上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

ANNOUNCEMENT OF 2018 INTERIM RESULTS

(Unaudited)

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2018. The Group's total revenue amounted to HK$15,339 million, representing a year-on-year increase of 26.3%. Net profit increased year-on-year by 22.6% to HK$1,982 million.

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

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

INFRASTRUCTURE FACILITIES

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

Toll roads

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

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

Toll roads/bridge	Interest attributable to the Group	Net profit from project company	Change	Toll revenue	Change	Traffic flow (vehicle journey)	Change
Jing-Hu Expressway (Shanghai Section)	100%	HK$211 million	+10.7%	HK$384 million	+13.4%	29.68 million	+7.1%
Hu-Kun Expressway (Shanghai Section)	100%	HK$280 million	+7.2%	HK$563 million	+10.6%	28.86 million	+3.0%
Hu-Yu Expressway (Shanghai Section)	100%	HK$123 million	+14.5%	HK$325 million	+13.4%	20.36 million	-3.2%
Hangzhou Bay Bridge	23.0584%	HK$64 million	+37.1%	HK$969 million	+17.5%	6.9 million	+8.3%
Total		**HK$678 million**	**+11.9%**	**HK$2,241 million**	**+14.4%**	**85.80 million**	**+3.2%**

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

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

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

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

Water services

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

SIIC Environment

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

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

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

To date, the total daily water treatment capacity of SIIC Environment increased to approximately 11,300,000 tonnes. It is expected that the overall operational results of the enterprise will be improved through the operation of new projects, the upgrading of existing projects and the acquisition of new projects or enterprises.

General Water of China

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

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

NEW BUSINESS ARENA

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

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

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

REAL ESTATE

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

SI Development

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

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

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

SI Urban Development

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

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

TODTOWN is the first integrated metro superstructure development in the mainland under SI Urban Development. Located at the sub-center of Shanghai and adjacent to key railways, the project was jointly developed by SI Urban Development, Sun Hung Kai Properties Limited and the Shanghai government, and represents one of the key projects of SI Urban Development in 2018. The residential portion of TODTOWN Phase I was launched in the market in August 2018.

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

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

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

CONSUMER PRODUCTS

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

Tobacco

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

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

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

Printing

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

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

** Net profit excluding net corporate expenses*

PROSPECTS

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

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

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

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

Finally, on behalf of the Board of Directors, I wish to thank our shareholders and business partners for their continued patronage and support to the Group, and extend my sincere gratitude to our management team and staff members for their dedication and contributions in the development of our business.

Shen Xiao Chu
Chairman
Hong Kong, 29 August 2018

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed on Wednesday, 19 September 2018. No transfer of shares will be effected on that day. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 18 September 2018.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2018.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**") throughout the six months ended 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

PUBLICATION OF THE INTERIM REPORT

The 2018 interim report will be despatched to shareholders in mid-September 2018 and will be made available at the HKExnews website of the Stock Exchange at *www.hkexnews.hk* and the website of the Company at *www.sihl.com.hk* accordingly.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Shen Xiao Chu, Mr. Zhou Jun, Mr. Xu Bo and Mr. Xu Zhan; four independent non-executive Directors, namely, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis, Mr. Cheng Hoi Chuen, Vincent and Mr. Yuen Tin Fan, Francis.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	**Six months ended** **30.6.2018** **HK$'000** **(unaudited)**	30.6.2017 HK$'000 (unaudited and restated)
Revenue	*3*	**15,338,734**	12,141,119
Cost of sales		**(9,117,496)**	(6,597,774)
Gross profit		**6,221,238**	5,543,345
Net investment income		**376,554**	313,079
Other income, gains and losses		**112,502**	467,578
Selling and distribution costs		**(565,054)**	(526,208)
Administrative and other expenses		**(907,019)**	(814,415)
Finance costs		**(986,919)**	(878,757)
Share of results of joint ventures		**150,804**	135,915
Share of results of associates		**117,155**	46,116
Gain on disposal of a subsidary		**155,140**	-
Profit before taxation		**4,674,401**	4,286,653
Income tax expense	*4*	**(1,835,356)**	(1,702,910)
Profit for the period	*5*	**2,839,045**	2,583,743
Profit for the period attributable to			
- Owners of the Company		**1,981,860**	1,616,327
- Non-controlling interests		**857,185**	967,416
		2,839,045	2,583,743
Earnings per share	*7*		
		HK$	HK$
- Basic		**1.823**	1.487
- Diluted		**1.823**	1.486

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Profit for the period	**2,839,045**	2,583,743
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss		
Fair value change on equity instruments at fair value through other comprehensive income held by subsidiaries, net of tax	**(18,740)**	-
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
- subsidiaries	**(845,902)**	1,589,597
- joint ventures	**(54,923)**	125,727
- associates	**(51,770)**	119,591
Fair value change on available-for-sale investments held by subsidiaries	**-**	25,344
Release of reserve upon deemed disposal of available-for-sale investments	**-**	(40,401)
Other comprehensive (expense) income for the period	**(971,335)**	1,819,858
Total comprehensive income for the period	**1,867,710**	4,403,601
Total comprehensive income for the period attributable to		
- Owners of the Company	**1,414,194**	2,595,200
- Non-controlling interests	**453,516**	1,808,401
	1,867,710	4,403,601

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Note	**30.6.2018**	31.12.2017
		HK$'000	HK$'000
		(unaudited)	(restated)
Non-Current Assets			
Investment properties		**22,361,135**	22,629,653
Property, plant and equipment		**4,956,720**	5,027,205
Prepaid lease payments – non-current portion		**246,888**	254,159
Toll road operating rights		**9,177,546**	9,718,405
Goodwill		**855,208**	848,012
Other intangible assets		**8,067,618**	7,895,262
Interests in joint ventures		**3,886,497**	3,861,399
Interests in associates		**5,116,939**	5,076,505
Investments		**1,268,238**	820,747
Receivables under service concession arrangements – non-current portion		**17,470,320**	15,875,734
Deposits paid on acquisition of subsidiaries/ property, plant and equipment		**418,047**	526,706
Other non-current receivables		**26,384**	26,739
Deferred tax assets		**298,016**	320,781
		74,149,556	72,881,307
Current Assets			
Inventories		**52,196,937**	52,833,604
Trade and other receivables	*8*	**15,584,905**	12,376,498
Contract assets		**857,924**	-
Prepaid lease payments – current portion		**5,633**	5,707
Investments		**580,291**	483,045
Receivables under service concession arrangements – current portion		**364,084**	330,247
Amounts due from customers for contract work		**-**	1,291,540
Prepaid taxation		**1,020,179**	753,827
Pledged bank deposits		**628,491**	751,162
Short-term bank deposits		**133,107**	537,466
Bank balances and cash		**25,153,516**	32,137,738
		96,525,067	101,500,834
Assets classified as held for sale		**530,511**	-
		97,055,578	101,500,834

	Note	**30.6.2018**	31.12.2017
		HK$'000	HK$'000
		(unaudited)	(restated)
Current Liabilities			
Trade and other payables	*9*	**16,260,579**	19,289,195
Contract liabilities		**15,521,913**	-
Customer deposits from sales of properties		**-**	16,579,420
Amounts due to customers for contract work		**-**	20,084
Taxation payable		**3,483,298**	4,306,790
Bank and other borrowings		**12,576,330**	11,816,974
Convertible bonds		**-**	33,449
		47,842,120	52,045,912
Liabilities associated with assets classified as held for sale		**137,062**	-
		47,979,182	52,045,912
Net Current Assets		**49,076,396**	49,454,922
Total Assets less Current Liabilities		**123,225,952**	122,336,229
Capital and Reserves			
Share capital		**13,649,839**	13,649,839
Reserves		**28,632,543**	28,092,727
Equity attributable to owners of the Company		**42,282,382**	41,742,566
Non-controlling interests		**29,639,354**	29,445,374
Total Equity		**71,921,736**	71,187,940
Non-Current Liabilities			
Provision for major overhauls		**94,217**	85,333
Bank and other borrowings		**41,657,515**	41,305,437
Deferred tax liabilities		**9,552,484**	9,757,519
		51,304,216	51,148,289
Total Equity and Non-Current Liabilities		**123,225,952**	122,336,229

Notes:

(1) REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2018 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), by Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is included in the interim report to be sent to shareholders.

(2) BASIS OF PREPARATION, MERGER ACCOUNTING AND PRINCIPAL ACCOUNTING POLICIES

(i) Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the HKICPA as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The financial information relating to the year ended 31 December 2017 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on the financial statements for the year ended 31 December 2017. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

(ii) Merger Accounting

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

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

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

(iii) Principal Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

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

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

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

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

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

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

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

Summary of effects arising from initial application of HKFRS 9

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

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

(3) SEGMENT INFORMATION

Segment revenue and results

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

Six months ended 30 June 2018 (unaudited)

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

Six months ended 30 June 2017 (unaudited and restated)

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
Segment revenue - external sales	3,357,638	6,828,966	1,954,515	-	12,141,119
Segment operating profit (loss)	1,453,946	2,874,355	661,726	(6,648)	4,983,379
Finance costs	(290,213)	(563,947)	(1,918)	(22,679)	(878,757)
Share of results of joint ventures	136,012	(97)	-	-	135,915
Share of results of associates	64,266	(20,451)	2,301	-	46,116
Segment profit (loss) before taxation	1,364,011	2,289,860	662,109	(29,327)	4,286,653
Income tax expense	(287,722)	(1,237,594)	(108,311)	(69,283)	(1,702,910)
Segment profit (loss) after taxation	1,076,289	1,052,266	553,798	(98,610)	2,583,743
Less: profit attributable to non-controlling interests	(263,104)	(695,100)	(9,212)	-	(967,416)
Segment profit (loss) after taxation attributable to owners of the Company	813,185	357,166	544,586	(98,610)	1,616,327

Segment assets and liabilities

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

At 30 June 2018 (unaudited)

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

At 31 December 2017 (restated)

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

(4) INCOME TAX EXPENSE

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Current tax		
- Hong Kong	**99,846**	100,861
- PRC Land Appreciation Tax ("**LAT**")	**884,971**	733,434
- PRC Enterprise income tax ("**EIT**") (including PRC withholding tax of HK$74,695,000 (six months ended 30 June 2017: HK$117,059,000))	**903,975**	726,594
	1,888,792	1,560,889
(Over)underprovision in prior periods		
- Hong Kong	**(10)**	(200)
- PRC LAT	**14,057**	-
- PRC EIT	**(6,863)**	(27,505)
	7,184	(27,705)
Deferred taxation for the current period	**(60,620)**	169,726
	1,835,356	1,702,910

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	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of toll road operating rights (included in cost of sales)	**427,611**	385,530
Amortisation of other intangible assets (included in cost of sales)	**177,207**	155,625
Depreciation of property, plant and equipment	**223,628**	192,501
Release of prepaid lease payments	**4,044**	3,634
Net decrease (increase) in fair value of investment properties (included in other income)	**186,642**	(55,776)
Dividend income from investments (included in net investment income)	**(4,430)**	(1,929)
Net loss on disposal of property, plant and equipment	**307**	511
Interest income (included in net investment income)	**(375,166)**	(282,636)
Decrease (increase) in fair value of financial assets at fair value through profit or loss (included in net investment income)	**9,244**	(28,180)
Net foreign exchange loss (gain)	**9,292**	(18,188)
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	**49,867**	50,207
Share of PRC EIT of associates (included in share of results of associates)	**23,192**	18,980

(6) DIVIDENDS

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
2017 final dividend paid of HK48 cents (six months ended 30 June 2017: 2016 final dividend paid of HK46 cents) per share	**521,862**	500,117

Subsequent to the end of the reporting period, the directors of the Company have determined that an interim dividend of HK48 cents (six months ended 30 June 2017: an interim dividend of HK46 cents) per share will be paid to the shareholders of the Company whose names appear on the Company's register of members on 19 September 2018.

(7) EARNINGS PER SHARE

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

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**1,981,860**	1,616,327
Effect of dilutive potential ordinary shares - interest on convertible bonds, net of tax	**156**	301
Earnings for the purpose of diluted earnings per share	**1,982,016**	1,616,628
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,087,211,600**	1,086,767,313
Effect of dilutive potential ordinary shares - convertible bonds	**238,387**	880,573
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,087,449,987**	1,087,647,886

The computation of diluted earnings per share does not assume:

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

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

(8) TRADE AND OTHER RECEIVABLES

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

	30.6.2018	31.12.2017
	HK$'000	HK$'000
	(unaudited)	(audited)
Within 30 days	**669,005**	2,307,041
Within 31 – 60 days	**296,292**	259,332
Within 61 – 90 days	**551,901**	144,823
Within 91 – 180 days	**259,062**	176,498
Within 181 – 365 days	**1,814,975**	274,976
Over 365 days	**535,280**	636,608
	4,126,515	3,799,278

(9) TRADE AND OTHER PAYABLES

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

	30.6.2018	31.12.2017
	HK$'000	HK$'000
	(unaudited)	(restated)
Within 30 days	**1,549,955**	1,109,482
Within 31 – 60 days	**208,724**	229,024
Within 61 – 90 days	**211,847**	460,330
Within 91 – 180 days	**153,999**	518,238
Within 181 – 365 days	**852,171**	1,084,060
Over 365 days	**1,093,183**	1,328,056
	4,069,879	4,729,190

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

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

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

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

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

2. Profit Contribution from Each Business

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

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

For water services business, an increase in profit of 37.4% was recorded. SIIC Environment's profit attributable to shareholders increased by 6.5% year-on-year after offsetting the listing expenses incurred during the first quarter of this year. However, the profit contribution from

SIIC Environment to the Company recorded 29.9% increase due to the Company's increase of more than 9% year-on-year shareholdings in SIIC Environment. The result of General Water of China was driven by increases in operating income of the project companies, resulting in a considerable year-on-year increase in profits. The business also benefited from profits contributed by Canvest Environmental Protection Group Company Limited, which was invested at the end of March last year, with an increase in profit contribution of HK$16.11 million year-on-year.

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

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

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

3. Profit before Taxation

(1) Gross profit margin

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

(2) Other income, gains and losses

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

(3) Gain on disposal of a subsidiary

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

4. Dividends

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

II. Financial Position of the Group

1. Capital and Equity attributable to owners of the Company

The Company had a total of 1,087,211,600 shares in issue as at 30 June 2018. There is no change compared with 1,087,211,600 shares as at the end of 2017.

Equities attributable to owners of the Company reached HK$42,282.38 million as at 30 June 2018, and the increase was attributable to the net profit for the first half of the year after deducting the dividend actually paid during the period.

2. Indebtedness

(1) *Borrowings*

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

(2) Pledge of assets

The following assets were pledged by the Group to banks to secure banking facilities granted by these banks to the Group:

(a) investment properties with an aggregate carrying value of HK$10,421,946,000 (31 December 2017: HK$12,056,862,000);

(b) leasehold land and buildings with an aggregate carrying value of HK$143,905,000 (31 December 2017: HK$150,233,000);

(c) plant and machineries with an aggregate carrying value of HK$30,994,000 (31 December 2017: HK$34,601,000);

(d) one (31 December 2017: one) toll road operating right with a carrying value of HK$2,287,208,000 (31 December 2017: HK$2,410,356,000);

(e) receivables under service concession arrangements with an aggregate carrying value of HK$10,479,832,000 (31 December 2017: HK$10,131,288,000);

(f) properties under development held for sale with an aggregate carrying value of HK$2,094,758,000 (31 December 2017: HK$1,930,280,000);

(g) properties held for sale with an aggregate carrying value of HK$710,648,000 (31 December 2017: 338,443,000);

(h) trade receivables with an aggregate carrying value of HK$67,284,000 (31 December 2017: HK$10,694,000);

(i) bank deposits with an aggregate carrying value of HK$628,491,000 (31 December 2017: HK$751,162,000); and

(j) land use right with an aggregate carrying value of HK$577,753,000 (31 December 2017: HK$943,160,000).

(3) Contingent liabilities

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

3. Capital Commitments

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

4. Bank Balances and Short-term Investments

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

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

III. Event after the end of the Reporting Period

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

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

(2) In June 2018, the Company, through an indirectly wholly-owned subsidiary, entered into a cornerstone investment agreement and conditionally agreed for the purchase of equity interest of CIRC as part of a proposed offer for subscription of shares regarding to the proposed listing of CIRC in the Stock Exchange with consideration of no more than RMB430,000,000 (equivalent to HK$509,660,000). As at 30 June 2018, the amount is disclosed as capital commitment in notes to the condensed consolidated financial statements. Subsequently on 6 July 2018, CIRC is successfully listed and the Group subscribed for 11,906,400 shares (representing 3.7% equity interest of CIRC), at a total consideration of HK$257,178,000. CIRC is accounted for as an equity instrument at fair value through profit or loss.