



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 INTERIM PROFITS UP

**ACHIEVED MARKED RESULTS IN FULL-SCALE TRANSFORMATION
FOCUS ON COMMERCIALIZATION OF HIGH-TECH BUSINESSES**

(August 23, 2000 -- HONG KONG) Shanghai Industrial Holdings Limited ("SIHL") today announced that for the six months ended June 30, 2000, the company's profit attributable to shareholders totalled approximately HK\$584 million, an increase of 1.0% over last year. Earnings per share was approximately 65.9 cents, an increase of 0.5%. Turnover amounted to approximately HK\$1,416 million, a decrease of about 14.4% primarily as a result of excluding the sales of Shanghai Jahwa which became an associated company since October 1999. SIHL's board of directors have resolved to pay an interim dividend of 11 cents per share, the same as last year.

SIHL chairman Cai Lai Xing said that most SIHL companies recorded earnings increase from last year following assets re-alignment and enhancement of economic value of existing businesses. "The company has achieved marked results in its full-scale transformation as market development projects of existing businesses were finalized and a number of new investment projects were concluded, paving the way for upcoming business growth," noted Mr Cai.

Mr Cai said that SIHL's interim profits mainly came from its infrastructure, consumer products and automotive parts sectors. Infrastructure projects contributed about HK\$367 million, representing approximately 62.8% of total profits. As a result of a decrease in interest expenses, infrastructure earnings had increased by 0.2% compared to the previous year. According to Mr Cai, SIHL's infrastructure investment projects carried low risk and contributed stable cash flow. They would help balance the risks associated with the company's investment in high-tech ventures.

Consumer products manufacturing and sales contributed about HK\$91.8 million, representing approximately 15.7% of total profits. It had increased by 14.9% from last year. Within this business sector, Shanghai Bright Dairy showed the most outstanding performance with 30.5% growth in earnings compared to last year. Nanyang Tobacco experienced rebound from last year's unsatisfactory performance caused by contraction of its sales network and high PRC import tariffs. Tobacco earnings showed marked improvements compared to the second half of last year, and achieved a 1.2% increase compared to the first half. Wing Fat Printing achieved 11.5% earnings growth as a result of developing new technologies and new products, as well as new cigarette packaging orders from overseas tobacco companies.

In the automotive parts sector, total profits amounted to about HK\$84.54 million, representing approximately 14.5% of total profits. It had decreased by 4.2% from last year. Shanghai Huizhong's earnings declined by 5.7% as Santana sales were unsatisfactory under the competitive automobile market environment. Another auto-parts company, SIIC Transportation Electric, however, recorded an earnings increase of 19.1% following its success in developing new products.

Mr Cai noted that SIHL is enjoying excellent financial conditions. As of June 30, 2000, the company had more than HK\$4.5 billion cash on hand, and HK\$2.76 billion net cash. Its interest coverage stood at around 9.7 times. Net income is primarily in U.S. dollars, accounting for 60% of total income, with Hong Kong Dollars and Renminbi accounting for 14% and 26% respectively.

Mr Cai reiterated the company's focus in increasing investment in the information technology and bio-technology sectors this year, as well as the commercialization of high-tech businesses. The company will take full advantage of the transition from Old Economy to New Economy, the competitive advantage of Shanghai being the front-runner in the nation's economic development and its cash resources to secure more quality investment projects.

SIHL is achieving high technology commercialization by both direct investment and investment through high technology venture capital funds. Direct investment projects included the recent acquisition of Shanghai Information Investment to take part in the development of the Shanghai Infoport project, and the anti-cancer drug being developed by Sunve Biotech. On venture capital funds, SIHL has already invested in two high-tech venture capital funds with the total amount exceeding RMB\$900 million. The company also forged recently a strategic alliance with eight Chinese organizations that are leading players in the promotion, investment management and R&D of high-tech companies. This alliance is expected to sharpen SIHL's edge in sourcing and developing high-tech ventures in the mainland.

At the same time, a number of SIHL companies had been successful in leveraging their competitive edge to integrate with network technologies for developing e-commerce platforms. Examples included Shanghai Bright Dairy setting up www.net1717.com which integrated the concept of e-commerce with the traditional delivery networks and logistics systems of the dairy product industry; SIIC MedTech acquiring equity interest in www.e135.com and launching the www.tcm-port.com.cn website to sell Chinese medicine products on the Internet; and Nanyang Tobacco setting up www.tob-business.com that provided commercial information services for international tobacco companies.

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2000 Interim Results (Unaudited)

	2000 1/1/2000-30/6/2000 HK\$'000	1999 1/1/1999-30/6/1999 HK\$'000
Turnover	1,416,436	1,654,369
Profit from operations	422,403	499,013
Share of profit of associated companies	22,820	20,300
Share of profit of jointly controlled entities	117,808	112,085
Profit attributable to shareholders	<u>584,296</u>	<u>578,550</u>
EPS		
--Basic	<u>65.9 cents</u>	<u>65.6 cents</u>
--Diluted	<u>64.5 cents</u>	<u>64.2 cents</u>
Interim dividend per share	<u>11 cents</u>	<u>11 cents</u>