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 2021 ANNUAL RESULTS

(Unaudited)

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") is pleased to announce the unaudited annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021. The Group's unaudited total revenue amounted to HK$38,748 million, representing an increase of 42.8%. Unaudited net profit increased year-on-year by 68.8% to HK$3,746 million.

The mainland economy recovered rapidly during 2021 as local industries resumed their work and production amid the waning pandemic. Nevertheless, the COVID 19 pandemic remained severe in many countries and regions around the world, and adversely affected their economic activities. Commodity and consumer prices rose significantly following accommodative monetary policies and supply chain disruptions. In response to that, major central banks across the world began to introduce tightening measures. The situation was further exacerbated by such factors as rising geopolitical risks and ongoing international trade disputes, resulting in a complex and volatile overall business environment. During the year, the Board of Directors and the management team of the Group made considerable efforts to overcome challenges externally in order to ensure steady operation and development of the Group's core businesses while capitalizing on new opportunities that arose from the recovery of the economy. This, coupled with a number of favorable factors, has enabled the Group to achieve remarkable business and profit growth for the year. These factors included compensations received due to the waiver of toll mileage at the entry sections of our toll roads, profits brought about by the booked revenue of properties delivered from a joint-venture property project with Shanghai Industrial Development Co., Ltd. ("**SI Development**") and additional profits recorded arising from the sale of a number of property projects, after deducting the provisions made for SI Development for the accounts receivable of SIIC Longchuang Smart Energy Technology Company Limited ("**SIIC Longchuang**"), its subsidiary.

The Board of Directors has recommended a final dividend of HK54 cents per share (2020: HK52 cents per share) for 2021, and together with an interim dividend of HK48 cents per share (2020: a cash dividend of HK22 cents per share and the payment of a special dividend in the form of distribution in specie to the qualified shareholders of the Company on the basis of 1 share of Shanghai Industrial Urban Development Group Limited ("**SI Urban Development**") for every 5 shares of the Company held) paid during the year. Total dividends for the year amounted to HK102 cents per share.

INFRASTRUCTURE FACILITIES

During the year, the infrastructure facilities business recorded a profit of HK$2,369 million, increasing significantly by 105.0% over the past year and accounting for 60.2% of the Group's Net Business Profit*. The increase was mainly due to a significant increase in the number of toll collection days of the Group's toll roads in the year, and the compensations received during the year due to the waiver of toll mileage for the entry sections of toll roads.

Toll Roads/bridge

The Group's three toll roads and the Hangzhou Bay Bridge recorded a significant increase in overall traffic flow and toll revenue for the year, mainly due to the significant increase in the number of toll collection days of the Group's toll roads during the year, when compared with the waiver of toll tariffs for vehicles nationwide from 17 February to 5 May 2020 due to the impact of the epidemic during the first half of 2020, as well as a natural increase of traffic flow. In addition, the toll mileage for the entry sections of our three toll roads in Shanghai has been waived since 6 May 2020, for which the Group received economic compensations totaling RMB3,553 million at the end of June 2021. This amount will be accounted for as the Group's other income on a unit-of-usage basis over the remaining period of the respective toll road concession rights.

The key operating figures of the respective toll roads/bridge under the Group for the year 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$443 million	+66.9%	HK$619 million	+44.6%	39.44 million	+13.4%
Hu-Kun Expressway (Shanghai Section)	100%	HK$510 million	+151.8%	HK$921 million	+43.2%	70.37 million	+11.2%
Hu-Yu Expressway (Shanghai Section)	100%	HK$233 million	+130.6%	HK$615 million	+46.8%	42.16 million	+18.0%
Hangzhou Bay Bridge	23.0584%	HK$199 million	+113.0%	HK$2,391 million	+44.5%	17.09 million	-1.1%
Total		**HK$1,385 million**	**+109.1%**	**HK$4,546 million**	**+44.6%**	**169.06 million**	**+11.9%**

During the year, our toll roads in Shanghai were enhanced to secure the centenary of the founding of the Communist Party, the 10th China Floral Expo and the 4th China International Import Expo, which included measures to improve the environment of the toll stations and ancillary facilities, thorough inspection of road facilities and condition, a variety of measures to strengthen smooth road passage, and enhancing the collection speed and service quality of the toll counters with respective competitions to drive incentives. As a result, the mission was successfully completed with high quality and top standards. The Hangzhou Bay Bridge and the "two districts and one island" were operated in a safe and orderly manner with solid and effective measures, constant improvement of the road environment and further enhancement of maintenance efficiency. At the same time, the company focused on environmental optimization and significantly improved service quality. In addition to the regular prevention and control of the epidemic throughout the year, the Group also improved its emergency plans to effectively deal with natural disasters and major emergencies to ensure the safe operation of the roads. The clean energy projects in which our project company has an equity interest have been running smoothly and providing good returns.

Our project companies also strengthened information technology, promoted digital transformation and continued to upgrade the toll collection system. During the year, based on the original video monitoring system, the project companies adopted the overall structure of "cloud, channel, device" with the idea of "Internet + traffic" and successfully updated the system, enabling video information upstreaming to the provincial cloud platform of Shanghai, with Hu-Ning Expressway (Shanghai Section) becoming the first road section in Shanghai's road network to have completed all video upstreaming to the Ministry of Transport. The construction of the Hangzhou Bay Bridge smart bridge project has been basically completed with a fully functional cloud computing platform as well as comprehensive sensing, data sharing and interconnection of bridge status. In conjunction with the road network center of the Ministry of Communications and the Shanghai industry authorities, the Hu-Hang Expressway (Shanghai Section) conducted researches to study the application of expressway intelligence based on "intelligence" as the key content. The project proposal and feasibility report were successfully completed and will subsequently be listed as one of Shanghai's work tasks for "Construction of a strong transportation country". It will also become a key project of the industry in 2022.

Water Services/Clean Energy

Capitalizing on development opportunities brought by national policies which emphasize the need to promote environmental protection and clean energy sectors, the Group continued to strengthen its investments in the water services and solid waste businesses during the year, and actively sought and explored quality projects to achieve a new breakthrough in the scale of treated water services.

SUS Environment

SUS Environment Co., Ltd. ("**SUS Environment**"), currently 28.34% held by a 50-50 joint venture of the Company, is a comprehensive urban solid waste disposal service provider with a full industry chain which consists of investment, construction and operation. Established in December 2008, the company's projects are mainly located in Zhejiang, Henan, Shandong, Guangdong, Jiangxi, Guangxi, Hebei and Hubei. Today, the company has over 60 waste-to-energy public-private-partnership (PPP) projects with a daily capacity of over 100,000 tonnes, boasting a market share of 40% in China. SUS Environment has been one of the Top 10 Most Influential Enterprises in China's solid waste industry for five consecutive years. With 18 power generation projects connected to the grid during the year, the company has altogether 34 projects on grid now, with a market share for equipment sale of over 40% in China.

SIIC Environment

In 2021, SIIC Environment Holdings Ltd. ("**SIIC Environment**") recorded revenue of RMB7,267 million, representing a year-on-year increase of 16.2%, mainly attributable to a rise in operating and maintenance income and financial income from service concession arrangements due to an increase in sewage treatment volume and average treatment tariff. Net profit for the year was RMB706 million, representing a year-on-year increase of 11.1%. Construction revenue rose by 18.8% year-on-year to RMB2,486 million, mainly due to an increased number of projects under construction in 2021. Gross profit for the year increased by 10.1% over last year.

With China vigorously promoting the development of environmental industry and accelerating the construction of a "beautiful China", governments at all levels actively commenced construction and tendering for new sewage and water supply projects during the year, thereby driving the development of the new projects of SIIC Environment. During the year, SIIC Environment was awarded 24 projects, of which 21 are sewage treatment, reclaimed water and water supply projects with a total planned daily capacity of 232,400 tonnes. The other three were sludge-treatment projects with a total planned daily capacity of 900 tonnes, and 10 sewage treatment projects with a total planned daily capacity of 425,000 tonnes were awarded upgrades, expansion, tariff increase and extension of operation-and-management (O&M) service periods. In addition, 17 projects commenced commercial operation, among which three were sewage-treatment and water-supply projects with a total planned daily capacity of 100,250 tonnes, and 14 were upgrade and expansion projects with a total planned daily capacity of 320,000 tonnes. As at the end of 2021, SIIC Environment had close to 250 sewage treatment and water supply projects, and the total daily capacity reached 12,810,000 tonnes.

During the year, the volume of sewage water treated by SIIC Environment grew 0.98% year-on-year to 2,433,000,000 tonnes, while the water supply volume rose 10.2% year-on-year to 308,000,000 tonnes. The average sewage treatment tariff increased by 12.5% year-on-year to RMB1.69 per tonne and average water supply fee was RMB2.52 per tonne, representing an increase of 0.6% over last year.

In the future, as China further strengthens its comprehensive environmental governance framework and implements a series of favorable policies, the environmental-protection industry will enter a new period of development. SIIC Environment will closely follow national strategic guidelines to seize new opportunities in the market. Through active mergers and acquisitions, it will expand its operations and market share, further optimize its strategic deployment in the Yangtze River Delta region, and actively seek new opportunities in the environmental-protection sector. Meanwhile, the company will continue to improve its management and operational efficiency to speed up entering a new stage of high-quality development.

General Water of China

In 2021, General Water of China Co., Ltd. ("**General Water of China**") recorded stable results due to a strong commitment to improve its business with steady operation, pursue development growth, and enhance its asset scale. Unremitting efforts were made throughout the company to establish epidemic prevention-and-control measures and to ensure normal resumption of work and production. As at the end of 2021, the company operated a total of 34 water-supply plants and 27 sewage-treatment plants with a combined daily capacity of 5,502,000 tonnes, of which the daily capacity of water generation is 2,954,500 tonnes and the daily capacity of sewage treatment is 2,547,500 tonnes. The company has two reservoirs with a total storage capacity of 182,320,000 tonnes and a pipe network of 6,248 kilometers. During the year, General Water of China recorded revenue of HK$2,431 million, representing a year-on-year decrease of 3.4%. Net profit amounted to HK$228 million, representing a decrease of 16.8% over last year.

For the 18th consecutive year, General Water of China has been named one of the Top 10 Most Influential Enterprises in China's Water Industry, and has been ranked among the top three. During the year, new water-treatment projects with a daily capacity of 500,000 tonnes and sludge-drying daily capacity of 50 tonnes were acquired, involving investments of about RMB945 million. Such projects include (1) Phase II of the water-supply plant project in Guzhen Economic Development Zone, (2) the water-supply expansion project and in-depth treatment project for enhancement of water quality for Xiangtan No. 1 water plant, (3) Bengbu City Heihushan water-supply plant sludge-drying project, and (4) Lai City sewage-treatment plant franchise project in Shandong.

In October 2021, the trial run of the two-way standby power system for the transmission lines of the Wuhua mountain reservoir power station and the spillway was a success. In future, when the reservoir area suffers from power interruptions, the station's power-generation unit can be restored through the backup diesel generator set, which enhances the safety and reliability of the power source for the floodgate activation at the spillway and effectively reduces the cost of electricity for the reservoir. In December, the Tiger Lake reservoir project successfully passed completion acceptance by the water-management unit of Zhejiang Province, and the company will continue to improve the management level of water-conservancy projects.

General Water of China will capitalize on new development opportunities brought by "carbon peaking and carbon neutrality", speed up connection with the capital market, increase its efforts in the development of new markets and speed up the implementation of specific projects. The company will also continue to promote quality, reduce costs and increase efficiency, adhere to the bottom line of safety and environmental protection, and continue to move forward steadily on the path of high-quality development.

NEW BUSINESS ARENA

As at the end of December 2021, the photovoltaic assets capacity of Shanghai Galaxy Investment Co., Ltd. and SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd., its subsidiary, reached 740 MW. The photovoltaic team continued to strengthen its work related to macro policies, industry dynamics, capital market research and project acquisition. The total amount of on-grid electricity sold from its 15 photovoltaic power stations was approximately 1,114 million kWh, representing an increase of 23.95% over last year.

In October 2021, the Central State Council proposed that by 2025 a solid foundation should be laid for achieving carbon peak and carbon neutrality. By 2023, significant results should be achieved in comprehensive green transformation for economic and social development. In addition, the country will actively develop renewable energy and continuously increase the proportion of non-fossil energy consumption. At the same time, it will promote the construction of a market-based mechanism, accelerate the construction and improvement of the national carbon emission trading market, gradually expand market coverage, enrich different trading types and trading methods, and improve the management of quota allocation. With the support of the state, the photovoltaic energy business will continue to develop healthily and expand in an orderly manner.

REAL ESTATE

In 2021, the real estate business recorded a profit of HK$895 million, representing a year-on-year increase of 16.3% and accounting for approximately 22.8% of the Group's Net Business Profit*. The increase was mainly attributable to relatively higher profits generated from the sales revenue of the Shanghai Bay project (Phase 4) under development by SI Development in which the Company holds a 49% equity interest. The increase in profit was also due to additional profit recorded during the year arising from the sale of a number of property projects of the Group.

SI Development

SI Development responded swiftly to macro-economic pressures and complicated issues arising in the industry. Starting from the "14th Five-Year Plan", the company will stabilize operations, ensure stage progress, focus on quality and enhance risk controls. To implement its annual business plan, the company will take a broad-perspective approach, ensuring steady growth and the overall stability of its operations. For the year 2021, SI Development recorded revenue of RMB10,269 million. The revenue was mainly derived from booked revenue from properties delivered, including such projects as Shanghai Bay (Phase 4) in Qingpu, Shanghai, Territory Shanghai in Jing'an, Shanghai, SIIC Yungjing Bay in Huzhou, SIIC Tianlan Bay in Huzhou and Sea Palace in Quanzhou, covering an area of approximately 395,000 square meters. Net profit recorded during the year was RMB532 million.

During the year, the property market in the mainland was buoyant in the early part of 2021 but tapered off in the second half of the year. In view of pressures from the economy, SI Development monitored the market closely, reviewed our inventory of saleable projects and capitalized on market opportunities to launch property sales while increasing the turnover for non-residential projects. The SIIC Era of Elites (Phases 2) project in Gucun, Baoshan was basically all sold out on the first day of the launch, while many other projects were also generally sold out. Contract sales of real estate projects for the year reached RMB6,252 million, covering an area of approximately 240,000 square meters, including such projects as Era of Elites (Phases 1 and 2) in Baoshan, Shanghai, SIIC Tianlan Bay in Huzhou, SIIC Yungjing Bay in Huzhou, Sea Palace in Quanzhou, Territory Shanghai in Jing'an, Shanghai and Shanghai Bay (Phase 4) in Qingpu, Shanghai.

During the year, the company's construction projects, including eight land parcels under construction covering an area of approximately 1,500,000 square meters, progressed smoothly. The quality and progress of the company's projects and safety standards have all met its established targets. The company has also enhanced its green upgrading efforts through the integration and application of new technologies, laying a solid foundation for the future promotion of green and healthy living. The occupancy rate and rental levels for the domestic office and commercial leasing markets have been dropping, effecting increasingly fierce competition. In view of this, the company has developed strategies and tenant-recruitment programs to retain existing tenants and reorganize its customer structure and business mix. Targeting large customers with whole-floor demand, the company managed to attract quality customers and strengthen its negotiation ability, maintaining an average occupancy rate of 90%. In the area of property management, approximately 26,580,000 square meters of properties were managed by SI Development. During the year, its subsidiary was ranked 51st in the 2021 China Property Services Enterprise in Comprehensive Strengths and 4th in the Top 100 Shanghai Property Services Enterprises in Comprehensive Strengths.

In May 2021, a tender consortium formed by SI Development and two independent investors won the bid for the acquisition of the land use rights of lot No. 91 situated at the North Bund, Hongkou District, Shanghai through listing-for-sale at a consideration of RMB9,106 million. With a total site area of approximately 34,585 square meters, the land parcel represents part of SI Development's strategy to build further inroads into the North Bund, Hongkou district. Holding a 50% interest in the consortium, SI Development has established a joint-venture company with the other two parties to develop the land parcel into the tallest building in Puxi, Shanghai with a height of 480 meters. Currently, design proposals for the development are being invited from international corporations. Through this large-scale joint development, the company is committed to turning Shanghai's core business district into a dynamic business hub with "one center and two districts, integrating old and new".

Earlier this year, SI Development received a regulatory work memo issued by the SSE regarding the outstanding account receivables payable to SIIC Longchuang, a 69.7849%-owned subsidiary of SI Development. According to investigations, as at the end of 2021, the total amount involved was approximately RMB2.615 billion, of which certain account receivables may not be recoverable. While investigations are still ongoing, SI Development has implemented policies to improve the corporate governance, personnel management and internal control of SIIC Longchuang. SI Development has in such respect made prior year adjustments in its consolidated financial statements from 2016 for certain restatements. Save for the above, all major businesses of SI Development are operating normally and there is no risk relevant to the current accounts of the major businesses of SI Development.

In 2022, SI Development will continue to emphasize the importance of integrity and the need to innovate, transform and upgrade, as well as to strengthen control. In view of a volatile economy and strict regulatory controls of the real estate industry, SI Development will continue to follow national development strategies, continue its commitment to serving the city of Shanghai and the Yangtze River Delta region, and take further initiatives to interact and connect with internal and external resources. The company will also closely monitor its portfolio, pursue both quality and incremental quantity and will better control sales and project quality in a scientific way. It will also increase efforts to create better synergy between the operation of real estates and property service, and to improve internal controls and corporate governance in order to advance the stable development of the company.

SI Urban Development

In 2021, SI Urban Development expanded and strengthened its core real estate business, actively increased its land reserves, and committed to participate in urban development and great health care projects to promote comprehensive green upgrading. Revenue for the year amounted to HK$11,015 million, representing an increase of 73.3% over last year. Profit attributable to shareholders for the year amounted to HK$572 million, representing a year-on-year increase of 9.7%. Properties delivered mainly included Shangtou Baoxu in Shanghai, Contemporary Splendour Villa in Shanghai, Jing City, Urban Cradle in Shanghai and West Diaoyutai•Emperor Seal in Beijing, with a gross floor area of approximately 270,000 square meters. Rental income for the year was approximately HK$830 million. Contract sales amounted to RMB8,930 million, representing a gross floor area of approximately 260,000 square meters, which mainly included Originally in Xi'an, West Diaoyutai•Emperor Seal in Beijing, Urban Cradle and Contemporary Splendour Villa in Shanghai.

In early March 2021, SI Urban Development won the bid for the land-use rights of Lot CB4-3-225 located to the south of Qiyuan Second Road and to the east of Shangchun North Road in Xi'an, Shaanxi Province, the PRC. The residential land has a site area of approximately 51,208 square meters and may be developed into approximately 94,400 square meters of residential units with ancillary public and commercial facilities. The land premium is approximately RMB1,525 million. The land lot is located in the Chanba Ecological Area in Xi'an and is in close proximity to Weiyang Lake station of the Metro Line No.10 of Xi'an Metro under construction and the Ba River. Taking advantage of the opening of China's 2021 National Games and the continued expansion of infrastructure in Xi'an, the Chanba Ecological Area is undergoing significant improvements in its infrastructure and ecological environment. This is further supported by more convenient transport and comprehensive ancillary facilities. The project has promising prospects and fits into SI Urban Development's strategy of developing in the main regions of key metropolitan areas.

In August, SI Urban Development announced that Chelsea Securities Limited ("**Chelsea Securities**"), an 80%-owned subsidiary of SI Urban Development, will increase its capital by issuing 133,333 and 33,333 new shares to a new investor (a subsidiary of the parent company of the Company) and an existing shareholder, respectively for a total subscription amount of HK$118 million, and the number of its ordinary shares will increase from 100,000 to 266,666. As SI Urban Development did not participate in the capital increase, its shareholding will be diluted to 30%. Established in Hong Kong in 1988, Chelsea Securities is an authorized stock broker in Hong Kong and a registered holder of trading rights with the The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), a participant of the Stock Exchange and CCASS. Its income mainly consists of fund-management fees, brokerage, securities-placement agent fees and underwriting income. The capital increase will strengthen the financial position of Chelsea Securities. The company is also expected to benefit from the extensive experience in funds investment and management of the new investor, while SI Urban Development will continue to enjoy economic benefit through its retained shareholding.

In view of the potential market prospects of the great health care industry in the PRC, SI Urban Development announced in October the acquisition by its wholly-owned subsidiary and two investment-platform companies under our parent company of a total of 70% equity interests in

Shanghai Dongyi Property Co., Ltd. ("**Shanghai Dongyi Property**"), a wholly-owned subsidiary of SIIC Dongtan Investment & Development (Holdings) Co., Ltd. ("**Shanghai Dongtan**"), which in turn is a wholly-owned subsidiary of our parent company. SI Urban Development will hold a 40% equity interest for a consideration of approximately RMB48.30 million. Subsequently, the four shareholders will make an aggregate capital contribution of RMB180 million, on a pro-rata basis in accordance with their respective equity interests, and the capital contribution payable by SI Urban Development is RMB72 million. The registered capital of Shanghai Dongyi Property will be increased from RMB120 million to RMB300 million. Shanghai Dongyi Property proposed to construct the SIIC Dongyi Sanatorium on a piece of land it owns in the Demonstration Zone of Dongtan of Chongming in Shanghai. Scheduled for completion in August 2023 and to be officially opened around August 2024, the new venture will take full advantage of the natural environment of Chongming International Ecological Island and cooperate with Huadong Sanatorium to build a high-level, for-profit sanatorium mainly for medical check-ups, combining various sanatorium functions and serving people in the higher echelons. The transaction provides SI Urban Development with an excellent opportunity to further its expansion plan into the great health care industry.

In the same month, SI Urban Development announced that Shanghai Urban Development (Holdings) Co., Ltd. ("**Shanghai Urban Development**"), its 59%-owned subsidiary, offered to sell all of the 60% equity interest it held in Shanghai Huanyu Urban Investment and Development Co., Ltd. ("**Shanghai Huanyu**") through public tender. The successful bidder is wholly-owned by another shareholder of Shanghai Urban Development and the transfer price is RMB3,576 million. Upon completion of the transaction, SI Urban Development will completely exit from the Huanyu project. Shanghai Huanyu is the property developer of the Binjiang U Center project, which involves a long construction period and requires a substantial amount of investment. The project is experiencing a longer-than-expected investment recovery period, so realizing its investment in the project can lay a solid foundation for the long-term development, active investment and expansion of new projects by SI Urban Development.

In the same month, SI Urban Development, through its subsidiary, won the bids in the auctions of the land-use rights for two parcels of land in Shanghai, PRC. One of the land parcels is located in Qingpu District, Shanghai with a site area of 30,051 square meters. It has well-developed public facilities and may be developed into approximately 45,000 square meters of residential development. The consideration for the parcel is RMB1,178 million. The other land parcel is located in Lingang New Area, the China (Shanghai) Pilot Free Trade Zone, in close proximity to Metro Line No. 16 in Shanghai and a potential stop on the Shanghai Lianggang Express Line currently under planning, with a site area of approximately 41,961 square meters. The consideration for the parcel is RMB1,652 million. It can be developed into approximately 105,000 square meters of residential development. The above projects will significantly bolster the land bank of SI Urban Development and will provide a source of revenue in the future.

CONSUMER PRODUCTS

The Group's consumer-products business made a profit for the year of HK$607 million, representing an increase of 29.2% over the previous year and accounting for approximately 17.0% of the Group's Net Business Profit*. In 2021, Nanyang Brothers Tobacco Company, Limited

(“**Nanyang Tobacco**”) made every effort to expand its business, creating "new business, new products, new markets and new channels" to ensure the long-term, comprehensive and healthy development of the company's business. During the year, the company actively pursued its internationalization and market-oriented operation capabilities, created a new model of overseas manufacturing for Nanyang Tobacco, and strengthened cooperation with strong partners overseas, with the goal of becoming a regional industry-leading tobacco product operator. Simultaneously, it continued to promote technological innovation and deepened the technical content for long-term sustainable development. For The Wing Fat Printing Company, Limited (“**Wing Fat Printing**”), its tobacco and wine packaging business made solid profits, the medicine-packaging business steadily became a new source of profits, and the moulded-fibre business made good progress for its diversified development, presenting an encouraging business environment for the company.

Tobacco

2021 was a year of extraordinary innovation for Nanyang Tobacco. In response to the impact of the pandemic on world trade and the tobacco industry, the company flexibly adjusted its development strategy and focused on seeking progress with stability. Under the corporate development policy of “Ensuring healthy internal operation and external development; strengthening business growth; and pursuing excellence”, everyone in the company worked hand in hand to overcome difficulties, and made every effort to consolidate the foundation, strengthen production, and capitalize on its branding to build platforms that will enhance its value and continue the legacy of the century-old Nanyang Tobacco. The turnover and profit after tax of Nanyang Tobacco for the year were HK$2,379 million and HK$499 million respectively, representing an increase of 27.4% and 38.2%, respectively over the previous year. This is mainly attributable to the fact that the exports and ship-tobacco business have resumed large-scale production and shipments since the third quarter of 2021, together with the resumption of operation of a small number of duty-free stores such as the Zhuhai port since the fourth quarter of 2020. During the year, Nanyang Tobacco made great efforts to establish on-going prevention-and-control measures for the epidemic to ensure orderly production and operation.

Nanyang Tobacco successfully secured the exclusive distribution rights for the duty-free market in the United Arab Emirates in 2021, after procuring the exclusive distribution rights last year for a number of brands from a major cigarette manufacturer in mainland China for the duty-free market in Indonesia. The two markets have great potential for development and the company will gradually expand the duty-free market in Asia to broaden its scope of operation and increase profitability. With the promotion of local production of cut tobacco under the strategic cooperation framework between Nanyang Tobacco and a major cigarette manufacturer in mainland China, Nanyang Tobacco has been able to develop a full industry chain cooperation model from a simple OEM model to tobacco procurement, process technology and market cooperation. In addition, Nanyang Tobacco will also speed up its entry into overseas duty-paid markets, and explore overseas production and sales platforms. The company pushed forward the construction of its production base in Malaysia during the year, made considerable efforts to establish overseas industry advantages, and paved its way for a development path beginning with the duty-paid markets in Southeast Asia, leveraging on the advantage of ASEAN tax benefits.

In 2021, Nanyang Tobacco focused on brands, distribution channels and resources to broaden its markets and seize new opportunities. Profits were maximized through the establishment of traditional brand product groups, strengthening product group operations and optimizing product structure. Since the beginning of the year, the company has been deeply involved in the sales strategy of distribution channels, grasping the rhythm of supply and sales to maintain the dynamic balance of production and sales, focused on key channels, and actively prepared for the resumption of customs clearance in advance. Taking the initiative in brand cultivation, the company launched a classic series of innovative cigarettes and a nostalgic series of new products against the trend, catering to market demand and receiving good market feedback. Promoting the integration and unification of regional markets, Nanyang Tobacco also coordinated and linked all segments of the supply chain and gave full play to platform operation and terminal channel capabilities, creating additional opportunities for the growth of traditional brands and laying a foundation for volume and price increases in 2022.

Continuing to promote technical innovation, integrate technology for its production for the company's high-quality development, Nanyang Tobacco completed the construction of a production platform for composite filter rods during the year and made significant progress in the technical research of shaped nozzle for heterotypic tobacco, enabling the production of different specifications of filter rods to be converted flexibly and quickly. The company also completed the development project of heterotypic cans to consolidate its leading position in the canned tobacco market with the world's first oval-shaped heterotypic cans. The production optimization project of flexible workshops, which improved the quality of products and achieved significant results in the research of the whole process of exquisite production, from the source of materials to the wrapping techniques, were also completed with significant improvements in the stability and reliability of the process of turning cut tobacco into wrapping.

Printing

Wing Fat Printing recorded a turnover of HK$1,927 million for the year 2021, an increase of 15.4% over the previous year. The net profit amounted to HK$187 million, representing a year-on-year increase of 11.0%. The growing trend of the company's revenue remained satisfactory for the year, which was mainly due to planning and preparation at an early stage. The timely expansion of the medicine-packaging business helped reduce the impact of structural fluctuations in the company's business. The diversification of customers in the moulded-fibre business achieved substantial breakthroughs, easing the impact of fluctuations from a single customer. During the year, the packaging business also seized the opportunity brought about by the high prosperity of the downstream wine industry in recent years. All these factors have resulted in the best performance of the company when compared with that of the past several years. With the help of multi-drivers, Wing Fat's results this year reached a 10-year high. Affected by complex and multiple factors such as changes in business structure and wide fluctuations in raw material prices during the year, the company's overall profit margin was greatly mitigated. Finally, under the multi-faceted efforts of stabilizing scale, saving expenses and improving efficiency, the company secured steady growth of operating net profit for the year against the adverse trend, exceeding the annual target.

In the face of the pandemic that continued to ravage the world and the challenges of a series of economic reactions caused by it, the operations of packaging manufacturing enterprises, at the end of the B-to-B business chain, faced huge challenges. The good results achieved by Wing Fat against all odds come from the trust and support of customers, shareholders and partners, from the company's right strategic choices and execution, and from the unremitting efforts and hard work at all levels of the company. Assuming the pandemic will continue to linger for a while, the business challenges of the company in the future will definitely be more severe. Under the guidance of the established strategy, Wing Fat will capitalize on the unprecedented opportunities of the times and accurately analyze and overcome the challenges of unprecedented changes. It will, as always, adhere to its strategy and make steady and solid efforts to achieve various business goals in 2022.

** Net profit excluding net corporate expenses*

PROSPECTS

Looking forward to 2022, the management of the Group fully recognises that there are still many uncertainties in the business environment despite signs of an economic recovery in China due to a multitude of factors. These include the epidemic prevention-and-control measures being implemented by Hong Kong and other countries, increasing geopolitical risks, ongoing international trade disputes and tightening policies on specific industries in the mainland. The Group will continue to monitor the impacts of COVID-19 and will take effective and ongoing epidemic prevention-and-control measures to safeguard its interests. At the same time, we will continue to pursue our reforms and innovation programs, step up our efforts in the upgrading of our core businesses, and enhance our management efficiency and precision. We will also strive to consolidate our resources, strengthen risk controls, improve our profitability, and continue to look for opportunities to acquire quality projects in order to optimize our asset portfolio and enhance the value of our shareholders.

For the infrastructure and environmental protection segments, SIIC Environment will seize opportunities brought about by national policies in the promotion of environmental protection and clean energy. The company will continue to seek thorough developments in the environmental protection sector, facilitate consistent integration of financing and business operation, explore new funding sources, expand the scale of their investments in an orderly manner and accelerate the deployment of its resources in the area of environmental protection technologies. Technological innovations will also be further strengthened and management models refined to drive sustainable and high-quality development of the company. The toll road business will continue to enhance operational efficiency and maintain steady business development while taking measures to prevent and control the epidemic. Through investments in new business arenas, the Group's investments in the environmental-protection and green-energy segments are expected to make new contributions to the Group.

With such market uncertainties as tightening policies in the industry, the real estate business of the Company will closely monitor national policies and market trends, optimize our strategic plans, further explore market opportunities, revitalize existing assets, seek new sources of funds and financing channels, and accelerate collection of receivables so as to improve operating efficiency. At the same time, we will further strengthen overall risk controls and promote healthy, stable and high-quality development.

In the short-term, Nanyang Tobacco will continue to be affected by the global pandemic. In the coming year, it will continue to promote technical innovation, deepen the technical content and promote the company's high-quality development. The company will focus on developing new products, actively consolidate resources, establish new marketing ideas, adjust the structure of product channels, and actively plan for breakthroughs in the overall development of the company. Efforts will be made to enhance overall competitiveness by broadening the scope of the company's markets and global presence, and protect the interests of the company under controllable risks.

In 2022, Wing Fat Printing is expected to face further challenges under the lingering impact of the pandemic and the complexity of the global economic environment. Nevertheless, with its determination and commitment to achieve new breakthroughs, the company is expected to make steady progress and to accomplish its established business goals for the year.

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, 30 March 2022

FINAL DIVIDEND

The Board of Directors has recommended a final dividend of HK54 cents per share (2020: HK52 cents per share) for 2021. Together with the interim dividend of HK48 cents per share (2020: a cash dividend of HK22 cents per share and the payment of a special dividend in the form of distribution in specie to the qualified shareholders of the Company on the basis of 1 share of SI Urban Development for every 5 shares of the Company held) paid during the year. Total dividends for the year ended 31 December 2021 amounted to HK102 cents per share.

Subject to approval by the shareholders of the Company at the Annual General Meeting, the final dividend will be paid on or about Friday, 24 June 2022 to shareholders whose names appear on the register of members of the Company on Thursday, 9 June 2022.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at the Ballroom at 1st Floor, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Tuesday, 31 May 2022 at 3:00 p.m. (the "**Annual General Meeting**"). Notice of the meeting will be despatched to the shareholders in late-April 2022 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.

CLOSURE OF REGISTER OF MEMBERS

Annual General Meeting

For the purpose of determining shareholders' eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed on Monday, 23 May 2022 and Tuesday, 24 May 2022, both days inclusive, during which period no transfer of shares will be effected. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Friday, 20 May 2021.

Final Dividend

For the purpose of determining shareholders' entitlement to the final dividend, the register of members of the Company will be closed on Thursday, 9 June 2022, on which no transfer of shares will be effected. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Wednesday, 8 June 2022.

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 for the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, SIIC Environment, a subsidiary of the Company, bought back a total of 14,012,000 and 13,140,000 of its own ordinary shares on the Stock Exchange and the Singapore Stock Exchange for a total consideration of approximately HK$16,841,944 and SG$2,662,126 respectively, and all these shares were cancelled.

Save as disclosed above, during the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

PUBLICATION OF THE ANNUAL REPORT

The Annual Report 2021 will be despatched to the Shareholders in late-April 2022 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.

REVIEW OF UNAUDITED ANNUAL RESULTS

The Company's auditing process for the year ended 31 December 2021 ("**FY2021**") has been adversely affected due to the implementation of the COVID-19 pandemic prevention and control quarantine measures in certain cities in the PRC, including delay in sending and receiving audit confirmations to and from banks, suppliers and customers due to delays in postal services, and suspension of work and closure of some of the Company's offices in the PRC due to lockdown measures in the PRC which affected the preparation and gathering process of necessary documents and information required for the audit work. Given that the auditor of the Company (the "**Auditor**") requires additional time for conducting its audit work, it is anticipated that the Company will be unable to publish the audited annual results of the Group (the "**2021 Audited Annual Results**") for FY2021 on or before 31 March 2022 in accordance with Rules 13.49(1) and 13.49(2) of the Listing Rules.

The unaudited annual results contained herein have not been agreed by the Auditor as required under Rule 13.49(2) of the Listing Rules. There is no disagreement between the Board and the Audit Committee during FY2021. The unaudited annual results contained herein have been reviewed by the Audit Committee.

An announcement relating to the 2021 Audited Annual Results and the material differences as compared with the unaudited annual results contained herein (if any) will be made upon completion of such reporting and audit processes after the 2021 Audited Annual Results have been finalised and agreed by the Auditor as soon as practicable, on or before 11 April 2022. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process.

WARNING

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the Auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	**2021**	2020
		HK$'000	HK$'000
		(Unaudited)	(Audited)
Revenue	*3*	**38,747,951**	27,137,601
Cost of sales		**(23,878,335)**	(17,319,822)
Gross profit		**14,869,616**	9,817,779
Net investment income		**372,905**	572,752
Other income, gains and losses		**(1,768,684)**	219,877
Selling and distribution costs		**(1,183,111)**	(1,097,249)
Administrative and other expenses		**(1,905,940)**	(2,273,393)
Finance costs		**(1,681,765)**	(1,854,385)
Share of results of joint ventures		**243,759**	163,034
Share of results of associates		**442,051**	644,888
Gain on disposal of subsidiaries/interests in associates		**1,357,183**	723,758
Profit before taxation		**10,746,014**	6,917,061
Income tax expense	*4*	**(6,633,048)**	(2,993,918)
Profit for the year	*5*	**4,112,966**	3,923,143
Profit for the year attributable to			
- Owners of the Company		**3,745,505**	2,218,877
- Non-controlling interests		**367,461**	1,704,266
		4,112,966	3,923,143
		HK$	HK$
Earnings per share	*7*		
- Basic		**3.429**	2.014
- Diluted		**3.429**	2.014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Profit for the year	**4,112,966**	3,923,143
Other comprehensive income (expense)		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
- subsidiaries	**1,776,886**	4,776,576
- joint ventures	**552,446**	320,327
- associates	**82,131**	344,292
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	**(288,506)**	(13,953)
Reclassification adjustment upon disposal of an assoicate classified as held-for-sale	**(9,429)**	-
Reclassification adjustment for realisation of revaluation reserves upon dispsosal of the related properties	**(5,205)**	-
Other comprehensive income for the year	**2,108,323**	5,427,242
Total comprehensive income for the year	**6,221,289**	9,350,385
Total comprehensive income for the year attributable to		
- Owners of the Company	**4,956,286**	4,862,737
- Non-controlling interests	**1,265,003**	4,487,648
	6,221,289	9,350,385

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	Note	**2021**	2020
		HK$'000	HK$'000
		(Unaudited)	(Audited)
Non-Current Assets			
Investment properties		**28,985,301**	27,166,276
Property, plant and equipment		**5,764,711**	5,763,753
Right-of-use assets		**698,853**	535,198
Toll road operating rights		**6,599,286**	7,132,190
Goodwill		**590,588**	810,832
Other intangible assets		**8,603,724**	7,974,255
Interests in joint ventures		**6,078,908**	5,475,401
Interests in associates		**8,257,908**	6,899,413
Investments		**456,697**	732,031
Receivables under service concession arrangements – non-current portion		**25,925,594**	23,159,535
Deposits paid on acquisition of non-current assets		**7,960,018**	3,885,676
Deferred tax assets		**136,391**	396,040
		100,057,979	89,930,600
Current Assets			
Inventories		**53,441,173**	59,557,443
Trade and other receivables	*8*	**12,280,029**	13,329,541
Contract assets		**116,869**	403,204
Investments		**414,889**	632,753
Receivables under service concession arrangements – current portion		**848,548**	819,316
Prepaid taxation		**1,014,476**	577,240
Pledged bank deposits		**709,526**	806,864
Short-term bank deposits		**668,643**	142,382
Bank balances and cash		**38,149,742**	28,354,355
		107,643,895	104,623,098
Assets classified as held for sale		**8,661**	328,672
		107,652,556	104,951,770

	Note	2021 HK$'000 (Unaudited)	2020 HK$'000 (Audited)
Current Liabilities			
Trade and other payables	9	**22,185,904**	21,521,708
Lease liabilities – current portion		**100,582**	113,239
Contract liabilities		**20,618,731**	21,695,922
Deferred income		**446,581**	-
Taxation payable		**6,641,699**	3,410,431
Bank and other borrowings		**23,637,611**	13,755,345
		73,631,108	60,496,645
Liabilities associated with assets classified as held for sale		**113**	180,428
		73,631,221	60,677,073
Net Current Assets		**34,021,335**	44,274,697
Total Assets less Current Liabilities		**134,079,314**	134,205,297
Capital and Reserves			
Share capital		**13,649,839**	13,649,839
Reserves		**33,789,615**	30,028,927
Equity attributable to owners of the Company		**47,439,454**	43,678,766
Non-controlling interests		**33,918,247**	38,388,617
Total Equity		**81,357,701**	82,067,383
Non-Current Liabilities			
Provision for major overhauls		**89,298**	88,160
Deferred income		**3,368,970**	-
Bank and other borrowings		**40,619,524**	43,186,801
Deferred tax liabilities		**8,495,150**	8,545,117
Lease liabilities – non-current portion		**148,671**	317,836
		52,721,613	52,137,914
Total Equity and Non-Current Liabilities		**134,079,314**	134,205,297

Notes:

(1) GENERAL

The financial information relating to the years ended 31 December 2021 and 2020 included in this announcement does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap.622) and will deliver the financial statements for the year ended 31 December 2021 in due course.

(2) BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(i) Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(ii) Principal Accounting Policies

Application of amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year. the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

(a) Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform - Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures ("HKFRS 7").

As at 1 January 2021, the Group has several financial liabilities, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The amendments have had no impact on the consolidated financial statements as the Group had confirmed with the relevant counterparties that HIBOR will continue to maturity.

(b) Impacts on application of the agenda decision of the Committee - Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration of incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration of both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 "Reference to the Conceptual Framework"

The amendments:

- update a reference in HKFRS 3 "Business Combinations" so that it refers to the "Conceptual Framework for Financial Reporting 2018" issued in June 2018 (the "Conceptual Framework") instead of "Framework for the Preparation and Presentation of Financial Statements" (replaced by the "Conceptual Framework for Financial Reporting 2010" issued in October 2010);
- add a requirement that, for transactions and other events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or HK(IFRIC)-Int 21 "Levies", an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 "Consolidated Financial Statements" and HKAS 28 "Investments in Associates and Joint Ventures" deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)"

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practices Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction "

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 "Income Taxes" so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Group is still in the process of assessing the full impact of the application of the amendments. -The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

(3) SEGMENT INFORMATION

Segment revenue and results

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

For the year ended 31 December 2021

	Infrastructure facilities	**Real estate**	**Consumer products**	**Unallocated**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
REVENUE					
Segment revenue - external sales	**10,913,937**	**23,786,981**	**4,047,033**	**-**	**38,747,951**
Segment operating profit (loss)	**3,912,575**	**5,864,710**	**770,053**	**(162,552)**	**10,384,786**
Finance costs	**(804,673)**	**(854,737)**	**(3,387)**	**(18,968)**	**(1,681,765)**
Share of results of joint ventures	**251,229**	**(7,470)**	**-**	**-**	**243,759**
Share of results of associates	**522,101**	**(80,050)**	**-**	**-**	**442,051**
Gain on disposal of subsidiaries/ interests in associates	**28,270**	**1,275,762**	**53,151**	**-**	**1,357,183**
Segment profit (loss) before taxation	**3,909,502**	**6,198,215**	**819,817**	**(181,520)**	**10,746,014**
Income tax expense	**(797,471)**	**(5,704,505)**	**(124,009)**	**(7,063)**	**(6,633,048)**
Segment profit (loss) after taxation	**3,112,031**	**493,710**	**695,808**	**(188,583)**	**4,112,966**
Less: segment profit attributable to non-controlling interests	**(742,836)**	**401,604**	**(26,229)**	**-**	**(367,461)**
Segment profit (loss) after taxation attributable to owners of the Company	**2,369,195**	**895,314**	**669,579**	**(188,583)**	**3,745,505**

For the year ended 31 December 2020

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
REVENUE					
Segment revenue - external sales	8,538,488	15,233,047	3,366,066	-	27,137,601
Segment operating profit (loss)	2,319,378	4,280,303	645,941	(5,856)	7,239,766
Finance costs	(751,423)	(1,015,628)	(2,018)	(85,316)	(1,854,385)
Share of results of joint ventures	163,206	(172)	-	-	163,034
Share of results of associates	331,329	308,967	4,592	-	644,888
Gain on disposal of subsidiaries/ interests in associates	70,295	637,666	15,797	-	723,758
Segment profit (loss) before taxation	2,132,785	4,211,136	664,312	(91,172)	6,917,061
Income tax expense	(388,024)	(2,351,294)	(120,377)	(134,223)	(2,993,918)
Segment profit (loss) after taxation	1,744,761	1,859,842	543,935	(225,395)	3,923,143
Less: segment profit attributable to non-controlling interests	(588,941)	(1,089,728)	(25,597)	-	(1,704,266)
Segment profit (loss) after taxation attributable to owners of the Company	1,155,820	770,114	518,338	(225,395)	2,218,877

Segment assets and liabilities

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

At 31 December 2021

	Infrastructure facilities	**Real estate**	**Consumer products**	**Unallocated**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Segment assets	**69,550,838**	**125,020,162**	**8,047,122**	**5,092,413**	**207,710,535**
Segment liabilities	**33,247,842**	**83,747,217**	**967,629**	**8,390,146**	**126,352,834**

At 31 December 2020

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	59,683,449	122,536,741	7,635,790	5,026,390	194,882,370
Segment liabilities	24,810,022	77,212,882	866,079	9,926,004	112,814,987

(4) INCOME TAX EXPENSE

	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Current tax		
- Hong Kong	**119,789**	81,509
- PRC Land appreciation tax ("**PRC LAT**")	**2,977,339**	1,549,796
- PRC Enterprise income tax ("**PRC EIT**") (including PRC withholding tax of HK$33,575,000 (2020: HK$85,617,000))	**3,403,476**	1,596,376
	6,500,604	3,227,681
(Over)underprovision in prior years		
- Hong Kong	**(4,006)**	(308)
- PRC LAT (note i)	**-**	(19,347)
- PRC EIT (note i)	**2,430**	(65,141)
	(1,576)	(84,796)
Deferred taxation for the year	**134,020**	(148,967)
	6,633,048	2,993,918

notes:

(i) The Group recognised underprovisions of PRC EIT during the years ended 31 December 2021 (2020: overprovision of PRC LAT and PRC EIT), upon completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

(ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

(iii) The Group's subsidiaries in the PRC are subject to PRC EIT at a rate of 25% for both years, except that (i) seven (2020: four) PRC subsidiaries are qualified as High New Technology Enterprises and enjoy a preferential tax rate of 15% for the current year (the preferential tax rate is applicable for 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.

(iv) 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 expenditure

(5) PROFIT FOR THE YEAR

	2021 HK$'000 (Unaudited)	2020 HK$'000 (Audited)
Profit for the year has been arrived at after charging:		
Amortisation of toll road operating rights (included in cost of sales)	**760,504**	644,840
Amortisation of other intangible assets (included in cost of sales)	**354,763**	360,077
Depreciation of property, plant and equipment	**505,414**	524,767
Depreciation of right-of-use assets	**85,410**	94,288
Impairment loss on financial assets under expected credit loss	**2,469,467**	190,489
Impairment loss on properties under development held for sale	**887,790**	23,739
Impairment loss on properties held for sale	**105,103**	100,212
Impairment loss on contract assets	**368,047**	-
Impairment loss on goodwill	**265,052**	79,555
Impairment loss on toll road operating right	**-**	322,123
Impairment loss on listed equity securities of FVTPL	**27,450**	-
Net decrease in fair value of investment properties	**-**	185,972
Research expenditure	**119,650**	148,986
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	**79,410**	67,261
Share of PRC EIT of associates (included in share of results of associates)	**138,951**	394,624
and after crediting:		
Interest income	**423,333**	477,879
Net increase in fair value of investment properties	**877,970**	-
Reversal of impairment loss on inventories, other than properties	**13,440**	1,551
Net gain on disposal/written off of property, plant and equipment	**311,534**	4,396
Net foreign exchange gain (included in other income, gains and losses)	**34,898**	75,972

(6) DIVIDENDS

	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Dividends recognised as distribution during the year:		
2021 interim dividend of HK48 cents per share (2020: 2020 interim dividend of HK22 cents and interim speical dividend in form of distribution of specie (note))	**521,862**	397,919
2020 final dividend of HK52 cents per share (2020: 2019 final dividend of HK52 cents) per share	**565,350**	565,350
	1,087,212	963,269

note: An 2020 interim dividend of HK22 cents and settled in form of distribution in specie of 217,442,320 shares in SI Urban Development ("**SIUD Share**") on the basis of 1 SIUD Share for every 5 shares of the Company ("**Distribution in Specie**") were settled on 22 October 2020. The aggregate fair value of the SIUD Shares distributed under the Distribution in Specie was HK$158,733,000, which represented a distribution of HK15 cents per share (closing price on the date of dispatch) of the Company.

The final dividend of HK54 cents per share in respect of the year ended 31 December 2021 (2020: HK52 cents), amounting to approximately HK$587.1 million (2020: HK$565.4 million) in total, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

(7) EARNINGS PER SHARE

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

	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Earnings:		
Profit for the year attributable to owners of the Company	**3,745,505**	2,218,877
Interest to holders of perpetual bond	**(17,193)**	(29,568)
Earnings for the purpose of basic and diluted earnings per share	**3,728,312**	2,189,309

	2021	2020
	(Unaudited)	(Audited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,087,211,600**	1,087,211,600

The computation of diluted earnings per share does not assume:

(i) the exercise of options issued by SI Urban Development, a listed subsidiary of the Group, because the exercise price of those options was higher than the average market price for the period up till the options lapsed/years; and

(ii) the exercise of options issued by Canvest Environmental Protection Group Company Limited ("**Canvest Environmental**"), a listed associate of the Group, because the exercise price of those options was higher than the average market price for the corresponding period.

(8) TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Trade receivables		
- Good and services	**4,197,054**	3,740,179
- Lease receivables	**15,512**	13,424
	4,212,566	3,753,603
Less: allowance for credit loss	**(484,621)**	(230,801)
	3,727,945	3,522,802
Other receivables	**3,681,845**	5,604,187
Amounts due from related parties	**1,397,449**	3,667,983
Prepayments for acquisition of parcels of land	**3,472,790**	-
Guarantee deposit paid for the auction of a parcel of land	**-**	534,569
Total trade and other receivables	**12,280,029**	13,329,541

The Group generally allows credit periods ranging from 30 days to 180 days to its trade customers, other than property buyers. For property sales, due to the nature of business, the Group generally grants no credit period to property buyers, unless it is specially approved. 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.

	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Within 30 days	**1,149,695**	943,183
Within 31 – 60 days	**455,140**	420,590
Within 61 – 90 days	**283,650**	540,861
Within 91 – 180 days	**521,820**	408,506
Within 181 – 365 days	**603,190**	314,677
Over 365 days	**714,450**	894,985
	3,727,945	3,522,802

(9) TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Trade payables	**6,988,925**	7,304,427
Bills payables	**430,444**	1,770,015
Other payables	**14,766,535**	12,447,266
Total trade and other payables	**22,185,904**	21,521,708

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

	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Within 30 days	**3,286,268**	2,931,542
Within 31 – 60 days	**232,677**	328,009
Within 61 – 90 days	**132,927**	271,286
Within 91 – 180 days	**401,685**	417,515
Within 181 – 365 days	**1,217,757**	1,633,827
Over 365 days	**1,717,611**	1,722,248
	6,988,925	7,304,427

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

In 2021, the revenue amounted to approximately HK$38,747.95 million, representing a year-on-year increase of 42.8%. The increase was attributable to the low base of income of the infrastructure facilities business for the last year resulting from the toll exemption measure for 79 days during the pandemic period under the national policy, coupled with the waivers of toll mileage for the entry sections and the lesser construction activities in progress made by SIIC Environment; the year-on-year increase in booked revenue upon delivery of the properties by the real estate business; and the year-on-year increase in export cigarette sales and wine packaging sales of the consumer products business.

2. Profit Contribution from Each Business

Net profit from the infrastructure facilities business for the year amounted to approximately HK$2,369.20 million, accounting for 60.2% of Net Business Profit, and representing a year-on-year increase of 105.0%.

Due to the outbreak of the COVID-19 epidemic in early 2020, the Ministry of Transport of the People's Republic of China introduced toll exemption measure for toll roads and bridges during the pandemic period, which together with the waivers of toll mileage for the entry sections, led to a significant decrease in toll revenue, and in turn resulted in a substantial decrease in profit contributions from toll roads and bridge business. In addition, the implementation of waiver policy of toll mileage for the entry sections last year has resulted in the impairment of the operating rights of the Hu-Kun Expressway, which has led to a lower base of profit in last year. While the toll revenue resumed normal for the year, profit contributions from toll roads and bridge business returned to pre-pandemic level, and compensation was received for the decrease of toll mileage for the entry sections.

The profit of water services and waste-to-energy business increased by 33.9% year-on-year. Of which, the profit contribution from SIIC Environment for the year increased by 20.3%, mainly driven by its operating income growth. The increase in the profit contribution from Canvest Environmental and waste-to-energy business recorded additional profit contribution from SUS Environment that was acquired at the end of 2020.

The real estate business recorded a profit of approximately HK$895.31 million, accounting for 22.8% of the Net Business Profit, and representing an increase of approximately HK$125.20 million over 2020. The increase was mainly due to the recognition of property sales revenue during the year for the Shanghai Bay project, in which the Company holds 49% interest directly. Despite the gain generated by SI Development from the disposal of the investment property located at No. 815 Dongdaming Road, Hongkou District, the net profit contribution from SI Development has declined as large amount of impairment was made by SI Development for the accounts receivable, prepayment, inventory and goodwill of LongChuang, a subsidiary of SI Development, as well as real estate projects, led to net profit contribution of SI Development decreased, partly offset the increase in the profit of the real estate business.

The consumer products business recorded a net profit of HK$669.58 million for the year, accounting for 17.0% of Net Business Profit, and representing a year-on-year increase of 29.2%. The cigarette sales of Nanyang Tobacco increased by 27.4% year-on-year, while the net profit increased by HK$138.01 million or 38.2%. The increase was mainly attributable to the lower bases of sales and profit last year resulted from the relevant epidemic prevention-and-control measures implemented last year. The sales of Wing Fat Printing was up by HK$15.0% year-on-year. Since the recovery of domestic alcohol consumption, Wing Fat Printing' s wine packaging business, with relatively low gross profit margin, recorded a significantly growth in sales year-on-year. Despite the fact that the operating profit has declined as compared with last year, the net profit contribution from Wing Fat Printing increased by 8.4% due to net gain of HK$53.15 million from disposal of its 37.23% equity interest in Jinan Quanyong Printing Co., Ltd. ("**Jinan Quanyong**") recorded in the year.

3. Profit before Taxation

(1) Gross profit margin

Compared to 2020, the overall gross profit margin increased by 2.2 percentage points, mainly due to increase in the proportion of delivery of properties with relatively high margin in the real estate business.

(2) Other income, gains and losses

Other income, gains and losses for the year was mainly due to the large amount of impairment made by SI Development for the accounts receivable, prepayment, inventory and goodwill of LongChuang, a subsidiary of SI Development, as well as real estate projects. Last period was mainly due to decrease in fair value of the investment properties and the impairment loss of the toll road operating rights.

(3) *Gain on disposal of subsidiaries/ interests in associates*

Gain for the year was mainly attributable to the disposal of equity interests in several subsidiaries and an approximately 37.23% equity interest in an associate, Jinan Quanyong. Gain for last period was mainly attributable to the disposal of 67% and 100% equity interests in subsidiaries Hunan Qianshuiwan Xiangya Garden Co., Ltd. and Sichuan Kemei Paper Co., Ltd. respectively, and 23.97% equity interests in Zhejiang Wufangzhai Industrial Co., Ltd., an associate of the Company.

4. Dividend

The Board of Directors of the Group has proposed to declare a final dividend of HK54 cents per share (2020: HK52 cents per share), together with an interim cash dividend of HK48 cents per share (2020: HK22 cents per share and distribution of SIUD Shares at fair value of HK15 cents per share), the total dividend amounted to HK102 cents per share (2020: HK89 cents per share). Annual dividend payout ratio is 29.8% (2020: 44.2%).

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 31 December 2021, there is no change compared with 1,087,211,600 shares as at the end of 2020.

Equity attributable to owners of the Company reached HK$47,439.45 million as at 31 December 2021, and was attributable to the net profit for the year after deducting the dividend actually paid during the year.

2. Indebtedness

(1) Borrowings

As at 31 December 2021, the total borrowings of the Group including bank borrowings and other borrowings amounted to approximately HK$64,276.28 million (31 December 2020: HK$56,973.81 million), of which 72.3% (31 December 2020: 70.3%) was unsecured credit facilities. The proportions of US dollars, Renminbi and HK dollars of total borrowings were 2%, 89% and 9% (31 December 2020: 3%, 85% and 12%) 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$11,876,715,000 (31 December 2020: HK$10,334,774,000);
(b) leasehold land and buildings with an aggregate carrying value of HK$11,609,000 (31 December 2020: HK$70,816,000);
(c) plant and machineries with an aggregate carrying value of HK$189,290,000 (31 December 2020: HK$192,379,000);
(d) receivables under service concession arrangements/intangible assets with an aggregate carrying value of HK$19,149,719,000 (31 December 2020: HK$16,744,560,000);
(e) properties under development held for sale with an aggregate carrying value of HK$17,315,646,000 (31 December 2020: HK$12,537,442,000);
(f) properties held for sale with an aggregate carrying value of HK$259,702,000 (31 December 2020: nil);

(g) trade receivables with an aggregate carrying value of HK$289,972,000 (31 December 2020: HK$196,344,000);
(h) bank deposits with an aggregate carrying value of HK$709,526,000 (31 December 2020: HK$806,864,000);
(i) equity interests of subsidiaries with aggregate carrying value of HK$184,049,000 (31 December 2020: 178,190,000); and
(j) land use rights included in right-of-use assets, with aggregate carrying value of HK$966,000 (31 December 2020: HK$1,074,000).

(3) Contingent liabilities

As at 31 December 2021, the guarantees given to banks by the Group in respect of banking facilities utilised by property buyers, associates and jointly controlled entities amounted to approximately HK$6,515.07 million, HK$1,337.11 million and HK$2,024.89 million (31 December 2020: HK$7,254.14 million, HK$1,411.37 million and nil) respectively.

3. Capital Commitments

As at 31 December 2021, the Group had capital commitments mainly contracted for business developments and investments in fixed assets of HK$14,385.11 million (31 December 2020: HK$15,606.16 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 31 December 2021, bank balances, pledge bank deposits and short-term investments held by the Group amounted to HK$39,527.91 million (31 December 2020: HK$29,303.60 million) and HK$414.89 million (31 December 2020: HK$632.75 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances were 3%, 84% and 13% (31 December 2020: 4%, 85% 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 developments, and will seek opportunities to optimize its capital structure should the need arises.