

30 March 2021

Press Release

SIHL's Three Core Businesses Remain Profitable with Satisfactory Progress Despite COVID-19

Acquires Stake in SUS Environment to Expedite Expansion in Solid Waste Industry

Announces Final Dividend of HK89 Cents Per Share to Reward Shareholders

Shanghai Industrial Holdings Limited ("SIHL" or the "Company", together with its subsidiaries collectively referred to the "Group"; HKSE stock code: 363) has announced its audited annual results for the twelve months ended 31 December 2020. Revenue amounted to HK\$27,138 million, representing a decrease of 16.1% year-on-year. Profit attributable to owners of the Company amounted to HK\$2,219 million. The Board of Directors has recommended a final dividend of HK52 cents per share. The interim dividend was a cash dividend of HK22 cents per share plus a stock dividend of 1 Shanghai Industrial Urban Development Group Limited ("SIUD") share for every 5 SIHL shares. The whole year dividend was HK89 cents per share and the payout ratio was as high as 44.2%, to reciprocate our shareholders' long-term support.

Annual Results Highlights

	For twelve months ended 31 December (Audited)		
	2020	2019	Change
Revenue (HK\$ million)	27,138	32,345	-16.1%
Profit attributable to owners of the Company (HK\$ million)	2,219	3,350	-33.8%
Earnings per share - Basic (HK\$)	2.014	3.081	-34.6%
Final dividend per share – proposed (HK cents)	52	52	
Interim cash dividend per share (HK cents)	22	-	
Interim stock dividend per share (HK cents)	15*	101 [#]	
Total dividend of the year per share (HK cents)	89	153	
Payout ratio	44.2%	49.7%	
	As at 31 December 2020	As at 31 December 2019	Change
Total assets (HK\$ million)	194,882	174,942	+11.4%
Equity attributable to owners of the Company (HK\$ million)	43,679	40,240	+8.5%
Cash and cash equivalents (HK\$ million)	29,303	29,325	-0.1%
Net debt ratio [^]	63.35%	62.45%	

* The 2020 interim dividend included HK22 cents cash dividend plus stock dividend of 1 Shanghai Industrial Urban Development Group Limited (SIUD) share for every 5 SIHL shares. The cash value of stock dividend was based on SIUD's close price of dispatch date 22 October 2020, which

was HK15 cents per share.

**The 2019 interim dividend was stock dividend of 1 SIUD share for every SIHL share, its cash value based on SIUD's close price of dispatch date 18 October 2019.*

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

Revenue and Profit Contributions by Business:

	For the year ended 31 December (Audited)		
Segment Revenue (HK\$ million)	2020	2019	Change
Infrastructure Facilities	8,539	9,094	-6.1%
Real Estate	15,233	18,649	-18.3%
Consumer Products	3,366	4,602	-26.9%
Total	27,138	32,345	-16.1%
Segment Net Profit (HK\$ million)	2020	2019	Change
Infrastructure Facilities	1,156	1,756	-34.2%
Real Estate	770	780	-1.3%
Consumer Products	518	1,104	-53.0%

The spread of COVID-19 continued to impact the Group's production and operation in 2020. However, leveraging on the Group's timely adjustment on production and operation strategies, the Group was able to promote major projects to mitigate the majority of negative effects, and the Group's three core businesses continued to maintain a stable performance. Total revenue reached HK\$27,138 million, representing a decrease of 16.1% year-on-year. Revenue of the infrastructure facilities business amounted to HK\$8,539 million, representing a decrease of 6.1% year-on-year. During the year, the Group accelerated to expand its solid waste and environmental protection business. In October 2020, the Company acquired 30.22% equity interest of SUS Environment through bidding with the price of RMB2,998.8 million. The Group also increased its market share in waste incineration, in line with the Group's business strategies to focus on environmental protection industry.

Utilizing online and offline channels to diversify sales and marketing approaches, the real estate business successfully bolstered contract sales and collection of receivables. During the year, the real estate business recorded a profit of HK\$770 million, which was similar to the same period last year. With the effective control of COVID-19 in Mainland China, many provinces and cities have resumed work and business, and the real estate business has made significant progress in accelerating project construction.

The consumer products business recorded a revenue of HK\$3,366 million, representing a decrease of 26.9% year-on-year. This was mainly due to the sharp decrease in sales in duty-free stores affected by the closure of customs as well as the contraction in export and ship-tobacco business. During the year, Nanyang Tobacco focused on the expansion of slim cigarette production, the development of composite filters and new tobacco products, made great efforts finding breakthroughs in marketing and branding operation, and also made substantial progress in the cooperation in overseas production and sales cooperation projects. These efforts were undertaken to prepare for the market recovery in the near future.

Business Highlights:

Infrastructure Facilities

- During the year, revenue of the three toll roads and the Hangzhou Bay Bridge reached HK\$3,145 million, representing a year-on-year decrease of 25.6%, mainly due to the waiver of

toll tariffs for vehicles nationwide during the pandemic, which resulted in a significant decrease in the number of toll collection days in the first half of the year. Moreover, the adjustment of toll mileage for the entry sections of all expressways nationwide, a 5% discount on electronic toll collection (ETC) lanes and a new charging system for the nationwide expressway network also affected the revenue.

- Driven by the increase in both wastewater treatment volume and treatment tariff, SIIC Environment's (BHK SGX, 807 HKSE) revenue amounted to RMB6,252 million, representing a year-on-year increase of 4.9% for the year. Profit attributable to shareholders amounted to RMB635 million, representing a year-on-year increase of 5.8%.
- SIIC Environment's projects maintained their progress during the year. In 2020, SIIC Environment gained 16 new wastewater treatment projects with a total design capacity of 401,300 tonnes per day and 24 new upgrading expansion projects, and 6 wastewater treatment projects went into operation. In 2020, wastewater treatment volume increased by 5.3% year-on-year to approximately 2,400 million tonnes and water treatment tariff went up by 19.4%. The volume of O&M projects rose by 5.8% to approximately 140 million tonnes. Currently, SIIC Environment's water treatment capability exceeds 12.89 million tonnes per day.
- SIIC Environment worked together with Baowu Group to construct the Shanghai Baoshan Renewable Energy Utilization Center Project, with the aim of developing it into a world-class waste incineration benchmark project. The project is expected to be in operation in 2022 with a design capacity of 3,800 tonnes per day. SIIC Environment will strive to acquire the water project in the Yangtze River Delta Green Demonstration region in the future.
- General Water of China recorded a revenue of HK\$2,517 million, up 14.5% year-on-year. Daily capacity reached 6.927 million tonnes as of the end of December 2020. Besides, General Water of China was awarded "Top 10 Most Influential Enterprises in China's Water Industry" for the 17th consecutive year and remained in the top 3.
- In the new business arena, as of the end of December 2020, total photovoltaic assets capacity of Shanghai Galaxy and its subsidiary, Galaxy Energy, reached 690MW. The Company's total amount of on-grid electricity sold from 14 photovoltaic power stations reached 927 million kWh, representing a year-on-year increase of 7.2%.

Real Estate

- SI Development (600748 SSE) recorded revenue of RMB8,049 million for the year, representing a decrease of 9.2% year-on-year, and net profit increased by 4.6% year-on-year to RMB818 million. SI Development diversified sales and marketing approaches with on-line and off-line channels, achieved its annual target ahead of schedule with contract sales of RMB5,000 million in projects including Shanghai Bay (Phase 4) in Qingpu, Territory Shanghai in Jing'an, and Era of Elites in Baoshan, Shanghai, etc.
- SI Development has stepped up the pace of construction to minimize the losses caused by the pandemic. A total of 9 projects were under construction during the year. In the early stage of the resumption of work and production period, the Company reduced the rent for small and medium enterprises pursuant to the relevant requirements of the municipal government, benefitting a total of 287 tenants and covering a rental area of about 196,000 square meters. The occupancy rate remained high with more than 90% for the year. In addition, a wholly-owned subsidiary of SI Development set up Sichuan-Shanghai Innovation Fund together with cornerstone investors including SIIC and other partners. The total capital contribution was RMB600 million, and the fund was set up to invest in artificial intelligence industries, which is in line with SI Development's strategic deployment in emerging business investment.

- SI Urban Development (563 HKSE) recorded a revenue of HK\$6,357 million, representing a decrease of 25.9% year-on-year. Profit attributable to shareholders was HK\$522 million, representing a decrease of 13.1% year-on-year. Contract sales for the year amounted to RMB7,610 million in projects including Contemporary Splendour Villa (Courtyard Villa) in Shanghai, West Diaoyutai in Beijing, etc.
- SI Urban Development announced it plans to subscribe for 20% of the enlarged registered capital of SIIC Financial Leasing by injecting RMB407 million in cash into SIIC Financial Leasing. SIIC Financial Leasing is an integrated credit provider located in Shanghai, mainly providing financing services to regional governments and its platform. SI Urban Development is expected to achieve the furtherance of the strategies of integrating finance and industry, and the linkage between industry and capital. For the year, SI Urban Development also expanded into the health industry, and formed a joint venture with investment platforms such as SIIC and Shanghai Pharmaceutical Group Co., Ltd. in October 2020, with a total investment of RMB150 million, to develop and operate medical beauty institutions in Shanghai.

Consumer Products

- Nanyang Tobacco's revenue for the year was HK\$1,868 million, representing a year-on-year decrease of 44.0%. This was mainly caused by the global pandemic and customs-closure measures, a sharp fall in sales at duty-free shops and a decline in export and ship tobacco business. For the year, Nanyang Tobacco consolidated its strengths and looked for breakthroughs amid the pandemic, demonstrating the strong resilience of this century-old company. For the year, Nanyang Tobacco upgraded and constructed a slim cigarette production line. The project started at the beginning of the year and was successfully finished in late September, creating favorable conditions for new product development and fixing problems in its flexible workshop. The additional composite production capacity represents an important part of flexible manufacturing with multiple specifications. The Company has completed the installation of two core equipment units which will connect the upstream and downstream operation of equipment and craft new tobacco products. Nanyang Tobacco has been promoting local production of tobacco cutting, and will turn this into commercial production after a trial. Exclusive distributorship for overseas tax-free markets has been chosen and a target cigarette company in the Southeast Asian region will be acquired, with the intention to facilitate an orderly production in 2021.
- Wing Fat Printing's revenue and net profit reached HK\$1,670 million and HK\$169 million, representing a year-on-year increase of 1.6% and 24.6%, respectively. Wing Fat Printing effectively prevented and controlled the outbreak of the pandemic and steadily resumed production. Leveraging the capacity shortage, the Group secured a consistent number of growing orders during the year. In the middle and late stages of the pandemic, the Company continued to advance business and product structure optimization and intelligent manufacturing, resulting in significant improvements in profit margins. In addition, Wing Fat Printing successfully completed the acquisition and integration of Wuxi Foreign Trade Printing Co. Ltd. in 2020, and also won the tender to become the core supplier of paper packaging products for Shanghai Pharmaceuticals Holding Co., Ltd.

Mr. Shen Xiao Chu, Chairman of SIHL, said, "The pandemic and the complicated international circumstances are set to present severe challenges to our businesses development. Looking ahead in 2021, on the premise of continuous implementation of pandemic prevention measures, the Group has pledged to take proactive measures to enhance its operating and management efficiency, strengthen risk management and controls, and further streamline its asset structure at every opportunity. For the

infrastructure and environmental protection businesses, we will expand our investment scale steadily, further increase investment in environmental protection and green energy sector, and strive to discover new areas of profitable growth for the Group. The toll roads business will continue to make efforts to reduce costs and increase efficiency to maintain stable profitable growth. Focusing on its development in key regions and beneficial cities, the real estate business will strive to meet and exceed its sales target. For consumer products business, Nanyang Tobacco will aim to find new sales channels not affected by the pandemic, and enhance its comprehensive strengths on internationalization and market-orientation through cooperation with large domestic cigarette companies on overseas production and sales. The Company will continue its technique innovation and optimization of production process. Wing Fat Printing will promote the orderly development of its business and optimize its structure in order to enhance market competitiveness and risk aversion ability. The Group is committed to making continuous business breakthroughs to maximize the returns for shareholders.”

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About SIHL

Shanghai Industrial Holdings Limited (“SIHL”, HKSE Stock Code: 363) is the largest overseas conglomerate under Shanghai Industrial Investments (Holdings) Co., Ltd (“SIIC”). As the flagship of the SIIC group of companies, SIHL has been successful in leveraging its Shanghai advantage since listing, in terms of securing the best investment opportunities in mainland China with full support from the parent company. Over the past 20 years, SIHL has secured a unique position as a leading red chip company in Hong Kong with three core businesses: infrastructure facilities (including toll roads/bridge, and environmental protection related business such as sewage treatment and solid waste treatment business), real estate and consumer products (including Nanyang Tobacco and Wing Fat Printing). SIHL will continue to raise its governance standard in order to create favourable returns and value for shareholders.

For more information about SIHL, please visit the company website at www.sihl.com.hk.

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