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 PROFITS JUMP 36.1% TO HK$2.86 BILLION

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RECORD-BREAKING RESULTS WITH ASSET REORGANISATION PROCEEDS CLOSE TO HK$10 BILLION

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TO CONTINUE IN LARGE-SCALE ACQUISITIONS IN THE SHANGHAI EXPO YEAR

(March 31, 2010 – HONG KONG) Shanghai Industrial Holdings Limited ("SIHL", stock code 0363) announced its annual results for the year ended December 31, 2009. Profit attributable to shareholders jumped 36.1% to approximately HK$2.86 billion – hitting new record; earnings per share rose 35.2% to approximately HK$2.65. Consolidated revenue (including income from medicine business) increased 0.2% to approximately HK$12.762 billion. Total assets and shareholders' equity increased 16.5% and 6.4% to approximately HK$60.229 billion and HK$24.891 billion respectively. The Group's board of directors proposed a final dividend of HK60 cents per share, making a total dividend of HK108 cents per share for the year, at 40.8% dividend payout ratio.

SIHL chairman Teng Yilong said that 2009 is a record year for the Group – raising earnings and dividend to new levels, as well as breaking new grounds in the pace and magnitude of asset reorganization. As the Group implemented the "Buying In and Selling Out" strategy, it accomplished marked results in optimization of business portfolio and organization structure. Divestment of non-core businesses included the sale of equity interests in Lianhua Supermarket, MicroPort Medical, SMIC, Bright Dairy and medicine assets, leading to total sale proceeds of HK$9.518 billion (which includes HK$5.75 billion proceeds from the sale of medicine assets, to be booked in 2010).

Newly acquired assets included (1) four land lots in the Qingpu District measuring 1.69 million sq.m., and (2) the 47.2-km Hu-Yu Expressway (Shanghai section) – both prime assets in Shanghai, injected from the parent company SIIC, highlighting the Group's "Shanghai advantage"; (3) four prime residential blocks under development in "Shanghai Bay" – comprising 396 apartment units measuring about 100,000 sq. m. GFA – adjacent to the Shanghai Expo site; (4) 76.8% stakes in Asia Water Technology, a Singapore-listed company, whose water service capabilities increased SIHL's total water service capabilities to 5.68 million tonnes per day. Acquisition of all these assets cost about HK$6.984 billion.

The year of 2010 – when the Shanghai Expo will be held, and government authorities will focus on SOE reform – is going to provide opportunities for SIHL in terms of securing large-scale acquisition projects. The Group will focus on growing its presence in infrastructure and real estate to achieve the optimal business structure of three core businesses – infrastructure, real estate and consumer products, ultimately creating promising returns for shareholders.

On infrastructure, SIHL will add more toll roads to its existing portfolio comprised of three main transportation trunklines in Shanghai; a new round of strategic development will commence for its water service business. On real estate, SIHL will focus on consolidating its real estate businesses, including the assets of Neo-China Land Group, the acquisition of which had been announced earlier this year. SIHL is well positioned to rapidly expand its real estate investment while at the same time maximizing the benefits of economies of scale and synergy effects, capitalizing on the opportunities for sustainable growth and creating robust growth momentum. On consumer products, SIHL will optimize the product portfolio of Nanyang Tobacco and Wing Fat Printing to add value to the products, expand into new business markets and improve overall profitability.

Shanghai Industrial's businesses in 2009 comprised infrastructure, real estate, consumer products and medicine.

INFRASTRUCTURE FACILITIES

Profit from Infrastructure Facilities amounted to HK$729 million, representing an increase of 17.8%, after excluding disposal gains from the disposal of Yongjin Expressway (Jinhua Section) and a project company of General Water of China in the previous year, and accounting for 18.3% of the Group's Net Business Profit.*

- ***Toll Roads***

The widening project of Jing-Hu Expressway (Shanghai Section) (formerly known as Hu-Ning Expressway (Shanghai section)) was completed at the end of 2008 and commenced operation in early 2009. During the year, the section recorded an increase in both toll revenue and traffic flow, the former rising 53.2% to HK$480 million and latter climbing 45.12% to 28.38 million vehicles. The traffic of passenger vehicles and goods vehicles accounted for 76.41% and 23.59% respectively.

On Hu-Kun Expressway (Shanghai Section) (formerly known as Hu-Hang Expressway (Shanghai section)), the widening project of Xin-Song Section had started in January 2009 and some of the lanes were closed. Toll revenue and traffic flow recorded approximately HK$366 million and 13.71 million vehicles, dropping 44.3% and 53.7% respectively. During the year, government subsidies of HK$286 million were received for the widening project. The entire widening works will be completed before the opening of the Shanghai Expo.

In December 2009, SIHL acquired Hu-Yu Expressway (Shanghai Section) owned by parent SIIC for HK$1,388 million with a concession period expiring in late December 2027. Traffic flow recorded approximately 26.12 million vehicles, offering significant growth potential.

- ***Water Services***

General Water of China's revenue and net profit rose 8.6% and 57.0% to HK$638 million and HK$83.63 million respectively.

In June 2009, SIHL announced through SI infrastructure, its wholly-owned subsidiary in Singapore, the subscription for new shares at S$0.02 per share and convertible bonds in Asia Water Technology (AWT), a listed company in Singapore, for about HK$215 million. The acquisition was completed in February 2010 and SIHL holds approximately 77% of the enlarged share capital of AWT. The investment is expected to achieve synergy with the existing water projects under General Water of China. AWT currently owns 11 water projects located in Hubei, Shanxi, Zhejiang and Anhui provinces, with a total capacity of 1,123,500 tonnes per day.

** before the related loss of SMIC*

REAL ESTATE

Profit from Real Estate amounted to HK$731 million, representing an increase of 66.2% and accounting for 18.4% of the Group's Net Business Profit. After discounting the property revaluation factors, profits from Shanghai Urban Development ("SUD") increased by more than 33.4% over last year to HK$350 million.*

In January 2010, SIHL announced the conditional acquisition of 500 million existing shares and subscription of approximately 683.7 million new shares of Neo-China Land, a listed company in Hong Kong, all at HK$2.32 per share, representing a total of approximately 45.02% of its share capital as enlarged by the subscription shares. Total consideration will be HK$2,746 million. Upon completion of these transactions, SIHL will be required to make a general offer to the existing shareholders of Neo-China Land at the same price of HK$2.32 per share. As at the end of 2009, Neo-China Land had an accumulated land site area of 7,360,000 square meters. The acquisition and subscription of shares are expected to be completed by the second quarter of 2010.

- ***Land Reserve***

As at the end of 2009, SUD's land site area totalled 2,085,800 square meters covering nine real estate projects in five regions, namely Shanghai, Jiangsu, Anhui, Hunan and Chongqing. Two new projects were added this year, both located in Minhang District of Shanghai, including Shanghai Jingcheng and an ancillary commodity housing construction project in plot west of Meilongzhen, with site areas of approximately 259,200 square meters and 49,800 square meters respectively.

During the year, SIHL acquired the land lots D, E and F, G located in Shanghai's Qingpu District beside Dianshan Lake from the parent company for HK$1,732 million and HK$1,377 million respectively. Four land lots totalled site area of 1,698,500 square meter.

As at 31st December 2009, SIHL had a total land site area of approximately 3,383,100 square meters, including Qingpu land lots D, E and F and the total site area of the projects held under SUD.

- ***Property Development***

SUD's nine projects feature a planned total gross floor area of approximately 3,864,600 square meters, with 475,249 square meters newly added during the year. Gross floor area presold during the year totalled 363,156 square meters and pre-sale amounted to HK$5,618 million, including the projects of Urban Cradle in Shanghai, Kuncheng Dijing Garden in Kunshan, Toscana in Changsha and Rose City in Hefei. Pre-sale of Ivy Aroma Town in Chongqing commenced in November 2009. The sale of "Urban Cradle – Lounge City" apartments recorded continuous growth with increasing number of apartments made available in subsequent releases. A total of 905 units had been sold in 2009, generating pre-sale proceeds of approximately HK$2,818 million. Ivy Aroma Town is a high-end detached villa project located in Taojia Town, Jiulongpo District, Chongqing. 42 villas had been sold, realizing pre-sale proceeds of HK$188 million as at the end of 2009.

- ***Property Investment***

The investment properties under SUD reached a total gross floor area of approximately 77,056 square meters, realizing a total rental income of approximately HK$133 million.

In June 2009, SIHL acquired four residential blocks of Shanghai Bay from Glorious Property for approximately RMB2 billion. Glorious Property was entrusted for development, sale and day-to-day management of the properties. A profit of HK$409 million was recorded during the year.

** before the related loss of SMIC*

- ***Hotel Operations***

Competition in the hotel industry intensified during the year due to the prolonged downturn in the global economic environment and a rapid increase in the number of top-tiered luxury hotels in Shanghai. The Four Seasons Hotel Shanghai ranked third for annual average room rates in the city following a small downward adjustment of its room rates. The hotel investment reported an EBITDA profit of approximately HK$20.94 million.

CONSUMER PRODUCTS

Profit from Consumer Products was HK$1,881 million, representing an increase of 285.5% and accounting for approximately 47.2% of the Group's Net Business Profit. During the year, SIHL continued to divest its non-core businesses and disposed of its entire interest of 21.17% in Lianhua Supermarket and 35.176% of Bright Dairy, recording a total post-tax disposal gain of approximately HK$1,203 million.*

- ***Tobacco***

Nanyang Tobacco's turnover rose 1.5% to approximately HK$2,005 million and net profit increased 12.4% to approximately HK$500 million. During the year, high-margin brands such as "Double Happiness Classic Deluxe" were launched in the mainland market while new provincial markets were explored, including Hubei and Shaanxi, resulting in a sales growth of approximately 12.92%. New products were introduced in the duty free market, including "Double Happiness Premium (Tin Pack)" which was launched in commemoration of China's 60th anniversary. The successful product launch resulted in an overall sales growth of 25.86%.

- **Printing**

Wing Fat Printing's turnover and net profit rose 12.2% and 32.5% to HK$1,995 million and HK$135 million respectively. In December 2009, Wing Fat Printing increased its shareholding in Chengdu Wing Fat from 51% to 70% to further expand its printing business in southwest China. Hebei Yongxin Paper has made great efforts to improve its production strategies and increase market share. The newly-built 300,000 tonne A-grade containerboard production line reached planned capacity in June.

Medicine

Profit from Medicine amounted to HK$639 million, representing an increase of 141.7%, accounting for 16.1% of the Group's Net Business Profit.*

In June 2009, SIHL announced the disposal of its entire interest of approximately 18.89% in MicroPort Medical for HK$516 million, resulting in a disposal gain of approximately HK$383 million. In October, SIHL announced the disposal of 43.62% shareholding of A-share company SI Pharmaceutical and all interests in other pharmaceutical companies, realizing a total proceeds of HK$5,750 million.

Others

In July 2009, SIHL disposed its entire shareholding of approximately 8.2% in SMIC, realizing sales proceeds of approximately HK$1,100 million while recording a disposal loss of approximately HK$715 million during the year. The disposal is in line with the company's strategy to divest its non-core businesses. The attributable operating loss from SMIC for the year was HK$256 million.

** before the related loss of SMIC*

Financial highlights

	2009	2008	Change
Turnover (including Medicine business)	HK$12,762M	HK$12,733M	+ 0.2%
Profit attributable to shareholders	HK$2,860M	HK$2,102M	+36.1%
Earnings per share	HK$2.65	HK$1.96	+35.2%
Final dividend per share	HK60 cents	HK36 cents	+66.7%
Total dividend per share	HK108 cents	HK81 cents	+33.3%

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Media enquiries:
Derek Fung
Corporate Communications Department
Shanghai Industrial Holdings Limited
(Tel: 2821-3919, 9306-3800)