【For immediate release】

沪港联合

26 June 2019

Hong Kong Shanghai Alliance Holdings Limited

(Stock code: 1001.HK)

Announces FY2018/19 Annual Results

Turnaround Results with Satisfactory Performance across Segments
Completed Investment and Renovation of Central Park Jing'an through JV with GIC

Financial Highlights

For the year ended 31 March	2019 *HK$ million*	2018 *HK$ million*	Change
Revenue	**2,882.6**	3,032.9	-5.0%
Gross profit	**275.1**	197.6	+39.2%
Profit / (Loss) attributable to owners of the Company	**13.9**	(147.7)	Negative to positive
Basic earnings/(loss) per share (HK cents)	**2.17**	(23.02)	Negative to positive
Final dividend per share (HK cents)	**2.00**	1.57	+27.4%

(26 June 2019 – HONG KONG) Hong Kong Shanghai Alliance Holdings Limited (the "Company" or "HKSHA", together with its subsidiaries, collectively the "Group"; stock code: 1001.HK), a leading real estate investor/manager and regional construction materials processor, is pleased to announce its annual results for the year ended 31 March 2019 (the "Year").

Results Summary

During the Year, the Group recorded a revenue of approximately HK$2,882.6 million, representing a year-on-year ("YoY") decrease of 5.0%. It is mainly due to decrease in revenue of our engineering plastics business as we dropped those customers with low margin or high credit risk . Gross profit rose by 39.2% YoY to approximately HK$275.1 million (FY2017/18: approximately HK$197.6 million), whereas gross profit margin increased to 9.5% due to the reversal of onerous contract provision made last year as we have recouped the profit margin for our outstanding sales orders this year. Benefited from the growth of our Property Investment and Project Management Business and the recovery of the Construction Materials Business, profit attributable to owners of the Company amounted to approximately HK$13.9 million, as

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compared to a loss attributable to owners of the Company of approximately HK$147.7 million of last year. Basic earnings per share was HK2.17 cents for the Year (FY2017/18: basic loss per share HK23.02 cents). The board of directors of the Company recommended the payment of a final dividend of HK2.00 cents per share (FY2017/18: HK1.57 cents per share).

Key Milestones Accomplished from Successful Transformation

Founded in 1961, the Group has navigated through time and challenges, and has now become a property value-added investor with outstanding capabilities and proven track record, focusing on the most economically-developed regions in the Greater Bay Area and the Yangtze River Delta – Hong Kong and Shanghai. During the Year, the Group's Property Investment and Project Management Business reached new heights, with revenue increased by 58.7% YoY to approximately HK$100.0 million (FY2017/18: HK$63.0 million). Profit before income tax also increased by 143.3% to approximately HK$82.5 million.

In an attempt to further expand its reach and resources, the Group has completed the formation of a co-investment venture (the "JV") with Reco Wisteria Private Limited (an indirect wholly-owned subsidiary of GIC (Realty) Private Limited ("GIC"), which is wholly-owned by the Minister for Finance of the Government of Singapore) in 2018. Through the JV in which the Group holds a 9.3% interest, the Group was able to participate in multiple, larger-size investment projects, signalled by the recently acquired Central Park Jing'an (previously known as Longyu International Plaza). Conveniently located in Jing'an District with direct access to 3 metro lines, the building was being identified as an underperforming commercial building with locational excellence. It was then renovated and rebranded as a Grade-A premium office building with a total gross floor area of approximately 58,601 sq.m. to uplift the quality of new tenants. The project has begun to contribute profit of approximately HK$20.7 million for the Group during the Year.

On the other hand, Central Park Pudong is a wholly-owned investment property by the Group. It is a 12-storey (plus basement level) office building with a total gross floor area of about 33,191 sq.m. located in Pudong, Shanghai. The Group continued to carry out strategies to raise its occupancy rate during the Year, highlighted by its increase from approximately 76% of last year to approximately 85% in June 2019. In addition to tenant growth, the Group has continued to enrich its tenant mix during the Year. The diversified mix comprises of businesses from the financial servicing, e-commerce, high-tech and IT, real estate and construction and other professional services industries. The Group will continue to fine-tune its tenant mix and increase its rental income when some of the previous leases expire.

Multiple Encouraging Factors to Underpin Favourable Developments

Apart from the positive performance recorded for the Property Investment and Project Management Business, the Group's Construction Materials Business also achieved a turnaround for the Year and showed encouraging signs to trend upwards. Despite facing challenges from the steel market as well as the global economy, the segment recorded a profit before tax of approximately HK$20.6 million on revenue of approximately HK$2,164.6 million, versus a loss before tax of approximately HK$120.9 million on a revenue of approximately HK$2,231.6 million of last year, mainly due to the reversal of provision for onerous contracts and increase in orders for our reinforcing bar processing and assembly plant.

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Operational-wise, the Group made reasonable progress in terms of boosting utilization rate and production efficiency, as the Group continued to expand its clientele through marketing and education, while increasing its cost efficiency through economies of scale. In the future, the Group believes that the continuous roll-out of infrastructure projects would create huge opportunities. As stated in the blog of the Chief Secretary for Administration, the overall construction expenditure of Hong Kong over the next five years will stay at a high level of HK$250-$300 billion per year, with notable projects including the three Runway System of the Hong Kong International Airport, the Central Kowloon Route and the large-scale hospital development plan leading to a more than HK$1,000 billion in investment in the next 10 years. With such bright prospect in place, the Group will ride on its first-mover advantage and become one the key beneficiaries of the upcoming infrastructure boom. In addition, the Group is eligible and in the process to apply for fundings available for purchase of machinery and equipment under the HK$1 billion “Construction Innovation and Technology Fund” set up by the government. This should provide extra support to the Group’s adoption of innovative processing technologies.

Meanwhile, the Building and Design Solutions Business also performed satisfactorily for the Year and recorded a revenue of approximately HK$346.8 million for the Year, versus a revenue of approximately HK$330.1 million of last year. During the Year, the segment has secured numerous well-known hospitality projects, providing solution services to the Rosewood Hotel, St. Regis Hotel, Charter House Renovation, Macau City of Dreams Renovation and Parisian Hotel Renovation, etc.

Mr. Andrew Yao, Chairman and Chief Executive Officer of HKSHA, said, “Given the expertise of our management, who have taken key roles at major real estate developers, the Group has a dynamic and capable team of management to overcome the high entry barrier of the property revitalization market. With their dedicated input, we will be able to source undervalued projects in Shanghai, carry out the suitable upgrade and improvement works, market the properties for rental income and tenant upgrade, and identify the best window and consideration for disposals in the future. Meanwhile, our listing status will also allow us to tap into various financing channels and seek strategic collaboration, similar to the one with GIC, in further expanding our reach and financial resources.”

Mr. Yao continued, “Riding on such solid foundation, the Group will continue to explore more project opportunities in Shanghai and Hong Kong in the future. Rooted in the two respective economic hub in the Yangtze River Delta and the Greater Bay Area where cumulative GDP reached approximately RMB28.66 trillion in 2018, the Group is well-positioned to pick out projects with potential, seek further strategic partnerships, build on its revitalization expertise, and derive synergies from the two areas, and eventually, to repay the faith from its shareholders in the form of dividends.”

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