上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED
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PRESS RELEASE

SHANGHAI INDUSTRIAL SELLS MEDICINE ASSETS FOR HK$ 5.75 BILLION
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GEARING UP FOR AGGRESSIVE REAL ESTATE AND INFRASTRUCTURE ACQUISITIONS

(October 15, 2009 – HONG KONG) Shanghai Industrial Holdings Limited ("SIHL") announced the sale of its medicine assets -- (a) its 43.62% shareholding of A-share company SI Pharmaceutical; and (b) its entire equity interests in other pharmaceutical companies including Chia Tai Qingchunbao Pharmaceutical, Huqingyutang Pharmaceutical, Xiamen TCM, Liaoning Herbapex and Sunway Biotech -- to its fellow subsidiary Shanghai Pharmaceutical of the Shanghai Industrial Group in the process of a large-scale medicine assets restructuring. Total considerations amounted to approximately HK$5.75 billion. SIHL is expected to book an exceptional gain of approximately HK$3 billion upon completion of the transactions.

SIHL chairman Teng Yilong noted that the company is going to realize more than HK$10 billion cash proceeds, including this sale of medicine assets, as it completes the historical asset restructuring campaign. With such an empowered war chest, SIHL is gearing up for aggressive mergers and acquisitions activities in the real estate and infrastructure businesses, said Teng. With the optimization of its investment portfolio, the company is developing into a leading red-chip with "Shanghai advantage" and clearly-defined core businesses in real estate, infrastructure and consumer products. Year to date, SIHL has significantly expanded the scale of operations in Shanghai real estate as it successively invested approximately HK$2.272 billion in the Shanghai Bay residential project in the vicinity of the Shanghai Expo, and HK$1.732 billion in Qingpu land reserves.

The medicine assets restructuring, under the auspices of SIHL's parent, the Shanghai Industrial Group, is championed by A-share company Shanghai Pharmaceutical which will become the singular operating platform for Shanghai Industrial Group's medicine businesses. Transactions involving SIHL include (a) Shanghai Pharmaceutical proposes share swap merger with SI Pharmaceutical (held by SIHL) and another A-share company Zhongxi Pharmaceutical. The price for the share swap will be based on the average closing price of the three A-share companies in the 20 trading days preceding the shares suspension of trading. The swap ratio between SI Pharmaceutical and Shanghai Pharmaceutical will be 1:1.61, i.e. one share of SI Pharmaceutical can be exchanged for 1.61 shares of Shanghai Pharmaceutical. Upon completion of the share swap merger, SIHL will exercise the cash option, resulting in a cash proceed of approximately RMB3.06 billion (approximately HK$3.48 billion); (b) Shanghai Pharmaceutical will acquire SIHL's other pharmaceutical companies for approximately RMB2.0 billion (approximately HK$2.27 billion).

Earlier this year SIHL sold another medicine asset – its 18.89% interest in MicroPort Medical – for HK$516 million to a company owned by Shanghai Zhangjiang Hi-Tech Park.

The earnings contribution from SIHL's medicine business in 2007 and 2008 totalled HK$175 million and HK$264 million respectively, accounting for 11.3% and 11.9% respectively of the company's net business profits. After excluding the contribution from MicroPort Medical, the medicine earnings would be HK$139 million and HK$221 million respectively, accounting for 9.0% and 9.9% respectively of the company's net business profits.

SIHL chairman Teng Yilong had earlier described the current year as a landmark for optimizing business structure, expanding operation scale and increasing shareholder value. The company is committed to take advantage of market opportunities to maximize its unique competitive edge in Shanghai to enhance earnings growth, expand earnings contribution and increase shareholder value.

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