上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED
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Shanghai Industrial earnings rise 37.3% to HK$4.088B
Real estate and water services asset integration mark new milestone

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Property to play to dual-platform advantages to create synergy
Toll roads and water services to step up acquisitions

(March 30, 2012 – HONG KONG) Shanghai Industrial Holdings Limited ("SIHL", stock code 0363) announced its annual results for the year ended December 31, 2011. Revenue increased 3.7% to approximately HK$14.969 billion. Profit attributable to shareholders increased 37.3% to approximately HK$4.088 billion, excluding disposal gains and profit contributions from the medicine business in the previous year; earnings per share also rose 37.3% to approximately HK$3.79. Total assets increased 5.8% to approximately HK$115.815 billion. The Group's board of directors proposed a final dividend of HK58 cents per share, making a total dividend of HK108 cents per share for the year, same as in the previous year.

SIHL chairman Teng Yilong said in the past year the Group faced challenges of severe market and policy environments, especially the regulating policies in real estate. Nevertheless, the three core businesses continued their steady and persistent growth, with both real estate and consumer products' earnings increase by more than 30%. Demonstrating the advantages of a diversified conglomerate, SIHL has balanced the financing needs of real estate by leveraging robust cash-flow resources from toll roads and consumer product operations.

Also in 2011, SIHL took advantage of market opportunities to secure two significant asset integrations -- injecting United Runtong Water into Asia Water, and Shanghai Urban Development into SI Urban Development ("SIUD"). Consequently, quality investment and financing platform for water services and real estate assets were established, marking a milestone in SIHL's asset integration and enhancement. By means of product portfolio optimization, profit margin for real estate had increased from 25.25% to 30.24%, leading to company-wide margin rising from 30.8% to 35.5%.

Driven by sustained growth in the number of private vehicles and shopping and scenic attractions along SIHL's toll roads, traffic flow and toll revenue increased substantially. Toll revenue from all three Shanghai Industrial toll roads for the year totaled HK$1.881 billion, equivalent to about HK$5 million a day. The scale of SIHL's water services assets has also expanded to a total daily handling capacity of 7.189 million tonnes as of year-end 2011, an increase of 900,000 tonnes from the previous year.

In real estate, SIHL has completed a series of capital funds revitalising and asset integration measures: (1) selling portions of equity interests of Qingpu land and Four Seasons Hotel Shanghai to Chow Tai Fook Group, (2) acquiring control stakes of A-share company SI Development ("SID") from parent company, (3) injecting equity interests in Shanghai Urban Development into SIUD, and (4) early disposal of Shanghai Bay interests to Glorious Property. These measures have led to effective revitalization of capital funds, and enhancement of cash flow. As well, the assets integration and enhancement has helped the real estate division strengthen business development capabilities, achieve synergy, improve asset quality, and optimize product portfolio. Presently SIHL owns substantial landbank resources with a planned GFA totalled 24.68 million square meters, located in Shanghai, the coastal region of eastern China, areas along the Yangtze River, the Yangtze River Delta, the Bohai Rim, as well as second- and third-tiered cities in central and western China.

For consumer products, both tobacco and printing operations maintained their track record of steady earnings growth. Wing Fat Printing earnings rose by 106% following the divestment of containerboard business.

Looking forward, Mr Teng expected challenges brought on by the continued real estate regulating policy and the volatility of the capital markets in Europe and the Unites States. By means of restructuring and integration as well as revitalization of assets, SIHL has laid a solid foundation for its real estate business, according to Mr Teng. The Group will continue to consolidate and upgrade its real estate business platforms, including SID and SIUD. By creating synergy and capitalizing on its competitive strengths, SIHL is confident of being able to generate higher returns from its real estate business.

As for toll roads and water services, the Group will continue to pursue merger and acquisition opportunities to expand the scale of its investments, aiming at growing and strengthening the two businesses through capital operations and to obtain full brand benefits and economies of scale. Nanyang Tobacco and Wing Fat Printing will continue to optimize their operation and product mix to increase production capacity. Equipment and technology will be further upgraded to improve production and operational efficiencies, as the consumer products division continues to provide stable cash-flow.

Shanghai Industrial runs three core businesses: infrastructure, real estate and consumer products.

1. INFRASTRUCTURE FACILITIES

Profit contribution from infrastructure facilities amounted to approximately HK$939 million, an increase of 14.3% and accounting for approximately 21.8% of the Group's Net Business Profit.

【Toll Roads】

Jing-Hu Expressway (Shanghai Section) recorded a net profit of HK$296 million, representing an increase of 3.4% over the previous year. Benefitting from steady increase of the number of private cars in Shanghai, its toll revenue and traffic flow achieved satisfactory growth. Annual toll revenue and traffic flow reached HK$577 million and 33.95 million vehicles, representing an increase of 8.4% and 4.4% respectively.

Hu-Kun Expressway (Shanghai Section) recorded a net profit of HK$332 million, representing an increase of 25.4% over the previous year. Hu-Kun Expressway (Shanghai Section) continued with its growth momentum in traffic flow and toll revenue -- annual toll revenue rose 15.3% to the record level of approximately HK$849 million, accounting for about 16.4% of total revenue from Shanghai toll road networks and maintaining its number one toll road position in the city; traffic flow rose 10.8% to approximately 35.30 million vehicles.

Hu-Yu Expressway (Shanghai Section) recorded a net profit of HK$149 million, representing an increase 27.7% over the previous year. Hu-Yu Expressway (Shanghai Section)'s toll revenue and traffic flow rose 11.0% and 11.7% to HK$455 million and 30.95 million vehicles respectively, driven by sustained growth in the number of private vehicles, as well as shopping and scenic attractions along the road.

【Water Services】

During the year, SIHL entered into a strategic cooperation framework agreement with CECEP, the joint partner of General Water of China ("GWC"), pursuant to which CECEP made a capital injection of approximately RMB103 million into GWC in July, resulting in an adjustment of the shareholdings between CECEP and SIHL to 52.5% and 47.5% respectively. In August, CECEP acquired 21% equity interests in Asia Water from SIHL for a consideration of HK$168 million. With the completion of these two transactions at the end of 2011, SIHL currently holds 54.62% equity interests in Asia Water.

In October 2011, SIHL's entire equity interest in United Runtong Water was injected into **Asia Water**. The transaction was completed in late December and Asia Water held 75.5% equity interest in United Runtong, with an enhanced daily production capacity of 2.03 million tonnes. With the consolidation of United Runtong's results into Asia Water's accounts following the acquisition, Asia Water's results for the year will further improve. A provisional negative goodwill and provisional fair value gain resulting in the acquisition of a project company were also recorded. Asia Water's net profit jumped four-fold to RMB110 million; revenue rose 84% to RMB519 million. As SIHL's water services business continued to grow, Asia Water will further expand the scale of its operations and strive for better performance. The company will also seek merger and acquisition opportunities for quality water assets, and take full advantage of its financing edge as a listing platform to support future expansion.

As at the end of 2011, **GWC** had total assets of RMB5,483 million with a daily production capacity of 5.159 million tonnes. Revenue increased 18.7% to HK$1,239 million; net profit declined 56.1% to HK$56.87 million, mainly due to a reduction in government subsidies received by the Suifenhe project in 2011.

2. REAL ESTATE

Profit from real estate business amounted to approximately HK$2,463 million, an increase of 31.5% over the previous year and accounting for approximately 57.2% of the Group's Net Business Profit. Revenue rose 8.0% to HK$8,583 million due to increases in property sales proceeds recorded in the books of SID. During the year, SIHL focused its efforts on integrating and upgrading the underlying assets of the business.

In February 2011, SIHL entered into sale and purchase agreements with an enterprise under Chow Tai Fook Group for the disposal of a 90% equity interest in lots F and G of the Qingpu land and 77% equity interest in the Four Seasons Hotel Shanghai for a total consideration of RMB2.432 billion and HK$1.164 billion respectively. The transactions for the disposal of lot F and Four Seasons Hotel Shanghai were completed in late June resulting in a disposal gain for the year of approximately HK$1.842 billion, effectively revitalizing SIHL's capital funds. The parties have pledged to enhance the project brand by jointly undertaking the development of the respective land lots and hotel operation. Lot G has been injected into SIHL and it is expected that the transaction for the disposal will be completed during the first half of 2012.

In April 2011, SIHL announced the injection into SIUD of its 59% equity interests held in Shanghai Urban Development together with an assignment of dividend receivable. The transaction was completed in mid-November 2011, boosting SIHL's shareholding in SIUD to approximately 70%. The transaction for the acquisition by SIHL from its parent company of a 63.65% equity interest in SID was also completed in July last year. In addition to expanding SIHL's land resources, the transaction also raised its profits for the year as a result of the consolidation of SID's full-year results together with last year's comparative figures (as restated) into SIHL's accounts according to merger accounting. A unified real estate business operating platform with a significant size and overall competitiveness will be established by means of a series of asset restructuring in the future.

【Land Reserve】

Following the successful acquisition of a 59% equity interest in Shanghai Urban Development, SIUD's total land reserve across the country has been greatly enhanced, More high-quality mid- and high-end residential properties were added to its portfolio. As at 31 December 2011, **SIUD** had 25 development projects located in key cities including Beijing, Shanghai, Tianjin, Kunshan, Wuxi, Chongqing, Chengdu, Xi'an, Changsha and Zhuhai with a planned total gross floor area of approximately 17,312,000 square meters.

SID had 20 real estate investment projects located in Shanghai, Huzhou, Harbin, Qingdao, Quanzhou, Chongqing, Chengdu and Dali, with a planned total gross floor area of 6,454,300 square meters as at the end of December 2011.

Qingpu Land: SIHL owns quality land resources in Qingpu District of Shanghai. Apart from lots F and G, lots A to E are currently owned directly by SIHL or indirectly through SID. All the land lots were obtained at relatively low costs and are earmarked for the development of low density luxury residential blocks and villas that would offer promising appreciation and profit potential. SIHL is now implementing joint development plans with SID for Qingpu land lots A to E with SID.

As at 31 December 2011, taking into account the land reserve under SIUD and SID, as well as lots A to F of the Qingpu land, SIHL had a landbank with planned total gross floor area of 24,483,200 square meters. Upon injection of lot G, SIHL's planned total gross floor area will increase to 24,683,900 square meters.

【Operating Results】

SIUD's revenue for 2011 dropped 9.2% to HK$4,433 million; loss attributable to shareholders was HK$478 million, a decrease in loss of HK$263 million over the previous year. After the consolidation, projects delivered during the year mainly included "Urban Cradle" in Shanghai, "Neo Water City" in Xi'an, "Park Avenue" in Chengdu, "Toscana" in Changsha, "Forest Garden" in Changsha etc., accounting for a total gross floor area of 511,800 square meters. SIUD recorded a presale amount of HK$3,320 million for the year including the projects of "Urban Cradle" in Shanghai, "Neo Water City" in Xi'an, "Toscana" in Changsha, "Yoooou.net" in Kunshan and "Park Avenue" in Chengdu, accounting for a total gross floor area of approximately 237,000 square meters. Rental income amounted to HK$235 million accounting for a total gross floor area of 280,300 square meters.

The sale of offices and serviced apartments for "Urban Development International Center" in Wuxi was officially launched in November 2011. Primly located in the Central Waterfront Lihu core area, a key development zone under the Business Plan of Wuxi in the 12th Five-Year Plan, the project has a total gross floor area of about 200,000 square meters. During the year, a pioneering online approach was adopted for the sale of the "Yoooou.net" project and "Urban Cradle • Up County" project, generating successful results. In addition, the foundation stone laying ceremony for the "Xinzhuang Transport Hub", a project developed by Shanghai Urban Development in conjunction with other companies, was also held in mid-year. Being one of the four key transport hubs to be constructed under the Business Plan of Shanghai in the12th Five-Year Plan, the project is 20.7% held by Shanghai Urban Development, and is expected to be completed over a period of eight years.

SID's revenue and net profit were RMB3,582 million and RMB455 million respectively. Projects delivered for the year included "Longines Bay" in Harbin, "Rhine Town" in Tianjin, Shanghai Zhiying properties, "Shanghai Bay" in Zhujiajiao, Shanghai, "Sea Melody" in Dali, "Waterscape & Sky Garden" in Chongqing, "Belle Rive" in Shanghai, accounting for a total gross floor area of approximately 374,400 square meters. Presale in 2011 amounted to RMB3,850 million, accounting for a total gross floor area of 346,200 square meters. Rental income amounted to HK$152 million, contributions from investment properties including Shanghai Industrial Building, Golden Bell Plaza, Gao Yang Commercial Centre, accounting for a total gross floor area of approximately 257,500 square meters. In December 2011, SIHL announced the disposal by SID of its remaining 50% equity interests in S.I. Ruiou for a consideration of approximately RMB1.183 billion. The transaction is expected to help optimize the company's asset portfolio and cash flow.

Shanghai Bay, a project invested by the Group in 2009, made a profit contribution of HK$120 million during the year. In July last year, SIHL announced that a new agreement was reached with Glorious Property to supersede the original repurchase agreement pursuant to which the Group may dispose of the entire equity interest in a project outside of China to Glorious Property at an equivalent consideration of RMB2 billion. The transaction was completed in December last year.

3. CONSUMER PRODUCTS

Profit from consumer products amounted to approximately HK$907 million, an increase of 33.6% over the previous year and accounting for approximately 21.0% of the Group's Net Business Profit.

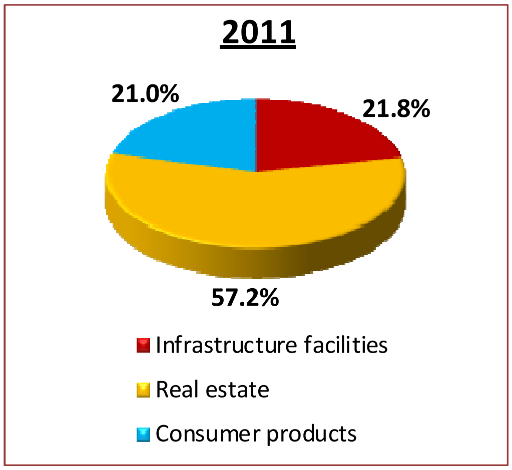
Nanyang Tobacco's revenue and net profit rose 12.6% and 15.0% to HK$2,473 million and HK$610 million respectively. "Double Happiness" cigarettes achieved an increase in total sales volume of 5.3% for the year. A cooperative project was initiated during the year in conjunction with a large domestic tobacco company in China for the processing of "Double Happiness" cigarettes. This venture further promotes technological advancement for Nanyang Tobacco.

Wing Fat Printing's revenue declined 37.9% to HK$1,768 million, mainly due to a decline in operating revenue that resulted from the disposal of containerboard business. Net profit saw a substantial increase of 106% over the previous year to HK$320 million. In January 2011, SIHL announced the disposal of its entire 78.13% equity interest in Hebei Yongxin Paper thereby withdrawing completely from the containerboard business. Subsequently, Wing Fat would focus its resources on the development of the more profitable packaging printing business. The transaction was completed in May 2011 from which Wing Fat Printing obtained a disposal gain of HK$162 million.

2011 Annual Results Highlights

	2011	2010 (restated)	YoY change
Revenue	**HK$14,969m**	HK$14,435m	3.7%
Profit attributable to shareholders	**HK$4,088m**	HK$2,978m*	37.3%
Earnings per share	**HK$3.79**	HK$2.76	37.3%
Dividend per share	**HK108 cents**	HK108 cents	-

*excluding disposal gains and profit contributions from the medicine business



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