上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED
上海實業集團成員 A Member of SIIC

30 August 2022

Press Release

SIHL's Overall Business Remains Stable in First Half of the Year
****
SIHL Continues to Expand Investment in Water Services and Solid Waste Businesses

Interim Dividend of HK42 Cents Per Share with a payout ratio of as high as 41.4%

Shanghai Industrial Holdings Limited ("SIHL" or the "Company", together with its subsidiaries collectively referred to the "Group"; HKSE stock code: 363) has announced its unaudited Interim results ending on 30 June 2022. Revenue amounted to HK$15.22 billion representing a decrease of 6.7% year-on-year. Profit attributable to owners of the Company amounted to HK$1.104 billion representing a decrease of 48.2% year-on-year. The Board of Directors has recommended an interim dividend of HK42 cents per share with a payout ratio of as high as 41.4%, to reciprocate our shareholders' long-term support.

2022 Interim Results Highlights

	For six months ended 30 June (Unaudited)		
	2022	2021	Change
Revenue (HK$ million)	**15,220**	16,316	-6.7%
Profit attributable to owners of the Company (HK$ million)	**1,104**	2,131	-48.2%
Earnings per share - Basic (HK$)	**1.015**	1.945	-47.8%
Dividend per share- Interim (HK cents)	**42**	48	
Payout ratio	**41.4%**	24.7%	
	As at 30 June (Unaudited)	**As at 31 December (Audited)**	
	2022	**2021**	Change
Total assets (HK$ million)	**195,263**	207,711	-6.0%
Equity attributable to owners of the Company (HK$ million)	**45,975**	47,439	-3.1%

Revenue and Profit Contributions by Business:

	For the six months ended 30 June (Unaudited)		
Segment Revenue (HK$ million)	**2022**	2021	Change
Infrastructure Facilities	**5,011**	5,000	0.2%
Real Estate	**8,546**	9,606	-11.0%
Consumer Products	**1,664**	1,710	-2.7%

Total	**15,220**	16,316	-6.7%
Segment Net Profit (HK$ million)	**2022**	2021	Change
Infrastructure Facilities	**984**	1,215	-19.0%
Real Estate	**40**	768	-94.8%
Consumer Products	**236**	292	-19.4%

In the first half of 2022, some cities in mainland China, including Shanghai, implemented strict epidemic prevention and control measures. In addition, the complexity of the international geopolitics has affected the capital market leading to volatility in securities prices, exchange rates and interest rates etc., which has led to various operational challenges for the Group. Rising to the challenge, the Group promptly adjusted its business strategies and steadily promoted its key projects to ensure the overall business remained stable in the first half of the year. The infrastructure facilities business recorded a profit of HK$984 million, representing a decrease of 19.0% year-on-year and accounting for approximately 78.1% of the Group's net profit. The reduction in profit was mainly due to lockdown, quarantine, and traffic control in respective areas for the pandemic, resulting in significant decrease in revenue and traffic flow of toll road business compared with the same period last year. For its water treatment and solid waste business, the Group continued to seize market opportunities and expand the scale of its investments in an orderly manner.

In the first half of 2022, the Group's real estate business recorded a profit of HK$39.72 million, representing a year-on-year decrease of 94.8% and accounting for approximately 3.2% of the Group's net profit. The decline was mainly attributable to an increase in the capital cost of real estate enterprises, a drop-in contract sales and collection of receivables, in addition to delays in projects under construction and in launching of property projects due to the pandemic, resulting in a decrease in operating results and an increase in the company's gearing ratio.

The consumer products business made a profit contribution of HK$236 million to the Group, representing a decrease of 19.4% over the corresponding period last year and accounting for approximately 18.7% of the Group's net profit. Though there is a decline in sales and revenue of Nanyang Tobacco, its profit remained flat compared with the same period last year as a result of cost-control and product-mix adjustments. Wing Fat Printing has achieved positive synergy among various businesses, which supported the overall stability of business scale, business structure, core customer base and delivery capacity during the period, its medicine-packaging business achieved a positive result.

Business Highlights:

<u>Infrastructure Facilities</u>

- In March, due to the COVID-19 outbreak in Shanghai, overall traffic flow on the roads dropped significantly, especially from 28 March onwards, when there was virtually no traffic on the expressways as lockdowns were implemented in Pudong and Puxi respectively, which resulting overall traffic flow and toll revenue of the three toll roads and Hangzhou Bay Bridge decreased significantly by 45.7% and 34.0% respectively year-on-year. While work and production gradually resumed following the lifting of the lockdown in June, the overall traffic flow was still not fully recovered.
- SIIC Environment Holdings Ltd. ("SIIC Environment") (BHK SGX, 807 HKSE)'s total revenue rose 11.7% to RMB3,687 million. The increase was mainly attributable to the accelerated construction progress of the renewable energy development centre project in Baoshan, Shanghai, which is scheduled to commence operation within this year. Net profit for the period was RMB366 million, representing a year-on-year increase of 10.0%.
- During the first half of the year, the volume of sewage water treated by SIIC Environment grew

1.6% year-on-year to over 1.2 billion tonnes, while the average sewage-treatment tariff increased by 1.8% to RMB1.72 per tonne year-on-year and the volume of water supply rose 3.9% to over 150 million tonnes. The average water-supply tariff was RMB2.47 per tonne.

- During the period, General Water of China recorded revenue of HK$1,144 million, representing a year-on-year increase of 14.6%. Net profit amounted to HK$182 million, representing an increase of 14.3% over the same period last year. As at the end of June 2022, General Water of China secured four new projects, of which are expected to reach a total investment of approximately RMB422 million. In addition, General Water of China has been named one of the Top 10 Most Influential Enterprises in China's Water Industry for the 19th consecutive year, and has been ranked among the top three for the fourth consecutive year.
- As at the end of June 2022, the photovoltaic asset capacity of Shanghai Galaxy and Galaxy Energy, its subsidiary, reached 740 MW. The total amount of on-grid electricity sold during the first half of the year from its 15 photovoltaic power stations hits a new high of approximately 591 million kWh, representing an increase of 3.61% over the same period last year.

Real Estate

- During the year, SI Development (600748 SSE) recorded a revenue of RMB1,382 million representing a decrease of 64% year-on-year with net loss of RMB 92.46 million. In spite of the stagnation of sales in Shanghai, SI Development took multiple measures to actively study sales plans for different business formats and revitalize regional inventories with a contract sales of RMB2,712 million. Projects included International Beer City in Qingdao and Sea Palace in Quanzhou. Rental income for the period was approximately HK$46.75 million.
- The property management division of SI Development won 17 new tenders in the first half of the year with an additional area under management of approximately 1.12 million square meters. "SI Development Services" was awarded the Shanghai Brand Certification. At the same time, SI Development, as a local state-owned enterprise in Shanghai, actively fulfilled its social responsibility during the period with the implementation and confirmation of rent remission plan, benefiting 193 small and micro enterprises and individual industrial and commercial tenants with the proposed rent reduction area of approximately 89,000 square meters.
- SI Urban Development (563 HKSE) recorded a revenue of HK$6,809 million, representing a rise of 48.7% year-on-year mainly due to an increase of carry-over revenue of properties delivery. Contract sales amounted to RMB1,646 million, projects mainly included Originally in Xi'an and Contemporary Art Villa in Shanghai.
- In June this year, SI Urban Development announced the successful bidding of the land use rights for six parcels of land in Shanghai in conjunction with a joint bidder (being an independent third party). The land parcels are expected to be developed into approximately 271,081 square meters of residential projects and 9,892 square meters of commercial projects. The successful bidding of the land parcels will significantly bolster the land bank of the Company.

Consumer Products

- In the first half of the year, the revenue of Nanyang Tobacco amounted to HK$860 million, representing a decrease of 6.3% year-on-year, and net profit was HK$191 million, basically flat compared with the corresponding period last year. Due to the resurgence of the pandemic in the first half of the year, Nanyang Tobacco was under continued pressure and was impacted due to the effect on consumers, the logistics and the production at the same time.

- During the period, Nanyang Tobacco continued to promote equipment and technology renovation completing all supporting works for the new cigarette-making machine of the exquisite canned cigarettes production line, realising the first stage of production of the world's first canning of long slim cigarette, and completing the trial production and batch production of heterotypic cans sealing machine and coding machine.
- In the second half of the year, Nanyang Tobacco will closely observe the changes in the local market and consider launching a series of promotional activities for traditional cigarettes as well as introduce innovative cigarettes in all major channels to drive growth with new specifications. In Mainland China, the Company will focus on the promotion of new products and optimized structured products. At the same time, the Company plans to cultivate innovative cigarette products in overseas markets and strives to achieve a good situation after the epidemic.
- Wing Fat Printing achieved revenue of HK$875 million, broadly in line with the same period last year. Net profit was HK$39.91 million, representing a year-on-year decrease of 63.3%. The decline was mainly due to the industry's overcapacity, which was undermined by disorderly low-price competition in a bid to survive by price, squeezing the industry's reasonable profit margin. In the next step, the Company will continue to maintain its strategic stability and legacy of resilience to maintain a healthy overall revenue scale, profitability and asset structure.

Mr. Shen Xiao Chu, Chairman of SIHL, said, "In the second half of 2022, the geopolitical and economic situation will remain uncertain, and the Company will still face severe challenges on various fronts. For the infrastructure and environmental protection business, SIIC will seize the development opportunities brought about by the national policy, accelerate the deployment in the field of environmental protection technology, promote the integration of production and financing and develop in a high quality and sustainable manner. Toll roads continued to improve in terms of operational efficiency and maintain stable business development. Through the investment in the new business arena, the investment in the environmental protection and green energy segment will make new contributions to the Group. In the real estate business, the Group will closely trace policies and market trends, innovate financing methods and channels, revitalise existing assets and explore transformation and upgrading. For the consumer products business, Nanyang Tobacco will step up efforts to cultivate innovative products in the second half of the year, promote new products in the medium and specialty markets in Mainland China and cultivate innovative tobacco products in overseas markets to enhance its internationalisation and marketability. Wing Fat Printing has focused on further strengthening the structural orientation of its business development, accelerated the implementation of its industrial layout and it has sought to achieve annual operating targets. Overall, the Group will accelerate the upgrading of its main businesses lines and take advantage of the opportunities that arise to acquire additional quality projects and create greater value for all shareholders."

# # #

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, real estate and consumer products. 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.

Media Enquiries:

Shanghai Industrial Holdings Ltd.
Corporate Communications Department
Frances Leung / Cecilia Chen
Tel: (852) 2821 3936
Email: ir@sihl.com.hk

Hill+Knowlton Strategies Asia
Ada Leung
Tel: (852) 2894 6225 / (852) 2894 6229
Email: sihl@hkstrategies.com