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

PRESS RELEASE

SHANGHAI INDUSTRIAL EARNINGS CONTINUE RECORD STREAK

PROFIT JUMPS 216.2% TO HK$4.437 BILLION

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SIGNIFICANT GROWTH IN REAL ESTATE AND INFRASTRUCTURE

(30th August, 2010 – HONG KONG) Shanghai Industrial Holdings Limited ("SIHL", stock code 0363) announced its interim results for the six months ended 30th June 2010. Profit attributable to shareholders jumped 216.2% to approximately HK$4.437 billion – breaking another earnings record; earnings per share rose 215.6% to approximately HK$4.109. Turnover increased 150.1% to approximately HK$6.664 billion. SIHL's board of directors has resolved to pay an interim dividend of HK50 cents per share, 4.2% increase from last year.

SIHL chairman Teng Yilong noted the company has expedited the pace of development in recent years. In the wake of the completion of major policy decision of non-core business divestment, SIHL is increasing the magnitude of investment in its core businesses. On real estate, SIHL has taken advantage of market opportunities to acquire the A-share listed company SI Development from the parent, after completing the Neo-China Land ("Neo-China") acquisition in the first half. On infrastructure and consumer products, the company also has plans to expand its scale of business operation by merger and acquisition, ultimately breaking new grounds in its approach towards becoming a bigger, stronger and more superior entity.

The company's key business sectors reported significant growth in the first half. Real estate earnings increased by 13 times as SIHL benefited from Shanghai Urban Development's sales revenues and the Shanghai Bay project's earnings contribution. Infrastructure earnings grew 24.0% as new toll roads and water services assets were acquired, coupled with the enhancement factors of Shanghai Expo and the increase of private vehicles. Consumer products earnings also posted an 6.7% increase after discounting the exceptional gain and earnings contribution following non-core business divestment in last year's record.

Looking forward, the company expects promising returns as a result of persistent and steady earnings and cashflow from its infrastructure and consumer products businesses, as well as the superior quality of its real estate assets. For infrastructure, the company would continue sourcing quality toll road and water service projects; for real estate, the emphasis would be integrating the property assets under its auspices following the sizeable expansions, and exploring further development potentials; for consumer products, the focus would be upgrading its operation efficiency and continuing the provision of recurring earnings and cashflow.

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

INFRASTRUCTURE FACILITIES

Profit from infrastructure facilities amounted to HK$413 million, representing an increase of 24.0% over the same period last year and accounting for approximately 26.3% of the Group's Net Business Profit*. Its three toll roads benefited from the Shanghai Expo factor as earnings rose with steady increase in both toll revenue and traffic flow.

- ***Toll Roads***

For the first half of 2010, toll revenue and traffic flow for Jing-Hu Expressway (Shanghai Section) increased by 18.9% and 24.4% respectively to HK$251 million and 15.52 million vehicles.

On Hu-Kun Expressway (Shanghai Section), traffic flow increased rapidly after the completion of the road-widening project for the Xinsong section. Toll revenue and traffic flow rose 74.6% and 87.3% respectively to approximately HK$341 million and 14.71 million vehicles. Total toll revenue ranked number one among all Shanghai toll roads.

The acquisition of Hu-Yu Expressway (Shanghai Section) was completed in May 2010. During the first half of 2010, it reported HK$195 million toll revenue and 13.62 million vehicles traffic flow.

- ***Water Services***

During the first half of 2010, General Water of China ("GWC") saw its revenue from principal business increase 36.7% to HK$386 million and a turnaround in profitability with a net profit of HK$41.19 million. During the period, GWC was active in projects mergers and acquisitions, establishing overseas financing platforms, and expanding into new business areas including large-scale industrial wastewater treatment, sludge treatment, water environment treatment and sea water desalination.

The acquisition of Asia Water Technology ("AWT"), a listed company in Singapore, was completed in February 2010. In the first half of 2010, AWT's turnover and net profit totalled HK$142 million and HK$5.70 million respectively.

REAL ESTATE

Benefiting from Shanghai Urban Development's sales revenues and the Shanghai Bay project's earnings contribution, profit from real estate increased by 13 times to HK$753 million and accounting for approximately 47.9% of the Group's Net Business Profit*. Overall, with persistent economic growth, housing demand remains strong in China, and real estate investment would remain a key development focus for SIHL in the current year.

- ***New Acquisition Projects***

In January 2010, SIHL announced the acquisition and subscription for a total of 45.02% shareholding in Neo-China for an aggregate consideration of HK$2,746 million, and the transaction was completed on June 24, 2010. Neo-China currently owns 14 projects in 11 cities in China comprising mid-to-high-end residential buildings, serviced apartments, commercial buildings, hotels and office buildings with a planned total gross floor area of 12,294,900 square meters. For the six months ended 30 June 2010, Neo-China reported HK$2,420 million turnover and HK$646 million loss attributable to shareholders.

**Net Profit excluding net corporate expenses*

On 16 August 2010, SIHL announced the acquisition of a 63.65% equity interest in Shanghai Industrial Development Co. Ltd. ("SI Development") from its parent company for a cash consideration of HK$5,827 million. SI Development presently has 17 major real estate investment projects, most of which are located in key cities including Shanghai, Huzhou, Harbin, Qingdao, Quanzhou, Chongqing, Chengdu and Dali, with a planned total gross floor area of 4,904,600 square meters. The acquisition would enhance SIHL's real estate development strategy of further expanding its presence in key national cities, while it keeps its focus in the Yangtze River Delta, supplemented by investment in coastal regions of eastern China. The acquisition would also provide SIHL with listed platforms for capital financing in both Hong Kong and China.

- ***Property Development and Investment***

Shanghai Urban Development ("SUD") presently runs 10 property projects. The pre-sales of projects launched last year was excellent and sales proceeds amounted to HK$3,400 million for the first half of 2010. Gross floor area presold in the first half totalled 40,200 square meters, logging a pre-sale amount of HK$696 million. Rental income from investment properties totalled HK$54.14 million. SUD's turnover and net profit rose 605.9% and 124.1% to HK$3,477 million and HK$290 million respectively during the period.

The Shanghai Bay project located in Xuhui District of Shanghai contributed a profit of HK$204 million during the period.

- ***Land Reserve***

As at the end of June 2010, SUD owned 10 real estate projects with a total site area of 2,135,600 square meters and planned total gross floor area of 3,982,700 square meters. A new project was added to SUD's portfolio in the first half -- ancillary commodity housing on the plot in Longxi, Shanghai covering a 49,800 square meters planned site area and 125,500 square meters planned total gross floor area. The total construction area at SUD in the period amounted to 557,700 square meters.

SIHL had acquired four lots of premier land from the parent last year. These are lots D, E, F and G by the side of Dianshan Lake, Qingpu District of Shanghai, with a total site area of 1,698,500 square meters and a planned total gross floor area of 849,300 square meters. The lots are earmarked for the development of low density luxury residential blocks and villas. It is expected that lot D would commence construction early next year.

- ***Hotel Operations***

The Four Seasons Hotel Shanghai capitalized on opportunities arising from the Shanghai Expo and expanded its customer base, resulting in a significant rebound in occupancy. During the period, the hotel's total income increased 44.3% to HK$137 million and EBITDA rose 5.9 times to HK$47.99 million. It received a number of rewards during the period -- being named the World's Top 50 Business Hotels and Top Hotel in Shanghai by Travel + Leisure in the United States, and enlisted in the Hotel Gold List and named the Best Hotel in China by Conde Nast travel magazine in the United States.

**Net Profit excluding net corporate expenses*

CONSUMER PRODUCTS

Profit contribution from consumer products was HK$404 million, an increase of 6.7% over the same period last year after deducting the disposal gain and profit contribution from Lianhua Supermarket and Bright Dairy, which were disposed of in the same period last year. The profit accounted for approximately 25.8% of the Group's Net Business Profit*.

- ***Tobacco***

Nanyang Brothers Tobacco's turnover and net profit rose 3.9% and 4.3% to HK$1,054 million and HK$322 million respectively. During the period, remarkable sales were recorded for Double Happiness Classic Deluxe and Double Happiness Premium, further strengthening the premium status of the Double Happiness brand.

- ***Printing***

Wing Fat Printing's turnover and net profit rose 70.1% and 6.1% to HK$1,347 million and HK$85.52 million respectively. As the prices of containerboard rose steadily, Hebei Yongxin Paper adopted a consolidation strategy of optimizing supply, production and sales. The newly-built 300,000 tonnes A-grade containerboard production line reached its planned capacity. The company's packaging business remained relatively stable. The new joint venture established at the end of last year, WF Top Weld Packaging, had contributed earnings.

OTHERS

The disposal of the medicine business was completed in February 2010 and a disposal gain of HK$3,198 million was recorded during the period.

2010 Interim Results Highlights

	1H2010	1H2009	Change (%)
Turnover	**HK$6,664M**	HK$2,664M	+150.1%
Profit attributable to shareholders	**HK$4,437M**	HK$1,403M	+216.2%
Earnings per share	**HK$4.109**	HK$1.302	+215.6%
Interim dividend per share	**HK50 cents**	HK48 cents	+4.2%

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**Net Profit excluding net corporate expenses*