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Press Release

## SIHL's Revenue and Profit Both Recorded a Significantly Increase in 2021

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### Continues to Expand Water Services and Solid Waste Businesses Final Dividend as high as HK102 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 twelve months ended 31 December 2021. Revenue amounted to HK\$38,748 million, representing an increase of 42.8% year-on-year. Profit attributable to owners of the Company amounted to HK\$3,746 million, representing a significant increase of 68.8% year-on-year. The Board of Directors has recommended a final dividend of HK54 cents per share. Together with the interim dividend HK48 cents, the whole year dividend was HK102 cents per share and the payout ratio was as high as 29.8%, to reciprocate our shareholders' long-term support.

#### Annual Results Highlights

	For twelve months ended 31 December (Audited)		
	2021	2020	Change
Revenue (HK\$ million)	38,748	27,138	+42.8%
Profit attributable to owners of the Company (HK\$ million)	3,746	2,219	+68.8%
Earnings per share - Basic (HK\$)	3.429	2.014	+70.3%
Final dividend per share – proposed (HK cents)	54	52	
Interim cash dividend per share (HK cents)	48	22	
Interim special dividend per share (HK cents)	-	15*	
Total dividend of the year per share (HK cents)	102	89	
Payout ratio	29.8%	44.2%	
	As at 31 December 2021 (Audited)	As at 31 December 2020 (Audited)	Change
Total assets (HK\$ million)	207,711	194,882	+6.6%
Equity attributable to owners of the Company (HK\$ million)	47,439	43,679	+8.6%
Cash and cash equivalents (HK\$ million)	39,528	29,303	+34.9%
Net debt ratio <sup>^</sup>	52.17%	63.35%	

\* The special dividend was stock dividend, which 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.

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

**Revenue and Profit Contributions by Business:**

	For twelve months ended 31 December (Audited)		
Segment Revenue (HK\$ million)	2021	2020	Change
Infrastructure Facilities	10,914	8,538	+27.8%
Real Estate	23,787	15,233	+56.2%
Consumer Products	4,047	3,366	+20.2%
Segment Net Profit (HK\$ million)	2021	2020	Change
Infrastructure Facilities	2,369	1,156	+105.0%
Real Estate	895	770	+16.3%
Consumer Products	670	518	+29.2%

In 2021, the management team of the Group overcame various operational challenges against the recurring COVID-19 epidemic. The Group promptly adjusted its business strategies and steadily promoted its key projects as an effort to confront the adverse impact brought on by the pandemic. The three core businesses remained stable and gradually resumed normal operations. Total revenue reached HK\$38,748 million, representing an increase of 42.8% year-on-year. Profit attributable to owners of the Company amounted to HK\$3,746 million, representing a significant increase of 68.8% year-on-year. Profit of infrastructure facilities business amounted to HK\$2,369 million, representing a significant increase of 105.0% year-on-year and accounting for approximately 60.2% of the total profit of the Group. The Group continued to strengthen its investment in water services and solid waste businesses during the year. SUS Environment Co. Ltd. ("SUS Environment"), currently 28.34% held by a 50-50 joint venture of the Company, now has over 60 waste-to-energy public-private-partnership (PPP) projects with a daily capacity of over 100,000 tonnes, boasting a market share of 10% in China. SUS Environment has been one of the Top 10 Most Influential Enterprises in China's solid waste industry for five consecutive years.

During the year, the real estate business recorded a profit of HK\$895 million, representing an increase of 16.3% year-on-year. The increase mainly attributable to relatively higher profits generated from the sales revenue of the Shanghai Bay project (Phase 4) under development by SI Development in which the Company holds a 49% equity interest. The increase in profit was also due to additional profit recorded during the year arising from the sale of a number of property projects of the Group.

In 2021, consumer products business made a profit for the year of HK\$670 million, representing an increase of 29.2% year-on-year. Nanyang Brothers Tobacco Company Limited ("Nanyang Tobacco") made every effort to expand its business, creating "new business, new products, new markets and new channels" and exploring overseas markets. Simultaneously, it continued to promote technological innovation and advanced the technical content. Wing Fat Printing Company Limited ("Wing Fat Printing"), its tobacco and wine packaging business made solid profits, the medicine-packaging business steadily became a new source of profits, and the moulded-fibre business made good progress for its diversified development.

**Business Highlights:****Infrastructure Facilities**

- During the year, overall traffic flow and toll revenue of the three toll roads and Hangzhou Bay Bridge recorded a significant increase. Revenue reached HK\$4,546 million, representing a year-on-year increase of 44.6%. The increase mainly due to significantly higher toll collection days in 2021 compared to 2020 coupled with natural increase in traffic flow. In addition, the toll mileage for the entry sections of our three toll roads in Shanghai has been waived since 6 May 2020, for which the Group received economic compensations totaling RMB3,553 million at the end of June 2021. This amount will be accounted for as

the Group's other income on a unit-of-usage basis over the remaining years of the respective toll road concession rights.

- Driven by the increase in both sewage treatment volume and average treatment tariff, SIIC Environment Holdings Ltd. ("SIIC Environment") (BHK SGX, 807 HKSE)'s revenue amounted to RMB7,267 million, representing a year-on-year increase of 16.2%. Profit attributable to shareholders amounted to RMB706 million, representing a year-on-year increase of 11.1%.
- With China goes full steam ahead with the development of environmental industry and accelerating the construction of a "beautiful China", driving the development of the new projects of SIIC Environment. In 2021, SIIC Environment was awarded 24 projects, of which 21 were sewage treatment, reclaimed water and water supply projects, while the other three were sludge-treatment projects. During the year, the volume of sewage water treated by SIIC Environment grew 0.98% year-on-year to 2.433 billion tonnes, while the average sewage treatment tariff increased by 12.5% year-on-year to RMB1.69 per tonne and water supply volume rose 10.2% year-on-year to 308 million tonnes.
- SUS Environment, which the Group has shareholding, is a comprehensive urban solid waste disposal service provider with a full industrial chain consisting of investment, construction and operation. With 18 power generation projects connected to the grid during the year, the Company has altogether 34 projects on grid now, with a market share for core equipment sales of over 40% in China.
- General Water of China Co., Ltd. ("General Water of China") recorded revenue of HK\$2,431 million, representing a year-on-year decrease of 3.4%. As at the end of 2021, the company operated a total of 34 water-supply plants and 27 sewage-treatment plants with a combined daily capacity of 5.502 million tonnes, of which the daily capacity of water generation is 2.9545 million tonnes and the daily capacity of sewage treatment is 2.548 million tonnes. In addition, General Water of China was awarded "Top 10 Most Influential Enterprises in China's Water Industry" for the 18<sup>th</sup> consecutive year and has been ranked among the top 3.
- In the new business arena, as at the end of December 2021, the photovoltaic assets capacity of Shanghai Galaxy Investment Co., Ltd. and its subsidiary, SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd., reached 740MW. The Company's total amount of on-grid electricity sold from 15 photovoltaic power stations was approximately 1,114 million kWh, representing a year-on-year increase of 23.95%.

## **Real Estate**

- In 2021, Shanghai Industrial Development Co., Ltd. ("SI Development") (600748 SSE) recorded revenue of RMB10,269 million, net profit was RMB532 million. SI Development monitored the market closely, reviewed its inventory of saleable projects and capitalized on market opportunities to launch property sales while increasing the turnover for non-residential projects. Contract sales of real estate projects for the year reached RMB6,252 million, including projects such as Era of Elites (Phases 1 and 2) in Baoshan, Shanghai, SIIC Tianlan Bay in Huzhou.
- During the year, the Company's construction projects, including eight land parcels under construction covering an area of approximately 1,500,000 square meters, progressed smoothly. The occupancy rate and rental levels for the domestic office and commercial leasing markets have been dropping. The Company has adjusted its strategies in a timely manner and maintained an average occupancy rate of 90%. In May 2021, a tender consortium formed by SI Development and two independent investors won the bid for the acquisition of the land use rights of lot No. 91 situated at the North Bund, Hongkou District. With a total site area of approximately 34,585 square meters, it is planned to develop the land parcel into the tallest building in Puxi, Shanghai with a height of 480 meters.
- Shanghai Industrial Urban Development Group Limited ("SI Urban Development") (563 HKSE) recorded revenue of HK\$11,015 million, representing an increase of 73.3% year-on-year. Profit attributable to shareholders was HK\$572 million, representing an increase of 9.7% year-on-year. Contract sales for the year amounted to RMB8,930 million, with projects including 'Originally' in Xi'an

and ‘West Diaoyutai•Emperor Seal’ in Beijing. Rental income for the year was approximately HK\$830 million.

- During the year, SI Urban Development increased its equity interests and capital in Shanghai Dongyi Property Co., Ltd. (“Shanghai Dongyi Property”) through its wholly-owned subsidiary. Shanghai Dongyi Property proposed to construct the SIIC Dongyi Sanatorium on a piece of land it owns in the Demonstration Zone of Dongtan of Chongming in Shanghai. It is planned to build a premium, for-profit sanatorium mainly for medical check-ups, combining various sanatorium functions and serving people in the higher echelons. The transaction provides SI Urban Development with an excellent opportunity to further its expansion plan into the great health care industry.

### **Consumer Products**

- The turnover and profit after tax of Nanyang Tobacco for the year were HK\$2,379 million and HK\$499 million, representing an increase of 27.4% and 38.2% year-on-year, respectively. This is mainly attributable to the fact that the exports and ship-tobacco business have resumed large-scale production and shipments since the third quarter of 2021, together with the resumption of operation of a small number of duty-free stores such as the Zhuhai port since the fourth quarter of 2020.
- Nanyang Tobacco successfully secured the exclusive distribution rights for the duty-free market in the United Arab Emirates in 2021, after procuring the exclusive distribution rights last year for a number of brands from a major cigarette manufacturer in mainland China for the duty-free market in Indonesia. The Company will gradually expand the duty-free market in Asia to broaden its scope of operation and increase profitability. With the promotion of local production of cut tobacco under the strategic cooperation framework between Nanyang Tobacco and a major cigarette manufacturer in mainland China, Nanyang Tobacco has been able to develop a full industry chain cooperation model of tobacco procurement, process technology and market cooperation from a simple OEM model. In addition, the company pushed forward the construction of its production base in Malaysia during the year and paved its way for a development path beginning with the duty-paid markets in Southeast Asia.
- Continuing to promote technical innovation, Nanyang Tobacco made significant progress in the technical research of shaped nozzle for heterotypic tobacco, enabling the production of different specifications of filter rods to be converted flexibly and quickly. The company also completed the development project of heterotypic cans to consolidate its leading position in the canned tobacco market with the world's first oval-shaped heterotypic cans. The Company has completed the production optimization project of flexible workshops, with significant improvements in the stability and reliability of the process of turning cut tobacco into wrapping.
- Wing Fat Printing’s revenue and net profit reached HK\$1,927 million and HK\$187 million, representing a year-on-year increase of 15.4% and 11.0%, respectively. The increase mainly due to the timely expansion of the medicine-packaging business helped reduce the impact of structural fluctuations in the Company’s business. The diversification of customers in the moulded-fibre business achieved substantial breakthroughs, while the packaging business also seized the opportunity brought about by the high prosperity of the downstream wine industry in recent years. With the help of multi-drivers, Wing Fat’s results this year reached a 10-year high.

Mr. Shen Xiao Chu, Chairman of SIHL, said, “There are still many uncertainties in the business environment despite signs of an economic recovery in China, while the epidemic prevention-and-control measures are still severe in Hong Kong and other places around the world and increasing geographical risks. Looking forward to 2022, the Group will continue to pursue its reforms and innovation programs, step up the efforts in the upgrading of the core businesses, enhance management efficiency and improve profitability, and continue to look for opportunities to acquire quality projects. For the infrastructure and environmental protection business, the Group will seize the opportunities brought by national policies, continue to seek thorough developments in the environmental protection sector, expand the scale of the investments in an orderly

manner and accelerate the deployment of its resources in the area of environmental protection technologies. Regarding the real estate business, the Group will closely monitor national policies and market trends, revitalize existing assets, and accelerate collection of receivables. In addition, the Group will further strengthen overall risk controls and promote healthy, stable and high-quality development. For the consumer products business, Nanyang Tobacco will continue to promote technological innovation, focus on developing new products, adjust the structure of product channels, so as to broadening the scope of the company's markets and global presence. Wing Fat Printing will continue to practice its prudent and down-to-earth spirit to accurately analyze the changes and challenges and achieve its annual business targets under the guidance of existing strategies. The Group is committed to making continuous breakthroughs in all its businesses to maximize 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](http://www.sihl.com.hk).

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