PRESS RELEASE (A)

SHANGHAI INDUSTRIAL REPORTS HK$491M INTERIM EARNINGS
PAYS 18-CENT DIVIDEND

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RE-ORGANISATION OF MEDICAL BUSINESSES
MAJOR ADJUSTMENTS IN INFRASTRUCTURE INVESTMENT
HIGHLIGHT PROGRESS IN BUSINESS TRANSFORMATION

(August 29, 2003 -- HONG KONG) Shanghai Industrial Holdings Limited ("SIHL") announced that for the six months ended June 30, 2003, the company's net profit amounted to HK$491 million, an increase of 1.3 % compared to last year despite the considerably difficult situation during this period. SIHL's board of directors resolved to pay an interim dividend of HK18 cents per share, an increase of 3 cents from last year. Payout ratio went up from 28% to 34.3%.

SIHL chairman Cai Lai Xing said the company has implemented a number of new business development initiatives this year, further substantiating its business transformation strategy and paving the way for upcoming development. These initiatives included major adjustments in infrastructure investment, re-organization of medical businesses and divestment from non-core businesses.

Heading the adjustments in the infrastructure sector is the agreement made with PRC government authorities regarding settlement for guaranteed fixed return investment projects involving foreign entities. SIHL will dispose of all its investment interests in two elevated road projects in Shanghai -- Yanan Road Development, Inner Ring Road and North-South Elevated Expressway -- to its joint venture partners, and receive full reimbursement of the carrying value of the two projects amounting to approximately US$702 million, plus an after-tax compensation of RMB300 million.

Secondly, SIHL has obtained approval from the Ministry of Commerce to establish a wholly foreign-owned investment company in the PRC dedicated to expanding the company's infrastructure investments in the mainland. This new company will serve as SIHL's infrastructure investment platform and fund-raising platform in the mainland. Thirdly, SIHL has signed a letter of intent for the transfer of the entire interests in Shanghai-Nanjing Expressway (Shanghai Section) Development Co., Ltd. with 25-year operating rights, for a consideration of RMB2 billion. *(Please refer to press release "B" for more details.)* Fourthly, SIHL has made a move to enter China's water services market by forming a joint venture with a wholly-owned subsidiary of China Energy Conservation Investment Corp., a national-level investment company. With SIHL taking 50% interest, the new joint venture has a registered capital of RMB 500 million, and will be engaged in businesses including the investment, construction and operation of water supply and wastewater treatment plants; sale, development and supply of water-related environmental protection equipment; research and development of water treatment technology and related patent transactions. *(Please refer to press release "C" for more details.)*

Mr Cai noted that the water services market and the Shanghai-Nanjing Expressway (Shanghai section) operations would provide the company with promising investment opportunities and stable and growth-enhancing income. He said that SIHL will increase the scale of mergers and acquisitions to ease pressure on income caused by the disposal of fixed return infrastructure projects. In so doing, the company would also turn around the declining trend of annual earnings of the Shanghai elevated road projects caused by amortisation of investment costs.

The re-organisation of medical businesses included the acquisition of A-share company Shanghai Industrial United Holdings ("SI United"), and the privatisation of GEM-listed SIIC Medical Science and Technology ("SIIC MedTech"). Total considerations for the two transactions amounted to approximately HK$1.335 million. The privatisation proposal had been approved at the Extraordinary General Meeting of SIIC MedTech on August 11, 2003 and the listing of SIIC MedTech's shares will be withdrawn on September 17, 2003. The SI United acquisition proposal was also approved at the respective shareholders meetings of SIHL and SI United, and is currently subject to the approval by relevant PRC government authorities.

The divestment move referred to the disposal of SIHL's 51% stake in Orient Shopping Center, resulting in an exceptional profit of approximately HK$28.23 million for the first half. The disposal complemented well SIHL's business transformation strategy. With gradual streamlining of non-core businesses, the company will be able to better consolidate its resources, which is to the interest of the company's shareholders.

On future prospects, Mr Cai said that SIHL will make further progress towards its objectives for business transformation. The management is confident that by focusing on the company's core businesses and making cautious selection of new investment projects, under SIHL's prudent but flexible corporate strategies, the company will be able to maximise its own competitive advantages and achieve greater profitability, thus maximising shareholders' value.

He added that against the uncertainties on economic prospect shrouding many parts of the world, the PRC economy managed to achieve a sustained growth. Major cities in the PRC, especially Shanghai, have become global investment hot spots. As the company endeavors to develop its businesses in Shanghai and the Yangtze River Delta, it will continue to benefit from the flourishing economy in this region. Meanwhile, economic interactions between Hong Kong and Shanghai will also create new business opportunities for SIHL.

SIHL's principal business sectors include infrastructure and modern logistics, medicine and bio-technology, consumer products and automobile and parts, information technology,

Infrastructure and Modern Logistics

As the entire investment interests of the two Shanghai elevated road projects would be sold to the joint venture partners, SIHL would receive full reimbursement of the carrying value of the project investments amounting to approximately US$702 million together with an after-tax compensation of RMB300 million. The compensation payment has been received in full in the first half of 2003 and included in SIHL's profit for the period. The Shanghai Waigaoqiao Container Terminal Phase One Project had commenced formal operation on March 1, 2003. By the end of June, 2003, this project reported approximately RMB221 million total revenue and approximately RMB102 million net profit, with an aggregate throughput exceeding 680,000 TEU's.

On modern logistics, SIHL has completed the second phase of acquisition of EAS International in April 2003, and currently holds 50% interest of EAS International. EAS reported a net profit of approximately RMB20.52 million in the first half as both its operating revenue and net profit have increased by more than 20% compared to last year.

Medicine and Bio-Technology

The recently strengthened medicine and bio-technology business sector continued to show excellent performance and recorded a net profit of approximately HK$51.89 million, an increase of about 66.3% and representing about 9.8% of SIHL's net profit. SIIC MedTech, SIHL's flagship company in the medicine and bio-technology business, recorded a net profit of approximately HK$50.4 million in the first half of 2003, with its prescription drugs and OTC drugs/health products reporting sales growth of about 29.3% and 41.0% respectively. For medical equipment, the turnover of Microport Medical grew four times, while that of Guangdong Biolight Medical Technology increased by 1.2 times as the demand for monitoring and diagnostic equipment has increased in most hospitals following the SARS outbreak.

The H101 project for developing a new anti-tumour drug, undertaken by Sunway Biotech, entered the final stage of phase three clinical trials. It has been recognised in the National 863 Project and as one of Shanghai's major science and technology development projects. Another new drug project H103 was granted approval to commence clinical trials.

Consumer Products and Automobile and Parts

Net profit contributed by consumer products businesses increased by about 42.9% to approximately HK$187 million, representing about 35.1% of SIHL's net profit. Nanyang Tobacco recorded about 22.7% sales growth and 81.9% profit growth with net profit amounting to approximately HK$85.08 million. Wing Fat Printing recorded a net profit of approximately HK$40.14 million. Its new production facilities in Dongguan, Guangdong, is expected to commence operation by the end of 2003 upon which Wing Fat would achieve gradual reduction of production costs as well as increasing business growth in the mainland markets. Shanghai Bright Dairy recorded net profit growth of about 31.4% and its earnings contribution to SIHL increased by about 2.7% to approximately RMB39.22 million despite the dilution of SIHL's stakeholding following Shanghai Bright's A-share listing in 2002.

In May 2003, SIHL disposed of 51% interest in Shanghai Orient Shopping Center to Shanghai Yibai Company at a cash consideration of approximately RMB127 million, representing 5.1 times compared with the attributable adjusted net asset value after deducting the appropriated earnings. SIHL recorded an exceptional profit of approximately HK$28.23 million in the first half.

Net profit contributed by automobile and parts businesses grew about 89.2% to approximately HK$80.08 million, representing about 15% of SIHL's net profit. Domestic sales of sedans in the mainland saw sharp increase during the first half of 2003, hitting historic highs, and helped Shanghai Huizhong meet its production and sales targets. Huizhong's sales revenue grew by about 67.3% and net profit 93% to approximately RMB129 million. In addition to impressive performance in autoparts sales, Huizhong has also completed trial production of various models of heavy trucks during the first half, facilitating sales in the second half. SIIC Transportation Electric's profit grew about 67.2% to approximately RMB63.43 million, with its loudspeaker and power window products successfully entering the North America markets.

Information Technology

SIHL's investment in information technology businesses has yet to achieve overall earnings and recorded considerable loss for the first half. Since its establishment in April 2000, SMIC has been forming alliances or collaborations with global leaders in the semiconductor industry and achieved steady growth in production capacities and customer base. Current production capacity has exceeded 40,000 wafers per month. As SMIC is still in the stage of continuous investment with substantial equipment depreciation expenses, loss attributable to SIHL amounted to approximately HK$75.39 million as at the end of June 2003. Nevertheless, SMIC has shown continuous fast-paced growth towards profitability with a positive EBITDA as of the first quarter of 2003.

Another IT investment project, Shanghai Information Investment ("SII"), recorded a net profit of approximately HK$9.54 million. Currently more than 100,000 subscribers have access to the Cableplus broadband data service and over 3,000 subscribers have access to digital television service. SII will complete upgrade of its two-way cable television network for 120,000 subscribers by the end of 2003. Construction of the Shanghai integrated information pipeline infrastructure has created a network that covers substantially all major business districts in Shanghai's urban area. The pipeline network has accumulated a total of over 900 kilometers.

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