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Shanghai Industrial earns HK\$3.069 billion, Up 13.6%
Water/Clean energy on substantial expansion
Real estate featuring assets potential
Tobacco earnings breaking new record

Priority on optimizing assets and business structure
Infrastructure to expand capital, secure steady growth

(March 30, 2015 – HONG KONG) Shanghai Industrial Holdings Limited (“SIHL”, stock code: 0363) announced its annual results for the year ended 31st December 2014. Revenue was approximately HK\$19.967 billion, a decrease of approximately 7.4%; profit attributable to shareholders was approximately HK\$3.069 billion, an increase of about 13.6%. SIHL’s board of directors has proposed a final dividend of HK45 cents per share. Together with the interim dividend of HK45 cents per share, total dividend for the year amounted to HK90 cents per share, HK3 cents more than the previous year.

SIHL chairman Wang Wei noted that economic recessions in Europe, Japan and Russia, coupled with adjustments in the real estate market in the mainland, had caused a volatile and difficult economic environment. The three core businesses, however, maintained steady and sustained development, with relatively even earnings breakdown – infrastructure facilities, real estate and consumer products contributing HK\$1.140 billion (33.2% of Group’s Net Business Profit), HK\$1.209 billion (35.3% of Group’s Net Business Profit) and HK\$1.079 billion (31.5% of Group’s Net Business Profit) respectively.

Under infrastructure facilities, the three Shanghai toll-roads reported steady growth in traffic flow and toll revenue, providing strong cashflow (average daily income growing to HK\$5.87 million). Profit from water services rose significantly due to profit contributions from newly acquired projects. SI Environment continued assets growth with new acquisitions and expansion of existing operations in sewage treatment in Heilongjiang, Liaoning, Guangdong, Hubei and Ningxia. As of March 2015, counting the latest acquisition, SIHL’s aggregate water services daily handling capacity reached 11.80 million tonnes. In clean energy investment, new additions include photovoltaic projects in Qinghai, Ningxia and Xinjiang, with aggregate annual capacity reaching 320 MW.

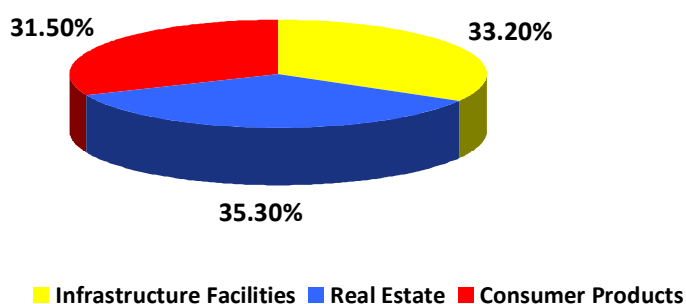
Real estate benefited from the disposal of lot E of the Qingpu Land, resulting in a profit gain of HK\$1,191 million. In addition, SI Urban Development (“SIUD”) also disposed interests in property projects in Tianjin City and Yanjiao District in Hebei Province, thus revitalizing its assets and withdrawing investment from non-strategic development regions. At the same time, both SIUD and SI Development (“SID”) added land banks and property resources to their assets. These include land lots in Shanghai and Hangzhou, with a total GFA of about 615,000 sq. m. SIUD acquired the Shanghai Mart project with total GFA exceeding 280,000 sq. m. On another front, SID joined hands with a subsidiary of SIIC to set up a platform company in the Shanghai Free Trade Zone for investment in the retirement sector.

Consumer products maintained steady growth, with Nanyang Tobacco reporting record earnings of HK\$907 million following the completion of technological alteration and enhancement of production efficiency. Wing Fat Printing had optimized its business structure while entering the high-end pulp mould packaging business.

On optimizing capital structure, SIHL, SIUD and SI Environment had secured syndicated loan of HK\$4 billion, a club loan of US\$300 million and a placement financing of SGD158 million respectively, all for financing the companies’ future developments. SID had also issued a RMB 1 billion bond and announced placement financing.

Looking ahead, SIHL chairman Wang Wei noted the downturn in both domestic and global real economies would pose challenges for the company's business development. SIHL would take active measures to boost the integration of business operations and finance, push forward reforms and innovation, allocate resources from a broader perspective and further optimize its assets and business structure. Under infrastructure, the company will acquire new toll road projects at the appropriate time; continue to expand in water services, solid waste treatment and photovoltaic power generation by means of enlarging the capital base via efficient financing channels. Under real estate, the company will pursue optimization of assets and financial structure, and enhance efficiency in the use of funds. It would continue to revitalize property assets to secure working capital for high-potential investment opportunities. SIHL would also maintain the pace of development of projects under construction, and speed up the sales of completed projects, while asserting the strategic positioning of commercial property. For consumer products, the tobacco operation would continue the equipment upgrade program while further improving its product lines and promoting brand value. Focus will be given on expansion of the European market and Brazil, US and Canada. The packaging operation would raise marketing and sales capabilities and elevate the quality of pulp mould packaging products to accomplish new earnings growth.

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\$1.140 billion, an increase of 12.3% and accounting for approximately 33.2% of the Group's Net Business Profit.

【TOLL ROADS】

By means of reducing costs, raising efficiency and enhancing road capacity, toll revenue and traffic flow of the three toll road projects maintained stable growth on the whole. Key operating data of the three toll roads are as follows:

Toll roads	Net profit from project company	Changes	Toll revenue	Changes	Traffic flow (vehicle journeys)	Changes
Jing-Hu Expressway (Shanghai Section)	HK\$315 million	-6.9%	HK\$637 million	-2.4%	42.11 million	+4.8%
Hu-Kun Expressway (Shanghai Section)	HK\$375 million	+1.0%	HK\$976 million	+3.9%	47.13 million	+8.3%
Hu-Yu Expressway (Shanghai Section)	HK\$169 million	+7.1%	HK\$531 million	+5.4%	37.49 million	+8.3%
Total	HK\$859 million	-1.0%	HK\$2,144 million	+2.3%	126.73 million	+7.1%

Jing-Hu Expressway (Shanghai Section) saw a slowdown in the growth of traffic flow, and a slight decline in toll revenue as a result of changes in the distribution of traffic flow following the opening of Hu-Chang Expressway and Hu-Xiang Expressway. Net profit declined as a result of reduction of tax concessions. Hu-Kun Expressway (Shanghai Section) reported a slowdown in toll revenue growth due to the macroeconomic downturn and a decline in the proportion of lorries. Hu-Yu Expressway (Shanghai Section) saw an increase of traffic flow after the completion of the Jiasong toll station alteration, adding five additional exits.

【WATER SERVICES】

The two operating units under SIHL – SI Environment and General Water of China had an aggregate handling capacity of 10.80 million tonnes as of year-end 2014.

SI Environment recorded a revenue of RMB1,288 million, an increase of 6.0%. Net profit grew by 74.8% to RMB262 million which included earnings contributed by newly acquired projects. A new share placement was made in July following the completion of the placement of 3.10 billion new shares in 2013, raising proceeds of SGD260 million and SGD158 million respectively from the two placements. In March 2015, SI Environment acquired 92.15% equity interests in Fudan Water at a total consideration of RMB1.548 billion, to be payable partially by cash and by allotment and issue of 1.56 billion ordinary shares of SI Environment. Upon completion of this acquisition, SIHL's interests in SI Environment will be diluted to 35.99%. Nevertheless, SI Environment will still be treated as an SIHL subsidiary, and the former's results consolidated in SIHL accounts.

SI Environment invested RMB405 million to acquire 25.3125% interest of Longjiang Environmental, the largest integrated water supply and water discharge operator in Heilongjiang province. Following the completion of this transaction, SIHL held 42.1094% interests of Longjiang Environmental, as it already held 16.7969% of the latter. Other newly acquired projects include a sewage treatment plant in Dalian Bay, Dalian; two water services and water purification project companies in Dongguan, Guangdong; a sewage treatment plant alteration construction project in Hanxi, Wuhan; and two sewage treatment plants in Yinchuan, Ningxia. Total daily handling capacity at SI Environment has reached 4,730,000 tonnes.

On solid waste treatment, SI Environment subscribed for 3.3% of Canvest Environmental Protection Group Company Limited upon its listing in Hong Kong Stock Exchange. This investment will strengthen the strategic cooperation opportunity of the existing waste incineration business of SI Environment.

General Water of China (“GWC”) recorded a revenue of HK\$1,794 million, an increase of 13.8%. Net profit went up 39.5% to HK\$78.43 million. SIHL and its joint partner CECIC made capital contributions into GWC, raising its registered capital from approximately RMB1,667 million to RMB2,333 million, further enhancing GWC's financial strength.

As at the end of 2014, GWC owned 25 water supply facilities and 19 sewage treatment plants with a total daily capacity of 6,059,000 tonnes, among which daily production capacity totaled 3,935,000 tonnes and daily sewage treatment capacity 2,124,000 tonnes; plus two reservoirs with a gross storage tank volume of 182.32 million tonnes and a pipe network of 5,200 kilometers in total.

【NEW BUSINESS ARENA】

Associate company Galaxy Energy increased investment in the clean energy sector, with four new photovoltaic projects -- 20MW photovoltaic project in Gangcha, Qinghai; 30MW photovoltaic project in Zhongwei, Ningxia; 100MW photovoltaic power station project in Ningdong, Ningxia and 20MW photovoltaic power station project in Yiwu, Xinjiang. Current aggregate capacity reached 320 MW.

2. REAL ESTATE

Profit from real estate amounted to approximately HK\$1,209 million, an increase of 63.8%, and accounting for approximately 35.3% of the Group's Net Business Profit. Profit increase was mainly due to the disposal of an aggregate of 100% interest of lot E of Qingpu District in Shanghai at the end of 2013 and in early 2014 by the Group and its A-share listed subsidiary, SI Development, respectively. The transactions were completed in the first quarter of 2014, generating a profit after tax of HK\$1,191 million for SIHL.

SI Urban Development (“SIUD”) recorded HK\$161 million profit, an increase of 12.3%. Revenue was HK\$7,774 million, a decrease of 20.5%. Total contract sales reached RMB4,720 million, covering a total GFA of 265,000 sq.m. from projects including Urban Cradle and Jing City in Shanghai, CBE International Peninsula in Xi’an and Top City in Chongqing. Total rental income was HK\$472 million.

In collaboration with Nam Fung Group in Hong Kong, SIUD acquired Shanghai Mart in Hongqiao District in downtown Shanghai, with GFA exceeding 280,000 sq.m. Total consideration was US\$579.3 million, with SIUD holding 51% equity interests. The joint partners would redevelop the property to realise higher returns. SIUD also acquired Meilong Town land lot with site size 43,000 sq. m. and GFA 150,000 sq. m. for RMB767 million. It will be developed as phase 5 of Shanghai Jing City project, for commercial housing purposes.

On another front, SIUD disposed 40% interest of Beichen project in Tianjin (consideration RMB366 million) and 100% interest in Yanjiao Economic and Technological Zone in Hebei province (consideration RMB940 million), thus withdrawing its investments from non-strategic development areas and generate working capital for high-potential investment opportunities.

In 2014, **SI Development (“SID”)** recorded a net profit of RMB885 million, an increase of 103.5%. The profit was mainly derived from gains recorded from the disposal of its 51% interest in lot E of the Qingpu District, Shanghai. Revenue for the year amounted to RMB3,803 million, a decrease of 2.6%. The contracted amount of projects was RMB3,880 million, including Hi-Shanghai in Chengdu, Shanghai Bay in Qingpu District, Shanghai, Flos Granati in Jinshan, Shanghai and Rhine Town in Tianjin, accounting for a GFA of 254,000 sq. m. Rental income for the year was HK\$248 million.

SID bought four land lots by way of open bidding, together with joint venture partners, thus strengthening risk-aversion capabilities:

Property	Site area (square meters)	Type of property	Interests held
Jiading Xincheng Lot G05-6, Shanghai (上海嘉定新城 G05-6 地块)	32,990.90	Commercial, residential and office	37.5%
Gudun Road project (Lot 18), Hangzhou 杭州古墩路项目(18 号地块)	74,864.00	Commercial and residential	51%
Jiading Xincheng Lot F04-2, Shanghai (上海嘉定新城 F04-2 地块)	58,949.40	Commercial, residential, office and composite	40%
Gudun Road project (Lot 46), Hangzhou 杭州古墩路项目(46 号地块)	59,640.00	Commercial and residential	51%
226,444.30			

A joint venture platform company, in which SID holds 38% interest, was formed between SID and a wholly-owned subsidiary under SIIC, in the Shanghai Free Trade Zone, for the investments of capital in the retirement sector. During the year, two land lots at the Demonstration Zone in Dongtan of Chongming Island were acquired for the development of retirement business. Another joint venture investment company was formed between SID and a subsidiary of SIIC. The new company, in which SID holds 51% interest, will collaborate with financial institutions to set up the “SIIC Shiyin Equity Investment Fund Management Centre”. Leveraging the resource advantages of these financial institutions, the Centre aims to raise funds from the public, the first tranche of which will be RMB2,500 million.

3. CONSUMER PRODUCTS

Profit from consumer products amounted to approximately HK\$1.079 billion, an increase of 7.7% and accounting for approximately 31.5% of the Group’s Net Business Profit.

Nanyang Tobacco realized a revenue and net profit of HK\$3,170 million and HK\$907 million, respectively, representing an increase of 8.9% and 9.1% over the same period last year; and total sales represented a year-on-year increase of 4.8%. Nanyang Tobacco has actively accelerated the upgrading and alteration of equipment and technology to ensure that they reach advanced industry standards. Technological alteration projects completed in 2014 included the tobacco production line for the 12th five-year plan, premium hard-pack cigarettes, canned cigarettes and high-speed wrapping.

Along with continuous rises in raw material prices, the price for tobacco leaves has recorded the largest increases for many years. Under the premise of selecting high quality tobacco leaves, Nanyang Tobacco has continuously improved its production technology and contained cost strictly. The company also introduced effective procurement schemes and expanded respective procurement regions to enhance cost efficiency.

Wing Fat Printing recorded a net profit of HK\$196 million, representing an increase of 8.3%; revenue amounted to HK\$1,141 million, an increase of 8.2%. The existing business structure of Wing Fat Printing was modified and further enhanced, resulting in 6% increase in revenue of its high-margin printing and packaging business, while the revenue from the relatively low-margin paper trading business fell 26.5%. Wing Fat Printing acquired a 100% interest of a pulp mould manufacturing facility for RMB11.34 million, thus setting up a production base for developing high-end pulp mould packaging products.

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