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***SHANGHAI INDUSTRIAL ACQUIRES QINGPU LAND FROM PARENT***  
***PAYS RMB1.525 BILLION FOR 1420MU LAND FOR LOW DENSITY***  
***RESIDENTIAL PROPERTY***

(August 12, 2009 — Hong Kong) Shanghai Industrial Holdings Limited ("SIHL") has agreed to acquire a land property of approximately 1,420 mu (equivalent to about 950,000 sq.m.) in Qingpu District, Shanghai, from subsidiaries owned by parent Shanghai Industrial Investment (Holdings) Company Limited ("SIIC") for approximately RMB1.525 billion (equivalent to about HK\$1.732 billion). Average transaction price is approximately RMB1 million per mu (equivalent to about RMB1,500 per sq.m.), after consideration of RMB105 million cash holding of the project company. The total consideration represents approximately 55.6% of the valuation of RMB1.8 million per mu as at June 30, 2009, according to independent valuer applying the direct comparison method.

The property is located in Shanghai's Qingpu District, near Zhujiajiao Town and adjacent to Ding Shan Lake. Featuring convenient transportation by land and by water, as well as a richly green environment, the Qingpu property is considered one of the few top-quality residential development sites available in Shanghai. It is served by key regional expressways including Hu-Qing-Ping Expressway that connects direct to downtown, Hu-Ning Expressway, and Hu-Hang Expressway. The surrounding areas are mostly parkland and sports grounds, including the Qingpu International Golf Club and "Oriental Land" Water Sports Centre. Furthermore, the site of the two land lots are right by the Ding Shan Lake, nicknamed "The Orient Lake of Geneva", featuring lakeside and waterway amenities.

The acquired property includes two lots – Qingpu Lot D and Lot E, covering site areas of about 512,000 sq.m. and 435,000 sq.m. respectively. The entire area is planned for developing a high-end residential community of villas and other up-market residential units, with waterways and numerous green environment features. Total gross floor area will be about 473,000 sq.m. In addition to Lot D and Lot E, parent company SIIC also owns two other lots in the same area – Qingpu Lot F and Lot G, both for low density residential use, with total site area of about 752,000 sq.m.

SIHL chairman Teng Yilong said that the acquisition of such top-quality land property in Shanghai at an attractive price clearly indicated substantial support from parent SIIC to SIHL's property business. As land supply is getting tight in the current market, these newly acquired land lots will significantly enrich the company's land resources for property development, and strengthen future earnings growth in this core sector.

Mr Teng further described SIHL's strategy in developing its property business. The company will maximize its Shanghai advantage and leverage on development opportunities provided by parent company's asset injection, SOE reform in Shanghai, as well as merger and acquisitions in the open market. Emphasis will be put on securing top-quality property assets, integrating available resources and maximizing efficiency. The company's strategic objective is to become a leading developer in Shanghai and the Yangtze River Delta region, with preference in developing large-sized communities in good locations, and with product offering mainly in mid-to-high-end residential and commercial properties.

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