



Press Release (B)

Shanghai Industrial signs cooperation projects with Five domestic and overseas enterprises Further enhancing its core business strengths

(September 4, 2006 – HONG KONG) Shanghai Industrial Investment (Holdings) Co., Ltd. (“SIIC”) announced its subsidiaries have signed cooperation projects with five domestic and overseas enterprises, covering the scope of international trade, real estate and infrastructure facilities. These projects include the “Baltic Pearl” community development project in St. Petersburg, Russia; Dongtan Eco-City Sustainable Food Production Area Project, and Dongtan Eco-City Energy Production Centre Project, both on Chongming Island, Shanghai; and Sui Fen He City Water Facilities Project in Heilongjiang.

SIIC and SIHL chairman Cai Laixing indicated that the four cooperation projects represent considerable progress on the Group's future strategic development platform, including the Dongtan and “Baltic Pearl” projects. The conclusion of these projects will further enhance the Group's business scale and strength. The contract signing marked a milestone in SIIC's accomplishment of the recently adopted strategies of innovation and integration.

The “Baltic Pearl” project in St. Petersburg, Russia is a cooperation project involving a number of prominent enterprises in Shanghai. With a total investment exceeding US\$1.3 billion, the project is the largest strategic cooperation project between China and Russia. Shanghai Overseas United Investment Co., Ltd, a subsidiary of SIIC, today signed a Baltic Pearl Project Cooperation Agreement with Shanghai Construction Group. According to the agreement, both parties will strengthen the cooperation in the areas of project development design, construction and engineering management. Focusing on tourism, commerce and residential housing, the project involves building a large-scale, multi-functional composite community encompassing exhibition, commercial, residential, business, leisure and entertainment facilities. Integrating global resources for world-class planning and design, “Baltic Pearl” will exemplify the latest development of international strategic planning.

Located at the eastern end of the Gulf of Finland, St. Petersburg is Russia's seaport to the rest of Europe with a population of more than 4.6 million. The Baltic Pearl project is located in the Red Village district in the southwestern part of St. Petersburg. It is about 15 km from St. Petersburg town centre and 20 minutes drive from airport. The project occupies an area of 208 hectares, and is expected to accommodate a population of 35,000.

Dongtan Eco-City Sustainable Food Production Area Project is a cooperation project involving SIIC Dongtan Investment & Development (Holdings) Co Ltd, Ove Arup & Partners Ltd, New Zealand Agricultural Engineering Services Ltd and Eco-Cities China Ltd. The agreement symbolizes the official formation of the “league of nations”, converging on the skills and expertise of the four parties. The project will facilitate food production for the new Eco-City at Dongtan and also promote the agricultural production system to other cities.

Dongtan Eco-City Energy Production Centre Project is a cooperation project involving SIIC Dongtan Investment & Development (Holdings) Co., Ltd., Ove Arup & Partners Ltd. and Eco-Cities China Ltd. The agreement is to strengthen the cooperation on design, development and operation of the renewable energy production facilities for the Eco-City. The energy production encompasses bio-mass fuelled combined heat and power, large-scale and small-scale wind power generation, photovoltaic solar power and energy generated from waste materials.

Sui Fen He City Water Facilities Project is a cooperation project between SIHL subsidiary General Water of China and Sui Fen He City Government. Representing a total investment of RMB675 million, the project involves the construction of a reservoir and the equity transfer of an existing water plant. Construction is scheduled to start in 2006 and be completed in 2009. Daily water supply capacity will reach 178,900 tonnes, for a population between 300,000 and 400,000.

Sui Fen He lies in the southeast of Heilongjiang Province, adjacent to Russia's Primorsky Territory. An important open city along the Sino-Russia border, it is the largest goods distributing centre of Sino-Russian non-governmental trade. It is presently a regional logistics hub, with goods throughput ranking third and import and export volume ranking first among all land-route ports along the border.

(END)

Media enquiries:

Derek Fung (2821-3919)
Corporate Communications Department
Shanghai Industrial Holdings Ltd.