

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



上海實業城市開發集團有限公司

SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “**Board**”) of Shanghai Industrial Urban Development Group Limited (the “**Company**”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021, as follows:

FINANCIAL HIGHLIGHT	For the year ended		Change
	2022	2021	
<b>Financial Highlights (HK\$'000)</b>			
Revenue	11,022,496	11,015,088	+0.1%
Gross profit	2,970,470	3,554,120	-16.4%
Gross profit margin	26.9%	32.3%	-5.4 points
Gross profit margin (excluding the effect of affordable housing)	39.3%	41.0%	-1.7 points
Profit attributable to owners of the company	406,823	572,328	-28.9%
<b>Financial Information per share (HK cents)</b>			
Profit			
— Basic	8.47	11.91	-28.9%
Proposed Dividend/Dividend paid			
— Final dividend (HK cents)	2.1	2.1	
— Special dividend (HK cents)	0.9	2.4	
	3.0	4.5	-33.3%
	<b>As at 31 December</b>		
	<b>2022</b>	<b>2021</b>	
Net asset value attributable to owners of the Company per share (HK\$)	3.04	3.17	-4.1%
<b>Financial Ratios</b>			
Net debt to total equity (%) (note)	63.0%	24.0%	

Note: Net debt = total borrowings (including bank and other borrowings) less bank balances and cash and restricted and pledged bank deposits.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 DECEMBER 2022*

	<i>NOTES</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4		
Goods and services		<b>10,480,999</b>	10,185,781
Leases		<b>541,497</b>	829,307
		<hr/>	<hr/>
Total revenue		<b>11,022,496</b>	11,015,088
Cost of sales		<b>(8,052,026)</b>	(7,460,968)
		<hr/>	<hr/>
Gross profit		<b>2,970,470</b>	3,554,120
Other income	6	<b>167,324</b>	190,157
Other expenses, gains and losses, net	7	<b>(156,171)</b>	35,767
Fair value gain on investment properties, net	13	<b>3,211</b>	118,614
Distribution and selling expenses		<b>(203,355)</b>	(283,418)
General and administrative expenses		<b>(412,633)</b>	(335,057)
Gain on disposal of a subsidiary		—	1,111,382
Loss on liquidation of a subsidiary	17	<b>(244,831)</b>	—
Finance costs	8	<b>(682,926)</b>	(719,383)
Share of results of associates		<b>(271,789)</b>	(3,690)
Share of results of joint ventures		<b>(15,701)</b>	(7,050)
		<hr/>	<hr/>
Profit before tax		<b>1,153,599</b>	3,661,442
Income tax	9	<b>(848,598)</b>	(2,762,758)
		<hr/>	<hr/>
<b>Profit for the year</b>	<b>10</b>	<b>305,001</b>	898,684
		<hr/>	<hr/>
<b>Other comprehensive (expense) income for the year</b>			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		<b>(1,295,381)</b>	760,925
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax		<b>(20,173)</b>	(18,805)
Item that may be reclassified subsequently to profit or loss:			
Reclassification adjustment for realisation of revaluation reserve upon disposal of the related properties		<b>(27,659)</b>	(5,205)
		<hr/>	<hr/>
<b>Other comprehensive (expense) income for the year</b>		<b>(1,343,213)</b>	736,915
		<hr/>	<hr/>
<b>Total comprehensive (expense) income for the year</b>		<b>(1,038,212)</b>	1,635,599
		<hr/> <hr/>	<hr/> <hr/>

	<i>NOTE</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		<b>406,823</b>	572,328
Non-controlling interests		<b>(101,822)</b>	326,356
		<u><b>305,001</b></u>	<u>898,684</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		<b>(377,572)</b>	1,054,227
Non-controlling interests		<b>(660,640)</b>	581,372
		<u><b>(1,038,212)</b></u>	<u>1,635,599</u>
Earnings per share			
Basic (HK cents)	<i>11</i>	<u><b>8.47</b></u>	<u>11.91</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2022**

	<i>NOTES</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties	<i>13</i>	<b>21,232,971</b>	19,666,136
Property, plant and equipment		<b>2,136,577</b>	2,297,465
Right-of-use assets		<b>473,729</b>	503,099
Goodwill		<b>23,604</b>	23,604
Intangible assets		<b>57,834</b>	62,777
Interests in associates		<b>1,796,882</b>	2,246,277
Interests in joint ventures		<b>2,668,967</b>	2,914,426
Amount due from a related company		<b>277,707</b>	276,188
Equity instruments at fair value through other comprehensive income		<b>59,872</b>	93,372
Restricted and pledged bank deposits		<b>33,074</b>	122,575
Deferred tax assets		<b>86,047</b>	55,164
		<u><b>28,847,264</b></u>	<u>28,261,083</u>
<b>Current assets</b>			
Inventories		<b>1,803</b>	2,207
Properties under development for sale and properties held-for-sale	<i>14</i>	<b>22,569,287</b>	24,630,428
Trade and other receivables	<i>15</i>	<b>1,185,644</b>	4,365,527
Amounts due from related companies		<b>2,492</b>	12
Prepaid income tax and land appreciation tax		<b>333,234</b>	459,442
Financial assets at fair value through profit or loss		<b>5,580</b>	2,961
Restricted and pledged bank deposits		<b>23,881</b>	36,457
Bank balances and cash		<b>4,477,602</b>	14,116,711
		<u><b>28,599,523</b></u>	<u>43,613,745</u>

	<i>NOTE</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and other payables	16	<b>6,779,706</b>	6,752,402
Amounts due to related companies		<b>766,146</b>	706,814
Pre-sale proceeds received on sales of properties		<b>7,086,457</b>	13,504,748
Bank and other borrowings		<b>9,915,688</b>	10,121,944
Lease liabilities		<b>48,721</b>	62,395
Income tax and land appreciation tax payables		<b>1,377,284</b>	3,226,796
Dividends payable		<b>20,670</b>	18,402
Dividends payable to non-controlling shareholders		—	1,963,472
		<u><b>25,994,672</b></u>	<u>36,356,973</u>
<b>Net current assets</b>		<u><b>2,604,851</b></u>	<u>7,256,772</u>
<b>Total assets less current liabilities</b>		<u><b>31,452,115</b></u>	<u>35,517,855</u>
<b>Non-current liabilities</b>			
Deferred revenue		<b>38,879</b>	32,452
Bank and other borrowings		<b>7,743,066</b>	9,598,138
Lease liabilities		<b>39,706</b>	57,794
Deferred tax liabilities		<b>2,799,190</b>	3,118,049
		<u><b>10,620,841</b></u>	<u>12,806,433</u>
		<u><b>20,831,274</b></u>	<u>22,711,422</u>
<b>Capital and reserves</b>			
Share capital		<b>191,747</b>	192,253
Reserves		<b>14,368,524</b>	15,021,633
		<u><b>14,560,271</b></u>	<u>15,213,886</u>
Equity contributable to owners of the Company		<b>6,271,003</b>	7,497,536
Non-controlling interests		<u><b>20,831,274</b></u>	<u>22,711,422</u>

## NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

### 1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate holding company is S.I. Smart Charmer Limited (a private limited company incorporated in the British Virgin Islands (“**BVI**”)), its intermediate holding company is Shanghai Industrial Holdings Limited (incorporated in Hong Kong and listed on the Stock Exchange) and its ultimate holding company is Shanghai Industrial Investment (Holdings) Company Limited (a private limited company incorporated in Hong Kong). The addresses of the registered office and principal place of business of the Company are disclosed in the section of “Corporate Information” in the Company’s annual report.

The principal activities of the Group are residential and commercial properties development, property investment and hotel operations in the People’s Republic of China (the “**PRC**”).

The financial information is presented in Hong Kong dollars (“**HK\$**”), which is different from the Company’s functional currency of Renminbi (“**RMB**”), as the Company is listed on the Stock Exchange, where most of its investors are located in Hong Kong.

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following 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 period beginning on 1 January 2022 for the preparation of the Group’s consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the 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 the Group’s consolidated financial statements.

## 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 <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or 1 January 2024.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the Group's 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 the 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 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

#### ***Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”***

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgments” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

#### ***Amendments to HKAS 8 “Definition of Accounting Estimates”***

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgments or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

### 3. BASIS OF PREPARATION OF THE GROUP’S FINANCIAL INFORMATION

The Group’s financial information has been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the Group’s financial information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Group’s financial information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The Group’s financial information has been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### 4. REVENUE

Disaggregation of revenue from contracts with customers:

	<b>2022</b> <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Types of goods or services		
Sales of properties	<b>10,275,286</b>	9,937,996
Hotel operations	<b>203,272</b>	246,949
Property management	<b>2,441</b>	836
	<u>10,480,999</u>	<u>10,185,781</u>
Total	<b>10,480,999</b>	10,185,781
Timing of revenue recognition		
A point in time	<b>10,275,286</b>	9,937,996
Over time	<b>205,713</b>	247,785
	<u>10,480,999</u>	<u>10,185,781</u>

All the revenue of the Group generated from contracts with customers are originated in the PRC.

## 5. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and performance assessment focuses on revenue analysis. No other discrete financial information is provided other than the Group's result and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

The Group's operations are located in the PRC. All revenue and non-current assets, except for certain property and equipment, of the Group are generated from and located in the PRC. Revenue from customers contributing over 10% of the total revenue of the Group of the corresponding years is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	1,158,357	N/A <sup>1</sup>
Customer B	<u>2,097,588</u>	<u>N/A<sup>1</sup></u>

<sup>1</sup> No revenue attributed from the relevant customers in the respective year.

## 6. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income on bank deposits	71,575	85,869
Other interest income	—	8,529
Rental income from property, plant and equipment	1,213	3,798
Dividend income from equity instruments at financial assets at fair value through other comprehensive income	—	41,544
Income from marketing and exhibition activities	285	731
Government grants	46,763	8,711
Management service income	17,581	11,571
Others	<u>29,907</u>	<u>29,404</u>
	<u>167,324</u>	<u>190,157</u>

## 7. OTHER EXPENSES, GAINS AND LOSSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Foreign exchange (loss) gain, net	(174,076)	35,759
Fair value changes of financial assets at financial assets at fair value through profit or loss, net	2,949	(619)
Gain (loss) on disposal of property, plant and equipment, net	365	(114)
Others	<u>14,591</u>	<u>741</u>
	<u>(156,171)</u>	<u>35,767</u>

## 8. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interests on bank and other borrowings	1,112,583	1,126,696
Interests on lease liabilities	<u>4,329</u>	<u>2,214</u>
Total finance costs	1,116,912	1,128,910
Less: Amounts capitalised into properties under development for sale	<u>(433,986)</u>	<u>(409,527)</u>
	<u><u>682,926</u></u>	<u><u>719,383</u></u>

## 9. INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)	483,525	1,418,706
PRC Land Appreciation Tax (“LAT”)	558,780	1,217,348
PRC withholding tax on dividend income	<u>13,588</u>	<u>13,047</u>
	<u>1,055,893</u>	<u>2,649,101</u>
Overprovision in prior years:		
PRC EIT	(73,951)	(36,372)
PRC LAT	<u>(23,366)</u>	<u>—</u>
	(97,317)	(36,372)
Deferred tax	<u>(109,978)</u>	<u>150,029</u>
Income tax for the year	<u><u>848,598</u></u>	<u><u>2,762,758</u></u>

## 10. PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit for the year has been arrived at after charging (crediting):</b>		
Depreciation for property, plant and equipment	148,356	168,344
Less: Depreciation capitalised into properties under development for sale	<u>(1,574)</u>	<u>(1,085)</u>
	146,782	167,259
Depreciation of right-of-use assets	<u>26,710</u>	<u>28,099</u>
Total depreciation and amortisation	173,492	195,358
Gross rental income from investment properties	(541,497)	(829,307)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	<u>258,877</u>	<u>291,344</u>
	<u>(282,620)</u>	<u>(537,963)</u>
Directors' remuneration	6,105	6,643
Other staff costs		
Salaries, wages and other benefits	276,346	228,969
Retirement benefit scheme contributions	<u>36,590</u>	<u>29,606</u>
Total staff costs	319,041	265,218
Less: Staff costs capitalised into properties under development for sale	<u>(48,572)</u>	<u>(73,572)</u>
	<u>270,469</u>	<u>191,646</u>
Auditors' remuneration	5,317	5,572
Cost of properties held-for-sale recognised as an expense	6,502,218	6,731,568
Reversal of impairment loss recognised on properties held-for-sale (included in cost of sales)	—	(12,499)
Share of tax of associates (included in share of results of associates)	<u>522</u>	<u>10,756</u>

## 11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purposes of calculating basic earnings per share:		
Profit for the year attributable to owners of the Company	<b><u>406,823</u></b>	<u>572,328</u>
	<b>2022</b>	2021
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	<b><u>4,805,066</u></b>	<u>4,806,323</u>

No diluted earnings per share for 2022 and 2021 were presented as there were no potential ordinary shares in issue for both years.

## 12. DIVIDENDS

A final dividend and a special dividend of HK2.1 cents (2021: HK1.9 cents) per ordinary share and HK2.4 cents (2021: HK2.4 cents) per ordinary share respectively, in an aggregate amount of HK\$216,285,000 (2021: HK\$206,672,000), in respect of the year ended 31 December 2021, were declared and an amount of HK\$214,017,000 (2021: HK\$204,504,000) was paid during the year ended 31 December 2022.

Subsequent to the end of the reporting period, a final dividend and a special dividend of HK2.1 cents per ordinary share and HK0.9 cents per ordinary share respectively, in respect of the year ended 31 December 2022, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

### 13. INVESTMENT PROPERTIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
FAIR VALUE		
At 1 January	19,666,136	17,825,877
Subsequent expenditure	495,321	585,915
Acquisitions	159,273	951,724
Fair value gain on investment properties, net	3,211	118,614
Disposal of a subsidiary	—	(1,245,325)
Liquidation of a subsidiary	(739,163)	—
Transfer to property, plant and equipment	(66,513)	—
Transfer from properties held-for-sale	3,362,919	838,624
Exchange realignment	(1,648,213)	590,707
	<u>21,232,971</u>	<u>19,666,136</u>
At 31 December		
	<u>21,232,971</u>	<u>19,666,136</u>
Unrealised gain on revaluation of investment properties included in profit or loss for the year	<u>3,211</u>	<u>118,614</u>

### 14. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD-FOR-SALE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Property development		
Properties under development for sale	18,139,312	16,501,151
Properties held-for-sale	4,429,975	8,129,277
	<u>22,569,287</u>	<u>24,630,428</u>

All of the properties under development for sale and properties held-for-sale are located in the PRC.

## 15. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables		
— Contracts with customers		
Sales of properties	268,617	—
Hotel operations and others	14,262	6,267
— Lease receivables	<u>12,036</u>	<u>15,512</u>
	294,915	21,779
Less: Loss allowance	<u>(274)</u>	<u>(297)</u>
	294,641	21,482
Other receivables	291,470	334,362
Secured deposits held by Shanghai government department	214,779	113,719
Receivable from a former subsidiary	137,184	—
Advance payments to contractors	14,780	54,613
Prepaid other taxes	220,635	357,113
Prepayments for acquisition of parcels of land	—	3,472,790
Deposits and prepayments	<u>12,155</u>	<u>11,448</u>
	<u><u>1,185,644</u></u>	<u><u>4,365,527</u></u>

The Group allows an average credit period of 90 days to its corporate hotel customers and generally grants no credit period to property buyers and tenants unless it is specifically approved.

The following is an ageing analysis of trade receivables, net of loss allowance, presented based on the date of billing at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 90 days	16,125	15,673
Within 91–180 days	273,393	2,967
Over 180 days	<u>5,123</u>	<u>2,842</u>
	<u><u>294,641</u></u>	<u><u>21,482</u></u>

## 16. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	1,810,201	1,586,139
Accrued expenditure on properties under development for sale	2,527,840	3,002,366
Amounts due to former shareholders of the Company's former subsidiaries	159,768	171,594
Rental deposits and receipt in advance from tenants	225,781	220,902
Interest payable	91,044	127,450
Payables to the Shanghai government department	158,079	171,637
Accrued charges and other payables	364,982	429,187
Consideration payables	576,337	—
Other taxes payables	865,674	1,043,127
	<u>6,779,706</u>	<u>6,752,402</u>

The following is an ageing analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	1,291,833	1,122,073
Within 31–180 days	115,792	3,987
Within 181–365 days	74,626	177,648
Over 365 days	327,950	282,431
	<u>1,810,201</u>	<u>1,586,139</u>

## 17. LOSS ON LIQUIDATION OF A SUBSIDIARY

In previous year, the Group had a dispute with a non-controlling shareholder of 昆山城開錦亭置業有限公司 (“昆山錦亭”) regarding the arrangement of providing additional capital to 昆山錦亭 which in turns caused defaults of a bank borrowing of RMB130,000,000 (equivalent to HK\$151,339,000), an other borrowing of RMB57,600,000 (equivalent to HK\$67,034,000) and an amount due to a non-controlling shareholder of RMB154,183,000 (equivalent to HK\$179,475,000). During the year ended 31 December 2022, the Group completed litigation procedures and initiated a voluntary liquidation of 昆山錦亭. After the court's assignment of a liquidator to take over 昆山錦亭 and completion of the creditors meeting in late July 2022, all the relevant activities of 昆山錦亭 are subject to direction by the liquidator. Accordingly, the Group lost control on 昆山錦亭 and it was de-consolidated from the Group's consolidated financial statements.

The net liabilities of 昆山錦亭 at the date the control was lost are as follow:

HK\$'000

**Consideration:**

Cash consideration —

**Analysis of assets and liabilities over which control was lost:**

Investment properties	739,163
Equipment	135
Deferred tax assets	11,745
Other receivables	8,693
Bank balances and cash	256
Pledged bank deposits	3,429
Trade and other payables	(33,149)
Amounts due to a non-controlling shareholder (included in amounts due to related companies)	(179,475)
Amounts due to the Group	(417,582)
Bank and other borrowings	(218,373)
	<u>(85,158)</u>

**Impact on liquidation of 昆山錦亭:**

Total consideration	—
Net liabilities disposed of	85,158
Non-controlling interests disposal of	(40,876)
	<u>44,282</u>
Expected credit loss on receivable from a former subsidiary	(289,113)
	<u>(244,831)</u>

**18. ACQUISITION OF ADDITIONAL INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY THROUGH AN ACQUISITION OF A SUBSIDIARY**

On 30 November 2022, Honest State Limited (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company incorporated under the laws of the British Virgin Islands (“**BVI**”) with limited liability, entered into the share transfer agreement (the “**STA**”), among others, with Renowned Support Holdings Limited (the “**Vendor**”), a company incorporated under the laws of the BVI with limited liability. Pursuant to the STA, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the entire shares of Leap Charm Limited, a company incorporated under the laws of Hong Kong with limited liability, (the “**Target Company**”) (the “**Sale Shares**”) at a consideration of RMB696,000,000 (the “**Consideration**”) (collectively referred to as the “**Acquisition**”).

The principal asset of the Target Company and its subsidiaries (the “**Target Group**”) is 28.5% equity interest in 西安滄瀾建設開發有限公司 (the “**Project Company**”). The Project Company and its subsidiaries are indirect non-wholly owned subsidiaries of the Company and they were established to hold and develop a property project located in Xi’an in the PRC. The Acquisition, in substance, is an acquisition of additional interest in a subsidiary without change in control and is accounted for as an equity transaction.

The Consideration comprises (a) the purchase price of the Sale Shares in an amount of RMB490,346,000; and (b) after completion of the Acquisition (the “**Completion**”), the repayment of a loan in an amount of RMB205,654,000 owing by the subsidiary of the Target Company to an affiliate of the Vendor (the “**Vendor’s Affiliate Loan**”).

The purchase price of the Sale Shares is payable by the Purchaser in cash in three tranches:

- (i) RMB100,000,000 (the “**Deposit**”) should be placed by the Purchaser in a joint account opened in the name of the Purchaser and under the joint management of the Purchaser and the Vendor within 10 business days after the signing of the STA. The Deposit shall be released from the joint account to the designated account of the Vendor within 10 business days after the date of the Completion;
- (ii) RMB250,000,000 shall be payable within 10 business days after the Completion and the satisfaction of the following conditions (the “**Second Payment Conditions**”), and shall be payable no earlier than 15 January 2023;
  - a) the affiliates of the Vendor have settled the amount of RMB86,000,000 due to the Project Company within 2 days from the date of the First Loan Repayment (as defined below);
  - b) important documents and materials of the Target Group having been handed over to the Purchaser; and
  - c) the Vendor having obtained the Notice of Matters Relating to Settlement and Payment of Enterprise Income Tax on Non-resident Enterprise (非居民企業所得稅稅收繳款通知書) for the transfer of the Sale Shares under the STA and provided to the Purchaser the relevant tax payment proof.
- (iii) RMB140,346,000 shall be payable before 31 March 2023, or within 10 business days after the Completion and the satisfaction of the following conditions, whichever is later:
  - a) the fulfilment of the Second Payment Conditions;
  - b) the personal guarantees of the ultimate beneficial owner of the Vendor and his spouse having been duly signed and remain valid;
  - c) the fulfilment of either one of (i) the corporate guarantee having been duly signed by an affiliate of the Vendor (the “**Corporate Guarantor**”) with the approval from the shareholder’s meeting of the Corporate Guarantor; or (ii) the pledge on the Charged Properties (as defined in the Company’s announcement dated 30 November 2022) having been duly registered and the Purchaser having obtained the original real estate registration certificates of the Charged Properties, whichever is earlier; and
  - d) the fulfilment of either one of (i) the transfer of Sale Shares having been completed for 3 years; or (ii) the pledge on the Charged Properties having been duly registered and the Purchaser having obtained the original real estate registration certificates of the Charged Properties, whichever is earlier.

After the Completion, the Purchaser shall procure repayment of the Vendor's Affiliate Loan in the following manners:

- (i) an amount of RMB86,000,000 shall be repaid within 5 business days after the Completion (the "First Loan Repayment"); and
- (ii) an amount of RMB119,654,000 shall be repaid within 10 business days after the fulfilment of the Second Payment Conditions, but shall be paid no earlier than 15 January 2023.

In relation to the Project Company, there are certain accounts receivable due from and accounts payable due to affiliates of the Vendor. Pursuant to the STA, these accounts payable and receivable shall be settled as follows:

- (i) The Vendor shall ensure that its affiliates shall settle the accounts receivable in the total amount of RMB86,000,000 due to the Project Company within 2 days from the date of the First Loan Repayment; and
- (ii) Affiliates of the Vendor shall waive the payment obligations of the Project Company in respect of the accounts payable due to them in the amount of RMB2,550,000.

Subject to the satisfaction or waiver by the Purchaser of the conditions precedents set out under the STA, the Completion shall take place not later than the third day after payment of the Deposit by the Purchaser (or such other date as the Purchaser may agree). Details of the required conditions precedent for the completion of the Acquisition are set out in the Company's announcement dated 30 November 2022.

Following the Completion (which was in December 2022), the Target Group and the Project Company became indirect wholly-owned subsidiaries of the Company.

	<i>HK\$'000</i>
Consideration transferred:	
Cash	205,140
Consideration payable for Sale Shares (included in other payable as at 31 December 2022)	441,119
Consideration payable for Vendor's Affiliate Loan (included in other payable as at 31 December 2022)	<u>135,218</u>
	<u><u>781,477</u></u>

The fair value of the assets acquired and liabilities assumed of the Target Group at the date of Completion are as follows:

	<i>HK\$'000</i>
Interest in an associate ( <i>note</i> )	110,239
Bank balances and cash	235
Other payables	<u>(227,917)</u>
	<u><u>(117,443)</u></u>

*Note:* The balance has been eliminated in the Group's financial information upon completion of the Acquisition.

	<i>HK\$'000</i>
Adjustment to other reserve as a result of the Acquisition:	
Consideration for Sale Shares paid and payable	540,803
Add: Fair value of identifiable net liabilities acquired	117,443
Less: Non-controlling interests	<u>(605,415)</u>
	<u><u>52,831</u></u>

Net cash outflow arising from the Acquisition during the year ended 31 December 2022:

	<i>HK\$'000</i>
Cash and cash equivalents acquired	235
Cash paid	<u>(205,140)</u>
	<u><u>(204,905)</u></u>

Interest in an associate of the Target Company as at 31 December 2022

	<i>HK\$'000</i>
Interest in an associate at the date of the Completion	110,239
Share of results of an associate since the date of the Completion	<u>175,708</u>
	<u><u>285,947</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROPERTY MARKET REVIEW

2022 was an extraordinary year for the property industry in China. The market experienced profound adjustments, which were unprecedented both in terms of duration and scale. Significant decreases were recorded in the sales, gross floor area sold and selling prices of properties. According to the data from the National Bureau of Statistics, property development and investment, sales of commodity housing and gross floor area sold for commodity housing decreased by 10%, 26.7% and 24.3%, respectively, in China in 2022. The Central Economic Work Conference clearly defined the position of “the real estate sector as a pillar of the national economy” and launched various policy instruments to support the stable operation of the property market. The supply-side and demand-side policies for the property sector are expected to be further optimised in 2023.

### BUSINESS REVIEW

#### Overview

In 2022, SIUD succeeded in overcoming challenges brought by the macroeconomic environment and pandemic and maintained steady business development by virtue of its excellent capability of getting things done, flexibility and strong resilience. The outstanding sales performance of flagship projects, including West Diaoyutai • Emperor Seal in Beijing, Originally in Xi’an, and Shangtou Xinhong, Shangtou Baoxu and Urban Cradle in Shanghai, brought in stable revenue for the Group. During the year, the Group sought progress while maintaining stability by focusing in Shanghai and expanding to first- and second-tier core cities. The Group prudently increased its high-quality land reserve, diversified its business development and continued to develop the investment property business. The Group obtained the land use rights to six land parcels in Lingang New Area in the Shanghai Pilot Free Trade Zone in June 2022, and acquired the remaining 28.5% interests in the residential, commercial and hotel development project at Originally, Xi’an at a consideration of RMB696,000,000 in November 2022.

#### Contract Sales

During the year ended 31 December 2022, the Group’s contract sales from both commodity housing and affordable housing went down 11.5% year-on-year to RMB7,908,440,000 (2021: RMB8,933,090,000).

The contract sales from commodity housing of the Group amounted to RMB4,711,840,000 (2021: RMB7,764,440,000). The contract sales in terms of G.F.A. were 248,000 sq.m. during 2022, up 25.9% year-on-year, while the average selling price decreased to approximately RMB19,000 per sq.m. mainly because of the relatively lower average selling price of Originally in Xi’an. In 2022, Originally in Xi’an, and Lingang Project • Ocean One, Qingpu Project • Cloud Vision and Urban Cradle in Shanghai were the Group’s principal projects for sale, which accounted for approximately 48.3%, 13.5%, 10.1% and 6.2% of the total contract sales from commodity housing during the year.

Contract sales from affordable housing increased 173.5% year-on-year to RMB3,196,600,000 (2021: RMB1,168,650,000), whereas the contract sales in terms of G.F.A was 256,000 sq.m., up 306.3% year-on-year. Such contract sales were mainly derived from Shangtou Xinhong and Shangtou Baoxu in Shanghai.

### **Land Bank and New Project Acquisition**

As at 31 December 2022, the Group's land bank was developed into 28 property projects located in 10 major cities in China, including Shanghai, Beijing, Tianjin, Xi'an, Chongqing, Wuxi, Shenyang, Yantai, Shenzhen and Wuhan, and comprised medium to high class residential and commercial properties, most of which were completed or still under development. The Group has a land bank with a future saleable planned G.F.A. of approximately 3,784,000 sq.m. to support its development for the next three to five years.

In 2022, the land market in China experienced general decreases in terms of area sold and transaction amount, and the site area sold even plunged to a ten-year low. As the land sale market subdued, the Group persisted in a prudent land acquisition strategy by focusing in the metropolitan areas in Shanghai as well as other first- and second-tier core cities. The Group would take into account project quality and profitability during land acquisition in order to identify premium land. In the first half of 2022, the Group won the bid for the land use rights to six parcels of land for residential and commercial uses in Lingang New Area in the Shanghai Pilot Free Trade Zone with a site area of 119,545 sq.m. at a price of RMB3,890,000,000. In November 2022, the Group acquired the remaining 28.5% interests in the residential, commercial and hotel development project at Originally, Xi'an (which became wholly owned after the acquisition) from Renowned Support Holdings Limited at a consideration of RMB696,000,000, which provided flexibility in project management and the subsequent contract sales or leases of the property units.

In future, the Group will keep on enhancing project quality by following the standards of high-grade cities with a focus on the metropolitan areas in Shanghai, Yangtze River Delta as well as other first- and second-tier core cities. The Group will also identify premium land reserve projects in a prudent manner.

### **Property Development**

During the year ended 31 December 2022, the Group had 12 projects with a total G.F.A. of 2,499,000 sq.m. under construction, which primarily included Originally in Xi'an, Shanghai TODTOWN, Shanghai Lingang and Shandong Yantai projects. The floor space started of the Group was 310,000 sq.m., which mainly came from the Qingpu project and Lingang 103 project in Shanghai. The Group delivered a total G.F.A. of 393,000 sq.m., which mainly comprised West Diaoyutai • Emperor Seal in Beijing, Originally in Xi'an, and Shangtou Xinhong, Shangtou Baoxu and Urban Cradle in Shanghai.

The Group overcame the impact brought by the volatile pandemic and took the opportunity to launch several residential projects for sale. The transaction volume and prices were stable in general. Our affordable housing projects, including Shangtou Xinhong and Shangtou Baoxu in Shanghai, and boutique residential projects, including Originally in Xi'an, and Lingang Project • Ocean One, Qingpu Project • Cloud Vision and Urban Cradle in Shanghai, attracted extensive market attention and posted good presales performance.

With the full relaxation of anti-epidemic measures and implementation of supportive policies in the capital market in the first half of the year, the Group will focus on launching Originally in Xi'an, Lingang Project • Ocean One and Qingpu Project • Cloud Vision in Shanghai and 上實仰山 in Tianjin this year to cater to the market demand for boutique residence.

### **Investment Properties**

During the year ended 31 December 2022, the Group had several completed commercial projects in seven major developed cities, including Shanghai, Beijing, Tianjin, Chongqing, Shenyang, Xi'an and Shenzhen. The investment properties held by the Group had a total G.F.A. of approximately 993,000 sq.m. During the year, the overall rental income of the Group decreased 34.7% year-on-year to HK\$541,497,000 (2021: HK\$829,307,000), which was mainly attributable to several rent-free periods granted to customers by the Group during the first half to support the anti-epidemic policies of the country and Shanghai government.

In 2016, the central government proposed the development idea that “houses are built to be inhabited, not for speculation”. In 2021, the Shanghai government issued the Implementation Opinions on Accelerating the Development of Affordable Rental Housing (《加快發展保租房的實施意見》). The Group's continuous effort to develop the residential leasing operation has gradually entered the harvesting phase and will contribute stable rental income for the Group. During the year, its affordable rental housing project, Jinxiang Project in Shanghai (Utime Xuhui), came into operation and became one of the first affordable rental housing community projects in Shanghai to help young people realise their dream of having a comfortable home. The other three long-term rental apartment projects, namely Shanghai Jinxiang, Shanghai Shenzhicheng and Shanghai Chenglong, were under orderly development, offering a total G.F.A. of 295,000 sq.m. In particular, the Shanghai Jinxiang project was open for operation on 22 November 2022. As at the end of December 2022, 150 apartments (with a lease area of 7,153.4 sq.m.) were leased and all the ancillary shop units (with a lease area of 2,222.39 sq.m.) were rented out. As for the Shanghai Chenglong project, all structures have been topped out in December 2022, while the Shanghai Shenzhicheng project is planned to be delivered by end of March 2023.

## **Enhancing the Quality and Efficiency of Digital Infrastructure**

The “14th Five-Year Plan” for the development of state-owned assets and enterprises in Shanghai proposed to focus on the historic mission, key responsibilities and main operations of state-owned assets and enterprises, and to accelerate the digital transformation of state-owned enterprises. To carry out this vital deployment, the Group has been working with Ming Yuan Cloud on the basis of its existing digital infrastructure since 2021 to conduct the “Three-Year Three-Phase” programme: Phase I is to consolidate the foundation for data and ensure data timeliness, accuracy and integrity; Phase II is to continuously refine the pillar system and preserve system interconnectivity; Phase III is to achieve online data operation and empower business operations by supporting leadership decision-making with data. During the year, the successful completion of Phase I digital infrastructure consolidated the foundation for the data and business operations of the Group. The Group will keep on promoting the development of Phase II and III to facilitate its restructuring for high quality development.

## **Repurchase of Shares**

The Group began to repurchase the shares of the Company since 17 November 2022. During the year ended 31 December 2022, the Group made 16 share repurchases and a total of 13,646,000 shares were repurchased of which 12,646,000 shares were cancelled before year end, at an aggregate purchase price of HK\$7,503,060. The number of repurchased shares accounted for 0.28% of the total issued shares of the Company.

## **FINANCIAL REVIEW**

### **Revenue**

During the year ended 31 December 2022, the Group’s revenue increased by 0.1% year-on-year to HK\$11,022,496,000 (2021: HK\$11,015,088,000), primarily due to strong sales performance recorded by the Group under economic downturn thanks to the timely delivery of competitive flagship projects. During the year, property sales remained as the Group’s main source of revenue and amounted to HK\$10,275,286,000 (2021: HK\$9,937,996,000), accounting for 93.2% (2021: 90.2%) of the Group’s total revenue. The revenue contribution from West Diaoyutai • Emperor Seal in Beijing, Originally in Xi’an, and Shangtou Xinhong, Shangtou Baoxu and Urban Cradle in Shanghai accounted for 29.8%, 23.3%, 20.4%, 12.2% and 10.0% of property sales, respectively.

Revenue from leasing, property management and services, and hotel operations continued to provide stable revenue sources for the Group, contributing HK\$541,497,000, HK\$2,441,000 and HK\$203,272,000 (2021: HK\$829,307,000, HK\$836,000 and HK\$246,949,000) respectively and accounting for 4.9%, 0.0% and 1.9% (2021: 7.5%, 0.1% and 2.2%) of the total revenue, respectively.

## **Gross Profit and Gross Profit Margin**

During the year ended 31 December 2022, the Group's gross profit amounted to HK\$2,970,470,000, representing a decrease of 16.4% compared with that of the same period in 2021. Gross profit margin was 26.9%, down by 5.4 percentage points as compared to that of the last year. This was mainly attributable to lower gross profit margin of the affordable housing projects delivered during the year. After netting off the effect of the Group's revenue from delivery of affordable housing (whose margin is fixed at 3% of its direct costs according to the relevant policy requirements) during the year, the gross profit margin of the revenue from commodity housing was 39.3%.

## **Investment Property Revaluation**

During the year ended 31 December 2022, the Group recorded a net gain on revaluation of investment properties of approximately HK\$3,211,000 (2021: gain of HK\$118,614,000), which was mainly attributable to Chenghang project • Uplaza Meilongli and ShanghaiMart.

## **Distribution and Selling Expenses**

During the year ended 31 December 2022, the Group's distribution and selling expenses dropped by 28.2% year-on-year to HK\$203,355,000 (2021: HK\$283,418,000), which was mainly attributable to the year-on-year decrease in commodity housing delivered by the Group.

## **General and Administrative Expenses**

During the year ended 31 December 2022, the Group's general and administrative expenses increased by 23.2% year-on-year to HK\$412,633,000 (2021: HK\$335,057,000), which was mainly attributable to the increase in fee-based expenses resulting from a larger number of completed projects during the year.

## **Other Expenses, Gains and Losses, Net**

During the year ended 31 December 2022, the Group recorded a net loss of approximately HK\$156,171,000 in other expenses, gains and losses (2021: net gain of HK\$35,767,000) primarily due to foreign exchange losses on foreign currency denominated bank and other borrowings arising from the depreciation of Renminbi against Hong Kong dollar during the year.

## **Profit**

During the year ended 31 December 2022, the Group's profit decreased by 66.1% year-on-year to HK\$305,001,000 (2021: HK\$898,684,000). Profit attributable to owners of the Company was approximately HK\$406,823,000 (2021: HK\$572,328,000). The basic earnings per share amounted to 8.47 HK cents (2021: 11.91 HK cents).

## **Liquidity and Capital Resources**

The Group manages its capital to ensure that entities within the Group will be able to operate on a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, cash and cash equivalents, and equity attributable to owners of the Company (comprising issued share capital and reserves).

As at 31 December 2022, bank balances and cash of the Group were HK\$4,477,602,000 (31 December 2021: HK\$14,116,711,000). The net debt to total equity of the Group (net debt (total bank and other borrowings less bank balances and cash and restricted and pledged bank deposits) to total equity) increased from 24.0% as at the end of last year to 63.0%. Current ratio was 1.1 times (31 December 2021: 1.2 times).

As at 31 December 2022, the total borrowings of the Group, including bank borrowings, other borrowings, advanced bonds, medium term notes and domestic corporate bonds amounted to approximately HK\$17,658,754,000 (2021: HK\$19,720,082,000).

The Group maintained sufficient cash balance during the year. The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirements and future expansion of the Group.

## **Foreign Exchange Risks**

During the year, most of the Group's revenue and operating costs were denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements to control its exposure to exchange rate fluctuations as at 31 December 2022. However, the Group will adopt necessary measures whenever appropriate to minimise the impact arising from exchange rate fluctuations.

## HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2022, the Group employed 774 employees (including Hong Kong and PRC offices). The remuneration policies for the employees of the Group are determined according to the performance, qualification, experience and competence of the employees. The emoluments of the directors of the Company (the “**Directors**”) are determined by the remuneration committee of the Company, having regard to the operating results of the Group, individual performance and comparable market statistics. Staff benefits include discretionary bonus payments which are linked to the profitability of the Group and individual performances and contributions to the Mandatory Provident Fund Schemes.

The Group had adopted a share option scheme as an incentive to the Directors and eligible employees. During the year ended 31 December 2022, the Group provided training programs relating to work to employees. Activities aiming at building up team spirit were regularly organized for employees, so as to enhance the human capital of the Group and the sense of belonging of the staff.

## OUTLOOK

Looking ahead to 2023, from the macroeconomic perspective, the Central Economic Work Conference emphasised the need to “stabilise growth” and gave priority to expanding domestic demand and supporting consumption, such as home improvement. As for real estates, the conference reiterated the position of “the real estate sector as a pillar of the national economy” and urged for the need to guarantee project delivery, livelihood and stability. The conference also instructed local governments to implement a “city-based policy”, support rigid and upgrading housing demand, and explore the long-term rental housing market. The principle that “houses are built to be inhabited, not for speculation” was reiterated to press ahead with the stable transition of the property industry to a new development model. With the full relaxation of anti-epidemic measures in the first half of the year, coupled with a series of economic stimulus measures, the macroeconomy will gradually recover, which will help restore home buyers’ confidence. We believe that the property industry will stabilise by mid-2023.

In future, upholding the principle that housing is a fundamental livelihood issue, the Group will support rigid and upgrading housing demand and explore the long-term rental housing market with a focus on Shanghai while expanding to the Yangtze River Delta and other first- and second-tier core cities. Meanwhile, the Group will fully leverage on its sound financial and operational capability to continue to implement a robust diversified development strategy and facilitate different business operations, such as city-industry integration and placing dual focus on leasing and sale. The Group will increase its premium land reserve in a steadily progressive manner to open up its scope and opportunities for development so as to create more fruitful investment returns for the shareholders at large.

## **ANNUAL GENERAL MEETING**

It is proposed that the 2023 annual general meeting of the Company will be held on Monday, 22 May 2023 (the “**2023 AGM**”). Notice of the 2023 AGM will be published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (www.hkex.com.hk) and the Company (www.siud.com) and despatched to the shareholders of the Company (the “**Shareholders**”) in the manner as required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange in due course.

## **FINAL DIVIDEND AND SPECIAL DIVIDEND**

The Board recommends the payment of a final dividend of 2.1 HK cents per share in cash and a special dividend of 0.9 HK cents per share in cash for the year ended 31 December 2022 (for the year ended 31 December 2021: final dividend of 2.1 HK cents per share in cash and special dividend of 2.4 HK cents per share in cash) to Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 1 June 2023, subject to approval by the Shareholders at the 2023 AGM. It is expected that the final dividend and special dividend warrants will be despatched to those entitled Shareholders on or around Friday, 23 June 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

### **Entitlement to attend and vote at the 2023 AGM**

For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 16 May 2023 to Monday, 22 May 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2023 AGM, unregistered holders of shares of the Company should ensure that all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 15 May 2023.

### **Entitlement to receive the proposed final and special dividend**

For determining the entitlement of the Shareholders to receive the proposed final and special dividend, the Company’s register of members will be closed from Monday, 29 May 2023 to Thursday, 1 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final and special dividend (subject to the Shareholders’ approval at the 2023 AGM), all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 25 May 2023.

## **CORPORATE GOVERNANCE**

During the year ended 31 December 2022, the Company has complied with the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Listing Rules.

Further information on the Company’s corporate governance practices will be set out in the Corporate Governance Report contained in the Company’s annual report for the year ended 31 December 2022, which will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

## **AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS**

The audit committee of the Company currently comprising three independent non-executive Directors, namely Mr. Li Ka Fai, David, *M.H.* (Committee Chairman), Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* and Mr. Fan Ren Da, Anthony, has reviewed the audited financial statements of the Group for the year ended 31 December 2022 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group; risk management and internal controls; and financial reporting matters. The audit committee also reviewed the progress report on the preparation of the Environmental, Social and Governance report.

## **SHARE CAPITAL**

The Company’s issued and fully paid share capital as at 31 December 2022 amounted to HK\$191,747,087.56 divided into 4,793,677,189 ordinary shares of HK\$0.04 each.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company’s Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

## **SUFFICIENCY OF PUBLIC FLOAT**

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

### Repurchase of Shares

During the year ended 31 December 2022, the Company repurchased a total of 13,646,000 ordinary shares of the Company of HK\$0.04 each on the Stock Exchange at an aggregate purchase price of HK\$7,503,060. Details of the repurchase of such ordinary shares were as follows:

Date of repurchase	Number of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price <i>HK\$</i>
		Highest	Lowest	
		<i>HK\$</i>	<i>HK\$</i>	
17 November 2022	3,000,000	0.59	0.58	1,754,000
18 November 2022	2,000,000	0.59	0.58	1,175,000
21 November 2022	1,600,000	0.57	0.54	884,000
22 November 2022	800,000	0.54	0.51	420,000
23 November 2022	700,000	0.51	0.495	351,000
25 November 2022	350,000	0.51	0.50	176,500
29 November 2022	1,000,000	0.51	0.50	501,000
5 December 2022	200,000	0.51	0.51	102,000
7 December 2022	1,944,000	0.51	0.50	987,000
8 December 2022	500,000	0.52	0.51	259,000
9 December 2022	402,000	0.53	0.52	210,060
15 December 2022	150,000	0.59	0.59	88,500
16 December 2022	200,000	0.58	0.58	116,000
20 December 2022	300,000	0.60	0.59	178,000
21 December 2022	300,000	0.61	0.61	183,000
22 December 2022	200,000	0.59	0.59	118,000
<b>Total</b>	<b>13,646,000</b>			<b>7,503,060</b>

The ordinary shares repurchased on 17 November 2022, 18 November 2022, 21 November 2022, 22 November 2022, 23 November 2022, 25 November 2022, 29 November 2022, 5 December 2022, 7 December 2022, 8 December 2022, 9 December 2022 and 15 December 2022 were cancelled on 30 December 2022. The ordinary shares repurchased on 16 December 2022, 20 December 2022, 21 December 2022 and 22 December 2022 were cancelled on 27 February 2023. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchase was effected by the Directors pursuant to the repurchase mandate granted at the annual general meeting of the Company held on 23 May 2022. Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year ended 31 December 2022.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the directors and the relevant employees (who are likely to be in possession of inside information relating to the Company or its securities) (the “**Guidelines for Securities Transactions by Relevant Employees**”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards as set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the year ended 31 December 2022.

In addition, no incident of non-compliance of the Guidelines for Securities Transactions by Relevant Employees by the relevant employees of the Group was noted by the Company throughout the year ended 31 December 2022.

## **CHANGES IN INFORMATION OF DIRECTORS**

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Directors are set out as follows:

- (a) Mr. Li Ka Fai, David, *M.H.*, an independent non-executive director of the Company, has retired as a member of the nomination committee and has been redesignated from a member to the chairman of the audit committee and from the chairman to a member of the remuneration committee of China Merchants Port Holdings Company Limited, a company listed on the Stock Exchange with stock code of 144, with effect from 8 December 2022; and
- (b) Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*, an independent non-executive director of the Company, no longer serves as a non-executive director of Lifestyle International Holdings Limited (stock code: 1212) due to the withdrawal of the listing of its shares on the Stock Exchange with effect from 20 December 2022.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.siud.com](http://www.siud.com)). The annual report of the Company for the year ended 31 December 2022 containing all the applicable information required by the Listing Rules will be despatched to the Shareholders as well as published on the above websites in due course.

## **APPRECIATION**

I would like to express my sincere gratitude to the Board, our management and all our staff for their dedicated efforts during this year as well as to our customers, suppliers, business partners and the Shareholders for their continued enthusiastic support to our Group.

By order of the Board of  
**Shanghai Industrial Urban Development Group Limited**  
**Huang Haiping**  
*Chairman*

Hong Kong, 22 March 2023

*As at the date of this announcement, the Board comprises Mr. Huang Haiping, Mr. Tang Jun, Mr. Lou Jun and Mr. Ye Weiqi as executive Directors and Mr. Doo Wai-Hoi, William, B.B.S., J.P., Dr. Fan Ren Da, Anthony, Mr. Li Ka Fai, David, M.H. and Mr. Qiao Zhigang as independent non-executive Directors.*