上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED
上海實業集團成員 A Member of SIIC

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SHANGHAI INDUSTRIAL REPORTS HK$1.028 BILLION PROFIT
PAYS HK 42 CENTS DIVIDEND
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FUELS INFRASTRUCTURE, MEDICINE WITH NEW GROWTH DRIVERS
FOCUSES ON SHANGHAI'S NEW WAVE OF ECONOMIC DEVELOPMENT

(April 21, 2006 – HONG KONG) Shanghai Industrial Holdings Limited (" SIHL ", stock code 0363) announced that for the year ended December 31, 2005, the Group's profit attributable to shareholders declined by 25.4% to approximately HK$1.028 billion and earnings per share dropped 26.2 % to approximately HK$1.07. Net asset value increased by 4.9% to approximately HK$16.376 billion. The Group's board of directors proposed a final dividend of HK22 cents, making a total dividend of HK42 cents for the year, representing a slight increase of dividend payout ratio to 39.3%.

Mr Cai Lai Xing, chairman of SIHL, said the earnings decline was mainly due to the decrease of exceptional profit (including a shortfall of over HK$600 million exceptional gains arising from the listing of Semiconductor Manufacturing International Corporation in the previous year), and earnings decline of semiconductors and auto parts businesses. Nevertheless, infrastructure and medicine sectors maintained satisfactory earnings growth.

Mr Cai noted that growth drivers were added to the infrastructure and medicine sectors in 2005. Five new water services projects were added to the Group's portfolio, representing an accumulative total investment of RMB3,306 million, with a combined daily sewage treatment and water supply capacity of 3.75 million tonnes. Major breakthroughs in the Group's medicine research and development led to three new drugs being awarded State Class One New Drug Certificates. These new drugs are targeted at diseases of high morbidity rates in China, including cancer and stroke and have enormous market development potential.

Also, SIHL made progress in divestment from non-core businesses, including the disposal of its 28.15% stake in Shanghai Jahwa United as well as equity stakes in medicine projects in which SIHL did not have controlling interests. These projects included Shanghai SIIC Kehua Biotech, Shanghai Sunve Pharmaceutical and Helishi Gusha Dental. Upon the completion of these transactions, the Group will realize a total of approximately RMB689 million, of which RMB271 million has been booked in 2005.

Looking ahead, the Group will continue to expand investment in infrastructure and medicine businesses. Preparation for the extension works for Shanghai Hu-Ning Expressway (Shanghai section) are under way, while the scouting for further toll road projects continues. New developments in water services are being explored, as new financing structures are being established. Sizable acquisitions of medicine projects are under consideration, and the launch of the three State Class One New Drugs is under way. At the same time, SIHL strives to maintain stable growth of the consumer products businesses, and mitigate the decline of cyclical businesses by means of expanding market share and increasing efficiency through cost-cutting.

During the past few years, the Group has made efforts to consolidate its investment portfolio, streamline business structure and promote vertical and in-depth development to achieve synergy in operation, according to Mr Cai. SIHL has divested its investments in non-core businesses including commercial retail, logistics and personal care products. In line with its business strategy of limited diversification and in consideration of the new wave of economic development in Shanghai, the Group is considering tapping into different industries and developing new drivers for its long-term development.

The Group's core businesses comprise infrastructure facilities, medicine, consumer products and information technology.

INFRASTRUCTURE FACILITIES

Profit from the infrastructure investment increased by about 19% to approximately HK$186 million, accounting for about 19.8% of the Group's net profit before corporate administrative expenses.

General Water of China ("GWC"), the Group's investment arm in water services, added five water services projects in 2005, making a total portfolio of 11 water services projects. The combined daily sewage treatment and water supply capacities totalled 3,750,000 tonnes. Four of the projects are currently under operation, two of which reported tariff increase in 2005. In Xiamen, sewage treatment fees have been adjusted from RMB0.5 to RMB0.91 per tonne. In Xiangtan, household water supply prices increased from RMB 0.95 to RMB1.15 per tonne, while water supply for industrial purposes increased from RMB1.04 to RMB1.32 per tonne. Tariff increase in more cities are expected in 2006. The rapid urbanization in the mainland, coupled with further opening of the water services market, will fuel growth for the water services industry and will in turn create ample business opportunities for GWC.

Shanghai Hu-Ning Expressway (Shanghai Section) reported total traffic flow of 14.64 million vehicles in 2005, and toll revenue of RMB198 million. Following the completion of an expansion of the Shanghai-Nanjing Expressway (Jiangsu Section) from four to eight lanes, the expansion and widening works for the Shanghai section is scheduled to commence in 2006, and to be completed by 2009.

Upon completion, traffic flow capacities will be considerably enhanced and toll income is expected to grow significantly. Another toll road project, the 70-km Yongjin Expressway (Jinhua Section), officially opened for traffic on 28th December 2005. Traffic flow is increasing gradually and the project is expected to become a new profit centre for the Group's toll road business.

Shanghai Pudong International Container Terminals ("SPICT") contributed investment income of RMB33.05 million for the year. In line with the strategy of divesting non-core businesses, SIHL disposed its entire 10% interest at SPICT at a consideration of RMB465 million. Upon completion of the disposal, the Group is expected to receive a pre-tax profit of RMB275 million

MEDICINE

Profit from medicine increased by 57.6% to HK$236 million, accounting for 25.2% of the Group's net profit before corporate administrative expenses.

Following the completion of the acquisition of Shanghai Industrial United Holdings Co. Ltd. ("SI United") at the end of 2004, the latter's results had been consolidated under the Group commencing the beginning of 2005. During the year, the Group made a further investment of RMB145 million to increase its shareholdings in Huqingyutang Pharmaceutical and Xiamen TCM. Meanwhile, the Group disposed of medical projects where it did not have controlling interests. These included Shanghai SIIC Kehua Biotech Co. Ltd., Shanghai Sunve Pharmaceutical Co., Ltd. and Helishi Gusha Dental Co. Ltd. Upon completion of these transactions, the Group will realize a total of approximately RMB352 million.

During the year, the Group's medicine segment achieved major breakthroughs in research and development. Three new drug development projects were awarded State Class One New Drug certificates. These include "H101", "Kai Li Kang" and the "TNF" project, all of which were targeted at diseases of high morbidity rates in China, such as cancer and stroke, and are expected to have enormous market development potential.

The year saw mixed performances among the Chinese medicines. Strong growth was reported in the sales of injection products including Shen Mai Injection, Dan Shen Injection and Herba Houttuyniae Injection, which increased by 6.8%, 13.1% and 21.3% respectively from the previous year. On the other hand, due to changes in distribution channels, sales of "Qingchunbao" Anti-ageing Tablets have declined. Sluggish sales in the first half of the year continued, with a decrease for the year reaching 48.7%. The Group will adopt measures to reverse the situation through strengthening sales forces and speeding up market development efforts.

With respect to health food, market response to “Huqingyutang” Herba Dendrobium Grain was strong, with sales rising by more than two times to RMB50.64 million. Following the launch of the new product “Qingchunbao” Nutrient Capsules in the first half of 2005, a new series of “Qingchunbao Pearl Isoflavones” was introduced in the latter half of the year. Riding on the strength of the “Qingchunbao” brand name, the Group will continue to develop new products to meet different customer needs.

The Group had increased its stake in Shanghai Medical Instruments to 99%, making it the flagship for the Group’s medical instruments operation. Net profit for Shanghai Medical Instruments amounted to RMB28.72 million in 2005, an increase of 58.5%. MicroPort Medical reported substantial growth in sales and profits for the year, and its project "Industrialization of Interventional Devices for Cardiovascular and Cranial Vascular Diseases" was listed as one of the Key Technology Projects of the Shanghai Municipality.

CONSUMER PRODUCTS

Profit from consumer products fell 20.3% to approximately HK$468 million, and accounted for 50.1% of the Group’s profit before corporate administrative expenses. Decline was mainly caused by Huizhong Automotive, which is primarily engaged in the automobile components and spare parts business, turning from profit to loss for the year.

The sluggish automobile market in the mainland, coupled with the surge in raw material prices, brought considerable pressure to the Group’s automobiles and parts business. Huizhong Automotive and Shanghai SIIC Transportation Electric were able to mitigate the adverse effects through various cost reductions and efficiency enhancement measures. Nevertheless, they were still unable to reverse the fall in operating results. During the year, sales of Huizhong Automotive and Transportation Electric decreased by 28.8% and 34.3% respectively. Profit from Transportation Electric was RMB30.81 million, a decrease of 71%, while Huizhong Automotive incurred a loss of RMB232 million.

Nanyang Tobacco reported revenue decrease of 12% to HK$1,520 million, but net profits increased by 34.3% to HK$385 million. Its market share in the mainland has expanded with sales of cigarettes through dedicated distribution channels rising by 56%. In line with promotional activities for the company’s centennial anniversary, a new product, “Centennial Dragon & Phoenix Double Happiness”, was launched and was well received in the market. Turnover for Wing Fat Printing increased by 103% to HK$945 million, and net profit grew 10.3% to HK$126 million. Bright Dairy’s income from the company’s principal business declined and net profit decreased by 33.6% to RMB211 million.

During the year, the Group disposed of its 28.15% stake in Shanghai Jahwa United Co. Ltd., thus entirely divesting its personal care products business. Upon completion of the transaction, the Group will realize an income of approximately RMB337 million.

INFORMATION TECHNOLOGY

Affected by a slowdown in the semiconductor industry, profit contribution from information technology had decreased to HK$45.34 million.

Although Semiconductor Manufacturing International Corporation ("SMIC") still recorded a sales growth of 20.2% to US$1.171 billion for 2005, a loss of US$112 million for the year was incurred due to the weak wafer prices. Situation has however been improving gradually, with gross margins of SMIC increasing to 12.9% in the fourth quarter of 2005 compared to 8.2% in the third quarter.

Turnover and net profit of Shanghai Information Investment Inc. ("SII") increased 32.4% and 17.3% to RMB1,330 million and RMB89.25 million respectively. For the principal businesses under SII, turnover and net profit of Dongfang Cable Network increased 31% and 27% to RMB1,088 million and RMB114 million respectively. Turnover and net profit of Shanghai Information Pipelines increased 24.1% and 23.7% to RMB215 million and RMB41.81 million respectively.

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