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

(Incorporated in Hong Kong with limited liability)
(Stock Code: 363)

ANNOUNCEMENT OF 2024 INTERIM RESULTS

(Unaudited)

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2024. For the six months ended 30 June 2024, the Group's unaudited revenue amounted to HK$10,369 million, representing a year-on-year decrease of 18.9%. Profit attributable to shareholders was HK$1,201 million, a decline of 12.7% over the same period last year. The reduction in revenue and profit was mainly due to a significant one-off gain recorded by Shanghai Industrial Development Co., Ltd. ("**SI Development**") in the same period last year.

The Mainland economy continued to maintain positive growth during the first half of the year. Nevertheless, the international geopolitical situation remained tense and a high-interest-rate environment continued to prevail for major global economies. Trade frictions continued to mount as unilateralism in international trade was still being practiced by a few countries. Against this scenario, the Board of Directors and the management of the Group have made considerable efforts to overcome the challenges. Capitalizing on favourable national policies and development opportunities, the Group continued to streamline its business layout, promote innovations and enhancements, develop new productive forces and strengthen the foundation of its management team. In addition, by enhancing internal controls, the Group has maintained stable operations and development of its core business, achieving satisfactory business performance and profitability for the period.

The Board of Directors has resolved to pay an interim dividend of HK42 cents per share for 2024 (2023: HK42 cents per share) to Shareholders whose names appear on the register of members of the Company on Tuesday, 24 September 2024. The above interim dividend will be paid to Shareholders on or around Thursday, 10 October 2024.

INFRASTRUCTURE AND ENVIRONMENTAL PROTECTION

During the period, the infrastructure and environmental protection business recorded a profit of HK$1,056 million, a year-on-year decrease of 11.6% due to the decline in the exchange rate of Renminbi, and accounted for approximately 80.6% of the Group's Net Business Profit*. The toll road business continued to generate stable cash flow for the Group. During the period, the Group continued to capitalize on national strategies and policy opportunities, and strengthened its efforts to expand in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Economic Belt with a view to consolidating the Group's leading position in China's water and environmental protection industries.

Toll Roads/Bridge

During the period, the overall traffic flow and toll revenue of the Group's three toll roads and the Hangzhou Bay Bridge increased steadily, mainly due to increased festive and holiday travels during the first Spring Festival following the transition of pandemic-control measures, in addition to natural growth in traffic flow. To further improve efficiency and service quality, the project companies held toll-collection contests and streamlined its operational plans to secure smooth road passage. In the first half of the year, the project company launched a pilot study on quasi-free flow at the exit of the Jiangqiao toll station following the successful implementation of the "1+2+3" intelligent quality enhancement project made by the Shanghai Hu-Ning Expressway (Shanghai Section) at last year end, further enhancing the capacity of the lanes. The Hu-Yu Expressway (Shanghai Section) continued to pursue comprehensive and meticulous maintenance management programs for bridges, roads and ancillary facilities. Hu-Kun Expressway (Shanghai Section) introduced ETC lanes service enhancements, improved smart application projects and continued to promote digital transformation while simultaneously upgrading the software and hardware facilities in the service areas. The overall safety of the Hangzhou Bay Bridge and the "two districts and one island" was stable, while the bridge technology remained sound and the network toll-collection system operated smoothly.

In order to ensure that transportation facilities are in good order, and to maintain steady road improvement, all toll road companies continued to make efforts to upgrade their facilities management and maintenance quality. Leveraging on past experience and combined efforts arising from annual specific maintenance programs and daily maintenance plans, the Group launched the road projects for the 7th China International Import Expo during the period, involving comprehensive repairs and improvements and constant enhancements of the overall road conditions. In response to the requirements of the Shanghai Municipal Transportation Commission, preliminary works for the widening and reconstruction project of the Hu-Yu Expressway (Shanghai Section) progressed smoothly during the period. The temporary expansion of two lanes at the entrance and exit of Xicen station was completed in a timely manner to prepare for the opening of the Huawai Qingpu Research Centre in the area.

In the second half of the year, the project companies will continue to streamline their operations and management, and fully utilize toll-collection contests and other initiatives to enhance capacity to deal with emergencies on the roads. In addition, preparation will be duly made for the surveillance programs for the monitoring and inspection of all national and provincial trunk road network conditions for 2024. The project companies will also continue to carry out facilities improvement and strive to maintain appropriate technologies used on the roads. Endeavors will also be made to ensure the safe passage of traffic on major holidays; and further efforts will also be made to facilitate flood and typhoon prevention-and-control to ensure safe passage during the flood season.

The key operating figures of the respective toll roads/bridge under the Group as at 30 June 2024 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$190 million	-0.7%	HK$281 million	-3.2%	20.61 million	+2.9%
Hu-Kun Expressway (Shanghai Section)	100%	HK$279 million	-4.8%	HK$445 million	-1.7%	37.24 million	+3.8%
Hu-Yu Expressway (Shanghai Section)	100%	HK$76 million	-15.1%	HK$243 million	-6.4%	17.85 million	-4.6%
Hangzhou Bay Bridge	23.0584%	HK$106 million	-4.7%	HK$1,133 million	-1.2%	10.26 million	+5.7%
Total		HK$651 million	-5.0%	HK$2,102 million	-2.2%	85.96 million	+1.9%

Water Services/Clean Energy

The Group will continue to expand its water and solid waste business, intensify the construction of key projects and actively explore new investment opportunities in other environmental protection sectors.

SIIC Environment

In the first half of 2024, the revenue of SIIC Environment Holdings Ltd. ("**SIIC Environment**") recorded a decline of 17.3% year-on-year to RMB3,324 million, and net profit attributable to shareholders decreased by 14.8% year-on-year to RMB321 million. The reduction in revenue and net profit was mainly due to the completion of the construction of the Shanghai Baoshan Renewable Energy Utilization Center project ("**Baoshan Project**") in 2023 while the main construction of key new projects in 2024 is not due to commence until the second half of the year. This has led to a 59.9% year-on-year decrease in construction revenue (including interest income from the construction period) during the reporting period; and a reduction in net profit mainly attributable to a decline in construction revenue. Nevertheless, the company's operation revenue (including interest income from the operation period) continued to grow steadily, rising by 5.9% year-on-year during the period, mainly came from higher sewage-treatment volume and average unit price of water treatment and water supply. Gross profit margin for the first half of the year also increased to 38.4% year-on-year.

During the period, the company's sewage-treatment volume grew by 3.1% year-on-year to 1,277,671,000 tonnes, and water-supply volume rose 4.7% year-on-year to 163,068,000 tonnes. In terms of tariffs, the average sewage-treatment tariff increased by 4.4% to RMB 1.88 per tonne while the average water-supply tariff remained relatively stable.

During the period, SIIC Environment made great efforts to develop its business and achieved major progress in three projects, respectively in Hubei Province, Shandong Province and the Guangxi Zhuang Autonomous Region of China, with a total planned daily capacity of 285,000 tonnes. The new projects included the O&M sewage-treatment plant project in the Weifang district, Weicheng city, the O&M sewage treatment plant phase II project in Daguansha of Beihai city and the sewage-treatment plant phase III project in Hanxi, with planned daily capacities of 50,000 tonnes, 35,000 tonnes and 200,000 tonnes respectively. In addition, the expansion of Hegang city sewage treatment project (west district expansion phase II) was completed and commenced commercial operation retrospectively from 30 June 2023, with a planned daily treatment capacity of 30,000 tonnes.

In the first half of the year, SIIC Environment completed the adjustment of its financing structure outside China. The company successfully replaced its floating non-RMB bank loans which carried high-interest rates from outside China with low-cost RMB fixed-rate bank loans from within China, reducing finance expenses, exercising better controls over interest-rate risks and optimizing the company's financing structure.

Striving to promote the construction of a beautiful China, the Chinese Government has steadily pursued carbon emissions peaking and carbon neutrality and continued to introduce favourable policies for the green industry. SIIC Environment will capitalize on development opportunities brought about by these favourable policies while closely keeping an eye on new high-quality project opportunities. The company will also make great efforts to push forward the construction, upgrading and reconstruction of its existing projects. Today, the company's "One Mountain and One Water" benchmark projects have made positive progress. The solid waste benchmark project, the Baoshan project, successfully commenced operations, and the construction of the key sewage-treatment project, the Xicen water-purification plant in Qingpu, has reached a key milestone according to schedule.

Looking ahead, SIIC Environment will continue to streamline its business layout, expand its market share, and consolidate its leading position in China's water services and environmental protection industries. In addition, the company will take active steps to respond to national policies, keep pace with the times and follow the path of green development through exploration of low-carbon technologies and gradual reduction of carbon emissions from sewage-treatment projects in order to achieve carbon peaking and carbon neutrality. SIIC Environment will also continue to advocate the digitalization of water services in the years ahead to achieve synergies in water management, efficient use of water resources and easy access to water services. While ensuring stable and compliant discharge of effluent-water quality, the company also aims to reduce costs and increase efficiency.

General Water of China

In 2024, General Water of China Co., Ltd. ("**General Water of China**") closely followed its development strategy to earnestly implement works layout for the "year of quality and efficiency improvement”. Adhering to the philosophy of “bold innovation, pursuit of excellence, quality management and stringent cost control”, the company has made every effort to ensure that established objectives and tasks were accomplished. For the period under review, operating revenue amounted to HK$956 million, representing a year-on-year reduction of 10.3% and a net profit of HK$130 million, representing a year-on-year decrease of 26.5%. In March, General Water of China was named one of the Top 10 Most Influential Enterprises in China’s Water Industry for the 21st consecutive year and was ranked among the top three for the sixth consecutive year.

During the period, General Water of China secured five new projects with an investment value of approximately RMB385 million and a daily water treatment capacity of 155,000 tonnes. These new projects include: (1) the TOT project of No. 1 sewage treatment plant in Huyi district of Xi'an; (2) the upgrading and alteration project of the Kanglong sewage plant phase II in Feicheng city; (3) the technical improvement of reclaimed water treatment project in Shaxi city of Huzhou; (4) the reclaimed water-treatment project of the sewage-treatment plant in Laoting Economic Development Zone; and (5) the capacity expansion, upgrading and alteration project of Jiangyuan plant.

In March 2024, General Water of China put into commercial operation the PPP project for clean emission technology alteration for the sewage treatment plant in the new district of eastern Huzhou. In the same month, the company signed its first TOT investment and co-operation project for the Huyi district sewage treatment plant, representing its first development project in Huyi district, Xi'an City, Shaanxi Province, and marking a new milestone for the company in the fulfillment of the national strategy of ecological protection and high-quality development in the Yellow River Basin. In June, the Wuhuashan Reservoir in Suifenhe was affected by continuous heavy rainfall, leading to the opening of the reservoir for the first time this year to release flood water. The operation successfully blocked and stored the flood water and gave rise to an increase in power generation year-on-year.

Canvest Environmental

For the six months ended 30 June 2024, the total revenue of Canvest Environmental Protection Group Company Limited (“**Canvest Environmental**”) dropped by 28.5% year-on-year to HK$2,130 million, mainly due to the absence of construction revenue during the period as most of the waste-to-energy projects have been put into operation, while revenue from power sales and waste treatment and the gross profit margin continued to increase. Profit attributable to equity holders of Canvest Environmental decreased by 27.1% year-on-year to HK$445 million. The decline was mainly attributable to an absence of construction revenue for the period. The company’s waste-to-energy business expanded in an orderly manner during the period and achieved stable development. As at 30 June 2024, the company had a total of 33 waste-to-energy projects, with a daily municipal solid-waste processing capacity of 43,690 tonnes. In addition, the company innocuously treated approximately 8,699,577 tonnes of waste, representing a year-on-year increase of 7.6%; generated 3,225,219,000 kWh of green energy, representing a year-on-year increase of 4.7%; saved 844,000 tonnes of standard coal, representing a year-on-year increase of 6.4%; and offset 4,787,000 tonnes of carbon dioxide equivalent emissions, representing a year-on-year increase of 18.5%.

On 22 July 2024, Canvest Environment and an offeror jointly announced that, subject to satisfaction of certain conditions precedent, the offeror would propose privatization of the company to the shareholders of Canvest Environment by way of a general offer, at a cancellation price of HK$4.90 per share. The privatization proposal will be subject to approval by the independent shareholders at the Grand Court of the Cayman Islands and the extraordinary general meeting of the company.

SUS Environment

Waste incineration projects (including entrustment operation) of Shanghai SUS Environment Co., Ltd. ("**SUS Environment**") recorded a total daily capacity of 45,625 tonnes for the period. The total amount of household waste entering the plants for the first half of the year was 8,980,500 tonnes, representing a year-on-year increase of 4.8%. The amount of on-grid electricity sold was 3,138,793,400 kWh, representing a year-on-year increase of 3.3%.

In terms of market development, three waste-incineration projects were secured by the company in the first half of the year, with a total daily capacity of 3,200 tonnes. For the equipment-sales sector, the company was awarded 3 new equipment-turnkey projects and 2 equipment-supply projects, with a total daily capacity of 2,600 tonnes. During the period, the company accelerated the construction progress of its 13 waste-to-energy projects under construction, with a total daily capacity of 9,600 tonnes. In terms of new business, the total steam supply in the first half of the year was 173,336 tonnes, the heating capacity was 744,537 GJ, and the total amount of newly-signed contracts amounted to RMB 74.00 million.

Subsequent to the date of this report, SUS Environment completed the acquisition of a 100% equity interest in Super Earth Energy 1 Co., Ltd., which holds the franchise for the waste-incineration project in Nonthaburi Province near Bangkok, becoming the first wholly-owned project of SUS Environment in Thailand. The acquisition is not only an important milestone in SUS Environment's globalization strategy, but also another example of the deepening cooperation between China and Thailand in the field of environmental protection. The company will adhere to its "one axis and two wings" strategy, make strong efforts to cultivate and explore new business, consolidate and expand its existing core business, and continue to develop international markets.

COMPREHENSIVE HEALTHCARE OPERATIONS

In the first half of 2024, the comprehensive healthcare operations business recorded a profit of HK$64.77 million, representing a decline of 6.4% year-on-year, and accounting for approximately 5.0% of the Group's Net Business Profit*. During the period, Shanghai Pharmaceutical (Group) Co., Ltd. ("**Shanghai Pharmaceutical Group**") recorded revenue of RMB139,658 million, representing a year-on-year increase of 5.17%. Net profit amounted to RMB598 million, representing an increase of 6.3% year-on-year. Shanghai Pharmaceutical Group currently holds 19.348% of the A shares of Shanghai Pharmaceuticals Holding Co., Ltd., dually listed in Shanghai and Hong Kong, and is the single-largest shareholder of its A shares. During the period, income from non-listed business was mainly derived from real estate expropriation projects.

NEW BUSINESS ARENA

As at the end of June 2024, the photovoltaic asset capacity of Shanghai Galaxy Investment Co., Ltd. and its subsidiary, SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd., reached 740 MW. The amount of on-grid electricity from 15 photovoltaic power stations was approximately 518,810,300 kWh, representing a year-on-year decrease of 6.8%, mainly due to the drastic increase in installation of photovoltaic and wind power stations in various provinces during the period which made the restriction of power generation limit significantly higher than expected for the safety of the grid system, and also power outage caused by the failure of the main transformer of certain power stations.

During the period, the state has promulgated policies to actively promote the consumption and development of non-fossil energy, clarify the market transaction volume of renewable energy power generation projects, and promote grid-connection and dispatching application of new energy storage. The respective policies will further regulate market transactions and facilitate the development of the industry.

REAL ESTATE

During the period, the real estate business recorded a loss of HK$131 million, a turnaround from profit to loss compared with the same period last year, accounting for a negative 10.0% of the Group's Net Business Profit*. The decrease was mainly due to a relatively large one-off gain recorded by SI Development in the same period last year.

SI Development

SI Development has been committed to the goals of integrating financing with operations and pursuing innovative development. Based on its strategic footprint in key regions such as the Yangtze River Delta Economic Zone with Shanghai as the core, the company pooled competitive resources, strengthened its internal management and sought external developments, primarily by means of upgrading of its principle business, optimizing asset allocation and improving service capabilities. During the period, the revenue of SI Development amounted to RMB1,029 million, representing a year-on-year decrease of 70.2%, mainly due to a significant decrease in the booked revenue from its projects during the period and a relatively large one-off gain recorded in the same period last year. Net loss amounted to RMB177 million, turning from year-on-year profit to loss. In the first half of the year, the overall environment of the real estate industry remained sluggish and sales fell short of expectations, but the construction of the company’s key projects continued to progress in an orderly manner. Contract sales of real estate projects amounted to RMB240 million, including parking spaces in Shanghai Bay (Phase 4 and Phase 5) in Qingpu, Shanghai, Belle Rive in Qingpu, Shanghai and the residence of Territory Shanghai in Jing’an, Shanghai, etc., with a contracted area of about 29,000 square meters. During the period, the amount of properties delivered was HK$124 million, with a gross floor area of approximately 4,500 square meters, and the projects mainly included Sea Palace in Quanzhou and Territory Shanghai in Jing’an, Shanghai. The rental income for the period was approximately HK$234 million.

During the period, SI Development rectified major risk issues and thoroughly reviewed its current corporate governance structure. The immovable property business recorded steady growth. Focusing on core commercial office projects, the company took multiple measures to overcome challenges brought about by the downward pressure of the market. The property management business further improved the quality of its service, emphasizing its policy of maintaining "high quality, stable revenue and brand status". Currently, the company has a total of 317 projects under management. In the second half of the year, there will be fewer land reserves and saleable projects. Under the circumstances, the company will continue to strengthen its sales to revitalize its stocks and to closely monitor market conditions in an effort to meet the yearly target for all its projects under construction as scheduled. As of 30 June 2024, the company has 3 projects under construction, with an area of approximately 272,000 square meters.

SI Urban Development

Shanghai Industrial Urban Development Group Limited ("**SI Urban Development**") recorded revenue of HK$2,981 million for the first half of 2024, representing an increase of 65.8% over the same period last year, mainly due to higher sales of several projects delivered compared to the same period last year. Revenue from leasing, property management and hotel operations continued to provide stable revenue sources for the company. Loss attributable to shareholders for the period amounted to HK$232 million, mainly due to diminutions in the value of its investment properties during the period. Contract sales amounted to RMB2,284 million, with a year-on-year decrease of 54.4% and a gross floor area of 98,000 square meters, which mainly included Originally in Xi'an, Summitopia in Tianjin, Felicity Mansion in Yantai and Ocean One in Shanghai, etc. Property sales booked during the period amounted to HK$2,454 million, with a gross floor area of approximately 78,600 square meters, which mainly included Cloud Vision in Shanghai, Felicity Mansion in Yantai, Originally in Xi'an and Urban Cradle in Shanghai, etc. Rental income for the first half of 2024 was approximately HK$381 million. As at 30 June 2024, the company has 9 projects under construction, with an area of approximately 1,933,000 square meters.

CONSUMER PRODUCTS

The consumer products business made a profit contribution of HK$320 million to the Group during the period, representing an increase of 150.4% over the corresponding period last year and accounting for approximately 24.4% of the Group's Net Business Profit*. With an uncertain economic outlook in 2024 and the weakness of the consumer market, Nanyang Brothers Tobacco Company, Limited ("**Nanyang Tobacco**") proactively responded to market changes and adjusted its business strategies in a timely manner, resulting in continued positive performance and steady improvement in overall sales. Through technological product innovation and capacity upgrades, the technical transformation projects have been able to maintain the company's production quality and continued to improve cost and efficiency. During the period, The Wing Fat Printing Company, Limited ("**Wing Fat Printing**") benefited from the recovery of the tobacco packaging business and orders of the moulded-fibre business were significantly better than in the same period last year, leading to improved results as compared with the same period last year. The medicine-packing business continued to be stable, exceeding expected sales targets.

Tobacco

In 2024, the global tobacco control environment has become increasingly stringent, presenting new challenges and opportunities in the "post-pandemic" international cigarette market. In the first half of the year, Nanyang Tobacco adhered to the general principle of "seeking progress while maintaining stability and upholding integrity and innovation", strengthening technological advancements and striving for breakthroughs despite difficulties. During the period, the company made efforts to expand the domestic and overseas markets and maintained the pace of shipment of goods, resulting in a steady year-over-year increases in sales and sales volume. For the period under review, the company recorded operating revenue of HK$1,093 million, representing an increase of 68.7% over the same period last year. Net profit amounted to HK$281 million, representing a year-on-year increase of 173.5%. Sales volume exceeded 569,000 boxes, representing a year-on-year increase of 185.1%. During the period, Nanyang Tobacco actively and practically engaged in projects such as the QR code project and the upgrading of the exquisite can production line. The setting up of the cigarette QR code application platform has entered into a new stage, and the exquisite can production line upgrading project is progressing smoothly.

The duty-paid market in Hong Kong and Macau recorded a year-on-year decline in sales, mainly due to the significant increase in tobacco tax in the Hong Kong market for two consecutive years. As the tobacco control policy of Hong Kong becomes increasingly stringent, the company has made plans in advance to increase its market share and profit margins by means of multiple strategies while maintaining good cooperative relationships with various sales channels. The sales in the Mainland market was almost the same as in the same period last year. In response to the higher compliance requirements in the Mainland market, the company continued to introduce new products, increasing the number of available products to nine, and planned to introduce new products in Shanghai, Hubei and Shenzhen in the second half of the year. In the duty-free markets in the Mainland, Hong Kong and Macau, Nanyang Tobacco closely cooperated with various duty-free companies to gradually change its marketing strategy, focusing on mid-to-high-end products and phasing out low-end products, resulting in a satisfactory increase in sales despite fewer outbound tourists, tightened customs policies and reduced core channel stores. The inventory pressure caused by the pandemic has gradually been released, leading to a significant rebound in the overseas sales market.

Since its production started last year, the Malaysia project has already met its annual target for orders received up till now. The Malaysia branch focused on securing orders externally and ensuring high-quality production internally, thus achieving high-quality production standards and taking a solid step towards Nanyang Tobacco's internationalization. Within the framework of strategic cooperation with large-scale cigarette enterprises, the company has successfully pushed forward the cooperation production project of tobacco shred locally, and will jointly carry out a new round of in-depth cooperation, constantly injecting vitality into the one-stop full production chain cooperation model covering overseas tobacco leaf procurement, process technology and market cooperation.

In the second half of the year, the company will accelerate the development of the existing innovative tobacco market and the launch of new products, and implement the QR code project in accordance with the respective regulations of the State Tobacco Monopoly Administration. The company will also continue to focus on the Malaysia project to ensure that the mass production target for this year will be achieved, and strive for good results for the sustainable development of its international market. Nanyang Tobacco will persistently pursue high-quality development, enhance efficient governance, build a high-quality team, and advance the company's digital application capabilities, ensuring safe, healthy and stable development of the company.

Printing

Wing Fat Printing recorded a turnover of HK$751 million during the period, representing an increase of 3.7% over the same period last year, mainly benefiting from the better growth of the tobacco- and wine-packaging and moulded-fibre businesses during the period as compared to the same period last year. Net profit for the period amounted to HK$47.66 million, representing an increase of 63.8% over the same period last year. The increase mainly came from the combined contributions resulting from structural optimization of income structure, internal cost reduction and efficiency improvements.

During the period, the company improved its income structure by fully optimizing the delivery capabilities and service standards for its core customer groups. By actively exploring internal potential, reducing costs, and improving efficiency, the overall profitability of key factories was significantly boosted. By exploring the operational efficiency of its overall assets, the profitability of the assets has been enhanced. Through effective measures and unremitting efforts at all levels to stabilize the market externally and enhance management internally, the company achieved a notable recovery for its interim results.

The management of the company is fully aware that the current development of the company is still in a complex operating environment, while progress must be made to avoid falling behind. The company will continue to pursue stability as top priority, further enhance market expansion capabilities, and focus on value creation. By improving management efficiency, the company aims to boost its overall competitiveness. Leveraging on technological innovation, the company will strengthen and promote its sustainable development in the green environmental-protection packaging market, aim at achieving the annual performance targets and ensure the company's long-term stable development.

** Net profit excluding net corporate expenses.*

PROSPECTS

Looking forward to the second half of 2024, while China's economic development momentum remains positive, uncertainties such as international geopolitical situations and global trade disputes, including high interest rates and volatile exchange rates in various countries, are expected to prevail. This will continue to pose challenges to the Group's business development. Nevertheless, we believe that challenges will bring about new opportunities. The Group will continue to emphasize reforms and innovations, speed up the upgrading of its core business, foster the integration of financing and operations, strengthen risk controls, enhance profitability, and seize new opportunities to further optimize its asset structure in order to create maximum shareholders' value.

For the infrastructure and environmental-protection segment, SIIC Environment will continue to optimize its business layout, expand its market share, and consolidate its leading position in China's water services and environmental-protection industries. The toll roads business segment will continue to enhance its operational efficiencies to maintain the stable development of its business. Through investments in comprehensive healthcare operations and new business arenas, the Group's investments in the pharmaceuticals and healthcare, environmental protection and green energy segments are expected to make new contributions to the Group.

In the real estate business, the Group will closely monitor changes in industry-related policies in the second half of the year and modify its operating strategies in a timely manner. The company is also expected to strengthen sales and operations, continue to push forward the development of its existing projects, accelerate the recovery of funds, further strengthen internal management, and prevent operating risks. As the central Government gradually relaxes controls and launches policies to support economic growth, the industry outlook for the property market is expected to gradually improve.

Nanyang Tobacco will persistently promote high-quality development, enhance efficient governance, build a high-quality team, and advance the company's digital application capabilities, ensuring the safe, healthy and stable development of the company.

Wing Fat Printing will continue to prioritize stability, enhance market expansion capabilities, and focus on corporate value creation. By improving management efficiency, the company aims to empower its overall competitiveness. Leveraging on technological innovation, it will strengthen and advance its sustainable development in the green environmental-protection packaging market.

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.

Leng Wei Qing
Chairlady

Hong Kong, 29 August 2024

INTERIM DIVIDEND

The Board of Directors has resolved to pay an interim dividend of HK42 cents per share for 2024 (2023: HK42 cents per share) to Shareholders whose names appear on the register of members of the Company on Tuesday, 24 September 2024. The above interim dividend will be paid to Shareholders on or around Thursday, 10 October 2024.

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 Tuesday, 24 September 2024. No transfer of shares will be effected on that day. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Monday, 23 September 2024.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2024.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**") throughout the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, SI Urban Development, a subsidiary of the Company, bought back a total of 9,368,000 of its own ordinary shares on the Stock Exchange for a total consideration of HK$3,317,670, and all of which were cancelled on 26 March 2024.

Save as disclosed above, during the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

PUBLICATION OF THE INTERIM REPORT

The 2024 interim report will be despatched to Shareholders in mid-September 2024 and will be made available at the HKExnews website of the Stock Exchange at *www.hkexnews.hk* and the website of the Company at *www.sihl.com.hk* accordingly.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises four executive Directors, namely, Ms. Leng Wei Qing, Mr. Zhang Qian, Mr. Yao Jia Yong and Mr. Xu You Li; three independent non-executive Directors, namely, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and Mr. Yuen Tin Fan, Francis.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30.6.2024 HK$'000 (unaudited)	30.6.2023 HK$'000 (unaudited)
Revenue	3	**10,369,131**	12,791,180
Cost of sales		**(7,061,588)**	(8,521,164)
Gross profit		**3,307,543**	4,270,016
Net investment income		**342,973**	293,122
Other income, gains and losses		**292,895**	507,044
Selling and distribution costs		**(410,691)**	(445,496)
Administrative and other expenses		**(991,634)**	(1,230,656)
Finance costs		**(1,030,039)**	(1,172,635)
Share of results of joint ventures		**182,122**	225,501
Share of results of associates		**314,660**	228,653
Gain on disposal of interests in an associate/subsidiaries		**51,559**	254,982
Profit before taxation		**2,059,388**	2,930,531
Income tax expense	4	**(650,894)**	(1,086,623)
Profit for the period	5	**1,408,494**	1,843,908
Profit for the period attributable to			
- Owners of the Company		**1,200,896**	1,375,697
- Non-controlling interests		**207,598**	468,211
		1,408,494	1,843,908
Earnings per share	7		
		HK$	HK$
- Basic		**1.105**	1.265
- Diluted		**1.105**	1.265

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended	
	30.6.2024	30.6.2023
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**1,408,494**	1,843,908
Other comprehensive expense		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
- subsidiaries	**(1,228,734)**	(2,786,384)
- joint ventures	**(396,703)**	(498,807)
- associates	**(101,435)**	(218,097)
Items that will not be reclassified to profit or loss		
Fair value change on equity instruments at fair value through other comprehensive income held by subsidiaries, net of tax	**(11,237)**	(6,390)
Revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax	**10,541**	-
Other comprehensive expense for the period	**(1,727,568)**	(3,509,678)
Total comprehensive expense for the period	**(319,074)**	(1,665,770)
Total comprehensive income (expense) for the period attributable to		
- Owners of the Company	**243,740**	(406,620)
- Non-controlling interests	**(562,814)**	(1,259,150)
	(319,074)	(1,665,770)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Note	**30.6.2024**	31.12.2023
		HK$'000	HK$'000
		(unaudited)	(audited)
Non-Current Assets			
Investment properties		**35,550,135**	35,713,121
Property, plant and equipment		**6,448,560**	6,966,765
Right-of-use assets		**736,822**	606,173
Toll road operating rights		**4,229,084**	4,668,682
Goodwill		**522,972**	533,783
Other intangible assets		**9,456,517**	9,620,636
Interests in joint ventures		**11,078,998**	11,361,857
Interests in associates		**7,122,109**	7,152,903
Investments		**2,053,621**	2,079,155
Receivables under service concession arrangements		**23,981,932**	24,789,341
Deposits paid on acquisition of non-current assets		**480,704**	454,286
Deferred tax assets		**172,864**	197,800
		101,834,318	104,144,502
Current Assets			
Inventories		**31,953,037**	33,908,088
Trade and other receivables	*8*	**11,844,791**	11,229,393
Contract assets		**86,538**	83,487
Investments		**213,496**	242,527
Receivables under service concession arrangements		**1,015,624**	986,928
Prepaid taxation		**868,010**	685,336
Pledged bank deposits		**191,160**	183,023
Short-term bank deposits		**2,058,158**	2,382,773
Cash and cash equivalents		**24,821,542**	25,225,026
		73,052,356	74,926,581
Asset classified as held for sale		**-**	240,529
		73,052,356	75,167,110

	Note	**30.6.2024**	31.12.2023
		HK$'000	HK$'000
		(unaudited)	(audited)
Current Liabilities			
Trade and other payables	*9*	**16,495,272**	19,057,555
Lease liabilities		**48,248**	53,860
Contract liabilities		**8,442,160**	8,482,575
Deferred income		**485,287**	455,386
Taxation payable		**2,879,401**	4,828,751
Bank and other borrowings		**13,578,452**	14,546,529
		41,928,820	47,424,656
Net Current Assets		**31,123,536**	27,742,454
Total Assets less Current Liabilities		**132,957,854**	131,886,956
Capital and Reserves			
Share capital		**13,649,839**	13,649,839
Reserves		**32,629,899**	32,953,201
Equity attributable to owners of the Company		**46,279,738**	46,603,040
Non-controlling interests		**30,101,968**	30,857,063
Total Equity		**76,381,706**	77,460,103
Non-Current Liabilities			
Provision for major overhauls		**61,549**	80,567
Deferred income		**2,008,017**	2,287,488
Bank and other borrowings		**46,582,589**	44,116,832
Deferred tax liabilities		**7,674,587**	7,830,565
Lease liabilities		**249,406**	111,401
		56,576,148	54,426,853
Total Equity and Non-Current Liabilities		**132,957,854**	131,886,956

Notes:

(1) REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2024 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), by Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is included in the interim report to be sent to shareholders.

(2) BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(i) Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA as well as with the applicable disclosure requirements of 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 2023 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 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

(ii) Principal Accounting Policies

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to Hong Kong Financial Reporting Standards ("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 Group's annual periods beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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.

(3) SEGMENT INFORMATION

Segment revenue and results

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

Six months ended 30 June 2024 (unaudited)

	Infrastructure and environmental protection	Real estate	Consumer products	Comprehensive healthcare operations	Elimination and unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE						
Segment revenue - external sales	4,571,508	4,091,575	1,706,048	-	-	10,369,131
Segment operating profit	1,824,562	277,072	417,185	-	22,267	2,541,086
Finance costs	(433,567)	(487,218)	(1,538)	-	(107,716)	(1,030,039)
Share of results of joint ventures	108,936	8,421	-	64,765	-	182,122
Share of results of associates	218,381	96,279	-	-	-	314,660
Gain on disposal of interest in an associate	-	51,559	-	-	-	51,559
Segment profit (loss) before taxation	1,718,312	(53,887)	415,647	64,765	(85,449)	2,059,388
Income tax expense	(333,466)	(204,179)	(88,973)	-	(24,276)	(650,894)
Segment profit (loss) after taxation	1,384,846	(258,066)	326,674	64,765	(109,725)	1,408,494
Less: segment (profit) loss attributable to non-controlling interests	(328,498)	127,372	(6,472)	-	-	(207,598)
Segment profit (loss) after taxation attributable to owners of the Company	1,056,348	(130,694)	320,202	64,765	(109,725)	1,200,896

Six months ended 30 June 2023 (unaudited)

	Infrastructure and environmental protection	Real estate	Consumer products	Comprehensive healthcare operations	Elimination and unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE						
Segment revenue - external sales	5,550,188	5,925,737	1,315,255	-	-	12,791,180
Segment operating profit (loss)	2,060,292	1,193,452	165,045	-	(24,759)	3,394,030
Finance costs	(470,349)	(667,564)	(855)	-	(33,867)	(1,172,635)
Share of results of joint ventures	161,549	(5,206)	-	69,158	-	225,501
Share of results of associates	252,307	(23,654)	-	-	-	228,653
Gain on disposal of interests in subsidiaries	-	254,982	-	-	-	254,982
Segment profit (loss) before taxation	2,003,799	752,010	164,190	69,158	(58,626)	2,930,531
Income tax expense	(407,860)	(591,474)	(28,385)	-	(58,904)	(1,086,623)
Segment profit (loss) after taxation	1,595,939	160,536	135,805	69,158	(117,530)	1,843,908
Less: segment profit attributable to non-controlling interests	(401,276)	(59,017)	(7,918)	-	-	(468,211)
Segment profit (loss) after taxation attributable to owners of the Company	1,194,663	101,519	127,887	69,158	(117,530)	1,375,697

Segment assets and liabilities

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

At 30 June 2024 (unaudited)

	Infrastructure and environmental protection	**Real estate**	**Consumer products**	**Comprehensive healthcare operations**	**Elimination and unallocated**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Segment assets	**67,262,720**	**92,539,033**	**7,469,639**	**2,389**	**7,612,893**	**174,886,674**
Segment liabilities	**34,009,166**	**57,302,764**	**859,987**	**-**	**6,333,051**	**98,504,968**

At 31 December 2023 (audited)

	Infrastructure and environmental protection	Real estate	Consumer products	Comprehensive healthcare operations	Elimination and unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	68,619,610	96,906,323	7,520,941	38,420	6,226,318	179,311,612
Segment liabilities	34,716,528	59,927,298	837,815	-	6,369,868	101,851,509

(4) INCOME TAX EXPENSE

	Six months ended 30.6.2024 HK$'000 (unaudited)	30.6.2023 HK$'000 (unaudited)
Current tax		
- Hong Kong	**52,259**	20,127
- PRC Land Appreciation Tax ("**LAT**")	**67,743**	326,088
- PRC Enterprise income tax ("**EIT**") (including PRC withholding tax of HK$79,230,000 (six months ended 30 June 2023: HK$49,266,000))	**561,739**	660,735
	681,741	1,006,950
(Over) under provision in prior periods		
- Hong Kong	**(356)**	1,949
- PRC LAT	**(47,227)**	-
- PRC EIT	**11,584**	2,020
	(35,999)	3,969
Deferred taxation for the current period	**5,152**	75,704
	650,894	1,086,623

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

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

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

(5) PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2024	30.6.2023
	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)	**259,869**	221,216
Amortisation of toll road operating rights (included in cost of sales)	**339,570**	355,770
Decrease (increase) in fair value of financial assets at fair value through profit or loss (included in net investment income)	**28,801**	(6,965)
Depreciation of property, plant and equipment	**265,188**	247,367
Depreciation of right-of-use assets	**56,330**	32,465
Dividend income from investments (included in net investment income)	**(3,762)**	(1,076)
Government compensation of toll road operating rights (included in other income, gains and losses)	**(190,740)**	(198,074)
Impairment loss on trade receivables (included in other income, gains and losses)	**8,159**	28,581
Interest expenses for lease liabilities	**2,718**	6,096
Interest income (included in net investment income)	**(366,972)**	(283,395)
Net foreign exchange loss (included in other income, gains and losses)	**26,869**	88,156
Net (gain) loss on disposal of property, plant and equipment (included in other income, gains and losses)	**(1,109)**	289
Net decrease (increase) in fair value of investment properties (included in other income, gains and losses)	**36,804**	(33,242)
Share of PRC EIT of associates (included in share of results of associates)	**87,558**	62,077
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	**73,437**	83,113

(6) DIVIDENDS

	Six months ended	
	30.6.2024	30.6.2023
	HK$'000	HK$'000
	(unaudited)	(unaudited)
2023 final dividend paid of HK52 cents (six months ended 30 June 2023: 2022 final dividend paid of HK50 cents) per share	**565,350**	543,606

Subsequent to the end of the current interim period, the directors of the Company have determined that a 2024 interim cash dividend of HK42 cents (2023 interim: HK42 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 2024.

(7) EARNINGS PER SHARE

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

	Six months ended	
	30.6.2024	30.6.2023
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	**1,200,896**	1,375,697
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,087,211,600**	1,087,211,600

The computation of diluted earnings per share does not assume the exercise of options issued by Canvest Environmental Protection Group Company Limited, a listed associate of the Group, because the exercise price of those options was higher than the average market price for the corresponding period.

(8) TRADE AND OTHER RECEIVABLES

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

	30.6.2024	31.12.2023
	HK$'000	HK$'000
	(unaudited)	(audited)
Within 30 days	**1,302,439**	1,462,762
Within 31 – 60 days	**527,812**	571,207
Within 61 – 90 days	**486,398**	467,673
Within 91 – 180 days	**1,003,218**	866,332
Within 181 – 365 days	**1,292,567**	880,579
Over 365 days	**1,729,494**	1,015,306
	6,341,928	5,263,859

(9) TRADE AND OTHER PAYABLES

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

	30.6.2024 **HK$'000** **(unaudited)**	31.12.2023 HK$'000 (audited)
Within 30 days	**1,520,965**	2,616,162
Within 31 – 60 days	**113,299**	195,799
Within 61 – 90 days	**92,626**	100,338
Within 91 – 180 days	**259,048**	212,867
Within 181 – 365 days	**1,043,023**	1,058,338
Over 365 days	**2,182,766**	1,809,432
	5,211,727	5,992,936

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

For the six months ended 30 June 2024, revenue amounted to approximately HK$10,369.13 million, representing a year-on-year decrease of 18.9%. This was mainly due to a significant decrease in properties sales booked upon delivery of properties in the real estate business as compared to the same period last year, and a year-on-year decrease in construction revenue in the infrastructure and environmental protection business as SIIC Environment's main construction projects were completed in 2023 and the main new projects for 2024 are expected to commence gradually in the second half of the year. However, the tobacco sales in the consumer products business gradually recovered post-pandemic, offsetting part of the decline in sales revenue.

2. Profit Contribution from Each Business

Net profit from the infrastructure and environmental protection business for the period amounted to approximately HK$1,056.35 million, accounting for 80.6% of Net Business Profit, and representing a year-on-year decrease of 11.6%. The decrease was mainly due to the water services and clean energy business recording a year-on-year decrease in profit contribution by 20.4%. SIIC Environment's profit contribution for the period recorded a decrease of 19.6%, not only due to the year-on-year decrease in the RMB exchange rate by 4.2%, but also because the main construction projects were completed in 2023 and the main new projects for 2024 are expected to commence gradually in the second half of the year, resulting in a year-on-year decrease in construction revenue and a corresponding decrease in profit.

The real estate business recorded a loss of approximately HK$130.69 million, accounting for -10.0% of Net Business Profit. Compared to a net profit of HK$101.52 million in the same period of 2023, this represents a turnaround to loss. Although SI Development recorded a profit from the sale of equity interest in an elderly care investment company during the period, the significant decrease in properties sales booked upon delivery of properties resulted in a substantial decline in revenue, leading to a year-on-year turnaround to loss, coupled with the profit from the sale of the project company related to the land lot No.89, North Bund in the same period last year while the properties sales booked upon delivery of properties of SI Urban Development increased year-on-year, narrowing the loss and offsetting part of the loss of the real estate business.

The consumer products business recorded a net profit of HK$320.20 million for the period, accounting for 24.4% of Net Business Profit, and representing a significant year-on-year increase of 150.4%. The tobacco sales of Nanyang Tobacco increased significantly by 68.7% year-on-year, mainly due to the gradual recovery of tobacco sales post-pandemic, with both sales and profit increased simultaneously. Wing Fat Printing recorded a year-on-year increase in sales by 3.7% due to the recovery in the sales of tobacco packaging business. In the first half of the year, the printing and can packaging business was driven by Nanyang Tobacco's sales, leading to a significant rebound in sales. The moulded-fibre business also experienced growth as compared to the same period last year. The significant recovery in tobacco packaging sales and its increased proportion in the business structure, along with the improved operating rate of the moulded-fibre business, alleviated the pressure from idle-capacity costs. These dual benefits led to a year-on-year increase in the overall gross profit margin by 2.4 percentage points, resulting in a corresponding increase in net profit.

Comprehensive healthcare operations business recorded a net profit of HK$64.77 million for the period, accounting for 5.0% of Net Business Profit, and representing a year-on-year decrease of 6.4%. Although the profit attributable to Shanghai Pharmaceutical Group increased, the depreciation of the RMB exchange rate was less than that of the same period last year, resulted in a decrease in exchange gains from RMB loans invested in Shanghai Pharmaceutical Group.

3. Profit before Taxation

(1) Gross profit margin

The overall gross profit margin for the period decreased by 1.5 percentage points compared to the first half of 2023, mainly due to the decrease in the proportion of delivery of properties with relatively higher margin in the real estate business as compared to the same period last year.

(2) Other income, gains and losses

Other income, gains and losses decreased, mainly due to a loss recorded in the change in fair value of investment properties during the period, whereas compensation income from the Fengsheng Project in Hunan was recorded in the same period last year.

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

The gain on disposal for the period represents mainly the disposal of an associate, SIIC Elderly Care Investment Co., Ltd.. In the same period last year, the gain was mainly attributable to the disposal of the project company related to the land lot No.89, North Bund.

4. Dividend

The Board of Directors of the Group has resolved to declare an interim dividend of HK42 cents per share, which is the same as 2023 interim dividend of HK42 cents per share. The interim dividend payout ratio is 38.0% (2023 interim: 33.2%).

II. Financial Position of the Group

1. Capital and Equity attributable to owners of the Company

The Company had a total of 1,087,211,600 shares in issue as at 30 June 2024. There is no change compared with 1,087,211,600 shares as at the end of 2023.

Equity attributable to owners of the Company reached HK$46,279.74 million as at 30 June 2024, 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 2024, the total borrowings of the Group including bank borrowings and other borrowings amounted to approximately HK$60,179.71 million (31 December 2023: HK$58,686.93 million), of which 67.6% (31 December 2023: 77.5%) was unsecured credit facilities. The proportions of US dollars and other currencies, Renminbi and HK dollars of total borrowings were 0.1%, 91.0% and 8.9% (31 December 2023: 6.2%, 83.5% and 10.3%) respectively.

(2) Pledge of assets

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

(a) investment properties with an aggregate carrying value of HK$7,780,870,000 (31 December 2023: HK$10,459,444,000);
(b) leasehold land and buildings with an aggregate carrying value of HK$472,038,000 (31 December 2023: HK$7,032,000);
(c) plant and machineries with an aggregate carrying value of HK$464,582,000 (31 December 2023: HK$629,392,000);

(d) receivables under service concession arrangements/intangible assets with an aggregate carrying value of HK$21,816,128,000 (31 December 2023: HK$16,437,625,000);
(e) properties under development held for sale with an aggregate carrying value of HK$8,087,195,000 (31 December 2023: HK$12,924,145,000);
(f) properties held for sale with an aggregate carrying value of HK$165,110,000 (31 December 2023: HK$129,973,000);
(g) trade receivables with an aggregate carrying value of HK$219,356,000 (31 December 2023: HK$187,245,000);
(h) bank deposits with an aggregate carrying value of HK$191,160,000 (31 December 2023: HK$183,023,000);
(i) land use rights with an aggregate carrying value of HK$534,000 (31 December 2023: HK$610,000); and
(j) equity interests of subsidiaries with an aggregate carrying value of HK$286,029,000 as at 31 December 2023 (30 June 2024: Nil).

(3) Contingent liabilities

As at 30 June 2024, the guarantees given to banks by the Group in respect of banking facilities utilised by property buyers, associates and joint ventures amounted to approximately HK$1,504.94 million, HK$248.53 million and HK$1,890.32 million (31 December 2023: HK$3,841.43 million, HK$468.54 million and HK$1,898.68 million) respectively.

3. Commitments

As at 30 June 2024, the Group had commitments mainly contracted for business development and investments in fixed assets of HK$5,595.32 million (31 December 2023: HK$8,219.73 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 2024, bank balances, pledged bank deposits and short-term investments held by the Group amounted to HK$27,070.86 million (31 December 2023: HK$27,790.82 million) and HK$213.50 million (31 December 2023: HK$242.53 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances and pledged bank deposits were 2%, 81% and 17% (31 December 2023: 2%, 86% and 12%) respectively. Short-term investments mainly consisted of investments such as Hong Kong and PRC listed shares.

While having sufficient working capital and a healthy interest coverage ratio, 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.