



上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

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**SHANGHAI INDUSTRIAL INVESTS IN SHANGHAI URBAN DEVELOPMENT
GAINS ACCESS TO MULTI-BILLION WORTH OF PROPERTY PROJECTS**

**A RESOURCEFUL ENTRY TO THE SHANGHAI REAL ESTATE MARKET
IN BUILDING ITS REAL ESTATE CORE BUSINESS**

(June 27, 2007 – HONG KONG) Shanghai Industrial Holdings Limited (“SIHL”, stock code 0363) announced an agreement with Xuhui District State-owned Assets Administrative Committee to acquire 40% equity interest of Shanghai Urban Development (Holdings) Co., Ltd. (“SUDH”), a state-owned enterprise in Shanghai engaged in real estate businesses, for a consideration of approximately RMB 2,130.66 million. The net asset value of SUDH as at 31 December 2006 was approximately RMB 3,195.99 million, according to asset appraisal report approved by related state-owned asset administrative department. Following the acquisition, the total asset value of SUDH will increase to more than RMB 11 billion. The acquisition will be funded by internal resources of Shanghai Industrial.

SIHL chairman Cai Lai Xing said that real estate will become one of the company’s core businesses, leveraging on its Shanghai background and capitalizing on the professional expertise of the management teams at SIHL and SUDH in the Shanghai real estate market. With its strong balance sheet, low gearing and strong cash flow, SIHL is well positioned for the expansion and consolidation of real estate businesses. This investment in SUDH, representing the initial step in joining hands with SUDH, came with reasonable pricing and desirable partnership. It is expected to provide SIHL a resourceful entry into the real estate market in Shanghai, and to help SIHL quickly establish real estate as one of its core businesses. This acquisition also represents a milestone for Shanghai Industrial in participating in the strategic restructuring of state-owned real estate assets in Shanghai. Mr Cai added that SIHL’s overall development strategy is to pursue consistent and steady earnings growth with consumer products as foundation and real estate, infrastructure and medicine as core development sectors.

Established in 1996, SUDH is specialized in real estate development, property sales, leasing and management. It has a land bank of more than 2 million square meters of gross floor area (“GFA”), which includes commercial and residential development projects in Shanghai, Kunshan (Jiangsu province), Changsha (Hunan province) and Hefei (Anhui province). Among these projects are “Xujiahui Centre” and “Urban Cradle”. Located above the Xuhui subway station in the commercial hub of Shanghai, “Xujiahui Centre” represents a focal point of the fast-developing modern service industry in downtown Shanghai. With a site area of 13.2 hectare and total planned GFA of 630,000 m², “Xujiahui Centre” will be the largest comprehensive commercial project in downtown Shanghai, comparable to the Roppongi Hills project in downtown Tokyo. Total investment in “Xujiahui Centre” is expected to reach RMB

20 billion. “Urban Cradle” is the largest residential project in southwest Shanghai, within the Middle Ring Road territory. With a site area of 94.3 hectare and total GFA of 830,000 m², its total investment is estimated at RMB 6 billion. The ongoing development of these sizeable development projects is expected to provide steady earnings for Shanghai Industrial.

SUDH is among the Class A real estate development companies endorsed by the Ministry of Construction, and boasts a management team of experienced professionals. It enjoys good reputation in the real estate sector in Shanghai, winning honours including “Top 100 Real Estate Companies in China”, “Top 10 Fastest Growing Real Estate Companies”, “Top 50 Real Estate Developers in Shanghai” in 2006 and “Renowned Brand Names in Shanghai” in 2005. Successful residential housing projects completed by SUDH in recent years include Kangjian Star, Yishiyijia, Seattle and Fuyuanhui Place. The real estate development process of SUDH has obtained Quality Management System Certificate of ISO 9001:2000.

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