上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED
上海實業集團成員 A Member of SIIC

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SHANGHAI INDUSTRIAL REPORTS HK$2.1 BILLION RECORD PROFIT PAYS HK 81 CENTS DIVIDEND, PAYOUT RATIO ABOVE 40%

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LEVERAGING "SHANGHAI ADVANTAGE" TO PARTICIPATE IN SHANGHAI STATE-OWNED-ENTERPRISE REFORM AND OPTIMIZE BUSINESS STRUCTURE

(April 21, 2009 – HONG KONG) Shanghai Industrial Holdings Limited (" SIHL ", stock code 0363) reported new record results for the 2008 financial year. Consolidated turnover climbed 51% to approximately HK$12.73 billion while profit attributable to shareholders increased 7.1% to approximately HK$2.10 billion and earnings per share rose 1% to approximately HK$1.96. Total assets and shareholders' equity increased 8.8% and 3.4% to approximately HK$51.65 billion and HK$23.40 billion respectively. The Group's board of directors proposed a final dividend of HK36 cents per share, making a total dividend of HK81 cents per share for the year, with a 41.3% dividend payout ratio.

SIHL chairman Teng Yilong noted that while the year 2008 saw drastic changes in the global economy, SIHL managed to maintain steady performance with its core businesses reporting satisfactory earnings growth. Furthermore, it had taken advantage of the Shanghai municipality state-owned-enterprise reform and further optimized its business structure. Specifically SIHL had taken ownership of quality assets in strengthening its core businesses, which includes the acquisition of Hu-Hang Expressway (Shanghai section) and Four Seasons Hotel Shanghai – both from its parent company.

As of now SIHL owns two toll roads in Shanghai, the toll revenue of which account for 40% of all Shanghai toll roads combined, fully benefiting from the toll road business development in Shanghai. The addition of Four Seasons Hotel Shanghai, on the other hand, further strengthened and optimized Shanghai Industrial's property investment portfolio.

The State Council has recently designated Shanghai as an international financial and shipping centre, assuring the city's aggressive economic growth. The Shanghai Expo 2010, to be officially opened in about a year, has already confirmed participation from 234 countries and international organizations. Looking ahead, SIHL will further enhance the development of its core businesses by leveraging its unique "Shanghai advantage" and the support of its parent company. The Group will actively participate in the strategic reorganization of Shanghai state-owned enterprises and take advantage of investment opportunities. At the same time, SIHL will speed up the divestment from non-core businesses, further strengthening its capital base. The overall objective would be securing persistent recurring earnings growth, with optimized business structure and higher returns for its shareholders.

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Shanghai Industrial's current businesses comprise infrastructure, medicine, consumer products and real estate.

INFRASTRUCTURE FACILITIES

Profit from infrastructure facilities amounted to approximately HK$829 million, accounting for 37.2% of the Group's net business profit, and representing 223.7% increase from the previous year.

- **Toll Roads**

The annual traffic flow on Shanghai-Nanjing Expressway (Shanghai section) declined to 19.56 million vehicles, as a result of the severe snow storm at the beginning of 2008 and the full-scale construction of the widening project. Passenger vehicles constituted 82.43% of the traffic flow, and goods vehicles 17.57%. Total revenue amounted to HK$527 million, including a toll revenue of HK$313 million and government subsidies of HK$214 million. Total profit rose 12.7% to HK$408 million, including contributions from the appreciation of RMB.

Hu-Hang Expressway (Shanghai Section) recorded a toll revenue of HK$657 million with a traffic flow of 29.65 million vehicles, with a 77%:23% split between passenger vehicles and goods vehicles. Net profit for the year totalled HK$206 million. To cope with the anticipated increase in traffic flow, a road widening project commenced in January 2009 in the Xinzhuang-Songjiang section. A compensation of no less than RMB 251.6 million for the reduction of traffic flow caused by the widening project will be received from the government in 2009. Expected to be completed by March 2010, the widened Expressway is expected to see increased passage capacity, subsequently enhancing traffic flow and toll revenue.

As the traffic growth on Yongjin Expressway (Jinhua Section) was below expectation, the Group decided to sell its entire 30% stake in the expressway in October 2008 for a consideration of RMB360 million, recording a disposal gain of HK$208 million.

- **Water Services**

During 2008, General Water of China recorded HK$587 million revenue and HK$53.28 million net profit from principal business, up 23.3% and 1.87 times respectively over the previous year. Total accumulated volume of water production, sewage treatment and COD discharge were 358 million tonnes, 264 million tonnes and 71,000 tonnes respectively. In December 2008, the two joint-venture partners of General Water of China each made a capital injection of RMB250 million to maintain its financial strength, expand the scale of operation, improve operating competitiveness and consolidate its position in the industry.

MEDICINE

Profit contribution from the medicine business amounted to approximately HK$264 million, accounting for 11.9% of the Group's net business profit, up 51.4% over the previous year. During the year, SI Pharmaceutical continued to increase investment and focus on its core business, while divesting from non-medicine businesses. The moves are intended to take advantage of favourable opportunities that may arise in the next round of medicine assets restructuring. In 2008, SI Pharmaceutical recorded a turnover of RMB3,208 million (equivalent to HK$3,644 million), up 12.6%.

- **Chinese Medicine and Health Food**

In 2008, Hangzhou Qingchunbao achieved satisfactory sales growth, with major brand 'Dengfeng' Shen Mai Injection increasing 33.4%. Other products such as 'Nimodipine Tablets', 'Niaoganning Pellets' and 'Shenmai Capsules' all achieved stable increase in sales. The annual turnover for Huqingyutang Pharmaceutical increased 14.1%. 'Huqingyutang Stomach Rejuvenation Tablets' accounted for approximately 40% of the total sales, representing an increase in sales of 22.2%. Xiamen TCM recorded 23.6% sales growth, with its principal product 'Xinhuang Tablets' growing by 21.2% and passing the HK$100 million benchmark for the first time. Liaoning Herbapex sales increased 22.7%, with the turnover of 'Herbapex Rupixiao' rising 25.6%.

- **Biomedicine**

Guangdong Techpool achieved rapid growth in sales through adjustment of sales policies and allocation of additional resources in key districts. The company recorded an increase in sales of 32.1% with its principal products 'Ulinastatin' and 'Kai Li Kang' recording sales growth of 47.4% and 2.06 times respectively.

- **Chemical Medicine**

Changzhou Pharmaceutical achieved an increase of 23.2% in consolidated turnover, while 'Captopril Tablets', 'Thalidomide' and 'Compound Dihydralazine Sulfate Tablets' recorded an increase in sales of 30.9%, 49.7% and 28.7% respectively, following expansion of marketing efforts.

- **Medical Equipment**

During 2008, overall sales of Shanghai Medical Instruments remained stable with an increase of 9%, of which tooth filling material and operating tables each recorded sales increase of 32.1% and 16.8% respectively. Annual total sales of MicroPort Medical grew by 29.1%. Sales of its main product Drug Stent System rose by 25.7%. Following their successful expansion into the overseas market, Coronary Stent System and Balloon Catheter each recorded sales increase of 29.2% and 2.46 times respectively.

CONSUMER PRODUCTS

In 2008, profit contribution from the consumer products business was approximately HK$488 million, accounting for 21.9% of the Group's net business profit. The decline in profit of 49.5% was mainly due to a disposal gain in 2007 from divestment of automobiles and parts business and the relatively large operating loss incurred by Bright Dairy in the third quarter of 2008. After deducting such disposal gain and related profit contributions, profit from the consumer products business dropped 26.3% over the previous year. Nanyang Tobacco continued to contribute stable income and cash flow to the Group, providing considerable support for sustainable growth in consumer products.

- **Tobacco**

In the face of the worldwide economic downturn, Nanyang Tobacco reported a turnover of HK$1,976 million, up 3.1%, and a net profit of HK$445 million, up 4.7%. The increase in profit could be largely attributed to adjustments of the distribution structure, leading to sales growth of high-margin brand cigarettes. "Double Happiness Classic Deluxe" and canned "Portrait" recorded sales increase of 75% and 3.6 times respectively. Sales in the Hong Kong and Macau markets increased 15.0% and 6.2% respectively, while sales in the duty-free market and mainland designated market increased 12.2% and 26.5% respectively. Sales in overseas markets declined by 7.5% due to structural adjustments of distribution channels. Looking ahead, the company will seek further expansion into new markets such as Thailand and Singapore to further explore market potentials.

- **Dairy**

Bright Dairy achieved a rapid sales growth of more than 30% for the first eight months in 2008, but the outbreak of the "melamine" events in September dampened the entire dairy industry. The dairy product market suffered a big blow, adversely affecting the performance of Bright Dairy. Annual turnover amounted to RMB7,379million (equivalent to HK$83.81 million) with a net loss of RMB286 million (equivalent to HK$325 million). In March 2008, SIHL's acquisition of a 10.005% stake in Bright Dairy from Danone Group was approved by the relevant PRC authorities. SIHL currently holds a total of 35.176% equity interests in Bright Dairy.

- **Printing**

Wing Fat Printing recorded a 2008 turnover of HK$1,777 million, up 9.9%. The company's earnings was affected as the sales market shrank during the second half of the year amidst the depressed global economy while raw material prices and operating costs continued to rise. The company recorded a net profit of HK$102 million, declining by 44% . In view of the volatile global market conditions, the board of Wing Fat Printing decided to postpone the proposed listing in March 2008, to be resumed later depending on market situations.

- **Chain Supermarkets**

Lianhua Supermarket recorded a turnover of RMB20,702 million (equivalent to HK$23,514 million), up 14.46%, and a profit attributable to shareholders of RMB388 million (equivalent to HK$441 million), up 44.74%. Subsequent to the balance sheet date, SIHL announced the disposal of 21.17% equity interest of Lianhua Supermarket, being held through SI Pharmaceutical, for a consideration of RMB1,056 million (equivalent to HK$1,199 million) to further cut down non-core businesses and streamline SIHL's investment portfolio. The transaction was completed in March 2009. SI Pharmaceutical is expected to receive a pre-tax disposal gain of approximately HK$622 million for the year 2009.

REAL ESTATE

Profit contribution from the real estate business in 2008 amounted to approximately HK$440 million through property sales, hotel operations, rental income and revaluation of investment properties. The amount accounted for approximately 19.8% of the Group's net business profit. The operating results of Shanghai Urban Development have been consolidated into SIHL accounts in 2008 and a net profit of HK$704 million was recorded. During the year, SIHL acquired from its parent company an 87% equity interest of Four Seasons Hotel Shanghai for a consideration of HK$1,350 million, further enhancing the investment portfolio of its real estate business.

- **Land Reserve**

In the first quarter of 2008, Shanghai Urban Development acquired two parcels of land in Chongqing and Kunshan respectively through open market tender. Newly added permissible gross floor area amounted to approximately 215,977 square meters (based on adjusted plot ratio), with an increase in land reserve of 160,763 square meters, resulting in a permissible total gross floor area of up to 3,260,000 square meters.

- **Property Development**

During the year, Shanghai Urban Development pre-sold properties in the amount of about HK$1,397 million, comprising a gross floor area of approximately 120,500 square meters. This included Lot E2 of Urban Cradle which was completed and occupied in March 2008. The "Urban Cradle – Royal House" villa project and "Urban Cradle - Lounge City" high-rise apartment units made debut on the market in November 2008 and soon became the focus of the market with a total of 160 units sold by year end, generating a total pre-sale proceed of HK$1,020 million, a very satisfactory result amidst the slumping property market environment. Other property projects under Shanghai Urban Development -- including Kunshan Kuncheng Dijing Garden, Hefei Rose City and Changsha Toscana -- recorded a pre-sale turnover of approximately HK$349million with a total gross floor area of approximately 57,700 square meters.

- **Property Investment**

As at the end of 2008, properties held for investment under Shanghai Urban Development reached a total gross floor area of approximately 76,870 square meters, realizing a total rental income of HK$114 million. Urban Development International Tower was launched in the rental market in late 2007, and has achieved satisfactory rental returns.

- **Hotel Operations**

In July 2008, SIHL announced the acquisition, from its parent company, of an 87% equity interest in the Four Seasons Hotel Shanghai for a consideration of HK$1,350 million. The hotel industry faced considerable challenges in 2008 as a result of changes in the global economy, the appreciating RMB as well as rising operating costs. Under the circumstances, active steps were taken to develop effective sales strategies to control costs and explore new sources for hotel guests. For the year 2008, the hotel recorded an operating income of HK$324 million.

OTHERS

During the year, total sales of SMIC dropped 12.7% to approximately US$1354 million (equivalent to approximately HK$10.559 billion), mainly due to a decline in wafer shipments. For the year ended 2008, SIHL shared an operating loss of HK$167 million from SMIC, which included impairment losses on related inventory and long-lived assets in regard to SMIC's exit from the commodity DRAM market.

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Financial highlights

Results	2008	2007 (re-stated)	Change
Turnover(HK$M)	**12,733**	8,432	+51%
Profit attributable to shareholders(HK$M)	**2,102**	1,963	+7.1%
Earnings per share-basic (HK$)	**1.96**	1.94	+1%
Total dividend per share (HK ¢)	**81**	80	+1.3%
Dividend payout ratio	**41.3%**	41.2%	

Profit by sector

	2008 HK$	Change %	% of net business profit #
Infrastructure facilities	**829M**	+223.7%	37.2%
Medicine	**264M**	+51.4%	11.9%
Consumer products	**488M**	-26.3%*	21.9%
Real estate	**440M**	N.A.	19.8%

* Excluding exceptional gains and related profit contributions in 2007

Net profit excluding net corporate expenses