BUSINESS ARENA

As at the end of June 2018, the total photovoltaic assets capacity of Shanghai Galaxy (the Group currently accounts for its 45% equity interest) and its 85% owned subsidiary, Galaxy Energy, reached 560MW. The total amount of on-grid electricity sold from 11 photovoltaic power stations was approximately 422 million kWh, representing an increase of 19.6% over the same period last year. During the period, the photovoltaic team continued to strengthen in-depth studies on macro policies, industry dynamics and the capital market and also followed up potential quality acquisition projects. In the first half of the year, the Ningdong Taike project and the Xinzhou Taike project under Shanghai Galaxy and Galaxy Energy have been successfully listed in the Renewable Energy Tariff Subsidies Catalogue.

In June 2018, the Company (through its wholly-owned subsidiary) and Shanghai Pharmaceuticals, a subsidiary of the parent company, both as cornerstone investors, subscribed for CIRC's H shares for approximately HK$257 million and HK$173 million, respectively, representing approximately 3.7% and 2.5% of the total enlarged share capital of CIRC. The investment has provided the Group with an opportunity to participate in the nuclear medicine industry with higher entry barriers and to develop more potential projects in the field with stable growth.

In July 2018, Shanghai Jiyun, a wholly-owned subsidiary of the Company, Shangtou Asset and Shanghai Galaxy, subsidiaries under the parent company, established a joint venture company in Shanghai, the PRC with a contribution of RMB200 million, RMB200 million and RMB100 million, respectively. The joint venture company then completed the acquisition of a 30% interest of Green Energy through public bidding by way of capital increases at the end of August and entered the area of investing in the offshore wind power stations industry.

REAL ESTATE

During the period, the real estate segment achieved stable growth and satisfactory performance with a profit of HK$587 million, representing a year-on-year increase of 64.3% and accounting for 28.0% of the Group's Net Business Profit. In addition to enhancing its sales strategies and boosting its sales, the Group continued to strengthen its property management business to increase its operational efficiency for investment property assets. As the Company holds 49% interest of Shanghai Bay under SI Development in Qingpu, Shanghai, the profit shared on the booked sales upon delivery of the properties during the period contributed to the remarkable growth in profit of the real estate business.

SI Development

Following its working principles of "comprehensive planning, thorough reforms, steady development and proactive operation", SI Development successfully strengthened its management capability, optimized its operations, streamlined its resources and capital structure, and broadened the profit base for its principal businesses. During the period, the company continued to strive for changes and carried out innovative reforms to accelerate the transformation and upgrading of its business and explore rooms for new development amidst competitions in the market.

Brought about by property sales from a number of projects, SI Development recorded a revenue of RMB3,769 million for the period, representing an increase of 56.7% over the same period last year. Net profit for the period amounted to RMB277 million, representing an increase of 21.8% over the same period last year. Property sales booked for the period amounted to RMB2,416 million, which mainly included Hi-Shanghai in Chongqing, Hi-Shanghai in Chengdu, International Beer City in Qingdao and Shanghai Bay in Qingpu, Shanghai, consisting of a gross floor area of 128,188 square meters. Contract sales amounted to RMB3,511 million, arising from such projects as A New Era in the City in Jiading, Shanghai, Shanghai Bay in Qingpu, Shanghai, Sea Palace in Quanzhou, Hi-Shanghai in Hangzhou, SIIC Tianlan Bay in Huzhou and International Beer City in Qingdao, with a gross floor area of 191,300 square meters. Rental income for the first half of the year amounted to HK$227 million.

In November last year, a wholly-owned subsidiary of SI Development acquired the entire equity interest in Shenda Property and SUD Commercial from Shanghai Urban Development, a non wholly-owned subsidiary of SI Urban Development, at a consideration of RMB70,000,000 and RMB17,000,000, respectively. With the completion of the transaction and management takeover in the first half of the year, SI Development was able to establish a united platform for its property management business, laying a solid foundation for modular and organized management practices.

SI Urban Development

SI Urban Development recorded a revenue of HK$3,839 million for the first half of 2018, representing a decrease of 9.1% as compared with the same period last year. Profits attributable to shareholders for the period amounted to HK$254 million, representing a decrease of 19.5%. Properties delivered during the period mainly included Urban Cradle and Grand Mansion in Shanghai, accounting for a gross floor area of 71,000 square meters. Rental income for the first half year was approximately HK$345 million. Contract sales amounted to RMB2,275 million, representing a gross floor area of 110,000 square meters, which mainly included Urban Cradle in Shanghai, Originally in Xi'an and Shenyang • U Center.

SI Urban Development (through its subsidiaries) entered into respective agreements with a wholly-owned subsidiary of SIIC, in January and February 2018, to acquire a 100% equity interest in Shangtou Real Estate for approximately RMB531 million and a 35% equity interest in NR Investment for RMB88.34 million. The acquisitions enabled SI Urban Development to expand its investments to primary and secondary land development business in Shanghai, which complements its principal business. The acquisitions are also in line with the Group's strategic integration framework for its real estate segment.

TODTOWN is the first 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, SHK Properties and the Shanghai government, and represents one of the key projects of SI Urban Development in 2018. The residential portion of TODTOWN Phase I was launched in the market in August 2018.

In April 2018, SI Urban Development disposed of its 26.01% indirect shareholding in the "Sweet Sea" development project in Fuzhou, China to another investor (a connected person) for a consideration of RMB176.75 million. The project included residential and commercial properties with a total saleable area of 965,296 square meters. The disposal was in line with SI Urban Development's business strategy of having Shanghai as its base and focusing on the Yangtze River Delta and core first-and second-tier cities in China for its property development.

In April 2018, construction work for the U Plaza Privilege+ project under SI Urban Development in Chanba, Xi'an officially commenced. With the introduction of many premier brands as anchor tenants, the company signed rental contracts for over 90% of the Plaza's available leasing space. With a total site area of approximately 85,000 square meters, the project consists of three blocks of boutique units and a U Plaza shopping mall covering an area of almost 30,000 square meters which will be held by the Group as investment properties. The Plaza is being positioned as a multi-functional commercial centre with a boutique lifestyle living which will consist of exquisite facilities and retail areas, a cinema city with large screens, high-end supermarkets, trendy casual wear stores, children entertainment areas, specialty restaurants and lifestyle household items. U Plaza Privilege+ has established a star-level benchmark and laid a solid foundation for SI Development's property investment and management business.

In July 2018, SI Urban Development entered into a land use right transfer contract through its wholly-owned subsidiary to acquire a parcel of land located in Meilong Town, Minhang District, Shanghai from Shanghai Land Bureau, at a consideration of RMB522.53 million, with a site area of 20,571.9 square meters for commercial purposes. The acquisition is to obtain new land resources for commercial and office buildings at a reasonable risk level and capital cost, which is in line with the long-term business development strategy of SI Urban Development.

Set out below is a summary of the major property development projects of the Group as at 30 June 2018:

Major Development Properties

	City	Projects of SI Development	Type of property	Interest attributable to SI Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold during the period (square meters)	Total GPA sold (square meters)	Expected date of completion
1	Kaifu District, Changsha	Fengsheng Building	Residential and commercial	90%	5,468	70,566	421	16,595	Completed
2	Chenghua District, Chengdu	Hi-Shanghai	Commercial and residential	100%	61,506	254,885	5,786	180,713	Completed
3	Beibei District, Chongqing	Hi-Shanghai	Residential and commercial	100%	30,843	74,935	3,329	50,565	2019
4	Yuhang District, Hangzhou	Hi-Shanghai (Phase I)	Residential and commercial	85%	74,864	230,484	8,899	–	2018
5	Yuhang District, Hangzhou	Hi-Shanghai (Phase II)	Residential and commercial	85%	59,640	198,203	47,608	–	2019
6	Wuxing District, Huzhou	SIIC Garden Hotel	Hotel and commercial	100%	116,458	47,177	–	–	Completed
7	Wuxing District, Huzhou	Hurun Commercial Plaza	Commercial	100%	13,661	27,322	–	–	Under planning
8	Wuxing District, Huzhou	SIIC Tianlan Bay	Residential and commercial	100%	115,647	193,292	65,227	–	2019
9	Wuxing District, Huzhou	SIIC Yungjing Bay	Residential	100%	68,471	207,906	–	–	2020
10	Shilaoren National Tourist Resort, Qingdao	International Beer City	Composite	100%	227,675	787,000	17,808	310,341	2014 to 2018, in phases
11	Fengze District, Quanzhou	Sea Palace	Residential and commercial	51%	170,133	1,064,099	16,309	–	2017 to 2021, in phases
12	Jiading District, Shanghai	A New Era in the City	Residential and commercial	100%	58,949	163,351	11,369	–	2019
13	Jiading District, Shanghai	Essence of Shanghai	Residential and commercial	100%	32,991	75,559	–	31,468	Completed
14	Jing'an District, Shanghai	Territory Shanghai	Residential	100%	32,512	114,737	–	76,768	2017
15	Jinshan District, Shanghai	Flos Granti	Residential	100%	135,144	214,143	1,995	189,791	Completed
16	Qingpu District, Shanghai	Belle Rive	Villa	51%	315,073	59,577	–	18,152	Completed
17	Qingpu District, Shanghai	Shanghai Bay	Residential	51%	808,572	621,662	14,152	197,050	2011 to 2021, in phases
18	Qingpu District, Shanghai	He Villa/Sea County	Residential	51%	162,708	121,683	51	83,496 (carpark included)	Completed
19	Qingpu District, Shanghai	Shanghai International Art Centre	Composite	100%	194,956	120,363	3,378	86,105	Completed
20	Hongkou District, Shanghai	North Bund Project	Commercial and office	44%	23,037	230,568	–	–	2021
Sub-total					**2,708,308**	**4,877,512**			

	City	Projects of SI Urban Development	Type of property	Interest attributable to SI Urban Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold during the period (square meters)	Total GPA sold (square meters)	Expected date of completion
1	Chaoying District, Beijing	American Rock	Residential and commercial	100%	121,499	523,833	–	454,563	Completed
2	Chaoying District, Beijing	Youngman Point	Residential and commercial	100%	112,700	348,664	–	258,814	2007 to 2021, in phases
3	Haidian District, Beijing	West Diaoyutai	Residential	90%	42,541	250,930	–	172,069	2007 to 2021, in phases
4	Wancheng District, Changsha	Forest Sea	Residential and commercial	67%	679,620	1,032,534	2,755	304,972	2007 to 2025, in phases
5	Jiulongpo District, Chongqing	Top City	Residential, commercial and office	100%	120,014	786,233	–	376,095	Completed
6	Huaqiao Town, Kunshan	Yoooou.net	Commercial and office	30.7%	34,223	129,498	45	63,020	Completed
7	Zhoushi Town, Kushan	Royal Villa	Residential	53.1%	205,017	267,701	4,330	213,375	Completed
8	Baoshan District, Shanghai	Shangtou New Good City	Residential	100%	118,880	306,167	–	–	2019 to 2020, in phases
9	Minhang District, Shanghai	Urban Cradle	Residential and commercial	53.1%	943,000	1,226,298	13,971	783,011	2007 to 2022, in phases
10	Minhang District, Shanghai	Shanghai Jing City	Residential and commercial	59%	301,908	772,885	335	560,409	2012 to 2019, in phases
11	Minhang District, Shanghai	TODTOWN	Residential, commercial, hotel, office and apartment office	20.7%	117,825	605,000	–	–	2018 to 2022, in phases
12	Minhang District, Shanghai	Contemporary Art Villas	Residential	100%	116,308	71,822	–	31,705	2018 to 2022, in phases
13	Minhang District, Shanghai	Contemporary Splendour Villas	Residential	100%	120,512	191,636	–	–	2018 to 2022, in phases
14	Minhang District, Shanghai	Shangtou Xinhong	Residential	90%	69,495	212,347	–	–	2021
15	Songjiang District, Shanghai	Shanghai Youth City	Commercial and office	100%	57,944	212,130	–	139,840	Completed
16	Xuhui Binjiang Shanghai	Binjiang U Center	Office and commercial	35.4%	77,371	525,888	–	–	2019 to 2021, in phases
17	Heping District, Shenyang	Shenyang • U Centre	Commercial, office and serviced apartment	80%	22,651	228,768	14,429	34,175	2015 to 2018, in phases
18	Futian District, Shenzhen	China Phoenix Tower	Residential, commercial and office	91%	11,038	106,190	–	78,343	Completed
19	Nankai District, Tianjian	Laochengxiang	Residential, commercial and office	100%	244,252	752,883	–	578,266	2006 to 2019, in phases
20	Binghu District, Wuxi	Urban Development International Center	Commercial, hotel, office and serviced apartment	59%	24,041	193,368	–	42,303	Completed
21	Chanba Ecotope, Xi'an	Originally	Residential, commercial and hotel	71.5%	2,101,967	3,899,867	65,852	2,299,760	2008 to 2022, in phases
Sub-total					**5,642,806**	**12,644,642**			

	City	Projects of the Company	Type of property	Interest attributable to the Company	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold during the period (square meters)	Total GPA sold (square meters)	Expected date of completion
1	Qingpu District, Shanghai	Belle Rive	Villa	49%	315,073	59,577	–	18,152	Completed
2	Qingpu District, Shanghai	Shanghai Bay	Residential	49%	808,572	621,662	14,152	197,050	2011 to 2021, in phases
3	Qingpu District, Shanghai	He Villa/Sea County	Residential	49%	162,708	121,683	51	83,496 (carpark included)	Completed
Sub-total					**1,286,353[1]**	**802,922[1]**			
Total					**9,637,467[1]**	**18,325,076[1]**			

Major Future Development Projects

	City	Projects of SI Development	Project type	Interest attributable to SI Development	Approximate site area (square meters)	Planned total GFA (square meters)	Expected date of completion
1	Qingpu District, Shanghai	Zhujiajiao Lot D2	Residential and commercial	51%	349,168	289,568	2020
2	Wuzhong District, Suzhou	Sudi Lot 2017-WG-10	Residential	100%	40,817	126,881	2020
Sub-total					**389,985**	**416,449**	

	City	Projects of the Company	Project type	Interest attributable to the Company	Approximate site area (square meters)	Planned total GFA (square meters)	Expected date of completion
1	Qingpu District, Shanghai	Zhujiajiao Lot D2	Residential and commercial	49%	349,168	289,568	2020
2	Qingpu District, Shanghai	Shanghai Lot F	Villa	10%	350,533	175,267	Under planning
3	Qingpu District, Shanghai	Shanghai Lot G	Villa	10%	401,274	200,637	Under planning
Sub-total					**1,100,975[1]**	**665,472[1]**	
Total					**1,490,960[1]**	**1,081,921[1]**	

Major Investment projects

	City	Projects of SI Development	Project type	Interest attributable to SI Development	Total GPA for investment properties (square meters)
1	Wenjiang District, Chengdu	Orchard Forest Commercial Building	Commercial	100%	1,396
2	Qingdao Economic Development Zone	Dali Plaza	Commercial	76%	21,495
3	Laoshan District, Qingdao	Shanghai Industrial Investment Centre	Office	100%	27,812
4	Changning District, Shanghai	Super Ocean Finance Center	Office	100%	2,321
5	Changning District, Shanghai	United 88	Office	100%	48,291 (carpark included)
			Commercial	100%	25,396 (carpark included)
6	Hongkou District, Shanghai	Gao Yang Commercial Centre	Office	100%	26,668
7	Hongkou District, Shanghai	Gao Yang Hotel	Office	100%	3,847
8	Huangpu District, Shanghai	Golden Bell Plaza	Office	100%	12,270
			Office	90%	47,211 (carpark included)
9	Huangpu District, Shanghai	Huangpu Estate	Commercial	100%	20,918 (carpark included)
10	Huangpu District, Shanghai	No. 108 Haichao Road	Commercial	100%	474
11	Jing'an District, Shanghai	Territory Shanghai	Commercial	100%	2,413 (carpark included)
12	Pudong New District, Shanghai	No. 1111 Shangchuan Road	Industrial Building	100%	40,208
13	Pudong New District, Shanghai	Huashen Building	Office	100%	344
14	Xuhui District, Shanghai	Shanghai Industrial Investment Building	Office	100%	10,089
			Office	74%	23,154 (carpark included)
15	Xuhui District, Shanghai	Yonglong Building	Office	100%	798
16	Yangpu District, Shanghai	Hi-Shanghai	Commercial	100%	44,027 (carpark included)
17	Zhabei District, Shanghai	No. 235 Zhongshan Road North (portion)	Office	100%	1,434
18	Xiqing District, Tianjin	Rhine Town	Commercial	100%	5,961
Sub-total					**366,527**

	City	Projects of SI Urban Development	Project type	Interest attributable to SI Urban Development	Total GPA for investment properties (square meters)
1	Chaoyang District, Beijing	Youngman Point	Commercial	100%	19,768[2]
2	Jiulongpo District, Chongqing	Top City	Commercial and parking lot	100%	251,847[2]
3	Changning District, Shanghai	ShanghaiMart	Exhibition, transaction market, office building and parking lot	51%	284,651
4	Minhang District, Shanghai	Contemporary Art Villas	Villa	100%	43,976[2]
5	Songjiang District, Shanghai	Shanghai Youth City	Commercial	100%	16,349[2]
6	Xuhui District, Shanghai	Urban Development International Tower	Office	59%	45,239
7	Xuhui District, Shanghai	YOYO Tower	Commercial	59%	13,839
8	Futian District, Shenzhen	China Phoenix Tower	Office	91%	1,048[2]
9	Shanghai and Tianjin	Others	Commercial, office building and parking lot	59%	9,249
Sub-total					**685,966**
Total					**1,052,493**

Notes:
1. There are duplicate figures in the GPA of Belle Rive, Shanghai Bay and He Villa/Sea County and Zhujiajiao Lot D2 in Shanghai.
2. Such total GFAs are duplicate figures, which have been included in the Major Development Properties table.

CONSUMER PRODUCTS

For the first half of 2018, the consumer products business contributed a profit of HK$547 million to the Group, representing an increase of 0.4% over the same period last year and accounting for 26.1% of the Group's Net Business Profit. During the period, the Group has successfully transformed the operation model of its consumer products business. Nanyang Brothers achieved sound and stable growth, and continued to upgrade its brands and launch new products in the market, while the company has also made considerable efforts to speed up the technical transformation of its projects. The dual transformation approach adopted by Wing Fat Printing saw good progress, enabling a stable and healthy development for the company.

Tobacco

With the aim of consolidating its operations and exceling its performance, Nanyang Tobacco has established a refined operation model that is led by the market for its supply, production and sales strategies. To facilitate this, the company has established a heterotypic cigarette operating system under its flexible production lines and also technology and product innovation platforms which are in line with the company's development strategy, thus laying a strong foundation for the development of the company. Revenue for the period was HK$1,589 million, representing a year-on-year increase of 3.7%; profit after tax was HK$485 million, basically the same as compared with the same period of last year.

For the period under review, Nanyang Tobacco maintained a strong momentum in the development of its exquisite and innovative products. The company has kept abreast of the market for the production of fancy cigarettes, successfully moving along with the trends of the market and stepping up its pace for the development of new and competitive brands. In the first half of the year, focus has been made on upgrading and replacement of products while launching new brands, such as the Double Happiness upgraded versions: Nanyang Classic and Classic Deluxe Roundbox, Double Happiness Ta Shee and Pearl of the Orient (the first milk tea flavour product of Nanyang Tobacco). Classic Deluxe Roundbox upgraded version has been launched in China, duty-free shops, Hong Kong airport and overseas markets. The launch of Double Happiness Ta Shee was well received by the market when it was launched in Hong Kong in May this year. Pearl of the Orient has become the opening product of DUTY ZERO store, the new duty-free shop at Hong Kong Airport. Retail prices of the mainland market and the duty-free market were increased, thus improving the product structure and raising the level of its profitability.

During the period, Nanyang Tobacco actively promoted the construction of its flexible production lines. The objective of this is to build up a versatile processing line that can accommodate the production of a variety of cigarette specifications, multiple packaging forms and rapid switching of specifications. In the second half of the year, Nanyang Tobacco will accordingly install and examine the necessary equipment required for the production lines; and engage in the upgrading and expansion of projects for the canned production line, including expanding exquisite canned processing lines to improve production capacity and efficiency, transforming existing exquisite processing lines to flexibly convert specifications and producing heterotypic canned cigarettes, and further transforming existing processing lines for popular Double Happiness brands and replacement of old equipment.

Printing

Wing Fat Printing recorded a revenue of HK$775 million for the first half of 2018, representing a year-on-year increase of 34.0%. Net profit amounted to HK$64.50 million, which were basically the same as compared with the same period of last year. During the period, revenue from both the printing and packaging business and the high-end exquisite moulded fiber packaging business achieved a double-digit growth.

With the bottoming out of the market from last year, the printing and packaging business further showed a promising development trend while the moulded-fiber packaging business continued to maintain a consistent growth momentum. However, as affected by ever rising raw paper prices, higher labour costs and severe price competitions in the low-end price market, the overall gross profit margin for the first half of the year somehow decreased as compared with the same period last year. In addition, the company experienced enormous pressure from its operations as inevitable expenditures for market expansion and research and development remained high during the development of scale process. In the second half of the year, the company will continue to make efforts to maintain its first half year's revenue growth, while actively resort to internal improvement for minimizing cost and increasing efficiency, building up a solid foundation for its businesses, and striving to further improve its scale and return.

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KEY FIGURES

	2018	2017 (restated)	Change %
	unaudited		
	Six months ended 30 June		
Results			
Results			
Revenue (HK$'000)	**15,338,734**	12,141,119	26.3
Profit attributable to owners of the Company (HK$'000)	**1,981,860**	1,616,327	22.6
Earnings per share – basic (HK$)	**1.823**	1.487	22.6
Dividend per share – interim (HK cents)	**48**	46	
Dividend payout ratio	**26.3%**	30.9%	
Interest cover (note (a))	**6.6 times**	6.7 times	

	unaudited 30 June	(restated) 31 December	Change %
Financial Position			
Total assets (HK$'000)	**171,205,134**	174,382,141	-1.8
Equity attributable to owners of the Company (HK$'000)	**42,282,382**	41,742,566	1.3
Net assets per share (HK$)	**38.89**	38.39	1.3
Net debt ratio (note (b))	**67.09%**	47.40%	
Gearing ratio (note (c))	**43.01%**	42.78%	
Number of shares in issue (shares)	**1,087,211,600**	1,087,211,600	

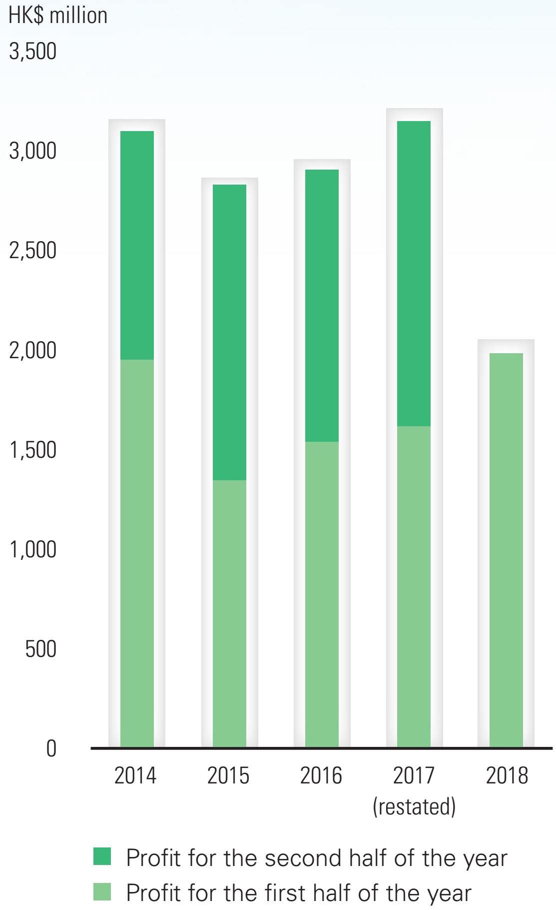
Note (a): (profit before taxation, interest expenses, depreciation and amortization)/interest expenses
Note (b): (interest-bearing loans-cash)/equity attributable to owners of the Company
Note (c): interest-bearing loans/(equity attributable to owners of the Company + non-controlling interests + interest-bearing loans)

Note: The Company's non-wholly owned subsidiary, SI Urban Development has adopted the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants to account for its acquisitions of Shanghai Shangtou Real Estate Investment Company Limited from SIIC. The comparative figures for 2017 contained in this Financial Review had been restated accordingly.

I ANALYSIS OF FINANCIAL RESULTS

1 Profit attributable to owners of the Company

For the six months ended 30 June 2018, the Group recorded a profit attributable to owners of the Company of HK$1,981.86 million, an increase of HK$365.53 million or approximately 22.6% as compared to the same period of 2017.

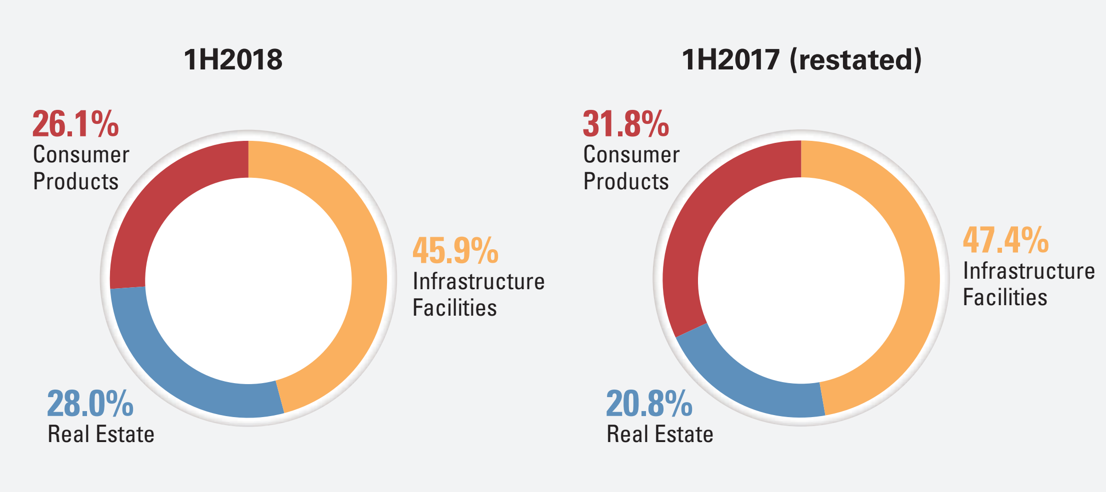


2 Profit Contribution from Each Business

The profit contributed by each business in the Group for the first half of 2018 and the comparative figures of the same period last year was summarized as follows:

	2018	2017 (restated)	Change %
	unaudited		
	Six months ended 30 June		
	HK$'000	HK$'000	
Infrastructure Facilities	**962,637**	813,185	18.4
Real Estate	**586,872**	357,166	64.3
Consumer Products	**546,843**	544,586	0.4
	2,096,352	1,714,937	22.2

Financial Review



Net profit from the infrastructure facilities business for the period was approximately HK$962.64 million, accounting for 45.9% of Net Business Profit, and representing a year-on-year increase of 18.4%.

For toll roads and bridge business, benefiting from major overhauls of the Shen-Hai Expressway (Jiajin Section) that resulted in the diversion of some vehicles to the Jing-Hu Expressway (Shanghai Section) as well as natural traffic flow growth, Jing-Hu Expressway (Shanghai Section) and Hu-Kun Expressway (Shanghai Section) traffic increased by 7.1% and 3.0% respectively. The Hu-Yu Expressway (Shanghai Section) was affected by the closure of the temporary ramps at Huting North Road, resulting in a decline in traffic flow of 3.2% year-on-year. It is also benefited from the Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd.'s increase in shareholding of Zhejiang Wufangzhai Industrial Co., Ltd. in June last year which brought about sharing in profits, as well as increase in profits contributed by the 23.0584% equity interests in Hangzhou Bay Bridge. As a result, the toll roads and bridge business recorded a year-on-year increase in profit of 11.9%.

For water services business, an increase in profit of 37.4% was recorded. SIIC Environment's profit attributable to shareholders increased by 6.5% year-on-year after offsetting the listing expenses incurred during the first quarter of this year. However, the profit contribution from SIIC Environment to the Company recorded 29.9% increase due to the Company's increase of more than 9% year-on-year shareholdings in SIIC Environment. The result of General Water of China was driven by increases in operating income of the project companies, resulting in a considerable year-on-year increase in profits. The business also benefited from profits contributed by Canvest Environmental Protection Group Company Limited, which was invested at the end of March last year, with an increase in profit contribution of HK$16.11 million year-on-year.

The real estate business recorded a profit of approximately HK$586.87 million, accounting for 28.0% of the Net Business Profit, and representing an increase of approximately HK$229.71 million over the same period of 2017. As the Company holds 49% interest of Shanghai Bay under SI Development in Qingpu, Shanghai, the profit shared on the booked sales upon delivery of the properties during the period contributed to the remarkable growth in profit of the real estate business.

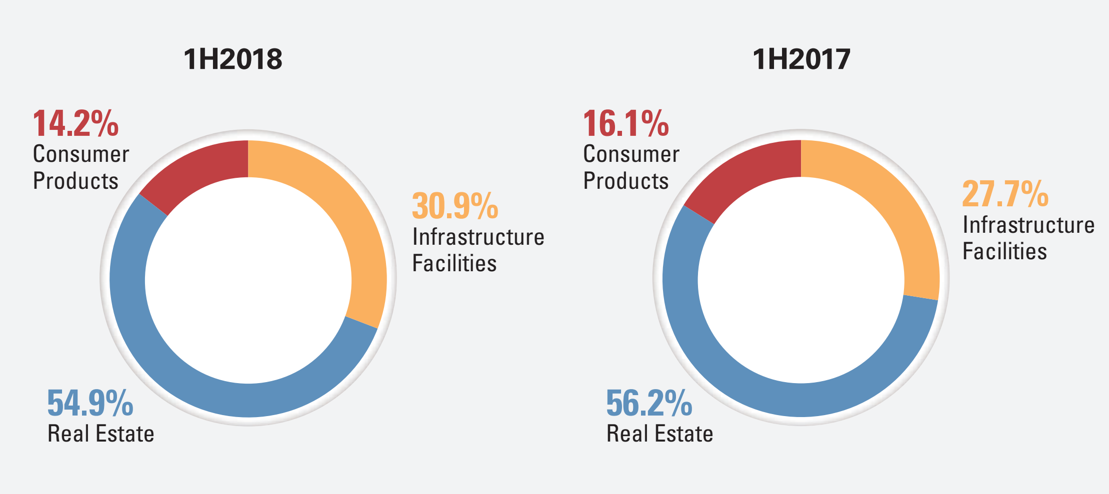
Profit attributable to shareholders by SI Urban Development included the disposal profits from Shenda Property and SUD Commercial to SI Development. As these disposals were inter-company transactions of the Group, relevant disposal profits were eliminated and not reflected in profits contribution to the Group. In addition, the profit contribution from SI Urban Development and SI Development was recorded a year-on-year decrease of 34.4% and increase of 19.2% respectively, mainly attributable to the change in amount and margin of property sales booked.

The consumer products business recorded a net profit of HK$546.84 million for the period, accounting for 26.1% of Net Business Profit, and representing a year-on-year increase of 0.4%. Despite an increase in revenue of cigarettes of 3.7% during the period, due to increases in material costs and manufacturing expenses, the net profit of Nanyang Tobacco remained stable. Wing Fat Printing contributed a net profit of HK$61.54 million for the period, representing a year-on-year increase of 3.2%, mainly due to the increase in profits contribution by moulded fiber packaging business during the period.

3 Revenue

The Group's revenue by principal activities for the first half of 2018 and the comparatives of the same period last year was summarized as follows:

	2018 unaudited	2017	Change
	Six months ended 30 June		%
	HK$'000	HK$'000	
Infrastructure Facilities	**4,736,303**	3,357,638	41.1
Real Estate	**8,419,516**	6,828,966	23.3
Consumer Products	**2,182,915**	1,954,515	11.7
	15,338,734	12,141,119	26.3



In the first half of 2018, the Group's revenue amounted to approximately HK$15,338.73 million, representing a year-on-year increase of 26.3%, mainly due to increases in property sales booked by SI Development and construction revenue from SIIC Environment as compared to the same period last year.

The increase in revenue of the infrastructure facilities business was attributable to the revenue of SIIC Environment increased across all categories in the first half of the year, among which the higher construction revenue was mainly due to relatively higher amount of construction activities in progress as compared to the same period last year, resulting in an increase in revenue of SIIC Environment by approximately HK$1,241.53 million.

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

Sales of moulded fiber packaging business of Wing Fat Printing rose during the period as compared to the same period last year, driving up revenue growth from the consumer products business by approximately 11.7%.

4 Profit before Taxation

(1) Gross profit margin

Compared to the same period of 2017, gross profit margin decreased by 5.1 percentage points, mainly due to an increase in the proportion of property services income in real estate business and construction revenue in water services business, both with relatively low gross profit margin, during the period.

(2) Other income, gains and losses

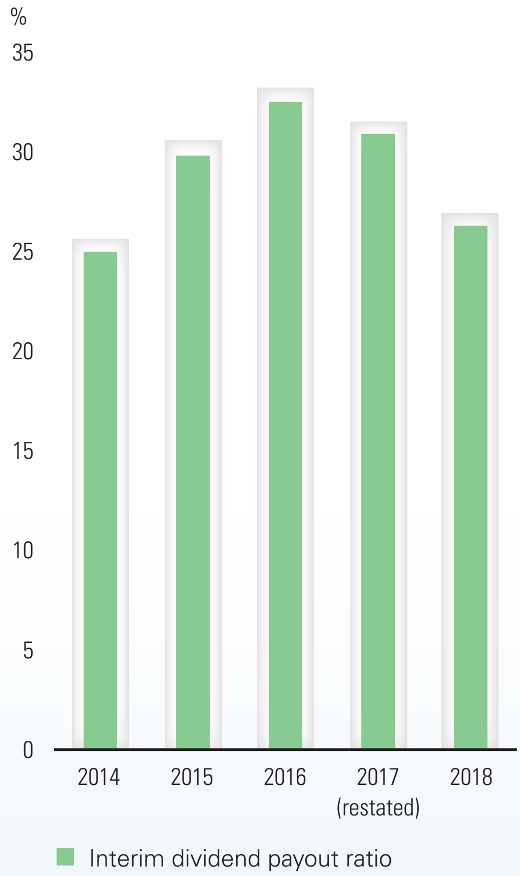
During the period, other income, gains and losses decreased as compared to the same period last year, mainly due to changes in the fair value of investment properties which recorded a net loss during the period, against a net gain recorded for the same period last year.

(3) Gain on disposal of a subsidiary

The gain for the period was mainly attributable to the disposal of a subsidiary which holds 26.01% equity interests in the Fuzhou project, and a profit before taxation of HK$155.14 million was recorded, while no disposal gain was recorded during the same period last year.

5 Dividend

The Board of Directors of the Group has resolved to declare an interim dividend of HK48 cents per share, an increase of 4.3% as compared with 2017 interim dividend of HK46 cents per share. The interim dividend payout ratio is 26.3% (2017 interim: 30.9%).

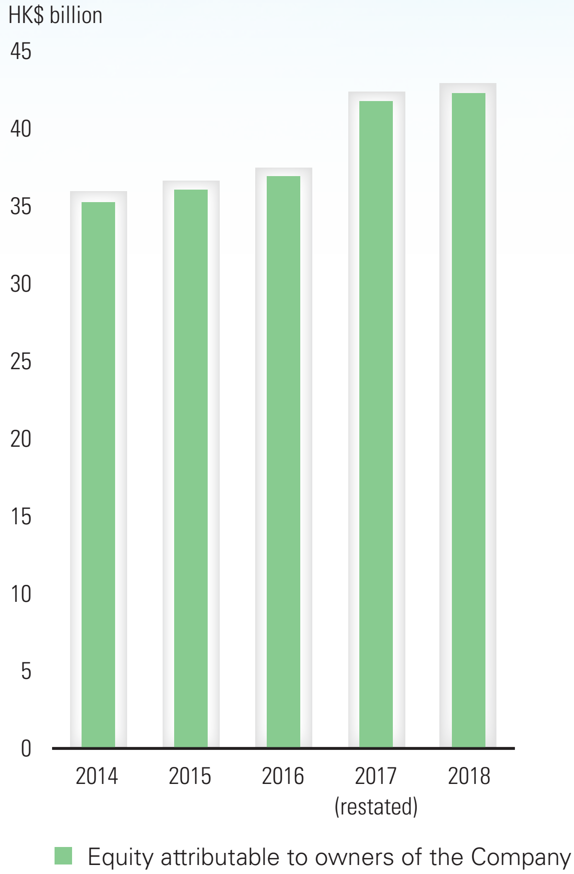


II FINANCIAL POSITION OF THE GROUP

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 2018. There is no change compared with 1,087,211,600 shares as at the end of 2017.

Equities attributable to owners of the Company reached HK$42,282.38 million as at 30 June 2018, 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

As at 30 June 2018, the total borrowings of the Group including bank borrowings and other borrowings amounted to approximately HK$54,280.45 million (31 December 2017: HK$53,212.36 million), of which 66.0% (31 December 2017: 64.0%) was unsecured credit facilities. The proportions of US dollars, Renminbi and HK dollars of total borrowings were 3%, 84% and 13% (31 December 2017: 3%, 84% and 13%) respectively.

(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$10,421,946,000 (31 December 2017: HK$12,056,862,000);
(b) leasehold land and buildings with an aggregate carrying value of HK$143,905,000 (31 December 2017: HK$150,233,000);
(c) plant and machineries with an aggregate carrying value of HK$30,994,000 (31 December 2017: HK$34,601,000);
(d) one (31 December 2017: one) toll road operating right with a carrying value of HK$2,287,208,000 (31 December 2017: HK$2,410,356,000);
(e) receivables under service concession arrangements with an aggregate carrying value of HK$10,479,832,000 (31 December 2017: HK$10,131,288,000);
(f) properties under development held for sale with an aggregate carrying value of HK$2,094,758,000 (31 December 2017: HK$1,930,280,000);

(g) properties held for sale with an aggregate carrying value of HK$710,648,000 (31 December 2017: 338,443,000);
(h) trade receivables with an aggregate carrying value of HK$67,284,000 (31 December 2017: HK$10,694,000);
(i) bank deposits with an aggregate carrying value of HK$628,491,000 (31 December 2017: HK$751,162,000); and
(j) land use right with an aggregate carrying value of HK$577,753,000 (31 December 2017: HK$943,160,000).

(3) Contingent liabilities

As at 30 June 2018, the guarantees given to banks by the Group in respect of banking facilities utilised by property buyers and joint ventures amounted to approximately HK$5,851.08 million and HK$2,589.48 million (31 December 2017: HK$4,652.21 million and HK$2,164.27 million) respectively.

3 Capital Commitments

As at 30 June 2018, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK$7,197.85 million (31 December 2017: HK$5,800.32 million). The Group had sufficient internal resources and/or through loan markets to finance its capital expenditures.

4 Bank Balances and Short-term Investments

As at 30 June 2018, bank balances and short-term investments held by the Group amounted to HK$25,915.11 million (31 December 2017: HK$33,426.37 million) and HK$580.29 million (31 December 2017: HK$483.05 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances were 2%, 84% and 14% (31 December 2017: 3%, 86% and 11%) respectively. Short-term investments mainly consisted of investments such as bonds, Hong Kong and PRC listed shares.

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

III MANAGEMENT POLICIES FOR FINANCIAL RISK

1 Currency Risk

The Group mainly operates in China and the Hong Kong Special Administrative Region and the exposure in exchange rate risks mainly arise from fluctuations in the US dollar, Singapore dollar, HK dollar and Renminbi exchange rates. The management monitors foreign currency exposure and will consider hedging significant foreign currency exposures and adopting suitable measures when necessary.

2 Interest Rate Risk

The Group's fair value and cash flow interest rate risks mainly relate to fixed and variable rates borrowings. In order to exercise prudent management against interest rates risks, the Group continues to review market trends against its business operations and financial position in order to arrange the most effective interest rate risk management tools.

3 Price Risk

The Group's price risks are mainly concentrated on equity instruments quoted in the HKSE and the Shanghai Stock Exchange. The management strictly monitors this exposure by maintaining a portfolio of investments with different levels of risks. In addition, a special team has been appointed by the management to monitor price risks and hedging against such risk exposures will be made should the need arises.

4 Credit Risk

The Group's principal financial assets are receivables under concession arrangements, contract assets, pledged bank deposits, short-term bank deposits, bank balances and cash, securities and debt investments and trade and other receivables. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the condensed consolidated statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made according to the Group's accounting policy or where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

With respect to the credit risk of the Group's treasury operations, all bank balances and cash, securities and debt investments of the Group must be placed and entered into with sound and reputable financial institutions. Strict requirements and restrictions in relation to the outstanding amount and credit ratings on securities and debt investments to be held are followed in order to minimize the Group's credit risk exposures.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF SHANGHAI INDUSTRIAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shanghai Industrial Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 78, which comprise the condensed consolidated statement of financial position as of 30 June 2018, and the related 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 for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 August 2018

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2018

	NOTES	Six months ended 30 June 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited and restated)
Revenue	4	**15,338,734**	12,141,119
Cost of sales		**(9,117,496)**	(6,597,774)
Gross profit		**6,221,238**	5,543,345
Net investment income		**376,554**	313,079
Other income, gains and losses		**112,502**	467,578
Selling and distribution costs		**(565,054)**	(526,208)
Administrative and other expenses		**(907,019)**	(814,415)
Finance costs		**(986,919)**	(878,757)
Share of results of joint ventures		**150,804**	135,915
Share of results of associates		**117,155**	46,116
Gain on disposal of a subsidiary	18	**155,140**	–
Profit before taxation		**4,674,401**	4,286,653
Income tax expense	5	**(1,835,356)**	(1,702,910)
Profit for the period	6	**2,839,045**	2,583,743
Profit for the period attributable to			
– Owners of the Company		**1,981,860**	1,616,327
– Non-controlling interests		**857,185**	967,416
		2,839,045	2,583,743
Earnings per share	8		
		HK$	HK$
– Basic		**1.823**	1.487
– Diluted		**1.823**	1.486

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	Six months ended 30 June 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited and restated)
Profit for the period	**2,839,045**	2,583,743
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss		
Fair value change on equity instruments at fair value through other comprehensive income held by subsidiaries, net of tax	**(18,740)**	–
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
– subsidiaries	**(845,902)**	1,589,597
– joint ventures	**(54,923)**	125,727
– associates	**(51,770)**	119,591
Fair value change on available-for-sale investments held by subsidiaries	**–**	25,344
Release of reserve upon deemed disposal of available-for-sale investments	**–**	(40,401)
Other comprehensive (expense) income for the period	**(971,335)**	1,819,858
Total comprehensive income for the period	**1,867,710**	4,403,601
Total comprehensive income for the period attributable to		
– Owners of the Company	**1,414,194**	2,595,200
– Non-controlling interests	**453,516**	1,808,401
	1,867,710	4,403,601

Condensed Consolidated Statement of Financial Position

At 30 June 2018

	NOTES	30 June 2018 HK$'000 (unaudited)	31 December 2017 HK$'000 (restated)
Non-Current Assets			
Investment properties	9	**22,361,135**	22,629,653
Property, plant and equipment	9	**4,956,720**	5,027,205
Prepaid lease payments – non-current portion		**246,888**	254,159
Toll road operating rights		**9,177,546**	9,718,405
Goodwill		**855,208**	848,012
Other intangible assets	9	**8,067,618**	7,895,262
Interests in joint ventures		**3,886,497**	3,861,399
Interests in associates		**5,116,939**	5,076,505
Investments	10	**1,268,238**	820,747
Receivables under service concession arrangements – non-current portion		**17,470,320**	15,875,734
Deposits paid on acquisition of subsidiaries/ property, plant and equipment		**418,047**	526,706
Other non-current receivables		**26,384**	26,739
Deferred tax assets		**298,016**	320,781
		74,149,556	72,881,307
Current Assets			
Inventories	11	**52,196,937**	52,833,604
Trade and other receivables	12	**15,584,905**	12,376,498
Contract assets		**857,924**	–
Prepaid lease payments – current portion		**5,633**	5,707
Investments	10	**580,291**	483,045
Receivables under service concession arrangements – current portion		**364,084**	330,247
Amounts due from customers for contract work		**–**	1,291,540
Prepaid taxation		**1,020,179**	753,827
Pledged bank deposits		**628,491**	751,162
Short-term bank deposits		**133,107**	537,466
Bank balances and cash		**25,153,516**	32,137,738
		96,525,067	101,500,834
Assets classified as held for sale	17	**530,511**	–
		97,055,578	101,500,834

Condensed Consolidated Statement of Financial Position

At 30 June 2018

	NOTES	30 June 2018 HK$'000 (unaudited)	31 December 2017 HK$'000 (restated)
Current Liabilities			
Trade and other payables	13	**16,260,579**	19,289,195
Contract liabilities	14	**15,521,913**	–
Customer deposits from sales of properties	14	**–**	16,579,420
Amounts due to customers for contract work		**–**	20,084
Taxation payable		**3,483,298**	4,306,790
Bank and other borrowings	15	**12,576,330**	11,816,974
Convertible bonds		**–**	33,449
		47,842,120	52,045,912
Liabilities associated with assets classified as held for sale	17	**137,062**	–
		47,979,182	52,045,912
Net Current Assets		**49,076,396**	49,454,922
Total Assets less Current Liabilities		**123,225,952**	122,336,229
Capital and Reserves			
Share capital		**13,649,839**	13,649,839
Reserves		**28,632,543**	28,092,727
Equity attributable to owners of the Company		**42,282,382**	41,742,566
Non-controlling interests		**29,639,354**	29,445,374
Total Equity		**71,921,736**	71,187,940
Non-Current Liabilities			
Provision for major overhauls		**94,217**	85,333
Bank and other borrowings	15	**41,657,515**	41,305,437
Deferred tax liabilities		**9,552,484**	9,757,519
		51,304,216	51,148,289
Total Equity and Non-Current Liabilities		**123,225,952**	122,336,229

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Attributable to owners of the Company											Attributable to non-controlling interests			
	Share capital	Share options reserve	Convertible bonds equity reserve	Other revaluation reserve	Other reserve	Merger reserve	Investment revaluation reserve	Translation reserve	PRC statutory reserves	Retained profits	Sub-total	Share options reserve of listed subsidiaries	Share of net assets of subsidiaries	Sub-total	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(Note i)	(Note ii)	(Note iii)			(Note iv)						
At 1 January 2017 (audited and as previously reported)	13,633,449	1,928	939	54,855	2,034,247	(5,777,185)	382,026	(587,664)	1,558,409	25,615,285	36,916,289	48,202	25,508,026	25,556,228	62,472,517
Effect of inclusion of Shangtou Real Estate Group (note 2)	–	–	–	–	–	186,830	–	–	8,732	(17,815)	177,747	–	81,131	81,131	258,878
At 1 January 2017 (restated)	13,633,449	1,928	939	54,855	2,034,247	(5,590,355)	382,026	(587,664)	1,567,141	25,597,470	37,094,036	48,202	25,589,157	25,637,359	62,731,395
Profit for the period, as restated	–	–	–	–	–	–	–	–	–	1,616,327	1,616,327	–	967,416	967,416	2,583,743
Exchange differences arising on translation of foreign operations															
– subsidiaries, as restated	–	–	–	–	–	–	–	759,725	–	–	759,725	–	829,872	829,872	1,589,597
– joint ventures	–	–	–	–	–	–	–	125,727	–	–	125,727	–	–	–	125,727
– associates	–	–	–	–	–	–	–	119,591	–	–	119,591	–	–	–	119,591
Fair value change on available-for-sale investments held by subsidiaries	–	–	–	–	–	–	14,231	–	–	–	14,231	–	11,113	11,113	25,344
Release of reserve upon deemed disposal of available-for-sale investments	–	–	–	–	–	–	(40,401)	–	–	–	(40,401)	–	–	–	(40,401)
Total comprehensive (expense) income for the period (restated)	–	–	–	–	–	–	(26,170)	1,005,043	–	1,616,327	2,595,200	–	1,808,401	1,808,401	4,403,601
Issue of shares upon exercise of share options	16,390	(1,093)	–	–	–	–	–	–	–	–	15,297	–	–	–	15,297
Lapse of share options	–	(835)	–	–	–	–	–	–	–	835	–	–	–	–	–
Transfers	–	–	–	–	–	–	–	–	115,737	(115,737)	–	–	–	–	–
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	20,205	20,205	20,205
Capital injection in a listed subsidiary upon shares placement	–	–	–	–	(56,246)	–	–	–	–	–	(56,246)	–	56,246	56,246	–
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(251,272)	(251,272)	(251,272)
Repurchase of shares by a listed subsidiary	–	–	–	–	(337)	–	–	–	–	–	(337)	–	(144)	(144)	(481)
Dividends paid (note 7)	–	–	–	–	–	–	–	–	–	(500,117)	(500,117)	–	–	–	(500,117)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(469,518)	(469,518)	(469,518)
At 30 June 2017 (unaudited and restated)	13,649,839	–	939	54,855	1,977,664	(5,590,355)	355,856	417,379	1,682,878	26,598,778	39,147,833	48,202	26,753,075	26,801,277	65,949,110

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Attributable to owners of the Company										Attributable to non-controlling interests			
	Share capital HK$'000	Convertible bonds equity reserve HK$'000	Other revaluation reserve HK$'000 (Note i)	Other reserve HK$'000 (Note ii)	Merger reserve HK$'000 (Note iii)	Investment revaluation reserve HK$'000	Translation reserve HK$'000	PRC statutory reserves HK$'000 (Note iv)	Retained profits HK$'000	Sub-total HK$'000	Share options reserve of listed subsidiaries HK$'000	Share of net assets of subsidiaries HK$'000	Sub-total HK$'000	Total HK$'000
At 1 January 2018 (audited and as previously reported)	13,649,839	939	54,855	1,977,211	(5,777,185)	329,674	2,080,513	1,823,013	27,440,993	41,579,852	31,892	29,341,488	29,373,380	70,953,232
Effect of inclusion of Shangtou Real Estate Group (note 2)	-	-	-	-	186,830	-	3,316	8,732	(36,164)	162,714	-	71,994	71,994	234,708
Effect of application of HKFRS 9 (note 3)	-	-	-	-	-	(256,794)	-	-	256,794	-	-	-	-	-
At 1 January 2018 (restated)	13,649,839	939	54,855	1,977,211	(5,590,355)	72,880	2,083,829	1,831,745	27,661,623	41,742,566	31,892	29,413,482	29,445,374	71,187,940
Profit for the period	-	-	-	-	-	-	-	-	1,981,860	1,981,860	-	857,185	857,185	2,839,045
Exchange differences arising on translation of foreign operations														
– subsidiaries	-	-	-	-	-	-	(447,863)	-	-	(447,863)	-	(398,039)	(398,039)	(845,902)
– joint ventures	-	-	-	-	-	-	(54,923)	-	-	(54,923)	-	-	-	(54,923)
– associates	-	-	-	-	-	-	(51,770)	-	-	(51,770)	-	-	-	(51,770)
Fair value change on equity investments at fair value through other comprehensive income held by subsidiaries, net of tax	-	-	-	-	-	(13,110)	-	-	-	(13,110)	-	(5,630)	(5,630)	(18,740)
Total comprehensive (expense) income for the period	-	-	-	-	-	(13,110)	(554,556)	-	1,981,860	1,414,194	-	453,516	453,516	1,867,710
Transfer upon maturity of convertible bonds	-	(939)	-	-	-	-	-	-	939	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	78,078	(78,078)	-	-	-	-	-
Capital contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	18,779	18,779	18,779
Release of reserve upon disposal of partial interest of joint ventures	-	-	-	(3,520)	-	-	-	-	-	(3,520)	-	-	-	(3,520)
Acquisition of subsidiaries (note 16)	-	-	-	-	-	-	-	-	-	-	-	95,500	95,500	95,500
Acquisition of additional interest in a listed subsidiary	-	-	-	9,866	-	-	-	-	-	9,866	-	(32,906)	(32,906)	(23,040)
Distributions of carved-out assets and liabilities of subsidiaries (note v)	-	-	-	-	(358,862)	-	-	-	-	(358,862)	-	-	-	(358,862)
Dividends paid (note 7)	-	-	-	-	-	-	-	-	(521,862)	(521,862)	-	-	-	(521,862)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(340,909)	(340,909)	(340,909)
At 30 June 2018 (unaudited)	13,649,839	-	54,855	1,983,557	(5,949,217)	59,770	1,529,273	1,909,823	29,044,482	42,282,382	31,892	29,607,462	29,639,354	71,921,736

Notes:

(i) Other revaluation reserve is comprised of fair value adjustments on acquisition of subsidiaries relating to interests previously held by the Company and its subsidiaries (collectively referred to as the "Group") as associates/joint ventures and fair value adjustments arising upon the transfer of property, plant and equipment to investment properties in prior years.

(ii) The Group accounts for acquisitions of associates, joint ventures or investee companies from its ultimate parent, Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), as equity transactions and any difference between the consideration paid and the fair value of the interest acquired is recorded in other reserve. In addition, the Group accounts for changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over those subsidiaries as equity transactions and any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recorded in other reserve.

(iii) Merger reserve represents the difference in the fair value of the consideration paid to SIIC for the acquisition of subsidiaries/businesses controlled by SIIC and the share capital of the acquired subsidiaries.

(iv) The statutory reserves are reserves required by the relevant laws in the People's Republic of China (the "PRC") applicable to the Group's PRC subsidiaries, joint ventures and associates.

(v) As detailed in note 2, the Group through a listed subsidiary namely Shanghai Industrial Urban Development Group Limited ("SI Urban Development") acquired Shangtou Real Estate Group (as defined in note 2). The acquisition was completed in April 2018 and certain assets and liabilities with carrying amounts of RMB298,247,000 (equivalent to HK$369,186,000) and RMB8,340,000 (equivalently to HK$10,324,000) respectively, of Shangtou Real Estate Group were carved-out and distributed to an entity controlled by Shangtou Asset (as defined in note 2) at nil consideration. This transaction is regarded as distribution to SIIC and the carrying amount of the net assets being carved-out and derecognised is debited to merger reserve.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	NOTES	Six months ended 30 June 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited and restated)
Net cash (used in) from operating activities		**(4,646,969)**	1,261,013
Net cash used in investing activities:			
Acquisition of Shangtou Real Estate Group	2	**(587,005)**	–
Purchase of financial assets at FVTPL		**(451,108)**	(294)
Development costs paid for investment properties		**(234,091)**	(68,153)
Net cash outflow on acquisition of subsidiaries	16	**(189,054)**	(125,390)
Advance to a joint venture		**(142,231)**	–
Advance to a fellow subsidiary		**(118,526)**	–
Acquisition of associates		**(116,709)**	(1,234,082)
Purchase of property, plant and equipment		**(58,253)**	(128,734)
Deposits paid for acquisition of property, plant and equipment		**(11,971)**	(80,116)
Decrease in pledged/short-term bank deposits		**529,350**	9,660
Interest received		**375,166**	282,636
Deposits received for disposal of a subsidiary	17	**235,171**	–
Net cash inflow on disposal of subsidiaries	18	**220,858**	339,290
Dividend income received from investments		**4,430**	1,929
Proceeds from disposal of available-for-sale investments		**–**	11,573
Other investing cash flows		**(129,988)**	(90,307)
		(673,961)	(1,081,988)
Net cash (used in) from financing activities:			
Repayment of bank and other borrowings		**(4,363,068)**	(6,131,296)
Repayment to related parties		**(1,189,095)**	(135,716)
Interest paid		**(986,830)**	(878,397)
Dividends paid		**(521,862)**	(500,117)
Dividends paid to non-controlling interests		**(340,909)**	(469,518)
Redemption of convertible bonds upon maturity		**(33,538)**	–
Acquisition of additional interest in a listed subsidiary		**(23,040)**	–
Bank and other borrowings raised		**6,072,536**	8,353,680
Capital contributions by non-controlling interests		**18,779**	20,205
Acquisition of additional interests in a subsidiary		**–**	(251,272)
Repurchase of shares by a listed subsidiary		**–**	(481)
Proceeds from issue of shares upon exercise of share options		**–**	15,297
		(1,367,027)	22,385
Net (decrease) increase in cash and cash equivalents		**(6,687,957)**	201,410
Cash and cash equivalents at beginning of the period		**32,137,738**	31,533,394
Effect of foreign exchange rate changes		**(270,602)**	734,727
Cash and cash equivalents at ending of the period		**25,179,179**	32,469,531
Cash and cash equivalents at end of the period represented by:			
Bank balances and cash		**25,153,516**	32,469,531
Bank balances and cash classified as assets held for sale		**25,663**	–
		25,179,179	32,469,531

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (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 2017 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 2017 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 the financial statements for the year ended 31 December 2017. 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 407(3) of the Hong Kong Companies Ordinance.

2. 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 April 2018, the Group, through a listed subsidiary namely SI Urban Development, acquired 100% equity interest in 上海市上投房地產投資有限公司 (Shanghai Shangtou Real Estate Investment Co., Ltd.) ("Shangtou Real Estate") (together with its subsidiaries collectively referred to as "Shangtou Real Estate Group"), from SIIC excluding certain carved-out investment properties and inventories, at a cash consideration of RMB530,827,000 (equivalent to HK$657,086,000). Pursuant to terms and conditions set out in the acquisition agreement, certain assets and liabilities of Shangtou Real Estate Group would be transferred to an entity controlled by 上海上投資產經營有限公司 (Shanghai Shangtou Asset Operations Co., Ltd.) ("Shangtou Asset") at nil consideration prior to the completion of the acquisition. Shangtou Real Estate was established in the PRC and principally engaged in land development.

In applying AG 5 to the acquisition of Shangtou Real Estate, the condensed consolidated statement of financial position of the Group as at 1 January 2017 and 31 December 2017 have been restated to include the assets and liabilities of Shangtou Real Estate Group as if they were within the Group on these respective dates (see below for the financial impact). 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 for the six months ended 30 June 2017 have also been restated to include the financial performance, changes in equity and cash flows of Shangtou Real Estate Group as if they were within the Group since 1 January 2017 (also see below for financial impact).

2. MERGER ACCOUNTING AND RESTATEMENTS (continued)

The effects of acquisition of Shangtou Real Estate Group using merger accounting on the condensed consolidated statement of profit or loss for the six months ended 30 June 2017 are as follows:

		Business combination of entities under common control	
	HK$'000 (unaudited and as previously reported)	HK$'000	HK$'000 (unaudited and restated)
Revenue	12,141,119	–	12,141,119
Cost of sales	(6,597,774)	–	(6,597,774)
Gross profit	5,543,345	–	5,543,345
Net investment income	313,079	–	313,079
Other income, gains and losses	458,720	8,858	467,578
Selling and distribution costs	(523,362)	(2,846)	(526,208)
Administrative and other expenses	(810,602)	(3,813)	(814,415)
Finance costs	(869,917)	(8,840)	(878,757)
Share of results of joint ventures	135,915	–	135,915
Share of results of associates	46,116	–	46,116
Profit (loss) before taxation	4,293,294	(6,641)	4,286,653
Income tax expense	(1,702,768)	(142)	(1,702,910)
Profit (loss) for the period	2,590,526	(6,783)	2,583,743
Profit (loss) for the period attributable to			
– Owners of the Company	1,620,946	(4,619)	1,616,327
– Non-controlling interests	969,580	(2,164)	967,416
	2,590,526	(6,783)	2,583,743

	HK$ (unaudited and as previously reported)	HK$	HK$ (unaudited and restated)
Earnings per share			
– Basic	1.492	(0.005)	1.487
– Diluted	1.491	(0.005)	1.486

2. MERGER ACCOUNTING AND RESTATEMENTS (continued)

The effects of acquisition of Shangtou Real Estate Group using merger accounting on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2017 are as follows:

	HK$'000 (unaudited and as previously reported)	Business combination of entities under common control HK$'000	HK$'000 (unaudited and restated)
Profit (loss) for the period	2,590,526	(6,783)	2,583,743
Other comprehensive income for the period	1,811,934	7,924	1,819,858
Total comprehensive income for the period	4,402,460	1,141	4,403,601
Total comprehensive income for the period attributable to			
– Owners of the Company	2,594,378	822	2,595,200
– Non-controlling interests	1,808,082	319	1,808,401
	4,402,460	1,141	4,403,601

2. MERGER ACCOUNTING AND RESTATEMENTS (continued)

The effects of the adoption of merger accounting on the condensed consolidated statement of financial position as at 31 December 2017 are as follows:

	HK$'000 (audited and as previously reported)	Business Combination of entities under common control HK$'000 (Note)	HK$'000 (restated)
Non-Current Assets			
Investment properties	22,615,656	13,997	22,629,653
Property, plant and equipment	5,026,406	799	5,027,205
Investments	796,723	24,024	820,747
Deferred tax assets	308,927	11,854	320,781
Other non-current assets	44,082,921	–	44,082,921
	72,830,633	50,674	72,881,307
Current Assets			
Inventories	51,884,480	949,124	52,833,604
Trade and other receivables	10,823,840	1,552,658	12,376,498
Bank balances and cash	31,637,868	499,870	32,137,738
Other current assets	4,152,994	–	4,152,994
	98,499,182	3,001,652	101,500,834
Current Liabilities			
Trade and other payables	17,358,400	1,194,546	18,552,946
Consideration payables for acquisition of subsidiaries	98,619	637,630	736,249
Customer deposits from sales of properties	15,997,582	581,838	16,579,420
Taxation payable	4,305,406	1,384	4,306,790
Bank and other borrowings	11,703,042	113,932	11,816,974
Other current liabilities	53,533	–	53,533
	49,516,582	2,529,330	52,045,912
Net Current Assets	48,982,600	472,322	49,454,922
Total Assets less Current Liabilities	121,813,233	522,996	122,336,229
Capital and Reserves			
Share capital	13,649,839	–	13,649,839
Reserves	27,930,013	162,714	28,092,727
Equity attributable to owners of the Company	41,579,852	162,714	41,742,566
Non-controlling interests	29,373,380	71,994	29,445,374
Total Equity	70,953,232	234,708	71,187,940
Non-Current Liabilities			
Bank and other borrowings	41,017,149	288,288	41,305,437
Other non-current liabilities	9,842,852	–	9,842,852
	50,860,001	288,288	51,148,289
Total Equity and Non-Current Liabilities	121,813,233	522,996	122,336,229

2. MERGER ACCOUNTING AND RESTATEMENTS (continued)

Note: These adjustments are to include the assets and liabilities of Shangtou Real Estate Group as at 31 December 2017 into the Company's condensed consolidated financial statements.

The adjustments to consideration payables for acquisition of subsidiaries represented the cash consideration payable by the Group for acquisition of Shangtou Real Estate Group.

3. 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.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts and the related interpretations".

The Group recognises revenue from the following major sources:

- Infrastructure facilities, including investments in toll road projects and water-related business;
- Real estate, including property development and investment and hotel operation; and
- Consumer products, including manufacture and sales of cigarettes, packaging materials and printed products.

Revenue from financial income from service concession arrangements will be accounted for in accordance with HKFRS 9, whereas revenue from leasing of investment properties will continue to be accounted for in accordance with HKAS 17 "Leases".

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed as at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (continued)

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (continued)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customers.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (continued)

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such cost (sales commissions in relation to the sales of properties), as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (continued)

3.1.2 Summary of effects arising from initial application of HKFRS 15

Infrastructure facilities

The Group's revenue from infrastructure facilities segment represents i) toll road fee income and ii) income from water-related business, comprising construction income, operating and maintenance income from service concession arrangements and other service income.

Toll road fee income and other service income are recognised over time using the output method by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefit provided by the Group's performance.

Revenue from operating and maintenance income from water-related business under service concession arrangement is recognised at a point in time when the Group has transmitted to the customers and the customers accepted the water supplied or when the wastewater treatment service is rendered.

For construction income from construction contracts, which previously being accounted for under HKAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to the date of initial application of HKFRS 15. Amounts due from/ to customers for contract work are reclassified to contract assets and contract liabilities, as appropriate.

Real Estate

The Group's revenue under real estate segment represents income from sales of properties, property service and management and hotel operations.

Revenue from sales of properties is recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from sales of properties is recognised when the respective properties have been completed and delivered to the customers, which is a point in time when customers have the ability to direct the use of the properties and obtain substantially all of the remaining benefits of the properties. Deposits received from customers prior to meeting the aforementioned revenue recognition criteria are regarded as the contract liabilities.

Revenue from provision of property management service is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation as the customers simultaneously receive and consume the benefits provided by the Group when the Group renders the service.

Revenue from hotel operations is recognised over time. The Group's performance obligations in relation to the hotel operations mainly represent granting customers a right to access hotel's facilities, products and services. The customers simultaneously receive and consume the benefits provided by the Group in running the hotels.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (continued)

3.1.2 Summary of effects arising from initial application of HKFRS 15 (continued)

Consumer Products

The Group's revenue from consumer products segments represents income from the manufacture and sales of cigarettes, packaging materials and printed products and are recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from sales of consumer products is recognised when the products are delivered and titled are passed to customers, which is the point of time when the control of products is transferred to the customer and the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

On the whole, the application of HKFRS 15 has no material impact on the opening retained profits or for the period ended 30 June 2018. The following table summarises the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 1 January 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS15 at 1 January 2018
		HK$'000	HK$'000	HK$'000
Current Assets				
Amounts due from customers for contract work	(a)	1,291,540	(1,291,540)	–
Contract assets	(a)	–	1,291,540	1,291,540
Current Liabilities				
Amounts due to customers for contract work	(a)	20,084	(20,084)	–
Customer deposits from sales of properties	(b)	16,579,420	(16,579,420)	–
Contract liabilities	(a),(b)	–	16,599,504	16,599,504

Notes:

(a) In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. HK$1,291,540,000 and HK$20,084,000 of amounts due from/to customers for contract work were reclassified to contract assets and contract liabilities respectively.

(b) As at 1 January 2018, customer deposits from sales of properties of HK$16,579,420,000 were reclassified to contract liabilities.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (continued)

3.1.2 Summary of effects arising from initial application of HKFRS 15 (continued)

The following table summarises the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Current Assets			
Amounts due from customers for contract work	–	857,924	857,924
Contract assets	857,924	(857,924)	–
Current Liabilities			
Amounts due to customers for contract work	–	21,913	21,913
Customer deposits from sales of properties	–	15,500,000	15,500,000
Contract liabilities	15,521,913	(15,521,913)	–

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"

In the current interim period, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, contract assets and financial guarantee contracts and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" (continued)

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" (continued)

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Classification and measurement of financial assets (continued)

Equity instruments designated as at FVTOCI (continued)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "net investment income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "net investment income" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 3.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, contract assets, receivables under service concession arrangements, pledged bank deposits, short-term bank deposits, bank balances and cash and financial guarantee contracts). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" (continued)

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" (continued)

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" (continued)

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

Measurement and recognition of ECL (continued)

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets, contract assets and financial guarantee contracts for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No additional impairment allowance was recognised as at 1 January 2018 as the amount is considered not material.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" (continued)

3.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Notes	Available–for-sale investments HK$'000	Financial assets designated as at FVTPL HK$'000	Financial assets at FVTPL required by HKAS 39/HKFRS 9 HK$'000	Equity instruments at FVTPL HK$'000	Equity instruments at FVTOCI HK$'000	Contract assets HK$'000	Investment Revaluation reserve HK$'000	Retained earnings HK$'000
Closing balance at 31 December 2017 (as previously reported) – HKAS 39		796,723	217,593	265,452	–	–	–	329,674	27,440,993
Effect of inclusion of Shangtou Real Estate (note 2)		24,024	–	–	–	–	–	–	(36,164)
Closing balance at 31 December 2017 (restated in note 2) – HKAS 39		820,747	217,593	265,452	–	–	–	329,674	27,404,829
Effect arising from initial application of HKFRS 15:	3.1.2	–	–	–	–	–	1,291,540	–	–
Effect arising from initial application of HKFRS 9:									
Reclassification									
From available-for-sale investments	(a)	(820,747)	–	–	547,289	273,458	–	(256,794)	256,794
From financial assets designated as at FVTPL	(b)	–	(217,593)	217,593	–	–	–	–	–
Opening balance at 1 January 2018 – HKFRS 9		–	–	483,045	547,289	273,458	1,291,540	72,880	27,661,623

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" (continued)

3.2.2 Summary of effects arising from initial application of HKFRS 9 (continued)

(a) Available-for-sale investments

From AFS equity investments to FVTOCI

The Group elected to present in OCI for the fair value changes of qualified equity investments previously classified as available-for-sale according to the different objectives for each business model, of which HK$118,800,000 related to unlisted equity securities previously measured at cost less impairment under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future.

At the date of initial application of HKFRS 9, HK$273,458,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, of which HK$118,800,000 related to unlisted equity securities previously measured at cost less impairment under HKAS 39. No fair value gains or losses relating to those unlisted equity securities previously carried at cost less impairment were accumulated as at 1 January 2018. The fair value gains of HK$72,880,000 relating to those investments previously carried at fair value continued to accumulate in investment revaluation reserve.

From AFS equity investments to FVTPL

At the date of initial application of HKFRS 9, the Group's equity investments of HK$547,289,000 were reclassified from available-for-sale investments to financial assets at FVTPL. No fair value gains or losses relating to those unlisted equity investments previously carried at cost less impairment were accumulated as at 1 January 2018. The fair value gains of HK$256,794,000 relating to those investments previously carried at fair value were transferred from investment revaluation reserve to retained profits.

The directors of the Company consider that the carrying amounts of unlisted equity investments previously stated as at 31 December 2017 are approximate to their fair value.

(b) Financial assets at FVTPL and/or designated as at FVTPL

At the date of initial application, the Group no longer applied designation as measured at FVTPL for the portfolio of financial assets which is managed and its performance is evaluated on a fair value basis, as these financial assets are required to be measured at FVTPL under HKFRS 9. As a result, the fair value of these investments of HK$217,593,000 were reclassified from financial assets designated as at FVTPL to financial assets at FVTPL.

The remaining investments are equity securities held for trading which are required to be classified as FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

For the six months ended 30 June 2018

4. REVENUE AND SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (i.e. the board of directors of the Company) for the purposes of resource allocation and performance assessment, are as follows:

Infrastructure facilities	–	investment in toll road projects and water-related business
Real estate	–	property development and investment and hotel operation
Consumer products	–	manufacture and sale of cigarettes, packaging materials and printed products

The above operating segments also represent the Group's reportable segments.

Disaggregation of Revenue

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Sales of goods and services		
Sales of properties	**6,499,441**	5,691,239
Sales of goods	**2,182,915**	1,954,515
Income from infrastructure facilities, other than financial income from service concession arrangements		
– toll road operation	**1,268,092**	1,130,958
– water-related service		
– construction and other revenue	**1,864,315**	965,029
– operating and maintenance income from service concession arrangements and service income	**1,093,966**	881,147
Property services and management income	**1,213,069**	626,255
Income from hotel operations	**134,623**	68,109
Revenue from goods and services	**14,256,421**	11,317,252
Financial income from service concession arrangements	**509,930**	380,504
Rental income	**572,383**	443,363
	15,338,734	12,141,119
Timing of revenue recognition of revenue from goods and services		
A point in time	**9,776,322**	8,526,901
Overtime	**4,480,099**	2,790,351
	14,256,421	11,317,252

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results

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

Six months ended 30 June 2018 (unaudited)

	Infrastructure facilities HK$'000	Real estate HK$'000	Consumer products HK$'000	Unallocated HK$'000	Consolidated HK$'000
REVENUE					
Segment revenue – external sales	4,736,303	8,419,516	2,182,915	–	15,338,734
Segment operating profit	1,546,218	3,018,496	663,333	10,174	5,238,221
Finance costs	(322,398)	(594,421)	(1,405)	(68,695)	(986,919)
Share of results of joint ventures	150,141	663	–	–	150,804
Share of results of associates	122,711	(7,642)	2,086	–	117,155
Gain on disposal of a subsidiary	–	155,140	–	–	155,140
Segment profit (loss) before taxation	1,496,672	2,572,236	664,014	(58,521)	4,674,401
Income tax expense	(289,805)	(1,375,441)	(114,139)	(55,971)	(1,835,356)
Segment profit (loss) after taxation	1,206,867	1,196,795	549,875	(114,492)	2,839,045
Less: profit attributable to non-controlling interests	(244,230)	(609,923)	(3,032)	–	(857,185)
Segment profit (loss) after taxation attributable to owners of the Company	962,637	586,872	546,843	(114,492)	1,981,860

Six months ended 30 June 2017 (unaudited and restated)

	Infrastructure facilities HK$'000	Real estate HK$'000	Consumer products HK$'000	Unallocated HK$'000	Consolidated 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	2,874,355	661,726	(6,648)	4,983,379
Finance costs	(290,213)	(563,947)	(1,918)	(22,679)	(878,757)
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	2,289,860	662,109	(29,327)	4,286,653
Income tax expense	(287,722)	(1,237,594)	(108,311)	(69,283)	(1,702,910)
Segment profit (loss) after taxation	1,076,289	1,052,266	553,798	(98,610)	2,583,743
Less: profit attributable to non-controlling interests	(263,104)	(695,100)	(9,212)	–	(967,416)
Segment profit (loss) after taxation attributable to owners of the Company	813,185	357,166	544,586	(98,610)	1,616,327

4. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

At 30 June 2018 (unaudited)

	Infrastructure facilities HK$'000	Real estate HK$'000	Consumer products HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment assets	**51,014,852**	**109,368,259**	**6,672,063**	**4,149,960**	**171,205,134**
Segment liabilities	**19,216,526**	**69,429,664**	**881,402**	**9,755,806**	**99,283,398**

At 31 December 2017 (restated)

	Infrastructure facilities HK$'000	Real estate HK$'000	Consumer products HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment assets	49,584,746	114,101,361	7,172,620	3,523,414	174,382,141
Segment liabilities	18,394,075	74,048,153	914,835	9,837,138	103,194,201

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Current tax		
– Hong Kong	**99,846**	100,861
– PRC Land Appreciation Tax ("LAT")	**884,971**	733,434
– PRC Enterprise income tax ("EIT") (including PRC withholding tax of HK$74,695,000 (six months ended 30 June 2017: HK$117,059,000))	**903,975**	726,594
	1,888,792	1,560,889
(Over)underprovision in prior periods		
– Hong Kong	**(10)**	(200)
– PRC LAT	**14,057**	–
– PRC EIT	**(6,863)**	(27,505)
	7,184	(27,705)
Deferred taxation for the current period	**(60,620)**	169,726
	1,835,356	1,702,910

For the six months ended 30 June 2018

5. INCOME TAX EXPENSE (continued)

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 (i) certain PRC subsidiaries which are qualified as a High New Technology Enterprise and enjoy a preferential tax rate of 15% for both periods (the preferential tax rate is applicable for a consecutive three years from the date of grant and subject to approval for renewal); and (ii) certain PRC subsidiaries, engaging in public infrastructure projects, are entitled to full exemption from PRC EIT for the first three years and a 50% reduction in PRC EIT for the next three years from the first year of generating operating income.

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.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	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)	**427,611**	385,530
Amortisation of other intangible assets (included in cost of sales)	**177,207**	155,625
Depreciation of property, plant and equipment	**223,628**	192,501
Release of prepaid lease payments	**4,044**	3,634
Net decrease (increase) in fair value of investment properties (included in other income)	**186,642**	(55,776)
Dividend income from investments (included in net investment income)	**(4,430)**	(1,929)
Net loss on disposal of property, plant and equipment	**307**	511
Interest income (included in net investment income)	**(375,166)**	(282,636)
Decrease (increase) in fair value of financial assets at FVTPL (included in net investment income)	**9,244**	(28,180)
Net foreign exchange loss (gain)	**9,292**	(18,188)
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	**49,867**	50,207
Share of PRC EIT of associates (included in share of results of associates)	**23,192**	18,980

7. DIVIDENDS

	Six months ended 30 June 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
2017 final dividend paid of HK48 cents (six months ended 30 June 2017: 2016 final dividend paid of HK46 cents) per share	**521,862**	500,117

Subsequent to the end of the reporting period, the directors of the Company have determined that an interim dividend of HK48 cents (six months ended 30 June 2017: an interim dividend of HK46 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 2018.

8. 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 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited and restated)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**1,981,860**	1,616,327
Effect of dilutive potential ordinary shares – interest on convertible bonds, net of tax	**156**	301
Earnings for the purpose of diluted earnings per share	**1,982,016**	1,616,628

	Six months ended 30 June 2018 (unaudited)	2017 (unaudited and restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,087,211,600**	1,086,767,313
Effect of dilutive potential ordinary shares – convertible bonds	**238,387**	880,573
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,087,449,987**	1,087,647,886

8. EARNINGS PER SHARE (continued)

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 periods; and

(ii) the exercise of options issued by 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.

9. MOVEMENTS IN INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

The Group's investment properties at the end of the reporting period were fair-valued by Cushman & Wakefield Limited ("C&W"). C&W is a member of the Institute of Valuers and a firm of independent qualified professional valuers not connected with the Group. The valuations were arrived at by reference to market evidence of transaction prices for similar properties in similar locations and conditions, or on the basis of investment approach, where appropriate. During the current interim period, the Group recognised a net decrease in fair values of investment properties of approximately HK$187 million in profit or loss (six months ended 30 June 2017: net increase in fair values of approximately HK$56 million).

During the current interim period, the Group incurred costs for construction in progress of approximately HK$17 million (six months ended 30 June 2017: HK$48 million) and acquired other property, plant and equipment at an aggregate cost of approximately HK$98 million (six months ended 30 June 2017: HK$82 million, as restated) for the purpose of expanding the Group's operations and businesses.

In addition, the Group acquired other intangible assets of approximately HK$465 million, of which an amount of approximately HK$189 million (six months ended 30 June 2017: HK$6 million) was related to the operating rights of service concession arrangements for sewage and water treatment, through acquisition of subsidiaries as set out in note 16 during the current interim period.

10. INVESTMENTS

	30 June 2018 HK$'000 (unaudited)	31 December 2017 HK$'000 (restated)
Available-for-sale investments		
Listed equity securities	–	210,010
Unlisted equity securities	–	610,737
	–	820,747
Investments held-for-trading		
Listed equity securities	–	265,452
Financial assets designated as at FVTPL		
Structured deposits	–	15,218
Corporate bond	–	125,077
Funds	–	77,298
	–	217,593
Equity instruments at FVTPL		
Listed equity securities	294,573	–
Unlisted equity securities	510,943	–
	805,516	–
Financial assets at FVTPL		
Structured deposits	449,592	–
Corporate bond	282,556	–
Funds	88,809	–
	820,957	–
Equity instruments at FVTOCI		
Listed equity securities	128,538	–
Unlisted equity securities	93,518	–
	222,056	–
Analysed for reporting purposes as:		
Current portion	580,291	483,045
Non-current portion	1,268,238	820,747
	1,848,529	1,303,792

11. INVENTORIES

Inventories mainly represent properties under development held for sale. Included in the amount is HK$24,254,702,000 (31 December 2017: HK$29,665,499,000) which is not expected to be realised within one year.

For the six months ended 30 June 2018

12. 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 2018 HK$'000 (unaudited)	31 December 2017 HK$'000 (audited)
Within 30 days	669,005	2,307,041
Within 31-60 days	296,292	259,332
Within 61-90 days	551,901	144,823
Within 91-180 days	259,062	176,498
Within 181-365 days	1,814,975	274,976
Over 365 days	535,280	636,608
	4,126,515	3,799,278

Included in other receivables as at 30 June 2018 are (i) an amount of HK$2,225,618,000 (31 December 2017: HK$2,224,936,000) due from certain associates, of which HK$2,000,420,000 (31 December 2017: HK$1,996,708,000) carried fixed interest at prevailing market interest rates and (ii) a bidding deposit for acquisition of a piece of land for property development amounting to HK$3,219,154,000 (31 December 2017: Nil).

13. TRADE AND OTHER PAYABLES

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

	30 June 2018 HK$'000 (unaudited)	31 December 2017 HK$'000 (restated)
Within 30 days	1,549,955	1,109,482
Within 31-60 days	208,724	229,024
Within 61-90 days	211,847	460,330
Within 91-180 days	153,999	518,238
Within 181-365 days	852,171	1,084,060
Over 365 days	1,093,183	1,328,056
	4,069,879	4,729,190

Included in other payables as at 30 June 2018 were (a) amounts of HK$470,438,000 (31 December 2017: HK$1,605,895,000, as restated) due to State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District ("Xuhui SASAC") and its entities controlled by the Xuhui SASAC (b) amounts of HK$1,445,000 (31 December 2017: HK$1,268,000) due to certain fellow subsidiaries, which are unsecured, non-interest bearing and have no fixed terms of repayment, (c) accrued expenditure on properties under development of HK$2,144,740,000 (31 December 2017: HK$2,458,988,000) and (d) bills payable of HK$1,239,416,000 (31 December 2017: HK$1,513,473,000).

14. CONTRACT LIABILITIES/CUSTOMER DEPOSITS FROM SALES OF PROPERTIES

The amount mainly represents proceeds received on property sales that have not been recognised as revenue in accordance with the Group's revenue recognition policy and are regarded as contract liabilities upon the adoption of HKFRS 15 on 1 January 2018. An amount of approximately HK$3,983 million (31 December 2017: HK$896 million, as restated) is expected to be recognised as revenue after more than one year.

15. BANK AND OTHER BORROWINGS

During the current interim period, the Group (i) obtained new borrowings in the amount of approximately HK$6,073 million (six months ended 30 June 2017: HK$8,354 million) and (ii) repaid borrowings of approximately HK$4,363 million (six months ended 30 June 2017: HK$6,131 million).

The borrowings carry interest at market rates and are repayable within one to eight years (31 December 2017: one to eight years).

16. ACQUISITION OF SUBSIDIARIES

(I) Acquisition of 大連紫光水務有限公司 (Dalian Ziguang Water Treatment Co., Ltd.) ("Dalian Ziguang") and 大連紫光淩水污水處理有限公司 (Dalian Ziguang Lingshui Waste Water Treatment Co., Ltd.) ("Dalian Ziguang Lingshui")

In February 2018, SIIC Environment, a listed subsidiary of the Group, through its 75.5% owned subsidiary, SIIC Environment Holdings (Weifang) Co., Ltd., completed the acquisition of 100% equity interest in Dalian Ziguang for a cash consideration of RMB108,480,000 (equivalent to HK$133,497,000) and 100% equity interest in Dalian Ziguang Lingshui for a cash consideration of RMB101,910,000 (equivalent to HK$125,412,000).

Dalian Ziguang and Dalian Ziguang Lingshui are principally engaged in the operations of waste water treatment plants with an aggregate designed production capacity of 170,000 tons per day, and are based in Dalian City, Liaoning Province, the PRC.

(II) Acquisition of 濰坊市坊子區上實環境供水總公司 (Weifang City Fangzi District SIIC Environment Water Co., Ltd. (formerly known as 濰坊市坊子區供水總公司 (Weifang City Fangzi District Water Company)) ("Fangzi Water")

In February 2018, SIIC Environment through its 51.3% owned subsidiary, Weifang City Tap Water Co., Ltd., completed the acquisition of 51% equity interest in Fangzi Water for a total injection consideration of RMB79,080,000 (equivalent to HK$97,317,000).

Fangzi Water is engaged in the operation of one water supply project with total designed production capacity of 40,000 tons per day, and is based in Weifang City, Shandong Province, the PRC.

16. ACQUISITION OF SUBSIDIARIES (continued)

	Dalian Ziguang HK$'000	Dalian Ziguang Lingshui HK$'000	Fangzi Water HK$'000	Others HK$'000	Total HK$'000
Consideration transferred					
Cash paid	85,035	112,417	–	11	197,463
Deposit paid at 31 December 2017	48,462	12,995	–	–	61,457
Interest in a joint venture	–	–	–	1,970	1,970
	133,497	125,412	–	1,981	260,890
Fair value of assets acquired and liabilities recognised at the date of acquisition (determined on a provisional basis) are as follows					
Property, plant and equipment	–	–	97,562	13	97,575
Inventories	–	–	1,710	–	1,710
Receivables under service concession arrangements	112,627	151,979	–	–	264,606
Other intangible assets	91,411	92,669	4,445	–	188,525
Deferred tax assets	2,024	904	–	–	2,928
Trade and other receivables	38,062	15,805	17,680	76	71,623
Bank balances and cash	1,147	1,424	1,343	4,495	8,409
Trade and other payables	(65,735)	(63,596)	(29,239)	(604)	(159,174)
Taxation payable	(361)	196	–	–	(165)
Bank and other borrowings	(15,568)	(43,213)	–	–	(58,781)
Deferred tax liabilities	(30,110)	(30,756)	–	–	(60,866)
	133,497	125,412	93,501	3,980	356,390
Goodwill arising on acquisition					
Consideration transferred	133,497	125,412	–	1,981	260,890
Add: non-controlling interests	–	–	93,501	1,999	95,500
Less: Net assets acquired	(133,497)	(125,412)	(93,501)	(3,980)	(356,390)
	–	–	–	–	–
Net cash outflow (inflow) arising on acquisition					
Cash consideration paid	85,035	112,417	–	11	197,463
Less: bank balances and cash acquired	(1,147)	(1,424)	(1,343)	(4,495)	(8,409)
	83,888	110,993	(1,343)	(4,484)	189,054

16. ACQUISITION OF SUBSIDIARIES (continued)

Notes:

(i) The initial accounting of these acquisitions are not yet completed as the purchase price allocation exercise in respect of the above acquisitions has not yet been finalised on the date when these condensed consolidated financial statements are issued. The assets acquired and liabilities recognised and the amounts recognised in these condensed consolidated financial statements for these acquisitions have been determined provisionally.

(ii) The contribution to the Group's revenue or financial performance of the above acquired subsidiaries for the period ended 30 June 2018 as follows:

(a) Included in the profit for the period ended 30 June 2018 were revenue of HK$88,670,000 and profit of HK$19,305,000, attributable to the additional business generated by Dalian Ziguang and Dalian Ziguang Lingshui.

No proforma information for the acquisitions of Dalian Ziguang and Dalian Ziguang Lingshui are prepared as the acquisitions were completed in February 2018 and the directors of the Company are of the opinion that Dalian Ziguang and Dalian Ziguang Lingshui had no significant contribution to the Group's revenue or financial performance for the two month period from January 2018.

(b) Included in the profit for the period ended 30 June 2018 were revenue of HK$18,661,000 and loss of HK$978,000, attributable to the additional business generated by Fangzi Water.

No proforma information for the acquisition of Fangzi Water is prepared as the acquisition was completed in February 2018 and the directors of the Company are of the opinion that Fangzi Water had no significant contribution to the Group's revenue or financial performance for the two month period from January 2018.

17. ASSETS CLASSIFIED AS HELD FOR SALE

On 8 April 2018, the Group through SI Urban Development, entered into an equity transfer agreement with 恒大地產集團長沙置業有限公司 Hengda Real Estate Group Zhangsha Zhiye Company Limited ("Hengda Zhangsha"), being a non-controlling shareholder of Hunan Qianshuiwan Xiangya Garden Co., Ltd 湖南淺水灣湘雅溫泉花園有限公司 ("Hunan Qianshuiwan"), in relation to the disposal of the Group's entire equity interest in Hunan Qianshuiwan at a cash consideration of RMB637,000,000 (equivalent to HK$755,008,000), which comprises of RMB191,100,000 (equivalent to HK$226,503,000) for the disposal of equity interest in Hunan Qianshuiwan and RMB445,900,000 (equivalent to HK$528,505,000) for settlement of intercompany balances. According to the terms set out in the agreement, completion would take place upon the consideration was fully settled. Following the completion, the Group would cease to have control in Hunan Qianshuiwan. As at 30 June 2018, a consideration of RMB191,100,000 (equivalent to HK$235,171,000) as included in other payables in note 13 has been received and RMB445,900,000 (equivalent to HK$528,505,000) remained outstanding.

As Hengda Zhangsha is a non-controlling shareholder of Hunan Qianshuiwan, this transaction is regarded as connected and related party transaction.

Given the disposal has not yet completed at the end of the reporting period and is expected to be completed within twelve months from the end of the reporting period, the assets and liabilities in relation to Hunan Qianshuiwan have been classified as assets held-for-sale and are presented separately in the condensed consolidated statement of financial position at 30 June 2018.

For the six months ended 30 June 2018

17. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

The major classes of Hunan Qianshuiwan's assets classified as held-for-sale and liabilities associated with assets classified as held-for-sale as at 30 June 2018 are as follows:

	HK$'000
Property, plant and equipment	9,463
Trade and other receivables	4,618
Inventories	489,276
Prepaid taxation	1,491
Bank balances and cash	25,663
Total assets classified as held-for-sale	530,511
Trade and other payables	42,152
Taxation payable	15,205
Contract liabilities	15,758
Deferred tax liabilities	63,947
Total liabilities associated with assets classified as held-for-sale	137,062

The consideration of the disposal exceeds the carrying amount of Hunan Qianshuiwan's net assets classified as held-for-sale and the intercompany balances and accordingly, no impairment loss has been recognised regarding to the assets classified as held for sale.

18. DISPOSAL OF A SUBSIDIARY

On 17 April 2018, the Group through SI Urban Development entered into a share transfer agreement with an independent third party to dispose of the Group's entire equity interest in Fine Mark Investment Limited ("Fine Mark") at a cash consideration of RMB176,750,000 (equivalent to HK$220,858,000), which comprised of RMB120,750,000 for the acquisition of equity interest in Fine Mark and RMB56,000,000 for repayment of assigned debts due to the Group.

The principal asset of Fine Mark represents interest in a joint venture. The joint venture, through its subsidiary, owns a property development project in Fuzhou, the PRC.

The asset of Fine Mark at the disposal date is as follows:

	HK$'000
The asset over which control was lost	
Interest in a joint venture	65,718
Consideration	
Cash received	220,858
Gain on disposal	
Consideration	220,858
The asset disposed of	(65,718)
	155,140
Net cash inflow arising on disposal	
Cash received	220,858

Fine Mark disposed of during the six months ended 30 June 2018 did not have any significant contribution to the results and cash flows of the Group during the period prior to the disposal.

19. CAPITAL COMMITMENTS

	30 June 2018 HK$'000 (unaudited)	31 December 2017 HK$'000 (audited)
Capital expenditure contracted for but not provided in these condensed consolidated financial statements in respect of		
– acquisition of equity investments at FVTPL (note 23(II))	509,660	–
– acquisition of property, plant and equipment	89,028	27,792
– additions in construction in progress	1,116,334	1,085,862
– additions in properties under development held for sale	5,410,184	4,613,043
– investment in an associate	56,892	57,658
– other	15,748	15,960
	7,197,846	5,800,315

20. CONTINGENT LIABILITIES

	30 June 2018 HK$'000 (unaudited)	31 December 2017 HK$'000 (audited)
Guarantees given to banks in respect of banking facilities utilised by		
– property buyers	5,851,076	4,652,215
– joint ventures	2,589,477	2,164,269
	8,440,553	6,816,484

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Other than the financial assets carried at fair value as detailed in the following table and the available-for-sale investments carried at cost less impairment as at 31 December 2017 before adoption of HKFRS 9, the directors of the Company consider that the carrying amounts of other financial instruments that are recorded at amortised cost in these condensed consolidated financial statements approximate their fair values.

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

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

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Financial assets	Fair value as at 30 June 2018 HK$'000 (unaudited)	Fair value as at 31 December 2017 HK$'000 (restated)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
Available-for-sale investments					
Listed equity securities	N/A	185,986	Level 1	Quoted bid prices in an active market	N/A
Investments held for trading					
Listed equity securities	–	265,452	Level 1	Quoted bid prices in an active market	N/A
Financial assets designated as/classified at FVTPL					
Listed equity securities	294,573	–	Level 1	Quoted bid prices in an active market	N/A
Structured deposits					
– Equity linked notes	449,592	15,218	Level 2	Quoted prices in the over-the-counter markets	N/A
Corporate bonds	282,556	125,077	Level 2	Quoted prices in the over-the-counter markets	N/A
Trust funds	88,809	77,298	Level 2	Quoted prices in the over-the-counter markets	N/A
Unlisted equity securities	510,943	N/A	Level 3	Discounted cashflow	Weighted average cost of capital (WACC), ranging from 11.3% to 12.4%
Financial assets classified as at FVTOCI					
Listed equity security	128,538	N/A	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity securities	93,518	N/A	Level 3	Adjusted net asset value method under cost approach	Discount factor of lack of control of 20%

There was no transfer amongst Levels 1, 2 and 3 in both periods.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted available–for-sale investment HK$'000	Unlisted equity instruments at FVTPL HK$'000	Unlisted equity instruments at FVTOCI HK$'000	Total HK$'000
Closing balance at 31 December 2017 (restated in note 2) – HKAS 39	610,737	–	–	610,737
Effect arising from initial application of HKFRS 9:				
Reclassification				
From available-for-sale investments	(610,737)	515,961	94,776	–
Opening balance at 1 January 2018 – HKFRS 9	–	515,961	94,776	610,737
Fair value losses recognised in profit or loss	–	(5,018)	(1,258)	(6,276)
At 30 June 2018	–	510,943	93,518	604,461

Fair value measurements and valuation processes

The directors of the Company have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model on a regular basis, or when needs arise and will report the significant results and findings to the board of directors of the Company. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

22. RELATED PARTY TRANSACTIONS AND BALANCES

(i) During the current interim period, save as disclosed elsewhere in these condensed consolidated financial statements, the Group had the following significant transactions with related parties:

Related party	Nature of transactions	Six months ended 30 June 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Fellow subsidiaries	Rentals and management fee paid by the Group on land and buildings	28,615	12,336
	Rentals received by the Group on land and buildings	8,978	5,324
	Interest income received by the Group	2,814	2,638
Joint venture	Interest income received by the Group	16,401	16,163
Associates	Interest income received by the Group	32,955	65,411
	Rentals received by the Group on land and buildings	914	4,598
	Property agency fee paid by the Group	13,468	23,720
	Management fee paid by the Group	3,857	276
Non-controlling shareholders of subsidiaries	Interest paid by the Group	5,314	3,440
	Management fee paid by the Group	4,193	3,411

Related party	Nature of balances	2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Fellow subsidiaries	Loan provided by the Group	237,051	120,120
Joint venture	Loan provided by the Group	829,679	696,697

In addition, a fellow subsidiary pledged a bank deposit amounting to RMB465 million (31 December 2017: RMB470 million) (equivalent to approximately HK$551 million (31 December 2017: HK$565 million)) to secure a bank loan granted to SI Development.

Furthermore, the Group has entered into several banking facility agreements amounted to HK$8,400 million (31 December 2017: HK$8,400 million) and pursuant to the terms of the agreements, loans principal together with accrued interests and any other amounts accrued under the agreements may become immediately due and payable if (i) SIIC ceases to hold directly and indirectly at least 35% ultimate beneficial interest of and in the voting share capital of the Company or ceases to have management control over the Company; or (ii) the Shanghai Municipal People's Government, the controlling shareholder of SIIC, ceases to hold directly or indirectly at least 51% beneficial interest of and in the voting share capital of SIIC or SIIC ceases to remain under the administrative leadership of the Shanghai Municipal People's Government. The relevant facility agreements will mature in various dates up to 20 March 2022. As at 30 June 2018, the extent of utilisation of such bank facilities amounted to approximately HK$6,856 million (31 December 2017: HK$8,351 million).

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(ii) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Directors' fee and committee remuneration	**1,005**	1,005
Basic salaries and allowance	**6,678**	6,704
Bonuses	**3,004**	3,079
Retirement benefits scheme contributions	**246**	214
	10,933	11,002

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

(iii) Transactions with other PRC government entities

The Group itself is part of a larger group of companies under SIIC, which is controlled by the PRC government. The directors consider that the Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predenominated by entities controlled, jointly controlled or significantly influenced by the PRC government. Apart from the transactions with SIIC, other connected persons and related parties disclosed as above, the Group also conducts business with other government related entities in the ordinary course of business. In the opinion of the directors of the Company, these transactions are considered as individually and collectively insignificant to the operations of the Group. The directors consider these government-related entities are independent third parties so far as the Group's business transactions with them are concerned.

(iv) In January 2018, SI Urban Development acquired 35% equity interest in 上海地產北部投資發展有限公司 (Shanghai Real Estate Northern Region Investment Development Company Limited) ("NR Investment") from SIIC at a cash consideration of RMB88,338,000 (equivalent to HK$109,350,000). NR Investment is principally engaged in primary land development. The acquisition is accounted for as acquisition of associate using the equity method. Further details of this transaction are set out in the Group's announcement dated 31 January 2018.

23. EVENT AFTER THE END OF THE REPORTING PERIOD

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

(I) In July 2018, the Company through its indirectly wholly owned subsidiary, 上海躋沄基礎建設有限公司 (Shanghai Jiyun Infrastructure Construction Company Limited) ("Shanghai Jiyun"), entered into a joint venture arrangement with certain fellow subsidiaries who are under common control of SIIC. Under the arrangement, Shanghai Jiyun is committed to contribute RMB200,000,000 (equivalent to approximately HK$237,051,000) registered capital, representing 40% equity interest for the establishment of a joint venture, namely Shanghai Industrial Clean Energy Company Limited ("SI Clean Energy"). The establishment of SI Clean Energy is completed in July 2018 and SI Clean Energy is accounted for as a joint venture using the equity method.

(II) In June 2018, the Company, through an indirectly wholly-owned subsidiary, entered into a cornerstone investment agreement and conditionally agreed for the purchase of equity interest of China Isotope & Radiation Corporation ("CIRC") as part of a proposed offer for subscription of shares regarding to the proposed listing of CIRC in the Stock Exchange with consideration of no more than RMB430,000,000 (equivalent to HK$509,660,000). As at 30 June 2018, the amount is disclosed as capital commitment in note 19. Subsequently on 6 July 2018, CIRC is successfully listed and the Group subscribed for 11,906,400 shares (representing 3.7% equity interest of CIRC), at a total consideration of HK$257,178,000. CIRC is accounted for as an equity instrument at FVTPL.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in shares and underlying shares of the Company

Name of Director	Capacity	Nature of interests	Number of issued ordinary shares held	Approximate percentage of the issued shares
Zhou Jun	Beneficial owner	Personal	195,000	0.02%

Note: All interests stated above represent long positions.

Save as disclosed above, none of the Directors, chief executives nor their associates of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2018.

SHARE OPTIONS

(I) SIHL Scheme

The SIHL Scheme shall be valid and effective for a period of 10 years commencing the date of adoption of the scheme. During the period, no options were granted under the SIHL Scheme.

(II) SI Urban Development Scheme

The SI Urban Development Scheme was valid and effective for a period of 10 years commencing the date of its adoption and was expired on 11 December 2012. During the period, the movements in the share options to subscribe for SI Urban Development's shares under the SI Urban Development Scheme were as follows:

	Date of grant	Exercise price per share	Number of shares issuable under the share options
			Outstanding at 1.1 2018 and 30.6.2018
		HK$	
Category 1: Directors of SI Urban Development	24.9.2010	2.98	21,000,000
Category 2: Employees of SI Urban Development	24.9.2010	2.98	6,750,000
Total for all categories			27,750,000

Share options are exercisable during the period from 24 September 2010 to 23 September 2020 in three batches, being:

- 24 September 2010 to 23 September 2011 (up to 40% of the share options granted are exercisable)
- 24 September 2011 to 23 September 2012 (up to 70% of the share options granted are exercisable)
- 24 September 2012 to 23 September 2020 (all share options granted are exercisable)

(III) SI Urban Development New Scheme

The SI Urban Development New Scheme shall be valid and effective for a period of 10 years commencing the date of adoption of the scheme. During the period, no options were granted under the SI Urban Development New Scheme.

(IV) SIIC Environment Scheme

The SIIC Environment Scheme shall be valid and effective for a period of 10 years commencing the date of adoption of the scheme. During the period, no options were granted under the SIIC Environment Scheme.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY

Save as disclosed under the section of Share Options above, neither the Company or a specified undertaking (within the meaning of the Companies Ordinance) of the Company was a party to any other arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during or at the end of the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, the interests and short positions of the substantial shareholders of the Company and other persons, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

Name of shareholder	Capacity	Nature of interests	Number of issued ordinary shares beneficially held	Approximate percentage of the issued shares
SIIC	Interests held by controlled corporations	Corporate	648,248,748 *(Note 1)*	59.63%

Notes:

1. SIIC through its subsidiaries, namely Shanghai Investment Holdings Limited, SIIC Capital (B.V.I.) Limited, Shanghai Industrial Financial (Holdings) Company Limited, SIIC Treasury (B.V.I.) Limited, SIIC CM Development Funds Limited and SIIC CM Development Limited held 519,409,748 shares, 80,000,000 shares, 39,945,000 shares, 5,895,000 shares, 3,005,000 shares and 10,000 shares of the Company respectively, and was accordingly deemed to be interested in the respective shares held by the aforementioned companies.
2. All interests stated above represented long positions.

Save as disclosed above, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2018.

DISCLOSURE UNDER RULE 13.51B(1) OF THE LISTING RULES

Change in Directors' information since the date of the annual report 2017 up to the date of this report is set out below:

Mr. Cheng Hoi Chuen, Vincent

- was no longer an independent non-executive director of China Minsheng Banking Corp., Ltd. on 21 June 2018.

Other Information

EMPLOYEES AND REMUNERATION POLICIES

During the six months ended 30 June 2018, the number of employees is 19,982. The Group appraises staff remuneration with reference to the operating results of the enterprises, individual performance and industry average. With a strong commitment to staff relationship and training, the Group also encourages employees to continue their education, adding value both for themselves and for the Group.

REVIEW OF REPORT

The Audit Committee has reviewed the Company's interim report for the six months ended 30 June 2018.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has established its own Code for Securities Transactions by Directors or Relevant Employees, which was set on terms no less exacting than the required standards set out in the Model Code. Having made enquiries with all Directors and the relevant employees of the Company, each of them has confirmed that they have fully complied with the requirements of the Model Code and the code of the Company during the six months ended 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 18 February 2018, the convertible bonds issued by Tong Jie Limited, a wholly-owned subsidiary of the Company, as guaranteed by the Company and listed on the Stock Exchange, became mature, and an outstanding balance of HK$32,000,000 was redeemed and cancelled in full.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2018.

Glossary of Terms

Term used	Brief description
Bridge Company	Ningbo Hangzhou Bay Bridge Development Co., Ltd.
Canvest Environmental	Canvest Environmental Protection Group Company Limited
CIRC	China Isotope & Radiation Corporation
Companies Ordinance	Companies Ordinance (Chapter 622) of the laws of Hong Kong
Company	Shanghai Industrial Holdings Limited (HKSE stock code: 363)
Director(s)	director(s) of the Company
Galaxy Energy	SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd.
General Water of China	General Water of China Co., Ltd.
Green Energy	Shanghai Green Energy Co., Ltd.
Group	the Company and its subsidiaries
Hu-Ning Expressway	Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd.
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules
Nanyang Tobacco	Nanyang Brothers Tobacco Company, Limited
Net Business Profit	Net profit excluding net corporate expenses
NR Investment	Shanghai Real Estate North Region Investment Development Co., Ltd.
PRC	The People's Republic of China
SFO	Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong
SGX	Singapore Stock Exchange
Shanghai Galaxy	Shanghai Galaxy Investment Co., Ltd.
Shanghai Jiyun	Shanghai Jiyun Infrastructure Construction Co., Ltd.
Shanghai Pharmaceuticals	Shanghai Pharmaceuticals Holding Co., Ltd. (SSE stock code: 601607; HKSE stock code: 2607)
Shanghai Urban Development	Shanghai Urban Development (Holdings) Co., Ltd.
Shangtou Asset	Shanghai Shangtou Asset Operations Co., Ltd.
Shangtou Real Estate	Shanghai Shangtou Real Estate Investment Co., Ltd.
Shenda Property	Shanghai Shenda Property Co., Ltd.
SHK Properties	Sun Hung Kai Properties Limited
SI Clean Energy	Shanghai Industrial Clean Energy Co., Ltd.

Glossary of Terms

Term used	Brief description
SI Development	Shanghai Industrial Development Co., Ltd. (SSE stock code: 600748)
SI Urban Development	Shanghai Industrial Urban Development Group Limited (HKSE stock code: 563)
SI Urban Development Scheme	A share option scheme adopted by SI Urban Development at the extraordinary general meeting held on 12 December 2002. Such scheme was expired on 11 December 2012
SI Urban Development New Scheme	A new share option scheme adopted by SI Urban Development at the annual general meeting held on 16 May 2013
SIHL Scheme	A share option scheme adopted by the Company at the extraordinary general meeting held on 25 May 2012
SIIC	Shanghai Industrial Investment (Holdings) Company Limited
SIIC Environment	SIIC Environment Holdings Ltd. (SGX stock code: BHK; HKSE stock code: 807)
SIIC Environment Scheme	A share option scheme adopted by SIIC Environment at the extraordinary general meeting held on 27 April 2012
SSE	Shanghai Stock Exchange
Stock Exchange or HKSE	The Stock Exchange of Hong Kong Limited
SUD Commercial	Shanghai Urban Development Commercial Property Development Co., Ltd.
Wing Fat Printing	The Wing Fat Printing Company, Limited
Wufangzhai	Zhejiang Wufangzhai Industrial Co., Ltd.