



上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Stock Code : 363)

Interim Report 2019



Exploring Breakthroughs

順勢有為 探求突破

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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

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COMPANY STOCK CODE

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

COMPANY WEBSITE

www.sihl.com.hk

AUDITORS

Deloitte Touche Tohmatsu

SHARE REGISTRAR

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Information for Shareholders



DIVIDEND NOTICE

Interim Dividend

In order to reciprocate to our shareholders and to enable them to participate more directly in the future business growth of our subsidiary, SI Urban Development, and help to increase the liquidity of the SIUD Shares in the market, the Board of Directors has resolved the payment of 2019 interim dividend in the form of distribution in specie of the SIUD Shares held by the Group to shareholders whose names appear on the register of members of the Company on the Record Date in proportion to their then respective shareholdings in the Company on the following basis:

for every 1 share of the Company held 1 SIUD Share

As at the date of this report, the total number of issued shares of the Company is 1,087,211,600. Apart from the above, the Board has resolved not to pay any further interim dividend (including cash dividend) for the period to the shareholders of the Company. A cash interim dividend of HK48 cents was distributed to our shareholders for the last corresponding period.

The Record Date set for distribution of interim dividend is Thursday, 26 September 2019. The relevant SIUD Shares will be distributed to shareholders on or around Friday, 18 October 2019. Subject to overseas legal and regulatory restrictions, if any, it should be noted that it may not be possible or practicable to distribute the SIUD Shares to certain overseas shareholders of the Company. Further details of the arrangements for such shareholders and distribution of interim dividend as aforesaid will be given in further announcement(s) to be made by the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the distribution of the SIUD Shares, the register of members of the Company will be closed from Wednesday, 25 September 2019 to Thursday, 26 September 2019, both days inclusive, during which period no transfer of shares will be effected. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 24 September 2019.

FINANCIAL CALENDAR

2019 interim results announced	29 August 2019
Despatch of 2019 interim report	on or about 16 September 2019
Ex-dividend date for 2019 interim dividend	23 September 2019
Record date for 2019 interim dividend	26 September 2019
Despatch of the SIUD Shares	on or about 18 October 2019



Chairman's Statement

I am pleased to report to our shareholders the Group's interim results for the period ended 30 June 2019.

In the first half of 2019, global economic growth began to taper off while international trade conflicts continued to escalate. The capital markets, including security and bond prices, exchange rates of major currencies as well as interest rate levels remained volatile. Internally, regulatory policies for different industries continued to prevail in China. Against this scenario and under the leadership of the Board of Directors and the executive team, the Group effectively monitored its resources according to its strategic development targets for the year. While actively promoting the steady growth of its core businesses to further enhance operational efficiency, the Group continued to strengthen its quality management and internal controls. In addition, the Group capitalized on different financing alternatives in the market to streamline its capital structure. Member companies were encouraged to further strengthen their strategic planning initiatives and risk management controls, encouraging innovations and reforms and promoting synergy and integration within different businesses of the Group. As a result, the Group achieved satisfactory performance overall during the period.

For the six months ended 30 June 2019, the Group's total revenue amounted to HK\$16,662 million, representing a year-on-year increase of 8.6%. Net profit increased year-on-year by 1.4% to HK\$2,010 million. The moderate increase in net profit was mainly attributed to a high profit base achieved during the same period last year, arising from a significant increase in profits generated from sales revenue of the Shanghai Bay project of SI Development in which the Company holds a 49% equity interest.

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The Record Date set for distribution of interim dividend is Thursday, 26 September 2019. The relevant SIUD Shares will be distributed to shareholders on or around Friday, 18 October 2019.

The Group's infrastructure facilities business recorded a profit of HK\$1,016 million for the first half of the year, representing a year-on-year increase of 5.5%. For water services business, the revenue and net profit of SIIC Environment for the first half of 2019 amounted to RMB2,922 million and RMB300 million, respectively, representing an increase of 2.5% and 17.4%, respectively. For the same period, General Water of China recorded a revenue of HK\$1,015 million, representing a decline of 9.9% over the same period last year, and net profit of HK\$114 million, representing a year-on-year decrease of 31.8%. In the first half of 2019, the toll roads business continued to improve its service quality and toll collection efficiency while quality management continued to be emphasized. The segment recorded steady business growth, providing a strong cash flow to the Group.

During the period, the real estate business recorded a profit of HK\$552 million, representing a year-on-year decrease of 5.9%. The moderate increase in net profit was mainly due to a relatively high profit base for the same period last year, arising from a significant increase in profit generated from sales revenue of the Shanghai Bay project of SI Development in which the Company holds a 49% equity interest.

For the first half of 2019, SI Urban Development's revenue was HK\$4,603 million, representing an increase of 19.9% over the same period last year; profit attributable to shareholders was HK\$311 million, a year-on-year increase of 22.1%. During the period, SI Development's revenue was RMB4,350 million, a rise of 15.4% over the same period last year; profit attributable to shareholders was RMB413 million, representing a year-on-year increase of 48.8%.



The consumer products business recorded steady growth, with a net profit of HK\$561 million, representing a year-on-year increase of 2.5%. The segment continued to provide a steady profit and cash flow to the Group.

Steady development of toll road business and orderly growth of water service business

For the period under review, overall traffic flow and revenue of the three toll roads and the Hangzhou Bay Bridge owned by the Group declined moderately, as a result of slower growth of car parc and road usage as well as the adjustments of industry structure in surrounding areas. Through improving service quality and toll collection efficiency, the Group was able to achieve steady business growth in general while ensuring safe road passage and solving traffic congestions.

For water services, SIIC Environment, listed in both Singapore and Hong Kong, continued to expand its asset size in an orderly manner and improve its asset quality and overall profitability through mergers and acquisitions. The daily water treatment capacity of SIIC Environment was approximately 11,700,000 tonnes; together with General Water of China, the daily capacity for water treatment for the Group was around 18,600,000 tonnes, further consolidating the Group's position as a leading green environmental protection enterprise in the PRC.

Shanghai Galaxy and its subsidiary, Galaxy Energy, own 12 photovoltaic power generation projects nationwide, reaching a total asset scale of 580MW. During the period, the total amount of on-grid electricity sold hit a new high of approximately 438 million kWh, representing an increase of 3.9% over the same period last year. Solid waste power generation business, mainly relating to our investments in Canvest Environmental, recorded steady growth in terms of investment scale and market shares. Through cooperation with Shanghai Galaxy and Shangtou Asset, the Group invested in Green Energy 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.

Optimising strategy and strengthening sales and innovation for real estate business

By focusing on major work initiatives, SI Development continued to optimize business and capital structure and consolidate the profit base of its core real estate business in the first half of the year. In view of continued regulatory policies in the real estate market, the company capitalized on opportunities and fully developed the potential value of different projects. Considerable efforts were made to expand its customer base and speed up inventory consumption. During the period, steady progress was made in the development of the company's various projects. In addition, plans were made to strengthen its property management platforms and further consolidate service standards.

During the period, SI Urban Development recorded contract sales reaching RMB3,415 million through optimizing its sales strategies and strengthening its sales efforts. The company also continued to enhance operation and management of its projects and increase the operational efficiency of its investment property assets. Meanwhile, considerable efforts were made to revitalize its assets and consolidate its resources and to further focus on the development of its core businesses.

Developing creative development strategies for consumer products business to achieve new breakthroughs

During the period, Nanyang Tobacco has made remarkable progress with the introduction of the world's first versatile processing line which can accommodate the production of a variety of cigarette specifications, multiple packaging forms and rapid switching of specifications. In the first half of 2019, efforts were made to speed up technical innovation and optimise production processes in order to achieve new breakthroughs in the development of the company. Emphasizing such strategic objectives of "strengthening our existing business and pursuing for excellence; and ensuring healthy internal operation and external development", the company was able to increase its competitiveness in the international market through integrating new resources and motivating talents.



Chairman's Statement

During the period, Wing Fat Printing maintained overall steady growth amidst the complex external market conditions. Through actively driving the development of intelligent packaging business with medicine packing as an interface, and further evaluating its programme for intelligent production enhancement in order to lower its cost and increase efficiency, the company achieved satisfactory results in the process of its strategic transformation.

PROSPECTS

Looking forward, volatility in the domestic and overseas capital markets is expected to continue on the back of a severe condition faced in global trade and gloomy economic conditions. Uncertainties in the operating environment will continue to impose challenges to the Group's business development. Under the circumstances, the Group will adhere to its strategic objectives and continue to strengthen quality management. Risk management and internal controls will continue to be enforced while resources will be efficiently utilized and allocated to further improve operational efficiency. In addition, the Group will continue to improve its business and asset structures when opportunities arise to maximize shareholder value.

For infrastructure facilities, the water services business will continue to expand the scale of its investments in an orderly manner and to further improve the management models of different enterprises. The management team will be further streamlined to expedite business contribution. While maintaining operational efficiency, the toll roads business will continue to record steady profit contribution. Through investment in new business arenas, the Group's investment in the environmental protection and green energy segment will create new sources of profit growth for the Group.

The Group will focus on increasing sales activities of its real estate business and will further refine the management of its projects. Emphasis will be made on quality control and risk management. Down the road, we will capitalize on market opportunities to revitalize our reserves and assets. We will continue to focus on core businesses as well as to streamline our debt and asset structures, looking for investment opportunities as and when appropriate.

Nanyang Tobacco will continue to promote technical innovation and enhance its production capability. Efforts will be made to improve product quality and increase overall competitiveness, and to accelerate the development and cultivation of new products so as to strengthen the company's profit base and operational efficiency. Wing Fat Printing will continue to engage in intelligent packaging and intelligent production enhancement and apply such methods into various business segments. The company will also enhance its overall profitability and to overcome risks brought about by the unpredictable macro-economic environment.

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.

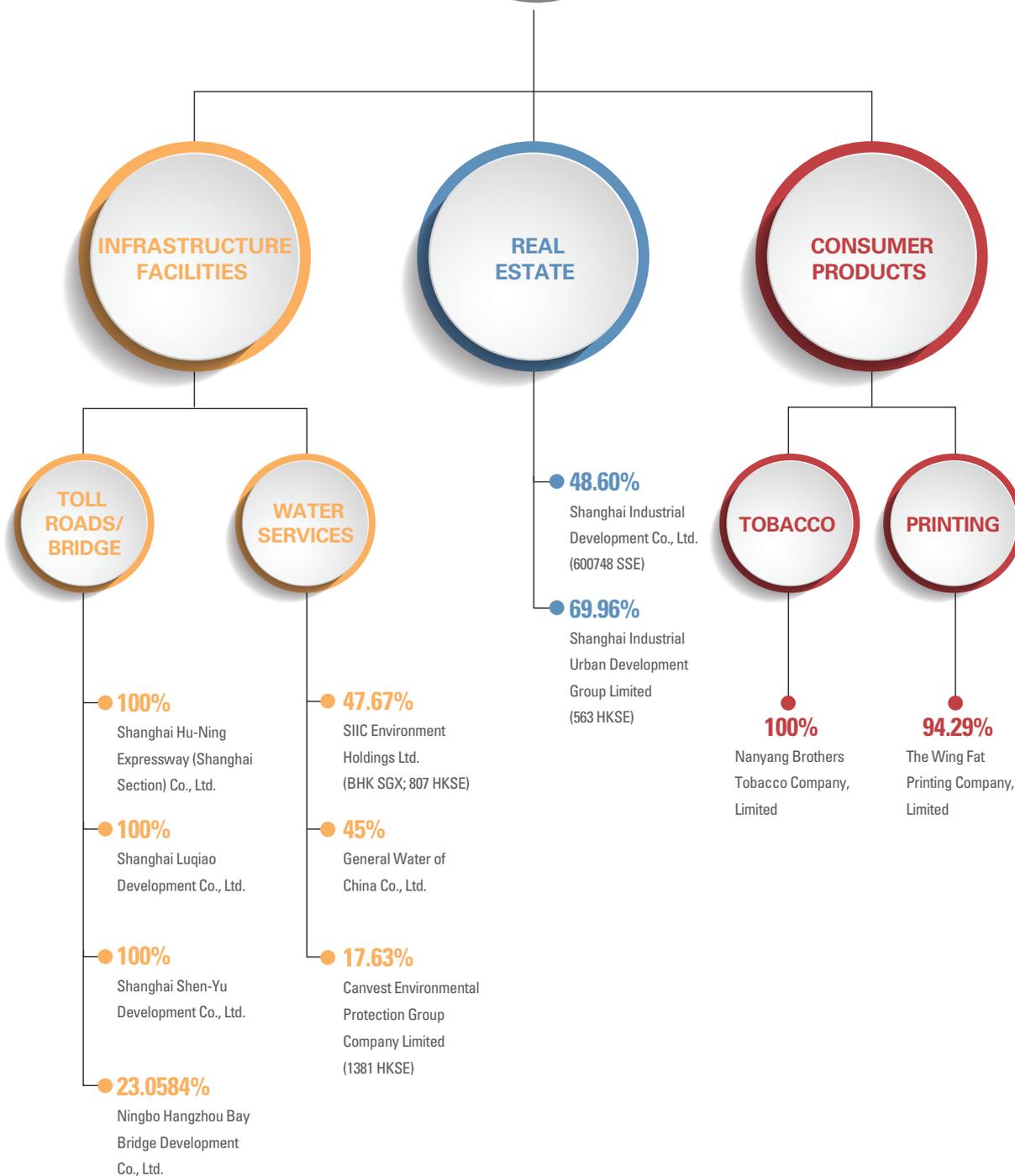
Shen Xiao Chu

Chairman

Hong Kong, 29 August 2019

Group Business Structure

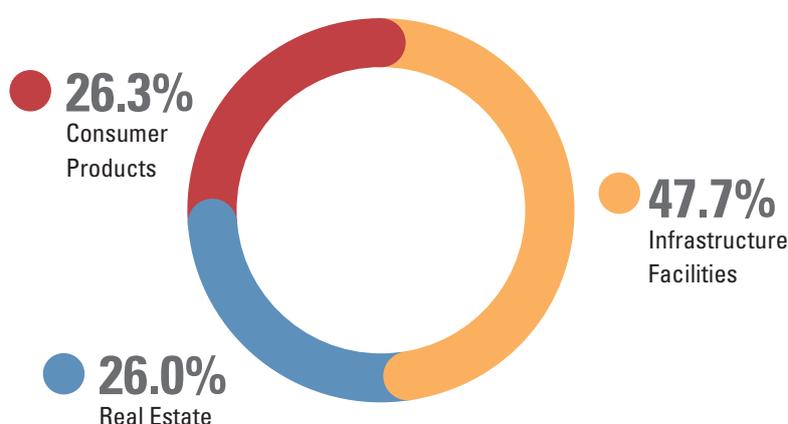
As at 29 August 2019



Business Review, Discussion and Analysis

For the six months ended 30 June 2019, the Group recorded an unaudited revenue HK\$16,662 million, representing a year-on-year increase of 8.6%. Profits attributable to shareholders were HK\$2,010 million, rising 1.4% over the same period last year. The moderate increase in net profit was mainly due to a relatively high profit base recorded for the same period last year, arising from a significant increase in sales revenue from the Shanghai Bay project of SI Development in which the Company holds a 49% equity interest. During the period, the Group expanded its investments steadily and recorded stable growth for its core business and through further optimizing operation and management resulting in the successful accomplishment of its objectives.

Profit contribution from the Group's core business



INFRASTRUCTURE FACILITIES

During the period, the infrastructure facilities business recorded a profit of HK\$1,016 million, representing an increase of 5.5% over the same period last year and accounting for 47.7% of the Group's Net Business Profit. In the area of water services, the Group continued to expand the scale of its investments and actively explored opportunities for investments in sewage treatment and solid waste projects while optimizing the operation and management of its existing projects. Striving to reduce cost and increase efficiency, the toll roads and bridge businesses continued to maintain quality management, resulting in the provision of sufficient cash flows for the Group.

Toll roads

In the first half of 2019, the Group's three toll roads and the Hangzhou Bay Bridge maintained steady development as well as stable road operation. In June 2019, the Shanghai Municipal Government announced an implementation plan for the "cancellation of toll stations on provincial borders" for expressways. Actively cooperating with the Government's new plans, the Group also carried out preliminary works which aims to safeguard the celebration of the 70th anniversary of the founding of the People's Republic of China and the Second China International Import Expo (CIIE).

Business Review, Discussion and Analysis



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

Toll roads/bridge	Interest attributable to the Group	Net profit attributable to the Group	Change	Toll revenue	Change	Traffic flow (vehicle journey)	Change
Jing-Hu Expressway (Shanghai Section)	100%	HK\$230 million	+8.9%	HK\$348 million	-9.3%	28.89 million	-2.6%
Hu-Kun Expressway (Shanghai Section)	100%	HK\$287 million	+2.4%	HK\$547 million	-2.8%	28.82 million	-0.2%
Hu-Yu Expressway (Shanghai Section)	100%	HK\$123 million	+0.2%	HK\$308 million	-5.4%	21.07 million	+3.5%
Hangzhou Bay Bridge	23.0584%	HK\$66 million	+3.4%	HK\$913 million	-5.8%	7.02 million	+1.7%
Total		HK\$706 million	+4.1%	HK\$2,116 million	-5.6%	85.80 million	+0%

With the full operation of the Shanghai-Changzhou Expressway commencing since late September 2018, the impact of the diversion on the traffic flow of Hu-Ning Expressway (Shanghai Section) gradually emerged this year. The growth of passenger car parc continued to slow down, and vehicle usage intensity continued to decline. As a result, traffic flow during the period was lower than that of the same period last year. Learning from experience last year in carrying out various measures for the first CIIE, Hu-Ning Expressway (Shanghai Section) followed its management philosophy of “three fulls” (full coverage, full weather and full process) this year, which effectively improved the quality of expressway maintenance work. In the first half of the year, efforts were made to improve competition plans for “three accomplishments and three initiatives”, resulting in more effective operations for emergency measures, overall counter service and fee collection efficiency. The project company also combined the annual maintenance project with various other maintenance works carried out for CIIE and implemented several bridge reinforcement and anti-collision pad renewal projects to ensure a tidy expressway environment with safe and orderly operation.

In the first half of 2019, due to such factors as adjustments to industry structure in surrounding areas, continued impact of diversion caused by the Jiamin Elevated Highway, and weakened demands for travelling on weekends, the growth of traffic flow and toll revenue of Hu-Kun Expressway (Shanghai Section) declined but was still able to maintain steady performance. During the period, the project company followed closely working initiatives for refined management and continued to strengthen and improve its rules and systems, conducting full-coverage reviews, enhancing controls in important areas and further improving work efficiency. Considerable efforts were made to strengthen the management, control and examination of toll collection business, striving to improve traffic efficiency for electronic toll collection lanes. Special rectification plans were implemented in advance for road facilities and traffic environment to prepare for the upcoming CIIE.

With the commencement of the Shanghai-Changzhou Expressway in late September 2018, its impact of traffic diversion on Hu-Yu Expressway (Shanghai Section) became stronger this year. This, together with the slowdown in growth of passenger car parc, continued declines in vehicle usage intensity and the commencement of operation of the Jiamin Elevated Highway and Shanghai Metro Line 17, the year-on-year growth of traffic flow of Hu-Yu Expressway was contained during the period. Leveraging experience and results obtained from maintenance works prepared for the first CIIE, the project company stepped up its management rules and initiated a new “smiling service star” competition, resulting in improved quality for toll collection efficiency and operational efficiency during the first half of the year. In addition, intelligent big data technologies were adopted to upgrade road surveillance system, which effectively improved its facilities maintenance and emergency response.

In the first half of 2019, the Hangzhou Bay Bridge and the “two districts and one island” recorded overall safe and orderly operation. The traffic flow and toll revenue of the bridge however became slackened during the period due to uncertainties in the economic situation in the area and adjustments to certain toll collection policies. Profit for the period was almost at the same level as that of last year. During the period, the project company successfully completed emergency measures for severe winter weather and made preparations for safe and smooth traffic flow on the bridge during days of huge traffic such as the Spring Festival travel season, Chinese New Year, Tomb-sweeping Festival, Labor Day, Dragon Boat Festival and other holidays. A number of surveillance upgrading projects, which have enhanced bridge safety, were continued to be implemented. In addition, night maintenance construction works were carried out on a pilot basis, significantly helping to mitigate the negative impacts of construction in daytime. The steel bridge floor asphalt pavement of the south and north channels was also repaired to improve the smoothness and comfort level of the bridge surface.



Business Review, Discussion and Analysis

Water services

During the period, the Group has taken steps to expand its investments in the development of its green environmental protection business and focused on exploring projects with great potential to create new sources of profit and to become a key driving force for business growth in the future.

SIIC Environment

This year, SIIC Environment continued to capitalize on opportunities brought about by the recent national policies and developments in environmental protection to expand the size of its core business and profitability and to improve its asset quality through the acquisition of high-quality assets and upgrading of existing projects. During the period, SIIC Environment recorded a revenue of RMB2,922 million, representing a year-on-year growth of 2.5%. The increase in revenue was mainly attributable to rising revenues from a bigger volume and higher prices of water sold. Construction income declined in the first half of the year due to a lower number of construction projects which commenced or have been under construction during the period, hence partially offsetting the increase in operating revenue. During the period, the company recorded a profit after taxation of RMB300 million, representing a year-on-year increase of 17.4%. During the period, SIIC Environment entered into a number of projects following the successive commencement of commercial operation of existing projects.

In January 2019, Fudan Water, a 92.15% owned subsidiary of SIIC Environment, signed a franchise agreement in relation to a waste incineration BOT (Build-Operate-Transfer) project. The project will be built in the Recycled Economic Industrial Park in Shen County, Shandong Province, with a total planned daily capacity of 1,200 tonnes. The project has a franchise period of 30 years (excluding the construction period), with a total investment of approximately RMB600 million. The first phase of investment is approximately RMB360 million, with a planned daily capacity of 700 tonnes. Grate incinerator technology will be employed to convert waste to energy.

In the same month, Fudan Water also signed an entrusted management and procurement agreement for the Cixi North City sewage treatment plants and constructed wetlands. The agreement is for a period of two years, with an option to extend for another year. The project is located at Hangzhou Bay New Zone, Ningbo, Zhejiang, the PRC, and the discharge standard of the sewage treatment plant project is Grade 1B standard, with a total planned daily capacity of 100,000 tonnes, while the discharge standard of the constructed wetlands is Grade 1A standard.

In the same month, SIIC Environment Dezhou, a subsidiary owned as to 75.5% by SIIC Environment, signed a TOT (Transfer-Operate-Transfer) supplementary agreement. With a total investment amount of approximately RMB46.42 million, the project is to upgrade sewage treatment plants, and the discharge standard is to be upgraded from Grade 1B to Grade 1A standard. The franchise period was extended from 20 years to 30 years.

In February 2019, Dalian Ziguang Water and Dalian Ziguang Lingshui, both wholly-owned subsidiaries of SIIC Environment, signed a supplementary concession agreement with Liaoning Dalian City Management Bureau, respectively. The Dalian Tiger Beach sewage treatment project of Dalian Ziguang Water has a planned daily capacity of 90,000 tonnes, with a water discharge standard of Grade 1A. The Dalian Lingshui River sewage treatment project of Dalian Ziguang Lingshui has a planned daily capacity of 80,000 tonnes, with a water discharge standard of Grade 1A.

In March 2019, Fudan Water signed a supplementary agreement in relation to the upgrading project for phases I and II and the construction project for phase III of the sewage treatment project in Western Fengxian, Shanghai, of which the water discharge standard for phase I of the project will be upgraded to Grade 1A from Grade 2, with a planned daily capacity of 100,000 tonnes. The water discharge standard for phase II will be upgraded to Grade 1A from Grade 1B, with a planned daily capacity of 50,000 tonnes. The newly-built phase III of the project will have a planned daily capacity of 50,000 tonnes and a water discharge standard of Grade 1A.

In April 2019, SIIC Environment Dalian, a 95.65% owned subsidiary of SIIC Environment, received government approval for its sewage treatment project in Sanshilipu, Puwan New District, Dalian, Liaoning Province which has been put into commercial operation since 21 January 2019. The project has a planned daily capacity of 20,000 tonnes and a water discharge standard of Grade 1A. In addition, the sewage treatment project in Ningbo Hangzhou Bay New Area, Zhejiang Province also received government approval and has been put into commercial operation since 1 January 2019, with a planned daily capacity of 90,000 tonnes. The water discharge standard is classified as Class IV.



In May 2019, Longjiang Environmental, a subsidiary jointly owned as to 98.75% by the Company and SIIC Environment, signed three agreements with Jiamusi Housing and Urban-Rural Construction Bureau in Heilongjiang Province, with a planned daily capacity of 100,000 tonnes for sewage treatment plants, a planned capacity of 40,000 tonnes for water recycling plants and a water discharge standard of Grade 1A. The concession term was adjusted to a period from 2018 to 2038.

Subsequent to the date of this report, SIIC Environment Water, a 75.5% owned subsidiary of SIIC Environment, signed a franchise agreement with Weifang Urban Administration Bureau, Shandong Province in relation to the Shawo sewage treatment plant recovery and upgrading project. The project has a planned daily capacity of 100,000 tonnes and will be constructed in two phases with a water discharge standard of Grade 1A. The project is for a term of 10 years, following which the company has the right of first refusal for operation under the same conditions.

General Water of China

In the first half of 2019, General Water of China further optimized its capital structure, profit structure and management hierarchy and continued to improve its asset quality. Capturing opportunities through its participation in major platforms for protection from pollution of the Yangtze River, the company strengthened reorganization as well as mergers and acquisitions to accelerate the development of its core business. Additional efforts were put on scientific innovation to actively build up its core competitiveness, striving to become a leading enterprise in the water service industry in the PRC. During the period, the company recorded a revenue of HK\$1,015 million, representing a year-on-year decrease of 9.9% and net profit of HK\$114 million, representing a year-on-year decrease of 31.8%. During the period, General Water of China was awarded one of the Top 10 Most Influential Enterprises in China's Water Industry for the 16th consecutive year, ranking among top 3 for the first time. General Water of China was also recognized as one of the 2019 Top 50 Environmental Enterprises in China this year.

In January 2019, phase II of a PPP (public-private partnership) project for a sewage treatment plant in the new zone of eastern Huzhou, for investment, construction and operation by a wholly-owned subsidiary of General Water of China, formally commenced. The project represents the company's initial presence in Huzhou since the implementation for promoting protection from pollution of the Yangtze River, occupying a site area of 5.2 hectares and a planned daily sewage treatment capacity of 100,000 cubic meters. The project's total investment is approximately RMB238 million and the construction period will last for 22 months, with a water discharge standard of Grade 1A.

Details of the water development projects under the Group as at 30 June 2019 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 Hefei Chemical Industrial Park	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 in operation.
5	Auhui	Phase I of reclaimed water 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	100%	The project is in operation.
7	Fujian	Phase II of sewage treatment plant BOT project in Longmen Town, Anxi	Sewage treatment	12,500	100%	The project is yet to commence construction.
8	Fujian	Sewage treatment plant BOT forward project in Longmen Town, Anxi	Sewage treatment	25,000	100%	The project is yet to commence construction.

Business Review, Discussion and Analysis

	Province	Projects of SIIC Environment	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
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	Phases 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	100%	The project is in operation.
14	Guangdong	Phase II of water purification centre project in Meihu, Huizhou	Sewage treatment	100,000	100%	The project is in operation.
15	Guangdong	Phases I and II of water purification centre advance treatment project in Meihu, Huizhou	Sewage treatment	200,000	100%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is yet to commence construction.
16	Guangdong	Phase III of water purification centre project in Meihu, Huizhou	Sewage treatment	100,000	100%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is yet to commence construction.
17	Guangdong	Sewage treatment plant project in Pinghu, Shenzhen	Sewage treatment	25,000	100%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is yet to commence construction.
18	Guangdong	Sewage treatment plant expansion project in Pinghu, Shenzhen	Sewage treatment	55,000	100%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is yet to commence construction.
19	Guangdong	Sewage treatment plant project in Pudixia, Shenzhen	Sewage treatment	50,000	100%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is yet to commence construction.
20	Guangdong	Sewage treatment plant project in Egongling, Shenzhen	Sewage treatment	50,000	100%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is under construction.
21	Guangdong	Phase II of sewage treatment plant project in Henggang, Shenzhen	Sewage treatment	100,000	100%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is yet to commence construction.
22	Guangdong	Water recycling plant project in Henggang, Shenzhen	Reclaimed water treatment	50,000	100%	The project is in operation.
23	Guangdong	Sewage treatment plant project in Guanlan, Shenzhen	Sewage treatment	200,000	60%	The project is in operation.
24	Guangdong	Phase II of water purification plant upgrading and expansion project in Guanlan, Shenzhen	Sewage treatment	40,000	60%	<ul style="list-style-type: none"> The project is constructed by the government, and operation and maintenance will be conducted by the project company.
25	Guangdong	Sewage treatment plant project in Wuchuan	Sewage treatment	40,000	100%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is yet to commence construction.
26	Guangxi	Sewage treatment plant project in Hongkan, Beihai	Sewage treatment	200,000	55%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is yet to commence operation, and will be conducted by the government.
27	Guangxi	Sewage treatment plant project in Daguansha, Beihai	Sewage treatment	20,000	55%	The project is yet to commence operation.
28	Guangxi	Phase I of city sewage treatment plant project in Beiliu	Sewage treatment	40,000	75.5%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is under construction.
29	Guangxi	City sewage treatment plant upgrading and expansion project in Beiliu	Sewage treatment	40,000	75.5%	The project is under construction.
30	Heilongjiang	City sewage treatment plant and water recycling plant project in Anda	Sewage treatment	45,000	57.7%	The project is in operation.

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	Province	Projects of SIIC Environment	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
31	Heilongjiang	Sewage treatment plant TOT project in Anda Development Zone	Sewage treatment	20,000	57.7%	The project is in operation.
32	Heilongjiang	Sewage treatment plant project in Baoqing	Sewage treatment	20,000	58%	The project is in operation.
33	Heilongjiang	City sewage treatment plant no. 2 project in Fujin	Sewage treatment	35,000	58%	<ul style="list-style-type: none"> • 10,000 tonnes are in operation. • 25,000 tonnes expansion are under construction.
34	Heilongjiang	Sewage treatment plant project in Fujin	Sewage treatment	15,000	57.1%	The project is in operation.
35	Heilongjiang	Phase I of sewage treatment plant project in Acheng, Harbin	Sewage treatment	50,000	58%	The project is in operation.
36	Heilongjiang	Phase II of sewage treatment plant project in Acheng, Harbin	Sewage treatment	50,000	58%	The project is in operation.
37	Heilongjiang	Sewage treatment plant operation entrustment project in old town, Hulan, Harbin	Sewage treatment	20,000	58%	The project is in operation.
38	Heilongjiang	Plant no. 2 of sewage treatment plant no. 2 project in old town, Hulan, Harbin	Sewage treatment	30,000	58%	The project is in operation.
39	Heilongjiang	Sewage treatment plant operation entrustment project in Limin, Hulan, Harbin	Sewage treatment	50,000	58%	The project is yet to commence operation and maintenance.
40	Heilongjiang	Sewage treatment plant project in Pingfang, Harbin	Sewage treatment	150,000	57.3%	The project is in operation.
41	Heilongjiang	Sewage treatment plant project in Taiping, Harbin	Sewage treatment	325,000	58%	The project is in operation.
42	Heilongjiang	Sewage treatment plant project in Wenchang, Harbin	Sewage treatment	325,000	58%	The project is in operation.
43	Heilongjiang	Sewage treatment plant upgrading and reconstruction project in Wenchang, Harbin	Sewage treatment	650,000	58%	The project is in operation.
44	Heilongjiang	Sewage treatment plant project in Xinyigou, Haerbin	Sewage treatment	100,000	57.3%	<ul style="list-style-type: none"> • The project is in operation. • The upgrading project is under construction.
45	Heilongjiang	Phase I of sewage treatment plant project in Heihe	Sewage treatment	25,000	57.6%	The project is in operation.
46	Heilongjiang	Phase I of sewage treatment project in Jiguan, Jixi	Sewage treatment	50,000	58%	The project is in operation.
47	Heilongjiang	Phase II of sewage treatment plant project in Jiguan, Jixi	Sewage treatment	50,000	58%	The project is in operation.
48	Heilongjiang	Phases I and II of sewage treatment plant advance treatment project in Jiguan, Jixi	Sewage treatment	100,000	58%	The project is in operation.
49	Heilongjiang	Recycling water project in Jixi	Reclaimed water treatment	5,000	58%	The project is under construction.
50	Heilongjiang	Phase I of sewage treatment plant project in eastern Jiamusi	Sewage treatment	60,000	56.4%	<ul style="list-style-type: none"> • The project is in operation. • The upgrading project is under debugging stage.
51	Heilongjiang	Phase II of sewage treatment plant project in eastern Jiamusi	Sewage treatment	40,000	56.4%	<ul style="list-style-type: none"> • The project is in operation. • The upgrading project is under debugging stage.
52	Heilongjiang	Phase I of sewage treatment plant project in western Jiamusi	Sewage treatment	50,000	56.4%	The project is in operation.
53	Heilongjiang	Phase II of sewage treatment plant project in western Jiamusi	Sewage treatment	50,000	56.4%	The project is yet to commence operation.
54	Heilongjiang	Sewage treatment and water recycling project in eastern Jiamusi	Reclaimed water treatment	40,000	56.4%	The project is yet to commence operation.
55	Heilongjiang	City sewage treatment plant project in Mudanjiang	Sewage treatment	100,000	58%	The project is in operation.

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	Province	Projects of SIIC Environment	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
56	Heilongjiang	Phase II of sewage treatment plant project in Mudanjiang	Sewage treatment	100,000	58%	The project is in operation.
57	Heilongjiang	Sewage treatment plant project in Ningan	Sewage treatment	20,000	57.5%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is under construction.
58	Heilongjiang	Sewage treatment plant reconstruction and expansion project in Ningan	Sewage treatment	15,000	57.5%	The project is under construction.
59	Heilongjiang	Sewage treatment plant franchise project in Shangzhi	Sewage treatment	40,000	58%	The project is in operation.
60	Heilongjiang	Phase I of city sewage treatment plant project in Shuangyashan	Sewage treatment	50,000	58%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is under construction.
61	Heilongjiang	Phase II of city sewage treatment plant project in Shuangyashan	Sewage treatment	50,000	58%	The project is in operation.
62	Heilongjiang	Sewage treatment plant in Youyi, Shuangyashan	Sewage treatment	10,000	58%	The project is in operation.
63	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.
64	Heilongjiang	Phase I and II of city sewage treatment plant project in Zhaodong	Sewage treatment	50,000	57.1%	The project is in operation.
65	Heilongjiang	Sewage treatment plant no. 2 project in Zhaodong	Sewage treatment	50,000	57.1%	The project is in operation.
66	Heilongjiang	Phase I of sewage treatment and water recycling project in eastern Hegang	Sewage treatment	30,000	58%	The project is in operation.
67	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.
68	Heilongjiang	Phase I of sewage treatment and water recycling project in western Hegang	Sewage treatment	50,000	58%	The project is in operation.
69	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.
70	Heilongjiang	Sewage treatment and water recycling project in Hegang (water recycling)	Reclaimed water treatment	30,000	58%	The project is yet to commence operation.
71	Heilongjiang	Sewage treatment plant project in Fuyuan (sludge disposal in sewage treatment plant)	Sewage treatment	10,000	58%	The project is in operation.
72	Heilongjiang	Sewage treatment plant project in Xinlong, Bayan	Sewage treatment	10,000	58%	The project is under construction.
73	Heilongjiang	Sewage treatment plant expansion project in Xinlong, Bayan	Sewage treatment	30,000	58%	The project is yet to commence construction.
74	Heilongjiang	Sewage treatment plant operation entrustment project in Binzhou	Sewage treatment	20,000	58%	The project is in operation.
75	Henan	Phase I of sewage treatment plant no. 3 project in Xiping	Sewage treatment	30,000	69.1%	The project is yet to commence construction.
76	Henan	Phase II of sewage treatment plant no. 3 project in Xiping	Sewage treatment	20,000	69.1%	The project is yet to commence construction.
77	Henan	Phase I of sewage treatment plant project in Dongcheng, Luohe	Sewage treatment	20,000	75.5%	The project is in operation.
78	Henan	Phase II of sewage treatment plant expansion project in Dongcheng, Luohe	Sewage treatment	30,000	75.5%	The project is in trial operation.
79	Henan	Sewage treatment plant project in southern Baihe, Nanyang	Sewage treatment	100,000	69.1%	The project is in operation.
80	Henan	Sewage treatment plant no.1 project in Suiping	Sewage treatment	30,000	69.1%	The project is in operation.
81	Henan	Sewage treatment plant no. 2 project in Suiping	Sewage treatment	10,000	69.1%	The project is in operation.

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	Province	Projects of SIIC Environment	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress
82	Hubei	Phase II of sewage treatment plant project in Cihu, Huangshi	Sewage treatment	125,000	100%	The project is in operation.
83	Hubei	Sewage treatment plant project in Hanxi, Wuhan	Sewage treatment	340,000	80%	The project is in operation.
84	Hubei	Sewage treatment plant expansion project in Hanxi, Wuhan (including Hanxi sludge treatment project)	Sewage treatment	260,000	80%	The project is in operation.
85	Hubei	Phase I of sewage treatment plant project in Qianchuan, Huangbei, Wuhan	Sewage treatment	30,000	100%	The project is in operation.
86	Hubei	Phase I of sewage treatment plant project in Panlong, Huangbei, Wuhan	Sewage treatment	22,500	100%	The project is in operation.
87	Hubei	Sewage treatment plant continued construction project in Panlong, Huangbei, Wuhan	Sewage treatment	22,500	100%	The project is in operation.
88	Hubei	Phase I of sewage treatment plant project in Wuhu, Huangbei, Wuhan	Sewage treatment	25,000	100%	The project is in operation.
89	Hubei	Phase I of sewage treatment plant project in Wuhan Economic and Development Zone	Sewage treatment	60,000	100%	The project is in operation.
90	Hubei	Phase I of sewage treatment plant project in southern Suizhou	Sewage treatment	50,000	92.2%	The project is in operation.
91	Hunan	Sewage treatment BOT project in Linwu, Chenzhou	Sewage treatment	10,000	20%	The project is in operation.
92	Hunan	Phase I of sewage treatment plant project in Chenzhou	Sewage treatment	80,000	100%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is yet to commence construction.
93	Hunan	Phase I of sewage treatment expansion plant project in Chenzhou	Sewage treatment	40,000	100%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is yet to commence construction.
94	Hunan	Sewage treatment project in Taohuajiang, Taojiang	Sewage treatment	20,000	75.5%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is under construction.
95	Hunan	Sewage treatment plant no. 1 upgrading and expansion project in Taohuajiang, Taojiang	Sewage treatment	10,000	75.5%	The project is under construction.
96	Hunan	Sewage treatment plant project in the new zone of eastern Gaoxin, Yiyang	Sewage treatment	30,000	75.5%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is under construction.
97	Hunan	Sewage treatment plant BOT project in northern Yiyang	Sewage treatment	40,000	75.5%	The project is in operation.
98	Hunan	Phase II of sewage treatment plant upgrading and expansion projects in northern Yiyang	Sewage treatment	40,000	75.5%	The project is in operation.
99	Inner Mongolia	Sewage treatment BOT project in Dazhuangyuan Meat Processing Plant, Xilinhot	Sewage treatment	3,500	58%	The project is under construction.
100	Inner Mongolia	Sewage treatment plant BOT project in Xilinhot	Sewage treatment	40,000	58%	<ul style="list-style-type: none"> The project is under construction. The upgrading project is under construction.
101	Jiangsu	Phase I of sewage treatment project at Xingang Park, Jingjiang	Sewage treatment	20,000	100%	The project is in operation.
102	Jiangsu	Phase II of sewage treatment project at Xingang Park, Jingjiang	Sewage treatment	20,000	100%	The project is yet to commence construction.
103	Jiangsu	Phase III of sewage treatment project at Xingang Park, Jingjiang	Sewage treatment	40,000	100%	The project is yet to commence construction.
104	Jiangsu	Phase I of sewage treatment plant project in southern Shuyang	Sewage treatment	30,000	100%	The project is in operation.
105	Jiangsu	Phase II of sewage treatment plant project in southern Shuyang	Sewage treatment	30,000	100%	The project is in operation.
106	Jiangsu	Phase I of sewage treatment plant project in Guanyinshan, Nantong	Sewage treatment	25,000	92.2%	The project is in operation.

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107	Jiangsu	Phase II of sewage treatment plant project in Guanyinshan, Nantong	Sewage treatment	48,000	92.2%	The project is in operation.
108	Jiangsu	Phase I of sewage treatment plant project in Huangqiao, Taixing	Sewage treatment	25,000	100%	The project is in operation.
109	Jiangsu	Phase II of sewage treatment plant project in Huangqiao, Taixing	Sewage treatment	25,000	100%	The project is yet to commence construction.
110	Jiangsu	Phase I of sewage treatment plant project in Huangqiao Industrial Park, Taixing	Sewage treatment	10,000	100%	The project is in operation.
111	Jiangsu	Phase II of sewage treatment plant project in Huangqiao Industrial Park, Taixing	Sewage treatment	10,000	100%	The project is yet to commence construction.
112	Jiangsu	Phase I of sewage treatment plant in Huangqiao Industrial Park, Taixing	Reclaimed water treatment	3,000	100%	The project is in operation.
113	Jiangsu	Phase II of sewage treatment plant in Huangqiao Industrial Park, Taixing	Reclaimed water treatment	3,000	100%	The project is yet to commence construction.
114	Jiangxi	Phase I of sewage treatment plant project in Chongren Industrial Park	Sewage treatment	10,000	60%	The project is in operation.
115	Jiangxi	Phase I of sewage treatment plant project in Yihuang Industrial Park	Sewage treatment	5,000	60%	The project is in operation.
116	Jiangxi	Phase II of sewage treatment plant project in Yihuang Industrial Park	Sewage treatment	10,000	60%	The project is under construction.
117	Jiangxi	Phase I of comprehensive sewage treatment plant project in Yongxin Industrial and Development Park	Sewage treatment	10,000	60%	The project is in operation.
118	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.
119	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.
120	Jiangxi	Phase I of sewage treatment plant project in Wanzai Industrial Park	Sewage treatment	5,000	60%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is under construction.
121	Jiangxi	Sewage treatment plant expansion project in Wanzai Industrial Park	Sewage treatment	7,500	60%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is under construction.
122	Jiangxi	Phase I of sewage treatment plant project in Yongfeng Industrial Park	Sewage treatment	10,000	60%	The project is in operation.
123	Jiangxi	Sewage treatment plant in Fengxin Industrial Park	Sewage treatment	34,000	60%	<ul style="list-style-type: none"> 25,000 tonnes are in operation. 7,000 tonnes are under construction. 2,000 tonnes are yet to commence construction.
124	Jilin	Sewage treatment plant project in Yingcheng, Jiutai, Changchun	Sewage treatment	15,000	58%	The project is in operation.
125	Jilin	Sewage treatment plant project in Kalun, Jiutai Development Zone, Changchun	Sewage treatment	25,000	58%	<ul style="list-style-type: none"> The project is in operation. The pipe system project is under construction.
126	Jilin	Sewage treatment plant project in Panshi Industrial and Development Zone	Sewage treatment	10,000	58%	The project is in operation.
127	Jilin	Sewage treatment plant project in Jilin Mincheng Economic and Development Zone	Sewage treatment	2,500	58%	The project is in operation.
128	Jilin	Phase I of sewage treatment plant project in Jiaohe	Sewage treatment	25,000	58%	The project is in operation.
129	Jilin	Sewage treatment plant project in Fuyu	Sewage treatment	30,000	58%	The project is in operation.
130	Liaoning	Phase I of sewage treatment plant project in Sanshilipu, Puwan New Zone, Dailin	Sewage treatment	20,000	92.7%	The project is in operation.

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131	Liaoning	Sewage treatment plant project in Houhai, Puwan New Zone, Dailin	Sewage treatment	20,000	92.7%	The project is under construction.
132	Liaoning	Sewage treatment plant project in Dailin Bay	Sewage treatment	40,000	75.5%	The project is in trial operation.
133	Liaoning	Phase II of sewage treatment plant project in Quanshui River, Dailin	Sewage treatment	105,000	75.5%	The project is in trial operation.
134	Liaoning	Sewage treatment plant in northern Yingkou Economic and Technological Development Zone	Sewage treatment	30,000	60%	The project is in operation.
135	Liaoning	Sewage treatment plant project in Lingshui River, Dailin	Sewage treatment	60,000	86.5%	The project is in operation.
136	Liaoning	Sewage treatment plant upgrading and expansion project in Lingshui River, Dailin	Sewage treatment	20,000	86.5%	The project is in operation.
137	Liaoning	Sewage treatment plant project in Tiger Beach, Dailin	Sewage treatment	80,000	75.5%	The project is in operation.
138	Liaoning	Sewage treatment plant upgrading and expansion project in Tiger Beach, Dailin	Sewage treatment	10,000	75.5%	The project is in operation.
139	Ningxia Hui Autonomous Region	Phase I of sewage treatment plant no. 5 project in Yinchuan	Sewage treatment	50,000	100%	The project is in operation.
140	Ningxia Hui Autonomous Region	Phase II of sewage treatment plant no. 5 expansion, upgrading and reconstruction project in Yinchuan	Sewage treatment	50,000	100%	The project is in operation.
141	Ningxia Hui Autonomous Region	Phase I of sewage treatment plant project in Binhe New Zone, Yinchuan	Sewage treatment	50,000	100%	The project is in operation.
142	Ningxia Hui Autonomous Region	Escrow project for reclaimed water treatment plant no. 5 of Yinchuan Sewage Treatment Co., Ltd.	Reclaimed water treatment	50,000	100%	The project is in operation.
143	Shandong	Sewage treatment plant project in Dezhou	Sewage treatment	100,000	75.5%	<ul style="list-style-type: none"> The project is in operation. The upgrading project is under construction.
144	Shandong	Sewage treatment plant project in western Weifang	Sewage treatment	40,000	75.5%	The project is in operation.
145	Shandong	Phase I of sewage treatment plant project in Weifang High Technology Industrial Development Zone	Sewage treatment	50,000	75.5%	The project is in operation.
146	Shandong	Sewage treatment plant with reclaimed water treatment project in Weifang	Reclaimed water treatment	38,500	75.5%	The project is in operation.
147	Shandong	Sewage treatment plant relocation and expansion project in Weifang	Sewage treatment	200,000	75.5%	The project is in operation.
148	Shandong	Phase I of sewage treatment plant resumption and upgrading project in Shawo, Weifang	Sewage treatment	60,000	75.5%	The project is under construction.
149	Shandong	Phase II of sewage treatment plant resumption and upgrading project in Shawo, Weifang	Sewage treatment	40,000	75.5%	The project is yet to commence construction.
150	Shandong	Sewage treatment centre project in Shanting, Zaozhuang	Sewage treatment	20,000	75.5%	The project is in operation.
151	Shandong	Phase I of sewage treatment centre project in Yicheng, Zaozhuang	Sewage treatment	20,000	75.5%	The project is in operation.
152	Shandong	Phase II of sewage treatment centre project in Yicheng, Zaozhuang	Sewage treatment	20,000	75.5%	The project is in operation.
153	Shanghai	Phase I of sewage treatment plant no. 2 project in Qingpu	Sewage treatment	15,000	87.8%	The project is in operation.
154	Shanghai	Phase II of sewage treatment plant no. 2 project in Qingpu	Sewage treatment	45,000	87.8%	The project is in operation.

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155	Shanghai	Phase III of sewage treatment plant no. 2 project in Qingpu	Sewage treatment	60,000	87.8%	The project is in operation.
156	Shanghai	Phase IV of sewage treatment plant no. 2 expansion project in Qingpu	Sewage treatment	60,000	87.8%	The project is in operation.
157	Shanghai	Sewage treatment plant no. 2 expansion project in Qingpu	Sewage treatment	60,000	87.8%	The project is yet to commence construction.
158	Shanghai	Sewage treatment plant project in western Fengxian	Sewage treatment	100,000	73.7%	The project is in operation.
159	Shanghai	Sewage treatment plant expansion project in western Fengxian	Sewage treatment	50,000	73.7%	The project is in operation.
160	Shanghai	Phase III of sewage treatment plant expansion project in western Fengxian	Sewage treatment	50,000	73.7%	The project is in operation.
161	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.
162	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.
163	Zhejiang	Sewage treatment plant with pipe network ancillary facilities expansion project in Zhejiang Chemical Raw Material Base Linhai Park	Sewage treatment	25,000	100%	The project is yet to commence construction.
164	Zhejiang	Batch 1 of phase I of water purification plant project in Xiaocaoe, Yuyao	Sewage treatment	60,000	69.1%	The project is in operation.
165	Zhejiang	Batch 2 of phase I of water purification plant project in Xiaocaoe, Yuyao	Sewage treatment	60,000	69.1%	The project is in operation.
166	Zhejiang	City sewage treatment plant upgrading and expansion project in Xiaocaoe, Yuyao	Sewage treatment	30,000	69.1%	The project is in operation.
167	Zhejiang	Phase III of city sewage treatment plant upgrading and reconstruction project in Xiaocaoe, Yuyao	Sewage treatment	75,000	69.1%	The project is in operation.
168	Zhejiang	Phase III of city sewage treatment plant upgrading, reconstruction and expansion project in Xiaocaoe, Yuyao	Sewage treatment	75,000	69.1%	The project is yet to commence construction.
169	Zhejiang	Sewage pretreatment plant project in Zhacai, Yuyao	Sewage treatment	3,000	69.1%	The project is in operation.
170	Zhejiang	Sewage treatment plant upgrading and reconstruction project in Binhai, Huangjiabu, Ningbo	Sewage treatment	30,000	64.5%	The project is in operation.
171	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.
172	Zhejiang	Sewage treatment plant and artificial wetland entrustment project in northern Cixi	Sewage treatment	100,000	59.9%	The project is in operation.
173	Zhejiang	Phase I of sewage treatment plant project in eastern Pinghu	Sewage treatment	40,000	100%	The project is in operation.
174	Zhejiang	Phase II of sewage treatment plant expansion project in eastern Pinghu	Sewage treatment	45,000	100%	The project is in operation.
175	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				9,543,000		

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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%	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	Hubei	Water supply plant expansion project in Qianchuan, Huangpi, Wuhan	Water supply	40,000	100%	The project is in operation.
9	Hubei	Water supply plant reserve entrustment project in Qianchuan, Huangpi, Wuhan	Water supply	80,000	100%	The project is in operation.
10	Hubei	Phase 5 of water supply plant reconstruction and expansion project in Qianchuan, Huangpi, Wuhan	Water supply	60,000	100%	The project is under construction.
11	Hubei	Phase I of New Wuhu water supply plant project in Huangpi, Wuhan	Water supply	100,000	100%	The project is in operation.
12	Hubei	Phase II of New Wuhu water supply plant project in Huangpi, Wuhan	Water supply	150,000	100%	The project is yet to commence construction.
13	Hunan	Huilongshan water supply plant city water supply project in Yiyang	Water supply	120,000	90%	The project is in operation.
14	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.
15	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.
16	Hunan	Water supply plant no. 4 water supply project in Yiyang	Water supply	200,000	90%	The project is under construction.
17	Shandong	Water supply project in Hanting, Weifang	Water supply	60,000	26.2%	The project is in operation.
18	Shandong	City water supply project in Weifang (Bailanghe water supply plant)	Water supply	120,000	51.3%	The project is in operation.
19	Shandong	City water supply project in Weifang (Gaoxin water distribution plant)	Water supply	200,000	51.3%	The project is in operation.
20	Shandong	Fangzi Water Supply Holding Company project in Weifang	Water supply	40,000	26.2%	The project is in operation.
21	Shanxi	Water diversion project from Wenshui to Pingchuan (southern line)	Water supply	55,000	100%	The project is in operation.
Total				2,125,000		
Total of water projects				11,668,000		

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Province	Projects of SIIC Environment	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress	
Water incineration projects						
1	Shandong	Phase I of household waste incineration thermal power generation project in Wulian	Water incineration	300	82.9%	The project is under construction.
2	Shandong	Phase II of household waste incineration thermal power generation project in Wulian	Water incineration	300	82.9%	The project is yet to commence construction.
3	Shandong	Waste incineration thermal power generation project in Shen	Water incineration	1,200	47.5%	The project is yet to commence construction.
4	Shanghai	Waste incineration thermal power generation project in Pucheng	Water incineration	1,050	50%	The project is in operation.
5	Sichuan	Stage 1 of city household waste incineration thermal power generation project in Dazhou	Water incineration	700	100%	The project is in operation.
6	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.
7	Zhejiang	Waste incineration thermal power generation project in Wenling	Water incineration	1,100	50%	The project is in operation.
Total			5,000			

Province	Projects of SIIC Environment	Project type	Daily production capacity (tonnes)	Interest attributable to SIIC Environment	Project progress	
Water incineration projects						
1	Heilongjiang	Phase I of sewage treatment plant sludge disposal project in Harbin	Sludge treatment	650	58%	The project is in operation.
2	Heilongjiang	Phase II of sewage treatment plant sludge disposal project in Harbin	Sludge treatment	350	58%	The project is in operation.
3	Heilongjiang	Sludge disposal project in Heihe	Sludge treatment	40	57.6%	The project is in operation.
4	Heilongjiang	Sewage treatment plant sludge disposal project in Jiamusi	Sludge treatment	100	56.4%	The project is in operation.
5	Heilongjiang	Sewage treatment plant sludge disposal project in Mudanjiang	Sludge treatment	150	58%	The project is in operation.
6	Heilongjiang	Sludge disposal plant project in Ningan	Sludge treatment	40	57.5%	The project is in operation.
7	Henan	Sludge disposal project in Xinxiang	Sludge treatment	300	69.1%	The project is in operation.
8	Henan	Phase I of sewage treatment plant sludge disposal project in Nanyang	Sludge treatment	200	69.1%	The project is in operation.
9	Henan	Phase II of sewage treatment plant sludge disposal project in Nanyang	Sludge treatment	100	69.1%	The project is yet to commence construction.
10	Hubei	Sludge disposal 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	Auhui	Guzhen GWC Sewage Treatment Co., Ltd. project.	Sewage treatment	50,000	100%	The project is in operation.
4	Fujian	Sewage treatment project in Xiamen	Sewage treatment	1,202,500	55%	The project is in operation.
5	Guangdong	Sewage treatment plant project in Longhua, Shenzhen	Sewage treatment	150,000	90%	The project is in operation.
6	Heilongjiang	City sewage treatment project in Suifenhe	Sewage treatment	20,000	100%	The project is in operation.
7	Hunan	Sewage treatment project in Hedong, Xiangtan	Sewage treatment	150,000	100%	The project is in operation.
8	Zhejiang	Sewage treatment project in Eastern Huzhou New Zone	Sewage treatment	50,000	81.16%	The project is in operation.
9	Zhejiang	Sewage treatment project in Huzhou	Sewage treatment	15,000	100%	The project is in operation.
10	Zhejiang	Sewage treatment plant upgrading works entrustment project in Eastern Wenzhou New Zone	Sewage treatment	50,000	Not applicable	The project is in operation.
11	Zhejiang	Sewage treatment project in eastern Wenzhou	Sewage treatment	150,000	100%	The project is in operation.
12	Zhejiang	Sewage treatment project in central Wenzhou	Sewage treatment	200,000	70%	The project is in operation.
Total				2,487,500		

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	46.15%	The project is in operation.
3	Auhui	Water supply project in Huaiyuan	Water supply	157,000	60%	The project is in operation.
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				4,422,000		
Total of water projects				6,909,500		

NEW BUSINESS ARENA

As at the end of June 2019, the total photovoltaic assets capacity of Shanghai Galaxy (the Group holds a 45% equity interest) and its 80.25% owned subsidiary, Galaxy Energy, reached 580MW. The total amount of on-grid electricity sold from 12 photovoltaic power stations was approximately 438 million kWh, representing an increase of 3.9% over the same period last year. During the period, the photovoltaic team continued to strengthen studies on macro policies, industry dynamics and the capital market and further improved the management system of existing projects to reduce costs and increase efficiency.

During the period, the relevant government authorities in the PRC issued policies to regulate the management of priority power generation and priority power purchase and made a uniform estimation of the consumption of renewable energy and electricity amongst all provinces in the PRC. The allocated quotas for most provinces significantly increased, which will facilitate electricity consumption and effectively mitigate the current electricity consumption limitation. In the future, the project companies will continue to facilitate investment in green industries, consider incorporating more environmental protection and green energy projects, and actively explore new projects with development potential.

REAL ESTATE

During the period, the real estate business recorded a profit of HK\$552 million, representing a year-on-year decrease of 5.9% and accounting for 26.0% of the Group's Net Business Profit. This was mainly due to the relatively high profit base for the same period last year, during which profit in the segment increased significantly from sales revenue of the Shanghai Bay project of SI Development in which the Company holds a 49% equity interest. Leveraging on opportunities brought by the integration of the Yangtze River Delta region, the Group further developed its real estate business and continued to improve management of its existing assets and accelerate quality enhancement, adhering to the strategic objective of achieving steady progress and robust development in a pragmatic approach.

SI Development

Focusing on its key working tasks, SI Development accelerated innovation for its construction models during the period and continued to optimize business and capital structure in order to consolidate the profit base of its core business. For the period under review, a revenue of RMB4,350 million was recorded, representing an year-on-year increase of 15.4%, mainly attributable to contributions from such projects as Hi-Shanghai (Phrase 1) in Hangzhou and Belle Rive in Qingpu, Shanghai; net profit amounted to RMB413 million, representing a year-on-year increase of 48.8%.

In view of continued restrictions on property purchase for first and second tier cities where the company's major projects are located, SI Development capitalized on market opportunities and fully developed the potential value of its projects. Efforts were also made to broaden its customer base and speed up inventory consumption, and as a result, contract sales of RMB2,652 million were recorded, accounting for a gross floor area of 163,500 square meters. Of these projects, Sea Palace in Quanzhou, SIIC Tianlan Bay and SIIC Yungjing Bay in Huzhou all recorded strong sales performance. Sales for the remaining units of such projects as A New Era in Jiading, Shanghai, Shanghai International Art Centre in Qingpu, Shanghai and Hi-Shanghai in Chengdu were actively under way. During the period, revenue from booked sales amounted to RMB3,201 million, mainly from projects which included Hi-Shanghai (Phrase 1) in Hangzhou and Belle Rive in Qingpu, Shanghai, with a gross floor area of 155,400 square meters. Rental income of property projects for the period amounted to approximately HK\$223 million.

During the period, SI Development has made significant progress in the development of its projects, with eight projects under construction, including North Bund Project in Hongkou, Shanghai and Phase III of the International Beer City project in Qingdao. Considerable efforts were made to strengthen the consolidation of its property management platforms, standardizing property service benchmarks and optimizing its business structure. In the first half of the year, the company managed 18 urban facilities and commercial property projects in respect of judiciary authorities, civil affairs services and exhibition centers, with an area under management of over 25,000,000 square meters.

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In February 2019, SI Development acquired, through successful bidding, two land parcels located in the large residential community in Gucun, Baoshan, Shanghai, namely Gucun Lot 0421-01 (approximately 26,600 square meters) and Gucun Lot 0423-01 (approximately 32,130 square meters), with a planned total gross floor area of approximately 117,460 square meters and a plot ratio of 2.0. With a total consideration of approximately RMB2,819 million and a term of 70 years, the land parcels acquired are in line with SI Development's development strategy to strengthen its investments in core regions and to further participate in the development of the Yangtze River Delta with Shanghai as the center.

SI Urban Development

SI Urban Development recorded a revenue of HK\$4,603 million for the first half of 2019, representing an increase of 19.9% over the same period last year. Profits attributable to shareholders for the period amounted to HK\$311 million, representing a year-on-year increase of 22.1%. Properties delivered during the period mainly included Urban Cradle in Shanghai, Shenyang • U Center in Shenyang and Contemporary Art Villas in Shanghai, accounting for a gross floor area of 110,000 square meters. Rental income for the first half of the year was approximately HK\$377 million. Contract sales amounted to RMB3,415 million, representing a gross floor area of approximately 99,000 square meters, which mainly included Urban Cradle and Contemporary Art Villas in Shanghai and Originally in Xi'an.

Through optimizing sales strategies and strengthening sales efforts, SI Urban Development made steady progress during the period with continual improvement in operation and management of its projects. The performance of the company's commercial assets also improved steadily. Located at the sub-center of Shanghai city, TODTOWN represents the first integrated metro superstructure in mainland China and a key project for SI Urban Development in 2019. The residential portion of tower 2 "Yue Lu" of TODTOWN was launched for sale in June 2019 with all units sold out on the same day.

Set out below is a summary of the major property development projects of the Group as at 30 June 2019:

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	1,852	26,629	Completed
2	Chenghua District, Chengdu	Hi-Shanghai	Residential and commercial	100%	61,506	254,885	1,964	191,574	Completed
3	Beibei District, Chongqing	Hi-Shanghai	Residential and commercial	100%	30,845	74,935	506	55,172	Completed
4	Yuhang District, Hangzhou	Hi-Shanghai (Phase I)	Residential and commercial	85%	74,864	230,484	24,558	147,572	Completed
5	Yuhang District, Hangzhou	Hi-Shanghai (Phase II)	Residential and commercial	85%	59,640	198,203	379	-	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	9,691	-	2019
9	Wuxing District, Huzhou	SIIC Yungjing Bay	Residential	100%	68,471	207,906	19,585	-	2020

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	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
10	Shilaoren National Tourist Resort, Qingdao	International Beer City	Composite	100%	227,675	806,339	–	333,798	2014 to 2022, in phases
11	Fengze District, Quanzhou	Sea Palace	Residential and commercial	100%	170,133	1,064,099	71,953	155,592	2017 to 2021, in phases
12	Hongkou District, Shanghai	North Bund Project	Commercial and office	90%	23,037	230,568	–	–	2021
13	Jiading District, Shanghai	Sea Garden	Residential and commercial	100%	58,949	163,351	10,720	–	Completed
14	Jiading District, Shanghai	Essence of Shanghai	Residential and commercial	100%	32,991	75,559	–	39,473	Completed
15	Jing'an District, Shanghai	Territory Shanghai	Residential	100%	32,512	114,737	–	76,768	2019
16	Jinshan District, Shanghai	Flos Granti	Residential	100%	135,144	214,143	3,054	193,338	Completed
17	Qingpu District, Shanghai	Belle Rive	Villa	51%	315,073	59,577	–	25,986	Completed
18	Qingpu District, Shanghai	Shanghai Bay	Residential	51%	808,572	631,199	18,649	213,300 (parking lots included)	2011 to 2021, in phases
19	Qingpu District, Shanghai	He Villa/Sea County	Residential	51%	162,708	121,683	–	84,627 (shops and parking lots included)	Completed
20	Qingpu District, Shanghai	Shanghai International Art Centre	Composite	100%	194,956	120,363	580	96,673	Completed
21	Wuzhong District, Suzhou	Sudi Lot 2017-WG-10	Residential	100%	40,817	126,881	–	–	2020
Sub-total					2,749,127	5,033,269			

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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	Chaoyang District, Beijing	American Rock	Residential and commercial	100%	121,499	523,833	–	454,563	Completed
2	Chaoyang 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	986	173,055	2007 to 2021, in phases
4	Wancheng District, Changsha	Forest Sea	Residential and commercial	67%	679,620	1,032,534	494	306,140	2007 to 2025, in phases
5	Jiulongpo District, Chongqing	Top City	Residential, commercial and office	100%	120,014	786,233	–	376,095	Completed
6	Huajiao Town, Kunshan	Yooouu.net	Commercial and office	30.7%	34,223	129,498	–	63,133	Completed
7	Zhoushi Town, Kushan	Royal Vila	Residential	53.1%	205,017	267,701	–	215,912	Completed
8	Baoshan District, Shanghai	Shangtou Baoxu	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	15,828	811,368	2007 to 2022, in phases
10	Minhang District, Shanghai	Shanghai Jing City	Residential and commercial	59%	301,908	772,885	–	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	18,546	56,205	2018 to 2022, in phases
12	Minhang District, Shanghai	Contemporary Art Villa (Jade Villa)	Residential	100%	116,308	83,622	9,862	50,405	2018 to 2022, in phases
13	Minhang District, Shanghai	Contemporary Splendour Villa	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	Minhang District, Shanghai	Chenghang Project	Commercial and office	80%	20,572	60,964	–	–	2021
16	Minhang District, Shanghai	Shenzhicheng Project	Rental Housing	29.5%	47,435	128,075	–	–	2022
17	Minhang District, Shanghai	Chenglong Project	Rental Housing	59%	47,383	118,458	–	–	2023
18	Songjiang District, Shanghai	Shanghai Youth City	Commercial and office	100%	57,944	212,130	–	139,840	Completed
19	Xuhui District, Shanghai	Jingxiang Project	Rental Housing	59%	17,161	48,050	–	–	2022
20	Xuhui Binjiang, Shanghai	Binjiang U Center	Office and commercial	35.4%	77,371	525,888	–	–	2019 to 2021, in phases
21	Heping District, Shenyang	Shenyang • U Centre	Commercial, office and serviced apartment	80%	22,651	228,768	7,273	57,797	Completed
22	Futian District, Shenzhen	China Phoenix Tower	Residential, commercial and office	91%	11,038	106,190	–	78,343	Completed
23	Nankai District, Tianjin	Laochengxiang	Residential, commercial and office	100%	244,252	752,883	–	578,266	Completed
24	Binghu District, Wuxi	Urban Development International Center	Commercial, hotel, office and serviced apartment	59%	24,041	193,368	–	42,303	Completed
25	Chanba Ecotope, Xi'an	Originally	Residential, commercial and hotel	71.5%	2,101,967	3,899,867	54,377	2,442,655	2008 to 2022, in phases
Sub-total					5,775,357	13,011,989			

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	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	–	25,986	Completed
2	Qingpu District, Shanghai	Shanghai Bay	Residential	49%	808,572	631,199	18,649	213,300 (parking lots included)	2011 to 2021, in phases
3	Qingpu District, Shanghai	He Villa/Sea County	Residential	49%	162,708	121,683	–	84,627 (shops and parking lots included)	Completed
Sub-total					1,286,353¹	812,459¹			
Total					9,810,837¹	18,857,717¹			

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	Baoshan District, Shanghai	Gucun Large Residential Community Unit BSPO-0104, Lot 0421-01	Residential	100%	26,600	53,199	2022
2	Baoshan District, Shanghai	Gucun Large Residential Community Unit BSPO-0104, Lot 0423-01	Residential	100%	32,130	64,260	2022
3	Qingpu District, Shanghai	Zhujiajiao Lots D2 and D3	Residential and commercial	51%	349,168	174,584	2020
Sub-total					407,898	292,043	

	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 Lots D2 and D3	Residential and commercial	49%	349,168	174,584	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					1,100,975¹	550,488¹	
Total					1,508,873¹	842,531¹	

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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%	769
2	Qingdao Economic Development Zone	Dali Plaza	Commercial	76%	21,495
3	Laoshan District, Qingdao	Shanghai Industrial Investment Centre	Office	100%	23,697
4	Fengze District, Quanzhou	Sea Palace (Phase I of Linghai Yuan)	Commercial	100%	1,572
5	Changning District, Shanghai	Super Ocean Finance Center	Office	100%	2,321
6	Changning District, Shanghai	United 88	Commercial	100%	50,560
			Office	100%	38,923
			Parking lot	100%	28,457
7	Hongkou District, Shanghai	Gao Yang Commercial Centre	Office	100%	22,187
8	Hongkou District, Shanghai	Gao Yang Hotel	Office	100%	3,313
9	Huangpu District, Shanghai	Golden Bell Plaza	Office	100%	9,801
			Office	90%	45,057
					(parking lots included)
10	Huangpu District, Shanghai	Huangpu Estate	Commercial	100%	20,918
11	Huangpu District, Shanghai	No. 108 Haichao Road	Commercial	100%	474
12	Jing'an District, Shanghai	Territory Shanghai	Commercial	100%	2,502
					(parking lots included)
13	Pudong New District, Shanghai	No. 1111 Shangchuan Road	Industrial	100%	40,208
14	Pudong New District, Shanghai	Huashen Building	Office	100%	344
15	Xuhui District, Shanghai	Shanghai Industrial Investment Building	Office	100%	10,089
			Office	74%	22,822
					(parking lots included)
16	Xuhui District, Shanghai	Yonglong Building	Office	100%	798
17	Yangpu District, Shanghai	Hi-Shanghai	Commercial	100%	22,027
			Carpark	100%	22,000
18	Zhabei District, Shanghai	No. 235 Zhongshan Road North (portion)	Office	100%	1,434
19	Xiqing District, Tianjin	Rhine Town	Commercial	100%	5,961
Sub-total					397,729

	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	Songjiang District, Shanghai	Shanghai Youth City	Commercial	100%	16,349 ²
5	Xuhui District, Shanghai	Urban Development International Tower	Office building	59%	45,239
6	Xuhui District, Shanghai	YOYO Tower	Commercial	59%	13,839
7	Futian District, Shenzhen	China Phoenix Tower	Office building	91%	1,048 ²
8	Shanghai and Tianjin	Others	Commercial, office building and parking lot	59%	9,249
Sub-total					641,990
Total					1,026,934

Notes:

1. There are duplicate figures in the GPA of Belle Rive, Shanghai Bay and He Villa/Sea County in Shanghai and Zhujiatao Lots D2 and D3.
2. Such total GFAs are duplicate figures, which have been included in the Major Development Properties table.

CONSUMER PRODUCTS

For the first half of 2019, the consumer products business contributed a profit of HK\$561 million to the Group, representing an increase of 2.5% over the same period last year and accounting for 26.3% of the Group's Net Business Profit. During the period, Nanyang Tobacco continued to enhance the competitiveness of its products through continued upgrades of its flexible production lines and enhancement of its production processes. Wing Fat Printing maintained steady growth amidst uncertainties in the external environment. During the period, the company actively promoted the development of its intelligent packaging business with medicine packages as an interface while continuing to explore intelligent manufacturing enhancement aimed at reducing cost and improving efficiency, thus achieving significant progress in the transformation of the company's business development.

Tobacco

With a constant endeavour to innovate, Nanyang Tobacco achieved new breakthroughs in the development of its business. Maintaining its strategic objectives of "strengthening our existing business and pursuing for excellence; and ensuring a healthy internal operation and external development", the company continued to maintain its competitive position in the international market through the integration of new resources and encouragement of talents within the company. With an increase in sales volume in overseas markets, a revenue of HK\$1,652 million was recorded during the period, representing a year-on-year increase of 4.0%. Total sales volume increased by 3.5%. This, together with the continuous strict control of material and production cost, the company recorded a profit after taxation of HK\$497 million, representing a year-on-year increase of 2.5%.

In respect of the brand development strategy adopted by Nanyang Tobacco during the period, high-end products are mainly launched in international duty-free channels in China, Hong Kong and Macau, with a view to establishing a brand-new branding and enhancing corporate image. Medium and high-end products are sold in regional duty-free channels in China, Hong Kong and Macau, focusing on size and brand influence. The China market serves the functions of both price benchmark and branding. Medium-end products are swiftly launched in extensive channels in order to lay a foundation for exports to overseas markets. During the period, its market sales continued to record strong growth, with overall sales of classical series growing by 1.97% year on year.

The flexible production line of the company was completed last year, representing the world's first versatile processing line that can accommodate the production of a variety of cigarette specifications, multiple packaging forms and rapid switching of specifications. Achieving satisfactory progress during the period, the new production line incorporates the function of adapting to products with different specifications and enables first-time manufacturing of new capsule cigarette products. Equipment stability continued to improve with enhanced cross-unit interaction ability. During the period, the company continued to expand its business and enhance innovative technologies to strengthen its leading position in canned packaging products, and to actively develop heterotypic cigarette products. In pursuit of high product quality, Nanyang Tobacco established in late March 2019 an ATP process optimization project which focuses on the assessment and systematic enhancement of its production processes.

Printing

Wing Fat Printing recorded a net profit of HK\$66.38 million in the first half of 2019, representing an increase of 2.9% over the same period last year, which was mainly due to higher gross profit margins resulting from adjustments to the tobacco packaging product structure in the printing packaging segment, as well as stronger economies of scale which arose from the active development of exquisite packaging business. Driven by export to core international major customers benefited from lower cost and improve efficiency and appreciation in the value of settlement currency, the moulded-fibre package segment recorded stable operational performance, offsetting impacts from significant declines in product pricing. Revenue for the period was HK\$755 million, representing a year-on-year decrease of 2.6%, mainly due to a significant drop in wine packaging business. The core of the company's printing packaging business, including tobacco packaging and exquisite packaging, that is being actively developed, recorded stronger performance during the period. Meanwhile, moulded-fibre business achieved steady progress.

All in all, Wing Fat Printing has overcome impacts brought about by uncertainties in external operational environment and maintained steady growth during the period. The promotion of intelligent packaging with medicine packages as an interface and the enhancement of intelligent manufacturing processes which aimed to lower cost, improve efficiency and enhance technical capability, has made satisfactory progress. Looking ahead, the company will continue to pursue with the implementation of its existing strategies and to integrate intelligent packaging and intelligent manufacturing into different areas of its business.



KEY FIGURES

	2019	2018	Change
	unaudited		%
	Six months ended 30 June		
Results			
Revenue (HK\$'000)	16,661,951	15,338,734	8.6
Profit attributable to owners of the Company (HK\$'000)	2,009,628	1,981,860	1.4
Earnings per share – basic (HK\$)	1.848	1.823	1.4
Dividend per share – interim (HK cents)	Note	48	
Dividend payout ratio	Note	26.3%	
Interest cover (note (a))	7.2 times	6.6 times	
	unaudited	audited	Change
	30 June	31 December	%
Financial Position			
Total assets (HK\$'000)	172,212,406	167,419,445	2.9
Equity attributable to owners of the Company (HK\$'000)	42,720,190	41,275,296	3.5
Net assets per share (HK\$)	39.29	37.96	3.5
Net debt ratio (note (b))	71.91%	61.57%	
Gearing ratio (note (c))	44.52%	42.57%	
Number of shares in issue (shares)	1,087,211,600	1,087,211,600	

Note (a): (profit before taxation, interest expenses, depreciation and amortisation)/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)

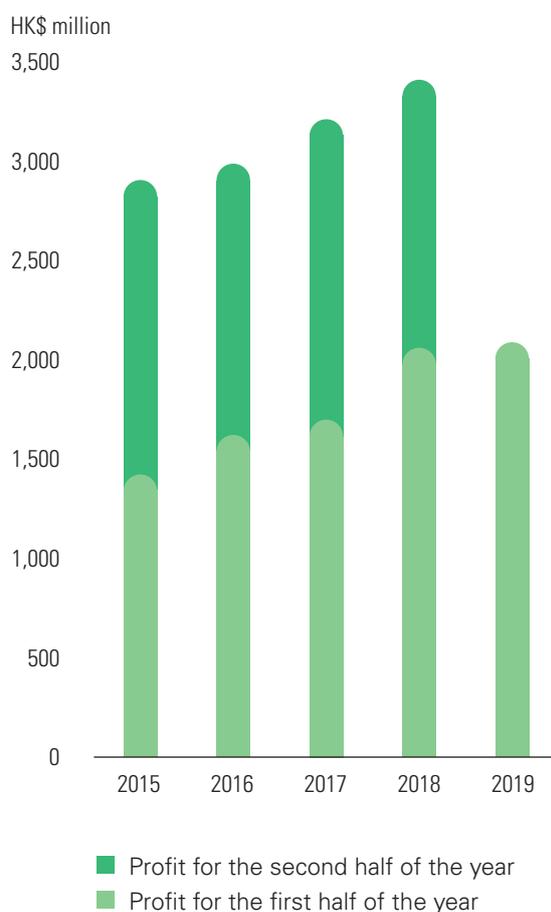
Note: The Board of Directors of the Company has resolved to declare an interim dividend for 2019 to the shareholders of the Company in the form of distribution in specie of 1 SIUD Share for every 1 share of the Company held. Apart from the above, the Board has resolved not to declare any further interim dividend (including cash dividend) to the shareholders of the Company for the period.

Financial Review

I ANALYSIS OF FINANCIAL RESULTS

1 Profit attributable to owners of the Company

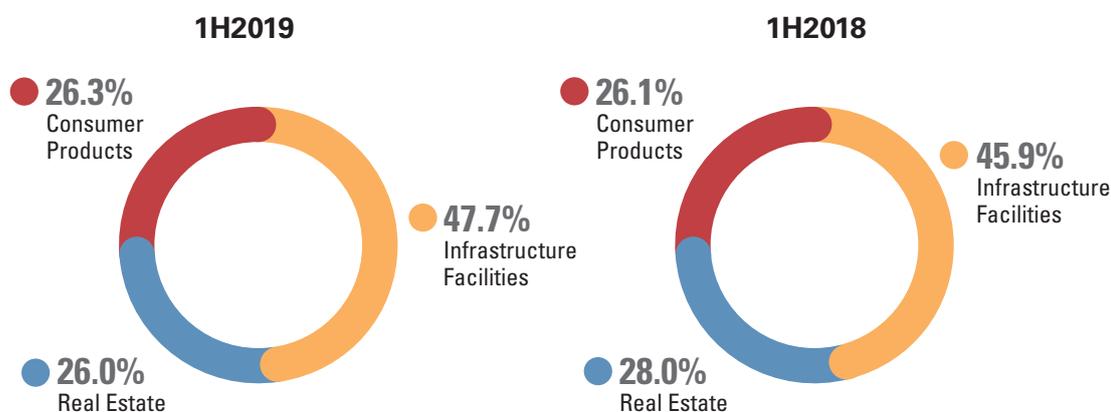
For the six months ended 30 June 2019, the Group recorded a profit attributable to owners of the Company of HK\$2,009.63 million, an increase of HK\$27.77 million or approximately 1.4% as compared to the same period of 2018.



2 Profit Contribution from Each Business

The profit contributed by each business in the Group for the first half of 2019 and the comparative figures of the same period last year was summarized as follows:

	2019 Unaudited Six months ended 30 June HK\$'000	2018 HK\$'000	Change %
Infrastructure Facilities	1,016,055	962,637	5.5
Real Estate	552,396	586,872	-5.9
Consumer Products	560,614	546,843	2.5
	2,129,065	2,096,352	1.6



Net profit from the infrastructure facilities business for the period amounted to approximately HK\$1,016.06 million, accounting for 47.7% of Net Business Profit, and representing a year-on-year increase of 5.5%.

For toll roads and bridge business, the toll revenue decreased due to the fluctuation in Renminbi exchange rate and diversions caused by the opening of other expressways. Profit contribution however benefited from increases in share of profits from Shanghai Galaxy, Wufangzhai and Bridge Company. As a result, the toll roads and bridge business recorded a year-on-year increase in profit of 4.8%.

For water services and waste incineration business, an increase in profit of 7.4% was recorded. Of which, SIIC Environment recorded an increase of 8.6% in profit contribution during the period, mainly due to higher sewage treatment volume and water supply sales volume; and Canvest Environmental, in which the Company increased its shareholdings to 17.53% late last year, continued to record an increase in profit and profit contribution to the Group.

The real estate business recorded a profit of approximately HK\$552.40 million, accounting for 26.0% of the Net Business Profit, and representing a decrease of approximately HK\$34.48 million over the same period of 2018, mainly attributable to the higher property sales revenue were recognised and higher profit thereon contributed from Shanghai Bay project, in which the Company holds 49% interest, during the same period last year.

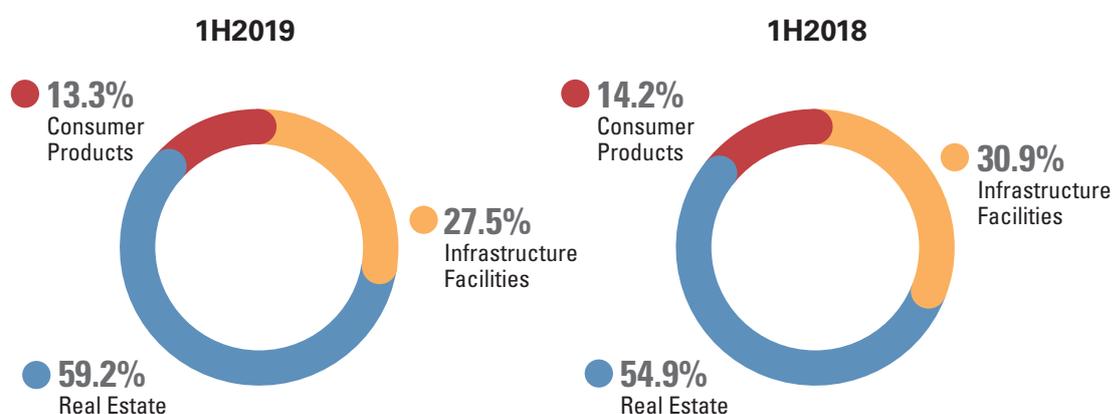
The consumer products business recorded a net profit of HK\$560.61 million for the period, accounting for 26.3% of Net Business Profit, and representing a year-on-year increase of 2.5%. Nanyang Tobacco recorded an increase in revenue of 4.0% as well as increases in material costs and manufacturing expenses during the period, resulting in an increase of HK\$12.19 million or 2.5% in net profit. Wing Fat Printing contributed a net profit of HK\$63.12 million for the period, representing a year-on-year increase of 2.6%.

Financial Review

3 Revenue

The Group's revenue by principal businesses for the first half of 2019 and the comparatives of the same period last year was summarized as follows:

	2019	2018	Change %
	Unaudited		
Six months ended 30 June			
	HK\$'000	HK\$'000	
Infrastructure Facilities	4,580,305	4,736,303	-3.3
Real Estate	9,861,697	8,419,516	17.1
Consumer Products	2,219,949	2,182,915	1.7
	16,661,951	15,338,734	8.6



In the first half of 2019, the Group's revenue amounted to approximately HK\$16,661.95 million, representing a year-on-year increase of 8.6%, mainly due to increase in property sales booked by the real estate business. Revenue of infrastructure facilities business and consumer products business remained stable as compared to the same period last year.

4 Profit before Taxation

(1) Gross profit margin

Compared to the same period of 2018, gross profit margin decreased by 3.9 percentage points, mainly due to an increase in the proportion of property sales booked with lower margin in the real estate business as compared to the same period last year.

(2) Other income, gains and losses

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

(3) Gain on disposal of a subsidiary

The gain for the same period last year 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 period.



5 Dividend

The Board of Directors has resolved to declare an interim dividend for 2019 in the form of distribution in specie of the SIUD Shares held by the Group to shareholders whose names appear on the register of members of the Company on the Record Date in proportion to their then respective shareholdings in the Company on the following basis:

for every 1 share of the Company held 1 SIUD Share

Apart from the above, the Board has resolved not to declare any further interim dividend (including cash dividend) to the shareholders of the Company for the period. A cash interim dividend of HK48 cents per share was distributed to our shareholders for the last corresponding period.

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 2019. There is no change compared with 1,087,211,600 shares as at the end of 2018.

Equities attributable to owners of the Company reached HK\$42,720.19 million as at 30 June 2019, 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

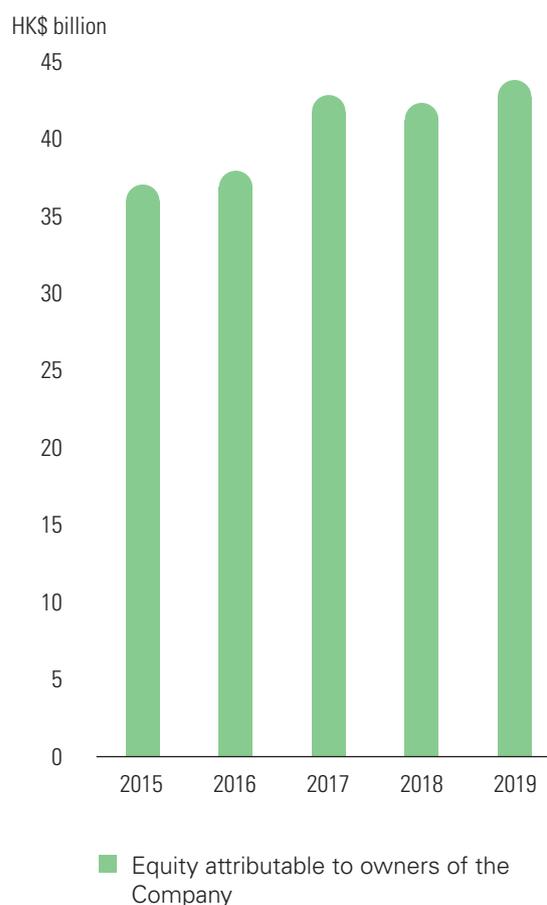
(1) Borrowings

As at 30 June 2019, the total borrowings of the Group including bank borrowings and other borrowings amounted to approximately HK\$57,426.61 million (31 December 2018: HK\$51,518.20 million), of which 64.1% (31 December 2018: 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 2018: 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\$9,955,448,000 (31 December 2018: HK\$11,459,467,000);
- (b) leasehold land and buildings with an aggregate carrying value of HK\$129,836,000 (31 December 2018: HK\$134,605,000);
- (c) plant and machineries with an aggregate carrying value of HK\$25,163,000 (31 December 2018: HK\$27,173,000);
- (d) one (31 December 2018: one) toll road operating right with a carrying value of HK\$2,015,057,000 (31 December 2018: HK\$2,105,856,000);
- (e) receivables under service concession arrangements with an aggregate carrying value of HK\$12,575,943,000 (31 December 2018: HK\$10,196,365,000);



- (f) properties under development held for sale with an aggregate carrying value of HK\$1,080,082,000 (31 December 2018: HK\$2,873,025,000);
- (g) properties held for sale with an aggregate carrying value of HK\$736,887,000 (31 December 2018: 736,551,000);
- (h) trade receivables with an aggregate carrying value of HK\$230,959,000 (31 December 2018: HK\$152,084,000); and
- (i) bank deposits with an aggregate carrying value of HK\$1,154,398,000 (31 December 2018: HK\$628,045,000).

(3) *Contingent liabilities*

As at 30 June 2019, the guarantees given to banks by the Group in respect of banking facilities utilised by property buyers and associates amounted to approximately HK\$6,328.90 million and HK\$1,647.46 million (31 December 2018: HK\$6,355.01 million and HK\$1,648.58 million) respectively.

3 **Capital Commitments**

As at 30 June 2019, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK\$14,429.90 million (31 December 2018: HK\$12,254.67 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 2019, bank balances and short-term investments held by the Group amounted to HK\$26,706.09 million (31 December 2018: HK\$26,104.65 million) and HK\$942.04 million (31 December 2018: HK\$603.90 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances were 3%, 79% and 18% (31 December 2018: 3%, 83% and 14%) 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 optimise 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 service 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 and expected credit loss. An allowance for impairment and expected credit loss are 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 minimise 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 67, which comprise the condensed consolidated statement of financial position as of 30 June 2019, 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
Certified Public Accountants
Hong Kong
29 August 2019

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2019

	NOTES	Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	3	16,661,951	15,338,734
Cost of sales		(10,542,180)	(9,117,496)
Gross profit		6,119,771	6,221,238
Net investment income		318,651	376,554
Other income, gains and losses		480,045	112,502
Selling and distribution costs		(516,985)	(565,054)
Administrative and other expenses		(973,822)	(907,019)
Finance costs		(911,247)	(986,919)
Share of results of joint ventures		83,011	150,804
Share of results of associates		203,655	117,155
Gain on disposal of a subsidiary	17	–	155,140
Profit before taxation		4,803,079	4,674,401
Income tax expense	4	(1,628,852)	(1,835,356)
Profit for the period	5	3,174,227	2,839,045
Profit for the period attributable to			
– Owners of the Company		2,009,628	1,981,860
– Non-controlling interests		1,164,599	857,185
		3,174,227	2,839,045
Earnings per share	7	HK\$	HK\$
– Basic		1.848	1.823
– Diluted		1.848	1.823

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit for the period	3,174,227	2,839,045
Other comprehensive income (expense)		
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	12,773	(18,740)
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
– subsidiaries	(71,894)	(845,902)
– joint ventures	(2,935)	(54,923)
– associates	(2,918)	(51,770)
Other comprehensive expense for the period	(64,974)	(971,335)
Total comprehensive income for the period	3,109,253	1,867,710
Total comprehensive income for the period attributable to		
– Owners of the Company	1,971,850	1,414,194
– Non-controlling interests	1,137,403	453,516
	3,109,253	1,867,710

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	NOTES	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Non-Current Assets			
Investment properties	8	20,148,746	19,372,125
Property, plant and equipment	8	5,605,797	5,542,064
Right-of-use assets		396,953	–
Prepaid lease payments – non-current portion		–	227,448
Toll road operating rights		8,019,084	8,413,587
Goodwill		799,578	800,097
Other intangible assets	8	7,835,326	7,734,021
Interests in joint ventures		3,440,047	3,355,941
Interests in associates		6,527,471	6,482,054
Investments	9	885,980	1,004,038
Receivables under service concession arrangements – non-current portion		19,187,244	17,874,120
Deposits paid on acquisition of subsidiaries/ property, plant and equipment		973,740	846,196
Other non-current receivables		18,524	18,515
Deferred tax assets		412,914	399,097
		74,251,404	72,069,303
Current Assets			
Inventories	10	59,177,545	57,825,834
Trade and other receivables	11	8,445,941	8,363,616
Contract assets		892,219	925,371
Prepaid lease payments – current portion		–	5,413
Investments	9	942,039	603,904
Receivables under service concession arrangements – current portion		502,070	426,874
Prepaid taxation		1,064,924	868,526
Pledged bank deposits		1,154,398	628,045
Short-term bank deposits		402,836	344,134
Bank balances and cash		25,148,851	25,132,470
		97,730,823	95,124,187
Assets classified as held for sale	16	230,179	225,955
		97,961,002	95,350,142

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	NOTES	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Current Liabilities			
Trade and other payables	12	17,182,678	17,593,000
Lease liabilities – current portion		117,107	–
Contract liabilities	13	13,179,629	15,288,349
Taxation payable		3,334,209	4,145,234
Bank and other borrowings	14	17,540,474	12,921,483
		51,354,097	49,948,066
Liabilities associated with assets classified as held for sale	16	180,139	179,532
		51,534,236	50,127,598
Net Current Assets		46,426,766	45,222,544
Total Assets less Current Liabilities		120,678,170	117,291,847
Capital and Reserves			
Share capital		13,649,839	13,649,839
Reserves		29,070,351	27,625,457
Equity attributable to owners of the Company		42,720,190	41,275,296
Non-controlling interests		28,851,389	28,227,672
Total Equity		71,571,579	69,502,968
Non-Current Liabilities			
Provision for major overhauls		86,554	87,325
Bank and other borrowings	14	39,847,500	38,560,014
Lease liabilities – non-current portion		228,220	–
Deferred tax liabilities		8,944,317	9,141,540
		49,106,591	47,788,879
Total Equity and Non-Current Liabilities		120,678,170	117,291,847

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to owners of the Company								Attributable to non-controlling interests					
	Share capital	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
	HKS'000	HKS'000	HKS'000 (Note i)	HKS'000 (Note ii)	HKS'000 (Note iii)	HKS'000	HKS'000	HKS'000 (Note iv)	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2018 (audited)	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
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)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(447,863)	-	-	(447,863)	-	(398,039)	(398,039)	(845,902)
- 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)
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 15)	-	-	-	-	-	-	-	-	-	-	-	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 6)	-	-	-	-	-	-	-	-	(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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to owners of the Company								Attributable to non-controlling interests				
	Share capital	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 (Note i)	HK\$'000 (Note ii)	HK\$'000 (Note iii)	HK\$'000	HK\$'000	HK\$'000 (Note iv)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019 (audited)	13,649,839	54,855	1,688,171	(5,912,547)	262,408	(17,396)	2,202,256	29,347,710	41,275,296	31,892	28,195,780	28,227,672	69,502,968
Profit for the period	-	-	-	-	-	-	-	2,009,628	2,009,628	-	1,164,599	1,164,599	3,174,227
Exchange differences arising on translation of foreign operations													
- subsidiaries	-	-	-	-	-	(37,011)	-	-	(37,011)	-	(34,883)	(34,883)	(71,894)
- joint ventures	-	-	-	-	-	(2,935)	-	-	(2,935)	-	-	-	(2,935)
- associates	-	-	-	-	-	(2,918)	-	-	(2,918)	-	-	-	(2,918)
Fair value change on equity investments at fair value through other comprehensive income held by subsidiaries, net of tax	-	-	-	-	5,086	-	-	-	5,086	-	7,687	7,687	12,773
Total comprehensive (expense) income for the period	-	-	-	-	5,086	(42,864)	-	2,009,628	1,971,850	-	1,137,403	1,137,403	3,109,253
Transfers	-	-	-	-	-	-	67,471	(67,471)	-	-	-	-	-
Reduction of share capital of a subsidiary	-	-	-	-	-	-	-	-	-	-	(18,911)	(18,911)	(18,911)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	(5,360)	(5,360)	(5,360)
Acquisition of additional interest in a listed subsidiary	-	-	38,394	-	-	-	-	-	38,394	-	(91,436)	(91,436)	(53,042)
Dividends paid (note 6)	-	-	-	-	-	-	-	(565,350)	(565,350)	-	-	-	(565,350)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(397,979)	(397,979)	(397,979)
At 30 June 2019 (unaudited)	13,649,839	54,855	1,726,565	(5,912,547)	267,494	(60,260)	2,269,727	30,724,517	42,720,190	31,892	28,819,497	28,851,389	71,571,579

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019



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) The Group through a listed subsidiary namely Shanghai Industrial Urban Development Group Limited (“SI Urban Development”) acquired 100% equity interest in Shanghai Shangtou Real Estate Investment Co. Ltd. (together with its subsidiaries collectively referred to as “Shangtou Real Estate Group”). 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 (equivalent to HK\$10,324,000) respectively, of Shangtou Real Estate Group were carved-out and distributed to an entity controlled by Shanghai Shangtou Asset Operations Co. Ltd. at nil consideration. This transaction was regarded as distribution to SIIC and the carrying amount of the net assets being carved-out and derecognised was debited to merger reserve.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	NOTES	Six months ended 30 June	
		2019	2018
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Net cash used in operating activities		(2,818,840)	(4,646,969)
Net cash used in investing activities:			
(Increase) decrease in pledged/short-term bank deposits		(594,840)	529,350
Addition of service concessionary rights		(280,352)	–
Purchase of financial assets at fair value through profit or loss (“FVTPL”)		(242,718)	(451,108)
Purchase of property, plant and equipment		(131,175)	(58,253)
Deposits paid for acquisition of property, plant and equipment		(130,110)	(11,971)
Development costs paid for investment properties		(39,035)	(234,091)
Advance to associates		(23,751)	–
Interest received		256,789	375,166
Dividend income received from associates		179,116	–
Proceeds from disposal of investments		66,903	–
Capital refund from an equity investment at fair value through other comprehensive income (“FVTOCI”)		30,859	–
Other investing cash flows		4,396	(129,988)
Dividend income received from investments		3,393	4,430
Advance from (to) a fellow subsidiary		401	(118,526)
Acquisition of Shangtou Real Estate Group		–	(587,005)
Net cash outflow on acquisition of subsidiaries	15	–	(189,054)
Advance to a joint venture		–	(142,231)
Acquisition of associates		–	(116,709)
Deposits received for disposal of a subsidiary		–	235,171
Net cash inflow on disposal of a subsidiary	17	–	220,858
		(900,124)	(673,961)
Net cash from (used in) financing activities:			
Repayment of bank and other borrowings		(6,963,034)	(4,363,068)
Interest paid		(906,939)	(986,830)
Dividends paid		(565,350)	(521,862)
Dividends paid to non-controlling interests		(397,979)	(340,909)
Repayment to related parties		(227,987)	(1,189,095)
Acquisition of additional interest in a listed subsidiary		(53,042)	(23,040)
Repayment of lease liabilities		(47,531)	–
Distribution to a non-controlling shareholder after reduction of share capital of a subsidiary		(18,911)	–
Acquisition of additional interests in a subsidiary		(5,360)	–
Bank and other borrowings raised		12,966,413	6,072,536
Redemption of convertible bonds upon maturity		–	(33,538)
Capital contributions by non-controlling interests		–	18,779
		3,780,280	(1,367,027)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Net increase (decrease) in cash and cash equivalents	61,316	(6,687,957)
Cash and cash equivalents at beginning of the period	25,132,470	32,137,738
Effect of foreign exchange rate changes	(44,935)	(270,602)
Cash and cash equivalents at ending of the period	25,148,851	25,179,179
Cash and cash equivalents at end of the period represented by:		
Bank balances and cash	25,148,851	25,153,516
Bank balances and cash classified as assets held for sale	–	25,663
	25,148,851	25,179,179



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

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 2018 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 2018 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 2018. 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. PRINCIPAL ACCOUNTING POLICIES

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

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 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs and the interpretation in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted for on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises and apartment units that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment properties as a separate line item in the condensed consolidated statement of financial position. The right-of-use assets that meet the definition of investment properties are presented within “investment properties”.

Leasehold land and buildings

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.



2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

Sales and leaseback transactions

The Group acts as a seller – lessee

In accordance with the transition provisions of HKFRS 16, sales and leaseback transactions entered into before the date of initial application were not reassessed. The seller-lessee shall account for the leaseback in the same way as it accounts for any other operating lease that exists at the date of initial application; and adjust the leaseback right-of-use assets for any deferred gains or losses that relate to off-market terms recognised in the condensed consolidated statement of financial position immediately before the date of initial application.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application, if any, is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rates for certain leases of properties in the PRC was determined on a portfolio basis; and
- iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid lease payments by applying HKFRS 16.C8(b)(ii) transition.

The Group recognised lease liabilities of HK\$303,750,000 and right-of-use assets of HK\$340,175,000 at 1 January 2019.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019



2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" (continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessee (continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rates applied range from 4.75% to 5.07%.

	At 1 January 2019 HK\$'000
Operating lease commitments disclosed as at 31 December 2018	424,204
Add: Lease liabilities resulting from lease modifications of an existing lease	4,047
Extension options reasonably certain to be exercised	7,133
Less: Recognition exemption – short-term leases	(20,021)
Recognition exemption – low value assets	(481)
Discounting impact using relevant incremental borrowing rates at date of initial application of HKFRS 16	(111,132)
Lease liabilities as at 1 January 2019	303,750
Analysed as:	
Current portion	62,710
Non-current portion	241,040
	303,750

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		303,750
Reclassified from prepaid lease payments	(a)	232,861
Reclassified from deferred revenue recognised in trade and other payables	(b)	(196,436)
		340,175
By class:		
Leasehold land		232,861
Office premises		89,813
Apartment units		17,501
		340,175



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessee (continued)

Notes:

- (a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK\$5,413,000 and HK\$227,448,000 respectively were reclassified to right-of-use assets.
- (b) The deferred gains that related to sales and operating leaseback arrangements were included in deferred revenue (which was recognised in trade and other payables) as at 31 December 2018. Upon application of HKFRS 16, the off-market terms deferred gains amounting to approximately HK\$196,436,000 were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the condensed consolidated statement of financial position at 1 January 2019. However, effective on 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. In the opinion of the directors of the Company, the discounting on such refundable rental deposits received had no material impact on the condensed consolidated financial statements, thus no adjustment was made as at 1 January 2019.
- (c) Effective on 1 January 2019, the Group has applied HKFRS 15 to allocate consideration in each lease contract to lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019



2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" (continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessor (continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000
Non-current Assets			
Right-of-use assets	–	340,175	340,175
Prepaid lease payments			
– non-current portion	227,448	(227,448)	–
Current Assets			
Prepaid lease payments			
– current portion	5,413	(5,413)	–
Current Liabilities			
Trade and other payables	17,593,000	(196,436)	17,396,564
Lease liabilities – current portion	–	62,710	62,710
Non-current Liabilities			
Lease liabilities – non-current portion	–	241,040	241,040

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

2.2 Significant changes in significant judgements and key sources of estimation uncertainty

Lease term and discount rate determination

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In determining the discount rate, the Group is required to exercise considerable judgement in relation to determining the discount rate taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and the effective date of the modification.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

3. 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	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Sales of goods and services		
Sales of properties	8,064,584	6,499,441
Sales of goods	2,219,949	2,182,915
Income from infrastructure facilities, other than financial income from service concession arrangements		
– toll road operation	1,202,916	1,268,092
– water-related service		
– construction income from construction contracts	1,478,687	1,864,315
– operating and maintenance income	1,353,292	1,093,966
Property services and management income	1,011,152	1,213,069
Income from hotel operations	138,242	134,623
Revenue from goods and services	15,468,822	14,256,421
Financial income from service concession arrangements	545,410	509,930
Rental income	647,719	572,383
	16,661,951	15,338,734
Timing of revenue recognition of revenue from goods and services		
A point in time	11,637,825	9,776,322
Overtime	3,830,997	4,480,099
	15,468,822	14,256,421

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019



3. 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 2019 (unaudited)

	Infrastructure facilities HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
REVENUE					
Segment revenue – external sales	4,580,305	9,861,697	2,219,949	–	16,661,951
Segment operating profit	1,605,685	3,054,160	683,331	84,484	5,427,660
Finance costs	(362,657)	(462,865)	(1,318)	(84,407)	(911,247)
Share of results of joint ventures	83,011	–	–	–	83,011
Share of results of associates	213,891	(11,925)	1,689	–	203,655
Segment profit before taxation	1,539,930	2,579,370	683,702	77	4,803,079
Income tax expense	(297,799)	(1,093,289)	(118,250)	(119,514)	(1,628,852)
Segment profit (loss) after taxation	1,242,131	1,486,081	565,452	(119,437)	3,174,227
Less: profit attributable to non-controlling interests	(226,076)	(933,685)	(4,838)	–	(1,164,599)
Segment profit (loss) after taxation attributable to owners of the Company	1,016,055	552,396	560,614	(119,437)	2,009,628

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

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For the six months ended 30 June 2019

3. REVENUE AND 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 2019 (unaudited)

	Infrastructure facilities HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment assets	54,318,826	106,168,877	7,460,958	4,263,745	172,212,406
Segment liabilities	22,391,075	67,127,444	870,743	10,251,565	100,640,827

At 31 December 2018 (audited)

	Infrastructure facilities HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment assets	51,766,999	104,332,943	7,723,938	3,595,565	167,419,445
Segment liabilities	20,806,750	66,705,624	767,987	9,636,116	97,916,477

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
– Hong Kong	101,806	99,846
– PRC Land Appreciation Tax ("LAT")	797,636	884,971
– PRC Enterprise income tax ("EIT") (including PRC withholding tax of HK\$57,929,000 (six months ended 30 June 2018: HK\$74,695,000))	1,047,319	903,975
	1,946,761	1,888,792
(Over)underprovision in prior periods		
– Hong Kong	–	(10)
– PRC LAT	(58,967)	14,057
– PRC EIT (including an overprovision of PRC withholding tax of HK\$14,870,000 (six months ended 30 June 2018: Nil))	(55,491)	(6,863)
	(114,458)	7,184
Deferred taxation for the current period	(203,451)	(60,620)
	1,628,852	1,835,356

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For the six months ended 30 June 2019



4. 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.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
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)	394,913	427,611
Amortisation of other intangible assets (included in cost of sales)	172,242	177,207
Depreciation of property, plant and equipment	231,861	223,628
Depreciation of right-of-use assets	28,638	–
Interest expenses for lease liabilities	4,308	–
Release of prepaid lease payments	–	4,044
Net (increase) decrease in fair value of investment properties (included in other income, gains and losses)	(221,325)	186,642
Dividend income from investments (included in net investment income)	(3,393)	(4,430)
Net (gain) loss on disposal of property, plant and equipment	(1,910)	307
Interest income (included in net investment income)	(254,984)	(375,166)
(Increase) decrease in fair value of financial assets at FVTPL (included in net investment income)	(58,447)	9,244
Net foreign exchange loss	1,209	9,292
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	41,128	49,867
Share of PRC EIT of associates (included in share of results of associates)	61,985	23,192

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For the six months ended 30 June 2019

6. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
2018 final dividend paid of HK52 cents (six months ended 30 June 2018: 2017 final dividend paid of HK48 cents) per share	565,350	521,862

Subsequent to the end of the reporting period, the directors of the Company have determined that an interim dividend in the form of a distribution in specie of 1,087,211,600 shares of SI Urban Development held by the Company to the shareholders of the Company whose names appearing on the Company's register of members on 26 September 2019 in proportion to their then respective shareholdings in the Company on the basis of one SI Urban Development share for every one share held by the shareholders of the Company (six months ended 30 June 2018: an interim dividend of HK48 cents per share).

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	2,009,628	1,981,860
Effect of dilutive potential ordinary shares – interest on convertible bonds, net of tax	N/A	156
Earnings for the purpose of diluted earnings per share	2,009,628	1,982,016
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,087,211,600	1,087,211,600
Effect of dilutive potential ordinary shares – convertible bonds	N/A	238,387
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,087,211,600	1,087,449,987

The computation of diluted earnings per share does not assume 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

8. 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 increase in fair values of investment properties of approximately HK\$221 million in profit or loss (six months ended 30 June 2018: net decrease in fair values of approximately HK\$187 million).

During the current interim period, the Group incurred costs for construction in progress of approximately HK\$41 million (six months ended 30 June 2018: HK\$17 million) and acquired other property, plant and equipment at an aggregate cost of approximately HK\$90 million (six months ended 30 June 2018: HK\$98 million) for the purpose of expanding the Group's operations and businesses.

In addition, the Group acquired other intangible assets of approximately HK\$280 million (six months ended 30 June 2018: HK\$465 million). An amount of approximately HK\$189 million related to the operating rights of service concession arrangements for sewage and water treatment was acquired through acquisition of subsidiaries as set out in note 15 during the period ended 30 June 2018.

9. INVESTMENTS

	30 June 2019	31 December 2018
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Equity instruments at FVTPL		
Listed equity securities	482,710	440,827
Unlisted equity securities	31,386	31,386
	514,096	472,213
Financial assets at FVTPL		
Structured deposits	197,853	15,252
Corporate bonds	370,191	368,729
Funds	73,351	70,099
	641,395	454,080
Equity instruments at FVTOCI		
Listed equity securities	127,304	109,219
Unlisted equity securities	545,224	572,430
	672,528	681,649
Total investments	1,828,019	1,607,942
Analysed for reporting purposes as:		
Current portion	942,039	603,904
Non-current portion	885,980	1,004,038
	1,828,019	1,607,942

10. INVENTORIES

Inventories mainly represent properties under development held for sale. Included in the amount is HK\$42,227,270,000 (31 December 2018: HK\$40,002,014,000) which is not expected to be realised within one year.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

11. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of trade receivables, net of allowance for credit loss, presented based on the invoice or contract date, which approximates the respective revenue recognition dates:

	30 June 2019	31 December 2018
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within 30 days	720,030	858,526
Within 31-60 days	525,329	357,313
Within 61-90 days	294,260	384,973
Within 91-180 days	440,722	361,000
Within 181-365 days	384,599	281,079
Over 365 days	602,579	553,326
	2,967,519	2,796,217

Included in other receivables as at 30 June 2019 was an amount of HK\$1,428,571,000 (31 December 2018: HK\$1,404,820,000) due from certain associates, of which HK\$1,148,534,000 (31 December 2018: HK\$1,188,469,000) carried fixed interest at prevailing market interest rates.

12. TRADE AND OTHER PAYABLES

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

	30 June 2019	31 December 2018
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within 30 days	1,492,950	1,429,557
Within 31-60 days	261,328	275,450
Within 61-90 days	204,474	408,864
Within 91-180 days	522,115	349,819
Within 181-365 days	632,393	1,010,568
Over 365 days	1,489,112	1,363,341
	4,602,372	4,837,599

Included in other payables as at 30 June 2019 were (a) amounts of HK\$452,097,000 (31 December 2018: HK\$452,242,000) 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\$1,789,000 (31 December 2018: HK\$1,388,000) 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\$2,719,213,000 (31 December 2018: HK\$2,464,448,000), and (d) bills payable of HK\$1,166,217,000 (31 December 2018: HK\$1,365,275,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019



13. CONTRACT LIABILITIES

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.

14. BANK AND OTHER BORROWINGS

During the current interim period, the Group (i) obtained new borrowings in the amount of approximately HK\$12,966 million (six months ended 30 June 2018: HK\$6,073 million) and (ii) repaid borrowings of approximately HK\$6,963 million (six months ended 30 June 2018: HK\$4,363 million). The borrowings carry interest at market rates.

15. ACQUISITION OF SUBSIDIARIES

For the six months ended 30 June 2018

- (I) Acquisition of 大連紫光水務有限公司 (Dalian Ziguang Water Treatment Co., Ltd.) ("Dalian Ziguang") and 大連紫光凌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 Holdings Ltd. ("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 subscription consideration of RMB79,080,000 (equivalent to HK\$94,732,000).

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

15. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the six months ended 30 June 2018 (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 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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

15. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the six months ended 30 June 2018 (continued)

Note: The contributions to the Group's revenue or financial performance of the above acquired subsidiaries for the six months ended 30 June 2018 are as follows:

- (a) Included in the profit for the six months 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 is prepared as the acquisitions were completed in February 2018 and the directors of the Company were 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 months period from January 2018.

- (b) Included in the profit for the six months 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 were 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.

16. ASSETS CLASSIFIED AS HELD FOR SALES

On 31 December 2018, the directors of SIIC Environment resolved to dispose of one of its subsidiaries, namely 靈壁臣信綠色產業發展有限公司. Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the subsidiary, which are expected to be sold within twelve months, were classified as a disposal group held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", and are presented separately in the condensed consolidated statement of financial position since 31 December 2018.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operations as held for sale.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Trade and other receivables	16,925	12,585
Receivables under service concession arrangements	213,091	213,273
Inventories	163	97
Total assets classified as held for sale	230,179	225,955
Trade and other payables, and total liabilities associated with assets classified as held for sale	(180,139)	(179,532)

17. 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.

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17. DISPOSAL OF A SUBSIDIARY (CONTINUED)

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.

18. CAPITAL COMMITMENTS

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Capital expenditure contracted for but not provided in these condensed consolidated financial statements in respect of		
– acquisition of property, plant and equipment	61,063	38,537
– additions in construction in progress	1,158,728	871,494
– additions in properties under development held for sale	13,140,374	11,274,853
– investment in an associate	54,620	54,657
– other	15,119	15,129
	14,429,904	12,254,670

19. CONTINGENT LIABILITIES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Guarantees given to banks in respect of banking facilities utilised by		
– property buyers	6,328,904	6,355,009
– associates	1,647,455	1,648,581
	7,976,359	8,003,590

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For the six months ended 30 June 2019

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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).

Financial assets	Fair value as at 30 June 2019 HK\$'000 (unaudited)	Fair value as at 31 December 2018 HK\$'000 (audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
Financial assets at FVTPL					
Listed equity securities	482,710	440,827	Level 1	Quoted bid prices in an active market	N/A
Structured deposits	197,853	15,252	Level 2	Quoted prices in the over-the-counter markets	N/A
Corporate bonds	370,191	368,729	Level 2	Quoted prices in the over-the-counter markets	N/A
Funds	73,351	70,099	Level 2	Quoted prices in the over-the-counter markets	N/A
Unlisted equity securities	31,386	31,386	Level 3	Adjusted net asset value method under cost approach	Discount factor of lack of control, the higher the discount factor, the lower the fair value
Financial assets at FVTOCI					
Listed equity securities	127,304	109,129	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity securities	545,224	572,430	Level 3	Income approach – the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investees	Discount rate, the higher the discount rate, the lower the fair value

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



Notes to the Condensed Consolidated Financial Statements

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20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued) Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity instruments at FVTPL HK\$'000	Unlisted equity instruments at FVTOCI HK\$'000	Total HK\$'000
At 1 January 2018	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
At 1 January 2019	31,386	572,430	603,816
Additions	–	3,468	3,468
Capital refund from an equity investment at FVTOCI	–	(30,859)	(30,859)
Exchange losses	–	185	185
At 30 June 2019	31,386	545,224	576,610

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.

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21. 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	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Fellow subsidiaries	Rentals and management fee paid by the Group on land and buildings	26,833	28,615
	Rentals received by the Group on land and buildings	6,039	8,978
	Interest income received by the Group	3,214	2,814
Joint venture	Interest income received by the Group	–	16,401
Associates	Interest income received by the Group	20,291	32,955
	Rentals received by the Group on land and buildings	4,600	914
	Property agency fee paid by the Group	15,688	13,468
	Management fee paid by the Group	–	3,857
Non-controlling shareholders of subsidiaries	Interest paid by the Group	8,803	5,314
	Management fee paid by the Group	3,462	4,193
Related party	Nature of balances	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Fellow subsidiaries	Loan provided by the Group	113,792	118,526
Joint venture	Loan provided by the Group	–	829,679

In addition, a fellow subsidiary pledged a bank deposit amounting to RMB455 million (31 December 2018: RMB460 million) (equivalent to approximately HK\$518 million (31 December 2018: HK\$524 million)) to secure a bank loan granted to SI Development.

Furthermore, the Group has entered into several banking facility agreements amounted to HK\$9,420 million (31 December 2018: 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 2019, the extent of utilisation of such bank facilities amounted to approximately HK\$8,957 million (31 December 2018: HK\$8,370 million).



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

21. 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	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors' fee and committee remuneration	1,066	1,005
Basic salaries and allowance	6,790	6,678
Bonuses	3,004	3,004
Retirement benefits scheme contributions	281	246
	11,141	10,933

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 predominated 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.



DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, 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	300,000	0.03%

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 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 2019.

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 expired on 11 December 2012. During the period, the movements in the share options to subscribe for the SI Urban Development's shares under the SI Urban Development Scheme were as follows:

	Date of grant	Exercise price per share HK\$	Number of shares issuable under the share options Outstanding at 1.1.2019 and 30.6.2019
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.



Other Information

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES OF THE COMPANY

Save as disclosed under the section of Share Options above, at no time during the period was the Company or any of its holding companies or any of its subsidiaries or fellow subsidiaries, a party to any 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.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, 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	659,945,748 <small>(Notes 1 and 2)</small>	60.70%

Notes:

- SIIC through its subsidiaries, namely Shanghai Investment Holdings Limited, SIIC Capital (B.V.I.) Limited, Shanghai Industrial Financial (Holdings) Company Limited, SIIC Trading Company Limited and SIIC CM Development Limited held 519,409,748 shares, 80,000,000 shares, 52,908,000 shares, 7,618,000 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.
- 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 2019.

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

Change in Directors' information since the date of the annual report 2018 and up to the date of this report is set out below:

Mr. Leung Pak To, Francis

- resigned as the chairman of The Chamber of Hong Kong Listed Companies (the "Chamber") on 4 June 2019, and was appointed as the vice chairman of the Chamber on the same day.

Mr. Cheng Hoi Chuen, Vincent

- retired as an independent non-executive of MTR Corporation Limited on 22 May 2019.

EMPLOYEES AND REMUNERATION POLICIES

During the six months ended 30 June 2019, the number of employees is 19,014. 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 2019.

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 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2019.



Term used	Brief description
Bridge Company	Ningbo Hangzhou Bay Bridge Development Co., Ltd.
Canvest Environmental	Canvest Environmental Protection Group Company Limited (HKSE stock code: 1381)
CIRC	China Isotope & Radiation Corporation (HKSE stock code: 1763)
Companies Ordinance	Companies Ordinance (Chapter 622) of the laws of Hong Kong
Company	Shanghai Industrial Holdings Limited (HKSE stock code: 363)
Dalian Ziguang Water	Dalian Ziguang Water Co., Ltd.
Dalian Ziguang Lingshui	Dalian Ziguang Lingshui Waste Water Treatment Co., Ltd.
Director(s)	director(s) of the Company
Fudan Water	Fudan Water Engineering and Technology Co., Ltd.
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
Longjiang Environmental	Longjiang Environmental Protection Group Co., Ltd.
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
PRC	The People's Republic of China
Record Date	Thursday, 26 September 2019
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 Pharmaceuticals	Shanghai Pharmaceuticals Holding Co., Ltd. (SSE stock code: 601607; HKSE stock code: 2607)
Shangtou Asset	Shanghai Shangtou Asset Operations Co., Ltd.
SI Development	Shanghai Industrial Development Co., Ltd. (SSE stock code: 600748)
SI Urban Development	Shanghai Industrial Urban Development Group Limited (HKSE stock code: 563)



Glossary of Terms

Term used	Brief description
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 Dalian	SIIC Environment (Dalian) Co., Ltd.
SIIC Environment Dezhou	SIIC Environment (Dezhou) Waste Water Treatment Co., Ltd.
SIIC Environment Scheme	A share option scheme adopted by SIIC Environment at the extraordinary general meeting held on 27 April 2012
SIIC Environment Water	SIIC Environment Water Co., Ltd.
SIUD Share(s)	ordinary share(s) of SI Urban Development
SSE	Shanghai Stock Exchange
Stock Exchange or HKSE	The Stock Exchange of Hong Kong Limited
Wing Fat Printing	The Wing Fat Printing Company, Limited
Wufangzhai	Zhejiang Wufangzhai Industrial Co., Ltd.

