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

Press Release 29 August2024

SIHL's Core Businesses Achieve Robust Growth

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Consumer Products Business Rebounds Rapidly

Infrastructure and Environmental Protection Business Accounts for the Largest Share of the Group's Revenue and Profit

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 for the six months ending on 30 June 2024. Revenue amounted to HK$10.37 billion, a decrease of 18.9% year-on-year. Profit attributable to owners of the Company amounted to HK$1.201 billion, a decrease of 12.7% year-on-year. The decrease in revenue and profit was mainly driven by a relatively large one-off gain recorded by SI Development over the same period last year. The Board of Directors has recommended an interim dividend of HK42 cents per share with the payout ratio of 38% to reciprocate our shareholders' long-term support.

2024 Interim Results Highlights

	For six months ended 30 June (Unaudited)		
	2024	**2023**	**Change**
Revenue (HK$ million)	10,369	12,791	-18.9%
Profit attributable to owners of the Company (HK$ million)	1,201	1,376	-12.7%
Earnings per share - Basic (HK$)	1.105	1.265	-12.6%
Interim dividend per share (HK cents)	42	42	
Payout ratio	38%	33.2%	
	As at 30 June (Unaudited)	As at 31 December (Audited)	
	2024	**2023**	**Change**

Total assets (HK$ million)	174,887	179,312	-2.5%
Equity attributable to owners of the Company (HK$ million)	46,280	46,603	-0.7%
Cash and cash equivalents (HK$ million)	27,071	34,639	-2.6%

Revenue and Profit Contributions by Business:

	For the six months ended 30 June (Unaudited)		
Segment Revenue (HK$ million)	2024	**2023**	**Change**
Infrastructure and Environmental Protection	4,571	5,550	-17.6%
Real Estate	4,092	5,926	-31.0%
Consumer Products	1,706	1,315	+29.7%
Total	10,369	12,791	-18.9%
Segment Net Profit (HK$ million)	**2024**	**2023**	**Change**
Infrastructure and Environmental Protection	1,056	1,195	-11.6%
Comprehensive Healthcare Operations	65	69	-6.4%
Real Estate	-131	102	N/A
Consumer Products	320	128	+150.4%
Total	1,311	1,494	-12.2%

In the first half of 2024, the Group adhered to reform and innovation; accelerated the upgrading and restructuring of its main businesses; promoted the integration of financing and industries and revitalization of assets to further optimize its business layout; and strengthened its internal management in order to steadily promote the healthy development of its business.

For the six months ended 30 June 2024, the Group recorded unaudited revenue of HK$10.369 billion, representing a decrease of 18.9% compared to the same period last year. Profit attributable to owners of the Company was HK$1.201billion, representing a decrease of 12.7% year-on-year. The decline in revenue and profit was primarily due to a significant decrease in sales recognized from completed property projects and a decrease in construction revenue at SIIC Environment. That said, new project construction is expected to gradually commence in the second half of the year. The decline was also partially offset by a significant rebound in the consumer products business.

Over the period, profits from the infrastructure and environmental protection segment decreased by 11.6% year-on-year to HK$1.056 billion, accounting for around 80.6% of the Group's net profit. This decline was primarily due to a 20.4% drop in profit contributions from the water services and clean energy business. The Group continued to leverage national strategies and policy opportunities; boosted its expansion in the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") and the Yangtze River Economic Belt; and strengthened its leading position in China's water services and environmental protection industries.

During the first half of 2024, the comprehensive healthcare operations business contributed a profit of HK$64.77 million, representing a decrease of 6.4% over the previous year and accounting for approximately 5.0% of the Group's net profit.

The real estate business reported a loss of HK$131 million, marking a shift from profit to loss compared to the same period last year and accounting for a negative 10% of the Group's net profit. The loss was mainly driven by a decrease in property sales from completed property and a high base from a significant one-time gain last year from the sale of the land parcel No.89, North Bund by SI Development.

The consumer products business made a profit contribution of HK$320 million to the Group, representing a significant increase of 150.4% over the previous year and accounting for 24.4% of the Group's net profits. Nanyang Tobacco and Wing Fat Printing both saw significant rebounds in revenue and profit in the past half a year, reversing the downturn experienced during the pandemic. Notably, Wing Fat Printing experienced a strong performance rebound driven by the recovery in tobacco packaging and a significant rise in the moulded-fibre business.

Business review:

Infrastructure and Environmental Protection

- For the Group's three toll roads and Hangzhou Bay Bridge, overall traffic volume grew steadily during the period, mainly due to the increase in travel during festival and holidays after the pandemic. During the first half of the year, traffic volume increased by 1.9% year-on-year to 85.96 million and toll revenue amounted to HK$2.1 billion, decreased by 2.2% year-on-year. Profit to the Group amounted to HK$651 million, contributing stable cash flow.
- SIIC Environment (BHK SGX, 807 HKSE) reported revenue of RMB3.324 billion, a 17.3% year-on-year decrease, with profit attributable to shareholders at RMB321 million, down 14.8% year-on-year. The decline was mainly due to a significant reduction in construction revenue after the completion of the Baoshan project in 2023, resulting in a corresponding drop in profit. However, the gross profit margin increased by 2.6 percentage points to 38.4%, and major new projects are expected to begin construction in the second half of 2024.
- SIIC Environment's operational business experienced stable growth in the first half of the year. Wastewater treatment volume increased by 3.1% year-on-year to approximately 1.278 billion tons, while water supply volume grew by 4.7% to 163 million tons. The average wastewater treatment fee also rose by 4.4% year-on-year to RMB1.88 per ton.
- During the period, General Water of China recorded revenue of HK$956 million, a year-on-year decrease of 10.3%. Net profit was HK$130 million, down 26.5% from the same period last year. General Water of China was also recognized as one of the "Top 10 Most Influential Water Companies in China" for the 21st consecutive year and ranked among the top three for the sixth consecutive year.
- SIHL has a 19.48% equity stake in Canvest Environmental Protection Group Company Limited ("Canvest"), which recorded a revenue of HK$2.13 billion in the first half of the year. Canvest currently operates 36 projects, covering 12 provinces and 26 cities. The combined daily processing capacity of these projects reached 54,540 tons, with the operational capacity amounting to 43,690 tons per day. During the period, the volume of harmlessly treated solid waste was 8.699 million tons, and electricity generation reached 3.225 billion kWh, representing a year-on-year increase of 7.6% and 4.7% respectively.

- Shanghai SUS Environment Co., Ltd ("SUS Environment") - which is 28.34% owned by the Group's 50% stake joint-venture - had a total daily capacity of 45,625 tons of waste incineration operations during the period. It achieved an on-grid electricity generation of 3.139 billion kWh, representing a year-on-year increase of 3.3%. During the year, three new waste-to-energy projects were acquired and 13 waste-to-energy projects were being developed, with a total amount of RMB74 million in newly signed contracts.
- With respect to the new business arena, the photovoltaic assets capacity of Shanghai Galaxy Investment Co., Ltd. and its subsidiary, SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd., reached 740 MW as of 30 June 2024. The total amount of on-grid electricity sold during the period from the 15 photovoltaic power stations was approximately 519 million kWh, representing a year-on-year decrease of 6.76%. This was primarily driven by a surge in solar and wind power installations across various provinces, leading to a significantly higher-than-expected level of power rationing.

Comprehensive Healthcare Operations

- Comprehensive Healthcare Operations achieved a profit of HK$64.77 million for the first half of the year, representing a decrease of 6.4% year-on-year and accounting for 5.0% of the Group's net profit. The Group's 20%-owned Shanghai Pharmaceuticals Group recorded revenue of RMB139.658 billion, representing a year-on-year increase of 5.17%. Net profit amounted to RMB598 million, representing an increase of 6.3% over the previous year. Although the Group's share of profit from Shanghai Pharmaceuticals Group increased, the depreciation of the RMB was less significant compared to the same period last year, resulting in a decrease in exchange gains from RMB loans invested in Shanghai Pharmaceuticals Group.

Real Estate

- SI Development (600748 SSE) recorded revenue of RMB1.029 billion, representing a decrease of 70.2% year-on-year, which was primarily attributed to a significant decline in revenue recognized from completed projects and a high base due to a substantial one-off gain recorded in the same period last year. The net loss amounted to RMB177 million, turning from a profit to a loss. In the first half of the year, the contract sales of real estate projects reached RMB240 million.
- While the real estate industry witnessed a downward environment in the first half of the year, SI Development has made steady progress in the construction of key projects. At the same time, SI Development implemented rectification measures for major risk issues, comprehensively reviewed the existing corporate governance structure, and focused on core commercial and office projects, with 317 projects currently under management. Rental income for the period was approximately HK$234million.
- SI Urban Development (563 HKSE) recorded a revenue of HK$2.981 billion, a year-on-year increase of 65.8%, and a loss attribute to shareholders of HK$232 million, primarily due to the devaluation of investment properties. During the period, the contract sales amounted to RMB2.284 billion with projects mainly including Originally in Xi'an, Summitopia in Tianjin , with nine projects under construction. Rental income for the half-year amounted to approximately HK$381 million.

Consumer Products

- In the first half of the year, Nanyang Tobacco recorded a revenue of HK$1.093 billion, a year-on-year increase of 68.7%. Net profit reached HK$281 million, a year-on-year increase of 173.5%. Sales volume was 569,000 cases, a year-on-year increase of 185.1%. Nanyang Tobacco has been steadily advancing projects such as the upgrade of the QR code application platform and the premium can production line, while striving to expand both domestic and international markets.

- Hong Kong has significantly increased tobacco taxes for two consecutive years, and smoking control measures are becoming increasingly stringent. In response, Nanyang Tobacco has closely collaborated with duty-free companies to gradually adjust its marketing strategy, focusing on mid- to high-end products while phasing out low-end products. This approach resulted in a satisfactory increase in sales during the period. Facing stricter compliance requirements in the domestic specialist market, Nanyang Tobacco has continuously introduced new products, expanding the number of product specifications to nine. In the second half of the year, new products are planned to be launched in Shanghai, Hubei, and Shenzhen.
- Since the commencement of production last year, Nanyang Tobacco's Malaysia plant has completed its annual order fulfillment by this year, marking a solid step forward in its internationalization efforts. Meanwhile, under the strategic cooperation framework with large cigarette companies, Nanyang Tobacco has successfully advanced projects such as the implementation of tobacco primary processing. They are set to embark on a new round of deep collaboration, continually injecting vitality into the full industry chain cooperation model, including overseas tobacco leaf procurement, process technology, and market collaboration.
- During the period, Wing Fat Printing recorded a revenue of HK$751 million, a year-on-year increase of 3.7%, mainly driven by the tobacco and wine packaging and moulded-fibre businesses. Net profit for the period reached HK$47.66 million, a sharp increase of 63.8% year-on-year, primarily due to structural optimization of revenue and comprehensive contributions from cost reduction and efficiency improvements. Throughout the period, Wing Fat Printing fully optimized its delivery capabilities and service levels for core customer groups, ensuring the healthy development of its revenue structure.

SIHL Chairlady Leng Wei Qing stated, "At present, the business development of enterprises is still in the complicated environment of sailing against the current and either making no progress or retreating. In the second half of the year, the Group will continue to prioritize stability while enhancing market expansion capabilities and focusing on value creation, to achieve sustainable green development and healthy growth . In the infrastructure and environmental protection sectors, SIIC Environment will continue to optimize its business layout, expand market share, and solidify its leading position in China's water services and environmental protection industries. We will actively respond to national policies, keeping pace with the times and unwaveringly pursuing green development. The toll road business will continue to improve operational efficiency and maintain stable development. The Group's investments in the health and new business arena, particularly in the pharmaceutical, healthcare, and green energy sectors will contribute further to the growth. In real estate, we will closely monitor changes in industry policies and strategically position ourselves in key areas, such as the Yangtze River Delta Economic Zone centered on Shanghai, to continue advancing existing projects. Nanyang Tobacco will accelerate the cultivation of the existing innovative tobacco market and the launch of new products, while also focusing on the Malaysia project to enhance our digital application capabilities. Wing Fat Printing will leverage technological innovation to advance its sustainable development in the green, healthy, and environmentally friendly packaging market. Overall, the Group will accelerate the upgrading of its core businesses and selectively increase holdings in high-quality projects to create greater value 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. With over 20 years' development, SIHL has become a conglomerate company with four core businesses: infrastructure and environmental protection (including toll roads/bridges, sewage treatment and solid waste treatment, etc.), comprehensive healthcare operations, real estate and consumer products (including Nanyang Tobacco and Wing Fat Printing). SIIC will continue to enhance its corporate governance and strive to create greater value for its shareholders.

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

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