

PRESS RELEASE (B)

**SHANGHAI INDUSTRIAL RECEIVES US\$702M PLUS RMB300M
COMPENSATION FOR DISPOSING SHANGHAI ROAD PROJECTS**

**INVEST RMB2B FOR SHANGHAI SECTION OF
SHANGHAI-NANJING EXPRESSWAY**

**SET UP FOREIGN WHOLLY-OWNED INVESTMENT COMPANY IN PRC
WITH FOCUS ON INFRASTRUCTURE INVESTMENT AND OPERATION**

(August 29, 2003 -- HONG KONG) Shanghai Industrial Holdings Limited ("SIHL") announced that it has entered into agreement for the disposal of all its investment in two elevated road projects in Shanghai to its joint venture partners. SIHL would receive full reimbursement of the carrying value of the two project investments amounting to approximately US\$702 million, together with an after-tax compensation of RMB300 million. Total amount is equivalent to approximately HK\$5.76 billion.

The two projects -- Yanan Road Development, Inner Ring Road and North-South Elevated Expressway -- had carrying value of approximately US\$159 million and US\$543 respectively as of December 31, 2002. They contributed about HK\$168 million and HK\$536 million net profit after taxation and extraordinary items, respectively for the full year in 2002. The after-tax compensation attributed to the two projects are approximately RMB72 million and RMB228 million respectively, which have been received in the first half of 2003 and included as earnings for the first half.

According to SIHL, a State Council notice issued in September 2002 required local governments of the PRC to settle properly the issue of guaranteed fixed return investment projects of foreign entities by December 31, 2002. SIHL had negotiated with relevant authorities for a viable solution and eventually reached agreement to sell the elevated road projects to its joint venture partners. Proceeds from this transaction will be used for new investment projects relating to SIHL's principal businesses and as general working capital.

SIHL also announced the signing of a letter of intent with Shanghai Municipal Engineering Bureau for the transfer of the entire interests in Shanghai-Nanjing Expressway (Shanghai Section) Development Co., Ltd. for a consideration of RMB2 billion. In return, the investment will be granted the right, for 25 years, to receive toll fees from vehicles using the Shanghai section of the Expressway and to operate the service facilities in designated areas along this section.

The Shanghai section of Shanghai-Nanjing Expressway is the 26.04-km section between Huaqiao town, Kunshan City in Jiangsu province and the intersection of Zhenbei Road and Wuning Road in Shanghai. With the rapid development of the regional economy in Shanghai and its vicinity and the increase of vehicle ownership, traffic flow and toll fees for the Shanghai section of Shanghai-Nanjing Expressway have been growing. Average toll fees has gone up by more than 20% every year between 1998 and 2002. Traffic flow in 2002 increased by 36%, and toll fees went up by 50%.

Another new development at SIHL is the company's obtaining approval from the Ministry of Commerce to establish a wholly foreign-owned investment company in the PRC with the focus of expanding the company's infrastructure investments in the mainland. With a registered capital of approximately US\$200 million, this new company will serve SIHL as its infrastructure investment platform and fund-raising platform in the mainland, creating more value for its shareholders.

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