



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\$2.746 BILLION
ACQUISITION OF 45% EQUITY INTEREST IN NEO-CHINA**

**TOTAL LAND BANK TO INCREASE BY 2.7 TIMES,
BECOMING ONE OF TOP 20 CHINESE PROPERTY DEVELOPERS**

(January 19, 2010 – HONG KONG) Shanghai Industrial Holdings Limited (“SIHL”, stock code 0363) today announced the conditional acquisition of 500 million old shares and subscription to approximately 684 million new shares of Neo-China Land Group (Holdings) Limited (“Neo-China”, stock code 0563), both at HK\$ 2.32 per share, for a total consideration of approximately HK\$2.746 billion. Upon completion, SIHL will become the single largest shareholder of Neo-China, holding approximately 45% of its enlarged share capital.

Neo-China currently has 14 property projects in 11 Chinese cities, most of which are middle to high-end residential properties. As of October 31, 2009, Neo-China has about 12.7 million square meters of land bank. The transaction will exclude one future development project located in Zhuhai, Guangdong Province. Upon completion of the transaction, SIHL’s total land bank will be increased by 2.7 times from about 4.2 million to 15.8 million square meters (excluding the Zhuhai project), ranking SIHL among the top 20 Hong Kong listed Chinese companies engaged in real estate development in the mainland.

Neo-China’s property projects, mostly already under construction, are located in key Chinese cities including Beijing, Tianjin, Changsha and Xi’an. By means of contract sale and financial leveraging, these projects are expected to generate substantial cashflow in the next three years, boosting SIHL’s real estate development strategy of building a property portfolio covering the Yangtze River Delta region, with focus in Shanghai.

SIHL Chairman Teng Yilong noted that with real estate as one of the company’s core businesses, SIHL would seek to actively pursue market opportunities to acquire quality property projects, and optimize its earnings structure in order to establish a long term and stable source of income. The acquisition of a sizeable premium land bank from Neo-China at an attractive price will accelerate the growth of SIHL’s real estate business as well as enhance the company’s market position as a leading company engaged in real estate development in the mainland.

Mr Teng said that in the past year SIHL had successfully divested all its non-core businesses and had a top quality land bank and a toll road injected from the parent company, which helped SIHL expand its property and infrastructure portfolio. As one of China’s pillar industries, the real estate sector has very promising outlook given the country’s fast-growing economy. Supported by the strong cash flow and steady growth from the infrastructure and consumer products businesses, the

expansion of SIHL's real estate platform via the acquisition of Neo-China will significantly increase earnings visibility for its shareholders.

The profit contribution from SIHL's real estate business amounted to about HK\$440 million in 2008, accounting for approximately 19.8% of the company's net business profit. As the company accelerates the acquisition of real estate assets, the earnings contribution is expected to increase significantly.

After completion of the acquisition and subscription, SIHL will be required to launch a general offer for all the issued shares of Neo-China, save for those held by the existing controlling shareholder after the acquisition, pursuant to the Hong Kong Takeovers Code. According to SIHL's real estate development strategy, SIHL will maintain Neo-China's listing status after the transaction. It is expected that the transaction would help resolve Neo-China's financial liquidity issue. Looking forward, Neo-China will resume its financing capabilities in the capital markets through restructuring and integration with SIHL's current property business, achieving better economy of scale and more synergy benefits.

According to Neo-China's 2009 interim report, as of October 31, 2009, its total assets amounted to approximately HK\$28.1 billion; gearing ratio was approximately 41%, and NAV per share was HK\$4.30. During the first half of 2009, turnover totalled about HK\$398 million and net profit about HK\$127 million with HK6.51 cents earnings per share. Trading of Neo-China shares had been suspended since January 22, 2008 subject to the release of price sensitive information. Neo-China's share price last closed at HK\$4.95 (after deducting final dividend) before suspension. SIHL will discuss with Hong Kong Stock Exchange and other relevant institutions and it is optimistic about the resumption of trading of Neo-China shares in the near term.

SIHL intends to use its bank borrowings to finance this transaction.

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Media enquiries:

Derek Fung
Corporate Communications Department
Shanghai Industrial Holdings Limited
Tel: 2821-3919 / 9306-3800
email: fungkm@sihl.com.hk