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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

ANNOUNCEMENT OF 2023 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 2023. The Group’s audited turnover amounted to HK\$32,698 million, representing an increase of 4.3% over the previous year. Audited net profit increased 48.0% year-on-year to HK\$3,424 million.

While China and Hong Kong’s economy continued to improve in 2023, the international geopolitical situation remained tense and the global economic environment continued to be volatile. Under the leadership of the Board of Directors and the management and the concerted efforts of staff at all levels, the Group continued to strive for growth and innovation and overcame challenges from all fronts. With strengthened internal control and integration of financing activities and business operations, the Group has been able to maintain stable operation and development of its core businesses, achieving satisfactory results and profitability.

The Board of Directors has recommended a final dividend of HK52 cents per share (2022: HK50 cents per share) for 2023, and together with an interim dividend of HK42 cents per share (2022: HK42 cents per share) paid during the year, total dividends for the year amounted to HK94 cents per share (2022: HK92 cents per share). The dividend payout ratio for the year is 30%.

INFRASTRUCTURE AND ENVIRONMENTAL PROTECTION

During the year, the infrastructure and environmental protection business recorded a profit of HK\$2,321 million, representing an increase of 20.5% over last year and accounting for approximately 64.2% of the Group’s Net Business Profit*. The increase in profit was mainly due to the tapering off of the adverse impacts following the lifting of pandemic-control restrictions since the beginning of the year, resulting in a significant increase in the traffic flow of toll roads and toll revenue. This, coupled with significant improvements in subsequent travel conditions led to a surge in travelling. In accordance with national policies, the Group has during the year further strengthened its strategic footprint in the Yangtze River Delta and other key regions and basins, and built additional high-standard and modernized environmental-protection projects, hence

maintaining its leading position among the top-tier players in China's water and environmental-protection industries.

Toll Roads/Bridge

With the tapering off of the pandemic since the beginning of 2023, a variety of industries have regained their vitality, and an increasing number of people are more willing to travel. Accordingly, the Group's three toll roads and Hangzhou Bay Bridge experienced a significant increase in overall traffic flow, especially during the Spring Festival, the Labour Day and National Day holidays. To facilitate traffic flows at congestion points, our toll-road project companies formulated prior specific smooth road passage plans. In addition, the companies also maintained close liaison with respective government transportation departments to secure smooth road passage. Personnel training and equipment maintenance were also strengthened, and collection contests were modified to further enhance traffic flow, effectively alleviating traffic pressure. During the year, meticulous plans were deployed to ensure steady traffic flow during major festivals and events. Orderly traffic conditions were also maintained throughout the 6th Import Expo and the Asian Games held in Hangzhou Road while service quality was continuously improved. Along with this, the Company is committed to implementing specific plans for better road conditions and to strengthen maintenance quality. To enhance road quality, facilities along toll roads were renovated and rectified.

Preliminary work for the widening and alteration project of the main line of the Shanghai Section of the Hu-Yu Expressway was carried out during the year in response to the requirements of the Shanghai Municipal Transportation Commission Plans were also made to first proceed with the project of adding the Xicen East entrance and exit to the road. The Hangzhou Bay Bridge and the “two districts and one island” were generally running in a safe and orderly manner. During the year, efforts were made to carry out different types of maintenance projects and to fully promote the intelligent digital construction of the bridge and service areas. Shanghai Green Environmental Protection Energy Co. Ltd., in which our project company holds a 30% equity interest, continued to facilitate the investment, production and operation of wind-power projects, accelerated the completion and acceptance of new projects, and took part in the preliminary work of deep-sea and far-sea projects.

The key operating figures of the respective toll roads/bridge under the Group as at 31 December 2023 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\$442 million	+92.6%	HK\$581 million	+45.3%	40.94 million	+58.8%
Hu-Kun Expressway (Shanghai Section)	100%	HK\$529 million	+38.1%	HK\$923 million	+41.5%	73.93 million	+43.8%
Hu-Yu Expressway (Shanghai Section)	100%	HK\$262million	+113.7%	HK\$521 million	+33.7%	37.89 million	+31.8%
Hangzhou Bay Bridge	23.0584%	HK\$221 million	+43.4%	HK\$2,385 million	+22.5%	20.08 million	+45.6%
Total		HK\$1,454 million	+63.5%	HK\$4,410 million	+30.1%	172.84 million	+44.3%

Water Services/Clean Energy

The Group continued to expand its water and solid-waste business, streamlined the development and construction of existing projects, strengthened investments in scientific research projects on an ongoing basis, and actively sought high-quality projects in other environmental protection areas, expanding its market share in the water and environmental-protection market in the PRC.

SIIC Environment

In 2023, the revenue of SIIC Environment Holdings Ltd. (“**SIIC Environment**”) amounted to RMB7,573 million, representing a year-on-year decline of 8.8%. Of this decline, construction revenue accounted for 37.1% over the previous year, mainly due to the completion at the end of 2022 of the main construction component of the Shanghai Baoshan Renewable Energy Utilization Center Project (the “**Baoshan Project**”). The project was put into operation in 2023. The aggregate operating and maintenance income and financial income from service-concession arrangements recorded a year-on-year increase of 10.1%. This was mainly due to an increase in solid-waste business income as a result of the commencement of operation of the Baoshan Project during the year, higher sewage-treatment volume and water-supply volume, and the boost in sewage-treatment revenue due to increases in average sewage-treatment and water-supply tariffs. Net profit attributable to shareholders was RMB604 million, a year-on-year decrease of 22.6%. The decline in profit was mainly due to an increase in finance costs, with considerable increases in the finance costs of overseas borrowings due to changes in the international financial-market environment following US dollar interest-rate hikes. The company is currently making efforts to optimize its financing structure by replacing its portfolio with low-interest borrowings.

As at 31 December 2023, SIIC Environment had a total of almost 250 sewage-treatment and water-supply projects with a total daily capacity of 13,160,000 tonnes. During the year, five quality sewage-treatment projects were added in Guangxi Province, Heilongjiang Province and Macao with a total planned daily capacity of nearly 200,000 tonnes. In addition, 17 sewage-treatment projects with a total planned daily capacity of nearly 500,000 tonnes were awarded upgrades, expansion, tariff increases or extension of their operation and management (O&M) periods. In addition, three upgrading and expansion projects with a total planned daily capacity of 220,000 tonnes were completed and put into commercial operation. During the year, SIIC Environment’s sewage-treatment volume grew 2.2% year-on-year to 2,525,000,000 tonnes, and water-supply volume rose by 2.2% year-on-year to 324,000,000 tonnes. In terms of treatment tariffs, the average sewage-treatment tariff increased by 7.8% to RMB1.87 per tonne and the average water-supply tariff was RMB2.57 per tonne, representing an increase of 3.1% over the previous year.

In 2023, the “carbon peaking and carbon neutrality” policy framework has continued to improve following the implementation of the dual carbon strategy. Accordingly, the economic and social development of China has entered into a high-quality development stage of accelerated greening and low-carbon transformation. With the active layout deployment of high-quality projects by SIIC Environment, the sewage treatment business has been further expanded under the support of favourable Government policies. During the year, the company commissioned the operation of the Macao Taipa Sewage Treatment Plant O&M Project, representing its first overseas sewage

treatment project, and resulting in the expansion of its business footprints in the Guangdong-Hong Kong-Macao Greater Bay Area. As a benchmark project for sewage treatment, the Xicen water-purification plant in Qingpu is also under active construction. In terms of green finance, the encouragement and support of national policies is expected to provide additional opportunities and advantages for the company to pursue its financing activities. In terms of solid-waste treatment, the company will continue to actively promote the high-quality development of solid waste, sludge and related business. The Baoshan project, the company's guidepost project for solid-waste treatment, has been put into commercial operation, and has been effectively improving harmless sewage treatment and turning waste into useful resources in Shanghai, successfully demonstrating its significance in fostering sustainable social and environmental development of the city.

During the year, SIIC Environment overcame challenges brought about by the macroeconomic downturn with positive actions. The company not only facilitated the upgrades of existing sewage-treatment projects, but also promoted the development of solid-waste treatment and other environmental-protection related projects. Going forward, the company will closely follow the direction of national policies, give full play to its experience and resource advantage in operating green and low-carbon projects, and actively participate in building a beautiful China. In addition, it will further promote the development of green and low-carbon technologies, empower corporate development with digitalization, scientific management and independent innovation, further consolidate its core competitiveness, enhance its comprehensive strengths, and embark on a high-quality and sustainable development path.

General Water of China

In light of a gradual economic recovery in the mainland and a weakening supply-and-demand momentum, General Water of China Co., Ltd. ("**General Water of China**") was committed to seeking progress while maintaining stability during the year, and significant progress was made in a number of areas. As at the end of 2023, the company operated a total of 34 water-supply plants and 27 sewage-treatment plants with a combined daily capacity of 6,530,800 tonnes. The daily capacity of water generation is 3,004,500 tonnes and the daily capacity of sewage treatment is 3,526,300 tonnes. The company operates two reservoirs with a total storage capacity of 182,320,000 tonnes and a pipe network of 6,248 kilometers. During the year, General Water of China recorded revenue of HK\$2,076 million, representing a year-on-year decrease of 3.3%. Net profit amounted to HK\$265 million, representing a year-on-year increase of 6.8%.

During the year, General Water of China acquired 11 new projects with a total investment amount of approximately RMB524 million and a contract sum of approximately RMB332 million for the provision of entrusted operation-and-management services. The projects will have a total daily water-treatment capacity of 512,700 tonnes and a pipe network of 78.72 kilometers. These new projects include: (1) the reclaimed water and waste water zero emission project of Xinjiang Xinye Energy Chemical; (2) the operating franchise project of six sewage-treatment plants (stations) of Jinneng Holding Group; (3) the old system-renewal and upgrading project of Guzhen Zhonghuan Sewage Treatment Co. Ltd.; (4) the old water pipeline replacement and alteration project of Bengbu Zhonghuan Co. Ltd.; (5) the Xiamen Qianchang sewage-treatment plant phase II project; (6) the emergency standby water-source construction project in Xiangtan city; (7) the laying of urban water-distribution networks in the urban areas and construction of a new water-supply booster

pumping station in Xiangyang city; (8) Huangle sewage-treatment plant project in Xining City; (9) the franchise TOT project of Xincheng water plant phase II expansion and new construction of ancillary pipe network in Huaiyuan County; (10) the upgrading and alteration project of the sewage-treatment plant and entrusted operation project of integrated magnetic coagulation equipment in Suifenhe Free Trade Zone; and (11) entrusted operation project of tail-water diversion at the sewage-treatment plant in eastern Wenzhou City.

General Water of China was named one of the Top 10 Most Influential Enterprises in China's Water Industry for the 20th year, and was ranked among the top three water-treatment companies in the past five years. In December 2023, the photovoltaic power-generation project of No. 4 Sewage Plant of Bengbu Zhonghuan Sewage was connected to the grid. This has significantly improved enterprise energy utilization efficiency, reduced the cost of electricity, achieved enhancement in both economic and environmental benefits, and made positive contributions to meeting the strategic targets of "carbon peaking" and "carbon neutrality".

Canvest Environmental

In 2023, the total revenue of Canvest Environmental Protection Group Company Limited (“**Canvest Environmental**”) dropped by 39.6% year-on-year to HK\$4,980 million, mainly due to a year-on-year decrease of 76.7% in construction revenue generated from project construction as most of the company's waste-to-energy projects have been put into operation. Despite the increase in waste-disposal volume and power generation, net profit for the entire year decreased by 24.9% to HK\$1,001 million over the previous year, mainly attributable to the combined effect of a decline in construction revenue, a sharp increase in interest rates and the drop of the RMB exchange rate during the year. Net profit fell less than revenue, reflecting the fact that operating revenue and environmental health service income of projects with higher gross profit margins have offset part of the decrease in construction revenue.

As at 31 December 2023, Canvest Environmental secured a total of 36 waste-to-energy projects spanning 12 provinces and 26 cities with a total daily processing capacity of 54,540 tonnes and a daily operating capacity of 43,690 tonnes. During the year, 16,615,728 tonnes of waste were innocuously treated, a year-on-year increase of 18.7%, and 6,217,594,000 kWh of energy were generated, a year-on-year increase of 18.4%. During the year, Canvest – Paul Y. Joint Venture, which was led by Canvest Environmental, was awarded the Hong Kong North Lantau Transfer Station and Outlying Islands Transfer Facilities Second Follow-on Contract with an awarded sum amounting to HK\$2,818 million. In addition, its wholly-owned subsidiaries won the bidding for the environmental-sanitation project in Quyang County, Baoding City, Hebei Province, and the urban-housekeeping services in Dangshan County, Suzhou City, Anhui Province, with awarded amounts of RMB3,256 million and RMB1,795 million respectively.

In October 2023, the Company announced the subscription of exchangeable bonds with a principal amount of approximately HK\$1,637 million in respect of the shares in Canvest Environmental with a term of seven years. The initial exchange price is HK\$6.71 per share. The bonds are exchangeable for not more than 244 million shares in Canvest Environmental, representing approximately 10% of the equity interest of Canvest Environmental as at the issue date. Based on the Company's current indirect holding of approximately 19.48% equity interest in Canvest Environmental, and assuming

the above exchangeable bonds are exercised in full, the Company will own approximately 29.48% equity interest in Canvest Environmental, increasing its shareholding in Canvest Environmental. The bonds bear an interest rate of 2.8% per annum (subject to adjustment to between 2.3% and 3.3% according to the adjustment mechanism). The transaction is expected to promote the close business cooperation between the Group's solid-waste business and Canvest Environmental. This is expected to contribute to the Group's development of its solid-waste integrated platform in the future, and enables it to build a business consortium with leading scale, strength, technological advantages and operational efficiency in China's waste-to-energy industry.

SUS Environment

As at the end of 2023, the waste-incineration projects of Shanghai SUS Environment Co., Ltd. (“**SUS Environment**”) had a total daily capacity of 38,325 tonnes. The amount of household waste entering the plants for the year was 14,850,000 tonnes, representing a year-on-year increase of 13%. The amount of on-grid electricity sold was 5,050,000,000 kWh, representing a year-on-year increase of 11%. In 2023, eight waste-to-energy projects were acquired, with a daily capacity of 5,650 tonnes, while the construction progress of waste-to-energy projects expedited amounted to 22 projects being put forward. In addition, the company was awarded seven new equipment-turnkey projects and 14 equipment-supply projects with a total daily capacity of 16,495 tonnes.

In terms of new business, new projects of RMB272 million were added to the sludge-disposal business, and seven projects were secured for the heating business, which will help improve the profitability of the projects. The company will adhere to its “one axis and two wings” strategy. On the basis of consolidating and expanding its existing core businesses, the company will actively cultivate and explore new businesses and develop international markets.

COMPREHENSIVE HEALTHCARE OPERATIONS

Comprehensive healthcare operations business recorded a profit of HK\$79.71 million for the period, accounting for approximately 2.2% of the Group's Net Business Profit*. Currently, Shanghai Pharmaceutical (Group) Co., Ltd. (“**Shanghai Pharmaceutical Group**”) holds 19.348% of the A shares of Shanghai Pharmaceuticals Holding Co., Ltd. (“**Shanghai Pharmaceuticals Holding**”), dually listed in Shanghai and Hong Kong, and is the single-largest shareholder of its A shares. Benefiting from the gradual decrease of the pandemic impact, Shanghai Pharmaceuticals Holding's business operations progressed smoothly with improving and steady growth. Shanghai Pharmaceutical Group recorded revenue of RMB255,173 million for the year, representing a year-on-year increase of 9.9%. Net profit amounted to RMB960 million, representing a drop of 26.76% over the previous year, mainly due to the once-off provisions made for extraordinary loss from the company's associated companies during the year.

NEW BUSINESS ARENA

As at the end of 2023, the photovoltaic asset capacity of Shanghai Galaxy Investment Co., Ltd. and SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd., its subsidiary, reached 740 MW. The total amount of on-grid electricity sold during the year from their 15 photovoltaic power stations was approximately 1,081,000,000 kWh. Affected by the severe sandy and dusty weather

conditions causing reduction in solar radiation, the volume of on-grid electricity sold during the year decreased by 4.38% over last year. The photovoltaic team continued to strengthen its scope of work, which is associated with macro policies, industry dynamics, capital market research and project acquisitions.

During the year, Shanghai Galaxy continued to expand its green-energy projects, building a stronger presence in the field of photovoltaic power generation, wind power and energy storage, and accomplishing its electricity-generation target for the year. Going forward, the company will pay close attention to such industrial dynamics as energy storage, hydrogen energy and carbon-emission rights trading. The company will also participate in the investment of independent energy-storage projects and increase its investments in the field of wind power where opportunities arise. Further investment opportunities for deep-sea and far-sea offshore wind power projects will also be actively explored.

REAL ESTATE

In 2023, the real-estate business recorded a profit of HK\$839 million, representing a year-on-year increase of 180.1% and accounting for approximately 23.2% of the Group's Net Business Profit*, mainly due to the year-on-year growth in operating results. Sales revenue generated from the Shanghai Bay project, in which the Company holds a 49% interest, under development by Shanghai Industrial Development Co., Ltd. ("**SI Development**") made a significant contribution to the company's profitability for the year.

SI Development

In view of the complicated and critical international environment, SI Development upheld its principle of seeking progress while maintaining stability. During the year, the company stepped up its efforts in the construction of a new development landscape, placing greater emphasis on macro developments and focusing its attention on the expansion of domestic demand. The company continued to streamline its structures and initiated plans to prevent and mitigate risks. In the real-estate market, the supply-and-demand relationship during the year changed considerably. Affected by a number of factors locally and abroad, the industry experienced a downturn throughout the year. To combat the situation, the company adopted a number of financial control measures, including reducing costs and enhancing efficiency in order to maintain its operating results. In addition, the company placed emphasis on major projects, focused its attention on the use of resources and made great efforts to mitigate risk so as to lay a strong foundation for the stable and healthy development of the company.

For the year, SI Development recorded revenue of RMB9,855 million, representing a year-on-year increase of 87.8%. Net profit amounted to RMB129 million, a year-on-year increase of 5.2%. During the year, the company closely followed the real estate market dynamics and policy orientation of those places where its projects are located, accurately retained its customers, optimized sales solutions, and ensured the efficient de-stocking of projects for sale. Contract sales for the year exceeded RMB551 million with a gross floor area of 15,562 square meters, among which properties of the villa project of Shanghai Bay (Phase 5) in Qingpu, Shanghai were totally sold out in the first half of 2023. The contracted projects include Shanghai Bay (Phase 5) in Qingpu

etc. Property sales booked during the year amounted to HK\$9,208 million. Properties delivered during the year mainly included the villa project of Shanghai Bay (Phase 5) in Qingpu, Sea Palace in Quanzhou (Phase 3), Era of Elites in Baoshan, Shanghai, and International Beer City in Qingdao. Rental income for the year amount to approximately HK\$428 million. During the year, four projects were under construction, consisting of a combined area of approximately 412,300 square meters, and three projects were completed, covering an area of approximately 392,700 square meters. During the year, land parcels numbered 03-02 and 04-02, 15 Renewal Unit, Wusong Chuangxincheng, Baoshan District, Shanghai were acquired, and development plans for these projects will take into account the characteristics of the respective land lots, enabling the company to actively explore the possibility of participation in the city-industry integration in the region as well as urban renewal.

During the year, SI Development added to its immovable-property business the Diaoyutai Hotel Qingdao and MGM Hotel Qingdao project, and the Gucun, Baoshan, Shanghai project for the construction of serviced apartments, covering an additional area of 103,000 square meters. In terms of its traditional commercial office-leasing business, the company orientated to market demand by focusing its efforts on retaining existing high-quality customers, adjusting its customer structure in an orderly way and improving the leasing rate of core assets, thereby achieving leasing revenue of more than RMB400 million during the year. In terms of hotels, the Diaoyutai Hotel Qingdao and MGM Hotel Qingdao project officially opened in June as the company's flagship hotel operation project. In terms of serviced apartments, the leasing rate of serviced apartments in Jiading project reached 95%, and the serviced-apartment project in Gucun, Baoshan also progressed steadily and was put into trial operation. In terms of property services, the company has continuously expanded its business scale through market competition. For the first time in the company's history the area under management exceeded 30,000,000 square meters.

SI Urban Development

Shanghai Industrial Urban Development Group Limited (“**SI Urban Development**”) recorded revenue of HK\$7,954 million in 2023, representing a decrease of 27.8% over last year. Profit attributable to shareholders for the year amounted to HK\$495 million, an increase of 21.6% over last year. The above increases were mainly attributable to commercial properties delivering higher gross profit during the year. Contract sales for the year amounted to RMB8,229 million, representing a year-on-year increase of 4.1%, with a gross floor area of approximately 270,000 square meters, which mainly included Originally in Xi'an, University Project in Tianjin, Ocean One and Cloud Vision in Shanghai. Property sales booked during the year amounted to HK\$6,871 million, with a gross floor area of approximately 191,000 square meters, which mainly included Originally in Xi'an, Contemporary Art Villa (Jade Villa) in Shanghai, Urban Cradle in Shanghai and West Diaoyutai•Emperor Sea in Beijing. Rental income for the year was approximately HK\$773 million. A total of 12 projects were under construction during the year, covering an area of 2,499,000 square meters.

CONSUMER PRODUCTS

The consumer-products business made a profit contribution of HK\$375 million to the Group, representing an increase of 20.8% over the previous year and accounting for approximately 10.4%

of the Group's Net Business Profit*. Since the beginning of 2023, as China and countries abroad gradually re-opened their ports, the sales revenue of Nanyang Brothers Tobacco Company, Limited (“**Nanyang Tobacco**”) recovered steadily. During the year, the company made considerable efforts to expand its international market, and officially put into operation the production project in Malaysia. During the year, the performance of The Wing Fat Printing Company, Limited (“**Wing Fat Printing**”) was greatly affected by fragile demand in the downstream market. The company upheld its century-long resilience and responded actively to the situation, taking effective measures, particularly in the implementation and enhancement of value-management strategy in a timely manner in the middle of the year, to tackle challenges during the downward cycle. Remarkable results were achieved from this move, thereby stabilizing and improving the development of its core business.

Tobacco

The global and mainland economies entered a post-pandemic era in 2023. To overcome the new situation, the management team of Nanyang Tobacco made great efforts to maintain the stable operation of the company, monitoring carefully the pace of production and sales, stressing the priority of the company's strategic policy of “de-stocking inventory and stabilizing prices”, which helped lower the inventories of the respective markets. The timely and effective adjustment measures received an excellent market response and positively impacted its operating performance. Nanyang Tobacco recorded an annual turnover and net profit of HK\$1,815 million and HK\$301 million, respectively, representing an increase of 26.8% and 65.3% over last year.

During the year, the duty-free and export markets of Nanyang Tobacco rebounded, but sales have yet to be fully resumed. Against this, Nanyang Tobacco pursued different marketing measures, including (1) gaining market share with innovative products by way of drawing market attention with the timely launch of innovative products; (2) exploring sales channels by way of broadening market share, deploying overseas duty-free markets and increasing business presence in an orderly manner; (3) securing market share by way of developing targeted marketing activities in response to consumer needs and purchasing habits of the different markets; (4) paying attention to the mutual benefits of the company and its customers by way of proactively maintaining effective communication and better cooperation with customers.

Nanyang Tobacco is committed to developing its production projects in Malaysia and actively expanding its international markets to increase the scale of its operations in overseas business. In 2023, the Malaysia factory branch was officially put into operation, representing the company's first move to establish a production-and-sales factory overseas, in collaboration with large cigarette enterprises to complement each other's strengths, and hence laying a strong foundation for the subsequent increment of its production.

Nanyang Tobacco insisted on customer-focus orientation, continued to promote production capacity with new technologies, constantly improved production technologies and processes, ensured production efficiency and quality, and enhanced customer satisfaction. By introducing advanced production equipment, automated systems and digital technologies for its production lines, the company adapts to and meets market requirements more quickly and efficiently.

Printing

Wing Fat Printing recorded a turnover of HK\$1,549 million for the year 2023, a decrease of 12.2% over the previous year. The decline was mainly attributable to the overall contraction of the end-consumer market and weakening demands from core customers of the paper-packaging and moulded-fibre businesses following the pandemic. Net profit for the whole year was HK\$84.91 million, representing a year-on-year decrease of 31.4%, mainly affected by declining revenue and structural fluctuations, intensified price competition in a weak economy and the impact of idle-capacity costs.

Following market turmoil and rapid declines experienced in the previous year, and as the gloomy sentiment from the pandemic subsided at the beginning of the year, the company faced the challenge of a contrasting divergence between the anxiety for a surging business and the reality of a decrease in demand from the market. The new management team of Wing Fat Printing forged its centennial legacy with perseverance and determination and pursued concerted efforts to prudently review fluctuations in the market and industry trends, closely examine the competitive disadvantages from a value-management perspective, identify key conflicts and adjust business strategies in a timely manner, and managed to offset declines of its core business in the first half of the year to a certain extent through consolidating service quality for its core customers. In addition, the company analyzed thoroughly expenditures and efficiency levels of each business unit in relation to their contributions to the company, made strong efforts to tap the potential utilization efficiency of existing assets, and strived to promote cost reduction, efficiency enhancement and cost control. Actions were also taken to strengthen inventory management and control, and to dispose of slow-moving goods to effectively de-stock long-held inventory. Leveraging on technological innovation, the company promoted the incubation of new environmental-protection products and promoted the cultivation of the blue-ocean market. In addition, the company also promoted equipment conversions, enhancement of production efficiency of overseas production bases and digital information systems.

** Net profit excluding net corporate expenses*

PROSPECTS

Looking forward in 2024, many uncertainties in global economic development still prevail, but opportunities and challenges coexist. The management of the Group will continue to keep a clear mind, to pursue its reform and innovation programs, step up efforts in upgrading our core businesses, and further enhance precision and management efficiency. We will also strive to consolidate our resources, strengthen risk controls, improve our profitability, and continue to look for opportunities to acquire quality projects to further optimize our asset portfolio and enhance Shareholder value.

For the infrastructure and environmental-protection segments, following China's establishment of the "carbon peaking and carbon neutrality" targets, the emphasis on environmental protection has reached a new level, and favourable policies have been introduced from time to time, expanding room for further development of the industry. SIIC Environment will constantly seek new opportunities in the environmental-protection sector, and facilitate the integration of its financing activities and business operations. The company will further strengthen its strategic footprints in the

Yangtze River Delta and other key regions and basins, build additional high-standard and modern environmental-protection projects to achieve steady and sustainable high-quality development, and maintain its leading position among the top-tier players in China's water and environmental-protection industries. The toll-road business will continue to enhance operational efficiency and maintain stable business development. Through investments in comprehensive healthcare operations and new business arenas, the investments in the pharmaceuticals and healthcare, environmental-protection and green-energy segments are expected to make new contributions to the Group.

In the year ahead, the Group's real estate business will closely monitor changes in industry policies and market trends, modify its operating strategies in a timely manner, optimize its strategic layout, further explore market opportunities, revitalize existing assets, seek new financing methods and channels, and accelerate the collection of receivables in order to improve operating efficiency. At the same time, we will further strengthen overall risk controls, prevent operating risks and promote healthy, stable and high-quality development. As the central Government gradually relaxes control and launches policies to support economic growth, the industry outlook is expected to remain positive.

The coming year is critical for the development of Nanyang Tobacco. The company will adhere to the development policy of "ensuring healthy internal operation and external development; strengthening business growth and pursuing excellence", continue to invest resources in research and development, launch innovative products to meet different market needs, improve product quality and creativity by introducing new technologies, new processes and new materials, and actively explore market opportunities to open up new channels and new businesses so as to expand market share and enhance competitiveness, actively expand overseas markets, promote the company's long-term and stable development, to become the pioneer of technology reform and creative marketing in the cigarette industry in China, and strive to achieve the goal of becoming a regional industry leader.

In the highly uncertain and complex operating environment, Wing Fat Printing will remain on the right track and pursue innovation in order to seek progress while maintaining stability, comprehensively restructure its system with value-management perspective, make breakthroughs in the market, protect high-quality development with risk aversion, promote orderly efficiency planning and effective implementation, and prudently act according to the situation to enable the continuity of the century-old printing business.

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, 27 March 2024

FINAL DIVIDEND

The Board of Directors has recommended a final dividend of HK52 cents per share (2022: HK50 cents per share) for 2023, and together with an interim dividend of HK42 cents per share (2022: HK42 cents per share) paid during the year, total dividends for the year amounted to HK94 cents per share (2022: HK92 cents per share).

Subject to approval by the Shareholders at the Annual General Meeting, the final dividend will be paid on or about Monday, 14 June 2024 to Shareholders whose names appear on the register of members of the Company on Monday, 3 June 2024.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at the Ballroom at the Conference Room of the Company, 26th Floor, Harcourt House, Wanchai, Hong Kong on Thursday, 23 May 2024 at 3:00 p.m. (the “**Annual General Meeting**”). Notice of the meeting will be despatched to the Shareholders in mid-April 2024 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 Tuesday, 14 May 2024 and Thursday, 16 May 2024, 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Monday, 13 May 2024.

Final Dividend

For the purpose of determining Shareholders’ entitlement to the final dividend, the register of members of the Company will be closed on Monday, 3 June 2024, 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, 31 May 2024.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the Company’s consolidated annual results for the year ended 31 December 2023.

SCOPE OF WORK OF THE COMPANY'S AUDITOR, MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the results announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 27 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the results announcement.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange for the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2023, SI Urban Development, a subsidiary of the Company, bought back a total of 2,894,000 of its own ordinary shares on the Stock Exchange for a total consideration of HK\$1,321,960, of which 1,194,000 shares were cancelled on 27 February 2023, and the remaining 1,700,000 shares were also cancelled on 26 March 2024.

Save as disclosed above, during the year ended 31 December 2023, 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 2023 will be despatched to the Shareholders in mid-April 2024 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 three Executive Directors, namely Mr. Shen Xiao Chu, Mr. Zhang Qian and Mr. Shu Dong; three Independent Non-Executive Directors, namely, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and Mr. Yuen Tin Fan, Francis.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Notes</i>	<u>2023</u> HK\$'000	<u>2022</u> HK\$'000
Revenue	3	32,697,955	31,348,592
Cost of sales		(19,908,262)	(22,317,753)
		<hr/>	<hr/>
Gross profit		12,789,693	9,030,839
Net investment income		680,427	358,957
Other income, gains and losses		(318,668)	761,407
Selling and distribution costs		(978,084)	(1,029,972)
Administrative and other expenses		(2,132,501)	(1,933,297)
Finance costs		(2,332,342)	(1,866,806)
Share of results of joint ventures		339,999	299,318
Share of results of associates		437,061	132,573
Net gain (loss) on disposal/liquidation of subsidiaries		254,982	(241,941)
		<hr/>	<hr/>
Profit before taxation		8,740,567	5,511,078
Income tax expense	4	(4,214,900)	(2,181,308)
		<hr/>	<hr/>
Profit for the year	5	4,525,667	3,329,770
		<hr/> <hr/>	<hr/> <hr/>
Profit for the year attributable to			
- Owners of the Company		3,423,695	2,313,924
- Non-controlling interests		1,101,972	1,015,846
		<hr/>	<hr/>
		4,525,667	3,329,770
		<hr/> <hr/>	<hr/> <hr/>
		HK\$	HK\$
Earnings per share	7		
- Basic		3.149	2.128
		<hr/>	<hr/>
- Diluted		3.149	2.128
		<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<u>2023</u> HK\$'000	<u>2022</u> HK\$'000
Profit for the year	4,525,667	3,329,770
Other comprehensive expense		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising on translation of foreign operations		
- subsidiaries	(1,990,691)	(4,478,917)
- joint ventures	(426,214)	(880,043)
- associates	(208,724)	(485,228)
Reclassification adjustment for realisation of revaluation reserves upon disposal of the related properties	-	(27,659)
<i>Item that will not be reclassified to profit or loss</i>		
Fair value change on equity instruments at fair value through other comprehensive income held by subsidiaries, net of tax	(13,961)	(22,294)
Other comprehensive expense for the year	(2,639,590)	(5,894,141)
Total comprehensive income (expense) for the year	1,886,077	(2,564,371)
Total comprehensive income (expense) for the year attributable to		
- Owners of the Company	2,073,174	(896,709)
- Non-controlling interests	(187,097)	(1,667,662)
	1,886,077	(2,564,371)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023**

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Non-Current Assets			
Investment properties		35,713,121	29,798,401
Property, plant and equipment		6,966,765	5,488,970
Right-of-use assets		606,173	640,693
Toll road operating rights		4,668,682	5,554,329
Goodwill		533,783	547,196
Other intangible assets		9,620,636	8,078,995
Interests in joint ventures		11,361,857	11,564,005
Interests in associates		7,152,903	7,479,568
Investments		2,079,155	387,502
Receivables under service concession arrangements		24,789,341	25,974,842
Deposits paid on acquisition of non-current assets		454,286	4,677,435
Deferred tax assets		197,800	155,184
		104,144,502	100,347,120
Current Assets			
Inventories		33,908,088	40,666,892
Trade and other receivables	8	11,229,393	11,471,641
Contract assets		83,487	87,882
Investments		242,527	275,739
Receivables under service concession arrangements		986,928	840,367
Prepaid taxation		685,336	932,579
Pledged bank deposits		183,023	228,583
Short-term bank deposits		2,382,773	1,786,601
Cash and cash equivalents		25,225,026	28,870,193
		74,926,581	85,160,477
Assets classified as held for sale		240,529	8,426,155
		75,167,110	93,586,632

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Current Liabilities			
Trade and other payables	9	19,057,555	19,495,221
Lease liabilities		53,860	85,724
Contract liabilities		8,482,575	15,568,956
Deferred income		455,386	446,198
Taxation payable		4,828,751	3,589,367
Bank and other borrowings		14,546,529	17,902,765
		47,424,656	57,088,231
Liabilities associated with assets classified as held for sale		-	8,307,647
		47,424,656	65,395,878
Net Current Assets		27,742,454	28,190,754
Total Assets less Current Liabilities		131,886,956	128,537,874
Capital and Reserves			
Share capital		13,649,839	13,649,839
Reserves		32,953,201	31,874,182
Equity attributable to owners of the Company		46,603,040	45,524,021
Non-controlling interests		30,857,063	31,269,890
Total Equity		77,460,103	76,793,911
Non-Current Liabilities			
Provision for major overhauls		80,567	80,484
Deferred income		2,287,488	2,785,847
Bank and other borrowings		44,116,832	40,828,228
Deferred tax liabilities		7,830,565	7,924,365
Lease liabilities		111,401	125,039
		54,426,853	51,743,963
Total Equity and Non-Current Liabilities		131,886,956	128,537,874

Notes:

(1) GENERAL

The financial information relating to the years ended 31 December 2023 and 2022 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 2022 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 2023 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).

(2) BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(i) Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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.

(ii) Material Accounting Policy Information

Application of new and amendments to HKFRSs

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

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time which are mandatorily effective for the Group's annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year 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.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

(3) SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (i.e. the board of directors of the Company) for the purposes of resource allocation and performance assessment, are as follows:

During the year ended 31 December 2023, management of the Group renamed infrastructure facilities segment to infrastructure and environmental protection segment to better reflect the nature of the business activities of the segment and established a new operating segment, comprehensive healthcare operations, in accordance with future development of the Group, as follows:

Infrastructure and environmental protection	- investment in toll road/bridge projects and water services/clean energy businesses
Real estate	- property development and investment and hotel operation
Consumer products	- manufacture and sale of cigarettes, packaging materials and printed products
Comprehensive healthcare Operations	- manufacture and sales of pharmaceutical and healthcare products, provision of distribution and supply chain solutions services and operation and franchise of a network of retail pharmacies

Infrastructure and environmental protection, real estate, consumer products and comprehensive healthcare operations also represent the Group's reportable segments.

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 2023

	Infrastructure and environmental protection	Real estate	Consumer products	Comprehensive healthcare operations	Elimination and unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
Segment revenue - external sales	10,398,628	19,096,395	3,202,932	-	-	32,697,955
Segment operating profit	3,958,227	5,516,630	473,711	-	92,299	10,040,867
Finance costs	(922,439)	(1,267,802)	(2,057)	-	(140,044)	(2,332,342)
Share of results of joint ventures	273,402	(13,115)	-	79,712	-	339,999
Share of results of associates	461,834	(24,773)	-	-	-	437,061
Gain on disposal of subsidiaries	-	254,982	-	-	-	254,982
Segment profit (loss) before taxation	3,771,024	4,465,922	471,654	79,712	(47,745)	8,740,567
Income tax expense	(767,350)	(3,223,082)	(81,930)	-	(142,538)	(4,214,900)
Segment profit (loss) after taxation	3,003,674	1,242,840	389,724	79,712	(190,283)	4,525,667
Less: segment profit attributable to non-controlling interests	(682,847)	(403,954)	(15,171)	-	-	(1,101,972)
Segment profit (loss) after taxation attributable to owners of the Company	2,320,827	838,886	374,553	79,712	(190,283)	3,423,695

For the year ended 31 December 2022

	Infrastructure and environmental protection	Real estate	Consumer products	Elimination and unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE					
Segment revenue - external sales	11,076,906	17,195,993	3,075,693	-	31,348,592
Segment operating profit (loss)	3,440,780	3,416,931	400,119	(69,896)	7,187,934
Finance costs	(831,485)	(1,003,597)	(3,059)	(28,665)	(1,866,806)
Share of results of joint ventures	293,311	(15,847)	-	21,854	299,318
Share of results of associates	430,119	(297,546)	-	-	132,573
Gain (loss) on disposal/liquidation of subsidiaries	2,890	(244,831)	-	-	(241,941)
Segment profit (loss) before taxation	3,335,615	1,855,110	397,060	(76,707)	5,511,078
Income tax expense	(654,847)	(1,315,901)	(65,417)	(145,143)	(2,181,308)
Segment profit (loss) after taxation	2,680,768	539,209	331,643	(221,850)	3,329,770
Less: segment profit attributable to non-controlling interests	(754,682)	(239,704)	(21,460)	-	(1,015,846)
Segment profit (loss) after taxation attributable to owners of the Company	1,926,086	299,505	310,183	(221,850)	2,313,924

Segment assets and liabilities

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

At 31 December 2023

	Infrastructure and environmental protection	Real estate	Consumer products	Comprehensive healthcare operations	Elimination and unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	68,619,610	96,906,323	7,520,941	38,420	6,226,318	179,311,612
Segment liabilities	34,716,528	59,927,298	837,815	-	6,369,868	101,851,509

At 31 December 2022

	Infrastructure and environmental protection	Real estate	Consumer products	Elimination and unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	67,879,416	112,917,882	7,412,234	5,724,220	193,933,752
Segment liabilities	32,881,244	74,706,343	794,206	8,758,048	117,139,841

(4) INCOME TAX EXPENSE

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
Current tax		
- Hong Kong	67,573	47,031
- PRC Land appreciation tax ("PRC LAT")	1,895,116	854,111
- PRC Enterprise income tax ("PRC EIT") (including PRC withholding tax of HK\$113,257,000 (2022: HK\$76,151,000))	2,290,351	1,355,410
- Other jurisdictions	4,917	-
	<u>4,257,957</u>	<u>2,256,552</u>
Under(over)provision in prior years		
- Hong Kong	55	1,706
- PRC LAT	-	(23,366)
- PRC EIT	(50,179)	(120,926)
	<u>(50,124)</u>	<u>(142,586)</u>
Deferred taxation for the year	7,067	67,342
	<u>4,214,900</u>	<u>2,181,308</u>

notes:

- (i) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.
- (ii) Under the law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the Group's subsidiaries in the PRC are subject to PRC EIT at a rate of 25% for both years, except that (i) seven (2022: seven) 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.
- (iii) 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.
- (iv) Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

(5) PROFIT FOR THE YEAR

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
Profit for the year has been arrived at after charging:		
Amortisation of toll road operating rights (included in cost of sales)	742,142	533,375
Amortisation of other intangible assets (included in cost of sales)	383,878	403,029
Depreciation of property, plant and equipment	498,784	498,598
Depreciation of right-of-use assets	66,870	70,815
Impairment loss on interest in an associate (included in other income, gains and losses)	166,406	-
Impairment loss on inventories, other than properties (included in cost of sales)	32,389	-
Impairment loss on trade receivables (included in other income, gains and losses)	1,780	28,972
Impairment loss on other receivables (included in other income, gains and losses)	8,252	11,831
Impairment loss on property, plant and equipment (included in other income, gains and losses)	6,645	-
Impairment loss on properties held for sale (included in cost of sales or other income, gains and losses)	1,040,789	55,448
Impairment loss on properties under development held for sale (included in cost of sales)	184,187	13,806
Net foreign exchange loss (included in other income, gains and losses)	88,366	256,754
Research expenditure	105,858	91,858
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	88,343	102,841
Share of PRC EIT of associates (included in share of results of associates)	110,266	56,697
and after crediting:		
Government compensation of toll road operating rights (included in other income, gains and losses)	405,533	290,445
Interest income	695,671	469,388
Net gain on disposal/written off of property, plant and equipment (included in other income, gains and losses)	3	2,494
Net increase in fair value of investment properties (included in other income, gains and losses)	101,360	10,196
Reversal of impairment loss on inventories, other than properties (included in cost of sales)	-	5,183
Reversal of impairment loss on property, plant and equipment (included in other income, gains and losses)	-	26,400

(6) **DIVIDENDS**

	<u>2023</u> HK\$'000	<u>2022</u> HK\$'000
Dividends recognised as distribution during the year:		
2023 interim dividend of HK42 cents (2022: 2022 interim dividend of HK42 cents) per share	456,629	456,629
2022 final dividend of HK50 cents (2022: 2021 final dividend of HK54 cents) per share	543,606	587,094
	<u>1,000,235</u>	<u>1,043,723</u>

The final dividend of HK52 cents per share in respect of the year ended 31 December 2023 (2022: HK50 cents), amounting to approximately HK\$565.4 million (2022: HK\$543.6 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:

	<u>2023</u> HK\$'000	<u>2022</u> HK\$'000
Profit for the year attributable to owners of the Company	<u>3,423,695</u>	<u>2,313,924</u>
Number of shares:	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,087,211,600</u>	<u>1,087,211,600</u>

The computation of diluted earnings per share does not assume 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 the options was higher than the average market price for the corresponding period.

(8) TRADE AND OTHER RECEIVABLES

	<u>2023</u> HK\$'000	<u>2022</u> HK\$'000
Trade receivables		
- Good and services	5,765,009	5,356,519
- Lease receivables	14,223	12,036
	<u>5,779,232</u>	<u>5,368,555</u>
Less: allowance for credit loss	(515,373)	(513,593)
	<u>5,263,859</u>	4,854,962
Other receivables	3,048,775	3,689,974
Amount due from related parties	2,916,759	2,926,705
Total trade and other receivables	<u><u>11,229,393</u></u>	<u><u>11,471,641</u></u>

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.

	<u>2023</u> HK\$'000	<u>2022</u> HK\$'000
Within 30 days	1,462,762	1,304,312
Within 31 – 60 days	571,207	549,536
Within 61 – 90 days	467,673	438,491
Within 91 – 180 days	866,332	1,012,966
Within 181 – 365 days	880,579	726,332
Over 365 days	1,015,306	823,325
	<u><u>5,263,859</u></u>	<u><u>4,854,962</u></u>

(9) TRADE AND OTHER PAYABLES

	<u>2023</u> HK\$'000	<u>2022</u> HK\$'000
Trade payables	5,992,936	6,541,743
Bills payables	10,954	38,707
Other payables	13,053,665	12,914,771
Total trade and other payables	<u>19,057,555</u>	<u>19,495,221</u>

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

	<u>2023</u> HK\$'000	<u>2022</u> HK\$'000
Within 30 days	2,616,162	3,811,887
Within 31 – 60 days	195,799	244,481
Within 61 – 90 days	100,338	119,369
Within 91 – 180 days	212,867	289,039
Within 181 – 365 days	1,058,338	320,681
Over 365 days	1,809,432	1,756,286
	<u>5,992,936</u>	<u>6,541,743</u>

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

The revenue of 2023 was recorded amounted to approximately HK\$32,697.96 million, increased 4.3% year-on-year, which was mainly attributable to the year-on-year increase in booked revenue upon delivery of properties of the real estate business. At the same time, revenue from sales of cigarettes in consumer products business increased due to the gradual rebound in the duty-free and export markets. However, the increase in turnover was partially offset by lower revenue of SIIC Environment from infrastructure and environmental protection business due to lower construction revenue in 2023 as a result of the completion and commencement of operation of SIIC Environment Shanghai Baoshan Renewable Energy Utilization Center in 2023.

2. Profit Contribution from Each Business

Net profit from the infrastructure and environmental protection business for the year amounted to approximately HK\$2,320.83 million, accounting for 64.2% of Net Business Profit, and representing a year-on-year increase of 20.5%.

The increase was mainly due to toll road business was affected by the pandemic in Shanghai and surrounding provinces and cities in 2022 with travelling being restricted and a significant decrease in traffic flow, whereas the traffic flow recovered since the beginning of this year as the rapid unlock of the pandemic manage and control measures, with corresponding increase in toll revenue and net profit.

The profit of water services and clean energy business decreased by 16.4% year-on-year, which partially offset the profit increase in the infrastructure and environmental protection segment, mainly due to the year-on-year increase in finance costs and the 5% year-on-year decrease in the exchange rate of RMB of this year, of which SIIC Environment recorded a decrease in profit contribution due to the decrease in construction revenue in 2023 as a result of SIIC Environment Shanghai Baoshan Renewable Energy Utilization Center being completed and put into operation in 2023, and an increase in interest expenses as a result of higher overseas interest rates.

The real estate business recorded a profit of approximately HK\$838.89 million, accounting for 23.2% of the Net Business Profit, a significant increase of approximately HK\$539.38 million compared to 2022. The increase was mainly due to the gain on disposal of the project company related to the land lot No.89, North Bund by SI Development during the year and the compensation income arising from the Fengsheng Project in Hunan, as well as a portion of the properties of the Shanghai Bay project, in which the Company directly held an interest of 49%, was booked during the year and its share of the project's profit amounted to HK\$462.61 million.

The consumer products business recorded a net profit of HK\$374.55 million for the year, accounting for 10.4% of Net Business Profit, and representing a year-on-year increase of 20.8%. The cigarette sales of Nanyang Tobacco increased by 26.8% year-on-year. In this year, the global and Mainland economies entered the post-pandemic era, with consumption in the domestic market on a downward trend and the number of outbound travelers growing slowly, which had an obvious impact on the cigarette industry. Although the duty-free market and the export market have rebounded, they have yet to fully resume sales. Wing Fat Printing was mainly affected by the overall contraction of the post-pandemic end-consumer market and the weakening demand from its core customers in the paper and plastic business, resulting in a year-on-year decrease in sales of 12.2%, coupled with the impact of intensified price competition and the idling costs of its production capacity, resulting in a year-on-year decrease in net profit.

Comprehensive healthcare operations business recorded a net profit of HK\$79.71 million for the year, and accounting for 2.2% of Net Business Profit. The net profit of the comprehensive healthcare operations segment is a new profit contribution arising from the 40% equity interest in Shanghai Pharmaceutical Group, the acquisition of which was completed by S.I. Yangtze River Delta, a joint venture of the Company, in October 2022.

3. Profit before Taxation

(1) *Gross profit margin*

Compared to 2022, the overall gross profit margin increased by 10.3 percentage points. The increase was mainly due to the increase in the proportion of delivery of properties with relatively higher margin in the real estate business as compared to last year. In addition, the gross profit margin of toll roads was lower in last year due to the significant year-on-year decrease in toll road traffic and toll revenue as a result of prevention and control measures implemented during April and May 2022 due to the outbreak of the pandemic in Shanghai. During the period, the toll road gross profit margin increased year-on-year as traffic flow and revenue resumed normal.

(2) *Other income, gains and losses*

Other income, gains and losses for the year was a net loss mainly due to the impairment of certain real estate projects during the year.

(3) *Net gain (loss) on disposal/liquidation of subsidiaries*

For the year, gain on disposal represents mainly the disposal of the project company related to the land lot No.89, North Bund, whereas the loss for last year was mainly due to the loss on liquidation of a property project company.

4. Dividend

The Board of Directors of the Group has proposed to declare a final dividend of HK[52] cents (2022: HK50 cents) per share, together with an interim dividend of HK42 cents (2022: HK42 cents) per share, the total dividend amounted to HK[94] cents (2022: HK92 cents) per share

for 2023. Annual dividend payout ratio is [30%] (2022: 43%).

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 2023, there is no change compared with 1,087,211,600 shares as at the end of 2022.

Equity attributable to owners of the Company reached HK\$46,603.04 million as at 31 December 2023, and was attributable to the net profit for the year after deducting the dividend actually paid during the year.

2. Indebtedness

(1) Borrowings

As at 31 December 2023, the total borrowings of the Group including bank borrowings and other borrowings amounted to approximately HK\$58,686.93 million (31 December 2022: HK\$58,766.88 million), of which 77.5% (31 December 2022: 75.9%) was unsecured credit facilities. The proportions of US dollars and other currencies, Renminbi and HK dollars of total borrowings were 6%, 84% and 10% (31 December 2022: 3%, 87% and 10%) 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\$10,459,444,000 (31 December 2022: HK\$11,498,680,000);
- (b) leasehold land and buildings with an aggregate carrying value of HK\$7,032,000 (31 December 2022: HK\$8,959,000);
- (c) plant and machineries with an aggregate carrying value of HK\$629,392,000 (31 December 2022: HK\$150,424,000);
- (d) receivables under service concession arrangements/intangible assets with an aggregate carrying value of HK\$16,437,625,000 (31 December 2022: HK\$16,748,624,000);
- (e) properties under development held for sale with an aggregate carrying value of HK\$12,924,145,000 (31 December 2022: HK\$6,814,317,000);
- (f) properties held for sale with an aggregate carrying value of HK\$129,973,000 (31 December 2022: HK\$265,745,000);
- (g) trade receivables with an aggregate carrying value of HK\$187,245,000 (31 December 2022: HK\$170,359,000);
- (h) bank deposits with an aggregate carrying value of HK\$183,023,000 (31 December 2022: HK\$228,583,000);
- (i) equity interests of subsidiaries with an aggregate carrying value of HK\$286,029,000 (31

- December 2022: HK\$169,511,000); and
- (j) land use rights with an aggregate carrying value of HK\$610,000 (31 December 2022: HK\$759,000).

(3) *Contingent liabilities*

As at 31 December 2023, the guarantees given to banks by the Group in respect of banking facilities utilised by property buyers, associates and joint ventures amounted to approximately HK\$3,841.43 million, HK\$468.54 million and HK\$1,898.68 million (31 December 2022: HK\$4,736.23 million, HK\$713.70 million and HK\$1,908.99 million) respectively.

3. Commitments

As at 31 December 2023, the Group had capital commitments mainly contracted for business developments and investments in fixed assets of HK\$8,219.73 million (31 December 2022: HK\$14,686.11 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 2023, bank balances, pledged bank deposits and short-term investments held by the Group amounted to HK\$27,790.82 million (31 December 2022: HK\$30,885.38 million) and HK\$242.53 million (31 December 2022: HK\$275.74 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars of bank balances were 2%, 86% and 12% (31 December 2022: 3%, 84% and 13%) respectively. Short-term investments mainly consisted of investments such as 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.