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$2 BILLION RECORD PROFIT, UP 60% PAYS HK 80 CENTS DIVIDEND

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ACHIEVED BREAKTHROUGH IN PARTICIPATING IN STATE-OWNED REAL ESTATE ASSETS RESTRUCTURING IN SHANGHAI

(April 21, 2008 – HONG KONG) Shanghai Industrial Holdings Limited (" SIHL ", stock code 0363) reported record-breaking results for the year ended December 31, 2007. Consolidated turnover climbed 16.1% to approximately HK$7.954 billion while profit attributable to shareholders increased 59.6% to approximately HK$2.007 billion and earnings per share rose 52.3% to approximately HK$1.98. Total assets and net assets increased 70.8% and 29.6% to approximately HK$40.4 billion and HK$22.7 billion respectively. The Group's board of directors proposed a final dividend of HK43 cents per share, making a total dividend of HK80 cents per share for the year, up 53.8%; dividend payout ratio was 40.4%.

SIHL chairman Cai Lai Xing noted that the year 2007 saw Shanghai Industrial achieving breakthrough, not only in breaking records in turnover, profits attributable to shareholders, and dividend, but also in breaking new grounds in business transformation. The Group took controlling interests in Shanghai Urban Development for a total consideration of HK$3.86 billion, thus gaining access to the Shanghai property market and direct involvement in the strategic reorganization of state-owned assets. Leveraging its Shanghai advantage, the Group will maximize this opportunity to secure earnings growth in the future. Also in 2007, the Group strengthened its capital base by raising funds in the equity market in Hong Kong and Shanghai – a HK$3.023 billion equity placement of SIHL shares and RMB1.515 billion equity placement of SI Pharmaceutical (A-share company) shares. Further, the company continued its divestment of non-core investments by disposing interests in three auto-related companies, completely withdrawing from automobile and parts business; cash proceeds would be used for acquisition in the core businesses.

Looking ahead, Mr Cai said that under an uncertain economic environment in 2008, the global financial markets are expected to remain volatile. The company will strive to enhance the growth and competitiveness of its core businesses while actively participating in the strategic restructuring of state-owned assets in Shanghai. It will step up its business development efforts in an innovative manner while controlling investment risks so as to create an earnings structure with sustainable growth and better returns for shareholders.

On **real estate** business, Shanghai Industrial will capitalize on its unique position with Shanghai background, the resources of its parent company, as well as extensive management experience in Shanghai real estate investment. The Group will continue to participate in the strategic restructuring of state-owned real estate assets in Shanghai and increase premier properties and land bank in Shanghai and other cities, in order to enhance the overall profitability. On **infrastructure**, the Group will pursue toll road projects with excellent earnings potential in Shanghai and other fast-growing provinces, and maximize the economies of scale of its water services projects with enhanced capital structure. As with the **medicine** business, the Group will quicken its pace to finalize the establishment of SI Pharmaceutical as a unified investment platform, and continue to focus on developing Chinese medicine and bio-medicine, consolidating distribution network in the mainland, as well as expanding R&D of new medicine and international cooperation. On **consumer products**, the Group will focus in enhancing operational efficiency and profitability while leveraging on its strong brand position to ensure steady cash flow from an enlarged revenue base.

Shanghai Industrial's current businesses comprise real estate, infrastructure, medicine and consumer products.

REAL ESTATE

The acquisition of controlling interests of Shanghai Urban Development ("SUDH") was completed before the end of 2007, thus the operating results of SUDH will be incorporated into the Group's accounts in 2008.

Current development projects under SUDH include Urban Cradle (Shanghai), Urban Development International Tower (Shanghai), Rose City (Hefei), Toscana (Changsha) and Kuncheng Dijing Garden (Kunshan). Phase One of Urban Cradle held a pre-sale between February and June 2007 in four batches. A total of 725 residential suites with an aggregate area of approximately 100,000 square meters were pre-sold, realizing pre-sale proceeds of approximating HK$1.2 billion. The current second-hand market price of development projects in the vicinity of Urban Cradle was approximately HK$17,000 per square meter. Urban Development International Tower, a grade-A office building in the busy Xuhui district in downtown Shanghai, with a total area of approximately 45,500 square meters, was completed in June 2007. As at the end of 2007, 93% of the office space were rented.

The topping-off of all buildings in Phase One of Rose City, totaling 130,000 square meters, took place in December 2007. Pre-sale was expected to commence in June 2008. Phase One of Changsha Toscana, comprising 207 residential suites with a saleable area of 51,200 square meters, completed the pre-sale of 190 units by the end of 2007, realising proceeds of approximately HK$300 million. For the Kunshan Kuncheng Dijing Garden Project, sale of Phase One high-rise buildings commenced in November 2007. As at the end of 2007, 117 suites with gross floor area of 14,200 square meters were sold.

Among the newly acquired projects by SUDH are a commercial project in Wuxi and a multi-purpose project in Hefei. In November 2007, SUDH successfully acquired the Wuyang Lihu Technology Building Project with a site area of approximately 24,000 square meters and a gross floor area of approximately 190,000 square meters, for a consideration of approximately HK$450 million. In June 2007, SUDH entered into a skeleton agreement with Baohe District and Hefei City Planning Bureau to jointly develop the South Second Ring Road Project at Huizhou Road, Hefei. The project occupies a site area of 120,000 square meters, and is earmarked for commercial, hotel, office and residential developments with a total gross floor area of approximating 400,000 square meters.

INFRASTRUCTURE FACILITIES

Profit from infrastructure facilities amounted to approximately HK$355 million, accounting for 22.3% of the Group's net business profit, and representing 6.6% increase from previous year after deducting exceptional items.

- **Toll roads**

The traffic flow of Shanghai-Nanjing Expressway (Shanghai section) reached 25.5 million vehicles, and annual toll revenue increased 22.3% to HK$338 million. During the three-year road widening works period covering 2006-2008, the Group was provided compensation by the government amounting to HK$470 million per year. The profit of Shanghai-Nanjing Expressway in 2007 reached approximately HK$362 million, up 3.4%. The widening works – from 4-lane to 8-lane -- is expected to be completed by the end of 2008.

Since Yongjin Expressway (Jinhua Section) opened at year-end of 2005, traffic flow has been increasing and annual traffic flow in 2007 reached 4.2 million vehicles. Annual toll revenue increased by 32.3% to approximately HK$142 million.

- **Water services**

Annual revenue from principal business of General Water of China ("GWC") reached approximately HK$466 million, up 33.9%. Among the existing water services facilities already in operation, Xiamen, Xiangtan and Bengbu projects had implemented tariff increase starting 2005. In 2007, Xiangtan GWC proposed the second adjustment of water supply tariff, with approval expected by the end of 2008. Bengbu GWC was also actively negotiating with relevant authorities for adjustment of water supply tariff, expected to be made effective in 2008.

MEDICINE

Medicine business contributed approximately HK$175 million profit to the Group, accounting for 11.0% of the Group's net business profit, and representing 7.3% increase after deducting exceptional items in the previous year. During the year, the pharmaceutical business in China was still affected by lowering product prices and rising costs. Nevertheless, the overall operating environment was improving. Steady growth was maintained with the sales of various product series of major subsidiaries, with overall turnover increasing by 15.9% to approximately HK$4.32 billion.

In May 2007, the Group announced the injection of equity interests of five Chinese medicine companies to SI Pharmaceutical. The transaction is currently being reviewed by relevant government authorities. Upon completion of the reorganization, the Group will have its pharmaceutical assets concentrated in SI Pharmaceutical, further improving the revenue from principal businesses and the cash flow of SI Pharmaceutical and significantly enhancing its business scale. As at the end of 2007, SI Pharmaceutical had total assets of approximately RMB3.19 billion, and its annual turnover and net profit was approximately RMB2.85 billion and RMB138 million, representing an increase of 10.1% and 30.5% respectively over the corresponding period in 2006.

- **Chinese medicine and health food**

Sales of Hangzhou Qingchunbao increased 6.1% to approximately HK$898 million, of which the sales of Qingchunbao health food accounted for 36.6%. During the year, the "Qingchunbao" Yongzhen Tablets achieved rapid sales growth of 25.5%, amounting to approximately HK$39 million while the Qingchunbao Anti-ageing Tablets recorded sales of approximately HK$252 million. Sales of Xiamen TCM grew by 17.3% to approximately HK$152 million in 2007, while sales of Liaoning Herbapex resumed growth and increased 18.1% to approximately HK$170 million.

- **Biomedicine**

As Guangdong Techpool's mode of marketing of medicinal products was well recognized by the medical profession, sales of Techpool Luoan grew by 47.6% to approximately HK$198 million, boosting the annual turnover of Guangdong Techpool by 57.2% to approximately HK$299 million.

- **Chemical medicine**

Consolidated turnover for Changzhou Pharmaceutical increased 27.3% to approximately HK$1.39 billion, of which the sales of raw pharmaceuticals and drugs accounted for HK$369 million, with the balance attributable to medicine circulation. Net profits increased 17.8% to HK$55.01 million. Changzhou Pharmaceutical Factory was approved as one of the first 10 enterprises in China designated for the production of basic pharmaceuticals used in urban communities and villages.

- **Medical equipment**

MicroPort Medical reported 73.8% sales growth of its main product coronary stents. Shanghai Medical Instruments cut down import/export agency business and production of non-medical equipment in order to centralize its resources. The company saw a decrease in turnover by 6.3% to HK$549 million, but the overall profits increased by 22.9%.

CONSUMER PRODUCTS

Profit contribution from consumer products businesses rose 70.5% to approximately HK$966 million, accounting for 60.9% of the Group's net business profit. Such outstanding performance was attributed to record profits at Nanyang Tobacco and Wing Fat Printing, while Bright Dairy's profit also increased by 32.57%. In addition, an exceptional gain of approximately HK$155 million was recorded as a result of the disposal of non-core investment in the auto-related business.

- **Tobacco**

Nanyang Tobacco achieved record results with turnover reaching approximately HK$1.92 billion, up 17.0%. Sales in the duty-free market grew by 47%, sales in the mainland market grew by 44% and sales in the Macau market grew by 57%. Growth in the duty-free market has been satisfactory in recent years, mainly due to the company's competitive-pricing products. Increased efforts on advertising have also enhanced market awareness of the company's products. Nanyang Tobacco will develop new regional products based on the culture, consumer taste characteristics and smoking preferences of specific regional markets.

- **Dairy**

Bright Dairy achieved revenue from principal business of approximately RMB8.206 billion and recorded a net profit of approximately RMB213 million, representing an increase of 10.25% and 32.57% respectively over the previous year.

In 2007, Danone Group and Bright Dairy reached an agreement to terminate their business cooperation and the use of the trademarks 碧悠 and "Danone" would be ceased in phases. Accordingly, Danone Group would pay RMB410 million to Bright Dairy as compensation for Bright Dairy's investments in the initial marketing of the relevant products. A compensation of RMB245 million was deposited into Bright Dairy's account at year-end of 2007.

- **Printing and paper products**

Wing Fat Printing achieved record results with turnover amounting to approximately HK$1.6 billion, up 15%, and net profits reaching HK$182 million, up 23%. Wing fat specializes in the printing of packaging materials for quality consumer products with focus on cigarette and alcohol packages. It will continue to concentrate on its cigarette packaging precision printing business, and aims at quickly expanding its share of the cigarettes packaging market by a two-thronged approach: (1) increasing market share of packaging materials production of existing clients by making use of its extensive production network; (2) seeking further strategic partnerships by leveraging on merger and acquisition opportunities.

- **Supermarket chains**

Lianhua Supermarket achieved turnover of RMB18.09 billion and operating profits of RMB420 million, representing a growth of 10.0% and 81.81% respectively over the previous year. The hypermarket segment of Lianhua Supermarket opened four new stores in Shanghai, Zhejiang Province and Jiangsu Province.

OTHERS

Sales of SMIC increased by 5.76% to approximately HK$12.09 billion. Turnover of Shanghai Information Investment increased by 11.1% to approximately RMB1.68 billion.

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