



FOR IMMEDIATE RELEASE

***SHANGHAI INDUSTRIAL A-SHARE SUBSIDIARY SI DEVELOPMENT
TO RAISE RMB 6 BILLION BY ISSUING NEW SHARES***

***TO ACQUIRE REAL ESTATE ASSETS FROM PARENT COMPANY
AND INVEST IN ENERGY-SAVING EQUIPMENT,
INTELLIGENT BUILDING SYSTEM TECHNOLOGY***

(April 28, 2015 - Hong Kong) Shanghai Industrial Holdings Limited's ("SIHL", stock code: 0363) subsidiary listed on the Shanghai Stock Exchange, SI Development Co., Ltd. ("SID", stock code: 600748), announced the issuance and allotment of a total aggregate of 512,820,512 ordinary shares, at an issue price of RMB11.70 per share (equivalent to 10% discount on average price of SID shares for the last 20 trading days prior to its shares trading suspension related to new share issuance), raising a total of about RMB 6 billion.

The use of proceeds from the new share issuance includes acquiring 100% of the equity interest in Shanghai Investment Co., Ltd. ("Shanghai Investment") for a consideration of RMB 3.4 billion. Shanghai Investment is a wholly owned subsidiary of SIIC Shanghai, the state-owned shareholder of which is SIIC, the parent company of SIHL. Shanghai Investment is mainly engaged in investment and investment management, industrial investment, high-tech industrial investment, asset management, asset operation, business management consulting and investment consulting. Shanghai Investment has seven subsidiaries, six of which are real estate companies and one of which is a property management company.

Valuation report on Shanghai Investment conducted by an independent valuer is now underway. SID and SIIC Shanghai entered into a performance compensation agreement by which SIIC Shanghai shall pay a performance compensation amount to SID in cash, should Shanghai Investment fail to achieve the agreed performance target, which is the total sum of the estimated net profits of Shanghai Investment (excluding non-recurring items) for the years 2015 to 2017 as reported in the valuation report. Unaudited consolidated net profits (after taxation and non-recurring items) of Shanghai Investment in accordance with PRC Accounting Standards for Business Enterprises for the two financial years of 2013 and 2014 are approximately RMB226 million and RMB401 million respectively.

SID's new share issuance represents approximately 47.34% of SID's existing total issued shares and 32.13% of SID's total issued shares as enlarged by the new share issuance. Upon completion of the share issuance, SIHL's shareholding in SID will be diluted from 63.65% to 43.20%. Nevertheless, SID will continue to be accounted for as a subsidiary of SIHL and consolidated in SIHL's financial statements after the new share issuance.

There are totally nine subscribers for the SID new share issuance, which included Shanghai Asset Operation Co., Ltd. ("Shanghai Asset"), which is owned by SIIC, parent company of SIHL. Shanghai Asset agreed to subscribe for 85,470,085 ordinary shares in SID, representing approximately 7.89% of SID's existing total issued shares and 5.35% of SID's total issued shares as enlarged by the new share issuance, at an issue price of RMB11.70 per share for a consideration of RMB999,999,994.50. The consideration shall be payable by Shanghai Asset to SID in cash.

Another subscriber Cao Wenlong agreed to subscribe the issuance and allotment of 20,000,000 ordinary shares in SID, representing approximately 1.85% of SID's existing total issued shares and 1.25% of SID's total issued shares as enlarged by the new share issuance, at an issue price of RMB11.70 per share for a consideration of RMB234,000,000. The consideration shall be payable by Cao Wenlong to SID partly by sales of 19.13% shares of Longchuang and partly in cash. SID will use the proceeds in acquiring 42.35% equity interests of Longchuang for the consideration of about RMB300 million, and following with RMB200 million capital increase. Eventually SID will hold 69.78% equity interests in Longchuang. SID and several Longchuang shareholders including Cao Wenlong entered into a Longchuang performance compensation agreement, by which these Longchuang shareholders shall pay a performance compensation amount to SID in cash, should Longchuang fail to achieve the agreed performance target of RMB200,000,000, which is the total sum of the estimated net profits of Longchuang for the years 2015 to 2017. Longchuang is principally engaged in the sale, design, sourcing and application of construction energy saving facilities; the provision and maintenance of a platform for the supervision of construction facilities energy saving; and the provision of high-end home and hotel intelligent application solutions.

Other subscribers include BOSC Asset Management Co., Ltd., Jun Zheng (Shanghai) Equity Investment Fund Partnership (Limited Partnership), CITIC Securities Company Limited, Shanghai Da Zhen Asset Management Centre (Limited Partnership), China Great Wall Asset Management Corporation, Beijing Lancapital Agricultural Industrial Investment Fund Management Centre (Limited Partnership) and Beijing Zhong Rong Ding Xin Investment Management Co., Ltd. The new shares to be issued shall not be transferred within 36 months after their respective completion dates.

SIIC Chairman Wang Wei noted that SID will use the proceeds mainly in acquiring profitable assets and supporting development of its existing projects, which will greatly increase its capital inflow and capital scale, and optimize its financial structure. In addition, the newly increased profits and total assets as a result of the acquisition of equity interests in Shanghai Investment and Longchuang will have a positive financial effect on SID as a whole, and will immediately result in relatively stable and considerable profits upon the completion of the acquisition. The plan has a far-reaching influence on SID's overall scale, financing capability, profitability and business expansion. The benefits to SIHL would include increased net asset valuation and earnings per share, and reduction in gearing ratio. This also represents SIHL's strategy in further deepening the integration of its real estate business.

Mr Wang added that Shanghai Investment is among the resources obtained by SIIC earlier during the state-owned enterprise restructuring exercise. Such assets would be integrated by different means in the future. SIIC will continue to participate in more SOE restructuring so as to provide quality investment opportunities for the Shanghai Industrial group of companies.

###

Media enquiries: Derek Fung
Corporate Communications Department
Shanghai Industrial Holdings Limited
(Tel: 2821-3919, 9306-3800)
Email: fungkm@sihl.com.hk