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 2019 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 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 Shanghai Industrial Development Co., Ltd. ("**SI Development**") in which the Company holds a 49% equity interest.

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.

In order to reciprocate to our shareholders and to enable them to participate more directly in the future business growth of our subsidiary, Shanghai Industrial Urban Development Group Limited ("**SI Urban Development**"), and help to increase the liquidity of the shares of SI Urban Development (the "**SIUD Shares**") in the market, the Board of Directors has resolved to declare the payment of an 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 (as set out below) 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 announcement, the total number of issued shares of the Company is 1,087,211,600. 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 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.

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**).

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.

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 Holdings Ltd. ("**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 Engineering and Technology Co., Ltd. ("**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 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 wetland is Grade 1A standard.

In the same month, SIIC Environment (Dezhou) Waste Water Treatment Co., Ltd., 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 Co., Ltd. ("**Dalian Ziguang Water**") and Dalian Ziguang Lingshui Waste Water Treatment Co., Ltd. ("**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 Lingshuihe 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) Co., Ltd., 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 Protection Group Co., Ltd., 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 Co., Ltd., 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 Co., Ltd. ("**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.

NEW BUSINESS ARENA

As at the end of June 2019, the total photovoltaic assets capacity of Shanghai Galaxy Investment Co., Ltd. (the Group holds a 45% equity interest) and its 80.25% owned subsidiary, SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd., 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 RMB2,623 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 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.

In February 2019, SI Development acquired, through successful bidding, two land parcels located in the large residential community in Gucun, Baoshan, Shanghai, namely Gucun No. 0421-01 (approximately 26,600 square meters) and Gucun No. 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.

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 Brothers Tobacco Company, Limited ("**Nanyang Tobacco**") continued to enhance the competitiveness of its products through continued upgrades of its flexible production lines and enhancement of its production processes. The Wing Fat Printing Company, Limited ("**Wing Fat Printing**") maintained steady growth amidst uncertainties in the external environment. During the period, the company actively promoted the development of its intelligence packaging business with medicine packages as an interface while continuing to explore intelligence manufacturing enhancement aimed at reducing cost and improving efficiency, thus achieving significant progress in the transformation of the company's technological 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 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.

** Net profit excluding net corporate expenses*

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 growth. 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

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, SIUD, and help to increase the liquidity of the SIUD Shares in the market, the Board of Directors has resolved to declare the payment of an 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 announcement, the total number of issued shares of the Company is 1,087,211,600. 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 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 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 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 24 September 2019.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the Company's unaudited consolidated interim results 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 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 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.

PUBLICATION OF THE INTERIM REPORT

The 2019 interim report will be despatched to shareholders in mid-September 2019 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 2019

	Notes	Six months ended **30.6.2019** **HK$'000** **(unaudited)**	30.6.2018 HK$'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		**-**	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	
	30.6.2019	30.6.2018
	HK$'000	HK$'000
	(unaudited)	(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

	Note	**30.6.2019**	31.12.2018
		HK$'000	HK$'000
		(unaudited)	(audited)
Non-Current Assets			
Investment properties		**20,148,746**	19,372,125
Property, plant and equipment		**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		**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		**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		**59,177,545**	57,825,834
Trade and other receivables	*8*	**8,445,941**	8,363,616
Contract assets		**892,219**	925,371
Prepaid lease payments - current portion		**-**	5,413
Investments		**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		**230,179**	225,955
		97,961,002	95,350,142

	Note	**30.6.2019**	31.12.2018
		HK$'000	HK$'000
		(unaudited)	(audited)
Current Liabilities			
Trade and other payables	*9*	**17,182,678**	17,593,000
Lease liabilities - current portion		**117,107**	-
Contract liabilities		**13,179,629**	15,288,349
Taxation payable		**3,334,209**	4,145,234
Bank and other borrowings		**17,540,474**	12,921,483
		51,354,097	49,948,066
Liabilities associated with assets classified as held for sale		**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		**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

Notes:

(1) REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2019 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 AND PRINCIPAL ACCOUNTING POLICIES

(i) 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 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.

(ii) Principal Accounting Policies

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

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.

(a) 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.

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.

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.

	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:

	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	232,861
Reclassified from deferred revenue recognised in trade and other payables	(196,436)
	340,175

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.

(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 2019 (unaudited)

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
Segment revenue - external sales	**4,580,305**	**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	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

Segment assets and liabilities

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

<u>At 30 June 2019</u> (unaudited)

	Infrastructure facilities	**Real estate**	**Consumer products**	**Unallocated**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**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**

<u>At 31 December 2018</u> (audited)

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	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	
	30.6.2019	30.6.2018
	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

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	
	30.6.2019	30.6.2018
	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)	**(221,324)**	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 fair value through profit or loss (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

(6) DIVIDENDS

	Six months ended	
	30.6.2019	30.6.2018
	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	
	30.6.2019	30.6.2018
	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.

(8) 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:

	30.6.2019	31.12.2018
	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

(9) TRADE AND OTHER PAYABLES

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

	30.6.2019	31.12.2018
	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

Financial Review

I. Analysis of Financial Results

1. Revenue

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.

2. Profit Contribution from Each Business

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, Zhejiang Wufangzhai Industrial Co., Ltd. and 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 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 Protection Group Company Limited, 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%.

3. 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 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.

4. 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. 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.

Equity 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.