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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 2023

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 2023, together with the comparative figures for the year ended 31 December 2022, as follows:

	For the year ended 31 December		Change
	2023	2022	
FINANCIAL HIGHLIGHT			
Financial Highlights (HK\$'000)			
Revenue	7,953,596	11,022,496	-27.8%
Gross profit	3,325,390	2,970,470	+11.9%
Gross profit margin	41.8%	26.9%	+14.9 points
Gross profit margin (excluding the effect of affordable housing)	43.1%	39.3%	+3.8 points
Profit attributable to owners of the company	494,570	406,823	+21.6%
Financial Information per share (HK cents)			
Profit			
— Basic	10.32	8.47	+21.8%
Proposed Dividend/Dividend paid			
— Final dividend (HK cents)	2.1	2.1	
— Special dividend (HK cent)	0.8	0.9	
	2.9	3.0	-3.3%
As at 31 December			
	2023	2022	
Net asset value attributable to owners of the Company per share (HK\$)	2.92	3.04	-3.9%
Financial Ratios			
Net debt to total equity (%) (note)	58.4%	63.0%	

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 2023

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	4		
Goods and services		7,180,575	10,480,999
Leases		773,021	541,497
		<u>7,953,596</u>	<u>11,022,496</u>
Total revenue		7,953,596	11,022,496
Cost of sales		(4,628,206)	<u>(8,052,026)</u>
Gross profit		3,325,390	2,970,470
Other income	6	136,130	167,324
Other expenses, gains and losses, net	7	(223,018)	(156,171)
Fair value (loss) gain on investment properties, net	13	(39,830)	3,211
Distribution and selling expenses		(217,863)	(203,355)
General and administrative expenses		(402,201)	(412,633)
Loss on liquidation of a subsidiary		—	(244,831)
Finance costs	8	(687,775)	(682,926)
Share of results of associates		(5,921)	(271,789)
Share of results of joint ventures		(29,657)	<u>(15,701)</u>
Profit before tax		1,855,255	1,153,599
Income tax	9	(1,364,542)	<u>(848,598)</u>
Profit for the year	10	490,713	<u>305,001</u>
Other comprehensive expense for the year			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		(523,460)	(1,295,381)
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax		(2,922)	(20,173)
Item that may be reclassified subsequently to profit or loss:			
Reclassification adjustment for realisation of revaluation reserve upon disposal of the related properties		—	<u>(27,659)</u>
Other comprehensive expense for the year		(526,382)	<u>(1,343,213)</u>
Total comprehensive expense for the year		(35,669)	<u>(1,038,212)</u>

	<i>NOTE</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		494,570	406,823
Non-controlling interests		<u>(3,857)</u>	<u>(101,822)</u>
		<u>490,713</u>	<u>305,001</u>
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		122,127	(377,572)
Non-controlling interests		<u>(157,796)</u>	<u>(660,640)</u>
		<u>(35,669)</u>	<u>(1,038,212)</u>
Earnings per share			
Basic (HK cents)	<i>11</i>	<u><u>10.32</u></u>	<u><u>8.47</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Investment properties	<i>13</i>	21,437,687	21,232,971
Property, plant and equipment		2,181,543	2,136,577
Right-of-use assets		452,299	473,729
Goodwill		23,604	23,604
Intangible assets		56,306	57,834
Interests in associates		1,576,836	1,796,882
Interests in joint ventures		2,568,694	2,668,967
Amount due from a related company		271,041	277,707
Equity instruments at fair value through other comprehensive income		43,565	59,872
Restricted and pledged bank deposits		25,375	33,074
Deferred tax assets		136,686	86,047
		<u>28,773,636</u>	<u>28,847,264</u>
Current assets			
Inventories		1,001	1,803
Properties under development for sale and properties held-for-sale	<i>14</i>	22,615,376	22,569,287
Trade and other receivables	<i>15</i>	1,225,545	1,185,644
Amounts due from related companies		1,883	2,492
Prepaid income tax and land appreciation tax		393,435	333,234
Financial assets at fair value through profit or loss		—	5,580
Restricted and pledged bank deposits		19,433	23,881
Bank balances and cash		5,985,911	4,477,602
		<u>30,242,584</u>	<u>28,599,523</u>

	<i>NOTE</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	16	6,722,859	6,779,706
Amounts due to related companies		392,258	766,146
Pre-sale proceeds received on sales of properties		8,256,091	7,086,457
Bank and other borrowings		3,588,828	9,915,688
Lease liabilities		20,821	48,721
Income tax and land appreciation tax payables		1,954,741	1,377,284
Dividends payable		22,182	20,670
		<u>20,957,780</u>	<u>25,994,672</u>
Net current assets		<u>9,284,804</u>	<u>2,604,851</u>
Total assets less current liabilities		<u>38,058,440</u>	<u>31,452,115</u>
Non-current liabilities			
Amount due to a related company		388,626	—
Deferred revenue		37,026	38,879
Bank and other borrowings		14,413,588	7,743,066
Lease liabilities		30,921	39,706
Deferred tax liabilities		2,679,785	2,799,190
		<u>17,549,946</u>	<u>10,620,841</u>
		<u>20,508,494</u>	<u>20,831,274</u>
Capital and reserves			
Share capital		191,659	191,747
Reserves		13,819,310	14,368,524
Equity contributable to owners of the Company		14,010,969	14,560,271
Non-controlling interests		6,497,525	6,271,003
		<u>20,508,494</u>	<u>20,831,274</u>

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2023

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 Shanghai Industrial Investment (Holdings) Company Limited (a private limited company incorporated in Hong Kong).

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 Group’s financial information are presented in Hong Kong dollar (“**HKS**”), 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**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 period beginning on 1 January 2023 for the preparation of the Group’s financial information:

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 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 this financial information.

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
Amendment 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 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 Group's financial information 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 classify 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. 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, if applicable.

4. REVENUE

Disaggregation of revenue from contracts with customers:

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Types of goods or services		
Sales of properties	6,870,636	10,275,286
Hotel operations	299,672	203,272
Property management	10,267	2,441
	<u>7,180,575</u>	<u>10,480,999</u>
Total		
	<u>7,180,575</u>	<u>10,480,999</u>
Timing of revenue recognition		
A point in time	6,870,636	10,275,286
Over time	309,939	205,713
	<u>7,180,575</u>	<u>10,480,999</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.

6. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income on bank deposits	53,746	71,575
Rental income from property, plant and equipment	2,664	1,213
Income from marketing and exhibition activities	10,094	285
Government grants	29,929	46,763
Management service income	29,104	17,581
Others	10,593	29,907
	<u>136,130</u>	<u>167,324</u>

7. OTHER EXPENSES, GAINS AND LOSSES, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Foreign exchange loss, net	(46,024)	(174,076)
Fair value changes of financial assets at FVTPL, net	(721)	2,949
Gain on disposal of property, plant and equipment, net	189	365
Impairment loss recognised on interest in an associate	(166,406)	—
Reversal of expected credit loss allowance	42	—
Others	(10,098)	14,591
	<u>(223,018)</u>	<u>(156,171)</u>

8. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interests on bank and other borrowings	885,728	1,112,583
Interests on amounts due to related companies	25,340	—
Interests on lease liabilities	4,872	4,329
	<hr/>	<hr/>
Total finance costs	915,940	1,116,912
Less: Amounts capitalised into properties under development for sale	(228,165)	(433,986)
	<hr/>	<hr/>
	<u>687,775</u>	<u>682,926</u>

9. INCOME TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)	625,479	483,525
PRC Land Appreciation Tax (“LAT”)	773,188	558,780
PRC withholding tax on dividend income	67,340	13,588
	<hr/>	<hr/>
	1,466,007	1,055,893
Under(over)provision in prior years:		
PRC EIT	27	(73,951)
PRC LAT	—	(23,366)
	<hr/>	<hr/>
	27	(97,317)
Deferred tax	(101,492)	(109,978)
	<hr/>	<hr/>
Income tax for the year	<u>1,364,542</u>	<u>848,598</u>

10. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	124,971	148,356
Less: Depreciation capitalised into properties under development for sale	<u>(1,187)</u>	<u>(1,574)</u>
	123,784	146,782
Depreciation of right-of-use assets	<u>22,196</u>	<u>26,710</u>
Total depreciation and amortisation	145,980	173,492
Gross rental income from investment properties	(773,021)	(541,497)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	<u>183,416</u>	<u>162,979</u>
	<u>(589,605)</u>	<u>(378,518)</u>
Directors' remuneration	5,146	6,105
Other staff costs		
Salaries, wages and other benefits	253,217	276,346
Retirement benefit scheme contributions	<u>35,882</u>	<u>36,590</u>
Total staff costs	294,245	319,041
Less: Staff costs capitalised into properties under development for sale	<u>(20,409)</u>	<u>(48,572)</u>
	<u>273,836</u>	<u>270,469</u>
Auditors' remuneration	5,277	5,317
Cost of properties held-for-sale recognised as an expense	3,741,613	7,456,751
Impairment loss recognised on properties held-for-sale and properties under development for sale (included in cost of sales)	209,021	—
Share of tax of associates (included in share of results of associates)	<u>1,147</u>	<u>522</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of calculating basic earnings per share:		
Profit for the year attributable to owners of the Company	<u>494,570</u>	<u>406,823</u>
	2023 <i>'000</i>	2022 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	<u>4,791,508</u>	<u>4,805,066</u>

No diluted earnings per share for 2023 and 2022 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 (2022: HK2.1 cents) per ordinary share and HK0.9 cent (2022: HK2.4 cents) per ordinary share respectively, in an aggregate amount of HK\$143,744,000 (2022: HK\$216,285,000), in respect of the year ended 31 December 2022, were declared and an amount of HK\$142,232,000 (2022: HK\$214,017,000) was paid during the year ended 31 December 2023.

Subsequent to the end of the reporting period, a final dividend and a special dividend of HK2.1 cents per ordinary share and HK0.8 cent per ordinary share respectively, in respect of the year ended 31 December 2023, 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
FAIR VALUE		
At 1 January	21,232,971	19,666,136
Subsequent expenditure	542,361	495,321
Acquisitions	—	159,273
Fair value (loss) gain on investment properties, net	(39,830)	3,211
Liquidation of a subsidiary	—	(739,163)
Transfer to property, plant and equipment	—	(66,513)
Transfer from properties held-for-sale	272,263	3,362,919
Exchange realignment	(570,078)	(1,648,213)
	<u>21,437,687</u>	<u>21,232,971</u>
At 31 December	<u>21,437,687</u>	<u>21,232,971</u>
Unrealised (loss) gain on revaluation of investment properties included in profit or loss for the year	<u>(39,830)</u>	<u>3,211</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Property development		
Properties under development for sale	17,561,217	18,139,312
Properties held-for-sale	5,054,159	4,429,975
	<u>22,615,376</u>	<u>22,569,287</u>

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

15. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables		
— Contracts with customers		
Sales of properties	250,494	268,617
Hotel operations and others	971	14,262
— Lease receivables	<u>14,223</u>	<u>12,036</u>
	265,688	294,915
Less: ECL allowance	<u>(232)</u>	<u>(274)</u>
	265,456	294,641
Other receivables	285,595	291,470
Secured deposits held by Shanghai government department	246,018	214,779
Receivable from a former subsidiary	133,547	137,184
Advance payments to contractors	32,132	14,780
Prepaid other taxes	260,328	220,635
Deposits and prepayments	<u>2,469</u>	<u>12,155</u>
	<u><u>1,225,545</u></u>	<u><u>1,185,644</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 ECL allowance, presented based on the date of billing at the end of the reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 90 days	11,868	16,125
Within 91–180 days	—	273,393
Over 180 days	<u>253,588</u>	<u>5,123</u>
	<u><u>265,456</u></u>	<u><u>294,641</u></u>

16. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	1,007,357	1,810,201
Accrued expenditure on properties under development for sale	3,979,465	2,527,840
Amounts due to former shareholders of the Company's former subsidiaries	155,712	159,768
Rental deposits and receipt in advance from tenants	179,082	225,781
Interest payable	90,369	91,044
Payables to the Shanghai government department	153,888	158,079
Accrued charges and other payables	412,839	364,982
Consideration payables	—	576,337
Other taxes payables	744,147	865,674
	<u>6,722,859</u>	<u>6,779,706</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	402,857	1,291,833
Within 31–180 days	12,144	115,792
Within 181–365 days	73,760	74,626
Over 365 days	518,596	327,950
	<u>1,007,357</u>	<u>1,810,201</u>

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY MARKET REVIEW

Various economic indicators rebounded in 2023, which was the first year since the economy and society of China returned to full normalcy after three years of pandemic. China's economy demonstrated its strong resilience against the backdrop of sluggish global growth and intensifying geopolitical tensions. As an important pillar of the national economy, the real estate sector is still undergoing deep adjustment and is expected to bottom out and improve following the main themes of “pillar stabilisation”, “demand stimulation” and “risk prevention” throughout the year. According to the data from the National Bureau of Statistics, property development and investment, gross floor area sold for commodity housing and sales decreased year-on-year by 9.6%, 8.5% and 6.5%, respectively, in China in 2023. Despite continuous drop in property development and investment and various sales indicators, the drop was narrower than that in the previous year, the sales of new and second-hand housing were rising moderately, and the gross floor area completed also posted a swifter year-on-year growth. During the year, in response to the drastic changes in the demand-supply relationship in the property market, the central and local governments created an increasingly accommodative policy environment for both the supply and demand sides. The implementation of a series of key policies for supporting the rigid and upgrading housing demand of residents, such as “recognising homebuyers who have repaid their mortgages as first-time buyers”, “lifting restrictions on both home purchases and sales” and “lowering down payment and mortgage rates”, together with the ever increasing backing of the financial policy tools, are expected to relieve the liquidity pressure of premium property developers, stimulate property-related investments and give a boost to consumer confidence. The overall accommodate policy environment is likely to continue in 2024.

BUSINESS REVIEW

Overview

In 2023, the Group proactively adapted to market changes in face of the adjustment pressure in the property market and subdued consumer confidence. By virtue of our forward-looking strategic plan, shrewd insightfulness and excellent capability of getting things done, the Group succeeded in overcoming the impact of the macro environment. During the year, the Group achieved a resilient growth in operating results through adjusting our project development and launch progress, and making use of market opportunities to deliver more high-end projects in the second half of the year. The consistent strong sales of important flagship projects, including Originally in Xi'an, Summitopia in Tianjin, and Ocean One and Cloud Vision in Shanghai, brought in stable revenue and profit for SIUD. During the year, through the strategic plan of focusing in Shanghai while expanding to first- and second-tier core cities, the Group increased our high-quality land reserve at opportune times, upheld the policy of placing dual focus on leasing and sale, and continued to develop our investment property business to further facilitate diversified development.

Contract Sales

During the year ended 31 December 2023, the Group's contract sales from both commodity housing and affordable housing went up 4% year-on-year to RMB8,228,570,000 (2022: RMB7,908,440,000). Total contract sales in terms of G.F.A. were 270,000 sq.m., while the total average selling price rose 94.4% to approximately RMB30,500 per sq.m. This was mainly attributable to higher proportion of commodity housing sold during the year.

The contract sales from commodity housing of the Group increased by 71.1% year-on-year to RMB8,059,820,000 (2022: RMB4,711,840,000). The contract sales in terms of G.F.A. were 257,000 sq.m. up 3.6% year-on-year. The average selling price of commodity housing rose year-on-year by 65.3% to approximately RMB31,400 per sq.m. mainly due to the higher proportion of sales in first- and second-tier cities. During the year, Originally in Xi'an, Summitopia in Tianjin, and Ocean One and Cloud Vision in Shanghai were the Group's principal projects for sale, which accounted for approximately 29.9%, 22.5%, 16.0% and 14.6% respectively of the total contract sales for the year.

The contract sales of affordable housing decreased 94.7% year-on-year to RMB168,750,000, whereas the contract sales in terms of G.F.A. were 13,000 sq.m., mainly attributable to Shangtou Baoxu in Shanghai.

Land Bank

As at 31 December 2023, 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 3,482,000 sq.m. to support its development for the next 3 to 5 years.

In 2023, the transaction scale of the national land market recorded a year-on-year decrease due to the continuous consolidation of the real estate market. Most property developers remained prudent in their land investment strategy and turned their focus to the high-quality land in first- and second-tier cities. Being cautiously open-minded on land acquisition, the Group persisted in the strategy of focusing on the metropolitan areas in Shanghai as well as other first- and second-tier core cities. The Group kept an eye on opportunities of enriching our premium land bank based on our development needs and the process of market revival while maintaining sufficient land bank for development.

Property Development

During the year ended 31 December 2023, 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, TODTOWN and Ocean Times in Shanghai, and Felicity Mansion in Yantai. The floor space started of the Group was 184,000 sq.m., which mainly came from Ocean Times in Shanghai. The Group delivered a total G.F.A. of 191,000 sq.m., which mainly comprised Originally in Xi'an, Jade Villa and Urban Cradle in Shanghai, and West Diaoyutai • Emperor Seal in Beijing.

Taking advantage of the expedited implementation of supportive policies in the property sector, the Group launched several residential projects for sale in a timely manner in response to the market, leading to stable transaction volume and prices. Our projects, namely Originally in Xi'an, Summitopia in Tianjin, and Ocean One and Cloud Vision in Shanghai, were highly sought after by the market and posted good presales performance. In particular, Originally in Xi'an recorded remarkable sales and became the largest sales contributor for the Group.

Investment Properties

During the year ended 31 December 2023, the Group had a number of completed commercial projects in seven major developed cities, namely Shanghai, Beijing, Tianjin, Chongqing, Shenyang, Xi'an and Shenzhen. The investment projects held by the Group had a total G.F.A. of approximately 1,126,000 sq.m. During the year, the overall rental income of the Group increased 42.8% year-on-year to HK\$773,021,000 (2022: HK\$541,497,000), which was mainly attributable to rental income having recovered to pre-pandemic level as a result of the complete easing of pandemic control measures.

By upholding the policy of placing dual focus on leasing and sale, the Group achieved steady progress in the residential leasing operation. Our long-term rental apartment projects, namely Utime Xinzhuang and Utime XuHui in Shanghai, were completed and have been bringing steady rental income for the Group. Cheng Kai Chuanxinqu in Shanghai, which has a G.F.A. of 118,458 sq.m., will be completed in 2024 and contribute stable rental income for the Group in future.

Enhancing the Quality and Efficiency of Digital Infrastructure

In line with the “14th Five-Year Plan” for the development of state-owned assets and enterprises in Shanghai and to accelerate the digital transformation of state-owned enterprises, 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. Following the successful completion of Phase I digital infrastructure in 2022, the Group held a project initiation meeting for Phase II in February 2023. In future, the Group will keep on promoting the relevant development to facilitate our quality and diversified development through digital enablement.

Repurchase of Shares

During the year ended 31 December 2023, the Group made 4 share repurchases and a total of 2,894,000 shares were repurchased, of which 1,194,000 shares were cancelled before year end, at an aggregate purchase price of HK\$1,321,960. The number of repurchased shares accounted for 0.06% of the total issued shares of the Company.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2023, the Group’s revenue decreased by 27.8% year-on-year to HK\$7,953,596,000 (2022: HK\$11,022,496,000), chiefly due to fewer properties completed and delivered to customers during the year. During the year, property sales remained as the Group’s main source of revenue and amounted to HK\$6,870,636,000 (2022: HK\$10,275,286,000), accounting for 86.4% (2022: 93.2%) of the Group’s total revenue. The revenue contribution from Originally in Xi’an, Jade Villa and Urban Cradle in Shanghai, and West Diaoyutai • Emperor Seal in Beijing accounted for 69.3%, 12.0%, 6.3% and 3.7% of property sales, respectively.

Revenue from leasing, property management and hotel operations continued to provide stable revenue sources for the Group, contributing HK\$773,021,000, HK\$10,267,000 and HK\$299,672,000 (2022: HK\$541,497,000, HK\$2,441,000 and HK\$203,272,000) respectively and accounting for 9.7%, 0.1% and 3.8% (2022: 4.9%, 0.0% and 1.9%) of the total revenue, respectively.

Gross Profit and Gross Profit Margin

During the year ended 31 December 2023, the Group's gross profit amounted to HK\$3,325,390,000, representing an increase of 11.9% as compared to that in 2022. The gross profit margin was 41.8%, up by 14.9 percentage points year-on-year. This was mainly attributable to the higher proportion and higher gross profit margin of commodity housing projects delivered during the year.

Investment Property Revaluation

During the year ended 31 December 2023, the Group recorded a net loss on revaluation of investment properties of HK\$39,830,000, which was mainly attributable to the net impact of decrease in fair values of Shenyang U Center, Laochengxiang in Tianjin and ShanghaiMart.

Distribution and Selling Expenses

During the year ended 31 December 2023, the Group's distribution and selling expenses increased slightly by 7.1% year-on-year to HK\$217,863,000 (2022: HK\$203,355,000), which was mainly attributable to the need for increasing sales effort during the year.

General and Administrative Expenses

During the year ended 31 December 2023, the Group's general and administrative expenses decreased by 2.5% year-on-year to HK\$402,201,000 (2022: HK\$412,633,000). This was mainly attributable to the continual stringent implementation of effective cost control measures during the year.

Other Expenses, Gains and Losses, Net

During the year ended 31 December 2023, the Group recorded a net loss of approximately HK\$223,018,000 in other expenses, gains and losses (2022: net loss of HK\$156,171,000) primarily due to share of impairment of investments in associates and foreign exchange losses on foreign currency denominated bank and other borrowings arising from the depreciation of RMB against HKD during the year.

Profit

During the year ended 31 December 2023, the Group's profit increased by 60.9% year-on-year to HK\$490,713,000 (2022: HK\$305,001,000). Profit attributable to owners of the Company was approximately HK\$494,570,000 (2022: HK\$406,823,000), representing a year-on-year increase of 21.6%. The basic earnings per share amounted to 10.32 HK cents (2022: 8.47 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 2023, bank balances and cash of the Group were HK\$5,985,911,000 (31 December 2022: HK\$4,477,602,000). 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) decreased from 63.0% as at the end of last year to 58.4%. Current ratio was 1.4 times (31 December 2022: 1.1 times).

As at 31 December 2023, the total borrowings of the Group, including bank borrowings and other borrowings amounted to approximately HK\$18,002,416,000 (31 December 2022: HK\$17,658,754,000), among which HK\$1,068,454,000 (31 December 2022: HK\$2,083,000,000) was the shareholder's borrowings from Shanghai Industrial Holdings Limited. The Group will continue to optimise the HKD denominated borrowings based on our business needs.

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 and borrowings denominated in foreign currencies of certain companies under the Group, 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 2023. 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 2023, the Group employed 762 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.

During the year ended 31 December 2023, 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

From the macroeconomic perspective, the Central Economic Work Conference called for “continued efforts to pursue progress while ensuring stability, facilitate stability through progress, and prioritise development before addressing problems” in 2024. As for real estates, the Conference vowed to properly alleviate the industrial risks by asking financial institutions to satisfy the reasonable funding needs of different property developers regardless of ownership structure and facilitating the stable and robust development of the property market. The Conference also proposed to accelerate the “Three Major Projects”, namely the development of affordable housing, active and progressive construction of “dual emergency and normal use” public infrastructure and renovation of urban villages, and refine the relevant fundamental systems to step up in creating a new property development model. At the end of January, the People’s Bank of China further widened the uses for commercial property lending in order to support premium property developers in revitalising their existing assets and expanding the use of funding. Looking ahead to 2024, consolidation of the real estate sector will continue under a further relaxed policy environment. The market is expected to see another transient small rebound in the first quarter of the year and begin its revival with the continual restoration of consumer confidence.

Looking ahead, the Group will proactively adopt a policy-oriented approach and remain steadfast in pursuing progress while maintaining stability. The Group will keep on increasing its premium land bank in a timely manner with a focus on Shanghai while expanding to the Yangtze River Delta and other first- and second-tier core cities. Relying upon our niche real estate projects, robust operational management and strengths as a state-owned company brand, we will cooperate with local governments in facilitating the stable and healthy development of the real estate market. Meanwhile, the Group will also continue to promote innovative business development and digital infrastructure, and keep an eye on the development opportunities under adverse situations in a period of industrial adjustment as well as opportunities for urban renewal and renovation, so as to create high premium and diversified value returns for the shareholders.

ANNUAL GENERAL MEETING

It is proposed that the 2024 annual general meeting of the Company will be held on Monday, 20 May 2024 (the “**2024 AGM**”). Notice of the 2024 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.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, 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 this preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year as approved by the Board of Directors on 19 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 this preliminary announcement.

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 0.8 HK cent per share in cash for the year ended 31 December 2023 (for the year ended 31 December 2022: final dividend of 2.1 HK cents per share in cash and special dividend of 0.9 HK cent per share in cash) to Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 28 May 2024, subject to approval by the Shareholders at the 2024 AGM. It is expected that the final dividend and special dividend warrants will be despatched to those entitled Shareholders on or around Friday, 21 June 2024.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2024 AGM

For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 14 May 2024 to Monday, 20 May 2024, 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 2024 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, 13 May 2024.

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 Friday, 24 May 2024 to Tuesday, 28 May 2024, 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 2024 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, 23 May 2024.

CORPORATE GOVERNANCE

During the year ended 31 December 2023, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 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 2023, 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 Dr. Fan Ren Da, Anthony, has reviewed the audited financial statements of the Group for the year ended 31 December 2023 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 2023 amounted to HK\$191,659,327.56 divided into 4,791,483,189 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 2023, the Company repurchased a total of 2,894,000 ordinary shares of the Company of HK\$0.04 each on the Stock Exchange at an aggregate purchase price of HK\$1,321,960. 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 <i>HK\$</i>	Lowest <i>HK\$</i>	
05 January 2023	150,000	0.62	0.62	93,000
11 January 2023	900,000	0.61	0.61	549,000
12 January 2023	144,000	0.59	0.59	84,960
29 December 2023	<u>1,700,000</u>	0.35	0.35	<u>595,000</u>
Total	<u><u>2,894,000</u></u>			<u><u>1,321,960</u></u>

The ordinary shares repurchased on 05 January 2023, 11 January 2023 and 12 January 2023 were cancelled on 27 February 2023 (the ordinary shares repurchased on 29 December 2023 were not yet cancelled.). 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 and 22 May 2023 respectively. 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 2023.

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 C3 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 2023.

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 2023.

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) Dr. Fan Ren Da, Anthony was appointed as an independent non-executive director, member of audit committee, member of nomination, remuneration and assessment committee of Haitong Securities Co., Ltd. (stock code: 6837) with effect from 12 October 2023;
- (b) Dr. Fan Ren Da, Anthony had resigned as member of audit committee, member of nomination committee and member of remuneration committee of Hong Kong Resources Holdings Company Limited (stock code: 2882) (“**HKRH**”) with effect from 19 January 2024 and had resigned as an independent non-executive director of HKRH with effect from 9 February 2024;
- (c) Mr. Qiao Zhigang had resigned as an independent non-executive director and a member of the investment appraisal committee of the Company with effect from 5 January 2024 due to his own business and other commitments; and
- (d) Mr. Ye Weiqi had retired as an executive director, the vice president and a member of the remuneration committee of the Company with effect from 31 January 2024 due to the reaching of his retirement age.

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) and the Company (www.siud.com). The annual report of the Company for the year ended 31 December 2023 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, 19 March 2024

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