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

PRESS RELEASE

SHANGHAI INDUSTRIAL HALF-YEAR PROFIT HITS RECORD HIGH, CLIMBS 49.2% TO HK$933M

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BREAKTHROUGH IN PARTICIPATING IN STATE-OWNED REAL ESTATE ASSETS RESTRUCTURING, AND PROMISING RESULTS IN CONGLOMERATE STRATEGIC TRANSFORMATION

(August 30, 2007 – HONG KONG) Shanghai Industrial Holdings Limited ("SIHL") announced that for the six months ended June 30, 2007, the Group's profit attributable to shareholders reached a record high of HK$933 million, an increase of 49.2% from last year. Earnings per share rose 49.1% to HK96.3 cents. Turnover was HK$3.917 billion, up 15.1%. SIHL's board of directors have resolved to pay an interim dividend of HK37 cents per share, 68.2% more than last year. Dividend payout ratio stood at 38.4%.

SIHL chairman Cai Lai Xing noted that, with support from all relevant parties, the Group's orderly participation in the strategic restructuring of state-owned real estate assets in Shanghai achieved major breakthrough. The Group's taking equity interests in Shanghai Urban Development Group, said Mr Cai, marked the resourceful entry of Shanghai Industrial into Shanghai's real estate market, and helped quickly establish real estate as one of SIHL's core businesses. The Group's financial prowess, low gearing rate and strong cashflow would help the expansion and integration of the Group's real estate business.

At the same time, SIHL reported promising results in its strategic transformation. The Group disposed all its non-controlling stakes in Shanghai Huizhong, Shanghai Wanzhong and SIIC Transportation Electric, exiting from the non-core automobiles and parts business. The Group also injected five Chinese medicine companies, including Hangzhou Qingchunbao, into it's A-share listed company SI Pharmaceutical, helping the latter establish a solid foundation in the mainland medicine sector.

Looking into the future, SIHL is going to capitalize on the respective strengths of its four core businesses. On real estate, the group will leverage on its unique position of Shanghai background, the resources of its controlling shareholder SIIC, and the expertise of its management as well as the extensive experience of the Shanghai Urban Development Group. SIHL will step up its efforts in the acquisition of quality real estate projects and companies in Shanghai and the surrounding areas as it participates in the strategic restructuring of state-owned real estate assets in Shanghai, leading to increase in land bank and premier properties.

On infrastructure, the Group will actively pursue projects with excellent earnings prospects by expanding toll road operations in Shanghai and other fast-growing provinces. It also has plans to maximize economies of scale for water supply and sewage treatment projects, and improve the capital structure of its investment arm in water services.

As for the medicine business, the Group will quicken its pace to establish SI Pharmaceutical as a unified investment platform, and continue to focus on Chinese medicine and biomedicine. It will make efforts to consolidate the distribution networks in the mainland, encourage new drug research and development, and pursue strategic cooperation with international pharmaceutical companies.

On consumer products, the Group will focus on enhancing sales and distribution channels while leveraging on its strong brand positions to ensure steady cash flow from an enlarged revenue base.

The earnings contribution from infrastructure, medicine and consumer products in the first half were HK$144 million, HK$71.85 million and HK$624 million respectively. They represented 16.9%, 8.4% and 73.0% respectively of the Group's net business profits.

INFRASTRUCTURE

The expansion and widening of the Shanghai-Nanjing Expressway (Shanghai Section) is progressing in full force. As of June 2007, the daily average traffic flow reached 69,000 vehicles, up 21% from last year. The Shanghai section continued to benefit from government compensations in its expansion and widening works during the period. Toll revenue and compensation received amounted to HK$235 million, contributing HK$165 million to the Group's profit. Toll revenue from Yongjin Expressway (Jinhua Section) has been increasing gradually. Half-year revenue increased 35.3% to HK$69.23 million, with a daily average traffic flow of 11,200 vehicles.

The Group's investment arm in water services, General Water of China, was ranked as one of the "Top 10 Influential Water Services Companies" in the year 2006 -- the fourth consecutive year that the company has received such accreditation. Consolidated revenue of the six projects in operations managed by General Water of China increased 15.1% to HK$187 million. The construction works of the remaining eight BOT/BOO projects had commenced on schedule.

MEDICINE

The medicine business achieved a turnaround in profits during the period, mainly due to the exceptional loss in 2006 arising from the A-share reform of SI Pharmaceutical. The pharmaceutical industry in the mainland is still facing the pressure of price reduction and cost increase. Nevertheless, the overall operating environment is improving and a new round of accelerated development is expected after this slow period.

Sales of the Group's Chinese medicine and health food businesses increased steadily, rising 7.68% to HK$871 million. Sales for the "Dengfeng" series of drugs increased 2.94% to HK$257 million. Sales for "the Dinglu" and "Herbapex" series went up 23.73% and 27.46% to HK$74.1 million and HK$70.31 million respectively. Sales for the "Huqingyutang" series reached HK$95.76 million, up 4.21%, and those for the "Qingchunbao" series of health food products increased 11.26% to HK$228 million.

Sales income from chemical drugs totalled HK$792 million, representing an increase of 13.82% while sales of hypertension drugs increased 18.66% to HK$102 million. Sales of biomedicine amounted to HK$163 million, slightly less than the corresponding period last year of which the sales of "Techpool Luoan", a principal biomedicine of the Group, increased 14.99% to HK$69.73 million.

CONSUMER PRODUCTS

Profits from the consumer products business recorded an impressive growth of 185%, mainly attributable to the disposal of non-controlling stakes in Shanghai Huizhong, Shanghai Wanzhong and SIIC Transportation Electric, together contributing an after-tax exceptional gain of HK$155 million. In addition, the automobiles and parts business contributed another HK$150 million earnings during the period.

Nanyang Tobacco recorded a robust growth with sales and profits going up by 18.9% and 25.2% to HK$933 million and HK$201 million respectively. The business of Wing Fat Printing continued to grow, as its business scope has extended from printing of packaging materials to production of carton boards and paper trading. Wing Fat had submitted an advance booking form to the Stock Exchange of Hong Kong for listing on the mainboard.

Turnover of Bright Dairy increased 10.7% to HK$3.847 billion, as net profit increased 7.89% to HK$101 million. Turnover of Lianhua Supermarket grew 7.54% to HK$8.981 billion with profit attributable to shareholders reaching HK$140 million, up 1.37%.

Sales of SMIC increased 7.1% to HK$5.952 billion. Net profit was HK$52.31 million, a turnaround as compared against the loss in the same period last year.

	1H2007	1H2006	Change
	(HK$)	*(HK$)*	%
Turnover	3,917M	3,402M	+15.1%
Profit attributable to shareholders	933M	625M	+49.2%
Earnings per share (basic)	HK96.3 cents	HK64.6 cents	+49.1%
Interim dividend	HK37 cents	HK22 cents	+68.2%
Payout ratio	38.4%	34.1%	

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