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 2022 INTERIM RESULTS

(Unaudited)

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") announces the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2022. For the six months ended 30 June 2022, the Group's total revenue amounted to HK$15,220 million, representing a year-on-year decrease of 6.7%. Net profit decreased year-on-year by 48.2% to HK$1,104 million, which was mainly due to the significant decline in total revenue and traffic flow of the Group's toll roads business, which has been seriously hit by the epidemic during the period.

In view of the severe impact of the COVID-19 pandemic around the world during the first half of the year, major cities in Mainland China, including Shanghai, implemented more stringent epidemic prevention and control measures to combat the virus. Compounded by the complex international geopolitical situation, the supply chain of goods has been seriously disrupted on a global scale, resulting in a rapid increase in the prices of commodities such as energy and food. Growth in consumer prices in some western countries reached record highs in decades. Under such circumstances, central banks in these countries began to raise interest rates rapidly and sharply, leading to high volatility in the capital markets, including security prices, exchange rates and interest rates. Responding to the difficult operating environment, the Group's Board of Directors and management introduced different measures to overcome such challenges while firmly supporting respective governments' control measures, especially during the lockdown period in Shanghai, to contribute to the fight against the epidemic and safeguard the health and safety of its employees. At the same time, the Group also effectively coordinated its resources and insisted on reforms and innovations to ensure the steady operation of its core businesses while minimizing the impact and losses arising from the outbreak of the virus and other unfavourable external factors. The solid asset base and business structure of the Group's member companies, coupled with quality management and risk-control systems, have effectively contained adversities brought about by various challenges. Despite the significant decline in operating results for the period, the Group has been able to maintain overall profitability, which has been regarded as satisfactory in light of the difficult external environment.

The Board of Directors has resolved to pay an interim dividend of HK42 cents per share for 2022 (2021: HK48 cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 23 September 2022. The above interim dividend will be paid to shareholders on or around Tuesday, 11 October 2022.

INFRASTRUCTURE FACILITIES

During the period, the infrastructure facilities business recorded a profit of HK$984 million, representing a decrease of 19.0% over the corresponding period last year and accounting for approximately 78.1% of the Group's Net Business Profit*. The reduction in profit was mainly due to the impact of the pandemic on our toll road business during the first half of the year, as revenue and traffic flow dropped significantly compared with the same period last year due to the lockdown, quarantine and traffic control in respective areas, which significantly affected earnings. During the period, the Group continued to further develop its environmental-protection sector and expand the scale of its investments in an orderly manner. It also accelerated the deployment of its resources in the area of environmental protection technologies and enhanced its service quality and competitiveness through scientific research and innovation.

Toll Roads/Bridge

Affected by the COVID-19 epidemic, the Group's three toll roads and the Hangzhou Bay Bridge recorded a significant decline in overall traffic flow and toll revenue during the period. The decrease was mainly attributable to: (1) the western extension of the Songze elevated main line and certain ramps were opened to traffic on 7 February, affecting the traffic flow of the Hu-Yu Expressway (Shanghai Section); (2) the Jing-Hu Expressway (Shanghai Section) was affected by the COVID-19 epidemic in the Suzhou area during which many entrances of the expressways in such area were closed from 13 February while some entrance toll stations were only opened to trucks; and (3) as Shanghai was affected by the outbreak of the COVID-19 epidemic since early March, the traffic flow on the roads dropped significantly, especially from 28 March onwards, when there was virtually no traffic on the expressways as lockdowns were implemented in Pudong and Puxi respectively. While work and production gradually resumed following the lifting of the lockdown in June, the overall traffic flow was still not fully recovered.

The Group's project companies continued to undertake various epidemic prevention-and-control measures in a strict and practical manner, fully cooperating with the traffic and police authorities to implement traffic controls along highways during the period of epidemic closure and control. They also diligently carried out on-site inspection and passage assurance for vehicles transporting emergency and epidemic-prevention materials and medical personnel to fully secure smooth road passage of the "green channel". During the epidemic outbreak in Shanghai, the service areas of the southern coast of the bridge, which serves as a dedicated parking base for trucks to support Shanghai's supply assurance, also contributed to securing the supply of anti-epidemic materials in Shanghai. The Hangzhou Bay Bridge and the "two districts and one island" were generally operated in a safe and orderly manner. In the first half of the year, the project companies successfully completed their missions related to the Spring Festival travel rush, Spring Festival and Winter

Olympics and the two National Congresses, ensuring safe, steady and orderly operation of the roads during such periods. The Group continued to use competitions as a means of incentive and assessment to enhance road services.

In the second half of the year, the Group will continue to carry out epidemic prevention and control as well as operations safety management. It will also continue to increase revenue and efficiency while reducing expenditure and costs in order to stabilize its revenue. It will also implement efficiency enhancement projects in respect of transport-safety facilities, complete special maintenance projects for the year, further improve emergency plans for severe weather, promote smart application management, and endeavor to complete such tasks as road-operation assurance for the 5th China International Import Expo and the 20th Party Congress and preparation for the assessment of the maintenance and operating performance of the expressways nationwide (being interim assessment). The Hu-Yu Expressway (Shanghai Section) continued preparation work to facilitate the widening and alteration project.

The key operating figures of the respective toll roads/bridge under the Group as at 30 June 2022 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$93 million	-55.1%	HK$151 million	-49.8%	8.96 million	-54.0%
Hu-Kun Expressway (Shanghai Section)	100%	HK$147 million	-47.5%	HK$249 million	-44.0%	19.10 million	-45.0%
Hu-Yu Expressway (Shanghai Section)	100%	HK$48 million	-53.3%	HK$157 million	-47.1%	11.22 million	-44.7%
Hangzhou Bay Bridge	23.0584%	HK$74 million	-30.3%	HK$910 million	-23.0%	5.84 million	-32.7%
Total		HK$362 million	-48.0%	HK$1,467 million	-34.0%	45.12 million	-45.7%

In June, the Company acquired, through a wholly-owned subsidiary, a further 40% equity interest in Shanghai Industrial Clean Energy Company Limited ("**SI Clean Energy**") for RMB224,557,800. Upon completion of the acquisition, the Group will own a total of 80% of the equity interest in SI Clean Energy. SI Clean Energy has been participating in a professional investment platform for offshore wind-power projects and invested in a number of clean-energy projects, including wind power and photovoltaic power. In view of the Group's overall clean-energy business development and layout, managing the company under a unified platform will enhance management efficiency and facilitate the integration and growth of its business. For this reason, the transaction is in line with the Company's strategy to continue to nurture and develop its new energy business. The acquisition will provide strategic and commercial investment value, and effectively use the idle capital of its subsidiary to generate more profits, thus increasing its profit contribution to the Company.

Water Services/Clean Energy

During the period, the Group further strengthened its water services and solid waste business and expanded its market share. The scale and efficiency of the operation have also been increased. Focusing on both scale and quality, SIIC Environment Holdings Ltd. ("**SIIC Environment**") continued to strengthen its core business by actively increasing the scale of its development projects and accelerating the pace of acquisitions as well as striving to upgrade and expand existing projects.

SUS Environment

Established in December 2008, Shanghai SUS Environment Co., Ltd. ("**SUS Environment**") is 28.34% held by a 50-50 joint venture of the Company. It is a comprehensive urban solid waste disposal service provider with a full industry chain which consists of investment, construction and operation. The company's projects are located mainly in cities and provinces of mainland China, including Ningbo, Zhuhai, Qingdao and Lhasa. In the first half of 2022, SUS Environment recorded revenue of RMB3,761 million and a net profit of RMB841 million, representing a year-on-year decrease of 25.1% and 1.8% respectively.

During the period, SUS Environment was awarded seven equipment-supply projects, two equipment-general-contracting projects and two EPC general-contracting projects with a total daily capacity of 9,950 tonnes. As at the end of June 2022, 70 projects were under preparation and operation, with a total daily capacity of 101,225 tonnes. The company will adhere to its "one axis and two wings" strategy. On the basis of consolidating and expanding its existing core businesses, it will actively cultivate and expand new businesses such as integrated sanitation, construction waste and international business.

SIIC Environment

In the first half of 2022, SIIC Environment's total revenue rose 11.7% to RMB3,687 million. Construction revenue increased by 18.0% over the same period last year. The increase was mainly attributable to the accelerated construction progress of the renewable energy development center project in Baoshan, Shanghai, which is scheduled to commence operation within this year. The increase was partially offset by delays in other construction projects. Operating and maintenance income and financial income from service concession arrangements recorded a year-on-year increase of 7.7%. The increase was mainly attributable to a rise in sewage-treatment volume and water-supply volume and a rise in average sewage-treatment tariffs. Net profit for the period was RMB366 million, representing a year-on-year increase of 10.0%. Gross profit for the period increased by 7.5% over the same period last year.

In terms of new projects, SIIC Environment secured three new sewage-treatment projects (including one forward project) in the first half of the 2022, with a total planned daily capacity of 80,000 tonnes. One sewage-treatment project with a planned daily capacity of 10,000 tonnes was awarded upgrading, and a tariff-increase agreement was signed for one sludge project with a planned daily capacity of 200 tonnes. In addition, eight projects commenced commercial operation, among which, one was a reclaimed-water project with a planned daily capacity of 40,000 tonnes, and seven were sewage-treatment upgrading and expansion projects with a planned daily capacity of 950,000 tonnes. During the first half of the year, the volume of sewage water treated by SIIC Environment grew 1.6% year-on-year to over 1,200,000,000 tonnes, while the volume of water supply rose 3.9% to over 150,000,000 tonnes. In terms of treatment tariffs, the average sewage-treatment tariff increased by 1.8% from RMB1.69 per tonne to RMB1.72 per tonne year-on-year and the average water-supply tariff was RMB2.47 per tonne, representing a slight decrease of 2.4% over the same period last year.

In the first half of 2022, despite the recurrent COVID-19 outbreaks in China, SIIC Environment was able to maintain resilience and effective execution ability, achieving stable development and ensuring project progress in various regions. Guided by the strategic goals of "carbon peaking and carbon neutrality", China's emphasis on environmental protection has reached a new level. Favorable policies have been frequently introduced, expanding room for further development of the industry. The 14th Five-Year Plan also forged a major initiative for "promoting comprehensive green transformation of economic and social development". SIIC Environment has been firmly adhering to national policies, and strives to transform the Baoshan and Xicen projects into its iconic "one mountain and one river" projects. In an effort to take on the important task of achieving the "dual carbon" goals, the company will strengthen its regional layout, consolidate its leading position, enhance its ability to secure new projects and fully capitalize on opportunities to raise standards and implement smart upgrades for its existing projects.

General Water of China

During the period, General Water of China Co., Ltd. ("**General Water of China**") recorded revenue of HK$1,144 million, representing a year-on-year increase of 14.6%. Net profit amounted to HK$182 million, representing an increase of 14.3% over the same period last year. As at the end of June 2022, General Water of China secured four new projects, three of which are expected to reach a total investment of RMB420 million, and the other one is an entrusted project for a contract sum of approximately RMB2.20 million, with a combined total daily capacity of 325,000 tonnes and a pipe network of 51 kilometers. The new projects include: (1) Phase II of the sewage-treatment plant project in Aotou, Xiamen with a planned total investment of approximately RMB318 million and a daily capacity of 160,000 tonnes (expansion of 60,000 tonnes and upgrading of 100,000 tonnes); (2) the Chengxi water-supply booster pumping station project in Bengbu City with a planned total investment of approximately RMB13.00 million and a daily capacity of 15,000 tonnes; (3) the main water-supply network of Xiangyang with a new construction of 51 kilometers and a total investment of approximately RMB89.00 million; and (4) the sewage-treatment plant upgrading entrusted project in eastern Wenzhou City with a daily capacity of 150,000 tonnes and a contract sum of approximately RMB2.20 million.

During the period, General Water of China has been named one of the Top 10 Most Influential Enterprises in China's Water Industry for the 19th consecutive year, and has been ranked among the top three for the fourth consecutive year. During the period, General Water of China took on its commitment to achieving "dual carbon" targets, and accelerated digital transformation, steadily promoted the resource utilization of sewage water, proactively served the "Yangtze River Protection" project, actively explored the experience of rural town sewage water treatment in the Yangtze River Economic Belt, and strived to create an operable and replicable model of rural sewage treatment. In the future, General Water of China will continue to actively and steadily pursue high-quality development and provide superior water services for building a beautiful China.

NEW BUSINESS ARENA

As at the end of June 2022, the photovoltaic asset 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 during the first half of the year from its 15 photovoltaic power stations was approximately 591 million kWh, representing an increase of 3.61% over the same period last year.

In May this year, relevant national departments jointly announced the 14th Five-Year Plan for Renewable Energy Development in view of the "carbon peaking", "carbon neutrality" and 2035 visionary goals for the country. The Plan is intended to actively promote the development and utilization of renewable energy for power generation, expanding the scale of non-electricity utilization of renewable energy. Such policies are expected to accelerate the development of the industry.

REAL ESTATE

In the first half of 2022, the Group's real estate business recorded a profit of HK$39.72 million, representing a year-on-year decrease of 94.8% and accounting for approximately 3.2% of the Group's Net Business Profit*. The decline was mainly attributable to an increase in the capital cost of real estate enterprises, a drop-in contract sales and collection of receivables, in addition to delays in projects under construction and in launching of property projects due to the pandemic, resulting in a decrease in operating results and an increase in the company's gearing ratio.

SI Development

In the first half of the year, the nationwide real estate market faced severe challenges and the scale of commercial property sales fell significantly. The resurgence of the COVID-19 in Shanghai had a particularly large impact on the core real estate business of Shanghai Industrial Development Co., Ltd. ("**SI Development**"). During the period, the company recorded revenue of RMB1,382 million, representing a year-on-year decrease of 64.0%. The revenue was mainly derived from sales booked from properties delivered during the period, including SIIC Yungjing Bay in Huzhou and Sea Palace in Quanzhou, comprising a booked sales area of approximately 62,228 square meters. Net loss recorded during the period was RMB92.46 million, turning from profit to loss when compared to the same period last year. To overcome the challenging situation, the company implemented multiple measures to maintain the stability of its core business. As the operation of the sales offices in Shanghai remained stagnant for a prolonged period, the company has made considerable efforts to explore respective sales plans in a variety of business categories, and to revive the inventory of the company's property portfolio in different regions. Contract sales of real estate projects for the period amounted to RMB2,712 million, including such projects as International Beer City in Qingdao, Sea Palace in Quanzhou and Shanghai Bay (Phase 4) in Qingpu, Shanghai, covering a pre-sold area of 81,400 square meters. Eight projects were under construction, consisting of an area of 122,000 square meters. Rental income for the period was approximately RMB46.75 million.

As a local state-owned enterprise of Shanghai, SI Development fulfilled its social responsibility in accordance with the requirements of respective government departments. During the period. rent-relief plans were proposed, and were implemented after studying the extent of the impact of the relief targets. The plan covered approximately 193 small and micro enterprises and individual enterprises, involving a proposed rent reduction for an area of about 89,000 square meters. The company has also made great efforts to combat the impact of the pandemic in the properties it manages in Shanghai to protect the lives and wellbeing of the owners and residents. During the first half of the year, the property management business won the bids for 17 projects with an additional area under management of approximately 1,120,000 square meters, in addition to 10 management-renewal contracts. During the period, "SI Services" was awarded Shanghai brand certification. A total of about 70 management personnel and employee volunteers of the company helped build a makeshift hospital in Lingang of Shanghai during the epidemic outbreaks, contributing their efforts to the prevention of the epidemic in the city.

During the period, SI Development conducted an investigation into the outstanding accounts receivable of its subsidiary, SIIC Longchuang Smart Energy Technology Company Limited ("**SIIC Longchuang**"), which may not be recoverable. The company has also made respective provisions based on the principle of prudence and has made certain restatement adjustments to its historical financial positions. In June, the former chairman of the board of directors of SIIC Longchuang was arrested and detained by the Shanghai municipal public security authorities. It is believed that the arrest and detention was in connection with certain criminal offences relating to the outstanding accounts receivables and previous business operations of SIIC Longchuang. The other major areas of business of SI Development are operating normally and there is no risk associated with the payment of current accounts.

As the impact of the pandemic gradually subsided and the positive effects of the government policies began to emerge, property sales in major cities improved month-on-month from May as the market rebounded from its trough. In the second half of the year, in view of the lingering impacts of the domestic and international epidemic situation, the company will make plans to work out and optimize asset allocation, integrate resources, strengthen the linkage between sales and operations and services, and pursue better business performance to ensure stable full-year operation.

SI Urban Development

Shanghai Industrial Urban Development Group Limited ("**SI Urban Development**") recorded revenue of HK$6,809 million for the first half of 2022, representing a rise of 48.7% over the same period last year. Profit attributable to shareholders for the period amounted to HK$126 million, representing a year-on-year increase of 134.0%, mainly attributable to higher booked revenue generated from its projects during the period. Contract sales amounted to RMB4,568 million, representing a decrease of 6.1% over the same period last year and a gross floor area of approximately 330,500 square meters. Contract sales mainly included Originally in Xi'an and Contemporary Art Villa, Urban Cradle and Chenghang project in Shanghai. Property sales booked during the period amounted to HK$6,465 million, with a gross floor area of approximately 270,100 square meters, mainly comprised West Diaoyutai•Emperor Sea in Beijing and Shangtou Xinhong, Shangtou Baoxu and Urban Cradle in Shanghai. Rental income for the first half of the year was approximately HK$260 million. A total of 12 projects were under construction during the period, covering an area of 2,430,000 square meters.

Despite being affected by the pandemic in the first half of the year, SI Urban Development strengthened its position on policy and situation analysis for each project and continued to modify its sales strategy and optimize sales plans. During the period, the Originally•河山項目 in Xi’an was completely sold out. Additional units of higher quality but without price increases were launched for Hedong Polytechnic University Project•仰山華庭 in Tianjin and the proposed prices of the Qiyuan Road Project in Xi’an were duly reported to the authorities. SI Urban Development also focused on newly acquired projects in Qingpu and Lingang, and made a good start in speeding up development of the projects with the aim of achieving profits and maintaining a positive cash flow. Meanwhile, the company promoted the upgrade of the leasing system to enhance the capability and efficiency of commercial and office assets management with dynamic data. During the lockdown, SI Urban Development responded to government’s calls to help accomplish the task of construction and operation of the Lingang makeshift hospital, and the task was completed on time and with high quality, thereby assisting the medical teams from other provinces and cities and contributing to the battle against the epidemic in Shanghai.

In June this year, SI Urban Development announced the successful bidding of the land use rights for six parcels of land in Shanghai, PRC in conjunction with a joint bidder (being an independent third party). The land parcels are located in Lingang New Area, the China (Shanghai) Pilot Free Trade Zone, and is expected to be developed into approximately 271,081 square meters of residential development and 9,892 square meters of commercial development. The successful bidding of the land parcels will significantly bolster the land bank of the company, providing it with a further source of revenue in future.

CONSUMER PRODUCTS

The consumer products business made a profit contribution of HK$236 million to the Group, representing a decrease of 19.4% over the corresponding period last year and accounting for approximately 18.7% of the Group’s Net Business Profit*. As the COVID-19 pandemic resurged in Hong Kong and the Mainland in the second quarter of the year, the China market and duty-free market were significantly affected, resulting in a decline in sales and revenue of Nanyang Brothers Tobacco Company, Limited (“**Nanyang Tobacco**”) for the period. Nevertheless, its profit remained flat compared with the same period last year as a result of cost-control and product-mix adjustments. During the period, The Wing Fat Printing Company, Limited (“**Wing Fat Printing**”) has achieved positive synergy among various businesses with the continuous implementation of its "1+1+1" strategy, which supported the overall stability of the company's business scale, business structure, core customer base and delivery capacity during the period.

Tobacco

Due to the resurgence and spreading of the COVID-19 epidemic in the first half of 2022, Nanyang Tobacco was under continuous pressure with severe impacts on consumption, logistics and production. Turnover was HK$860 million, representing a year-on-year decrease of 6.3%. Net profit was HK$191 million, basically flat compared with the corresponding period last year. Affected by the pandemic, Nanyang Tobacco implemented full-scale work plans under its annual work directives, leading its employees to strengthen the enterprise foundation management, ensure safe production and resume market sales in order to achieve targeted results while securing epidemic prevention and production.

In view of the ever-changing global business environment, Nanyang Tobacco adhered to the principle of "strengthening business growth and pursuing excellence" by continuously promoting equipment and technology transformation in order to be at the forefront of the industry. During the period, the following technological transformations were implemented: (1) completed all supporting equipment fitting for the new cigarette-making machine of the exquisite canned cigarettes production line – the new machine is expected to be installed and begin trial production within this year; (2) completed the first stage production task for the world's first canning of slim size cigarettes, conducting analysis and providing feedback to the supplier for the continuous improvement of equipment performance; (3) carried out certification, studying and testing of the moulded-fibre gift box plastic packaging proposal for the packaging of exquisite canned cigarettes; and (4) completed the heterotypic cans sealing machine and coding machine projects, and conducted trial and batch production with the equipment running in a stable manner and producing good results on finished-product inspection.

In the first half of the year, the global market was severely hit by the pandemic. Nanyang Tobacco analyzed the situation of all sales channels and allocated resources to capitalize on sales opportunities in an effort to reduce the impact of the pandemic. In the Hong Kong market, sales volume continued to grow over the high base of last year. In the face of the sporadic resurgence of the pandemic in mainland China, the company made considerable efforts to expedite supply of the franchised cigarettes from suppliers to ensure stable supply to the end market. For the Mainland markets, the company actively responded to the resurgence of the pandemic in the Mainland during the first half of the year, maintained smooth cargo transportation by active communication and coordination, and continued to "promote new products and improve product mix" to achieve higher average price per carton. In the tax-free markets in the Mainland, Hong Kong and Macau, the company worked hard to assist the duty-free stores to consume their inventories during the period and succeeded in introducing new products, optimizing the status and structure of the products after the epidemic and preparing for customs clearance. In the ship cigarettes and overseas markets, factors including the pandemic, the unstable international situation, high oil prices and freight prices still pose significant risk in overseas markets. The international duty-free market gradually recovered as the pandemic eased, and the company will step up its post-epidemic recovery and make preparations to launch its products.

In view of the lingering COVID-19 epidemic, the company will implement regular epidemic prevention-and-control measures to protect production and operation. In the second half of the year, it will closely monitor changes in the Hong Kong market, consider launching a series of promotional activities for traditional cigarette series and introduce innovative cigarettes in all major channels to create growth points with new specifications. For the Mainland markets, the company will mainly promote and launch new products and high-end products, reduce the inventory for retail customers, and lay the foundation for consolidating the planned sales volume. The company also plans to cultivate innovative tobacco products in overseas markets in order to seize opportunities after the pandemic.

Printing

Wing Fat Printing recorded a turnover of HK$875 million during the period, basically flat compared with the same period last year. Structurally, the year-on-year growth of the medicine-packing business effectively compensated fluctuations in other business segments. Net profit for the period was HK$39.91 million, representing a decrease of 63.3% over the same period last year and a year-on year decrease of 39.1% after excluding a once-off gain on disposal of minority interests for the same period last year. The decrease in profit was mainly due to changes in business structure and competing prices resulting in a decrease in comprehensive gross profit margin and the increase in logistics delivery costs under the epidemic. During the period, the company successfully overcame the unprecedentedly severe epidemic in Hong Kong, Shanghai and other major operational locations, and secured epidemic prevention as well as stable business operations.

Wing Fat Printing faced increased difficulties in various areas. These included organizing of production and logistics, high costs and the downstream end markets suffering from tight supply chain and sluggish demand due to global inflation. The overcapacity of the industry was obvious, and the disorderly competition using low pricing to secure quantity squeezed the reasonable profitability of the industry. The company's profitability was also significantly affected by such impacts. Going forward, the company will continue to maintain its consistent strategic positioning and the resilience of its legacy. Guided by its established strategy, the company will further strengthen the structural orientation of its business development, accelerate the implementation of the industry layout, enhance customer service and development capabilities, improve per capita output, strengthen expense control, open up new sources of income and reduce expenditure to maintain stable overall revenue, profitability and asset structure to achieve its annual operating targets.

** Net profit excluding net corporate expenses*

PROSPECTS

In the latter half of 2022, uncertainties surrounding the global epidemic, geopolitical situation, trade disputes and economic conditions still pose great challenges to the business development of the Group. Against this backdrop, the Group will strive to improve management efficiency and precision and continue to promote cost reduction and efficiency enhancement. The Group will also make considerable efforts to speed up the upgrading of its core businesses and to integrate its resources for better synergy, It will also strengthen risk controls and improve profitability, and continue to look for opportunities to acquire quality projects in order to optimize our asset portfolio. In addition, we will closely monitor the impacts of COVID-19 and deploy effective prevention measures in an on-going basis to contain the spread of the virus.

For the infrastructure and environmental protection segments, following the establishment of China's "carbon peaking and carbon neutrality" targets, the emphasis on environmental protection has reached a new level, favorable policies have been frequently introduced, expanding the room for further development of the industry. SIIC Environment will continue to capitalize on opportunities brought by national policies on promoting environmentally-friendly and clean energy, as well as to explore new funding sources and accelerate the deployment of our resources in the area of environmental protection technologies. Additional efforts will be made to facilitate the integration of our business and financing and to promote the sustainable and quality development of the company. For our toll roads, we will continue to focus on epidemic prevention and enhance operational efficiency to maintain stable business development. Through investments in new business arenas, the Group's investments in the environmental protection and green energy segment are expected to generate new contributions to the Group.

The real estate business of the Company will continue to face increasing financing costs and difficulties as well as complex domestic and international epidemic situations in the second half of the year. For this reason, the Company will keep a close eye on national policies and market trends, optimizing its strategic plans and innovating financing methods and channels. The Group will also continuously streamline and optimize its asset allocation, integrate resources, revitalizing existing assets and strengthening sales and operations. The collection of receivables will be accelerated so as to improve operating efficiency and to promote healthy, stable and quality developments while exploring ways for transformation and upgrades.

In view of the repeated resurgence of the pandemic, Nanyang Tobacco will implement epidemic prevention and control measures on a regular basis to protect production and operation. In the second half of the year, it will closely monitor changes in the market, strengthen promotional and marketing activities and focus on developing new products to create business growth with new perspectives. For the Mainland markets, the company will mainly promote and launch new products and high-end products, reduce inventory for retail end customers, laying a foundation for achieving its planned sales volume. The company also plans to launch innovative tobacco products in overseas markets to enhance its overall competitiveness by broadening its market coverage and global presence.

In the face of the unfavorable impacts of global inflation, sluggish consumer markets, tightened supply chains and high manufacturing costs caused by the ongoing epidemic and frequent geopolitical conflicts, Wing Fat Printing will continue to maintain its consistent strategic positioning and the resilience of its century-old legacy, actively reinforcing the structural direction of its business development. The company will also accelerate the implementation of its business layout, enhance customer service and development capabilities, and make efforts to tap its potential to strive for the consolidation of a sound development foundation in terms of scale, efficiency and assets.

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.

Shen Xiao Chu
Chairman

Hong Kong, 30 August 2022

INTERIM DIVIDEND

The Board of Directors has resolved to pay an interim dividend of HK42 cents per share for 2022 to shareholders whose names appear on the register of members of the Company on Friday, 23 September 2022. The above interim dividend will be paid to shareholders on or around Tuesday, 11 October 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed on Friday, 23 September 2022, no transfer of shares will be effected on that day. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Thursday, 22 September 2022.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 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 of the Hong Kong Limited (the "**Stock Exchange**") throughout the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

PUBLICATION OF THE INTERIM REPORT

The 2022 interim report will be despatched to shareholders in mid-September 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.

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; three independent non-executive Directors, namely, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and Mr. Yuen Tin Fan, Francis.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Six months ended 30.6.2022 HK$'000 (unaudited)	30.6.2021 HK$'000 (unaudited)
Revenue	3	**15,220,233**	16,315,820
Cost of sales		**(11,159,923)**	(9,895,101)
Gross profit		**4,060,310**	6,420,719
Net investment income		**159,004**	221,133
Other income, gains and losses		**302,779**	1,074,388
Selling and distribution costs		**(515,755)**	(599,166)
Administrative and other expenses		**(1,020,294)**	(1,083,645)
Finance costs		**(823,919)**	(784,308)
Share of results of joint ventures		**222,929**	163,249
Share of results of associates		**108,428**	183,673
Gain on disposal of subsidaries/interest in an associate		**-**	76,812
Profit before taxation		**2,493,482**	5,672,855
Income tax expense	4	**(1,002,605)**	(2,539,827)
Profit for the period	5	**1,490,877**	3,133,028
Profit for the period attributable to			
- Owners of the Company		**1,103,688**	2,130,516
- Non-controlling interests		**387,189**	1,002,512
		1,490,877	3,133,028
Earnings per share	7		
		HK$	HK$
- Basic		**1.015**	1.945
- Diluted		**1.015**	1.945

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended	
	30.6.2022	30.6.2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**1,490,877**	3,133,028
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss		
Fair value change on equity instruments at fair value through other comprehensive income held by subsidiaries, net of tax	**(16,704)**	(6,725)
Reclassification adjustment for realisation of revaluation reserve upon disposal of related properties	**(22,176)**	-
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
- subsidiaries	**(3,141,731)**	935,157
- joint ventures	**(267,865)**	54,682
- associates	**(292,749)**	62,825
Other comprehensive (expense) income for the period	**(3,741,225)**	1,045,939
Total comprehensive (expense) income for the period	**(2,250,348)**	4,178,967
Total comprehensive (expense) income for the period attributable to		
- Owners of the Company	**(877,206)**	2,631,923
- Non-controlling interests	**(1,373,142)**	1,547,044
	(2,250,348)	4,178,967

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Note	**30.6.2022**	31.12.2021
		HK$'000	HK$'000
		(unaudited)	(audited)
Non-Current Assets			
Investment properties		**27,984,472**	28,985,301
Property, plant and equipment		**5,485,680**	5,764,711
Right-of-use assets		**652,383**	698,853
Toll road operating rights		**6,113,408**	6,599,286
Goodwill		**565,686**	590,588
Other intangible assets		**7,905,755**	8,603,724
Interests in joint ventures		**6,033,972**	6,078,908
Interests in associates		**7,903,839**	8,257,908
Investments		**426,028**	456,697
Receivables under service concession arrangements		**25,237,595**	25,925,594
Deposits paid on acquisition of non-current assets		**7,932,210**	7,960,018
Deferred tax assets		**127,909**	136,391
		96,368,937	100,057,979
Current Assets			
Inventories		**50,802,113**	53,441,173
Trade and other receivables	*8*	**10,041,769**	12,280,029
Contract assets		**138,332**	116,869
Investments		**351,386**	414,889
Receivables under service concession arrangements		**833,562**	848,548
Prepaid taxation		**1,117,962**	1,014,476
Pledged bank deposits		**299,715**	709,526
Short-term bank deposits		**442,100**	668,643
Bank balances and cash		**33,638,612**	38,149,742
		97,665,551	107,643,895
Assets classified as held for sale		**1,228,975**	8,661
		98,894,526	107,652,556

	Note	**30.6.2022**	31.12.2021
		HK$'000	HK$'000
		(unaudited)	(audited)
Current Liabilities			
Trade and other payables	*9*	**17,873,361**	22,185,904
Lease liabilities		**90,721**	100,582
Contract liabilities		**16,311,428**	20,618,731
Deferred income		**546,217**	446,581
Taxation payable		**3,886,571**	6,641,699
Bank and other borrowings		**21,388,988**	23,637,611
		60,097,286	73,631,108
Liabilities associated with assets classified as held for sale		**659,668**	113
		60,756,954	73,631,221
Net Current Assets		**38,137,572**	34,021,335
Total Assets less Current Liabilities		**134,506,509**	134,079,314
Capital and Reserves			
Share capital		**13,649,839**	13,649,839
Reserves		**32,325,315**	33,789,615
Equity attributable to owners of the Company		**45,975,154**	47,439,454
Non-controlling interests		**32,402,044**	33,918,247
Total Equity		**78,377,198**	81,357,701
Non-Current Liabilities			
Provision for major overhauls		**81,221**	89,298
Deferred income		**2,994,516**	3,368,970
Bank and other borrowings		**44,683,736**	40,619,524
Deferred tax liabilities		**8,236,891**	8,495,150
Lease liabilities		**132,947**	148,671
		56,129,311	52,721,613
Total Equity and Non-Current Liabilities		**134,506,509**	134,079,314

Notes:

(1) REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2022 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 2021 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 2021 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 those financial statements. 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 additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") and the application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

Except as described below, the application of the amendments to HKFRSs in the current interim 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 on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

(1) Accounting policies

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or HK(IFRIC)-Int 21 "Levies", in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

(2) Transition and summary of effects

The Group applies the amendments to business combinations for which the acquisition date is on or after 1 January 2022. The application of the amendments in the current interim period had no impact on the condensed consolidated financial statements.

(b) Impacts and accounting policies on application of Amendments to HKAS 16 Property, Plant and Equipment - Proceeds before Intended Use

(1) Accounting policies

<u>Property, plant and equipment</u>

Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing the related assets functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss.

(2) Transition and summary of effects

The application of the amendments in the current interim period had no material impact on the condensed consolidated financial statements.

(c) Impacts on application of Amendments to HKFRSs Annual Improvements to HKFRSs 2018-2020

The Group has applied the annual improvements which make amendments to the following standards:

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

The application of the amendments in the current interim period had no 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 2022 (unaudited)

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
Segment revenue - external sales	5,010,583	8,546,026	1,663,624	-	15,220,233
Segment operating profit (loss)	1,548,117	1,156,951	299,212	(18,236)	2,986,044
Finance costs	(385,182)	(391,731)	(1,372)	(45,634)	(823,919)
Share of results of joint ventures	225,948	(3,019)	-	-	222,929
Share of results of associates	237,053	(128,625)	-	-	108,428
Segment profit (loss) before taxation	1,625,936	633,576	297,840	(63,870)	2,493,482
Income tax expense	(266,320)	(590,049)	(54,100)	(92,136)	(1,002,605)
Segment profit (loss) after taxation	1,359,616	43,527	243,740	(156,006)	1,490,877
Less: segment profit attributable to non-controlling interests	(375,360)	(3,806)	(8,023)	-	(387,189)
Segment profit (loss) after taxation attributable to owners of the Company	984,256	39,721	235,717	(156,006)	1,103,688

Six months ended 30 June 2021 (unaudited)

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
Segment revenue - external sales	5,000,390	9,605,644	1,709,786	-	16,315,820
Segment operating profit (loss)	1,879,775	3,942,500	311,584	(100,430)	6,033,429
Finance costs	(404,120)	(364,680)	(821)	(14,687)	(784,308)
Share of results of joint ventures	166,540	(3,291)	-	-	163,249
Share of results of associates	246,792	(63,119)	-	-	183,673
Gain on disposal of subsidiaries/ interest in an associate	28,270	-	48,542	-	76,812
Segment profit (loss) before taxation	1,917,257	3,511,410	359,305	(115,117)	5,672,855
Income tax expense	(350,589)	(2,103,358)	(56,287)	(29,593)	(2,539,827)
Segment profit (loss) after taxation	1,566,668	1,408,052	303,018	(144,710)	3,133,028
Less: segment profit attributable to non-controlling interests	(351,602)	(640,192)	(10,718)	-	(1,002,512)
Segment profit (loss) after taxation attributable to owners of the Company	1,215,066	767,860	292,300	(144,710)	2,130,516

Segment assets and liabilities

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

At 30 June 2022 (unaudited)

	Infrastructure facilities	**Real estate**	**Consumer products**	**Unallocated**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Segment assets	**69,266,507**	**113,436,313**	**7,566,324**	**4,994,319**	**195,263,463**
Segment liabilities	**33,185,391**	**73,902,078**	**954,797**	**8,843,999**	**116,886,265**

At 31 December 2021 (audited)

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

(4) INCOME TAX EXPENSE

	Six months ended 30.6.2022 HK$'000 (unaudited)	30.6.2021 HK$'000 (unaudited)
Current tax		
- Hong Kong	**38,583**	45,783
- PRC Land Appreciation Tax ("**LAT**")	**387,930**	1,291,240
- PRC Enterprise income tax ("**EIT**") (including PRC withholding tax of HK$9,136,000 (six months ended 30 June 2021: HK$137,846,000))	**466,165**	1,038,372
	892,678	2,375,395
Oveprovision in prior periods		
- Hong Kong	**(608)**	-
- PRC EIT	**(20,281)**	(1,926)
	(20,889)	(1,926)
Deferred taxation for the current period	**130,816**	166,358
	1,002,605	2,539,827

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	
	30.6.2022	30.6.2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of other intangible assets (included in cost of sales)	**190,636**	198,197
Amortisation of toll road operating rights (included in cost of sales)	**192,411**	357,441
Depreciation of property, plant and equipment	**266,736**	256,218
Depreciation of right-of-use assets	**39,352**	46,948
Dividend income from investments (included in net investment income)	**(5,500)**	(3,498)
Government compensation of toll road operating rights (included in other income, gains and losses)	**(105,037)**	(196,244)
Impairment loss on trade receivables (included in other income, gains and losses)	**5,744**	219,663
Decrease (increase) in fair value of financial assets at fair value through profit or loss (included in net investment income)	**55,076**	(22,817)
Interest expenses for lease liabilities	**7,063**	8,596
Bank interest income (included in net investment income)	**(193,386)**	(192,859)
Net foreign exchange loss (included in other income, gains and losses)	**145,034**	30,745
Net gain on disposal of property, plant and equipment (included in other income, gains and losses)	**(365)**	(1,105)
Net increase in fair value of investment properties (included in other income, gains and losses)	**(15,704)**	(793,617)
Share of PRC EIT of associates (included in share of results of associates)	**47,990**	66,344
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	**49,665**	39,616

(6) DIVIDENDS

	Six months ended	
	30.6.2022	30.6.2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
2021 final dividend paid of HK54 cents (six months ended 30 June 2021: 2020 final dividend paid of HK52 cents) per share	**587,094**	565,350

Subsequent to the end of the current interim period, the directors of the Company have determined that a 2022 interim cash dividend of HK42 cents (2021 interim: HK48 cents) per share will be paid to the shareholders of the Company whose names appear on the Company's register of members on 23 September 2022.

(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	
	30.6.2022	30.6.2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	**1,103,688**	2,130,516
Interest to holders of perpetual bond	**-**	(16,211)
	1,103,688	2,114,305
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 the exercise of share option issued by Canvest Environmental Protection Group Company Limited, 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

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:

	30.6.2022	31.12.2021
	HK$'000	HK$'000
	(unaudited)	(audited)
Within 30 days	**1,428,081**	1,149,695
Within 31 – 60 days	**430,836**	455,140
Within 61 – 90 days	**437,337**	283,650
Within 91 – 180 days	**712,093**	521,820
Within 181 – 365 days	**630,504**	603,190
Over 365 days	**725,209**	714,450
	4,364,060	3,727,945

(9) TRADE AND OTHER PAYABLES

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

	30.6.2022	31.12.2021
	HK$'000	HK$'000
	(unaudited)	(audited)
Within 30 days	**2,955,636**	3,286,268
Within 31 – 60 days	**286,504**	232,677
Within 61 – 90 days	**114,967**	132,927
Within 91 – 180 days	**244,638**	401,685
Within 181 – 365 days	**468,172**	1,217,757
Over 365 days	**1,613,903**	1,717,611
	5,683,820	6,988,925

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

For the six months ended 30 June 2022, revenue of approximately HK$15,220.23 million was recorded, down 6.7% year-on-year. Of which, due to the outbreak of the epidemic in Shanghai in April and May this year, the implementation of prevention and control measures caused a significant drop in traffic flow and toll revenue year-on-year. However, as the Shanghai Baoshan Renewable Energy Utilization Center Project of SIIC Environment was scheduled to commence operation within this year, the overall construction progress was accelerated, led to an increase in construction revenue and the volume of sewage water treatment as well as the average treatment price during the period resulting in a slight increase in infrastructure facilities revenue. Revenue from the real estate business was affected by the decrease in booked revenue upon delivery of properties year-on-year and impact of the pandemic on the sales of the consumer products business in Hong Kong and China.

2. Profit Contribution from Each Business

Net profit from the infrastructure facilities business for the period amounted to approximately HK$984.26 million, accounting for 78.1% of Net Business Profit, and representing a year-on-year decrease of 19.0%.

Mainly due to the outbreak of the COVID-19 pandemic in Shanghai during April and May of this year, the implementation of prevention and control measures resulted in a significant year-on-year decrease in traffic flow and toll revenue. As a result, the toll road and bridge business recorded a drop in profit.

The profit of water services and waste-to-energy business increased by 20.0% year-on-year. Of which, the profit contribution from SIIC Environment for the period increased by 11.5%, mainly due to higher revenue and higher profit year-on-year. With Shanghai Baoshan Renewable Energy Utilization Center Project was scheduled to commence operation within this year and the overall construction progress accelerating, the construction revenue and the volume of sewage water treatment as well as the average treatment price increased during the period. The half-year profit of waste-to-energy business increased due to higher profit contribution from Canvest Environmental Protection Group Company Limited and SUS Environment.

The real estate business recorded a profit of approximately HK$39.72 million, accounting for 3.2% of the Net Business Profit, a significant decrease of approximately HK$728.14 million over the same period in 2021. It was mainly due to the recognition of property sales revenue from the Qingpu project in the first half of last year, the share of profit from the Shanghai Bay project in which SIHL holds a 49% equity interest directly and the disposal of the investment property located at No. 815 Dongdaming Road, Hongkou District, for which a fair value gain with reference to the price of the sales contract was recorded before completion of the transaction.

During the period, real estate companies responded to the anti-epidemic policies of the state and the Shanghai government and provided several rent-free periods to customers, resulting in a year-on-year decrease in rental income.

The consumer products business recorded a net profit of HK$235.72 million for the period, accounting for 18.7% of Net Business Profit, and representing a year-on-year decrease of 19.4%. The cigarette sales of Nanyang Tobacco decreased by 6.3% year-on-year, mainly due to the impact of related prevention and control measures during the year. The sales of Wing Fat Printing remained unchanged as compared to the same period last year, but the pandemic disrupted logistics and higher transportation fees led to an increase in selling expenses and a year-on-year decline in operating profit, and a disposal gain of Jinan Quanyong Printing Co., Ltd. ("**Jinan Quanyong**") was recorded by Wing Fat Printing in the first half of last year, caused the decline in profit contribution from Wing Fat Printing.

3. Profit before Taxation

(1) Gross profit margin

Compared to the first half of 2021, the overall gross profit margin for the period decreased by 12.7 percentage points. The toll road gross profit margin dropped mainly due to a significant year-on-year decrease in toll road traffic and toll revenue as a result of prevention and control measures implemented during April and May of this year due to the outbreak of the pandemic in Shanghai. In addition, there was an increase in the proportion of delivery of properties with relatively low margin in the real estate business as compared to the same period last year.

(2) Other income, gains and losses

Other income, gains and losses decreased, which was mainly due to the disposal of investment properties, for which a fair value gain with reference to the price of the sales contract was recorded before completion of the transaction last year.

(3) *Gain on disposal of subsidiaries/ interest in an associate*

There was no gain on disposal during the period. The gain on disposal last year was mainly attributable to the disposal of 80% equity interest in a subsidiary, Lingbi Chenxin Green Industry Development Co., Ltd. and an approximately 37.23% equity interest in an associate, Jinan Quanyong.

4. Dividend

The Board of Directors of the Group has resolved to declare an interim dividend of HK42 cents per share, a decrease of 12.5% as compared with 2021 interim dividend of HK48 cents per share. The interim dividend payout ratio is 41.4% (2021 interim: 24.7%).

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 2022. There is no change compared with 1,087,211,600 shares as at the end of 2021.

Equity attributable to owners of the Company reached HK$45,975.15 million as at 30 June 2022, it 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 2022, the total borrowings of the Group including bank borrowings and other borrowings amounted to approximately HK$66,114.77 million (31 December 2021: HK$64,276.28 million), of which 77.9% (31 December 2021: 72.3%) was unsecured credit facilities. The proportions of US dollars, Renminbi and HK dollars of total borrowings were 2%, 88% and 10% (31 December 2021: 2%, 89% and 9%) respectively.

(2) Pledge of assets

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

(a) investment properties with an aggregate carrying value of HK$10,655,378,000 (31 December 2021: HK$11,876,715,000);
(b) leasehold land and buildings with an aggregate carrying value of HK$10,183,000 (31 December 2021: HK$11,609,000);
(c) plant and machineries with an aggregate carrying value of HK$88,022,000 (31 December 2021: HK$189,290,000);
(d) receivables under service concession arrangements/intangible assets with an aggregate carrying value of HK$17,953,367,000 (31 December 2021: HK$19,149,719,000);
(e) properties under development held for sale with an aggregate carrying value of HK$11,361,926,000 (31 December 2021: HK$17,448,191,000);
(f) properties held for sale with an aggregate carrying value of HK$247,929,000 (31 December 2021: HK$259,702,000);
(g) trade receivables with an aggregate carrying value of HK$143,935,000 (31 December 2021: HK$289,972,000);
(h) bank deposits with an aggregate carrying value of HK$299,715,000 (31 December 2021: HK$709,526,000);
(i) equity interests of subsidiaries with aggregate carrying value of HK$175,706,000 (31 December 2021: HK$184,049,000); and
(j) land use rights included in right-of-use assets, with aggregate carrying value of HK$502,962,000 (31 December 2021: HK$966,000).

(3) Contingent liabilities

As at 30 June 2022, the guarantees given to banks by the Group in respect of banking facilities utilised by property buyers, associates and joint ventures amounted to approximately HK$6,155.55 million, HK$1,217.80 million and HK$2,013.99 million (31 December 2021: HK$6,535.52 million, HK$1,337.11 million and HK$2,024.89 million) respectively.

3. Capital Commitments

As at 30 June 2022, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK$14,160.15 million (31 December 2021: HK$14,587.51 million). The Group had sufficient internal resources and / or through loan markets for the finance of its capital expenditures.

4. Bank Balances and Short-term Investments

As at 30 June 2022, bank balances and short-term investments held by the Group amounted to HK$34,380.43 million (31 December 2021: HK$39,527.91 million) and HK$351.39 million (31 December 2021: HK$414.89 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances were 4%, 83% and 13% (31 December 2021: 3%, 84% and 13%) respectively. Short-term investments mainly consisted of investments such as bonds, structured deposits, Hong Kong and PRC listed shares.

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