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**Shanghai Industrial real estate cashflow enriched by HK\$3.882 billion
Further enhancing capital strength to maintain overall consistent growth**

(December 11, 2011 -- Hong Kong) Shanghai Industrial Holdings Limited ("SIHL", stock code 363) announced that its A-share subsidiary Shanghai Industrial Development Co., Ltd. ("SID", stock code 600748) signed a share transfer agreement for the transfer of its entire 50% equity interests of Qingdao City's Tangdao Bay project located in Huangdao District to the subsidiary of Chow Tai Fook Enterprises in Hong Kong, at a consideration of RMB1.183 billion (approximately HK\$1.443 billion). In early December, SIHL also completed the repurchase agreement with Glorious Property Holdings Limited ("Glorious Property"). According to the agreement, Glorious Property repurchased from SIHL the entire equity interests of Shanghai Bay project located in Shanghai's Xuhui District, at the original consideration of RMB2 billion (approximately HK\$2.439 billion). Upon completion of the two transactions, SIHL's real estate sector will receive a total cashflow of HK\$3.882 billion.

SIHL chairman Teng Yilong said that the two transactions generated favorable returns on investments for SIHL. The additional cash flow will further enhance capital strength of its real estate sector and facilitate the overall business development. With the Qingdao Tangdao Bay share transfer agreement, SIHL will record a gain after tax of approximately RMB212 million (approximately HK\$258 million), while enriching the company's operating cashflow and facilitating development and expansion of other new property projects. With the Glorious Property repurchase agreement, SIHL has its cashflow enriched at an opportune time.

SIHL's development strategy this year focused on the integration and consolidation of its real estate investment portfolio. Since beginning of this year, SIHL had completed a series of asset restructuring, thereby significantly enhancing its operating capabilities. In June, the introduction of a strategic partner to jointly develop the Qingpu land project in Shanghai realized the operation strategy of monetizing landbank resources and effectively strengthening the capital fund of the company. The acquisition of A-share company SID was completed in July, consequently enlarging SIHL's total landbank size. In November, the injection of 59% equity interest in Shanghai Urban Development into SI Urban Development (stock code 563) was also completed, thereby creating synergies with optimization of SIHL's real estate investment portfolio. The overall development strategy of SIHL's real estate business is to fully utilize the unique advantages of having substantial amount of large-sized and relatively low-cost land reserves. SIHL would monetize the landbank resources and adopt multi-mode income stream to balance its cash flow, earnings and liabilities – ultimately setting up a unified real estate strategic operating platform with significant size and strong overall competitiveness.

Mr Teng said that SIHL's real estate business has achieved a substantial strategic integration and the water services business also began asset restructuring to optimize its assets structure. Toll roads business has satisfactory performance while the consumer products business continues to achieve steady growth. As a conglomerate, SIHL could leverage on its advantage of the balance of its diversified businesses. SIHL would capitalize on upcoming state-owned assets restructuring and market opportunities, strive to further increase earnings, and maintain a sustained and steady growth in overall profitability of the company.

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