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Shanghai Industrial earns HK$2.702 billion
Core businesses maintain steady growth
Environment/Water on fast-track growth; Real estate assets revitalized; Tobacco growth in overseas markets

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Infrastructure/Environment to step up investment
Real estate to optimize structure and expand resources

(March 31, 2014 – HONG KONG) Shanghai Industrial Holdings Limited ("SIHL", stock code: 0363) announced its annual results for the year ended 31st December 2013. Revenue was approximately HK$21.568 billion, an increase of approximately 11.8%; profit attributable to shareholders was approximately HK$2.702 billion, representing a 17.2% increase after excluding disposal gains from selling lot G of the Qingpu District in Shanghai in the same period in 2012. SIHL's board of directors has proposed a final dividend of HK45 cents per share. Together with the interim dividend of HK42 cents per share, total dividend for the year amounted to HK87 cents per share, representing a 2.7% increase in payout ratio.

SIHL chairman Wang Wei, who assumed the position last June, noted the slow recovery in the global economy and a decline in China's economic growth as well as continued tightening policies in the mainland on real estate and toll road operations in the past year. There was decline in exceptional gains, but operating profits managed satisfactory growth.

Infrastructure earned HK$1.015 billion, an increase of 3.8%. SIIC Environment and General Water of China achieved earnings growth of 15% and 28.6%, respectively. Toll road projects collected HK$2.097 billion toll revenue -- an average daily income of HK$5.75 million -- despite the newly introduced toll exemption policy during holidays. Earnings maintained growth, as they continued to contribute steady profit and cash flow to SIHL. Environment business saw fast-track growth, with effective integration and enhancement of assets and business operations. At present, SIHL's aggregate daily handling capacity of its water services operation reached 9.62 million tonnes, reaching the top 3 positions nation-wide. The newly developed solid waste treatment operation had also reached handling capacity of 3200 tonnes. As well, Shanghai Galaxy made inroads in new energy investment by acquiring two large-scale photovoltaic power plants, with an annual capacity of more than 230 million kWh. These ventures added stable income and new source of earnings for the infrastructure division.

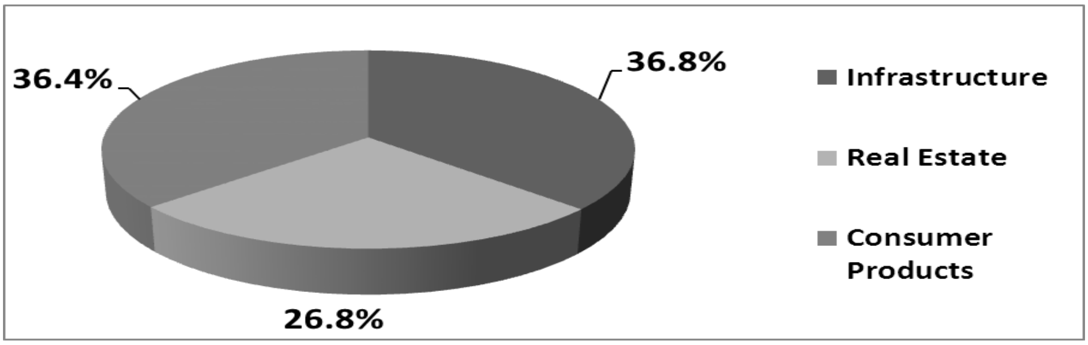
Real estate earned HK$738 million, dropping 57.5% year-on-year. However, operating profits reported growth after excluding disposal gains of selling lot G of the Qingpu Land in Shanghai in the previous year. SI Development ("SID") and SI Urban Development ("SIUD") delivered satisfactory profits as they implemented the policy of revitalizing assets and expediting the pace of project development. SIUD turned around with net earnings of HK$143 million. SIHL and SID jointly sold lot E of the Qingpu Land, with an expected HK$1.2 billion after-tax profit contribution to SIHL, to be booked in the first half of 2014.

Consumer products earned HK$1.001 billion, an increase of 2.8%. Nanyang Tobacco had been active in upgrading its product line and fine-tuning business structure. Satisfactory growth was recorded in overseas markets.

Looking ahead, SIHL chairman Wang Wei expected unfavourable environment in both domestic and international economies, as well as more stringent regulatory policies in the mainland. SIHL is committed to strengthen its current businesses, and strive to deliver more promising results by taking advantage of favourable factors including the newly established Shanghai Free Trade Zone, and the deepening reform of state-owned enterprises in Shanghai.

Additional investment would be put into **Infrastructure** businesses. SIIC Environment would explore financing alternatives to better balance source of financing. Additional investment would be made in new energy and environmental protection businesses which receive strong support from the government. SIHL would also seek opportunities to acquire favourable toll road projects to enhance the profitability of the infrastructure division. The **Real Estate** division would continue to optimize asset and financial structures, strengthen brand building, and establish competitive business models. On top of such optimization, and also revitalization of assets, expansion of strategic resources would be pursued to maintain sustainable development potentials. In **Consumer Products**, the company would strengthen management and enhance operational efficiency to secure steady growth. Plans were made to further explore the potential of selling products in overseas markets, and to identify suitable targets for mergers and acquisition, so as to achieve new areas for profit growth and facilitate sustainable development.

SIHL operates three core businesses: infrastructure facilities, real estate and consumer products. Their earnings contributions are as follows:



1. INFRASTRUCTURE FACILITIES

Profit contribution from infrastructure facilities amounted to approximately HK$1.015 billion, an increase of 3.8% and accounting for approximately 36.8% of the Group's Net Business Profit. Toll roads business reported steady growth and a continued rise in profits. Investments in water services have been significantly increased and efforts were made to speed up consolidation. SIHL would continue to expand through mergers and acquisitions, and increase investment in clean energy to seek profit growth.

【TOLL ROADS】

Toll exemptions for small passenger cars during the four holidays -- Lunar New Year, Ching Ming Festival, Labour Day and National Day -- had impacts on the toll road business. Nevertheless, benefitting from economic development and increase in vehicle population, as well as the rising number of short haul vehicles entering from tourist spots in neighbouring areas, both toll revenue and traffic flow reported growth.

Jing-Hu Expressway (Shanghai Section) recorded net profit of HK$338 million, representing an increase of 3.5% over the previous year. Annual toll revenue and traffic flow reached HK$653 million and 40.18 million vehicles, representing an increase of 9.5% and 11.0% respectively. Various measures for preventing traffic congestions were implemented, plus the completion of the prevention work at the G2 Jiasong station. All this had effectively reduced traffic congestion in the main collection stations.

Hu-Kun Expressway (Shanghai Section) recorded net profit of HK$371 million, representing an increase of 1.6% over the previous year. As a result of expanding and modifying the Electronic Toll Collection (ETC) highway system, strengthening contingency measures and on-site supervision, toll collection has been significantly improved and congestions during toll exemption periods were mitigated. Both toll revenue and traffic flow reached record high, reaching HK$940 million and 43.52 million vehicles, representing increases of 7.7% and 10.8% respectively. The project company also obtained tax benefits which lowered its financial costs.

Hu-Yu Expressway (Shanghai Section) recorded net profit of HK$158 million, representing a decline of 8.2% over the previous year. Toll revenue and traffic flow rose 10.4% and 11.4% to HK$504 million and 34.61 million vehicles respectively, as a result of enhanced efficiency in toll collection. For example, the average flow capacity per hour at the exit lanes at Xujing toll station during peak hours increased by 9.62%.

【WATER SERVICES】

The two operating units under SIHL – SIIC Environment, (formerly known as Asia Water Technology) and General Water of China had an aggregate handling capacity of 9.62 million tonnes, putting SIHL at the national top 3 level. The two units are expediting integration, and expanding both scale of investments as well as geographical coverage.

SIIC Environment reported revenue and profit after tax of RMB1,214 million and RMB150 million, rising 51% and 15% year-on-year respectively. Profit increase was mainly contributed by the consolidation of accounts of Nanfang Water. SIIC Environment's equity interest in Nanfang Water had been increased to 76.419% by means of transfer of shares and capital injection.

SIIC Environment completed a share placement of 3.1 billion new shares, raising S$263.5 million, thereby introducing strategic partners including CICC, RRJ. SIHL subscribed for 1.25 billion new shares, and its shareholding was diluted from 50.33% to 46.72%, yet SIIC Environment remains an SIHL subsidiary and continues to be consolidated in SIHL accounts. Mergers and acquisitions had picked up pace, with SIIC Environment entering the clean energy market in Shanghai. SIIC Environment invested RMB180 million and RMB530 million in Shanghai Qingpu Second Waste Water Treatment Plant, and Shanghai Pucheng Thermal Power Energy, respectively. It also invested RMB119 million in Dazhou Jiajin Environmental Protection and Recycling Resources. Upon completion of these transactions, total handling capacity of solid waste had tripled to 3200 tonnes.

General Water of China ("GWC") reported revenue of RMB1,577 million, a decline of 1.25%; net profit increased by 28.6% to HK$56.23 million. GWC had been awarded the 'Top 10 Most Influential Enterprises in China's Water Industry' for the 11th consecutive year.

SIHL and China Energy Conservation and Environmental Protection Group ("CECEP"), the joint shareholder of GWC, entered into a strategic cooperation agreement to capitalize on the advantages between the two parties, to jointly explore the water market of China, and to resolve the problem of intra−group competition. CECEP Group made a unilateral capital contribution into GWC, upon completion of which CECEP Group and SIHL own 55% and 45% of GWC respectively. Furthermore, CECEPHK, CECEP Group's wholly-owned subsidiary (and SIIC Environment's second largest shareholder), subscribed for 350 million placing shares of SIIC Environment and holds 13.02% of the latter's enlarged capital.

GWC had obtained the franchise for sewage treatment projects in Bengbu and eastern Wenzhou . Total daily handling capacity has increased to 5.51 million tonnes.

【NEW BUSINESS ARENA】

Leveraging on the company's competitive strengths and taking advantage of market opportunities, SIHL had entered into new business arena with innovative concepts and business models to explore profit growth. Accomplishments include the acquisition of a 50MW photovoltaic power station in Gaotai, Gansu province, and a 100MW project in Jiayuguan. Total annual power generation of the two projects is expected to reach 230.74 million kWh, providing new profit contribution.

2. REAL ESTATE

Profit from real estate amounted to approximately HK$738 million, a decline of 57.5% over the previous year and accounting for approximately 26.8% of the Group's Net Business Profit. The decline was mainly due to a relatively large gain from the disposal of lot G of the Qingpu District in Shanghai in the previous year. SIHL continued to adopt a refined development strategy for its real estate business, foster closer links and enhanced synergy. Efforts were made to speed up project development and unlock the values of investment projects and assets through various channels. In November 2013, SIHL in collaboration with SID sold lot E of the Qingpu District in Shanghai. After-tax profit to SIHL arising from the entire transaction is expected to be approximately HK$1.2 billion, to be booked in the first half of 2014.

SIUD accomplished a turnaround from HK$190 million loss in the previous year to a profit attributable to shareholders of HK$143 million in 2013. Profit improvement came from increases in the delivery of properties, higher revenues from projects, as well as the disposal of a 25% interest in the U Center project in June 2013, resulting in after-tax profit of approximately HK$737 million. In addition, SIUD reached agreement with the government of Xuhui District to swap its existing site originally designated for the development of Xujiahui Centre (approximately 35,343 square meters) for four land lots in Binjiang, Xuhui District, Shanghai (approximately 77,371 square meters). The transaction would enable SIUD to allocate resources more effectively and ensure smooth development of the project.

In 2013 SIUD achieved contractual sales amounting to RMB6,609 million, mainly from Urban Cradle and Jingjie Yuan in Shanghai and CBE International Peninsula in Xi'an. During the year, property sales revenue and delivered area were HK$9,344 million and 814,000 square meters respectively. These include Urban Cradle in Shanghai, CBE International Peninsula in Xi'an, Jingjie Yuan and Shanghai Youth City in Shanghai. On investment properties, rental revenue totalled HK$253 million.

In 2013, **SID** recorded a revenue of RMB3,905 million, representing an increase of 6.49% year-on-year. Net profits attributable to shareholders amounted to RMB435 million, a 31.89% decline. The decline was mainly due to a relative large gain from disposing the Tangdao Bay project in the previous year. Sales revenue amounted to RMB3,644 million, mainly from sales of residential properties including Rhine Town in Tianjin, Hi-Shanghai in Chengdu, Flos Granati and Zhujiajiao Town in Shanghai and Sea Melody in Dali. SID responded quickly to market changes and actively pursued sales plans and duly monitored receipt of contract sums. On the International Beer City project in Qingdao, SID had the overall sale of the three office building blocks. On investment properties, rental revenue totalled HK$181 million.

3. CONSUMER PRODUCTS

Profit from consumer products amounted to approximately HK$1.001 billion, an increase of 2.8% over the previous year and accounting for approximately 36.4% of the Group's Net Business Profit. This division continued to provide steady earnings and cash flow for SIHL and supported the Group's long term business development.

Nanyang Tobacco's total sales volume grew by 3.5%, while its turnover and after-tax profit increased by 7.6% and 18.5% to HK$2,911 million and HK$832 million respectively. Construction work for various production lines and technology alteration projects were completed. New projects for 2014 include technological alteration for tobacco production lines, cigarette packaging machines and canned cigarettes.

In 2013, Nanyang Tobacco focused on expanding into both the taxable and duty free markets in America and Europe. The Double Happiness "Classic Deluxe" gift set and box set for the South American market were launched in July 2013. The year saw sales increase of all high value-added brands. New products include "Classic Infinity", "Southern Brotherhood" and "Peony Deluxe". In addition, new canned products with unique craftsmanship are developed targeting the duty-free markets. They include "Fair Ladies" and "Fortune".

Wing Fat Printing reported a turnover of HK$1,055 million, representing an increase of 2.5% over last year. Net profit dropped 37.8% to HK$181 million, mainly due to the non-comparable factor of one-off gain from the disposal of 70% equity interests in Chengdu Wingfat Printing in the previous year. Another factor was the decline of the high-end tobacco and wine packaging market in mainland China. Wing Fat Printing is exploring the entry into the pulp moulding packaging industry by means of mergers and acquisitions, to achieve breakthroughs on business development and bring new profit sources.

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