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Press Release

SIHL's Performance has Stabilized Against the Adverse Environment, with Strong Resilience of the Group's Business Structure

Focused on Transformation of ESG Value

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 ended on 31 December 2022. Revenue amounted to HK\$31.35 billion, representing a decrease of 19.1% year-on-year. Profit attributable to owners of the Company amounted to HK\$2.31 billion, representing a decrease of 38.2% year-on-year. The Board of Directors has recommended a final dividend of HK50 cents per share. Together with the interim dividend of HK42 cents, the whole year dividend was HK92 cents per share and the payout ratio was as high as 43.2%, to reciprocate our shareholders' long-term support.

2022 Annual Results Highlights:

	For twelve months ended 31 December (Audited)		
	2022	2021	Change
Revenue (HK\$ million)	31,349	38,748	-19.1%
Profit attributable to owners of the Company (HK\$ million)	2,314	3,746	-38.2%
Earnings per share - Basic (HK\$)	2.128	3.429	-37.9%
Final dividend per share – proposed (HK cents)	50	54	
Interim cash dividend per share (HK cents)	42	48	
Total dividend of the year per share (HK cents)	92	102	
Payout ratio	43.2%	29.8%	
	As at 31 December 2022 (Audited)	As at 31 December 2021 (Audited)	Change
Total assets (HK\$ million)	193,934	207,711	-6.6%
Equity attributable to owners of the Company (HK\$ million)	45,524	47,439	-4.0%
Cash and cash equivalents (HK\$ million)	30,885	39,528	-21.9%
Net debt ratio [^]	61.25%	52.17%	

[^] (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)	2022	2021	Change
Infrastructure Facilities	11,077	10,914	1.5%
Real Estate	17,196	23,787	-27.7%
Consumer Products	3,076	4,047	-24.0%
Segment Net Profit (HK\$ million)	2022	2021	Change
Infrastructure Facilities	1,926	2,369	-18.7%
Real Estate	300	895	-66.5%
Consumer Products	310	670	-53.7%

In 2022, COVID-19 prevention and control policies remained strict. From March to July, Shanghai and surrounding areas were greatly affected by the pandemic, and the business segments of the Group faced enormous operating pressure and challenges in an extreme operating environment. The management team has overcome various difficulties and maintained relatively stable business and profit performance, fully demonstrating the strong resilience of Group's asset and business structures. Total revenue reached HK\$31,349 million, representing a decrease of 19.1% year-on-year. Profit attributable to owners of the Company amounted to HK\$2,314 million, representing a decrease of 38.2% year-on-year. Considering that the Group has HK\$30.89 billion in cash and cash equivalents, the Board of Directors has recommended a final dividend of HK50 cents per share, and total dividends for the year amounted to HK92 cents per share, with a dividend payout ratio of 43.2% to reward shareholders for their continued support.

During the year, the Group seized development opportunities for sustainable energy brought by national policy to accelerate deployment in the environmental protection business field. Shanghai Baoshan Renewable Energy Utilization Center of SIIC Environment Holdings Ltd. ("SIIC Environment") (BHK SGX, 807 HKSE) was scheduled to commence operation in September 2022. As a benchmark solid waste project in the Yangtze River Delta, the Baoshan project will drive coordinated development in the region and is of great significance for Shanghai to achieve the goal of zero domestic waste landfill. The Group will closely follow the relevant national strategies, continued to focus on the transformation of ESG (Environment, Society and Governance) value, and promote future long-term sustainable development.

The Infrastructure Division recorded a profit of HK\$1,926 million, representing a decrease of 18.7% year-on-year and accounting for approximately 76.0% of the Group's net profit. The decrease was mainly due to a significant drop in traffic volume and revenue from the toll road business as a result of the pandemic lockdown measures. The Company's 19.48%-owned Canvest Environmental Protection Group Company Limited ("Canvest") has expanded its business footprint in Mainland to 13 provinces and 28 cities, generating 5.25 billion kilowatt hours of electricity for the year, representing an increase of 19.9% year-on-year. Innocuous solid waste treatment was implemented nearly 14 million tonnes annually, representing an increase of 26.4% year-on-year. The Company also acquired an additional 40% equity interest in Shanghai Industrial Clean Energy (Shanghai) Co., Ltd ("SI Clean Energy") through an indirect wholly-owned subsidiary. SI Clean Energy currently owns 6 new energy plants with a total capacity of 540MW, of which the Fengxian project and the Donghai expansion project have been connected to the grid at full capacity.

Shanghai SUS Environment Co., Ltd ("SUS Environment"), which is 28.34% owned by Shanghai S.I.

Yangtze River Delta, a subsidiary of the Company, had a total daily capacity of 34,600 tonnes of waste incineration projects at the end of 2022, with an annual living garbage intake of 13.1 million tonnes, representing a year-on-year increase of 49.8%. It also completed a grid-connected electricity generation of 4.55 billion kWh, representing a year-on-year increase of 49.7%. During the year, the Company accelerated the construction of waste-to-energy projects and 17 projects being put forward. In addition, 6 new waste-to-energy projects were acquired in Mainland China.

In October 2022, Shanghai S.I. Yangtze River Delta Ecological Development Co., Ltd., in which the Group indirectly holds 50% stake, successfully bid to acquire 40% equity of Shanghai Pharmaceutical (Group) Co., Ltd. ("Shanghai Pharmaceutical Group") that held by Huayuan Group, with RMB6.24 billion bid price. The main business of Shanghai Pharmaceutical Group includes chemical and biological medicines, Traditional Chinese medicine, and pharmaceutical distribution, which products cover all fields of human life and health. The acquisition was in line with the company's business strategic positioning and development direction, by implementing the national development strategy of "Healthy China" and fully capitalizing on Hong Kong's resources to broaden the scope of our business in the field of One Health. This will enable SIHL to have the dividends brought by the value growth of Shanghai Pharmaceuticals in the future, which will help promote the synergistic effect of the business of both parties.

In 2022, the profit of real estate business dropped 66.5% year-on-year to HK\$300 million, representing a decrease of operating results. 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, and delays in projects under construction and in launching of property projects due to the pandemic.

The consumer products business made a profit contribution of HK\$310 million, representing a year-on-year decrease of 53.7%. Nanyang Brothers Tobacco Company Limited ("Nanyang Tobacco") has carried out production and operation around reduce inventory, adjust status, and lower costs, and continued to promote technological innovation and application to maintain its equipment technology at the forefront of the industry. Wing Fat Printing Company Limited ("Wing Fat Printing") continued to comprehensively strengthen the phased advantages of the core business of medicine packaging while actively exploring and expanding the market, as a result, Wing Fat Printing's Vietnam factory has been able to commence operations successfully, which marks a major milestone.

Business Highlights:

Infrastructure Facilities

- During the year, the three toll roads and the Hangzhou Bay Bridge faced unprecedented challenges from pandemic control, resulting in overall traffic and toll revenue dropping significantly year-on-year to HK\$3,384 million. The decrease was mainly due to the impact of the COVID-19 outbreak in Shanghai and its surrounding areas, especially during the period from March to July. The pandemic control management in various provinces and "landing inspection" for vehicles travelling to and from Shanghai from September to early December also affected the traffic volume. The drop of toll revenue was also attribute to the outbreak peak of the pandemic at the end of the year. In addition, the opening of the main line and some of the ramps of the Songze Elevated Highway West Extension on 7 February 2022 had a cumulative impact on the traffic flow on the Shanghai section of the Hu-Yu Expressway.
- SIIC Environment Holdings Ltd. recorded total revenue of RMB8,304 million for the year, representing a year-on-year increase of 14.3%, driven by a 19.4% year-on-year increase in construction revenue. Profit attributable to shareholders increased by 10.5% year-on-year to RMB780 million and gross profit for the year rose by 9.5% year-on-year.

- The water treatment business has maintained steady growth, its market share has continued to increase in environmental protection field in China. SIIC Environment's new projects progressed smoothly, with 13 new sewage treatment and water supply projects added throughout the year. The projects benefitted from a series of favourable policies launched by the State and the continued construction and tendering of new sewage and water supply projects by local governments. As at the end of 2022, the volume of sewage treated by SIIC Environment grew by 1.5% year-on-year to 2.47 billion tonnes, while the average wastewater treatment tariff increased by 9.5% year-on-year to RMB1.86 per tonne and the volume of water supplied increased by 3.1% year-on-year to 317 million tonnes.
- General Water of China recorded a turnover of HK\$2,150 million for the year, representing a year-on-year decrease of 11.6%. During the year, 13 sewage treatment and water supply projects added. As at the end of 2022, General Water of China had 34 water treatment plants and 27 wastewater treatment plants with a total capacity of 6.556 million tonnes per day. Of this total, 3.005 million tonnes per day was dedicated to water production capacity, and 3.552 million tonnes per day was dedicated to wastewater treatment capacity. In addition, for the 19th consecutive year, the Company was awarded as one of the "Top 10 Most Influential Enterprises in China's Water Industry", and remained in the top three.
- For the New Business Arena, the photovoltaic asset capacity of Shanghai Galaxy and Galaxy Energy (Shanghai) Co., Ltd., its subsidiary, reached 740 MW., with 15 photovoltaic power projects completing approximately 1,130 million kWh of on-grid electricity for the year, representing a year-on-year increase of 1.44%.

Real Estate

- SI Development (600748 SSE) recorded revenue of RMB5,248 million, and a net profit of RMB123 million, representing a decrease of 33.2% year-on-year, mainly due to the delays in construction and progress in sales that resulted from the pandemic lockdown. Contract sales for the year was RMB5,661 million, projects including International Beer City in Qingdao, Shanghai Bay (Phase 5) in Qingpu, Shanghai, etc.
- SI Development, as a local state-owned enterprise in Shanghai, actively fulfilled its social responsibility during the period with the implementation and confirmation of a rent remission plan, benefiting 218 small and micro enterprises and individual industrial and commercial tenants with the proposed rent reduction area of approximately 136,000 square metres. In terms of property services, during the year, 25 property management projects were renewed and 24 new projects were added, with an area under the management of approximately 27.86 million square metres.
- SI Urban Development (563 HKSE) recorded a revenue of HK11,022 million, representing a rise of 0.1% year-on-year. Profit attributable to owners of the Company amounted to HK\$407 million representing a decrease of 28.9% year-on-year. Contract sales amounted to RMB7,908 million, projects including Originally in Xi'an, Shangtou Xinhong and Shangtou Baoxu in Shanghai, etc.
- Shanghai Industrial Urban Development and a joint bidder had won the bid in the government run public auction of the land use rights for six parcels of land located in Lingang New Area of the China (Shanghai) Pilot Free Trade Zone. The land can be developed into a residential development project of approximately 271,081 square metres and a commercial development project of 9,892 square metres. Given the extremely high value of the land, it will further consolidate SIUD's leading position in Shanghai.

Consumer Products

- Revenue of Nanyang Tobacco amounted to HK1,431 million, representing a decrease of 39.8% year-on-year, and net profit was HK182 million, representing a decrease of 63.5% year-on-year. The decline was mainly due to the continuous pressure on consumption, logistics and production that were adversely impacted by the pandemic, since the Company heavily relied on Mainland consumer base and Mainland supply chains.
- During the year, Nanyang Tobacco has promoted its new factory project in Malaysia in an orderly manner to enhance core competitiveness, strengthened multi-dimensional cooperation with large cigarette companies to jointly expand overseas markets.
- In addition, Nanyang Tobacco has continued to conduct in-depth research on technological innovation and application to ensure that its equipment technology is at the forefront of the industry. It also optimized storage space and improved inventory turnover by compressing the procurement of raw and auxiliary materials while delaying the delivery date. Furthermore, it continued to expand brand exposure and image through precise promotion, vigorously concentrating resources to maintain the promotion scale of key new products.
- Revenue of Wing Fat Printing amounted to HK1,764 million, representing a decrease of 8.5% year-on-year, and net profit was HK124 million, representing a decrease of 33.8% year-on-year. The decrease was mainly due to the impact of weak market demand brought by the rapid cooling down of some epidemic consumption in the post-pandemic period. Wing Fat Printing has continued to strengthen the stage advantages of its core business of medicine packaging, and actively explored and expanded the market of new technology for sustainable development of molded-fibre environmentally friendly packaging products. The Company promoted the development, introduction, and conversion of efficient and intelligent equipment and successfully commenced operations in its Vietnam factory, which marks a major milestone for the year.

Mr. Shen Xiao Chu, Chairman of SIHL, said, "Looking ahead to 2023, with the full resumption of normal travel between the Mainland and Hong Kong, the Group will continue to pursue reform and innovation, and focus on the transformation of ESG value, to promote future long-term sustainable landscape. For the infrastructure and environmental protection business, the Group will follow national strategies to pursue green development and continue to seek new opportunities in the environmental protection field to have more high-standard modern environmental protection projects. For the real estate business, the Group will closely follow policies and market trends, revitalize existing assets, further strengthen its overall risk management and promote healthy, stable and quality development. For the consumer products business, Nanyang Tobacco will continue to promote technological transformation and application, relaunch the market, revitalize its brand, and reshape the industry landscape with the aim to promote business transformation and internationalisation, and strive to become a regional industry leader. Wing Fat Printing will explore development trends in the paper packaging industry, and strive for another outstanding chapter in the journey towards the 110th anniversary of Wing Fat. The Group is committed to making continuous breakthroughs in each of its businesses to maximize returns for all 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 20

years' development, SIHL has become a conglomerate company with three core businesses: infrastructure and environmental protection (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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