上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

ANNOUNCEMENT OF 2019 ANNUAL RESULTS

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") is pleased to announce the audited annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019. The Group's audited revenue amounted to HK$32,345 million, representing a year-on-year increase of 6.4%. Profits attributable to shareholders were HK$3,350 million, representing an increase of 0.5% over the past year. The moderate increase in profit was mainly attributed to a high profit base achieved during last year, arising from a significant increase in profits generated from sales revenue of the Shanghai Bay project of Shanghai Industrial Development Co., Ltd. ("**SI Development**") in which the Company holds a 49% equity interest.

In the face of escalating trade disputes, fluctuations in global capital markets, as well as external political and social conditions around the world in the year of 2019, the Group continued to focus on developing its principal businesses such as infrastructure and environmental protection, real estates and consumer goods under the leadership of the Board and our executive team, and continued to strengthen its operation management and improve its operating efficiency. In addition, new business arenas were expanded and internal control measures were enhanced, resulting in satisfactory operating performance and stable growth momentum across different business segments. Along with this, the asset size of the Group has been expanded in an orderly manner and its asset structure has been further streamlined, laying a solid foundation for its long-term development.

The Board of Directors has recommended a final dividend of HK52 cents per share (2018: HK52 cents per share) for 2019. For the interim dividend for the year, the Company completed the payment in the form of distribution in specie to the qualified shareholders of the Company on the basis of 1 share of Shanghai Industrial Urban Development Group Limited ("**SI Urban Development**") for every 1 share of the Company held (2018: interim dividend of HK48 cents per share and total dividends for the year of HK$1.00 per share).

INFRASTRUCTURE FACILITIES

The infrastructure facilities business recorded a profit of HK$1,756 million for the year, representing an increase of 0.4% over last year and accounting for 48.3% of the Group's Net Business Profit*. Continued efforts will be made to expand the scale of investment of the water and environmental protection business in an orderly way and to maintain the profitability and operational efficiency of the toll roads business.

Toll Roads

During the year, the traffic flow of the three toll roads and Hangzhou Bay Bridge remained stable while traffic conditions remained smooth, in particular, during holidays. Toll revenue and profit for the year have however declined due to impacts resulting from diversion of traffic flows on expressways, adjustments on the structure of surrounding road network, and implementation of toll concessions for electronic toll collection lanes nationwide.

In response to implementation plans for the "cancellation of toll stations on provincial borders" introduced by the Shanghai Municipal Government, the project companies have made considerable efforts to carry out necessary works, including the completion of related civil projects, equipment installation and lane reconstruction. During the year, improvement works to ensure the successful celebration of the 70th anniversary of the founding of the People's Republic of China were also completed with high quality and standards. The construction work for the second China International Impact Expo (CIIE) was completed on schedule and of good quality. The Hangzhou Bay Bridge and the "two districts and one island" recorded overall safe and orderly operation, and the structure of which maintained Class I standard. The construction of "intelligent bridge" was further promoted, and the services and management of the "two districts and one island" were enhanced constantly.

The key operating figures of the respective tolls roads/bridge are as follows:

Toll roads/bridge	Interest attributable to the Group	Net profit attributable to the Group	Change	Toll revenue	Change	Traffic flow (vehicle journey)	Change
Jing-Hu Expressway (Shanghai Section)	100%	HK$347 million	-7.7%	HK$689 million	-8.0%	59.15 million	-2.3%
Hu-Kun Expressway (Shanghai Section)	100%	HK$382 million	-17.9%	HK$1,041 million	-6.2%	59.21 million	+1.8%
Hu-Yu Expressway (Shanghai Section)	100%	HK$213 million	+0.7%	HK$603 million	-4.0%	43.34 million	+4.6%
Hangzhou Bay Bridge	23.0584%	HK$148 million	+3.2%	HK$1,896 million	-2.4%	14.76 million	+4.7%
Total		**HK$1,090 million**	**-8.9%**	**HK$4,229 million**	**-4.5%**	**176.46 million**	**+1.3%**

The total revenue of the Group's toll roads is expected to decline in the coming financial year following calls from state announcements in February 2020 for the waiving of toll fees for toll roads across the country during the prevention and control period of the COVID-19 coronavirus epidemic until such prevention and control measures ended. Currently, the Ministry of Transport is also considering introducing respective policies which will protect the legitimate rights and interests of toll road users, creditors, investors as well as expressway operators. During this period, project companies will endeavour to fulfill their social responsibilities, ensure smooth traffic, combat the epidemic and ensure efficient transportation of materials needed for production and living. In the short term, we will closely review the impact of the waiver of toll fees for toll roads across the country to the Group, and take respective measures to minimize the adverse effects which it brought about.

In 2020, all the roads are expected to undergo national inspections for the assessment of the maintenance and management performance of the expressways nationwide, which takes place every five years. Taking this opportunity, we will be making corresponding improvements to our roads to ensure that the facilities remain intact and to further promote the enhancement of the management. Having gained experience from the first two CIIEs, we will carry out our works with higher standards to safeguard the third CIIE. Going forward, we will continue to optimize the operations and emergency measures for major holidays with a view to improving road capacity during peak hours. Congestion elimination contests will be held continually to improve the efficiency and services of toll collection counters. We will also pay attention to changes in road traffic from time to time and make respective road deployments.

Water Services

During the year, the Group actively explored investment opportunities in sewage treatment and solid waste projects as well as potentials in environmental protection-related areas. Considerable efforts will be made to streamline the operation and management and expand the production capacity of existing projects to promote rapid business growth.

SIIC Environment

In 2019, SIIC Environment Holdings Ltd. ("**SIIC Environment**") recorded a revenue of RMB5,960 million, representing a year-on-year increase of 12.2%. The growth was mainly attributable to rising revenue from service concession arrangements as well as financial and service income from a bigger volume and higher prices of water sold. Profit for the year rose to RMB600 million, representing an increase of 11.1% over last year.

During the year, seven new sewage treatment projects with a total daily capacity of 297,500 tonnes were added to the company in Jilin, Zhejiang, Shandong, Henan and Heilongjiang provinces, along with a waste incineration project with a daily capacity of 1,200 tonnes. In addition, eight sewage treatment projects, with a total daily treatment capacity of 232,500 tonnes, have been put into operation in Jilin, Zhejiang, Jiangxi and Liaoning provinces. In the Shanghai, Jiangxi and Heilongjiang provinces, the company has signed agreements for five sewage treatment projects, with a total daily treatment capacity of 375,000 tonnes, to upgrade and expand their capacity and to adjust the price of water.

A major breakthrough in solid waste business was made by the company during the year with the formation of a new joint-venture among SIIC Yangtze Delta Environmental Resources (Hong

Kong) Limited ("**SIIC Yangtze Delta**"), a 70%-owned subsidiary, Canvest Environmental Protection Group Company Limited ("**Canvest Environmental**") and BAOWU Group Environmental Resources Technology Co., Ltd. ("**Baowu Environment**"). The joint-venture company, Shanghai SIIC Baojin'gang Environmental Resources Technology Co., Ltd. ("**Baojin'gang Environmental**"), in which SIIC Yangtze Delta holds 60% interest, is principally engaged in waste-to-energy business in Shanghai, with a registered capital of RMB1.1 billion. In November, 2019, a renewable energy development center project in Baoshan, Shanghai, was acquired by Baojin'gang Environmental. With a total planned daily treatment capacity of 3,800 tonnes and a total investment of approximately RMB3,041 million, the project represents the first innocuous domestic waste treatment facility to be constructed in Shanghai. In cooperation with Baowu Environment, SIIC Environment will capitalize on the project to build a series of ecological industrial parks in order to further expand related businesses along the Yangtze River Economic Belt and the One Belt and One Road.

In December 2019, SIIC Environment established a joint venture with a wholly-owned subsidiary of our parent company and another independent third party in which SIIC Environment holds 40% interest. The joint venture, as a cornerstone investor, invested in the listed H shares of Taizhou Water Group Company Limited in Hong Kong, at a consideration of HK$52.75 million for 25% of its total number of H shares and approximately 6.25% of its total issued share capital. The investment is expected to fully capitalize on the huge growth potential of the water supply industry in Taizhou, facilitate the future expansion of SIIC Environment in the environmental protection industry in Taizhou, and generate sound synergy with its existing projects in the city.

Looking ahead, SIIC Environment will continue to focus on investing in water services and waste incineration projects with secured and stable cash flow. With a healthy balance sheet and a sound financial structure, the company is able to develop business of high quality as soon as opportunities arise.

General Water of China

General Water of China Co., Ltd. ("**General Water of China**") recorded a net profit of HK$213 million for the year with a year-on-year decrease of 7.8%. Revenue amounted to HK$2,198 million, a decrease of 3.6% over last year. Adhering to its general principle of achieving steady progress and robust development, the company further streamlined its capital and profit structures as well as its management hierarchy during the year and continued to improve its asset quality. For the 16th consecutive year, the company was awarded one of the Top 10 Most Influential Enterprises in China's Water Industry, ranking among top 3 for the first time. It was also recognized as one of the 2019 Top 50 Environmental Enterprises in China. As at the end of the year, General Water of China owned 34 water supply facilities and 27 sewage treatment plants with a daily capacity of 6,927,000 tonnes, among which, the water production daily capacity accounted for 4,429,500 tonnes and daily sewage treatment capacity of 2,497,500 tonnes, and two reservoirs with a gross storage tank volume of 182,320,000 tonnes and a pipe network of 6,248 kilometers in total.

In January 2019, phase II of a PPP (public-private partnership) project for a sewage treatment plant in the new zone of eastern Huzhou was established, which would be invested, constructed and operated by General Water of China, with a daily sewage treatment capacity of 100,000 cubic meters and a total investment of approximately RMB238 million. The project represented the company's initial presence in Huzhou since the implementation for promoting protection from pollution of the Yangtze River. During the year, General Water of China also successfully signed a contract for the reconstruction and expansion project of sewage treatment for the comprehensive environmental improvement of Wuxing Children Clothing Industrial Park in Huzhou, marking further cooperation between General Water of China and the Huzhou Municipal Government in the field of water services, with a daily sewage treatment capacity of 10,000 tonnes, a daily advanced treatment capacity of recycled water of 12,500 tonnes and a total estimated investment of approximately RMB73.28 million. The investment projects during the year also included the Jiangnan Group and urban and rural water supply project in Nanzhushan Town which was to take over and renovate the water supply facilities in the area and to operate them in the long run, with a daily water supply of 15,000 tonnes and contract value of approximately RMB95.52 million.

NEW BUSINESS ARENA

As at the end of 2019, the total photovoltaic assets capacity of Shanghai Galaxy Investment Co., Ltd. ("**Shanghai Galax**y") and SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd., a subsidiary held by it, reached 590MW. The photovoltaic team continued to strengthen studies on macro policies, industry dynamics and the capital market. New acquisition projects with potential are also being sought as opportunities arise and the management system of existing projects continued to improve to reduce costs and increase efficiency. The total amount of on-grid electricity sold from the 13 photovoltaic power stations in 2019 reached 866 million kWh, representing an increase of 5.8% over last year. The renewable energy policy promulgated by the State during the year is expected to gradually increase the proportion of power generated across the country by renewable energy in the electricity market, which is conducive to the development of the industry.

In December 2019, SIIC Management (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company, and Shanghai Galaxy, set up a green energy fund with another independent third party, each holding approximately 33.158% interest and jointly putting in a total subscription amount of RMB190 million. The fund is intended to cooperate with other professional new energy enterprises and financial institutions to set up funds to introduce external funds and invest in strategic projects in emerging industries such as domestic high quality new energy, environment-friendly energy, new materials, and therefore create a green industry ecosystem. At the same time, it will integrate other existing clean energy sectors of the Group with other investment projects that are in line with the strategic direction of the funds as and when appropriate.

REAL ESTATE

The real estate segment recorded a profit of HK$780 million for the year 2019, representing a drop of 30.2% over last year, and accounting for approximately 21.4% of the Group's Net Business Profit*. The decline is mainly due to the relatively high profit base recorded in the last financial year, during which profit in the segment increased significantly from sales revenue of the Shanghai Bay project of Shanghai Industrial Development Co., Ltd. ("**SI Development**") in which the Company holds a 49% interest.

SI Development

The revenue of SI Development for the year amounted to RMB8,866 million, representing an increase of 2.3% over last year, the growth of which was mainly attributable to contributions from sales revenue of its real estate projects. Net profit was RMB782 million, representing an increase of 18.9% year-on-year. Through effective marketing campaigns and efficient revitalization of existing projects during the year, contract sales of real estate projects reached RMB7,890 million, with a gross floor area of 395,000 square meters, among which, key projects such as Shanghai Bay (Phrase 4) in Qingpu, Shanghai, Territory Shanghai in Jing'an, Shanghai, Sea Palace in Quanzhou, Hi-Shanghai (Phrase 2) in Hangzhou, SIIC Tianlan Bay in Huzhou and SIIC Yungjing Bay in Huzhou all recorded strong sales performance. Sales for the remaining units of projects such as A New Era in Jiading, Shanghai, the Shanghai International Art Centre in Qingpu, Shanghai and Hi-Shanghai in Chengdu were actively under way. During the year, the gross floor area of properties delivered was approximately 258,400 square meters, which mainly included Hi-Shanghai (Phrase 2) in Hangzhou, A New Era in Jiading, Shanghai, Bella Rive in Qingpu, Shanghai and Sea Palace in Quanzhou. Rental income for the year amounted to approximately HK$531 million.

In accordance with national strategies to integrate the Yangtze River Delta, SI Development made considerable efforts in researching development opportunities in the core areas of the Yangtze River Delta such as Jiangsu and Zhejiang, Chengdu-Chongqing region and Qingdao, while focusing on resources, in particular those of high quality, in these areas using Shanghai as its core. During the year, great efforts were made to strengthen the consolidation of its property management platforms, standardizing property service benchmarks and streamlining its business structure. For the year under review, the company was managing further 30 urban facilities and commercial property projects in respect of judiciary authorities, civil affairs services, exhibition centers, colleges and universities, with an aggregate area under management of over 25,000,000 square meters.

In respect of project development, SI Development won two parcels of land both located in the large residential community of Gucun in Baoshan, Shanghai through bidding in February 2019 at a relatively low price of RMB2,819 million. The two land parcels, Gucun No. 0421-01 and Gucun No. 0423-01, have a total area of approximately 58,730 square meters and a planned total gross floor area of approximately 117,460 square meters, covering a term of 70 years and a plot ratio of 2.0. The acquisition is in line with SI Development's development strategy to strengthen its investments in core regions and to further participate in the development of the Yangtze River Delta with Shanghai as the center.

A consortium established between Shanghai Shining Real Estate Co., Ltd. ("**Shining Real Estate**"), a wholly-owned subsidiary of SI Development, and an independent third party successfully acquired in August 2019 a parcel of land through bidding. Located at No. 30-01 of Unit MHPO-1403, Huacao Town, Minhang District, Shanghai, the land was acquired at a price of RMB300.60 million is for residential purpose, and occupies a total area of approximately 19,800 square meters with a plot ratio of 2.67. Shining Real Estate, which owns 30% interest of the project, is responsible for the development of the parcel of land. The project represents SI Development's inaugural move into the rental housing market, and is in line with the company's strategy to strengthen its investments in Shanghai.

At the end of October 2019, Shanghai Qingyue Real Estate Co., Ltd., a company in which SI Development owns 49% interest, obtained the right for the use of a parcel of state-owned land for residential rental purpose. Located at north of Guanglai Road, Xihong Bridge, Qingpu, Shanghai, the land parcel No. 04-33, was acquired through bidding at a price of RMB191.69 million with a total area of approximately 32,500 square meters and a plot ratio 1.5. Through bidding with cooperative partners, SI Development has accumulated extensive operating experience, laying a strong foundation for further exploration of the residential rental market, which is in line with the company's strategic development plans and creates a positive impact on the company's economy of scale and branding development.

In view of challenges from the severe economy and the changing environment of the real estate industry, SI Development will follow the trend of the market integrating major internal and external resources, and to explore and seek opportunities to promote high quality development of the company. In the coming year, the company will promote segment synergy, deepen the integration of financing and business operation, and expand business innovation on the basis of maintaining a stable and healthy development and operation of the core business, and by leveraging its extensive experience and resource advantages accumulated from its investments in the Yangtze River Delta region for years. Based on its core real estate business, the company will continue to integrate its financing and business operations, and accelerate the pace of participation in the integration of the Yangtze River Delta and the new round of urban constructions in Shanghai. Continued efforts will be made to upgrade its construction technology to improve safety and efficiency and to strengthen the integration of its property management business.

SI Urban Development

SI Urban Development recorded a revenue of HK$8,584 million for 2019, representing an increase of 23.0% over last year. Profits attributable to shareholders for the year amounted to HK$600 million, representing a year-on-year increase of 4.8%. Properties delivered during the year mainly included Urban Cradle in Shanghai, Originally in Xi'an, Contemporary Art Villas in Shanghai and Shenyang•U Center in Shenyang, with a gross floor area of approximately 244,500 square meters. Rental income for the year was approximately HK$750 million. Contract sales amounted to RMB6,180 million, representing a gross floor area of approximately 165,000 square meters, which mainly included Contemporary Art Villas in Shanghai, Urban Cradle in Shanghai and West Diaoyutai in Beijing.

During the year, the operational capability of SI Urban Development's commercial brands continued to strengthen with the inauguration of several commercial complexes. Considerable efforts were made to further develop and upgrade the commercial projects in prime urban sites in Shanghai, Beijing and Chongqing. The hotel and serviced-apartment sectors performed well; the business recruitment and office sectors progressed solidly; and the operating mode for rental housing continued to be refined. Driven by reforms and innovation, SI Urban Development achieved solid development for its wide range of operations and achieved continued growth and cost-efficiency of its commercial assets despite mounting pressure from the market.

During the year, Hyatt Centric, an international and trendy brand under the Hyatt chain, was first introduced to Shanghai. As a TOD project in the city - TODTOWN, the project represents a new landmark in an urban complex in Shanghai. In addition, Urban Cradle Center, a development plan which began in 2019 and incorporating a park, wetland, offices, commercial facilities and a hotel, will bring new growth momentum to the 17-year-old project. The project represents a significant step forward in transforming a big residential city into a modern urban complex. Today, the growing sophistication of the "Ucenter series", "Uplaza + series" and the "Urban renewal series" product lines have helped to further refine the commercial asset portfolio of SI Urban Development.

In conjunction with its 50%-owned joint venture and China Aerospace Science and Technology Corporation, SI Urban Development took part subsequent to the year-end date in the bidding of the Guilin Road land project located in the southwestern of Xuhui District, Shanghai, with a total capital commitment of approximately RMB1,527.50 million, in which SI Urban Development holds 32.5% beneficial interest. Located adjacent to the intersection of the existing Metro Line 9 and the future Metro Line 15 in Shanghai, the project is expected to support future rental returns and the property value will be further enhanced upon completion. The transaction is expected to be completed in the first half of 2020.

In January 2020, SI Urban Development announced a capital injection into SIIC Financial Leasing Co., Ltd. ("**SIIC Financial Leasing**") which will account for 20% of the company's capital upon completion of the transaction. The equity of the company's existing shareholder, Shanghai Galaxy will be diluted to 28.95% accordingly after the completion of the capital increase, while the remaining shareholders are independent third parties. An integrated credit provider located in Shanghai, SIIC Financial Leasing's business included finance to regional governments and its platform companies to fund their projects in local infrastructure, water supply and construction of rail transportation. With this new joint venture, SI Urban Development is expected to further integrate its financing business, offer synergy and provide capital operation to its associated businesses. The transaction is expected to be completed in the first half of 2020.

CONSUMER PRODUCTS

The consumer products business segment recorded a profit of HK$1,104 million in 2019, representing a year-on-year rise of 2.5% over last year and accounting for approximately 30.3% of the Group's Net Business Profit*. During the year, Nanyang Brothers Tobacco Company, Limited ("**Nanyang Tobacco**") continued to strengthen its structure, improve operational efficiency and step up efforts to diversify its products. To enhance its competitive advantages of being an integrated operation, Nanyang Tobacco has developed a range of heterotypic products and continued to innovate its technologies. During the year, The Wing Fat Printing Company, Limited ("**Wing Fat Printing**") put its focus on the balanced development of its packaging business and moulded-fibre business while striving to explore the medicine packaging business as well as intelligent packaging and manufacturing.

Tobacco

In view of uncertainties and a changing external environment, pressure on the consumer economy and increasingly stringent supervision, Nanyang Tobacco has developed a series of measures to overcome such adversities. Through innovation and effectively developing its policy of "Strengthening business growth; pursuing for excellence; and ensuring a healthy internal operation and external development", the company successfully achieved its annual business goals. Revenue and profit after tax for the year amounted to HK$3,336 million and HK$975 million respectively, representing a year-on-year increase of 3.8% and 2.1%. Total number of cigarettes sold increased by 3.4%.

Introducing effective brand management and successful product structure upgrade, Nanyang Tobacco achieved a "dual increase" in sales and sales volume. The growth was mainly attributed to new traditional tobacco products and innovative tobacco brands developed over the past two years. During the year, the company capitalized on sustainable innovative brands and expanded into different market segments. It also established different brand development strategies to meet the needs of consumers and markets. Efforts were made to allocate its resources to develop medium and high-end innovative products in a timely manner, setting new benchmarks and developing new brands in the industry while effectively enhanced traditional flagship brands, optimized product structure and expanded overseas markets.

The company's flexible production line project with different specifications began to work effectively. The performance has steadily improved; the operation has gradually matured, and a number of units can operate at full speed. During the year, the company successfully completed the commissioning, repacking and production of multiple batches of super slim size cigarettes, regular size cigarettes and slim size heterotypic cigarettes. For the first time, the production of new capsule cigarette products with multiple flavors was achieved, creating an environment with significant advantages for the efficient production of heterotypic cigarettes and fancy cigarettes. The canned packaging products, which maintain a leading position in the industry, are also an important part of Nanyang Tobacco's product structure. In addition, Nanyang Brothers has also actively promoted the upgrade and expansion of its production lines. Currently, the canning lines for heterotypic cigarettes are equipped with automatic canning capability, bolstering the company's competitive position in the canned packaging products market. The ATP process optimization project established last year further enhanced the improvement of key process indicators and made sound progress in improving the quality of cut tobacco, reducing losses, and improving efficiency.

In respect of business cooperation, Nanyang Tobacco has taken active steps to facilitate the formation of cooperation projects with a large PRC cigarette enterprise during the year based on the principle of reciprocity and mutual benefit. Under the agreement, the two parties will first jointly establish overseas production and distribution platforms in Hong Kong, before sharing resources in such areas as sales channels in overseas markets, product research and development, production and processing as well as market operation and heterotypic tobacco. This cooperative venture has enabled the two parties to complement each other so as to achieve mutual benefits and arrive at a win-win situation. Currently, the parties are planning to set up factories in Southeast Asia to benefit from the preferential tax policies of ASEAN so as to enhance the competitiveness of their products and effectively penetrate into the local markets.

Going forward, Nanyang Tobacco will continue to be market-driven and will implement a product operation system that caters for new product development to brand marketing. Quality will always take priority in the building up of this functional platform which covers product innovation and development as well as manufacturing and quality control. Plans were made to launch a composite production capacity construction project to meet the needs of new product research and development, and to establish self-supporting functions for special filter rods in heterotypic cigarettes. In order to maintain its leading position in the industry, Nanyang Tobacco will further improve its product quality, consolidate and develop special canned packaging products, and plan to build or optimize existing flexible production lines for heterotypic cigarettes and canned packaging heterotypic cigarettes.

Printing

Wing Fat Printing recorded a net profit of HK$135 million for the year, representing an increase of 6.2% over last year. The increase was mainly attributed to a rise in sales and overall profit growth resulting from product upgrade for major customers of the tobacco packaging business as well as stronger economies of scale arising from active incubation of the exquisite packaging business. Benefitting from lower cost and improvement of efficiency driven by intelligent manufacturing and appreciation in the value of settlement currency, the moulded-fibre package segment has offset impact from significant declines in product pricing of international business with a steadily growing market share. During the year, Wing Fat Printing recorded a revenue of HK$1,644 million, representing a year-on-year increase of 5.9%, mainly due to stronger performance of tobacco and exquisite packaging under the printing packaging business, while moulded-fibre business also continued to maintain a good growth momentum.

In 2019, facing the intricate external market and social environment created by, among others, the Sino-US trade war and the social turmoil in Hong Kong, Wing Fat Printing was committed in carrying forward the established development strategy of “1+1+1” and business strategy of intelligent packaging + intelligent manufacturing. With concerted efforts of all employees, the company maintained stable business growth during the year and overcame difficulties, achieving sound business performance with stable progress in an orderly manner. During the year, efforts were made to explore the medicine packaging as well as intelligent packaging business with medicine packaging as an interface, and to develop a diversified and balanced portfolio. Extensive studies were made to promote intelligent manufacturing enhancement, to expand market share and to maintain competitive pricing through reduction in cost and improvement in efficiency. As a result, good progress was made and encouraging results were achieved through gradual transformation of its business in recent years. Looking to the future, Wing Fat Printing will continue to pursue its established operational policies and strategies, seek further improvement in the process of development, and constantly enhance the overall profitability of the company as well as its ability to prevent and resolve business risks.

**Net profit excluding net corporate expenses*

PROSPECTS

For the year of 2020, continued trade disputes, volatility in interest rates and currency exchanges as well as threats from the coronavirus epidemic and control measures taken by different governments on the community's economic and production activities should present multiple severe challenges to the development of the Group’s businesses. Against this scenario, the Group has pledged to take proactive measures to enhance its operating and management efficiency, strengthen risk management and controls, continue to reform and innovate, and to further streamline its asset structure and business through carefully planned and deployment of its resources.

For the infrastructure and environmental protection businesses, we will continue to streamline our management and improve our operational efficiency for such areas as water service, solid waste treatment and photovoltaic power generation. We will also continue to expand our capital size steadily through effective financing channels, and plan for expansion in a prudent manner so as to enhance the company’s competitive position in the market. Quality management will continue to be introduced to our toll road operations in an effort to reduce costs and increase efficiency and to maintain stable business growth.

The real estate business will further streamline its asset and financial structure, to more effectively deploy its capital resources and manage overall risk, and to further revitalize its assets. Focusing on our core businesses, we will steadily promote the development of our projects under construction and accelerate the turnover of property inventory of completed buildings. We will also enhance the operational efficiency and strategic positioning of our commercial properties and property management business, strengthen our cooperation with strategic partners and maintain a stricter control of our development progress and capital risks, while looking for investment opportunities when they arise.

For consumer products business, Nanyang Tobacco will continue to pursue product innovation and development, optimize its product structure and enhance its brand development. The company will also be committed to further upgrade its production equipment in order to maintain its competitive position in the industry and to increase its profitability. Wing Fat Printing will continue to embark on its operation strategy which has been established for the promotion of a balanced development of its packaging business and moulded-fibre business. The company will also continue to seek for self enhancement during its business development process and to enhance its overall profitability as well as its ability to resolve operational risks.

Finally, on behalf of the Board of Directors, I wish to thank our shareholders and business partners for their continued patronage and support to the Group, and extend my sincere gratitude to our management team and staff members for their dedication and contributions in the development of our business.

Shen Xiao Chu
Chairman

Hong Kong, 31 March 2020

FINAL DIVIDEND

The Board of Directors has recommended a final dividend of HK52 cents per share (2018: HK52 cents per share) for 2019. For the interim dividend for the year, the Company completed the payment in the form of distribution in specie to the qualified shareholders of the Company on the basis of 1 share of SI Urban Development for every 1 share of the Company held (2018: interim dividend of HK48 cents per share and total dividends for the year of HK$1.00 per share).

Subject to approval by the Shareholders at the Annual General Meeting, the final dividend will be paid on or about Friday, 12 June 2020 to Shareholders whose names appear on the register of members of the Company on Friday, 29 May 2020.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at the Ballroom at 1st Floor, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Tuesday, 19 May 2020 at 3:00 p.m. (the "**Annual General Meeting**"). Notice of the meeting will be despatched to the shareholders in mid-April 2020 and will be made available at the HKExnews website of The Hong Kong Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at *www.hkexnews.hk* and the website of the Company at *www.sihl.com.hk* accordingly.

CLOSURE OF REGISTER OF MEMBERS

Annual General Meeting

For the purpose of determining Shareholders' eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed on Monday, 11 May 2020 and Tuesday, 12 May 2020, both days inclusive, during which period no transfer of shares will be effected. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Friday, 8 May 2020.

Final Dividend

For the purpose of determining Shareholders' entitlement to the final dividend, the register of members of the Company will be closed on Friday, 29 May 2020, on which no transfer of shares will be effected. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Thursday, 28 May 2020.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the Company's consolidated annual results for the year ended 31 December 2019.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange for the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2019:

- SIIC Environment, a subsidiary of the Company, bought back a total of 2,611,000 and 1,160,000 of its own ordinary shares on the Stock Exchange and the Singapore Stock Exchange for a total consideration of approximately HK$3,372,802.33 and SG$248,872.84 respectively, and all these shares were cancelled.

- SI Urban Development, a subsidiary of the Company, bought back a total of 4,650,000 of its own ordinary shares on the Stock Exchange for a total consideration of approximately HK$4,904,355, and all these shares were cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

PUBLICATION OF THE ANNUAL REPORT

The Annual Report 2019 will be despatched to the Shareholders in mid-April 2020 and will be made available at the HKExnews website of the Stock Exchange at *www.hkexnews.hk* and the website of the Company at *www.sihl.com.hk* accordingly.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises four Executive Directors, namely Mr. Shen Xiao Chu, Mr. Zhou Jun, Mr. Xu Bo and Mr. Xu Zhan; four Independent Non-Executive Directors, namely, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis, Mr. Cheng Hoi Chuen, Vincent and Mr. Yuen Tin Fan, Francis.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019**	2018
		HK$'000	HK$'000
Revenue	*3*	**32,345,473**	30,412,883
Cost of sales		**(19,813,289)**	(18,764,622)
Gross profit		**12,532,184**	11,648,261
Net investment income		**622,310**	530,558
Other income, gains and losses		**713,754**	990,267
Selling and distribution costs		**(1,079,532)**	(1,130,901)
Administrative and other expenses		**(2,478,540)**	(2,254,870)
Finance costs		**(1,895,807)**	(1,969,449)
Share of results of joint ventures		**159,904**	196,436
Share of results of associates		**331,928**	244,589
Gain on disposal of subsidiaries/interest in a joint venture		**-**	268,292
Profit before taxation		**8,906,201**	8,523,183
Income tax expense	*4*	**(3,572,645)**	(3,429,512)
Profit for the year	*5*	**5,333,556**	5,093,671
Profit for the year attributable to			
- Owners of the Company		**3,349,531**	3,333,020
- Non-controlling interests		**1,984,025**	1,760,651
		5,333,556	5,093,671
		HK$	HK$
Earnings per share	*7*		
- Basic		**3.081**	3.066
- Diluted		**3.081**	3.065

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	HK$'000	HK$'000
Profit for the year	**5,333,556**	5,093,671
Other comprehensive (expense) income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
- subsidiaries	**(1,141,887)**	(3,634,072)
- joint ventures	**(48,900)**	(172,698)
- associates	**(86,663)**	(192,783)
Items that will not be reclassified to profit or loss		
Fair value change on equity instruments at fair value through other comprehensive income held by subsidiaries, net of tax	**3,526**	(18,157)
Fair value loss on revaluation of properties, net of tax	**(13,813)**	-
Other comprehensive expense for the year	**(1,287,737)**	(4,017,710)
Total comprehensive income for the year	**4,045,819**	1,075,961
Total comprehensive income (expense) for the year attributable to		
- Owners of the Company	**2,640,414**	1,187,685
- Non-controlling interests	**1,405,405**	(111,724)
	4,045,819	1,075,961

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	Note	**2019**	2018
		HK$'000	HK$'000
Non-Current Assets			
Investment properties		**22,844,587**	19,372,125
Property, plant and equipment		**5,617,784**	5,542,064
Right-of-use assets		**407,482**	-
Prepaid lease payments – non-current portion		**-**	227,448
Toll road operating rights		**7,480,543**	8,413,587
Goodwill		**771,093**	800,097
Other intangible assets		**7,628,528**	7,734,021
Interests in joint ventures		**3,252,546**	3,355,941
Interests in associates		**6,416,054**	6,482,054
Investments		**696,027**	1,004,038
Receivables under service concession arrangements – non-current portion		**19,456,025**	17,874,120
Deposits paid on acquisition of investment properties/ property, plant and equipment/intangible assets/a subsidiary		**1,584,289**	846,196
Other non-current receivables		**9,239**	18,515
Deferred tax assets		**502,829**	399,097
		76,667,026	72,069,303
Current Assets			
Inventories		**56,706,001**	57,825,834
Trade and other receivables	*8*	**9,446,194**	8,363,616
Contract assets		**600,758**	925,371
Prepaid lease payments – current portion		**-**	5,413
Investments		**810,732**	603,904
Receivables under service concession arrangements – current portion		**547,535**	426,874
Prepaid taxation		**612,444**	868,526
Pledged bank deposits		**1,292,335**	628,045
Short-term bank deposits		**128,365**	344,134
Bank balances and cash		**27,904,781**	25,132,470
		98,049,145	95,124,187
Assets classified as held for sale		**226,119**	225,955
		98,275,264	95,350,142

	Note	**2019**	2018
		HK$'000	HK$'000
Current Liabilities			
Trade and other payables	*9*	**19,503,774**	17,593,000
Lease liabilities – current portion		**100,762**	-
Contract liabilities		**14,803,392**	15,288,349
Taxation payable		**4,335,119**	4,145,234
Bank and other borrowings		**19,443,750**	12,921,483
		58,186,797	49,948,066
Liabilities associated with assets classified as held for sale		**174,715**	179,532
		58,361,512	50,127,598
Net Current Assets		**39,913,752**	45,222,544
Total Assets less Current Liabilities		**116,580,778**	117,291,847
Capital and Reserves			
Share capital		**13,649,839**	13,649,839
Reserves		**26,589,973**	27,625,457
Equity attributable to owners of the Company		**40,239,812**	41,275,296
Non-controlling interests		**32,564,748**	28,227,672
Total Equity		**72,804,560**	69,502,968
Non-Current Liabilities			
Provision for major overhauls		**84,263**	87,325
Bank and other borrowings		**34,983,838**	38,560,014
Deferred tax liabilities		**8,446,087**	9,141,540
Lease liabilities – non-current portion		**262,030**	-
		43,776,218	47,788,879
Total Equity and Non-Current Liabilities		**116,580,778**	117,291,847

Notes:

(1) GENERAL

The financial information relating to the years ended 31 December 2019 and 2018 included in this announcement does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap.622) and will deliver the financial statements for the year ended 31 December 2019 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap.622).

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019 as set out in the results announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the results announcement.

(2) BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(i) Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(ii) Principal Accounting Policies

Application of new and amendments to HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

Applies HKFRS 16.C8(b)(ii) transition (lease-by-lease basis)

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rates for certain leases of retail stores, warehouses and office buildings in the PRC was determined on a portfolio basis; and

iii. Used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied in the PRC range from 4.75% to 5.07% per annum.

	At 1 January 2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018	424,204
Add: Lease liabilities resulting from lease modifications of an existing lease	4,047
Extension options reasonably certain to be exercised	7,133
Less: Recognition exemption - short-term leases	(20,021)
Recognition exemption - low value assets	(481)
Discounting impact using relevant incremental borrowing rates at date of initial application of HKFRS 16	(111,132)
Lease liabilities as at 1 January 2019	303,750
Analysed as:	
Current portion	62,710
Non-current portion	241,040
	303,750

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets
		HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		303,750
Reclassified from prepaid lease payments	(a)	232,861
Reclassified from deferred revenue recognised in trade and other payables	(b)	(196,436)
		340,175
By class:		
Leasehold land		232,861
Office premises		89,813
Apartment units		17,501
		340,175

Notes:

(a) Upfront payments for leasehold land in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK$5,413,000 and HK$227,448,000, respectively, were reclassified to right-of-use assets.

(b) The deferred gains that related to sales and operating leaseback arrangements were included in deferred revenue (which was recognised in trade and other payables) as at 31 December 2018. Upon application of HKFRS 16, the off-market terms deferred gains amounting to HK$196,436,000 were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, except for subleases in which the Group acts as an intermediate lessor, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the consolidated statement of financial position at 1 January 2019. However, effective on 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. In the opinion of the directors of the Company, the discounting on such refundable rental deposits received had no material impact on the consolidated financial statements, thus no adjustment was made as at 1 January 2019.

(c) Effective on 1 January 2019, the Group has applied HKFRS 15 to allocate consideration in each lease contract to lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements.

Sales and leaseback transactions

The Group acts as a seller-lessee

In accordance with the transition provisions of HKFRS 16, sales and leaseback transactions entered into before the date of initial application were not reassessed. The seller-lessee shall account for the leaseback in the same way as it accounts for any other operating lease that exists at the date of initial application; and adjust the leaseback right-of-use assets for any deferred gains or losses that relate to off-market terms recognised in the consolidated statement of financial position immediately before the date of initial application. Upon application of HKFRS 16, the Group applies the requirements of HKFRS 15 to assess whether sales and leaseback transaction constitutes a sale.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	HK$'000	HK$'000	HK$'000
Non-current Assets			
Right-of-use assets	-	340,175	340,175
Prepaid lease payments - non-current portion	227,448	(227,448)	-
Current Assets			
Prepaid lease payments - current portion	5,413	(5,413)	-
Current Liabilities			
Trade and other payables	17,593,000	(196,436)	17,396,564
Lease liabilities - current portion	-	62,710	62,710
Non-current Liabilities			
Lease liabilities - non-current portion	-	241,040	241,040

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

[1] Effective for annual periods beginning on or after 1 January 2021.

[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 January 2020.

(3) SEGMENT INFORMATION

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended 31 December 2019

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
Segment revenue - external sales	**9,093,938**	**18,649,649**	**4,601,886**	**-**	**32,345,473**
Segment operating profit	**3,047,514**	**5,887,543**	**1,359,728**	**15,391**	**10,310,176**
Finance costs	**(750,419)**	**(964,967)**	**(2,563)**	**(177,858)**	**(1,895,807)**
Share of results of joint ventures	**159,885**	**19**	**-**	**-**	**159,904**
Share of results of associates	**348,297**	**(22,498)**	**6,129**	**-**	**331,928**
Segment profit (loss) before taxation	**2,805,277**	**4,900,097**	**1,363,294**	**(162,467)**	**8,906,201**
Income tax expense	**(607,022)**	**(2,595,804)**	**(242,345)**	**(127,474)**	**(3,572,645)**
Segment profit (loss) after taxation	**2,198,255**	**2,304,293**	**1,120,949**	**(289,941)**	**5,333,556**
Less: segment profit attributable to non-controlling interests	**(442,661)**	**(1,523,987)**	**(17,377)**	**-**	**(1,984,025)**
Segment profit (loss) after taxation attributable to owners of the Company	**1,755,594**	**780,306**	**1,103,572**	**(289,941)**	**3,349,531**

For the year ended 31 December 2018

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
Segment revenue - external sales	8,805,425	17,201,802	4,405,656	-	30,412,883
Segment operating profit (loss)	2,876,417	5,988,411	1,325,933	(407,446)	9,783,315
Finance costs	(671,239)	(1,141,157)	(2,485)	(154,568)	(1,969,449)
Share of results of joint ventures	195,773	663	-	-	196,436
Share of results of associates	270,971	(32,907)	6,525	-	244,589
Gain on disposal of subsidiaries and interest in a joint venture	113,153	155,139	-	-	268,292
Segment profit (loss) before taxation	2,785,075	4,970,149	1,329,973	(562,014)	8,523,183
Income tax expense	(592,063)	(2,554,753)	(234,939)	(47,757)	(3,429,512)
Segment profit (loss) after taxation	2,193,012	2,415,396	1,095,034	(609,771)	5,093,671
Less: segment profit attributable to non-controlling interests	(444,495)	(1,297,591)	(18,565)	-	(1,760,651)
Segment profit (loss) after taxation attributable to owners of the Company	1,748,517	1,117,805	1,076,469	(609,771)	3,333,020

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

At 31 December 2019

	Infrastructure facilities	**Real estate**	**Consumer products**	**Unallocated**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Segment assets	**53,703,214**	**108,171,141**	**8,144,709**	**4,923,226**	**174,942,290**
Segment liabilities	**22,148,064**	**68,115,143**	**1,019,031**	**10,855,492**	**102,137,730**

At 31 December 2018

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	51,766,999	104,332,943	7,723,938	3,595,565	167,419,445
Segment liabilities	20,806,750	66,705,624	767,987	9,636,116	97,916,477

(4) INCOME TAX EXPENSE

	2019	2018
	HK$'000	HK$'000
Current tax		
- Hong Kong	**206,493**	204,049
- PRC Land appreciation tax ("**PRC LAT**")	**1,982,675**	1,544,261
- PRC Enterprise income tax ("**PRC EIT**") (including PRC withholding tax of HK$83,683,000 (2018: HK$74,727,000))	**2,235,576**	1,991,812
	4,424,744	3,740,122
(Over)underprovision in prior years		
- Hong Kong	**(135)**	193
- PRC LAT (note i)	**(52,790)**	(7,440)
- PRC EIT (note i)	**(111,901)**	(17,494)
	(164,826)	(24,741)
Deferred taxation for the year	**(687,273)**	(285,869)
	3,572,645	3,429,512

notes:

(i) The Group recognised an overprovisions of PRC LAT and PRC EIT during the years ended 31 December 2019 and 2018, upon completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

(ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

(iii) The Group's subsidiaries in the PRC are subject to PRC EIT at a rate of 25% for both years, except that (i) two (2018: three) PRC subsidiaries are qualified as High New Technology Enterprises and enjoy a preferential tax rate of 15% for the current year (the preferential tax rate is applicable for three years from the date of grant and subject to approval for renewal) and (ii) certain PRC subsidiaries, engaging in public infrastructure projects, are entitled to full exemption from PRC EIT for the first three years and a 50% reduction in PRC EIT for the next three years from the first year of generating operating income.

(iv) PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs and all qualified property development expenditures.

(5) PROFIT FOR THE YEAR

	2019 HK$'000	2018 HK$'000
Profit for the year has been arrived at after charging:		
Amortisation of toll road operating rights (included in cost of sales)	**797,114**	836,761
Amortisation of other intangible assets (included in cost of sales)	**358,457**	357,460
Depreciation of property, plant and equipment	**533,403**	459,311
Depreciation of right-of-use assets	**72,511**	-
Release of prepaid lease payments	-	7,638
Impairment loss on financial assets under expected credit loss model	**28,847**	55,520
Impairment loss on properties under development held for sale	**145,414**	-
Impairment loss on properties held for sale	**145,219**	80,662
Impairment loss on goodwill	**15,567**	24,021
Net foreign exchange loss (included in other income, gains and losses)	**38,596**	52,841
Net decrease in fair value of investment properties	**-**	175,216
Net loss on disposal/written off of property, plant and equipment	**-**	394
Research expenditure	**4,370**	6,213
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	**77,739**	89,015
Share of PRC EIT of associates (included in share of results of associates)	**98,699**	86,235
and after crediting:		
Gain on land resumption	-	538,579
Interest income	**720,050**	604,559
Net increase in fair value of investment properties	**221,809**	-
Reversal of impairment loss on financial assets	**10,061**	5,316
Reversal of impairment loss on other receivables	**2,997**	14,259
Reversal of impairment loss on inventories, other than properties	**4,352**	10,312
Net gain on disposal of property, plant and equipment	**5,571**	-

(6) DIVIDENDS

	2019 HK$'000	2018 HK$'000
Dividends recognised as distribution during the year:		
2019 interim dividend paid in form of distribution of shares in a listed subsidiary of the Group (note) (2018: 2018 interim dividend of HK48 cents) per share	**1,098,084**	521,861
2018 final dividend of HK52 cents (2018: 2017 final dividend of HK48 cents) per share	**565,350**	521,862
	1,663,434	1,043,723

note: An interim dividend in form of distribution in specie of 1,087,211,600 shares in SI Urban Development ("**SIUD Share**") on the basis of 1 SIUD Share for every 1 share of the Company ("**Distribution in Specie**") were paid on 18 October 2019. The aggregate fair value of the SIUD Shares distributed under the Distribution in Specie was HK$1,098,084,000, which represented a distribution of HK101 cents per share (closing price on the date of dispatch) of the Company.

The final dividend of HK52 cents per share in respect of the year ended 31 December 2019 (2018: HK52 cents), amounting to approximately HK$565.4 million (2018: HK$565.4 million) in total, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

(7) EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share attributable to owners of the Company are based on the following data:

	2019	2018
	HK$'000	HK$'000
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**3,349,531**	3,333,020
Effect of dilutive potential ordinary shares - interest on convertible bonds, net of tax	**N/A**	156
Earnings for the purpose of diluted earnings per share	**3,349,531**	3,333,176

	2019	2018
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,087,211,600**	1,087,211,600
Effect of dilutive potential ordinary shares - convertible bonds	**N/A**	118,214
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,087,211,600**	1,087,329,814

The computation of diluted earnings per share does not assume:

(i) the exercise of options issued by SI Urban Development, a listed subsidiary of the Group, because the exercise price of those options was higher than the average market price for both years; and

(ii) the exercise of options issued by Canvest Environmental Protection Group Company Limited ("**Canvest Environmental**"), a listed associate of the Group, because the exercise price of those options was higher than the average market price for the corresponding period.

(8) TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	HK$'000
Trade receivables		
- Good and services	**3,150,024**	2,884,593
- Operating leases	**17,816**	25,037
	3,167,840	2,909,630
Less: allowance for credit loss	**(130,154)**	(113,413)
	3,037,686	2,796,217
Other receivables	**6,408,508**	5,567,399
Total trade and other receivables	**9,446,194**	8,363,616

The Group generally allows credit periods ranging from 30 days to 180 days to its trade customers, other than property buyers. For property sales, due to the nature of business, the Group generally grants no credit period to property buyers, unless it is specially approved. The following is an aged analysis of trade receivables, net of allowance for credit loss, presented based on the invoice or contract date, which approximates the respective revenue recognition dates.

	2019	2018
	HK$'000	HK$'000
Within 30 days	**947,290**	858,526
Within 31 – 60 days	**417,446**	357,313
Within 61 – 90 days	**385,387**	384,973
Within 91 – 180 days	**418,638**	361,000
Within 181 – 365 days	**344,534**	281,079
Over 365 days	**524,391**	553,326
	3,037,686	2,796,217

(9) TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	HK$'000
Trade payables	**5,525,041**	4,837,599
Bills payables	**2,101,183**	1,379,607
Consideration payables for acquisition of subsidaries	**-**	126,110
Other payables	**11,877,550**	11,249,684
Total trade and other payables	**19,503,774**	17,593,000

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2019	2018
	HK$'000	HK$'000
Within 30 days	**1,463,519**	1,429,557
Within 31 – 60 days	**449,638**	275,450
Within 61 – 90 days	**434,901**	408,864
Within 91 – 180 days	**525,328**	349,819
Within 181 – 365 days	**1,520,820**	1,010,568
Over 365 days	**1,130,835**	1,363,341
	5,525,041	4,837,599

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

In 2019, the revenue amounted to approximately HK$32,345.47 million, representing a year-on-year increase of 6.4%. The increase was mainly due to the increase of the delivery and settlement of properties in the real estate business as compared to last year.

The increase in revenue of the infrastructure facilities business was attributable to the increase of service concession arrangements of SIIC Environment.

Revenue from consumer products business remained stable.

2. Profit Contribution from Each Business

The infrastructure facilities business recorded a net profit of approximately HK$1,755.59 million for the year, accounting for 48.3% of the net business profit and representing an increase of 0.4% over last year. The toll roads and bridge business was affected by the depreciation of Renminbi and the 5% toll discount on the electronic toll collection lanes since 1 July 2019, resulting in lower toll revenue and profit contributions year-on-year.

Water services and waste-to-energy business recorded an increase in profit of 18.4%. Of which, SIIC Environment recorded an increase of 11.1% in profit year-on-year, mainly due to the increase of sewage treatment volume and water supply volume, as well as an increase in average waste water treatment price. The Group increased its holdings in Canvest Environmental to 17.63% last year, its continued profit growth leading to an increase in its profit contribution to the Group.

The real estate business recorded a profit of approximately HK$780.31 million, accounting for 21.4% of net business profit, and representing a decrease of approximately HK$337.50 million over 2018. The decrease was mainly due to last year a higher property sales revenue were recognised and higher profit contribution from Shanghai Bay project, in which the Company holds 49% interest.

The consumer products business recorded a net profit of HK$1,103.57 million, accounting for 30.3% of net business profit, and representing a year-on-year increase of 2.5%. Although the revenue of Nanyang Tobacco increased by 3.8%, the net profit increased by HK$19.99 million, or 2.1% year-on-year due to increase in material costs and manufacturing expenses. The net profit contribution of Wing Fat Printing for the year was HK$128.17 million, representing a year-on-year increase of 5.9% driving by the increase of gross profit margin.

3. Profit before Taxation

(1) Gross profit margin

Compared to 2018, the overall gross profit margin for the year increased by 0.4 percentage points, mainly due to an increase in proportion of operation income with relatively higher profit margin of SIIC Environment in the infrastructure facilities business for the year.

(2) Other income, gains and losses

Other income, gains and losses decreased for the year, which was mainly due to the income from gain on land resumption recorded last year.

(3) Gain on disposal of subsidiaries/ interest in a joint venture

The gain for last year was mainly attributable to the disposal of a subsidiary which holds 26.01% of the equity interest in the Fuzhou real estate project and two water services project subsidiaries.

4. Dividend

The Board of Directors of the Group has proposed to pay a final dividend of HK52 cents per share (2018: HK52 cents per share). Together with an interim dividend in form of distribution in specie to shareholders of the Company on the basic of 1 SIUD Share for every 1 share of the Company held and based on the closing price of SIUD on the date of despatch of the SIUD Shares on 18 October 2019, the interim dividend was HK$1.01 per share, the total dividend amounted to HK153 cents per share for 2019 (2018: HK100 cents per share). Annual dividend payout ratio is 49.7% (2018: 32.6%).

II. Financial Position of the Group

1. Capital and Equity attributable to owners of the Company

The Company had a total of 1,087,211,600 shares in issue as at 31 December 2019, there is no change compared with 1,087,211,600 shares as at the end of 2018.

Equity attributable to owners of the Company reached HK$40,239.81 million as at 31 December 2019, and the increase was attributable to the net profit for the year after deducting the dividend actually paid during the year.

2. Indebtedness

(1) Borrowings

SIHL Finance Limited, a wholly-owned subsidiary of the Company, signed a HK$2.52 billion or US dollar equivalent dual-currency club loan for a term of 5 years in January 2019.

As at 31 December 2019, the total borrowings of the Group including bank borrowings and other borrowings amounted to approximately HK$54,456.57 million (31 December 2018: HK$51,518.20 million), of which 68.5% (31 December 2018: 64.0%) was unsecured credit facilities. The proportions of US dollars, Renminbi and HK dollars of total borrowings were 3%, 83% and 14% (31 December 2018: 3%, 84% and 13%) respectively.

(2) Pledge of assets

The following assets were pledged by the Group to banks to secure banking facilities granted by these banks to the Group:

(a) investment properties with an aggregate carrying value of HK$9,792,486,000 (31 December 2018: HK$11,459,467,000);
(b) leasehold land and buildings with an aggregate carrying value of HK$123,539,000 (31 December 2018: HK$134,605,000);
(c) plant and machineries with an aggregate carrying value of HK$22,590,000 (31 December 2018: HK$27,173,000);
(d) one (31 December 2018: one) toll road operating right with a carrying value of HK$1,884,742,000 (31 December 2018: HK$2,105,856,000);
(e) receivables under service concession arrangements with an aggregate carrying value of HK$14,419,408,000 (31 December 2018: HK$10,196,365,000);
(f) properties under development held for sale with an aggregate carrying value of HK$2,869,155,000 (31 December 2018: HK$2,873,025,000);
(g) properties held for sale with an aggregate carrying value of HK$645,466,000 (31 December 2018: HK$736,551,000);
(h) trade receivables with an aggregate carrying value of HK$172,688,000 (31 December 2018: HK$152,084,000); and
(i) bank deposits with an aggregate carrying value of HK$1,292,335,000 (31 December 2018: HK$628,045,000).

(3) Contingent liabilities

As at 31 December 2019, the guarantees given to banks by the Group in respect of banking facilities utilised by property buyers and associates amounted to approximately HK$7,107.92 million and HK$2,018.77 million (31 December 2018: HK$6,355.01 million and HK$1,648.58 million) respectively.

3. Capital Commitments

As at 31 December 2019, the Group had capital commitments mainly contracted for business developments and investments in fixed assets of HK$15,814.20 million (31 December 2018: HK$12,254.67 million). The Group had sufficient internal resources and / or through loan markets for the finance of its capital expenditures.

4. Bank Balances and Short-term Investments

As at 31 December 2019, bank balances and short-term investments held by the Group amounted to HK$29,325.48 million (31 December 2018: HK$26,104.65 million) and HK$810.73 million (31 December 2018: HK$603.90 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances were 3%, 78% and 19% (31 December 2018: 3%, 83% and 14%) respectively. Short-term investments mainly consisted of investments such as bonds, Hong Kong and PRC listed shares.

While having sufficient working capital and a healthy interest cover, the Group is monitoring the market situation and respective funding requirements on a regular basis for business developments, and will seek opportunities to optimize its capital structure should the need arises.

III. Events After the Reporting Period

After the outbreak of coronavirus epidemic in early 2020, a series of precautionary and control measures have been and continued to be implemented across China, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions. The directors of the Company believe there might be possibilities that the overall financial performance of the Group for the year ending 31 December 2020 will be adversely affected by the followings:

1. The Ministry of Transport of the PRC (the "**Ministry of Transport**") published a notice to extend the Holiday Toll-free policy for small passenger vehicles with 7 seats or less during the Chinese New Year from the original 7 days to a total of 16 days. In addition, on 15 February 2020, the Ministry of Transport issued "the Notice on Toll Roads going Toll-Free During the Period of Precautionary and Control in relation to the outbreak of Coronavirus Epidemic, commenced from midnight on 17 February 2020 till the end of the prevention and control of the epidemic, toll of toll roads is waived nationwide ("**Toll Free Exemption**"), specific end date of Toll Free Exemption is subject to further notice. All of the expressways and bridge project operated or invested by the Group will be toll-free during the precautionary and control period. Meanwhile, according to the publications on the official website of the Ministry of Transport, the PRC government will further study and issue relevant supporting protective policies to safeguard the legitimate interests of the users, creditors, investors and operators of toll roads in a coordinated manner. Currently, there is no clarity as to when the Toll Free Exemption would end as well as when the release of the relevant supporting protective policies and its coverage.

2. In preparing the consolidated financial statements, the Group applies fair value model to measure its investment properties. In the year ending 31 December 2020, fair value of the Group's investment properties may be subject to fluctuations due to the coronavirus epidemic.

Up to the date on which these consolidated financial statements are issued, the Group is still in the process of assessing the impacts of the coronavirus epidemic on the financial performance and position of the Group and is currently unable to estimate the quantitative impact to the Group. The management of the Group will pay close attention to the development of the coronavirus epidemic and perform further assessment of its financial impact.

The coronavirus epidemic is a non-adjusting event after the financial year end and does not result in any material adjustments to the consolidated financial statements for the year ended 31 December 2019.