



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

FOR IMMEDIATE RELEASE

**SHANGHAI INDUSTRIAL ANNOUNCES HK\$2.765 BILLION
LAND BANK AND TOLL ROAD INJECTION FROM PARENT**

**SHANGHAI QINGPU LOW-DENSITY RESIDENTIAL
LAND COSTS RMB3,000 PER SQ.M.
HU-YU EXPRESSWAY IN TANDEM GROWTH
WITH GREATER HONGQIAO BUSINESS CIRCLE**

(December 8, 2009 – HONG KONG) Shanghai Industrial Holdings Limited (“SIHL”, stock code 0363) announced the acquisition of two strategic assets from its parent company, Shanghai Industrial Investment (Holdings) Co., Ltd. (“SIIC”), for a total consideration of approximately HK\$2.765 billion. These assets include land reserve for low-density residential use at Shanghai’s Qingpu District (acquisition price approximately HK\$1.377 billion), and 100% interests of Hu-Yu Expressway (Shanghai Section) (acquisition price approximately HK\$1.388 billion).

Located in Shanghai’s Qingpu District beside Ding Shan Lake, the Qingpu land is among the few land reserves in Shanghai designated for low-density residential use. The acquired property includes two lots –Lot F and Lot G, covering a total site area of about 750,000 sq.m.; total gross floor area is about 375,000 sq.m. Taking out the cash assets of the project company holding interests of the Qingpu Land, the average land cost is about RMB3,000 per sq.m.

Hu-Yu Expressway (Shanghai Section) is one of the key transportation trunklines connecting Shanghai to Jiangsu Province. Measuring about 47.2 km, the Expressway is located in the centre of the fast-growing “Greater Hongqiao Business Circle” (spanning the Changning, Minhang, Qingpu, Putuo, Jiading and Songjiang districts in Shanghai). According to the statistics at Shanghai Expressway Clearing and Distributing Centre (上海市高速公路清算分配中心), the toll-paying traffic flow in 2008 was 22.92 million vehicles, and toll revenue about RMB318 million, representing about 18.51% and 52.3% respectively year-on-year increase from 2007. Traffic flow during January-August 2009 stood at 17.15 million vehicles, and toll revenue about RMB228 million.

SIHL chairman Teng Yilong said that the land reserve for developing villa-type residential units and the toll road with promising growth potential in traffic flow are both scarcely available resources in Shanghai. He noted that securing quality investment opportunities through the parent company illustrates the listed company’s “Shanghai advantage”. This year, SIHL has successively accomplished major moves in optimizing its investment portfolio, expanding its operation scale and strengthening its core businesses. So far, SIHL has made three major acquisitions (including those announced today) – Hu-Yu Expressway (Shanghai Section), Qingpu Land (total 4 lots) and the Shanghai Bay residential project. Total considerations amounted to approximately HK\$6.769 billion, the highest annual record since listing.

Qingpu Land for residential use

SIHL will make HK\$433 million cash payments to the parent for the Qingpu land bank. 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-Yu Expressway (Shanghai section) that provides direct access to downtown Shanghai, 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 is right beside Ding Shan Lake, nicknamed “The Orient Lake of Geneva”, featuring lakeside and waterway amenities.

The acquired property includes two lots – Qingpu Lot F and Lot G, covering site areas of about 351,000 sq.m. and 401,000 sq.m. respectively, with a plot ratio of 0.5. Total gross floor area will be about 375,000 sq.m. Together with Lot D and Lot E which were acquired in August, the entire site for development measures about 849,000 sq.m. 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.

Hu-Yu Expressway (Shanghai Section)

SIHL will acquire 100% interests of Hu-Yu Expressway (Shanghai Section) from S.I. Shen-Yu Development Limited owned by parent SIIC for approximately HK\$1.388 billion (about RMB1.222 billion). Adjusted NAV of the acquired asset after taking into account the valuation amounts to approximately RMB1.222 billion which was approximately the same as the acquisition price. Valuation of the acquired toll road as at August 31, 2009 was approximately RMB3.015 billion. Toll revenue in January – August 2009 totalled about RMB228 million, and EBITDA approximately RMB187 million. Upon completion, the earnings will be substantially enhanced by increasing toll-paying traffic flow, change on amortization policy and reducing interest expenses. Its internal rate of return (IRR) is expected to be higher than previous acquisitions of Hu-Ning Expressway and Hu-Hang Expressway.

Hu-Yu Expressway (Shanghai section) is a constituent of the 1,900-km G50 National Highway linking Shanghai to Jiangsu, Anhui, Hubei and Chongqing. With the Hubei section expected to open at year-end of 2009, the entire G50 National Highway will be fully operational, reducing the commuting time between Shanghai and Chongqing to less than 20 hours. Running 47.2 km, Hu-Yu Expressway (Shanghai section) is located right between Hu-Ning Expressway (Shanghai section) and Hu-Hang Expressway (Shanghai section), linking Yan'an Road Elevated Road to the boundary with Jiangsu Province. It is the west-bound transportation trunkline from Shanghai to inland provinces; and also the direct expressway to downtown Shanghai from the provinces and cities along the G50 National Highway, as well as from the western suburbs of Shanghai.

Upon completion of the acquisition, SIHL will be operating three key toll roads in Shanghai – Hu-Hang Expressway (Shanghai section), Hu-Yu Expressway (Shanghai section), and Hu-Ning Expressway (Shanghai section). These represent the key traffic gateways in Shanghai in the south-west, west and north-west directions. The three toll roads account for 23% of the total length of toll roads in Shanghai, but more than 50% of all toll road revenues in the city. It is expected that the revenue and earnings contribution of SIHL's infrastructure business sector will increase to a significant proportion in 2010, representing a key cashflow of the company.

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