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SHANGHAI INDUSTRIAL ANNOUNCED 2002 ANNUAL RESULTS

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OVERALL PERFORMANCE REMAINED STABLE
CONSUMER PRODUCTS, MEDICAL BUSINESSES EARNINGS WENT UP
AUTO PARTS PROFITS DECLINED, SMIC RECORDED LOSS

(April 22, 2003 HONG KONG) Shanghai Industrial Holdings Limited ("SIHL ") announced that for the year ended December 31, 2002, the Group's turnover amounted to approximately HK$3.38 billion, representing an increase of 5.6% compared to the previous year. Profit from operations went up by 6.3% to approximately HK$1.159 billion while profit attributable to shareholders decreased by 6.3% to approximately HK$1.126 billion and earnings per share dropped by 8.9% to HK$1.22. Net asset value increased by 8.5% to approximately HK$13.5 billion. The Group's board of directors proposed a final dividend of HK30 cents, making a total dividend of HK45 cents. Payout ratio increased from 36% to 37%.

Mr Cai Lai Xing, chairman of SIHL, said the Group's overall performance in 2002 remained stable, with earnings increasing by more than 20% at key subsidiaries and associated companies including Nanyang Tobacco, Wing Fat Printing, Bright Dairy, SIIC Medical Science and Technology ("SIIC MedTech "), Shanghai Information Investment, Orient Shopping Centre and SIIC Transportation Electric. Automotive parts business at Huizhong Automotive, however, reported significant earnings decline due to price cut in the auto-making industry and Semiconductor Manufacturing International Corporation ("SMIC "), the emerging IC foundry in China, recorded loss due to substantial equipment depreciation expenses in its first year of operation. The Group also saw a reduction in interest income as a result of depressing interest rates against the lingering deflationary environment in Hong Kong.

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SIHL will focus on the development of its infrastructure, medicine and bio-technology, modern logistics and information technology in the coming year, according to Mr Cai. The acquisition of a 70% stake in logistics company EAS International ("EAS ") is expected to be finalized in the first half of this year, following which SIHL will foster stronger integration with other logistics-related companies within the Group, and seek participation of international strategic investment partners. The Group is setting up a competitive business platform for its medical business with a view to develop a medical group with strengths in both manufacturing and sales and scientific research and development. With regard to the infrastructure business, the PRC government policy requiring adjustment of guaranteed fixed return on investment projects involving foreign entities affected the Group's investment in the Shanghai elevated road projects. Following repeated discussions with government authorities, the Group will receive full reimbursement of the original investment amount. And active negotiations for new investment projects are under way and the results will be announced in due course. The newly established Shanghai Pudong International Container Terminals Limited has commenced operation in March 2003 and SIHL will benefit from the fast-growing container terminal business in Shanghai.

Mr Cai noted that the success of Shanghai's bidding for EXPO 2010 will boost the flourishing economy of Shanghai and its neighboring region, and that SIHL, with support from the Shanghai Municipal Government, will continue to have advantage in investing in large-scaled and quality projects in Shanghai, thus creating greater shareholder value.

The Group's existing business comprised five major segments: infrastructure and modern logistics, information technology, medicine and bio-technology, consumer products and department retail, automobile and parts.

Infrastructure and Modern Logistics

The infrastructure and modern logistics segment contributed a net profit of approximately HK$709 million, representing about 57.6% of SIHL's net business profit. It came mainly from the Group's investment in the Shanghai elevated road projects, showing a slight decrease of 1.3% compared to the previous year as the investment costs of these projects have to be amortised every year. The Waigaoqiao Container Terminal Phase One project achieved substantial progress in 2002, resulting in the commencement of operation of the joint venture in March 2003. With a net profit of approximately RMB240 million (or HK$224.3 million) in 2002, this project is expected to contribute stable earnings to SIHL in the future.

Modern logistics businesses started to contribute earnings in 2002, primarily from EAS, which owns a 1100-city modern logistics service network in China. In May 2002, the Group acquired a 25% stake of EAS and secured management control of the company. Further increase in stake holding will be completed in the first half of 2003 with SIHL investing approximately RMB265 million (or HK$248 million) and eventually holding 70% interest of EAS.

Information Technology

Since the commencement of volume production early last year, SMIC has been actively forming alliances or collaborations with global leaders in the semiconductor industry including Toshiba and Fujitsu of Japan, Chartered Semiconductor of Singapore, IMEC and Infineon of Europe and ChipPac and Artisan Components of the U.S. It has achieved rapid growth in technological development and started mass production of 0.18-micron wafer and completed the development of copper interconnect process technology. With its three factories in Shanghai in operation, SMIC had a total workforce of over 3,200 at the end of 2002, with its production capacity now exceeding 30,000 wafers per month. As SMIC was still in investment period and at an early stage of production, it recorded loss in 2002 due to substantial equipment depreciation expenses. The loss attributable to SIHL amounted to approximately HK$120.9 million.

Shanghai Information Investment reported a net profit of RMB35 million (or HK$33 million), up 29% from the previous year. Major achievements during the year included: (1) completed 2-way upgrade of its cable television network for 200,000 subscribers, increasing the total coverage to 1.7 million households in Shanghai; (2) added 280 km of the Shanghai integrated information pipeline system, bringing the total to 830 km; (3) expanded the credit information system to cover 600,000 enterprises and 2.9 million individuals; (4) completed the comprehensive information system for Shanghai Port which had significantly reduced customs processing time.

Medicine and Bio-technology

Net profit of the medicine and bio-technology segment amounted to approximately HK$58 million, up 59% over 2001 excluding the Group's share of the exceptional gain brought by Shanghai Jahwa's A-share listing. It constituted about 4.7% of the Group's net business profit.

SIIC MedTech achieved a track record of approximately 26.3% average compound annual growth since its listing in 1999. Its HK$87.5 million net profit in 2002 represented an increase of approximately 33.5%, excluding all exceptional items. SIICMedTech had completed four merger and acquisition projects in 2002, including Hangzhou Huqingyutang Drugstore, Xiamen Traditional Chinese Medicine, MicroPort Medical and E-COM Technology. All four acquisitions made earnings contribution in 2002 and paved the way for further earnings growth this year. SIIC MedTech's subsidiary Qingchunbao Pharmaceutical reported strong sales growth of its four key injection products -- Shen Mai, Dan Shen, Herba Houttuyniae, and Huang Qi -- with sales growth of 7.5%, 10.3%, 40.1% and 21.1% respectively. Qingchunbao Anti-Ageing tablets also hit a sales record of RMB328 million.

Sunway Biotech completed phase 2 clinical trials of H101, its new anti-tumour medicine, and proceeded to phase 3, which is expected to be completed by the second half of 2003. Clinical trials of H103, a project for the activation of human immune system and inhibition of tumour growth, will commence later this year.

Consumer Products and Department Retail

Net profit from the consumer products and department retail segment was approximately HK$512 million including about HK$220 million exceptional gain brought by Bright Dairy's A-share listing. It represented an increase of 24.5% on ex-exceptional basis and accounted for 41.6% of the Group's net business profit.

Nanyang Tobacco contributed HK$120 million, up approximately 31%. Exports and domestic sales in the Hong Kong market remained stable and the company successfully consolidated its Singapore market and expanded into the new Taiwan market. Total cigarette output grew about 13.5%. For new product development, the company successfully completed the trial production of super mild "Double Happiness" (6 mg), which was well-received in the PRC domestic market.

Wing Fat Printing recorded a net profit of HK$85.7 million, representing 22% growth. Construction of its new production facilities in Dongguan in southern China started in 2002 and is expected to be completed by mid-2003, consequently enhancing its market competitiveness. Total investment cost was HK$200 million.

Bright Dairy was listed on Shanghai Stock Exchange in August 2002 with net proceeds of approximately RMB950 million. Net profit of Bright Dairy for 2002 attributable to SIHL was approximately RMB83.3 million (or HK$77.9 million), up 26% notwithstanding the Group's shareholding dropping from 40% to 30.8%. Bright Dairy's profits have been growing at a rate of more than 30% for the fifth consecutive year. It has also been ranked number one for the fifth consecutive year in the country's dairy industry with respect to its performance in sales, profit, milking volume, output and sales of liquid milk, nationwide market share, etc. Bright Dairy has been actively expanding its market share by means of merger and acquisitions. Recently it acquired the entire interests of Guangzhou Danone Yogurt with a view to capitalize on the well-known Danone brandname and expand to the Hong Kong, Macau and overseas markets.

Automobile and Parts

Automobile and parts contributed a net profit of approximately HK$106 million, a decline of about 29.1% and accounting for 8.7% of the group's net business profit.

The automobile market in China saw a drastic slump in the beginning of last year but experienced a rebound with sales of sedans rising significantly starting in March. Huizhong Automotive reported sales growth but due to substantial price cut in all domestically produced sedans as a result of China's accession to WTO, Huizhong made corresponding cuts to its auto parts products. Its net profit for the year dropped 39% to RMB157.7 million (or HK$147.4 million). Another auto parts company, SIIC Transportation Electric, however, achieved impressive sales performance and posted a net profit of RMB83 million (or HK$77.6 million), up 52.1%. New development projects including anti-theft device, e-intelligence box and sky-light products achieved substantial progress last year.

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