



上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Stock Code : 363)

*Confront All Challenges,
Endeavor for Breakthrough*

直面滄海 順勢突破

2021
INTERIM REPORT

Contents

Corporate Information	1
Information for Shareholders	2
Chairman’s Statement	3
Group Business Structure	7
Business Review, Discussion and Analysis	8
Financial Review	21
Report on Review of Condensed Consolidated Financial Statements	29
Condensed Consolidated Statement of Profit or Loss	30
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	31
Condensed Consolidated Statement of Financial Position	32
Condensed Consolidated Statement of Changes in Equity	34
Condensed Consolidated Statement of Cash Flows	37
Notes to the Condensed Consolidated Financial Statements	39
Other Information	59
Glossary of Terms	62



Corporate Information

DIRECTORS

Executive Directors

Mr. Shen Xiao Chu (*Chairman*)
Mr. Zhou Jun
(*Vice Chairman & Chief Executive Officer*)
Mr. Xu Bo (*Deputy CEO*)
Mr. Xu Zhan

Independent Non-Executive Directors

Prof. Woo Chia-Wei
Mr. Leung Pak To, Francis
Mr. Cheng Hoi Chuen, Vincent
Mr. Yuen Tin Fan, Francis

BOARD COMMITTEES

Executive Committee

Mr. Shen Xiao Chu (*Committee Chairman*)
Mr. Zhou Jun
Mr. Xu Bo

Audit Committee

Mr. Cheng Hoi Chuen, Vincent
(*Committee Chairman*)
Prof. Woo Chia-Wei
Mr. Leung Pak To, Francis
Mr. Yuen Tin Fan, Francis

Remuneration Committee

Prof. Woo Chia-Wei (*Committee Chairman*)
Mr. Leung Pak To, Francis
Mr. Cheng Hoi Chuen, Vincent
Mr. Yuen Tin Fan, Francis
Mr. Li Han Sheng
Ms. Zhou Xu Bo

Nomination Committee

Prof. Woo Chia-Wei (*Committee Chairman*)
Mr. Leung Pak To, Francis
Mr. Cheng Hoi Chuen, Vincent
Mr. Yuen Tin Fan, Francis
Mr. Li Han Sheng
Ms. Zhou Xu Bo

COMPANY SECRETARY

Mr. Yee Foo Hei

QUALIFIED ACCOUNTANT

Mr. Lee Kim Fung, Edward

AUTHORISED REPRESENTATIVES

Mr. Zhou Jun
Mr. Yee Foo Hei

REGISTERED OFFICE

26th Floor, Harcourt House,
39 Gloucester Road, Wanchai, Hong Kong
Telephone : (852) 2529 5652
Facsimile : (852) 2529 5067
Email : enquiry@sihl.com.hk

COMPANY STOCK CODE

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

COMPANY WEBSITE

www.sihl.com.hk

AUDITOR

Deloitte Touche Tohmatsu
Republic Public Interest Entity Auditors

ADR DEPOSITORY BANK

The Bank of New York Mellon
BNY Mellon Shareowner Services
P.O. Box 358516,
Pittsburgh, PA 15252-8516, USA
Telephone : (1) 201 680 6825
Toll free (USA) : (1) 888 BNY ADRS
Website : www.bnymellon.com/shareowner
Email : shrrelations@bnymellon.com

Information for Shareholders

SHAREHOLDER ENQUIRIES

Company Contact Details

Address : 26th Floor, Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Telephone : (852) 2529 5652

Facsimile : (852) 2529 5067

Email : enquiry@sihl.com.hk

Company Secretarial

Telephone : (852) 2876 2317

Facsimile : (852) 2863 0408

Investor Relations

Telephone : (852) 2821 3936

Facsimile : (852) 2866 2989

Share Registrar

Tricor Secretaries Limited

Address : 54th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Telephone : (852) 2980 1333

Facsimile : (852) 2861 1465

Our Website

Press releases and other information of the Group can be found at our website: www.sihl.com.hk.

DIVIDEND

The Board of Directors has resolved to pay an interim dividend of HK48 cents per share (2020: the payment of an interim cash dividend HK22 cents per share and the payment of an interim special dividend in the form of Distribution in Specie on the basis of 1 SIUD share for every 5 Shares held) for 2021, to Shareholders whose names appear on the register of members of the Company on Friday, 24 September 2021. The interim dividend will be paid to Shareholders on or about Tuesday, 12 October 2021.

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, 24 September 2021. 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 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Thursday, 23 September 2021.

FINANCIAL CALENDAR

2021 interim results announced	31 August 2021
Despatch of 2021 interim report	on or about 17 September 2021
Ex-dividend date for 2021 interim dividend	21 September 2021
Record date for 2021 interim dividend	24 September 2021
Despatch of notice of 2021 interim dividend	on or about 12 October 2021

Chairman's Statement

I would like to report to our Shareholders the Group's interim results for the period ended 30 June 2021.

During the first half of 2021, on the basis of significant progress on the prevention and control of the epidemic, the economy in the Mainland recorded stronger growth following the resumption of work and production of various industries. Nevertheless, the economic activities of some countries, as well as the mobility of people between countries, were seriously affected by the pandemic. In the capital markets, security prices as well as exchange rates and interest rates remained volatile due to the continued easing of monetary policies triggered by major central banks, international trade disputes and geopolitical uncertainty. The Company's Board of Directors and the management team have overcome various challenges and achieved notable business and profit growth, ensuring steady operation and development of the Group's core businesses while seizing the excellent opportunities that arise from the recovery of the economy amid the epidemic.

For the six months ended 30 June 2021, the Group's total revenue amounted to HK\$16,316 million, representing a significant year-on-year increase of 23.5%. Net profit increased year-on-year by 165.4% to HK\$2,131 million. Remarkable results were made during the first half of the year as the Group's overall business improved significantly compared to the previous corresponding period during which the Group's performance was seriously affected by the pandemic. With the gradual control of the epidemic in the Mainland, starting in the second half of last year, most of our businesses have resumed normal operations. The improvement in results was also attributable to compensations received due to the waiver of toll mileage at the entry sections of our toll roads and profits brought about by the booked revenue of properties delivered from a joint-venture project with SI Development. The increase in profit was also due to additional profit recorded during the period arising from sale of a property project of the Group and a revaluation gain arising from the re-classification of a property development project.

The Board of Directors has resolved to pay an interim dividend of HK48 cents per share for 2021 to Shareholders whose names appear on the register of members of the Company on Friday, 24 September 2021. The above interim dividend will be paid to Shareholders on or around Tuesday, 12 October 2021. For the corresponding period the previous year, the Company effected (i) an interim cash dividend for 2020 of HK22 cents per share; and (ii) the Distribution in Specie on the basis of 1 SIUD Share for every 5 Shares held.

The Group's infrastructure facilities business recorded a profit of HK\$1,215 million for the first half of the year, representing a significant year-on-year increase of 197.5%. For the water services business, the revenue and profit attributable to shareholders of SIIC Environment for the first half of 2021 amounted to RMB3,300 million and RMB333 million, representing a significant increase of 25.0% and 18.3%, respectively. For the period under review, General Water of China recorded revenue of HK\$999 million, representing a drop of 9.2% over the corresponding period last year, and a net profit of HK\$159 million, representing a year-on-year decrease of 4.8%. In the second half of last year, the Group's toll roads business already resumed normal operations resulting in a significant increase in traffic flow and toll revenue, and compensations due to the waiver of toll mileage at the entry sections of toll roads was received during the period. In the area of solid waste, the Group capitalized on market opportunities to steadily expand its business, laying a solid foundation for future profit growth.

The real estate business recorded a profit of HK\$768 million, representing a year-on-year increase of 199.5%, mainly due to profits generated by booked revenue from properties of Shanghai Bay, a joint-venture project with SI Development.

SI Urban Development recorded revenue of HK\$4,577 million for the first half of 2021, representing an increase of 44.3% over the same period last year. Profit attributable to shareholders amounted to HK\$54.03 million, representing a year-on-year decrease of 64.2%. SI Development recorded revenue of RMB4,025 million for the period, representing a year-on-year decrease of 10.4%. Profit attributable to shareholders amounted to RMB344 million, representing a year-on-year decrease of 19.84%.

Net profits of the consumer products business amounted to HK\$292 million, representing a year-on-year decrease of 18.9%. Due to the closure of customs worldwide, the business activities of the duty-free shops as well as exports and ship tobacco business of Nanyang Tobacco recorded a decline. For the period under review, the financial results of Wuxi Foreign Trade were for the first time consolidated into the accounts of Wing Fat Printing, such that significant growth was seen in the medicine packaging business. In addition, the wine packaging business recorded increments driven by the downstream markets.

Implementation of epidemic prevention measures in infrastructure and environmental protection businesses and resumption of normal operation for toll roads business

Since the second half of last year, the epidemic has been under control in the Mainland, leading to the resumption of normal operation of the road networks, while traffic flow has also seen a natural increase. Under the circumstances, the overall traffic flow and toll revenue of the three toll roads and the Hangzhou Bay Bridge owned by the Group recorded significant growth during the first half of 2021. During the period, compensations totalling RMB3,553 million were received, arising from the waiver of toll mileage at the entry sections of our toll roads. Such compensations would be accounted for as the Group's other revenue on a unit-of-usage basis over the remaining years of the respective toll road operating concession rights. During the period, the toll roads division closely monitored the development of the epidemic, adjusting key control aspects in a timely manner and implemented ongoing prevention and control measures where necessary. In addition, a strong focus was made on road maintenance to enhance the overall condition of the roads as well as the environment of the neighbourhood in preparation for the then forthcoming events, including the celebration of the 100th Anniversary of the founding of the Communist Party of China, the 4th China International Import Expo and the 10th Flora Expo held/to be held during the period.

In the first half of the year, SIIC Environment accelerated the progress of their projects, resulting in significant increases in construction revenue, operating and maintenance income as well as financial income. In accordance with the national policy, SIIC Environment will capitalize on opportunities brought about by the "14th Five-year Plan" to optimize its strategic deployment in the Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area. Leveraging on its unique strategic positioning and business model, SIIC Environment will also strengthen its water services and solid waste business in an orderly manner and enhancing the project efficiency.

Shanghai Galaxy and its subsidiary, Galaxy Energy, continued to expand the scale of their photovoltaic power business. During the period, the acquisition of Tian'en photovoltaic power station at Weifang, Shandong was completed, with a newly added asset scale of 50 MW. As at 30 June 2021, Shanghai Galaxy and its subsidiary, Galaxy Energy, together own a total of 15 photovoltaic power-generation projects nationwide and have become leading photovoltaics companies in the Mainland with a total asset scale of 740MW. During the period, the total amount of on-grid electricity sold hit a new high of approximately 570 million kWh, representing an increase of 22.9% over the same period last year. The national Government has successively launched policies in relation to energy saving and environmental protection industries, which are expected to be favourable to the rapid development of those industries.

Chairman's Statement

Strengthening sales and innovation, consolidating and optimizing property management services for the real estate business

Capitalizing on an improved property market in the Mainland, SI Development has made considerable advancements in the marketing and promotion of its projects, generating a higher booked revenue from its projects and increasing the company's profitability during the period. In addition, the company has increased its high-quality land bank as and when appropriate. For example, a consortium formed with the other two independent investors successfully bid for the land lot No. 91 at the North Bund of Shanghai with a total area of approximately 34,585 square metres by way of listing-for-sale with a total consideration of approximately RMB9,106 million. SI Development was interested in 50% of the project. The land parcel was adjacent to land lots Nos. 89 and 90 which were currently under development by the company. The three land parcels will be developed into a new international cultural and recreational complex at the Bund, which is expected to become a new landmark in the North Bund area. The company will further enhance the quality of its property management service, making it an important part of its overall business.

SI Urban Development recorded an increase in booked revenue from properties delivered during the period as well as rental income, which was improved over the corresponding period last year. Contract sales recorded significant growth by way of "seizing favourable timing, seizing good opportunities and seizing market share".

Overcoming market difficulties of the consumer products business and improving marketing models by innovation

The pandemic in different parts of the world was still not under control during the first half of 2021. Under the circumstances, customs and ports remained closed, travelling and customs clearance were disrupted, resulting in a decline in the overall revenue of Nanyang Tobacco. To ensure a safe production environment, the company strengthened its management, enhanced its operational efficiency, put together creative marketing models, adopted streamlined management, optimized product structure and production techniques, and offered incentive schemes to emerging talents. In addition, efforts were made to diversify its brands' sales strategies to expand market share and to enable a gradual recovery of overall sales.

Adhering to its "1+1+1" strategy, Wing Fat Printing achieved favourable growth for the period, which was made possible through the expansion of its medicine packaging business, advancement of its wine packaging business and customer diversification of its moulded fibre business. During the period under review, plans for expansion of its production base in Vietnam were put forward as scheduled, notwithstanding disruptions from the epidemic in the area.

PROSPECTS

In the latter half of 2021, uncertainties surrounding the global pandemic and the political and economic situation pose enormous challenges to the business development of the Group. Against this scenario, the Group will continue to monitor the impacts of COVID-19 and will explore effective on-going prevention measures to contain the spreading of the virus. At the same time, we will continue to adhere to our reforms and innovations, stepping up our efforts in the upgrading of our core businesses, and enhancing our management efficiency and precision. We will also strive to consolidate our resources, strengthen our 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 for our Shareholders.

For the infrastructure and environmental protection segments, SIIC Environment will seize good opportunities brought by national policies on promoting environmentally friendly and clean energy, as well as to explore new funding sources, accelerate the deployment of our resources in the area of environmental protection technologies, facilitate the integration of business and financing, and promote the sustainable and quality development of the company. For our toll roads, we will also 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.

Chairman's Statement

With diversified market uncertainties in the real estate business of the Company, we 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, accelerate collection of receivables so as to improve operating efficiency, and promote healthy, stable and quality developments on well as to put forth transformation and upgrades.

In the short-term, Nanyang Tobacco's airport duty-free market as well as the ship-tobacco and overseas markets are expected to be affected by the pandemic. In the second half of the year, the company will focus on developing new products, consolidating resources, establishing new marketing ideas, adjusting the structure of product channels, and actively plan for breakthroughs in the overall development of the company. In order to protect the interests of the company under controllable risks, Nanyang Tobacco will also continue to seek cooperation with large PRC cigarette enterprises for overseas production and sales, making efforts to enhance overall competitiveness by broadening the scope of the company's markets and global presence.

The spread of the pandemic is not expected to be contained in the short term while inflation continues to prevail. Under the circumstances, the Wing Fat team will continue to work hard and forge ahead, actively tapping its potential to enhance operational efficiency. Capitalizing on its corporate development attributes, the company will make considerable efforts to monitor risk in a changing environment and develop plans for the future while striving to achieve its operational targets.

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.



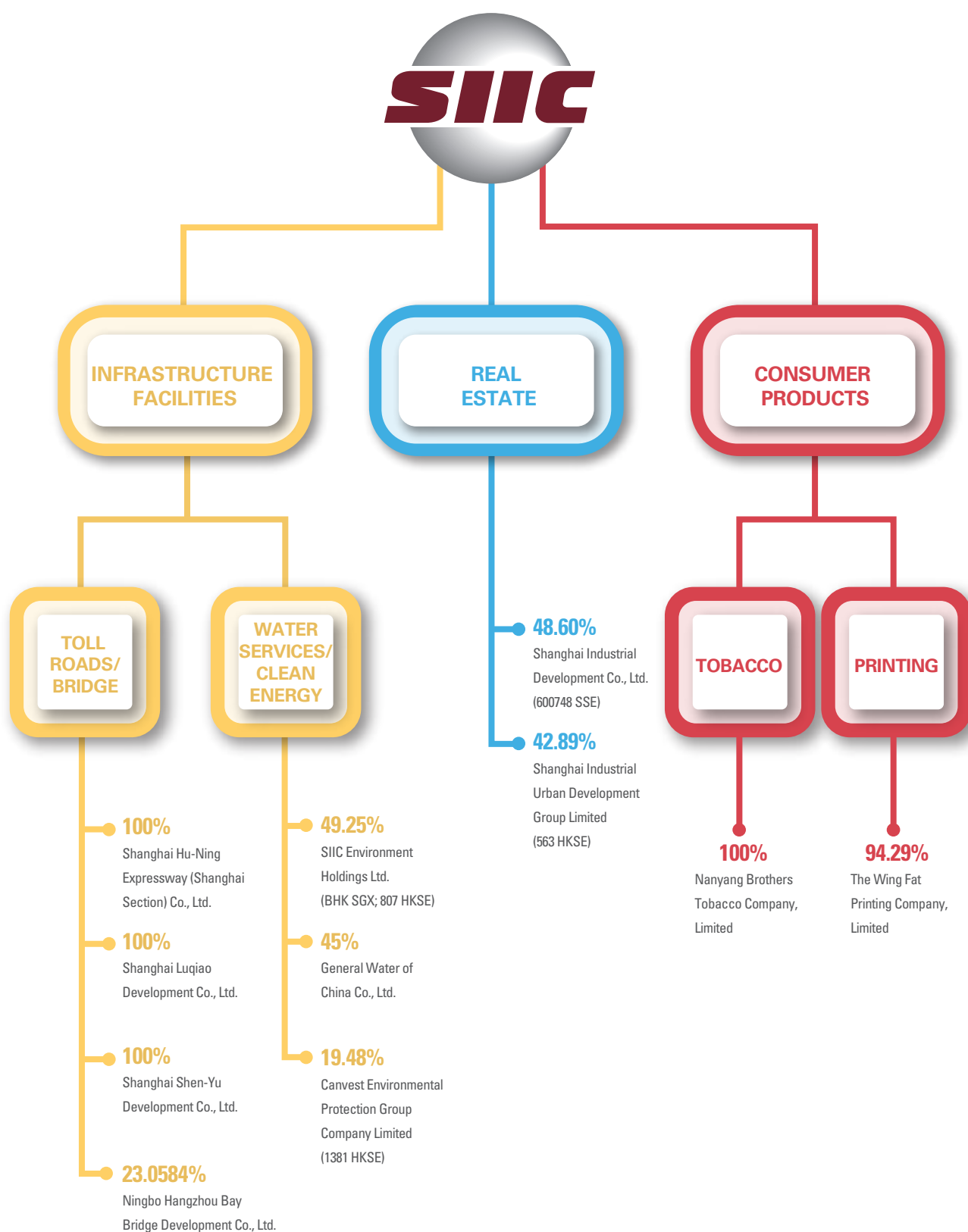
Shen Xiao Chu

Chairman

Hong Kong, 31 August 2021

Group Business Structure

As at 31 August 2021

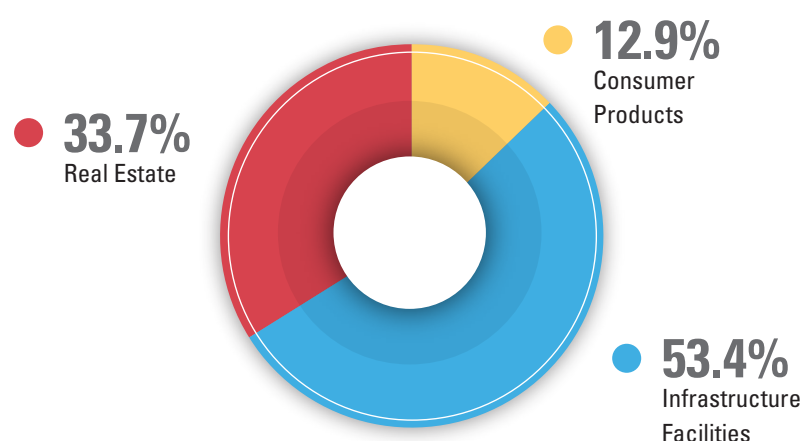


Business Review, Discussion and Analysis

For the six months ended 30 June 2021, the Group's unaudited revenue amounted to HK\$16,316 million, representing an increase of 23.5% over the same period last year. Profit attributable to shareholders were HK\$2,131 million, a significant increase of 165.4% over the same period last year. The sharp increases were mainly due to the decline in profit recorded for the corresponding period last year due to the adverse impact of the COVID-19 epidemic on the overall business of the Group, while some of the Group's businesses, including toll roads, have resumed normal operations since the second half of last year. Furthermore, the improvement in results was also attributable to compensations received due to the waiver of toll mileage for the entry sections of toll roads as well as profit contribution from booked revenue of a joint-venture property project with SI Development. The increase in profit was also due to additional profit recorded during the period arising from sale of a property project of the Group and a revaluation gain arising from the re-classification of a property development project.

Despite challenges faced by the Group, steady progress was made on key strategic projects while normal operations were resumed for most of our business areas through technological innovations, integration of financing and business operations as well as minimizing costs and enhancing efficiency. All these have secured the sustainable development of the Group and further strengthened its core businesses.

Profit contribution from the Group's core business



INFRASTRUCTURE FACILITIES

During the period, the infrastructure facilities business recorded a profit of HK\$1,215 million, representing an increase of 197.5% over the corresponding period last year and accounting for approximately 53.4% of the Group's Net Business Profit. With the successful implementation of epidemic prevention-and-control measures in the Mainland last year, the Group's toll roads business improved significantly compared with the same period the previous year, bolstered by increased traffic flow and toll revenue of our toll roads. During the period, further investments in environmental protection and green energy were made, with continued orderly expansion in the solid waste business, aiming at developing new sources of profit growth for the future advancement of the Group.

Toll Roads

During the period, significant increases were recorded in overall traffic flow and toll revenue of our three toll roads and the Hangzhou Bay Bridge. The reason was mainly attributable to the waiver of toll tariffs brought about by state policies for vehicles nationwide from 17 February to 5 May 2020 over the corresponding period last year. Since then, the epidemic has been brought under control nationwide, and the operation of road networks has resumed to normal while traffic flow has also seen a natural increase. In addition, pursuant to a notice received from the Shanghai Municipal Transportation Commission last year, the toll mileage

Business Review, Discussion and Analysis

for the entry sections of our three toll roads, namely Jing-Hu Expressway, Hu-Yu Expressway and Hu-Kun Expressway, operated by the Group would be waived commencing 6 May 2020, thus affecting the toll revenue in the corresponding period last year. Following communication and consultation with the municipal Government, the Group received economic compensations totaling RMB3,553 million at the end of June this year. 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 as at 30 June 2021 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\$208 million	+647.9%	HK\$300 million	+152.3%	19.48 million	+30.5%
Hu-Kun Expressway (Shanghai Section)	100%	HK\$281 million	+2,283.0%	HK\$444 million	+133.8%	34.70 million	+21.2%
Hu-Yu Expressway (Shanghai Section)	100%	HK\$102 million	+5,323.1%	HK\$297 million	+142.4%	20.30 million	+33.7%
Hangzhou Bay Bridge	23.0584%	HK\$106 million	+673.8%	HK\$1,183 million	+156.0%	8.67 million	+4.8%
Total		HK\$697 million	+1,163.8%	HK\$2,224 million	+148.9%	83.15 million	+24.1%

During the period, our toll roads division has constantly monitored the status of the epidemic with ongoing measures and adjusted key prevention-and-control areas accordingly. In addition, special projects were carried out to improve road facilities and traffic environment, and to enhance the overall service in preparation for the centenary of the founding of the Communist Party, the 4th China International Import Expo and the 10th China Floral Expo. With the recovery of the Mainland economy and the gradual increase of traffic flows of the expressways, the demand for ensuing smooth road passage increased significantly. In the first half of the year, our toll road business continued to ensure safe and smooth road passage through enhancement of traffic management. For example, toll collection competitions were conducted to enhance collection speed and service quality. Information technology and intelligence project management were actively pursued, including the strengthening of CCTV monitoring of road sections, the wider application of electronic payment functions and the improvements made on on-site ad-hoc situation handling. During the period, the Hangzhou Bay Bridge and the “two districts and one island” were operating in a safe and orderly manner with sound implementation of epidemic prevention-and-control measures. Apart from this, good progress was made in the construction and special maintenance work of the “smart bridge” project.

Water Services

With rapid growth in the scale of its water services, the business of SIIC Environment continued to expand with quality development, ranking steadily in the forefront of the water industry in China.

SIIC Environment

In the first half of 2021, SIIC Environment recorded a turnover of RMB3,300 million, representing a year-on-year increase of 25.0%. Construction revenue surged 31.8% over the same period last year. The rise was mainly attributable to the increase in construction activities during the period with resumed growth, against delays in construction projects brought by the epidemic over the corresponding period the previous year. Benefiting from increases in the volume of sewage water treatment and tariffs, operating and maintenance income and financial income from service concession arrangements recorded a year-on-year increase of 22.4%. Net profit for the period was RMB333 million, representing a year-on-year increase of 18.3%.

For the first half of the year, SIIC Environment secured five sewage-treatment and reclaimed projects with a total planned daily capacity of 95,800 tonnes. In addition, six sewage-treatment projects with a total planned daily capacity of 255,000 tonnes were awarded upgrade, expansion and extended operation-and-management (O&M) service period. One sewage treatment project with a total planned daily capacity of 300 tonnes has commenced commercial operation. In addition, eleven sewage treatment projects with a total planned daily

Business Review, Discussion and Analysis

capacity of 275,000 tonnes have been completed upgrade and expansion, and commercial operations have commenced. During the period, the volume of sewage water treated by SIIC Environment grew 1.2% year on year, while the volume of water supply rose 12.3%. The average sewage treatment tariff increased by 21.4% from RMB1.39 per tonne to RMB1.69 per tonne and average water supply fees also increased slightly from RMB2.48 per tonne to RMB2.53 per tonne.

Driven by national policies, SIIC Environment will capitalize on opportunities presented by the “14th Five-year Plan” to optimize its strategic deployment in the Yangtze River Delta region and the Guangdong-Hong Kong-Macao Bay Area. Leveraging on its unique strategic positioning and business models, the company will continue to strengthen the development of its water services and solid waste incineration businesses and to enhance the efficiency of its projects. SIIC Environment will look closely for development opportunities brought about by the carbon emission trading market of our country, explore creative financing channels and speed up deployments in the realm of environmental protection technology. The company will continue to advocate the integration of financing and business operations and maintain its strategy of sustainable and quality development.

General Water of China

In the first half of 2021, General Water of China recorded revenue of HK\$999 million, representing a year-on-year decrease of 9.2%. Net profit amounted to HK\$159 million, representing a decrease of 4.8% over the same period last year. During the period, the company continued to duly implement, modify and execute the “14th Five-year Plan” while establishing closed-loop management with the strategic objective of high-quality development of the company. Apart from this, quality improvement, efficiency enhancement and cost savings were constantly pursued. During the period, the company launched “Production Safety Month” to further implement safety responsibilities and promote safe development across the full range of operations of the company. For the 18th consecutive year, General Water of China has been one of the Top 10 Most Influential Enterprises in China’s Water Industry, ranking within the top three tiers.

During the period, a contract was reached to acquire and construct the new water supply plant (phase II) located west of the Beijing-Shanghai Railway in the Guzhen Economic Development Zone. With a site of approximately 46.6 mu, the project has a water supply capacity of 40,000 tonnes and an estimated total investment of RMB105 million. In addition, a subsidiary of General Water of China has commenced works to improve the water supply network of Yinji Town in Xiangcheng since 2019, and commenced operation of the Tangxi Boosting Pumping Station the previous year, thus the problem of water supply to Yinji Township has generally been resolved, while the current daily water supply capacity is expected to reach over 8,000 tonnes. Further construction of facilities is planned within this year to achieve full coverage of tap water to households.

Business Review, Discussion and Analysis





Overview of the geographic distribution of the water development projects under the Group as at 30 June 2021 are as follows:







Note: Please refer to the 2021 interim report of SIIC Environment for an overview of SIIC Environment's water development projects as at 30 June 2021.

Business Review, Discussion and Analysis



Anhui

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
 2	60,000	 3	500,000
		 3	985,000
		 1	160,000


Hubei

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
 11	1,050,000	 1	950,000
 5	430,000		
 1	325		





Ningxia Hui Autonomous Region

Total no. of projects	Daily capacity (tonnes)
 4	250,000
 1	50,000





Fujian

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
 3	50,000	 1	1,202,500




Hunan

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
 8	290,000	 1	200,000
 4	520,000	 1	495,000


Shandong

Total no. of projects	Daily capacity (tonnes)
 11	610,000
 4	420,000
 1	38,500
 3	1,800

Guangdong

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
 14	1,180,000	 1	150,000
 1	50,000		

Inner Mongolia

Total no. of projects	Daily capacity (tonnes)
 2	43,500



Shanxi

Total no. of projects	Daily capacity (tonnes)
 1	55,000



Guangxi

Total no. of projects	Daily capacity (tonnes)
 4	300,000







Jiangsu

Total no. of projects	Daily capacity (tonnes)
 12	383,000
 2	6,000

Shanghai

Total no. of projects	Daily capacity (tonnes)
 8	440,000
 2	4,850

Heilongjiang

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
 50	3,776,300	 1	20,000
 5	660,000	 1	305,000
 3	75,000		
 6	1,330		

Jiangxi

Total no. of projects	Daily capacity (tonnes)
 13	187,250






Sichuan

Total no. of projects	Daily capacity (tonnes)
 2	2,000




Jilin

Total no. of projects	Daily capacity (tonnes)
 6	92,500

Zhejiang

Total no. of projects	Daily capacity (tonnes)	Total no. of projects	Daily capacity (tonnes)
 19	833,000	 4	475,000
 2	40,000	 2	219,500
 1	1,100		

Henan

Total no. of projects	Daily capacity (tonnes)
 7	240,000
 2	40,000
 4	900

Liaoning

Total no. of projects	Daily capacity (tonnes)
 9	385,000

Business Review, Discussion and Analysis

NEW BUSINESS ARENA

Shanghai Galaxy and Galaxy Energy, its subsidiary, continued to expand the coverage of their photovoltaic business and completed the acquisition of Weifang Tian'en Photovoltaic Power Station in Shandong Province during the period, adding a new capacity of 50 MW. As at the end of June 2021, the asset scale of the 15 photovoltaic power stations held reached 740 MW with on-grid electricity sold reaching approximately 570 million kWh, representing an increase of 22.9% over the same period last year. During the period, three additional photovoltaic power station projects have submitted applications for listing in the National Renewable Energy Subsidy Catalogue, and it is expected that all projects of the companies will enter the Renewable Energy Subsidy Catalogue within this year.

State leaders have called for the due implementation of various initiatives on “capping carbon emissions” and “achieving carbon neutrality” with the formulation of action plans to achieve carbon-emission capping by 2030, optimize industry and energy structures and to promote the clean and efficient use of coal. In addition, plans are to be made for the active development of new energy sources and the nurturing and strengthening of energy-saving and environmental protection industries. In May this year, the National Energy Administration Bureau issued a notice stating that to ensure that wind power and photovoltaic power projects are connected to the grid as scheduled in 2022, respective provinces and municipalities are required to optimize the business environment and introduce supportive policies to reduce the unreasonable burden of new energy development and deployment, and to boost participation of investment by entities in the market. It is believed that the above policies will facilitate rapid development of the industry.

REAL ESTATE

In the first half of 2021, the real estate business recorded a profit of HK\$768 million, representing a significant year-on-year increase of 199.5% and accounting for approximately 33.7% 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 period arising from sale of a property project of the Group and a revaluation gain arising from the re-classification of a property development project.

SI Development

During the period, SI Development adhered to the strategic layout of “1+3+X” with Shanghai as the core of the Yangtze River Delta, Qingdao as the centre of the Bohai Rim region and Chengdu and Chongqing as the centre of the southwest region. The company has also acquired quality project resources in a timely manner. Utilising technology and enhanced management, SI Development continued to improve the efficiency and precision of project management and to enhance profitability. Through integrating the resources of domestic and overseas strategic partners, SI Development was able to promote the implementation of its business and property projects and accelerating the upgrade of its core business while cultivating property management services as an important part of its overall business.

During the period, SI Development recorded revenue of RMB4,025 million, representing a year-on-year decrease of 10.4%. The revenue was mainly derived from booked revenue from properties delivered during the period, 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 132,000 square meters. Net profit recorded during the period was RMB344 million, representing a year-on-year decrease of 19.8%. During the period, a total of seven projects with a combined area of 1,484,300 square meters were under construction. Capitalizing on a booming property market in the Mainland during the first half of 2021, SI Development launched a series of projects while increasing the turnover of non-residential projects. Contract sales of real estate projects for the period reached RMB4,043 million, including projects such as Era of Elites (Phases 1 and 2) in Baoshan, Shanghai, SIIC Tianlan Bay in Huzhou and SIIC Yungjing Bay in Huzhou, Sea Palace in Quanzhou, Territory Shanghai in Jing'an, Shanghai and Shanghai Bay (Phase 4) in Qingpu, Shanghai, covering an area of approximately 184,800 square meters. Rental income for the period amounted to approximately HK\$240 million.

Business Review, Discussion and Analysis

In April this year, SIIC Elderly Care, in which SI Development holds a 38% equity interest, effected capital increase by capital contribution in proportion to existing shareholdings, the other shareholders of SIIC Elderly Care being the parent company of the Company and an independent third party. The registered capital of SIIC Elderly Care would increase from RMB20 million to RMB520 million, and SI Development made an additional capital contribution of RMB190 million in proportion to its shareholding. Following the capital increase, the percentage of equity interests held by each shareholder will remain unchanged. The capital increase will enable SIIC Elderly Care to enhance its financial position and capability for its operation and financing, as well as to satisfy the expected capital requirement of SI Development for the continuous participation in real estate projects for the elderly community.

In May, the tender consortium formed by SI Development and two independent investors won the bid for the acquisition of the land use rights of the land lot No. 91 situated at the North Bund, Hongkou District, Shanghai through listing-for-sale at a consideration of RMB9,106 million. The land parcel has a total site area of approximately 34,585 square meters and is for office, catering venues and hotel uses. SI Development has a 50% interest in the project and the three parties will establish a joint venture company for the development of the land. The project is another investment under SI Development's strategy for in-depth development in the North Bund, Hongkou District. The land parcel is located in close proximity to the land parcels situated at Nos. 89 and 90, North Bund which are currently under development and construction by SI Development. The development plans for the three land parcels in the same area are expected to create a complementary, integrated effect. They will be developed into a new international cultural and entertainment complex at the Bund, with the aim of becoming a new landmark in the North Bund area. The synergy and integration among the three land parcels will have a positive impact on the commercial office branding of SI Development in the future.

In the second half of the year, in the face of uncertainty brought about by the severe global pandemic and the changing political and economic situation of the economy of the Mainland, the company will closely monitor policies and market trends, modify and optimize its strategic planning, tap market opportunities and revitalize its existing assets. It will innovate financing methods and channels, promote operations, enhance efficiency, and secure collection of receivables to enable the company to achieve healthy, stable and high-quality developments, and to explore upgrades and transformation.

SI Urban Development

SI Urban Development recorded revenue of HK\$4,577 million for the first half of 2021, representing a rise of 44.3% over the same period last year. The increase was mainly due to stronger booked revenue from properties delivered and significant improvements in rental income recorded during the period. Profit attributable to shareholders for the period amounted to HK\$54.03 million, representing a year-on-year decrease of 64.2%, mainly attributable to additional distribution and selling expenses incurred during the pandemic, and the rise in land appreciation tax due to increased revenue. Emphasizing the importance of "seizing favourable timing, seizing good opportunities and seizing market share", SI Urban Development achieved contract sales of RMB4,867 million during the period, representing an increase of 31.3% and a gross floor area of approximately 111,000 square meters. This mainly included Originally in Xi'an, West Diaoyutai•Emperor Seal in Beijing, Contemporary Splendour Villa in Shanghai, Urban Cradle and Shanghai Jing City in Shanghai. Property sales booked during the period amounted to HK\$4,031 million, with a gross floor area of approximately 96,000 square meters, mainly comprised of Contemporary Splendour Villa in Shanghai, Urban Cradle in Shanghai, and Contemporary Art Villas in Shanghai. Rental income for the first half of the year was approximately HK\$418 million.

In early March this year, 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.

Business Review, Discussion and Analysis

Set out below is a summary of the major property development projects of the Group as at 30 June 2021:

Major Development Properties

	City	Projects of SI Development	Type of property	Interest attributable to SI Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold during the period (square meters)	Total GFA sold (square meters)	Expected date of completion
1	Kaifu District, Changsha	Fengsheng Building	Residential and commercial	90%	5,468	70,566	–	32,542	Completed
2	Chenghua District, Chengdu	Hi-Shanghai	Residential and commercial	100%	61,506	254,885	945	199,596	Completed
3	Beibei District, Chongqing	Hi-Shanghai	Residential and commercial	100%	30,845	74,935	523	59,409	Completed
4	Yuhang District, Hangzhou	Hi-Shanghai (Phase I)	Residential and commercial	85%	74,864	230,484	418	149,938	Completed
5	Yuhang District, Hangzhou	Hi-Shanghai (Phase II)	Residential and commercial	85%	59,640	198,203	2,450	133,496	Completed
6	Wuxing District, Huzhou	Hurun Commercial Plaza	Commercial	100%	13,661	27,322	–	–	Under planning
7	Wuxing District, Huzhou	SIIC Tianlan Bay	Residential and commercial	100%	115,647	193,292	23,740	127,783	Completed
8	Wuxing District, Huzhou	SIIC Yungjing Bay	Residential	100%	68,471	207,906	83,567	139,539	Completed
9	Shilaoren National Tourist Resort, Qingdao	International Beer City	Composite	100%	227,675	806,339	–	327,831	2014 to 2022, in phases
10	Fengze District, Quanzhou	Sea Palace	Residential and commercial	100%	170,133	1,064,099	30,917	256,520	2017 to 2021, in phases
11	Baoshan District, Shanghai	Era of Elites (Phase I)	Residential	100%	26,600	73,798	23,318	38,267	2022
12	Baoshan District, Shanghai	Era of Elites (Phase II)	Residential	100%	32,130	86,692	10,011	10,011	2022
13	Hongkou District, Shanghai	North Bund Lot No. 89 Project	Commercial and office	90%	23,037	230,568	–	–	2021
14	Jiading District, Shanghai	Sea Garden	Residential and commercial	100%	58,949	163,351	1,097	83,430	Completed
15	Jiading District, Shanghai	Essence of Shanghai	Residential and commercial	100%	32,991	75,559	335	40,129	Completed
16	Jingan District, Shanghai	Territory Shanghai	Residential	100%	32,512	114,737	2,849	83,877	Completed
17	Qingpu District, Shanghai	Belle Rive	Villa	51%	315,073	59,577	–	25,985	Completed
18	Qingpu District, Shanghai	Shanghai Bay	Residential	51%	808,572	631,199	4,572	267,719	2011 to 2021, in phases
19	Qingpu District, Shanghai	He Villa/Sea County	Residential	51%	162,708	121,683	36	85,131	Completed
20	Wuzhong District, Suzhou	Sudi Lot 017-WG-10	Residential	100%	40,817	126,881	–	–	2021
Sub-total					2,361,299	4,812,076			

Business Review, Discussion and Analysis

	City	Projects of SI Urban Development	Type of property	Interest attributable to SI Urban Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold during the period (square meters)	Total GFA sold (square meters)	Expected date of completion
1	Chaoyang District, Beijing	Youngman Point	Residential and commercial	100%	112,700	348,664	–	258,814	2007 to 2021, in phases
2	Haidian District, Beijing	West Diaoyutai • Emperor Seal	Residential	97.5%	42,541	250,930	9,915	211,181	2007 to 2021, in phases
3	Jiulongpo District, Chongqing	Top City	Residential, commercial and office	100%	120,014	786,233	–	376,424	Completed
4	Huaqiao Town, Kunshan	Yooouu.net	Commercial and office	30.7%	34,223	129,498	–	63,021	Completed
5	Baoshan District, Shanghai	Shangtou Baoxu	Residential	71.3%	118,880	306,167	815	110,932	2021
6	Minhang District, Shanghai	Urban Cradle	Residential and commercial	53.1%	943,000	1,226,298	12,983	837,027	2007 to 2022, in phases
7	Minhang District, Shanghai	Shanghai Jing City	Residential and commercial	59%	301,908	772,885	27,294	587,703	Completed
8	Minhang District, Shanghai	TODTOWN	Residential, commercial, hotel, office and apartment office	20.7%	117,825	605,000	–	56,205	2020 to 2024, in phases
9	Minhang District, Shanghai	Contemporary Art Villa • Jade Villa	Residential	100%	116,308	78,090	1,407	71,258	2018 to 2022, in phases
10	Minhang District, Shanghai	Contemporary Splendour Villa • Courtyard Villa	Residential	100%	120,512	191,636	15,592	65,854	Completed
11	Minhang District, Shanghai	Shangtou Xinhong	Residential and commercial	90%	89,432	289,271	–	–	2021 to 2023, in phases
12	Minhang District, Shanghai	Chenghang Project	Commercial and office	80%	20,572	60,195	–	–	2021
13	Minhang District, Shanghai	Shenzhicheng project	Residential leasing	29.5%	47,435	128,075	–	–	2022
14	Minhang District, Shanghai	Chenglong Project	Residential leasing	59%	47,383	118,458	–	–	2023
15	Songjiang District, Shanghai	Shanghai Youth City	Commercial and office	100%	57,944	212,130	–	139,840	Completed
16	Xuhui District, Shanghai	Jingxiang Project	Residential leasing	59%	17,161	48,050	–	–	2022
17	Xuhui Binjiang, Shanghai	Binjiang U Center	Office and commercial	35.4%	77,371	525,888	–	–	2020 to 2023, in phases
18	Heping District, Shenyang	Shenyang U Centre	Commercial, office and serviced apartment	100%	22,651	228,768	–	71,660	Completed
19	Futian District, Shenzhen	China Phoenix Tower	Residential, commercial and office	91%	11,038	106,190	–	78,343	Completed
20	Nankai District, Tianjin	Laochengxiang	Residential, commercial and office	100%	244,252	752,883	–	582,737	Completed

Business Review, Discussion and Analysis

	City	Projects of SI Urban Development	Type of property	Interest attributable to SI Urban Development	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold during the period (square meters)	Total GFA sold (square meters)	Expected date of completion
21	Hedong District, Tianjian	Hedong Polytechnic University Project • 仰山華庭	Residential and commercial	100%	42,146	122,200	–	–	2024
22	Yangtze New District, Wuhan	Yangluo Project • 香開長龍	Residential and commercial	49%	257,600	452,000	–	–	2024 to 2027, in phases
23	Binghu District, Wuxi	Urban Development International Center	Commercial, hotel, office and serviced apartment	59%	24,041	193,368	–	41,900	Completed
24	Chanba Ecotope, Xi'an	Originally	Residential, commercial and hotel	71.5%	2,101,967	3,899,867	42,860	2,545,156	2008 to 2023, in phases
25	Zhifu District, Yantai	Yantai Project	Residential and commercial	100%	77,681	159,100	–	–	2022 to 2024, in phases
Sub-total					5,166,585	11,991,844			

	City	Projects of the Company	Type of property	Interest attributable to the Company	Approximate site area (square meters)	Planned total GFA (square meters)	Pre-sold during the period (square meters)	Total GFA sold (square meters)	Expected date of completion
1	Qingpu District, Shanghai	Belle Rive	Villa	51%	315,073	59,577	–	25,985	Completed
2	Qingpu District, Shanghai	Shanghai Bay	Residential	51%	808,572	631,199	4,572	267,719	2011 to 2021, in phases
3	Qingpu District, Shanghai	He Villa/Sea County	Residential	51%	162,708	121,683	36	85,131	Completed
Sub-total					1,286,353¹	812,459¹			
Total					8,814,237¹	17,616,379¹			

Major Future Development Projects

	City	Projects of SI Development	Project type	Interest attributable to SI Development	Approximate site area (square meters)	Planned total GFA (square meters)	Expected date of completion
1	Hongkou District, Shanghai	North Bund Lot No. 90	Commercial and office	100%	12,725	110,932	2024
2	Hongkou District, Shanghai	North Bund Lot No. 91	Commercial and office	50%	34,585	453,958	Under planning
3	Qingpu District, Shanghai	Zhujiyajiao Lot D2	Residential and commercial	51%	349,168	177,954	Under planning
Sub-total					396,478¹	742,844¹	

	City	Projects of SI Urban Development	Project type	Interest attributable to SI Urban Development	Approximate site area (square meters)	Planned total GFA (square meters)	Expected date of completion
1	Xuhui District, Shanghai	Guilin Road Aerospace Project	Scientific research and design and residential leasing	21.2%	91,160	590,165	2025 to 2026, in phases
2	Chanba Ecotope, Xi'an	Qiyuan Road Project	Residential	100%	51,208	102,418	2023 to 2024, in phases
Sub-total					142,368	692,583	

Business Review, Discussion and Analysis

	City	Projects of the Company	Project type	Interest attributable to the Company	Approximate site area (square meters)	Planned total GFA (square meters)	Expected date of completion
1	Qingpu District, Shanghai	Zhujiajiao Lot D2	Residential and commercial	49%	349,168	177,954	Under planning
2	Qingpu District, Shanghai	Shanghai Lot F	Villa	10%	350,533	175,267	Under planning
3	Qingpu District, Shanghai	Shanghai Lot G	Villa	10%	401,274	200,637	Under planning
Sub-total					1,100,975¹	553,858¹	
Total					1,639,821¹	1,989,285¹	

Major Investment Properties

	City	Projects of SI Development	Project type	Interest attributable to SI Development	Total GPA for investment properties (square meters)
1	Wenjiang District, Chengdu	Orchard Forest	Commercial	100%	769
2	Qingdao Economic Development Zone	Dali Plaza	Commercial	76%	21,495
3	Laoshan District, Qingdao	Shanghai Industrial Investment Centre	Office	100%	24,792
4	Fengze District, Quanzhou	Sea Palace (Phase I of Linghai Yuan)	Commercial	100%	1,835
5	Changning District, Shanghai	Super Ocean Finance Center	Office	100%	2,321
6	Changning District, Shanghai	United 88	Commercial	100%	38,923
			Office	100%	50,560
			Parking lot	100%	28,457
7	Hongkou District, Shanghai	Gao Yang Commercial Centre	Office	100%	22,187
8	Hongkou District, Shanghai	Gao Yang Hotel	Office	100%	3,313
9	Huangpu District, Shanghai	Golden Bell Plaza	Office	100%	9,801
			Office	90%	40,186
			Parking lot	90%	4,870
10	Huangpu District, Shanghai	Huangpu Estate	Commercial	100%	20,918
11	Huangpu District, Shanghai	No. 108 Haichao Road	Commercial	100%	474
12	Jiading District, Shanghai	Essence of Shanghai	Commercial	100%	10,972
13	Jingan, Shanghai	Territory Shanghai	Commercial	100%	1,559
14	Pudong New District, Shanghai	No. 1111 Shangchuan Road	Industrial	100%	40,208
15	Pudong New District, Shanghai	Huashen Building	Office	100%	344
16	Xuhui District, Shanghai	Shanghai Industrial Investment Building	Office	100%	10,088
			Office	74%	14,130
			Parking lot	74%	8,692
17	Xuhui District, Shanghai	Yonglong Building	Office	100%	798
18	Yangpu District, Shanghai	Hi-Shanghai	Commercial	100%	22,027
			Parking Lot	100%	22,000
19	Zhabei District, Shanghai	No. 235 Zhongshan Road North (portion)	Office	100%	1,434
20	Shaoxing Paojiang New Zone	International Chinese City	Commercial	100%	26,479
21	Xiqing District, Tianjin	Rhine Town	Commercial	100%	5,961
Sub-total					435,593

Business Review, Discussion and Analysis

	City	Projects of SI Urban Development	Project type	Interest attributable to SI Urban Development	Total GPA for investment properties (square meters)
1	Chaoyang District, Beijing	Youngman Point	Commercial	100%	19,768 ²
2	Jiulongpo District, Chongqing	Top City	Commercial and parking lot	100%	285,264 ²
3	Changning District, Shanghai	ShanghaiMart	Exhibition, transaction market, office building and parking lot	51%	284,651
4	Songjiang District, Shanghai	Shanghai Youth City	Commercial	100%	16,349 ²
5	Xuhui District, Shanghai	Urban Development International Tower	Office	59%	45,239
6	Xuhui District, Shanghai	YOYO Tower	Commercial	59%	13,839
7	Xuhui District, Shanghai	Plot No. 1, Binjiang U Center	Office	100%	25,845 ²
8	Futian District, Shenzhen	China Phoenix Tower	Office	91%	1,048 ²
9	Heping District, Shenyang	Shenyang U Centre	Commercial	100%	62,483
10	Chanba Ecotope, Xi'an	Originally	Commercial	71.5%	32,575 ²
11	Shanghai, Tianjin and Kunshan	Others	Commercial, office building and parking lot	-	93,196
Sub-total					880,257
Total					1,315,850

Notes:

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

CONSUMER PRODUCTS

For the first half of 2021, the consumer products business made a profit contribution of HK\$292 million to the Group, representing a decrease of 18.9% over the corresponding period last year and accounting for approximately 12.9% of the Group's Net Business Profit. As the global pandemic is not yet under control and travel and transport are still restricted, revenue of Nanyang Tobacco for the period dropped compared with the previous year. During the period, Nanyang Tobacco has been proactive in strengthening its fundamental management, securing production safety, improving operational capabilities, innovating marketing methods, and continuing to manage finances prudently while controlling its expenses. During the period, Wing Fat Printing adhered to its "1+1+1" strategy", and achieved satisfactory growth, attributable to the expansion of its medicine packaging business, growth of its wine packaging business and successful customer diversification of its moulded-fibre business.

Tobacco

Nanyang Tobacco's turnover and profit after tax for the period were HK\$918 million and HK\$191 million respectively, representing a decline of 18.3% and 30.2% respectively over the corresponding period last year. The decline was mainly attributable to Hong Kong's customs-closure measures in response to the pandemic since February last year, which led to a sharp decline in sales of duty-free shops. In addition, the company's exports and ship-tobacco business were also affected. This year, Nanyang Tobacco has adopted innovative management for its operation and established the concept of refined management, emphasizing epidemic prevention and safety as the foundation, while promoting economic and operational efficiency as the center of its efforts. Technical innovation and project transformation were a key focus as well as continued brand building. The company also utilized flexible sales strategies to open up the sales of products, striving to gradually resume normal overall sales.

Business Review, Discussion and Analysis

During the period, Nanyang Tobacco focused its business on different fronts, including innovation for traditional cigarettes and new filter rods, development of new tobacco, production of exquisite cigarettes and equipment management, with the aim of securing long-term and healthy development. The building of a production platform for composite filter rods has been completed while equipment installation and commissioning are progressing well. To maintain its leading position in the canned cigarette market, the company is seeking to complete trial production of oval-shaped heterotypic cans by the third quarter this year. The innovative tobacco production line has become fully operational and the equipment installed meets expectations. The company will keep focusing on refined production at flexible workshops and will improve stability and reliability during the process of turning cut tobacco to wrapping.

Due to the pandemic, the duty-free channel in Hong Kong was closed during the period. Total market sales of Nanyang Tobacco in Hong Kong thus remained high. In view of the slight decline of traditional cigarette brands due to the impact of smuggled cigarettes, the company will consider launching promotional activities for traditional cigarette brands and introducing innovative cigarettes to major channels depending on market conditions in the second half. Sales from Mainland markets increased, and overall operations have been strong and efficient. In the second half of the year, marketing initiatives will be developed according to the sales of various brands, with the aim of laying a solid foundation for launching large volumes of products and improving the overall brand structure in 2022. The tax-free markets in the Mainland, Hong Kong and Macau have begun to recover since September last year, with sales mainly coming from the Zhuhai-Macau Port and basic channels for tax-free markets in the Mainland (excluding the Hong Kong airport and the Guangdong-Hong Kong border). The company will proactively prepare for the opening of customs in the future. Currently, the global pandemic is still having a significant impact on ship cigarettes and overseas markets. Meanwhile, the company is making efforts to clear old stock of key products at all levels of the market and to raise prices to normal standards on a gradual basis.

In the second half, the company will ensure the stability of its major products while putting more effort into cultivating innovative cigarettes in overseas markets. At the same time, the company will actively integrate resources, develop innovative marketing concepts and adjust product channel structures to protect company interests from controllable risks.

Printing

Wing Fat Printing recorded turnover of HK\$875 million during the period, an increase of 18.6% over the same period last year. This was mainly due to the consolidation of Wuxi Foreign Trade into the company accounts for the period, as well as significant growth in its medicine-packaging business, and the positive development of the wine-packaging business driven by vibrant downstream markets. Net profit for the period was HK\$109 million, an increase of 15.7% over the same period last year.

Due to the pandemic environment, the company faced a number of irregular external challenges during the period, such as “roller-coaster” fluctuations in raw material prices attributable to the global easing of monetary policies, the intensification of competition due to the weakening of downstream markets, and a rapid contraction in demand for individual products in the moulded-fibre business. While the Wing Fat team has faced unpredictable variables of the kind not seen in both upstream and downstream markets in recent years, it has relied on its strong foundations to maintain its strength, actively tapping into its potential to enhance efficiency and achieve satisfactory results against adverse condition. With little prospect of short-term improvements in the pandemic-affected operating environment, coupled with rising inflation and uncertain market risks, the Wing Fat team will tackle the rapidly changing circumstances by providing a comprehensive range of services based on core values of environmental protection and technological intelligence. The company is confident that it will continue to build on its inherited development attributes to achieve success.

Financial Review

KEY FIGURES

	2021 unaudited	2020	Change %
	Six months ended 30 June		
Results			
Revenue (HK\$'000)	16,315,820	13,210,952	23.5
Profit attributable to owners of the Company (HK\$'000)	2,130,516	802,702	165.4
Earnings per share – basic (HK\$)	1.945	0.725	168.3
Dividend per share (HK cents)	48	37	
– interim – cash	48	22	
– shares in specie (note)	–	15	
Dividend payout ratio			
– cash and shares in specie (note (a))	24.7%	51.0%	
– cash	24.7%	30.3%	
Interest cover (note (b))	9.3 times	5.8 times	
	unaudited 30 June	audited 31 December	Change %
Financial Position			
Total assets (HK\$'000)	210,759,478	194,882,370	8.1
Equity attributable to owners of the Company (HK\$'000)	45,751,721	43,678,766	4.7
Net assets per share (HK\$)	42.08	40.18	4.7
Net debt ratio (note (c))	65.41%	63.35%	
Gearing ratio (note (d))	42.43%	40.98%	
Number of shares in issue (shares)	1,087,211,600	1,087,211,600	

Note (a) : (cash dividend per share + fair value of distributed share in specie per share)/earnings per share

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

Note (c) : (interest-bearing loans – cash)/equity attributable to owners of the Company

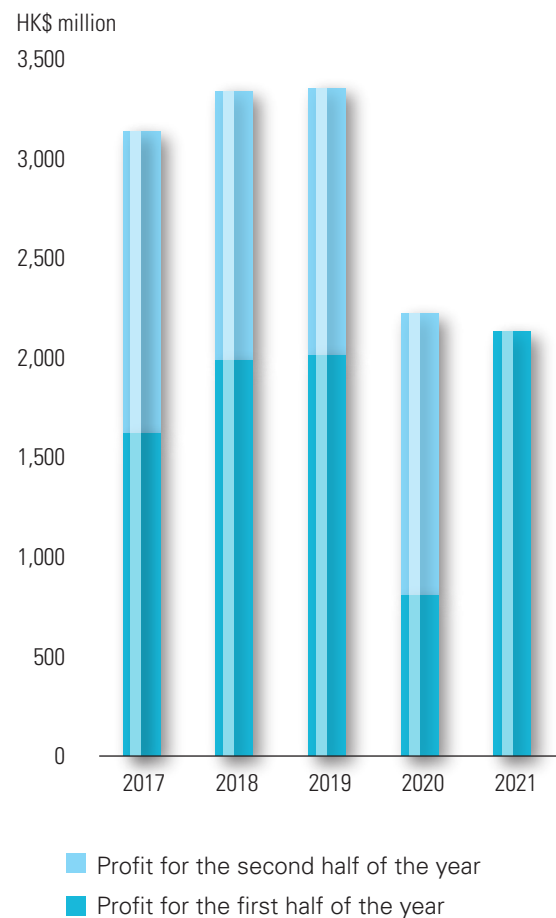
Note (d) : interest-bearing loans/equity attributable to owners of the Company + non-controlling interests + interest-bearing loans

Note: The Company has paid an interim dividend for 2020 in cash of HK22 cents per share and an interim special dividend in the form of distribution in specie on the basis of 1 SIUD Share for every 5 shares of the Company held. Based on the closing price of SIUD on 22 October 2020 (the date of despatch of the SIUD Shares), the interim special dividend was HK\$0.15 per share.

I ANALYSIS OF FINANCIAL RESULTS

1 Profit attributable to owners of the Company

For the six months ended 30 June 2021, the Group recorded a profit attributable to owners of the Company of HK\$2,130.52 million, an increase of HK\$1,327.81 million or approximately 165.4% as compared to the same period of 2020.

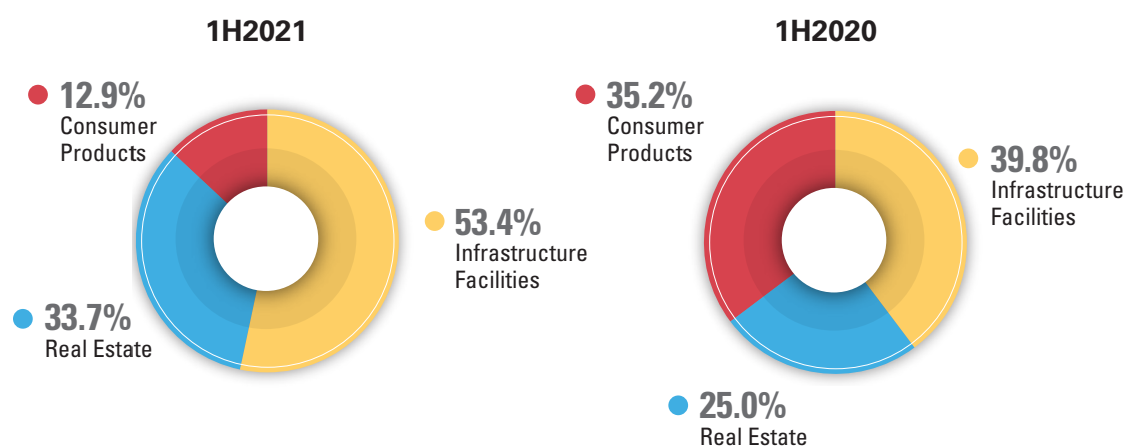


2 Profit Contribution from Each Business

The profit contributed by each business in the Group for the first half of 2021 and the comparative figures of the same period last year was summarized as follows:

	2021 Unaudited Six months ended 30 June HK\$'000	2020 HK\$'000	Change %
	Infrastructure Facilities	1,215,066	408,424
Real Estate	767,860	256,355	199.5
Consumer Products	292,300	360,315	-18.9
	2,275,226	1,025,094	122.0

Financial Review



Net profit from the infrastructure facilities business for the period amounted to approximately HK\$1,215.07 million, accounting for 53.4% of Net Business Profit, and representing a year-on-year increase of 197.5%.

Due to the outbreak of the COVID-19 epidemic early last year, 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. Despite all this, amortizations of toll road operating rights were recognized based on the traffic volume on the basis of units-of-usage, this resulted in a substantial decrease in profit contributions from toll roads and bridge business and a low base of profit in the same period last year. While compensation was received for the decrease of toll mileage for the entry sections and toll revenue resumed normal, the profit contributions from toll roads and bridge business for the period returned to pre-pandemic level.

The profit of water services and waste-to-energy business increased by 46.7% year-on-year. Of which, the profit contribution from SIIC Environment for the period increased by 30.3%, mainly driven by its operating income growth. Waste-to-energy business recorded additional profit contribution from the equity stake of SUS Environment which was acquired at the end of last year.

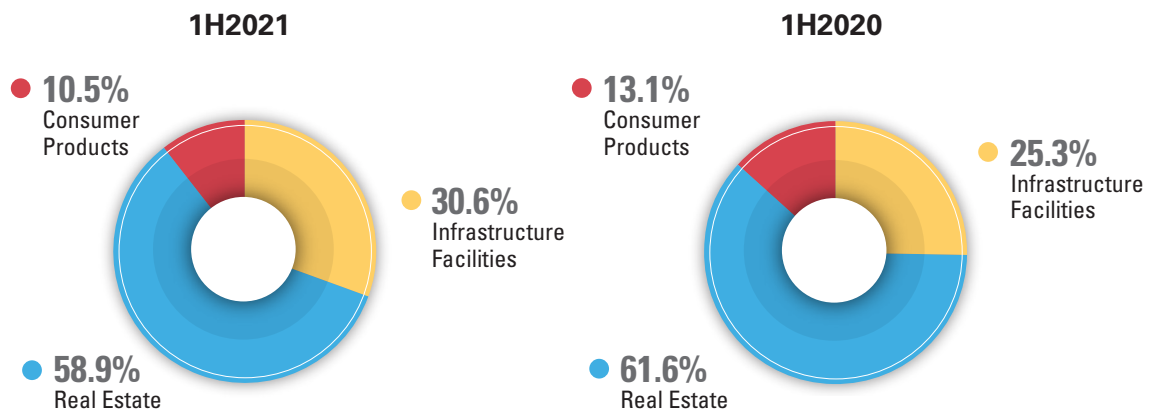
The real estate business recorded a profit of approximately HK\$767.86 million, accounting for 33.7% of the Net Business Profit, and representing an increase of approximately HK\$511.51 million over the same period in 2020. The increase was mainly due to the recognition of property sales revenue during the period for the Shanghai Bay project, in which the Company holds 49% 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.

The consumer products business recorded a net profit of HK\$292.30 million for the period, accounting for 12.9% of Net Business Profit, and representing a year-on-year decrease of 18.9%. The cigarette sales of Nanyang Tobacco decreased by 18.3% year-on-year, mainly due to the duty-free and export sales remain sluggish while customs closure measures in various areas were still in place, resulting in a decrease in net profit by HK\$82.74 million or 30.2%. The profit contribution from Wing Fat Printing was up by HK\$14.72 million year-on-year, due to the growth in revenue by 18.6% and a disposal gain on its 37.23% equity interest in Jinan Quanyong was recorded during the period.

3 Revenue

The Group's revenue by principal businesses for the first half of 2021 and the comparatives of the same period last year was summarized as follows:

	2021 Unaudited Six months ended 30 June HK\$'000	2020 HK\$'000	Change %
Infrastructure Facilities	5,000,390	3,344,469	49.5
Real Estate	9,605,644	8,130,621	18.1
Consumer Products	1,709,786	1,735,862	-1.5
	16,315,820	13,210,952	23.5



For the six months ended 30 June 2021, revenue of approximately HK\$16,315.82 million was recorded, up 23.5% year-on-year. Of which, the revenue base of infrastructure facilities was low for the same period last year due to the implementation of toll exemption measures for highways and less construction investment was made by SIIC Environment due to the epidemic; the booked revenue upon delivery of the properties by the real estate business increased year-on-year; and the duty-free and export cigarette sales of the consumer products business continued to decline due to the epidemic.

Financial Review

4 Profit before Taxation

(1) Gross profit margin

Compared to the first half of 2020, the overall gross profit margin for the period increased by 2.6 percentage points, mainly due to the toll exemption measures for highways while amortization of toll road operating rights were recognized based on the traffic volume on the basis of units-of-usage during the same period last year, which resulted in a negative gross profit of the toll roads business and a drag on the overall gross profit margin.

(2) Other income, gains and losses

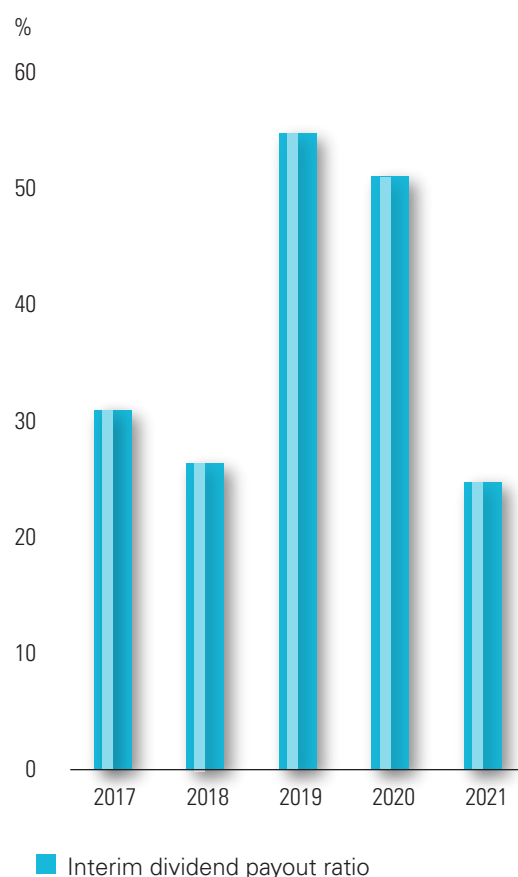
Other income, gains and losses increased, which was mainly due to the disposal of investment properties, for which a fair value gain with reference to the price of the sales contract was recorded before completion of the transaction, as well as compensations were received by toll road operating companies for the decrease of toll mileage for the entry sections.

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

Gain for the period was mainly attributable to the disposal of 80% equity interest in a subsidiary, Lingbi Chenxin and an approximately 37.23% equity interest in an associate, Jinan Quanyong.

5 Dividend

The Board of Directors of the Group has resolved to declare an interim dividend of HK48 cents per share, an increase of 29.7% as compared with 2020 total interim dividend of HK37 cents per share (including an interim cash dividend of HK22 cents per share and an interim special dividend in the form of distribution in specie of 1 SIUD Share for every 5 shares of the Company held, based on the closing price of SIUD on the date of despatch, 22 October 2020, the interim special dividend was HK\$0.15 per share). The interim dividend payout ratio is 24.7% (2020 interim: 51.0%).



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

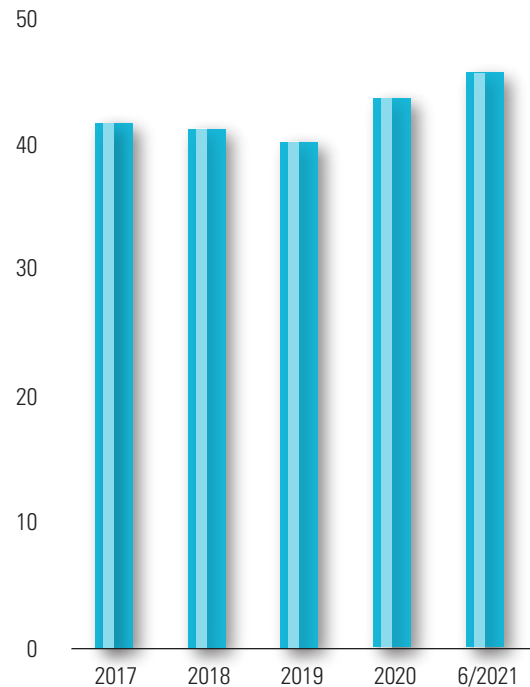
Equity attributable to owners of the Company reached HK\$45,751.72 million as at 30 June 2021, it was attributable to the net profit for the first half of the year after deducting the dividend actually paid during the period.

2 Indebtedness

(1) Borrowings

As at 30 June 2021, the total borrowings of the Group including bank borrowings and other borrowings amounted to approximately HK\$62,713.14 million (31 December 2020: HK\$56,973.81 million), of which 68.6% (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.

HK\$ billion



■ Equity attributable to owners of the Company

Financial Review

(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\$11,270,761,000 (31 December 2020: HK\$10,334,774,000);
- (b) leasehold land and buildings with an aggregate carrying value of HK\$12,300,000 (31 December 2020: HK\$70,816,000);
- (c) plant and machineries with an aggregate carrying value of HK\$94,930,000 (31 December 2020: HK\$192,379,000);
- (d) receivables under service concession arrangements/intangible assets with an aggregate carrying value of HK\$17,356,458,000 (31 December 2020: HK\$16,744,560,000);
- (e) properties under development held for sale with an aggregate carrying value of HK\$17,853,954,000 (31 December 2020: HK\$12,537,442,000);
- (f) properties held for sale with an aggregate carrying value of HK\$202,987,000 (31 December 2020: nil);
- (g) trade receivables with an aggregate carrying value of HK\$282,425,000 (31 December 2020: HK\$196,344,000);
- (h) bank deposits with an aggregate carrying value of HK\$841,276,000 (31 December 2020: HK\$806,864,000);
- (i) equity interests of subsidiaries with aggregate carrying value of HK\$180,375,000 (31 December 2020: HK\$178,190,000); and
- (j) land use rights included in right-of-use assets, with aggregate carrying value of HK\$1,017,000 (31 December 2020: HK\$1,074,000).

(3) Contingent liabilities

As at 30 June 2021, the guarantees given to banks by the Group in respect of banking facilities utilised by property buyers and associates amounted to approximately HK\$7,438.88 million and HK\$1,369.94 million (31 December 2020: HK\$7,254.14 million and HK\$1,411.37 million) respectively.

3 Capital Commitments

As at 30 June 2021, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK\$12,814.57 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 30 June 2021, bank balances and short-term investments held by the Group amounted to HK\$32,788.15 million (31 December 2020: HK\$29,303.60 million) and HK\$577.20 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 4%, 85% and 11% (31 December 2020: 4%, 85% and 11%) 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.

III MANAGEMENT POLICIES FOR FINANCIAL RISK

1 Currency Risk

The Group mainly operates in China and the Hong Kong Special Administrative Region and the exposure in exchange rate risks mainly arise from fluctuations in the US dollar, Singapore dollar, HK dollar and Renminbi exchange rates. The management monitors foreign currency exposure and will consider hedging significant foreign currency exposures and adopting suitable measures when necessary.

2 Interest Rate Risk

The Group's fair value and cash flow interest rate risks mainly relate to fixed and variable rates borrowings. In order to exercise prudent management against interest rates risks, the Group continues to review market trends against its business operations and financial position in order to arrange the most effective interest rate risk management tools.

3 Price Risk

The Group's price risks are mainly concentrated on equity instruments quoted in the HKSE and the Shanghai Stock Exchange. The management strictly monitors this exposure by maintaining a portfolio of investments with different levels of risks. In addition, a special team has been appointed by the management to monitor price risks and hedging against such risk exposures will be made should the need arises.

4 Credit Risk

The Group's principal financial assets are receivables under service concession arrangements, contract assets, pledged bank deposits, short-term bank deposits, bank balances and cash, securities and debt investments and trade and other receivables. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the condensed consolidated statement of financial position are net of allowances for doubtful receivables and expected credit loss. An allowance for impairment and expected credit loss are made according to the Group's accounting policy or where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

With respect to the credit risk of the Group's treasury operations, all bank balances and cash, securities and debt investments of the Group must be placed and entered into with sound and reputable financial institutions. Strict requirements and restrictions in relation to the outstanding amount and credit ratings on securities and debt investments to be held are followed in order to minimize the Group's credit risk exposures.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF SHANGHAI INDUSTRIAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shanghai Industrial Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 30 to 58 which comprise the condensed consolidated statement of financial position as of 30 June 2021, and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 August 2021

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	NOTES	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	16,315,820	13,210,952
Cost of sales		(9,895,101)	(8,345,795)
Gross profit		6,420,719	4,865,157
Net investment income		221,133	223,949
Other income, gains and losses		1,074,388	381,824
Selling and distribution costs		(599,166)	(502,260)
Administrative and other expenses		(1,083,645)	(1,052,878)
Finance costs		(784,308)	(865,909)
Share of results of joint ventures		163,249	94,566
Share of results of associates		183,673	121,241
Gain on disposal of subsidiaries/interests in associates		76,812	87,015
Profit before taxation		5,672,855	3,352,705
Income tax expense	4	(2,539,827)	(1,663,584)
Profit for the period	5	3,133,028	1,689,121
Profit for the period attributable to			
– Owners of the Company		2,130,516	802,702
– Non-controlling interests		1,002,512	886,419
		3,133,028	1,689,121
Earnings per share	7	HK\$	HK\$
– Basic		1.945	0.725
– Diluted		1.945	0.725

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit for the period	3,133,028	1,689,121
Other comprehensive (expense) income		
<i>Item that will not be reclassified to profit or loss</i>		
Fair value change on equity instruments at fair value through other comprehensive income held by subsidiaries, net of tax	(6,725)	18,228
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising on translation of foreign operations		
– subsidiaries	935,157	(1,327,033)
– joint ventures	54,682	(67,886)
– associates	62,825	(62,261)
Other comprehensive income (expense) for the period	1,045,939	(1,438,952)
Total comprehensive income for the period	4,178,967	250,169
Total comprehensive income for the period attributable to		
– Owners of the Company	2,631,923	47,881
– Non-controlling interests	1,547,044	202,288
	4,178,967	250,169

Condensed Consolidated Statement of Financial Position

At 30 June 2021

	NOTES	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Non-Current Assets			
Investment properties	8	28,633,731	27,166,276
Property, plant and equipment	8	5,896,776	5,763,753
Right-of-use assets		548,025	535,198
Toll road operating rights		6,861,816	7,132,190
Goodwill		844,164	810,832
Other intangible assets	8	8,019,454	7,974,255
Interests in joint ventures		5,873,274	5,475,401
Interests in associates	9	7,734,678	6,899,413
Investments	10	711,035	732,031
Receivables under service concession arrangements		24,405,421	23,159,535
Deposits paid on acquisition of non-current assets	8	8,014,382	3,885,676
Deferred tax assets		334,473	396,040
		97,877,229	89,930,600
Current Assets			
Inventories	11	64,508,367	59,557,443
Trade and other receivables	12	11,588,969	13,329,541
Contract assets		746,013	403,204
Investments	10	577,202	632,753
Receivables under service concession arrangements		794,079	819,316
Prepaid taxation		1,054,205	577,240
Pledged bank deposits		841,276	806,864
Short-term bank deposits		134,612	142,382
Bank balances and cash		31,812,266	28,354,355
		112,056,989	104,623,098
Assets classified as held for sale	18	825,260	328,672
		112,882,249	104,951,770

Condensed Consolidated Statement of Financial Position

At 30 June 2021

	NOTES	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Current Liabilities			
Trade and other payables	13	20,912,022	21,521,708
Lease liabilities		117,334	113,239
Contract liabilities	14	25,299,814	21,695,922
Deferred income	15	441,525	–
Taxation payable		3,563,531	3,410,431
Bank and other borrowings	16	16,399,778	13,755,345
		66,734,004	60,496,645
Liabilities associated with assets classified as held for sale	18	–	180,428
		66,734,004	60,677,073
Net Current Assets		46,148,245	44,274,697
Total Assets less Current Liabilities		144,025,474	134,205,297
Capital and Reserves			
Share capital		13,649,839	13,649,839
Reserves		32,101,882	30,028,927
Equity attributable to owners of the Company		45,751,721	43,678,766
Non-controlling interests		39,324,630	38,388,617
Total Equity		85,076,351	82,067,383
Non-Current Liabilities			
Provision for major overhauls		88,487	88,160
Deferred income	15	3,509,805	–
Bank and other borrowings	16	46,288,460	43,186,801
Deferred tax liabilities		8,754,862	8,545,117
Lease liabilities		307,509	317,836
		58,949,123	52,137,914
Total Equity and Non-Current Liabilities		144,025,474	134,205,297

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company								Attributable to non-controlling interests					
	Share capital	Other revaluation reserve	Other reserve	Merger reserve	Investment revaluation reserve	Translation reserve	PRC statutory reserves	Retained profits	Sub-total	Perpetual bond	Share options reserve of listed subsidiaries	Share of net assets of subsidiaries	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Note ii)	(Note ii)	(Note iii)			(Note iv)			(Note v)				
At 1 January 2020 (audited)	13,649,839	54,855	(324,293)	(5,912,547)	257,987	(725,875)	2,460,543	30,779,303	40,239,812	-	31,892	32,532,856	32,564,748	72,804,560
Profit for the period	-	-	-	-	-	-	-	802,702	802,702	-	-	886,419	886,419	1,689,121
Fair value change on equity investments at fair value through other comprehensive income held by subsidiaries, net of tax	-	-	-	-	4,537	-	-	-	4,537	-	-	13,691	13,691	18,228
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(629,211)	-	-	(629,211)	-	-	(697,822)	(697,822)	(1,327,033)
- subsidiaries	-	-	-	-	-	(67,896)	-	-	(67,896)	-	-	-	-	(67,896)
- joint ventures	-	-	-	-	-	(62,261)	-	-	(62,261)	-	-	-	-	(62,261)
- associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (expense) for the period	-	-	-	-	4,537	(759,358)	-	802,702	47,881	-	-	202,288	202,288	250,169
Transfers	-	-	-	-	-	-	29,977	(29,977)	-	-	-	-	-	-
Acquisition of additional interest in a listed subsidiary	-	-	62,481	-	-	-	-	-	62,481	-	-	(95,458)	(95,458)	(32,977)
Contribution from non-controlling interests upon additional capital injection into a subsidiary	-	-	-	-	-	-	-	-	-	-	35,478	35,478	35,478	35,478
Release upon liquidation of a subsidiary	-	-	-	-	-	-	(1,267)	759	(528)	-	-	528	528	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(1,630)	(1,630)	(1,630)
Issue of perpetual bond	-	-	-	-	-	-	-	-	-	1,096,852	-	-	1,096,852	1,096,852
Accrual of interest to holders of perpetual bond	-	-	-	-	-	-	-	(14,011)	(14,011)	28,829	-	(14,818)	14,011	-
Interest paid to holder of perpetual bond	-	-	-	-	-	-	-	-	-	(28,829)	-	-	(28,829)	(28,829)
Dividends paid (note 6)	-	-	-	-	-	-	-	(565,350)	(565,350)	-	-	-	-	(565,350)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(578,038)	(578,038)	(578,038)
At 30 June 2020 (unaudited)	13,649,839	54,855	(261,812)	(5,912,547)	262,524	(1,485,233)	2,489,233	30,973,426	39,770,285	1,096,852	31,892	32,081,206	33,209,950	72,980,235

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company								Attributable to non-controlling interests				
	Share capital	Other revaluation reserve	Other reserve	Merger reserve	Investment revaluation reserve	Translation reserve	PRC statutory reserves	Retained profits	Sub-total	Perpetual bonds	Share of net assets of subsidiaries	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Note i)	(Note ii)	(Note iii)			(Note iv)			(Note v)			
At 1 January 2021 (audited)	13,649,839	54,855	(786,597)	(5,912,547)	251,055	1,918,855	2,700,023	31,803,283	43,678,766	1,096,852	37,291,765	38,388,617	82,067,383
Profit for the period	-	-	-	-	-	-	-	2,130,516	2,130,516	-	1,002,512	1,002,512	3,133,028
Fair value change on equity investments at fair value through other comprehensive income held by subsidiaries, net of tax	-	-	-	-	(1,651)	-	-	-	(1,651)	-	(5,074)	(5,074)	(6,725)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	385,551	-	-	385,551	-	549,606	549,606	935,157
- subsidiaries	-	-	-	-	-	54,682	-	-	54,682	-	-	-	54,682
- joint ventures	-	-	-	-	-	62,825	-	-	62,825	-	-	-	62,825
- associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (expense) for the period	-	-	-	-	(1,651)	503,058	-	2,130,516	2,631,923	-	1,547,044	1,547,044	4,178,967
Transfers	-	-	-	-	-	-	158,059	(158,059)	-	-	-	-	-
Acquisition of subsidiaries (Note 17)	-	-	-	-	-	-	-	-	-	-	31,635	31,635	31,635
Contribution from non-controlling interests upon additional capital injection into a subsidiary	-	-	-	-	-	-	-	-	-	-	30,230	30,230	30,230
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(4,928)	(4,928)	(4,928)
Release upon disposal of an associate	-	-	-	-	-	-	(16,433)	-	(16,433)	-	-	-	(16,433)
Repurchase of shares by a listed subsidiary	-	-	39,026	-	-	-	-	-	39,026	-	(71,788)	(71,788)	(32,762)
Accrual of interest to holders of perpetual bond	-	-	-	-	-	-	-	(16,211)	(16,211)	33,356	(17,145)	16,211	-
Interest paid to holder of perpetual bond	-	-	-	-	-	-	-	-	-	(33,356)	-	(33,356)	(33,356)
Dividends paid (note 6)	-	-	-	-	-	-	-	(565,350)	(565,350)	-	-	-	(565,350)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(579,035)	(579,035)	(579,035)
At 30 June 2021 (unaudited)	13,649,839	54,855	(747,571)	(5,912,547)	249,404	2,421,913	2,841,649	33,194,179	45,751,721	1,096,852	38,227,778	39,324,630	85,076,351

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

Notes:

- (i) Other revaluation reserve is comprised of fair value adjustments on acquisition of subsidiaries relating to interests previously held by the Company and its subsidiaries (collectively referred to as the “Group”) as associates/joint ventures and fair value adjustments arising upon the transfer of property, plant and equipment to investment properties in prior years.
- (ii) The Group accounts for acquisitions of associates, joint ventures or investee companies from its ultimate parent, Shanghai Industrial Investment (Holdings) Company Limited (“SIIC”), as equity transactions and any difference between the consideration paid and the fair value of the interest acquired is recorded in other reserve. In addition, the Group accounts for changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over those subsidiaries as equity transactions and any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recorded in other reserve.
- (iii) Merger reserve mainly represents the difference in the fair value of the consideration paid to SIIC for the acquisition of subsidiaries/ businesses controlled by SIIC and the share capital of the acquired subsidiaries.
- (iv) The statutory reserves are reserves required by the relevant laws in the People’s Republic of China (the “PRC”) applicable to the Group’s PRC subsidiaries, joint ventures and associates.
- (v) In 2 January 2020, Shanghai Industrial Development Co., Ltd. (“SI Development”), a non-wholly owned listed subsidiary of the Group issued a 5.5% perpetual bond with par value of RMB1 billion (equivalent to approximately HK\$1,096,852,000) to an independent third party (the “perpetual bondholder”).

The perpetual bondholder is entitled to an interest of 5.5% per annum in the first 1.5 years (the “initial investment period”) after issuance. Upon the end of the initial investment period, SI Development can elect to extend repayment of the principal for another year once every year indefinitely and the interest rate will be reset with reference to People’s Bank of China Benchmark Lending Rate upon each deferral of interest payment and capped at 9%. The interest payments fall due quarterly. Unless SI Development declares dividend to shareholders or reduces the registered capital within 12 months before the interest due date, SI Development can elect to defer the payment of all current or deferred interests to the next payment date.

According to the above-mentioned terms, the issued perpetual bond has no maturity date. SI Development has the right to defer interest payment and the option for redemption of perpetual bond. SI Development has no obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer, so the perpetual bond is classified as an equity instrument.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	NOTES	Six months ended 30 June	
		2021	2020
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Net cash from (used in) operating activities		2,893,305	(1,385,540)
Net cash used in investing activities:			
Deposits paid for acquisition of parcels of land/ property, plant and equipment/intangible assets		(5,905,015)	(62,217)
Purchase of property, plant and equipment		(329,395)	(414,854)
Capital injection in an associate		(227,927)	–
Investments in joint ventures		(179,942)	(1,681,207)
Addition of service concession rights		(138,160)	(84,338)
Development costs paid for investment properties		(89,484)	(85,673)
Purchase of financial assets at fair value through profit or loss (“FVTPL”)		(24,040)	(458)
(Increase) decrease in pledged/short-term bank deposits		(14,935)	370,286
Repayment from joint ventures		1,666,363	–
Proceeds received in advance for proposed disposal of assets classified as held for sales		604,810	–
Repayment from (advance to) associates		590,259	(567,391)
Interest received		179,242	226,897
Dividend income received from associates		146,552	163,151
Net cash inflow on acquisition of subsidiaries	17	116,905	–
Proceeds from disposal of interests in associates		110,184	467,521
Proceeds from disposal of financial assets at FVTPL		102,741	–
Proceeds from disposal of subsidiaries	18	32,373	29,350
Capital refund from an equity investment at fair value through other comprehensive income (“FVTOCI”)		19,291	–
Proceeds from disposal of property, plant and equipment		5,547	–
Dividend income received from investments		3,498	2,761
Acquisition of addition interest in an associate		–	(167,540)
Proceeds from disposal of investments		–	129,744
Proceeds from disposal of an equity investment at FVTOCI		–	3,531
Other investing cash flows		–	10,090
		(3,331,133)	(1,660,347)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash from (used in) financing activities:		
Bank and other borrowings raised	12,764,422	18,196,684
Contribution from non-controlling interests upon additional capital injection of a subsidiary	30,230	35,478
Repayment of bank and other borrowings	(7,558,670)	(17,501,736)
Interest paid	(675,800)	(874,766)
Dividends paid to non-controlling interests	(579,035)	(578,038)
Dividends paid	(258,346)	(458,696)
Repayment to related parties	(90,328)	(18,159)
Repayment of lease liabilities	(67,449)	(53,947)
Interest paid to holder of perpetual bond	(33,356)	(28,829)
Repurchase of shares by a listed subsidiary	(32,762)	–
Acquisition of additional interest in a listed subsidiary	–	(32,977)
Proceeds from issuance of perpetual bond	–	1,096,852
	3,498,906	(218,134)
Net increase (decrease) in cash and cash equivalents	3,061,078	(3,264,021)
Cash and cash equivalents at beginning of the period	28,354,355	27,904,781
Effect of foreign exchange rate changes	396,833	(472,503)
Cash and cash equivalents at ending of the period represented by Bank balances and cash	31,812,266	24,168,257

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2020 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 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.

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.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than 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 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020.

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 2021 for the preparation of the Group’s condensed 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

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”

2.1.1 Accounting policies

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Leases

The Group as a lessee

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2” (continued)

2.1.2 Transition and summary of effects

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 following table shows the total amounts of outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts.

	USD London Interbank Offered Rate HK\$'000	HKD Hong Kong Interbank Offered Rate HK\$'000	Total HK\$'000
Bank borrowings	1,495,872	6,632,537	8,128,409

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending 31 December 2021.

3. REVENUE AND SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (i.e. the board of directors of the Company) for the purposes of resource allocation and performance assessment, are as follows:

Infrastructure facilities	–	investment in toll road projects and water-related business
Real estate	–	property development and investment and hotel operation
Consumer products	–	manufacture and sale of cigarettes, packaging materials and printed products

The above operating segments also represent the Group's reportable segments.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (continued) Disaggregation of Revenue

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Sales of goods and services		
Sales of properties	7,521,997	6,452,214
Sales of goods	1,709,786	1,735,862
Income from infrastructure facilities, other than financial income from service concession arrangements		
– toll road operation	1,041,645	431,606
– water-related service		
– operating and maintenance income	1,932,309	1,392,126
– construction income from construction contracts	1,380,925	972,095
Ancillary facilities, property services and management income	1,283,671	1,131,139
Income from hotel operations	141,622	57,626
Revenue from goods and services	15,011,955	12,172,668
Financial income from service concession arrangements	645,511	548,642
Rental income	658,354	489,642
	16,315,820	13,210,952
Timing of revenue recognition of revenue from goods and services		
A point in time	11,164,092	9,580,202
Overtime	3,847,863	2,592,466
	15,011,955	12,172,668

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results

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

Six months ended 30 June 2021 (unaudited)

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

Six months ended 30 June 2020 (unaudited)

	Infrastructure facilities HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
REVENUE					
Segment revenue – external sales	3,344,469	8,130,621	1,735,862	–	13,210,952
Segment operating profit (loss)	868,770	2,717,280	425,055	(95,313)	3,915,792
Finance costs	(373,947)	(425,904)	(803)	(65,255)	(865,909)
Share results of joint ventures	94,448	118	–	–	94,566
Share of results of associates	130,784	(14,135)	4,592	–	121,241
Gain on disposal of subsidiaries/ interests in associates	71,218	–	15,797	–	87,015
Segment profit (loss) before taxation	791,273	2,277,359	444,641	(160,568)	3,352,705
Income tax expense	(150,087)	(1,379,383)	(72,290)	(61,824)	(1,663,584)
Segment profit (loss) after taxation	641,186	897,976	372,351	(222,392)	1,689,121
Less: segment profit attributable to non-controlling interests	(232,762)	(641,621)	(12,036)	–	(886,419)
Segment profit (loss) after taxation attributable to owners of the Company	408,424	256,355	360,315	(222,392)	802,702

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

At 30 June 2021 (unaudited)

	Infrastructure facilities HK\$'000	Real estate HK\$'000	Consumer products HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment assets	67,485,027	131,783,980	7,499,588	3,990,883	210,759,478
Segment liabilities	31,676,396	84,716,239	865,536	8,424,956	125,683,127

At 31 December 2020 (audited)

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

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax		
– Hong Kong	45,783	54,653
– PRC Land Appreciation Tax ("LAT")	1,291,240	714,941
– PRC Enterprise income tax ("EIT") (including PRC withholding tax of HK\$137,846,000 (six months ended 30 June 2020: HK\$18,608,000))	1,038,372	693,012
	2,375,395	1,462,606
(Over) underprovision in prior periods		
– Hong Kong	–	(78)
– PRC LAT	–	129,444
– PRC EIT (including an overprovision of PRC withholding tax of HK\$nil (six months ended 30 June 2020: HK\$3,009,000))	(1,926)	(16,657)
	(1,926)	112,709
Deferred taxation for the current period	166,358	88,269
	2,539,827	1,663,584

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. INCOME TAX EXPENSE (continued)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

The Group's subsidiaries in the PRC are subject to PRC EIT at a rate of 25% for both periods, except for (i) certain PRC subsidiaries which are qualified as a High New Technology Enterprise and enjoy a preferential tax rate of 15% for both periods (the preferential tax rate is applicable for a consecutive three years from the date of grant and subject to approval for renewal); and (ii) certain PRC subsidiaries, engaging in public infrastructure projects, are entitled to full exemption from PRC EIT for the first three years and a 50% reduction in PRC EIT for the next three years from the first year of generating operating income.

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs and all qualified property development expenditures.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2021	2020
	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)	198,197	172,263
Amortisation of toll road operating rights (included in cost of sales)	357,441	271,805
Depreciation of property, plant and equipment	256,218	312,471
Depreciation of right-of-use assets	46,948	42,416
Dividend income from investments (included in net investment income)	(3,498)	(2,761)
Government compensation of toll road operating rights (included in other income, gain and losses) (Note)	(196,244)	-
Impairment loss on trade receivables (included in other income, gains and losses)	219,663	1,081
(Increase) decrease in fair value of financial assets at FVTPL (included in net investment income)	(22,817)	9,530
Interest expenses for lease liabilities	8,596	10,597
Interest income (included in net investment income)	(192,859)	(226,897)
Net foreign exchange loss (included in other income, gains and losses)	30,745	32,996
Net gain on disposal of property, plant and equipment (included in other income, gains and losses)	(1,105)	(4,474)
Net increase in fair value of investment properties (included in other income, gains and losses)	(793,617)	(136,866)
Share of PRC EIT of associates (included in share of results of associates)	66,344	32,256
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	39,616	36,402

Note: The amount is transferred to other income on a units-of-usage basis, calculated based on the proportion of actual traffic volume for a particular period to the projected total traffic volume over the periods for which the Group is granted the rights to operate the toll roads. This policy has resulted in a credit to other income in the current interim period of HK\$196 million. As at 30 June 2021, an amount of RMB3,286 million (equivalent to approximately HK\$3,951 million) remains to be amortised, details for this compensation are set out in note 15.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6. DIVIDENDS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
2020 final dividend paid of HK52 cents (six months ended 30 June 2020: 2019 final dividend paid of HK52 cents) per share	565,350	565,350

Subsequent to the end of the current interim period, the directors of the Company have determined that a 2021 interim cash dividend of HK48 cents per share will be paid to the shareholders of the Company whose names appear on the Company's register of members on 24 September 2021.

Subsequent to the end of the last interim period, a 2020 interim cash dividend of HK22 cents per share and a distribution in specie of 217,442,320 shares of Shanghai Industrial Urban Development Group Limited ("SI Urban Development") held by the Company to the shareholders of the Company whose names appearing on the Company's register of members on 29 September 2020 in proportion to their then respective shareholdings in the Company on the basis of one SI Urban Development share for every five shares held by the shareholders of the Company.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021	2020
	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	2,130,516	802,702
Interest to holders of perpetual bond	(16,211)	(14,011)
	2,114,305	788,691
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 share option issued by SI Urban Development because the exercise price of the share options was higher than the average market price for that period. During the six months ended 30 June 2021, none of share options were outstanding as all of them had expired on 23 September 2020.
- (ii) 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

8. MOVEMENTS IN INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT/OTHER INTANGIBLE ASSETS AND DEPOSITS PAID ON ACQUISITION OF NON-CURRENT ASSETS

The Group's investment properties at the end of the reporting period were fair-valued by Cushman & Wakefield Limited ("C&W"). C&W is a member of the Institute of Valuers and a firm of independent qualified professional valuers not connected with the Group. The valuations were arrived at by reference to market evidence of transaction prices for similar properties in similar locations and conditions, or on the basis of investment approach, where appropriate.

During the current interim period, the Group recognised a net increase in fair value of investment properties of approximately HK\$794 million in profit or loss (six months ended 30 June 2020: HK\$137 million). In addition, properties held for sale included in inventories with an aggregate carrying amount of approximately HK\$275 million (six months ended 30 June 2020: HK\$1,343 million) were transferred to investment properties as the management had changed the use of the properties, evidenced by inception of lease agreements with the tenants during the period. A fair value gain of approximately HK\$123 million (six months ended 30 June 2020: HK\$253 million) in respect of these properties is recognised in the profit or loss.

During the current interim period, the Group incurred costs for construction in progress of approximately HK\$245 million (six months ended 30 June 2020: HK\$56 million) and acquired other property, plant and equipment at an aggregate cost of approximately HK\$86 million (six months ended 30 June 2020: HK\$369 million) for the purpose of expanding the Group's operations and businesses.

On 17 December 2020, the Group won the bid in respect of three parcels of land situated in Shanghai, the PRC, through listing-for sale at a total consideration of RMB3,893 million (equivalent to HK\$4,457 million), for the purpose of development into an urban complex with A grade office building, serviced apartment, theme commercial building and cultural and entertainment facilities, a deposit of RMB1,500 million (equivalent to HK\$1,782 million) was paid on December 2020. The remaining considerations were fully paid during the current interim period.

During the current interim period, the Group further entered into another land use right contract to acquire a parcel of land in Shanghai, in the PRC for the development of commercial buildings at a consideration of approximately RMB2,277 million (equivalent to approximately HK\$2,731 million) which was fully paid by the Group and recognised as deposits paid on acquisition of non-current assets as at 30 June 2021.

During the six months ended 30 June 2021, the Group obtained the land use right certificate for two parcels of land in Minhang District in Shanghai in the PRC. One of them will be developed into residential properties held for earning rentals and the other one will have a portion to develop commercial building held for earning rentals. Accordingly, the respective prepayments made in prior year of approximately HK\$919,974,000 were transferred to investment properties during the period.

In addition, the Group acquired other intangible assets of approximately HK\$138 million (six months ended 30 June 2020: HK\$84 million).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

9. INTERESTS IN ASSOCIATES

On 22 January 2020, the Group, through its non-wholly owned subsidiary, entered into a subscription agreement with SIIC Financial Leasing Co., Ltd. (上實融資租賃有限公司) (“SIIC Financial Leasing”), an associate of SIIC. Pursuant to the subscription agreement, the Group conditionally agreed to subscribe for 20% of the enlarged register capital of SIIC Financial Leasing by at a cash consideration of RMB407,942,000 (equivalent to approximately HK\$489 million). SIIC Financial Leasing is an integrated credit provider based in Shanghai. On 6 January 2021, the acquisition was completed and SIIC Financial Leasing is accounted for as interest in an associate using equity method.

On 29 April 2021, the Group, through its non-wholly owned subsidiary, SIIC Shanghai Urban Development & Investment Co., Ltd. (“SIIC Shanghai Urban”) made an additional capital contribution in proportion to its existing shareholding in SIIC Elderly Care Investment Co., Ltd. (“SIIC Elderly Care”), an associate of the Group with an amount of RMB190,000,000 (equivalent to approximately HK\$227,927,000) pursuant to a capital injection agreement with all existing shareholders of SIIC Elderly Care, upon which SIIC Shanghai Urban’s shareholding in SIIC Elderly Care remained unchanged at 38%.

10. INVESTMENTS

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Equity instruments at FVTPL		
Listed equity securities	492,866	465,657
Unlisted equity securities	31,418	31,411
	524,284	497,068
Financial assets at FVTPL	84,336	167,096
Equity instruments at FVTOCI		
Listed equity securities	98,533	106,882
Unlisted equity securities	581,084	593,738
	679,617	700,620
Total investments	1,288,237	1,364,784
Analysed for reporting purposes as:		
Current portion	577,202	632,753
Non-current portion	711,035	732,031
	1,288,237	1,364,784

11. INVENTORIES

Inventories mainly represent properties under development held for sale. Included in the amount is HK\$52,057,729,000 (31 December 2020: HK\$46,394,251,000) which is not expected to be realised within one year.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

12. TRADE AND OTHER RECEIVABLES

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

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within 30 days	1,170,265	943,183
Within 31 – 60 days	588,652	420,590
Within 61 – 90 days	432,367	540,861
Within 91 – 180 days	782,619	408,506
Within 181 – 365 days	717,078	314,677
Over 365 days	573,681	894,985
	4,264,662	3,522,802

Included in other receivables as at 30 June 2021 were (i) unsecured amounts of HK\$1,155,101,000 (31 December 2020: HK\$1,725,614,000) due from certain associates of which HK\$956,429,000 (31 December 2020: HK\$1,654,488,000) carried fixed interest at prevailing market interest rates; and (ii) amounts of HK\$295,823,000 (31 December 2020: HK\$1,942,369,000) due from certain joint ventures with amounts of HK\$23,902,000 (31 December 2020: HK\$1,787,481,000) carries fixed interest at prevailing market interest rates.

13. TRADE AND OTHER PAYABLES

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

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within 30 days	2,773,019	2,931,542
Within 31 – 60 days	322,324	328,009
Within 61 – 90 days	265,537	271,286
Within 91 – 180 days	323,188	417,515
Within 181 – 365 days	742,565	1,633,827
Over 365 days	1,865,819	1,722,248
	6,292,452	7,304,427

Included in other payables as at 30 June 2021 were (i) amounts of HK\$236,803,000 (31 December 2020: HK\$233,271,000) due to State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District (the "Xuhui SASAC") and entities controlled by the Xuhui SASAC, (ii) amounts of HK\$1,466,000 (31 December 2020: HK\$1,448,000) due to certain fellow subsidiaries, which are unsecured and have no fixed terms of repayment, (iii) amounts of HK\$967,047,000 (31 December 2020: HK\$866,508,000) due to non-controlling interests of which the amount of HK\$559,450,000 (31 December 2020: HK\$552,720,000) carried fixed interest at rates ranged from 4.75% to 5.13% (31 December 2020: 4.75% to 5.13%) during the period and (iv) accrued expenditure on properties under development of HK\$2,338,023,000 (31 December 2020: HK\$2,597,353,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14. CONTRACT LIABILITIES

The amount mainly represents proceeds received on property sales that have not been recognised as revenue in accordance with the Group's revenue recognition policy.

15. DEFERRED INCOME

On 22 June 2021, the Group through its indirect wholly-owned subsidiaries, entered into three compensation agreements with Shanghai Municipal Transportation Commission and Shanghai Municipal Investment (Group) Corporation, pursuant to which Shanghai Municipal transportation Commission agreed to pay the Group a pre-tax aggregate amount of RMB3,553 million (equivalent to approximately HK\$4,272 million) as the economic compensation for the reduction of future toll fee revenue as a result from the waivers of toll mileage of certain entry sections of the three expressways operated by the Group. The Group continues to be responsible for the maintenance and operation of those entry sections of the relevant expressways for the remaining period of the respective toll road operating rights. The amount has been treated as deferred income.

The amount is transferred to other income on a units-of-usage basis, calculated based on the proportion of actual traffic volume for a particular period to the projected total traffic volume over the period for which the Group is granted the rights to operate toll road. This policy has resulted in a credit to other income in the current year of HK\$196 million. As at 30 June 2021, an amount of RMB3,286 million (equivalent to approximately HK\$3,951 million) remains to be amortised.

16. BANK AND OTHER BORROWINGS

During the current interim period, the Group (i) completed the issuance of listed corporate bonds with an aggregate principal amount of RMB1,500 million (equivalent to approximately HK\$1,799 million) by a listed subsidiary, SIIC Environment Holdings Limited ("SIIC Environment"). The bonds are unsecured and have a maturity of five years from 12 March 2021, the issue date, and carry interest at a fixed rate of 3.89% per annum; (ii) obtained new borrowings in the amount of approximately HK\$10,965 million (six months ended 30 June 2020: HK\$18,197 million) and (iii) repaid borrowings of approximately HK\$7,559 million (six months ended 30 June 2020: HK\$17,502 million). The borrowings carry interest at market rates.

17. ACQUISITION OF SUBSIDIARIES

During the interim period, the Group acquired the following subsidiaries:

(i) Chelsea Securities Limited ("CSL")

In February 2021, SI Urban Development acquired 80% equity interests in CSL at a cash consideration of HK\$56,000,000 from certain independent third parties. This acquisition was accounted for as a business combination. CSL operates in Hong Kong and is principally engaged securities dealing and portfolio management. CSL was acquired to enhance the competitiveness of the Group's business and explore a new dimension in Hong Kong.

(ii) Henan Wennuo Environmental Protection Technology Co., Ltd. ("Henan Wennuo")

In April 2021, SIIC Environment through its 92.2% owned subsidiary, Fudan Water Engineering and Technology Co., Ltd. and its 75% owned subsidiary, SIIC Henan Investment Co., Ltd., completed the acquisition of 80% equity interest in Henan Wennuo at a total consideration of RMB78,482,000 (equivalent to HK\$94,148,000). Henan Wennuo is principally involved in the operation of waste water treatment plant with total design capacity of 300,000 tons/day, and is based in Luohe City, Henan Province, the PRC.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

17. ACQUISITION OF SUBSIDIARIES (continued)

During the interim period, the Group acquired the following subsidiaries: (continued)

	CSL HK\$'000	Henan Wennuo HK\$'000	Total HK\$'000
Considerations:			
Cash paid	26,000	80,025	106,025
Deposit paid as at 31 December 2020	30,000	–	30,000
Consideration payable (included in other payable as at 30 June 2021)	–	14,122	14,122
	56,000	94,147	150,147
Fair value of assets acquired and liabilities recognised at the dates of acquisitions are as follows (determined on provisional basis):			
Property, plant and equipment	63	5,266	5,329
Right-of-use-assets	608	–	608
Other intangible assets	200	–	200
Receivable under service concession arrangements	–	148,217	148,217
Interest in associates	–	18,018	18,018
Financial assets at FVTPL	13	–	13
Trade and other receivables	34,896	72,594	107,490
Prepaid taxation	4	–	4
Bank balances and cash	222,439	491	222,930
Trade and other payables	(217,107)	(108,509)	(325,616)
Lease liabilities	(621)	–	(621)
Deferred tax liabilities	–	(18,394)	(18,394)
	40,495	117,683	158,178
Goodwill arising on acquisitions			
Consideration	56,000	94,147	150,147
Add: non-controlling interests	8,099	23,536	31,635
Less: Net assets acquired	(40,495)	(117,683)	(158,178)
	23,604	–	23,604
Net cash outflow (inflow) arising on acquisitions			
Cash consideration paid	26,000	80,025	106,025
Less: bank balances and cash acquired	(222,439)	(491)	(222,930)
	(196,439)	79,534	(116,905)

No pro forma information for the acquisitions of CSL and Henan Wennuo are prepared as the acquisitions would have no significant contribution to the Group's revenue or financial performance for the period from 1 January 2021 to respective dates of acquisition and the pro forma revenue and results of operations of the Group for the acquisitions approximate the Group's revenue and results for the six months ended 30 June 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

18. ASSETS CLASSIFIED AS HELD FOR SALE/DISPOSAL OF SUBSIDIARIES

- (i) On 31 December 2018, the directors of SIIC Environment through its non-wholly owned subsidiary, Longjiang Environmental Protection Group Co., Ltd. (“Longjiang”), resolved to dispose of its entire 80% equity interest in Lingbi Chenxin Green Industry Development Co., Ltd. (“Lingbi”) to a third party. Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the subsidiary, which are expected to be sold within twelve months, were classified as a disposal group held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, and are presented separately in the condensed consolidated statement of financial position since 31 December 2019.

During the year ended 31 December 2019 and 2020, the disposal has not yet completed as the Group has been in the process of finalising the payment plan with the contracted vendor, which is the non-controlling shareholder of that subsidiary. The Group entered into a supplementary agreement with the third party on top of the previously signed sales and purchase agreement to extend the expected completion date of the disposal from 2019 to January 2020 due to renegotiation of consideration payment terms. Further, due to the outbreak of the Covid-19, a further negotiation on the payment plan has been taking place and the Group expects to complete the disposal in 2021. Therefore, the assets and liabilities attributable to the subsidiary are presented separately in the consolidated statement of financial position as at 31 December 2020.

The major classes of assets and liabilities comprising the disposal group classified as held for sale as at 31 December 2020 are as follows:

	31 December 2020 HK\$'000 (audited)
Trade and other receivables	31,157
Receivables under service concession arrangements	218,828
Prepayments	52
Inventories	559
Total assets classified as held for sale	250,596
Trade and other payables, and total liabilities associated with assets classified as held for sale	(180,428)

In June 2021, Longjiang completed the disposal of its entire 80% equity interest in Lingbi for a consideration of RMB40 million (equivalent to HK\$47,985,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

18. ASSETS CLASSIFIED AS HELD FOR SALE/DISPOSAL OF SUBSIDIARIES (continued)

(i) (continued)

Further details of the consideration, and assets and liabilities disposed of in respect of the disposed subsidiary during six months ended 30 June 2021 are set out below:

	HK\$'000
Analysis of assets and liabilities over which control was lost	
Inventories	570
Receivables under service concession arrangements	219,767
Trade and other receivables	38,322
Prepayments	30
Cash and cash equivalents	17
Trade and other payables	(66,065)
Bank and other borrowings	(162,848)
Deferred tax liabilities	(5,150)
Total identifiable net assets at fair value	24,643
Non-controlling interest	(4,928)
	19,715
Gain on disposal	
Cash consideration	32,390
Consideration receivable	15,595
Less: Net assets disposed of	(19,715)
	28,270

- (ii) On 30 June 2020, the management of the Group resolved to dispose of an associate. Negotiations with several interested parties have taken place. The interest in an associate, which is expected to be sold within twelve months, has been classified as an asset held for sale with a carrying amount of HK\$78,076,000, and is presented separately in the consolidated statement of financial position as at 31 December 2020. During the current interim period, the transaction was completed and has resulted in the Group recognising a gain on disposal of an associate amounting to HK\$48,542,000 in profit or loss.
- (iii) The assets classified as held for sale at 30 June 2021 represented lands and buildings in Shanghai proposed to be acquired by the municipal government at a total compensation consideration of RMB930 million (equivalent to HK\$1,116 million) and an amount of RMB504 million (equivalent to HK\$605 million) has been received by SI Development during the interim period. Compensation agreements have been signed between SI Development and municipal government, and are expected to be sold within twelve months, therefore the respective assets have been reclassified from investment properties and property, plant and equipment to assets classified as held for sale with an aggregate carrying amount of HK\$825,260,000 and are presented separately in the condensed consolidated statement of financial position.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. CAPITAL COMMITMENTS

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Capital expenditure contracted for but not provided in these condensed consolidated financial statements in respect of		
– acquisition of property, plant and equipment and intangible assets	52,973	50,583
– acquisition of land use right	2,683,983	2,842,718
– additions in construction in progress	1,094,875	1,090,826
– additions in properties under development held for sale	8,907,885	11,260,174
– investment in joint ventures	74,854	361,861
	12,814,570	15,606,162

20. CONTINGENT LIABILITIES

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Guarantees given to banks in respect of banking facilities utilised by		
– property buyers	7,438,876	7,254,139
– associates	1,369,941	1,411,370
	8,808,817	8,665,509

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Financial assets	Fair value as at 30 June 2021 HK\$'000 (unaudited)	Fair value as at 31 December 2020 HK\$'000 (audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
Financial assets at FVTPL					
Listed equity securities	492,866	465,657	Level 1	Quoted bid prices in an active market	N/A
Corporate bonds	65,096	149,505	Level 2	Quoted prices in the over-the-counter markets	N/A
Funds	–	17,591	Level 2	Quoted prices in the over-the-counter markets	N/A
Structured deposit	19,240	–	Level 2	Price quoted from a bank	N/A
Unlisted equity securities	31,418	31,411	Level 3	Adjusted net asset value method under cost approach	Discount factor of lack of control, the higher the discount factor, the lower the fair value
Financial assets at FVTOCI					
Listed equity securities	98,533	106,882	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity securities	581,084	593,738	Level 3	Adjusted net asset value method under cost approach	Discount factor of lack of control, the higher the discount factor, the lower the fair value

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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

	Unlisted equity instruments at FVTPL HK\$'000	Unlisted equity instruments at FVTOCI HK\$'000	Total HK\$'000
At 1 January 2020	31,375	547,915	579,290
Disposal	–	(2,642)	(2,642)
Exchange adjustments	–	(29,234)	(29,234)
Unrealised loss recognised in profit or loss	(10)	–	(10)
At 30 June 2020	31,365	516,039	547,404
At 1 January 2021	31,411	593,738	625,149
Refund of capital	–	(19,291)	(19,291)
Exchange adjustments	7	7,236	7,243
Unrealised loss recognised in profit or loss	–	(600)	(600)
At 30 June 2021	31,418	581,083	612,501

Fair value measurements and valuation processes

The directors of the Company have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model on a regular basis, or when needs arise and will report the significant results and findings to the board of directors of the Company. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. RELATED PARTY TRANSACTIONS AND BALANCES

- (i) During the current interim period, save as disclosed elsewhere in these condensed consolidated financial statements, the Group had the following significant transactions with related parties:

Related party	Nature of transactions	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Fellow subsidiaries	Rentals and management fee paid by the Group on land and buildings	20,791	26,707
	Rentals received by the Group on land and buildings	7,095	5,820
	Interest income received by the Group	–	2,866
Non-controlling shareholders of subsidiaries	Management fee paid by the Group	3,715	3,132
Joint venture	Interest income received by the Group	9,134	3,083
Associates	Interest income received by the Group	19,271	42,485
	Rentals received by the Group on land and buildings	230	4,391
	Property agency fee paid by the Group	2,338	10,956

Furthermore, the Group has entered into several banking facility agreements amounted to HK\$6,983 million (31 December 2020: HK\$8,477 million) and pursuant to the terms of the agreements, loans principal together with accrued interests and any other amounts accrued under the agreements may become immediately due and payable if (i) SIIC ceases to hold directly and indirectly at least 35% ultimate beneficial interest of and in the voting share capital of the Company or ceases to have management control over the Company; or (ii) the Shanghai Municipal People's Government, the controlling shareholder of SIIC, ceases to hold directly or indirectly at least 51% beneficial interest of and in the voting share capital of SIIC or SIIC ceases to remain under the administrative leadership of the Shanghai Municipal People's Government. The relevant facility agreements will mature in various dates up to 20 March 2022. As at 30 June 2021, the extent of utilisation of such bank facilities amounted to approximately HK\$6,983 million (31 December 2020: HK\$8,477 million).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(ii) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors' fee and committee remuneration	1,357	1,066
Basic salaries and allowance	6,584	6,852
Bonuses	3,004	3,004
Retirement benefits scheme contributions	235	263
	11,180	11,185

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(iii) Transactions with other PRC government entities

The Group itself is part of a larger group of companies under SIIC, which is controlled by the PRC government. The directors consider that the Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government. Apart from the transactions with SIIC, other connected persons and related parties disclosed as above, the Group also conducts business with other government related entities in the ordinary course of business. In the opinion of the directors of the Company, these transactions are considered as individually and collectively insignificant to the operations of the Group. The directors consider these government-related entities are independent third parties so far as the Group's business transactions with them are concerned.

Other Information

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(I) Interests in shares and underlying shares of the Company

Name of Director	Capacity	Nature of interests	Number of issued ordinary shares held	Approximate percentage of the issued shares
Zhou Jun	Beneficial owner	Personal	300,000	0.03%

Note: All interests stated above represent long positions.

(II) Interests in shares and underlying shares of associated corporations

SI Urban Development

Name of Director	Capacity	Nature of interests	Number of issued ordinary shares held	Approximate percentage of the issued shares
Zhou Jun	Beneficial owner	Personal	360,000	0.01%

Note: All interests stated above represent long positions.

Save as disclosed above, none of the Directors, chief executives nor their associates of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2021.

SHARE OPTIONS

(I) SIHL Scheme

The SIHL Scheme shall be valid and effective for a period of 10 years commencing the date of adoption of the scheme. During the period, no options were granted under the SIHL Scheme.

(II) SI Urban Development Scheme

The SI Urban Development Scheme shall be valid and effective for a period of 10 years commencing the date of adoption of the scheme. During the period, no options were granted under the SI Urban Development Scheme.

(III) SIIC Environment Scheme

The SIIC Environment Scheme shall be valid and effective for a period of 10 years commencing the date of adoption of the scheme. During the period, no options were granted under the SIIC Environment Scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES OF THE COMPANY

Save as disclosed under the section of Share Options above, at no time during the period was the Company or any of its holding companies or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, the interests and short positions of the substantial Shareholders and other persons, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

Name of shareholder	Capacity	Nature of interests	Number of issued ordinary shares beneficially held	Approximate percentage of the issued shares
SIIC	Interests held by controlled corporations	Corporate	683,623,748 <i>(Notes 1 and 2)</i>	62.88%

Notes:

- SIIC through its subsidiaries, namely Shanghai Investment Holdings Limited, SIIC Capital (B.V.I.) Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited, SIIC Trading Company Limited and SIIC CM Development Limited held 519,409,748 shares, 80,000,000 shares, 52,908,000 shares, 31,296,000 shares and 10,000 Shares respectively, and was accordingly deemed to be interested in the respective shares and underlying shares held by the aforementioned companies.
- All interests stated above represented long positions.

Save as disclosed above, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2021.

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

Change in Directors' information since the date of the annual report 2020 up to the date of this report is set out below:

Mr. Xu Bo

- resigned as an executive director of SIIC.

Mr. Leung Pak To, Francis

- appointed as a director of Ivanhoe Capital Acquisition Corp.

EMPLOYEES AND REMUNERATION POLICIES

During the six months ended 30 June 2021, the number of employees is 18,927. The Group appraises staff remuneration with reference to the operating results of the enterprises, individual performance and industry average. With a strong commitment to staff relationship and training, the Group also encourages employees to continue their education, adding value both for themselves and for the Group.

Other Information

REVIEW OF REPORT

The Audit Committee has reviewed the Company's interim report for the six months ended 30 June 2021.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has established its own Code for Securities Transactions by Directors or Relevant Employees, which was set on terms no less exacting than the required standards set out in the Model Code. Having made enquiries with all Directors and the relevant employees of the Company, each of them has confirmed that they have fully complied with the requirements of the Model Code and the code of the Company during the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

Glossary of Terms

Term used	Brief description
Canvest Environmental	Canvest Environmental Protection Group Company Limited (HKSE stock code: 1381)
Companies Ordinance	Companies Ordinance (Chapter 622) of the laws of Hong Kong
Company	Shanghai Industrial Holdings Limited (HKSE stock code: 363)
Director(s)	director(s) of the Company
Distribution in Specie	the distribution of an interim special dividend by the Company in the form of a distribution in specie of the SIUD Shares held by the Group to the Qualifying Shareholders in proportion to their respective shareholdings in the Company on the basis of an entitlement to 1 SIUD Share for every 5 Shares held by each Qualifying Shareholder as at 29 September 2020
Galaxy Energy	SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd.
General Water of China	General Water of China Co., Ltd.
Group	the Company and its subsidiaries
Jinan Quanyong	Jinan Quanyong Printing Co., Ltd.
Lingbi Chenxin	Lingbi Chenxin Green Industry Development Co., Ltd.
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules
Nanyang Tobacco	Nanyang Brothers Tobacco Company, Limited
Net Business Profit	Net profit excluding net corporate expenses
PRC	The People's Republic of China
Qualifying Shareholder(s)	Shareholder(s) qualifying for the Distribution in Specie
SFO	Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong
SGX	Singapore Stock Exchange
Shanghai Galaxy	Shanghai Galaxy Investment Co., Ltd.
Share(s)	ordinary share(s) of the Company
Shareholder(s)	shareholder(s) of the Company
SI Development	Shanghai Industrial Development Co., Ltd. (SSE stock code: 600748)
SI Urban Development or SIUD	Shanghai Industrial Urban Development Group Limited (HKSE stock code: 563)

Glossary of Terms

Term used	Brief description
SI Urban Development Scheme	A share option scheme adopted by SI Urban Development at the annual general meeting held on 16 May 2013
SIHL Scheme	A share option scheme adopted by the Company at the extraordinary general meeting held on 25 May 2012
SIIC	Shanghai Industrial Investment (Holdings) Company Limited
SIIC Elderly Care	SIIC Elderly Care Investment Co., Ltd.
SIIC Environment	SIIC Environment Holdings Ltd. (SGX stock code: BHK; HKSE stock code: 807)
SIIC Environment Scheme	A share option scheme adopted by SIIC Environment at the extraordinary general meeting held on 27 April 2012
SIUD Share(s)	ordinary share(s) of SI Urban Development
SSE	Shanghai Stock Exchange
Stock Exchange or HKSE	The Stock Exchange of Hong Kong Limited
SUS Environment	Shanghai SUS Environment Co., Ltd.
Wing Fat Printing	The Wing Fat Printing Company, Limited
Wuxi Foreign Trade	Wuxi Foreign Trade Co., Ltd.

