

PRESS RELEASE

SHANGHAI INDUSTRIAL 2000 EARNINGS INCREASE 12% TO HK\$ 1.135 BILLION , LEVERAGE ON SHANGHAI'S RESOURCES AND ROBUST ECONOMIC GROWTH INVESTMENT FOCUS ON INFORMATION TECHNOLOGY, LOGISTICS AND INFRASTRUCTURE

(HONG KONG – April 18, 2001) Shanghai Industrial Holdings Limited ("SIHL") announced that for the year ended December 31, 2000, the Group's profit attributable to shareholders amounted to approximately HK\$ 1.135 billion, representing an increase of 12% compared to the previous year. Earnings per share went up 11% to approximately HK\$ 1.3. The Group's board of directors proposed a final dividend of 30 cents. Together with the interim dividend of 11 cents, total dividend for 2000 amounted to 41 cents, an increase of 24% compared to the previous year.

Mr. Cai Lai Xing, Chairman of SIHL said, " SIHL has benefited from the robust economic growth and improving market environment in Shanghai while undergoing its transformation process. Most SIHL companies recorded satisfactory growth in 2000, especially those in the consumer products/retail sector with net earnings increasing by 149%. Companies in the automotive parts sector also managed to have a slight increase of 0.3 % in net earnings despite the slow sale of automobiles in the mainland market. In the information technology sector, Shanghai Information Investment ("SII") showed earnings contribution in the first year after SIHL's acquisition. Net earnings in this sector increased by 841% from the previous year."

“ The year 2001 marks the beginning of a new century, and also the first year of the Tenth Five-Year Plan. In the next five years, Shanghai government will allocate its resources to develop new pillar industries including information technology, bio-technology and medicines, logistics and automobile manufacturing. SIHL will secure the best business opportunities provided by the Tenth Five-Year Plan and also China’s entry into WTO. SIHL will leverage on Shanghai’s resources and high growth potential to develop new core businesses,” said Mr Cai.

Mr Cai added that SIHL will focus on investment in information technology, modern logistics and infrastructure in the next three years. In the IT area, SIHL had participated in developing large-scale telecommunications infrastructure and related value-added services through its acquisition of Shanghai Information Investment in 2000. Earlier this year, SIHL invested in Semiconductor Manufacturing International Corporation ("SMIC"), a key project under the Shanghai Tenth Five-Year Plan, and became one of its key shareholders. With professional expertise from International IC partners, SMIC will be specialized in developing the foundry business. In the modern logistics area, SIHL is organizing logistics projects at the Waigaoqiao Bonded Area and the Shanghai Chemical Industrial District. For infrastructure projects, SIHL focuses on container port development that include the phase II and phase III of Waigaoqiao container terminal, as well as the upcoming Da Yang Shan & Xiao Yang Shan deep-water port projects.

With dual background in Hong Kong and Shanghai, SIHL can fully leverage the resources of the financial markets in the two places. Two SIHL companies had made applications for listing in the Shanghai A stock market. Shanghai Jahwa was listed in early 2001, successfully raising approximately 710 million RMB, with an exceptional gain of about 100 million RMB for SIHL. It is expected that the listing of Bright Dairy, of a larger scale than Shanghai Jahwa, will also be completed within the year.

SIHL businesses can be divided into 5 sectors: infrastructure/logistics, consumer products / retail, automotive parts, information technology and SIIC Medical Science and Technology (Group) Limited ("SIIC Med Tech"). Their contributions to SIHL's net profit in 2000 are 65%, 16%, 13%, 2% and 4% respectively.

Infrastructure/ Logistics

The road projects continued to provide SIHL with stable investment returns and cash flow. It can also balance the investment risks of other projects of the Group. Net profit of this sector was approximately \$732 million in 2000. During the year, the Group invested in the Waigaoqiao Container Terminal Phase I. The Terminal is equipped with the most advanced facilities with an annual handling capacity of 900,000 TEU's.

Consumer Products / Retail

Net profit of the consumer products / retail sector amounted to approximately HK\$ 173 million, representing an increase of approximately 149% as compared to the previous year. Nanyang Brothers Tobacco Co., Ltd. ("Nanyang Brothers") reported significant business growth. Turnover was 28% higher than in 1999. Net profit recorded an increase of 78%. During the year, Nanyang Brothers reinforced its sales network in Mainland China to around 1,000 outlets. In May 2000, new brands "Alain DELON" and "Wealth" were launched in the mainland. "Zhong Nan Hai" was launched in Hong Kong in May 2000 whereas "Polar Bear" menthol products were launched in Vietnam, Saipan Guam in June.

Nanyang Brothers and its strategic partners launched the first comprehensive international commercial tobacco web site (www.tob-business.com) providing multi-information services to customers.

The Wing Fat Printing Co., Ltd. ("Wing Fat Printing") recorded an increase in net profit of about 30%. During the year, Wing Fat has developed new packaging products for cigarettes including Nanyang Brother's "Alain DELON".

Shanghai Bright Dairy and Food Co., Ltd. ("Bright Dairy") recorded satisfactory results for four consecutive years. Net profit increased by 62% , with annual average compound growth rate of profit before tax reaching 47%. Bright Dairy ranked first in Mainland China's dairy composite index. During the year, Bright Dairy was also chosen as the designated dairy product supplier for Chinese athletes in the 2000 Sydney Olympics. Bright Dairy's sales network covers 14 big cities in China. And it has launched an e-commerce platform (www.net1717.com) to maximize its existing resources in delivery network for dairy products. More than 1,500 products are available through the web site, and it pushed deliveries to one million bottles of fresh milk a day.

Shanghai Sunve Biotech Co., Ltd. ("Sunve Biotech")'s medicine for cancer chemotherapy - "SunGran" was successfully launched. Turnover trebled and market share in Shanghai reached up to 30%. Subsequent to the approval by the State Drug Administration Department to conduct Phase I clinical testing as a "Type 1" state bio-medicine, Sunve Biotech's newly developed DNA anti-cancer drug H101 Phase I clinical tests were completed in March 2001, showing high safety rate result.

Shanghai Sunve Pharmaceutical Co., Ltd. ("Sunve Pharmaceutical") has acquired 30% interest in Shanghai Roche Pharmaceutical Co., Ltd. ("Shanghai Roche") and 15% interest in Shanghai Keton Co., Ltd. ("Shanghai Keton"). Shanghai Roche has maintained a leading market position for diagnostic drugs in China, including new anti-tumor drug and obesity-curing drug. Shanghai Keton is the key player in the market of perfume and fragrance products in China.

Mergen Limited ("Mergen") launched ExpressChipTM products, including mouse ExpressChip, rat ExpressChip and human ExpressChip. In addition, by using existing DNA micro-array advanced technology, Mergen successfully identified several new genes, including G-Protein Coupled Receptors (GPCRs). Mergen products are currently distributed in Japan, Korea, the U.K., Germany, Mainland China, Taiwan and Israel.

Shanghai Orient Shopping Centre td. ("Orient Shopping Centre") recorded a stable income in 2000. It will adopt brand marketing and chain store strategies to further explore the middle to high-end retail market in Shanghai.

Automotive Parts

Despite slow sale in the automobile market in the mainland, the Group's automotive parts business recorded a net profit of approximately HK\$150 million, representing an increase of 0.3%. Shanghai Huizhong Automotive Manufacturing Co., Ltd. ("Shanghai Huizhong") has made breakthrough in the Original Equipment Manufacturing (OEM) market by supplying new front and rear shock absorbers for Jinbei, and new chassis parts for Yizhong in Qingdao.

Shanghai Wanzhong Automotive Components Co., Ltd. ("Shanghai Wanzhong") showed good progress in technological enhancement preparing for the chassis parts processing of the third generation of Santana.

SIIC Transportation Electric Co., Ltd. ("SIIC Transportation") has maintained steady profit level. During the year, it launched a number of new products including electric window raisers for Buick sedan, electric horn for SGM W-Car and windscreen wipers for both Shanghai Passat and Audi A6.

Information Technology

Net profit of the information technology sector amounted to approximately HK\$17 million, representing an increase of 841% compared to the previous year. In 2000 the Group completed acquisition of 20% interest in Shanghai Information Investment, which has achieved good progress on its Shanghai Infoport projects.

With more than 3.2 million subscribers and transmitting more than 30 TV programs, Shanghai Cable Network is one of the world's largest cable TV networks. By the end of 2000, it has completed two-way upgrade of its broadband network for 1 million subscribers and also launched 24-hour-on-line broadband Internet access services. Shanghai Information Pipeline Co., Ltd. ("Information Pipeline") also made good progress in building information pipeline network in Shanghai. By the end of 2000, Information Pipeline had completed installation of 349.8 km of the surface pipeline and 38,793km of optic fiber along the track of Shanghai Subway Phase I. It is providing services to China Netcom, China Unicom, Shanghai CableNet and China Telecom.

Shanghai Optical Communications Development Co., Ltd. ("Shanghai Optical Communications") actively explored new markets, and reported promising revenues. Shanghai Optical Communication's major associated companies, Lucent Technologies of Shanghai, Ltd. And Lucent Technologies Shanghai Fibre Optics Co., Ltd. have increased their production, turnover and profit substantially.

SIIC Medical Science and Technology (Group) Limited ("SIIC Med Tech")

Net profit of the Group's listed member company, SIIC Medical Science and Technology (Group) Limited ("SIIC MedTech") (excluding exceptional income) for the year ended 31 December, 2000 amounted to approximately HK\$72.3 million, representing an increase of 20% over the pro forma combined results of the previous year. Earnings allocated to SIHL are approximately HK\$47 million. Through technological enhancement and new product development, SIIC MedTech's subsidiaries Hangzhou Qingchunbao and Shanghai Jahwa have gained significant profit growth of 34% and 63% respectively.

Press enquiries: Derek Fung/Iris Kwan
 (2821-3919, 2821-3926)