31 August 2021

Press Release

SIHL Achieves Strong Results in the First Half

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Profit Attributable to Owners of the Company Up 165.4%
Interim Dividend as high as HK48 cents per Share to Reward Shareholders

Shanghai Industrial Holdings Limited ("SIHL" or the "Company", together with its subsidiaries collectively refers to as the "Group"; HKSE stock code: 363) has announced its unaudited interim results for six months ended 30 June 2021. Revenue amounted to HK$16,316 million, representing an increase of 23.5% year-on-year. Profit attributable to owners of the Company amounted to HK$2,131 million, representing a significant increase of 165.4% year-on-year. The Board of Directors has recommended an interim dividend of HK48 cents per share to reciprocate our shareholders' long-term support.

2021 Interim Results Highlights:

	For the six months ended 30 June (Unaudited)		
	2021	2020	Change
Revenue (HK$ million)	**16,316**	13,211	**+23.5%**
Profit attributable to owners of the Company (HK$ million)	**2,131**	803	**+165.4%**
Earnings per share – Basic (HK$)	**1.945**	0.725	**+168.3%**
Dividend per share – Interim (HK cents)	**48**	37	
In which: Cash dividend	**48**	22	
Stock dividend		15 *	
Dividend payout ratio	**24.7%**	51%	
	As at 30 June (Unaudited)	As at 31 December (Audited)	
	2021	2020	Change
Total assets (HK$ million)	**210,759**	194,882	**+8.1%**
Equity attributable to owners of the Company (HK$ million)	**45,752**	43,679	**+4.7%**

* According to dispatch date (22 October 2020), the close price of Shanghai Industrial Urban Development Group Limited (SIUD). Stock dividend was 1 SIUD share for every 5 SIHL shares.

Revenue and Profit Contributions by Business:

	For the six months ended 30 June (Unaudited)		
Segment Revenue (HK$ million)	**2021**	2020	Change
Infrastructure Facilities	**5,000**	3,344	**+49.5%**
Real Estate	**9,606**	8,131	**+18.1%**
Consumer Products	**1,710**	1,736	**-1.5%**
Total	**16,316**	13,211	**+23.5%**
Segment Net Profit (HK$ million)	**2021**	2020	Change
Infrastructure Facilities	**1,215**	408	**+197.5**%
Real Estate	**768**	256	**+199.5**%
Consumer Products	**292**	360	**-18.9**%

During the first half of 2021, the Group overcame various challenges to ensure stable operations and development of its core businesses and achieved considerable business and profit growth by leveraging on the opportunity of economic and production recovery from the pandemic. Net profit of the infrastructure facilities business amounted to HK$1,215 million, representing a significant increase of 197.5% year-on-year and accounting for approximately 53.4% of the total profit of the Group. The toll road business has resumed since the second half of last year, achieving significant year-on-year growth in revenue and profit during the period. In addition, the Group received the compensation for the reduction in toll mileage on the inbound section of the toll road during the period.

In the first half of 2021, the real estate business recorded a profit of HK$768 million, representing a significant increase of 199.5% year-on-year and accounting for approximately 33.7% of the total net profit of the Group, mainly due to the profit contribution from the delivery of Shanghai Bay (Phase IV), a joint venture between the Company and SI Development. The Company has a 49% interest in the project.

In the first half of 2021, the consumer products business recorded a profit of HK$292 million, representing a decrease of 18.9% year-on-year and accounting for approximately 12.9% of the total net profit of the Group. As global pandemic has not been fully controlled, coupled with the restrictions on customs clearance of travel goods, Nanyang Tobacco recorded lower revenue during the period. The packaging business of Wing Fat Printing focused on high-quality projects and achieved positive growth, while the medicine package business grew rapidly and gradually increased its contribution to revenue.

Business Highlights:

<u>Infrastructure Facilities</u>

- During the period, toll revenue and profit of the three toll roads and Hangzhou Bay Bridge recorded a significant increase of 148.9% and 1,163.8% to HK$2,224 million and HK$697 million, respectively. The Group received a total of RMB3,553 million as compensation for the reduction in toll mileage of the inbound section of the toll roads at the end of June this year, which will be apportioned to the remaining term of the operating concession rights of the respective highways and recorded as revenue for the year.
- SIIC Environment (BHK SGX, 807 HKSE) recorded a revenue of RMB3,300 million for the period, representing an increase of 25% year-on-year, mainly due to the

accelerated progress of projects in the first half of the year, as compared to the same period last year when the construction schedule was delayed due to the pandemic. Profit attributable to shareholders of the Company increased by 18.3% year-on-year to RMB333 million.

- In the first half, SIIC Environment's wastewater treatment volume increased by 1.2% year-on-year and the average sewage water treatment fees increased by 21.6% to RMB1.69 per tonne. Water supply volume increased by 12.3% year-on-year and the average water supply tariff increased from RMB2.48 per tonne to RMB2.53 per tonne.
- General Water of China recorded a revenue of HK$999 million for the period, down 9.2% year-on-year. Net profit decreased by 4.8% to HK$159 million. Besides, General Water of China was awarded "Top 10 Most Influential Enterprises in China's Water Industry" for the 18th consecutive year and remained in the top 3.
- In the new business arena, the Group continued to expand its photovoltaic business. The Group completed the acquisition of Weifang Tian'en photovoltaic power station in Shandong Province with an additional scale of 50MW during the period. As of June 30, 2021, total photovoltaic assets capacity of Shanghai Galaxy and its subsidiary, Galaxy Energy, reached 740MW, and the Company's total amount of on-grid electricity sold from 15 photovoltaic power stations set a record high of 569.7 million kWh, representing a year-on-year increase of 22.9%. During the period, three new photovoltaic power station projects were applied to enter the national renewable energy subsidy catalog, and all of the Company's projects are expected to be included in the renewable energy subsidy catalog within this year.

Real Estate

- SI Development (600748 SSE) recorded a revenue of RMB4,025 million for the period, representing a decrease of 10.4% year-on-year, and net profit decreased by 19.8% year-on-year to RMB344 million. SI Development seized the opportunity to swiftly launch properties and accelerated sales of non-residential projects with contract sales of RMB4,043 million during the period, including projects such as Era of Elites in Baoshan, Shanghai (Phase I and II), SIIC Tianlan Bay in Huzhou and Shanghai Bay (Phase IV) in Qingpu, Shanghai. During the period, the rental income amounted to approximately HK$240 million.
- Capital contribution was increased to SIIC Elderly Care, in which SI Development holds a 38% equity interest, by the same proportion. The registered capital of SIIC Elderly Care was increased from RMB20 million to RMB520 million, and SI Development made an additional capital contribution of RMB190 million in proportion to its shareholding in SIIC Elderly Care. The percentage of equity interests held by each shareholder after the capital increase remained unchanged. At the same time, SI Development increased its premium land reserve in an appropriate way, including forming a consortium with two other independent investors to successfully acquire the land parcel No. 91, North Bund, Shanghai, at a total consideration of approximately RMB9,106 million through listing-for-sale, which will be developed into an international new cultural and entertainment complex in Shanghai Bund.
- SI Urban Development (563 HKSE) recorded a revenue of HK$4,577 million for the period, representing an increase of 44.3% year-on-year, mainly due to an increase in income carried forward from properties delivered and a significant improvement in rental income. Contract sales for the period amounted to RMB4,867 million, representing an increase of 31.3% year-on-year, projects including Originally in Xi'an and West Diaoyutai• Emperor Seal in Beijing.

Consumer Products

- The turnover and profit after tax of Nanyang Tobacco for the first half of 2021 were HK$918 million and HK$191 million, respectively, representing a decrease of 18.3% and 30.2%, respectively, as compared to the same period last year. The decrease was mainly due to the significant decline in the sales of cigarettes at duty-free shops as well as a respective drop in exports and ship-tobacco business due to the customs-closure measures in Hong Kong in response to the COVID-19 epidemic outbreak.
- During the period, Nanyang Tobacco focused on the innovation of traditional cigarettes and new type of filter rods, development of new types of cigarettes, manufacturing of premium cigarettes and equipment management. The construction of the production platform of composite filter rods has been completed. The production lines for new types of cigarettes have been put into operation and the equipment installed met the expected target. The Company continued to focus on premium products' production at flexible workshops to improve the stability and reliability of the yarn-making to wrapping process.
- The closure of duty-free shops in Hong Kong under the epidemic has maintained high overall sales of Nanyang Tobacco in Hong Kong. In the second half of 2021, depending on market conditions, we will consider promotional activities for traditional cigarettes brands and the feasibility of introducing innovative cigarettes in major channels. Sales in China market increased with overall operation developing rapidly and well. The tax-free markets in China, Hong Kong and Macau have recovered since last September, with sales mainly concentrated in the Zhuhai-Macau port and basic channels for tax-free market (not airports and Guangdong-Hong Kong border).
- Wing Fat Printing recorded a revenue of HK$875 million for the period, representing an increase of 18.6% over the same period last year. Net profit amounted to RMB109 million, representing an increase of 15.7% year-on-year. The medicine-packaging business saw a robust growth and the wine-packaging business reported a sound development driven by the vibrant downstream market.

Mr. Shen Xiao Chu, Chairman of SIHL, said, "In the second half of 2021, with ongoing uncertainties of political and economic situation under the pandemic globally, we are facing severe challenges in many aspects. As for the infrastructure and environmental protection business, SIIC Environment will take advantage of the development opportunities brought by the national policy to promote the environmental protection and clean energy segments to accelerate the deployment in the field of environmental protection technology and promote the integration of production and financing for high quality development. We will continue to improve operational efficiency of toll roads to maintain stable business development. Investments in the new business arena and green energy sector are expected to be new revenue contribution to the Group. In the real estate business, we will closely monitor policies and market dynamics, revitalize stock assets, innovate financing methods and channels, and explore upgrading and transformation. In the consumer products business, Nanyang Tobacco will step up efforts to cultivate innovative products in the second half of 2021, adjust the structure of product channels and seek cooperation with large mainland cigarette companies in overseas production and sales to enhance its internationalization and marketability. Wing Fat Printing will strive to achieve the annual business target while strengthening its long-term deployment amid the changing environment. Overall, the Group will accelerate the upgrade of its core businesses and acquire more quality projects at the right time 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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