



Shanghai Highly Group Co., Ltd. Abstract of the 2011 Annual Report

The Board of Directors of Shanghai Highly (Group) Co., Ltd. (hereinafter referred to as "the Company") hereby presents to all shareholders the consolidated financial data of the Company and its subsidiaries for the reporting year ended 31 Dec. 2011. These financial data have been prepared in accordance with the Chinese Accounting Standards for Business Enterprises, and have been audited by Ernst & Young Hua Ming Certified Public Accountants.

Items	Unit: (RMB) Yuan	
	2011	2010
Operating revenue	8,177,773,903.32	6,401,973,855.16
Total profit	296,585,286.00	255,240,172.64
Net profit attributable to shareholders of the Company	174,233,998.08	143,882,027.07
Total assets	7,116,404,114.84	6,589,033,960.03
Equity attributable to shareholders of the Company	1,786,936,220.41	1,624,084,945.48
Basic EPS (Yuan/share)	0.29	0.24

2011 marked the first year for the Company to carry out its "12th Five-Year Development Plan", as well as a year with a complex economic situation both at home and abroad. With the government policy of boosting domestic demand and subsidies for energy-saving products, as well as the European debt crisis in the second half of the year, the A/C and A/C compressor industries grew fast at the beginning and slowed down afterwards in the year. For the reporting period, the Company produced 175,254 million units of A/C compressors, up 10.41% over last year; and sold 17,553 million units of A/C compressors, representing a year-on-year growth of 18.56%. According to statistics from China Household Electrical Appliances Association, the number of A/C compressors sold by the Company in 2011 represented a domestic market share of 15.32% for the year, which enabled the Company to keep a leading position in the A/C compressor industry in terms of technology and market share. Meanwhile, the Company properly adjusted prices of its products according to the supply and demand changes as well as its production capacity, making the growth margins of the operating revenue and profit both higher than the sales growth for the year. For 2011, the Company achieved operating revenue of RMB 8,177.77 million, up 27.77% as compared to last year; net profit attributable to shareholders of the Company reaching RMB 174.23 million, up 21.10% for a year earlier; and net profit after deducting non-recurring gains and losses reaching RMB 167.21 million, representing a 36.10% growth over last year.

In face of a complex and changeable international situation and a transforming domestic economy in the reporting period, the Company, closely keeping to the working policy of "seizing opportunities, sticking to innovation and keeping remarkable development again", carried out a series of effective operation and management activities. All business objectives set for the year were accomplished decently. (1) A technological innovation platform was built to formulate a cross structure that was market-oriented and technology-driven. In 2011, a R&D center was built in Guangdong to extend the R&D front to customers and develop more customized products with a clearer aim. (2) The Company accelerated the 4th-phase construction of the Nanchang Highly project, one of the key projects, so as to form a combined annual production capacity of 18-million-unit A/C compressors, improve management over production and investment, and give play to the scale effect. (3) With "Great quality shows great human dignity, and good products show good moral quality" as the quality guidance, the Company improved its basic management and product quality, provided customers with greater satisfaction and realized sustained and healthy development.

Main Investments Made

(1) The project of Shanghai Hitachi Electrical Appliances Co., Ltd. (Shanghai Hitachi) making investment to develop electrificative A/C compressors and their supporting systems for new-energy automobiles was reviewed and approved at the 13th Session of the 5th Board of Directors and the First Special Shareholders' General Meeting for 2010. The total input for the project would be US\$ 37 million (approximately RMB 250 million). 50% of the total input would be registered capital, which would be paid by shareholders of Shanghai Hitachi according to their equity contribution. After the completion of the project, Nanchang Highly would have sufficient production area and capacity to produce 6 million units of A/C compressors. By the end of Dec. 2011, the production process arrangement and the relevant equipment arrangement were completed. All the equipments arrived at the plant, with installation and debugging finished. As such, an annual production capacity of 2 million units of L-series super-efficient compressors took shape.

(2) The project of Shanghai Hitachi making investment to expand the annual production capacity of small-sized energy-saving frequency-conversion compressors by 2 million units was reviewed and approved at the 13th Session of the 5th Board of Directors and the First Special Shareholders' General Meeting for 2010. The total input for the project would be US\$ 37 million (approximately RMB 250 million). 50% of the total input would be registered capital, which would be paid by shareholders of Shanghai Hitachi according to their equity contribution. After the completion of the project, Nanchang Highly would have sufficient production area and capacity to produce 6 million units of A/C compressors. By the end of Dec. 2011, the production process arrangement and the relevant equipment arrangement were completed. All the equipments arrived at the plant, with installation and debugging finished. As such, an annual production capacity of 2 million units of L-series super-efficient compressors took shape.

(3) The project of Nanchang Highly building a staff canteen and finished product warehouse was reviewed and approved at the 2nd Session of the 6th Board of Directors. The total input for the project was RMB 43 million, all of which would be covered by Nanchang Highly itself. Taking up a new area of 7,181 square meters and a building area of 14,634 square meters, the planned building, a concrete structure with two floors, would be 16 meters high. The first floor would be used as a warehouse for finished products and the second floor as a kitchen, canteen and meeting-house. It would cater for about 3,000 employees, the most important factor for the annual production capacity of 6 million units of A/C compressors. The first floor might be rebuilt as a canteen according to the development of Nanchang Highly. As such, the building was able to cater for about 6,000 employees, which meant an annual production capacity of 12 million units of A/C compressors. The project also included an energy-saving heat recycling alternation plan on 4 units of 60-cubic-meter A/C compressors, so as to satisfy the hot water need of 65 cubic meters/hour of the new canteen. By the end of Dec. 2011, the civil structure was basically completed. And the external walls for the two floors were being built. The project was proceeding.

(4) It was reviewed and approved at the 16th Session of the 5th Board of Directors to incorporate Anhui Highly Foundry into the Company. The Anhui Highly Foundry, located in the First Phase of the Project for Founding and Machining Refrigerating Compressor Parts. The total input for the project was RMB 277.50 million. The registered capital of Anhui Highly Foundry was RMB 125 million, all paid in cash by shareholders. The Company contributed RMB 50 million, accounting for 40% of the registered capital of Anhui Highly Foundry, and the rest was to be covered by Anhui Highly Foundry itself. During 178 working days in the Anhui Harsco Economic Development Zone to build founding workshops, machining workshops, heat treating workshops, a power plant for general use, residential buildings for employees and other kinds of buildings covering an area over 37,800 square meters, as well as buying new production equipments, Anhui Highly Foundry was to form a production capacity of 46,000-50,000 tons of foundry goods per year, a production capacity of 6 million units of A/C compressors per year, as well as the corresponding piston heat treatment capacity. By the end of Dec. 2011, the Company had injected its portion of contribution. The perpendicular workshop equipment base was basically finished and the ground work started. The horizontal workshop equipment base, the 35kV deenergization station and roads and walls of the plant was being built.

Newsletters chosen by the Company for information disclosure: Shanghai Securities News and Hong Kong Ta Kung Pao

Internet website designated by the CSRC for the disclosure of periodical reports of the Company: <http://www.sse.com.cn>

Chairman of the Board: Shen Jianfang
Shanghai Highly (Group) Co., Ltd.
10 April 2012

Stock Abbr: Highly Gufen (A-share), Highly B Gu (B-share)
Stock Code: 600619 (A-share), 900910 (B-share)

Announcement No: L2012-005
Stock Code: 600619 (A-share), 900910 (B-share)

Shanghai Highly (Group) Co., Ltd.
Announcement on Resolutions Made at the Seventh Session of the Sixth Board of Directors

The Board of Directors of Shanghai Highly (Group) Co., Ltd. (hereinafter referred to as "the Company") and all directors hereby ensure that the information carried in this announcement is factual, accurate and complete, and they are jointly and severally liable for any false information, misleading statement or material omission in this announcement. The English translation is for reference only.

The 7th Session of the 6th Board of Directors of the Company was convened at the Conference Room of the Company on 6 Apr. 2012. Nine directors were supposed to be present at the session and actually eight of them were present. Independent Director Mr. Zhu Rong'en was unable to be present at the session for he was then abroad for a business trip. He entrusted Independent Director Mr. Wang Yu to attend the session and vote on behalf of him. The session was chaired by Mr. Shen Jianfang. All supervisors sat in on the session. The session was held in a procedure in compliance with applicable laws, regulations and the Company's Articles of Association. The following proposals were reviewed and approved unanimously by directors at the session.

1. The Work Report of the Board of Directors for 2011 was reviewed and approved.

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

2. The Work Report of GM for 2011 was reviewed and approved.

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

3. The Proposal on Making Asset Impairment Provisions for 2011 was reviewed and approved.

In 2011, provisions for asset impairment (falling price) of RMB 5,572,719.62 were withdrawn, and the provision for bad debts (falling price) of RMB 1,456,056.97 was withdrawn. Financial assets, bad-debt provisions for accounts receivable totaling RMB 388,122.65 were withdrawn. Depreciation for investment real estate was withdrawn in the light of the stipulated depreciation life; intangible assets were amortized based on useful life; and deferred income tax assets could generate enough taxable income in the future to deduct its profit. There existed no impairment signs in long-term equity investments, investment progress and fixed assets. Consequently, the Company did not make impairment provisions for the year.

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

4. The Financial Final Accounts for 2011 and the 2012 Annual Budget was reviewed and approved.

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

5. The Preplan on Profit Distribution for 2011 was reviewed and approved.

According to the financial statements for 2011 prepared by the Company under the Accounting Standards for Business Enterprises and audited by Ernst & Young Hua Ming Certified Public Accountants Co., Ltd., the net profit attributable to shareholders of the Company for 2011 was RMB 174,233,998.08. The project of the Company of RMB 94,561,085.14, plus the retained profit of the Company carried over from last year of RMB 23,188,321.48, was RMB 117,749,406.62, profit available for distribution at the end of the reporting year. After withdrawing RMB 9,456,108.51 as statutory surplus reserve for the Company according to its Articles of Association, the final profit distributable to shareholders of the Company at the year-end was RMB 108,293,298.11.

The Preplan on Profit Distribution for 2011: Based on the total shares of 602,744,115 shares as at the end of 2011, a cash bonus of RMB 1.00 (tax included) was to be distributed to every 10 shares held by shareholders. The cash bonus to be distributed totaled RMB 60,274,411.50 (tax included), and the retained profit of RMB 48,018,886.61 was to be carried forward to the next year.

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

6. The Proposal on Related-Party Transactions for 2012 was reviewed and approved. The Supervisory Committee believed that: the related-party transactions of the Company were normal operations, with the relevant decision-making procedure in compliance with applicable laws, regulations and the Company's relevant rules.

Technology Co., Ltd. to Accelerate Development of Heat Pump-related Business and the Proposal on Jointly Establishing Automobile Starting Engine Plant No. 2 with Hitachi Automotive Systems, Ltd. were reviewed and approved. The Supervisory Committee was of the opinion that the approval procedures of the said projects were in compliance with the Company's Articles of Association and relevant internal control rules.

Supervisory Committee
Shanghai Highly (Group) Co., Ltd.
6 April 2012

Stock Abbr: Highly Gufen (A-share), Highly B Gu (B-share)
Stock Code: 600619 (A-share), 900910 (B-share)

Announcement No: L2012-007
Stock Code: 600619 (A-share), 900910 (B-share)

Shanghai Highly (Group) Co., Ltd.
Announcement on Resolutions Made at the Seventh Session of the Sixth Board of Directors

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Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

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Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

3. The Proposal on Making Asset Impairment Provisions for 2011 was reviewed and approved.

In 2011, provisions for asset impairment (falling price) of RMB 5,572,719.62 were withdrawn, and the provision for bad debts (falling price) of RMB 1,456,056.97 was withdrawn. Financial assets, bad-debt provisions for accounts receivable totaling RMB 388,122.65 were withdrawn. Depreciation for investment real estate was withdrawn in the light of the stipulated depreciation life; intangible assets were amortized based on useful life; and deferred income tax assets could generate enough taxable income in the future to deduct its profit. There existed no impairment signs in long-term equity investments, investment progress and fixed assets. Consequently, the Company did not make impairment provisions for the year.

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

4. The Financial Final Accounts for 2011 and the 2012 Annual Budget was reviewed and approved.

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

5. The Preplan on Profit Distribution for 2011 was reviewed and approved.

According to the financial statements for 2011 prepared by the Company under the Accounting Standards for Business Enterprises and audited by Ernst & Young Hua Ming Certified Public Accountants Co., Ltd., the net profit attributable to shareholders of the Company for 2011 was RMB 174,233,998.08. The project of the Company of RMB 94,561,085.14, plus the retained profit of the Company carried over from last year of RMB 23,188,321.48, was RMB 117,749,406.62, profit available for distribution at the end of the reporting year. After withdrawing RMB 9,456,108.51 as statutory surplus reserve for the Company according to its Articles of Association, the final profit distributable to shareholders of the Company at the year-end was RMB 108,293,298.11.

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Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

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Technology Co., Ltd. to Accelerate Development of Heat Pump-related Business and the Proposal on Jointly Establishing Automobile Starting Engine Plant No. 2 with Hitachi Automotive Systems, Ltd. were reviewed and approved. The Supervisory Committee was of the opinion that the approval procedures of the said projects were in compliance with the Company's Articles of Association and relevant internal control rules.

Supervisory Committee
Shanghai Highly (Group) Co., Ltd.
6 April 2012

Stock Abbr: Highly Gufen (A-share), Highly B Gu (B-share)
Stock Code: 600619 (A-share), 900910 (B-share)

Announcement No: L2012-006
Stock Code: 600619 (A-share), 900910 (B-share)

Shanghai Highly (Group) Co., Ltd.
Announcement on Resolutions Made at the Sixth Session of the Sixth Supervisory Committee

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1. The 2011 Annual Report and the Abstract of the 2011 Annual Report were reviewed and approved, which were agreed to be disclosed simultaneously on Shanghai Securities News and Hong Kong Ta Kung Pao on 10 Apr. 2012.

2. The Self-Evaluation Report on Internal Control of the Company for 2011 (see the website of Shanghai Stock Exchange <http://www.sse.com.cn> for more details) was reviewed and approved.

3. The 2011 Annual Social Responsibility Report (see the website of Shanghai Stock Exchange <http://www.sse.com.cn> for more details) was reviewed and approved.

4. The Proposal on Related-Party Transactions for 2012 was reviewed and approved. For more details, please refer to the announcement on related-party transactions (No. L2012-007).

According to applicable laws, regulations and the Company's Articles of Association, related directors Xu Chao and Sun Wei stepped aside from the voting on this proposal.

Voting result: 7 yes-votes; 0 abstention; 0 no-votes; 2 voters stepped aside.

10. The Proposal on External Guarantees Provided by the Company for 2012 was reviewed and approved. For more details, please refer to the announcement on external guarantees (No. L2012-008).

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

11. The Proposal on Signing Agreements (Contracts) Concerning Loans and Credits with Banks in 2012 was reviewed and approved.

In order to get funds needed for operation, the Board of Directors agreed to sign an agreement with China Merchants Bank Co., Ltd. to acquire a comprehensive credit line not exceeding RMB 80 million, sign a contract with the Bank of Shanghai to acquire a comprehensive credit line not exceeding RMB 150 million and US\$ 2 million, sign a contract with the head office of the Export-import Bank of China to acquire a credit line not exceeding RMB 200 million, and sign a contract with Shanghai Rural Commercial Bank to acquire a financing not exceeding RMB 200 million individually.

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

12. The Proposal on Making Investment to Incorporate Shanghai Highly Realen Environmental Technology Co., Ltd. to Accelerate Development of Heat Pump-related Business was reviewed and approved.

The Board of Directors agreed to make investment to incorporate Shanghai Highly Realen Environmental Technology Co., Ltd. (the final official name subject to the one to be registered with the administration authority for industry and commerce; hereinafter referred to as "Highly Realen"). The initial investment for Highly Realen was RMB 30 million. Therefore, the registered capital of Highly Realen was RMB 30 million, which would be all contributed by the Company in cash. Highly Realen would be mainly engaged in design, production, sale and lease of heat pump products; installation, consultancy and other related services; and contractual energy management.

(1) Overview of the investment

The heat pump industry is an industry newly rising among less and less global energy and a tremendous task of energy saving and emission reduction. After two years of developing, the heat pump division of the Company has finished team organization, product development, brand creation and marketing. Currently, main heat pump products have come into mass production and sale and quite a few sample projects have been carried out. As such, Highly Realen has the strength to compete in the heat pump market. According to the Company's 12th five-year development plan, and in order to explore the heat pump market as soon as possible, the Company is to make investment to incorporate Highly Realen for accelerating the heat pump-related business.

(2) Basic information about the investee

The initial investment for Highly Realen is RMB 30 million. Therefore, the registered capital of Highly Realen is RMB 30 million, which will be all contributed by the Company in Renminbi in cash. To be specific, a contribution of RMB 20 million will be made in 2012 and the rest, i.e. RMB 10 million, will be contributed in 2013.

In order to ensure the performance of heat pump products, Highly Realen will set up a Highly Realen center about 2,000 square meters by rebuilding the old plant on No. 255 Changyang Road. With trial manufacture, testing and R&D of the heat pump products as the core, the center will include a heat pump performance lab, a heat pump reliability lab, a heat pump heating simulation testing room and other advanced labs.

The Board of Directors believes that the incorporation of Highly Realen is a move to seize opportunities in the energy saving and emission reduction field, which will greatly improve the Company's ability of technology integration and is in line with the development objectives as stated in its 12th five-year development plan.

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

13. The Proposal on Jointly Establishing Automobile Starting Engine Plant No. 2 with Hitachi Automotive Systems, Ltd. was reviewed and approved. For details, please refer to the external investment announcement (No. L2012-009).

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

Reprints or proposals mentioned in the above item 1, item 4, item 5, item 9, and item 10 will be submitted to the 2011 Annual Shareholders' General Meeting for deliberation.

Board of Directors
Shanghai Highly (Group) Co., Ltd.
10 April 2012

Stock Abbr: Highly Gufen (A-share), Highly B Gu (B-share)
Stock Code: 600619 (A-share), 900910 (B-share)

Announcement No: L2012-006
Stock Code: 600619 (A-share), 900910 (B-share)

Shanghai Highly (Group) Co., Ltd.
Announcement on Resolutions Made at the Sixth Session of the Sixth Supervisory Committee

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1. The 2011 Annual Report and the Abstract of the 2011 Annual Report were reviewed and approved, which were agreed to be disclosed simultaneously on Shanghai Securities News and Hong Kong Ta Kung Pao on 10 Apr. 2012.

2. The Self-Evaluation Report on Internal Control of the Company for 2011 (see the website of Shanghai Stock Exchange <http://www.sse.com.cn> for more details) was reviewed and approved.

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Voting result: 7 yes-votes; 0 abstention; 0 no-votes; 2 voters stepped aside.

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(1) Overview of the investment

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(2) Basic information about the investee

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The Board of Directors believes that the incorporation of Highly Realen is a move to seize opportunities in the energy saving and emission reduction field, which will greatly improve the Company's ability of technology integration and is in line with the development objectives as stated in its 12th five-year development plan.

Voting result: 9 yes-votes; 0 abstention; 0 no-votes.

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