



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 ACQUIRES CONTROL STAKE IN
NATIONAL LOGISTICS AND CHINESE MEDICINE INVESTMENTS;
INCREASES MEDICAL EQUIPMENT SHAREHOLDING TO BECOME
LARGEST SHAREHOLDER**

MILESTONE ACHIEVEMENT OF AGGRESSIVE M&A STRATEGY

(HONG KONG - May 29, 2002) Shanghai Industrial Holdings Limited ("SIHL") and SIIC Medical Science and Technology (Group) Ltd ("SIIC MedTech") announced the acquisition of control stake in a national logistics services company and a Chinese medicine company in Southern China respectively. SIIC MedTech also increased the shareholding of a medical equipment company to become the latter's largest shareholder. Total costs involved amounted to more than HK\$300 million, all covered by internal funding.

SIHL chairman Cai Lai Xing said, " Our key development strategy for the year includes stepping up the scale of merger and acquisition, particularly in modern logistics, as well as medical science and technology (through SIIC MedTech where SIHL has 64.3% shareholding). With the conclusion of the acquisitions and increased shareholding in these three companies, SIHL and SIIC MedTech will become the majority shareholder or the single largest shareholder, indicating a milestone achievement of such strategy. " The company will further enhance shareholders' value by means of integration of internal resources and selective gradual divestment from non-core businesses, added Mr Cai.

SIHL announced an agreement with EAS International Transportation Limited by which SIHL will acquire, in stages, interests of EAS to ultimately become the latter's majority shareholder. Total acquisition costs amounted to RMB265 million (HK\$252 million).

Established in 1985, EAS International was among the first group of PRC forwarders to be awarded the International Air Transport Association ("IATA") certification. It received International Standard ISO9001 Quality System certification in 1999. Headquartered in Beijing, EAS had set up regional distribution centers in Beijing, Shanghai, Guangzhou, Shenzhen, Xiamen, Dalian, Wuhan and Chengdu, and operates close to 100 branches and offices. EAS's logistics services network presently covers 1100 Chinese cities.

Overseas, EAS maintains 9 branches in Europe and Southeast Asia, providing logistics services to more than 200 cities and regions. Annual throughput handled by EAS amounted to 1.3 million tonne (air cargo and forwarding) and 140,000 TEU's (ocean shipping), that are worth about RMB 2 billion (HK\$ 1.87 billion). As of year end 2001, total asset value of EAS was RMB 1.1 billion (HK\$ 1.03 billion) and revenue from key businesses RMB 520 million (HK\$ 486 million).

EAS had built the first internal network system in China's transportation forwarding industry. It is also a pioneer in providing third-party logistics services in the country. At present it is the logistics partner for DELL computer in China. EAS has a professional team of more than 3000 staff members and a centralized management network. In 2001 EAS was rated by "China Air Commerce Weekly" the logistics company providing the best logistics solution design.

EAS has obtained operational rights/permits for providing various logistics services in China, among them international forwarder certificate, category one air cargo transportation certificate and containers multi-modal transportation certificate.

One of the key competitive edges EAS enjoys is its extensive customer base that covers key players in computer and network products (Dell, IBM, HP, Legend, Samsung, Microsoft, Intel), mobile communications (Motorola, Nokia, Ericsson), pharmaceutical products (Tianjin GlaxoSmithKline, Yunnan Baiyao), autoparts (FAW-Volkswagen, Audi, Beijing Jeep), consumer products (3M, Siemens, Kodak), chemicals (Du Pont, Mobil, Sinopec) and home appliances (Panasonic, Toshiba, TCL).

SIHL chairman Cai said, "The successful acquisition of EAS is a milestone achievement in developing modern logistics as the company's new core business, leading to breakthrough in the structure of the company's investment portfolio. Last year we established two sizable international logistics services companies in Shanghai that form the base of logistics services serving Shanghai and its vicinity. With EAS under the company's aegies, Shanghai Industrial is extending its logistics services throughout the country and to overseas markets."

Mr Cai noted that SIHL has completed the process of acquiring 25% interest of EAS, and that within the next few months SIHL will increase shareholding to 50%. "The third step would be to raise our shareholding, with permission of the country's related policies, and become EAS's majority shareholder," said Mr Cai. "We have appointed a senior executive from SIHL to head up EAS and be responsible for the operation. Together with the original team of professionals at EAS, the new management is dedicated to speed up the development of EAS's modern logistics businesses. This

serves as a good illustration of our strategy of acting as both investor and operator when we develop modern logistics businesses. The ultimate objective is to maximize shareholders' value."

He added that by means of injecting capital, introducing advanced management philosophy and practices, setting up modern logistics information platform, expanding cooperation with international partners, and leveraging the strengths of SIHL and the Shanghai Industrial group of companies in various areas, SIHL will quicken the pace of development at EAS to make it an advanced international modern logistics company.

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