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**SHANGHAI INDUSTRIAL COMPLETED SIIC MEDTECH PRIVATIZATION

TO FURTHER EXPAND MEDICAL INVESTMENT IN CHINA
EARNINGS CONTRIBUTION TO RISE TO 30% IN THREE YEARS**

(September 17, 2003 -- HONG KONG) Shanghai Industrial Holdings Limited ("SIHL") announced the completion of the privatization of SIIC Medical Science and Technology (Group) Ltd ("SIIC MedTech"). Listing of SIIC MedTech shares was withdrawn from the Stock Exchange of Hong Kong today, and cheques for cash considerations of HK\$2.15 per share were despatched to SIIC MedTech shareholders.

Total considerations for the privatization by SIHL amounted to approximately HK\$468 million. Upon completion of the privatization, SIIC MedTech will become a wholly-owned subsidiary of SIHL, whose share of profit will increase from 65.9% to 100%. SIIC MedTech reported earnings of approximately HK\$87.52 million for the full year of 2002, and HK\$50.36 million for the first half of 2003. Since listing in 1999, SIIC MedTech's operating profits had achieved an average compound annual growth rate of 26.3%.

Concurrently, SIHL's proposed acquisition of 56.63% interest of Shanghai Industrial United Holdings Co., Ltd ("SI United"), an A-share company listed in Shanghai engaged in bio-medicine and commercial network operations, had been approved at the respective shareholders meetings of SIHL and SI United. The proposal is presently awaiting approval by relevant PRC government authorities.

SIHL CEO Lu Ming Fang noted that the company has identified medicine and bio-technology as one of its core businesses, and that the successful privatization of SIIC MedTech was essential in the re-organization of medical and related businesses under Shanghai Industrial. Upon the completion of the proposed SI United acquisition, all medical and related businesses under the Shanghai Industrial group will be integrated on a common platform for investment and operation, thus avoiding potential intra-group competition among the companies. Consequently, SIHL will have a more distinct medical and related business structure and more rational resource allocation, enhancing the expansion and scale of SIHL's investment in this area.

According to industry statistics, the national medical and pharmaceutical industry achieved a total industrial output value of RMB193 billion in the first half of 2003, an increase of 24.30% against comparable values in the previous year. New product output value in the same period amounted to RMB22 billion, up 31.83% from last year.

"Medical and pharmaceutical industry in the mainland has tremendous room for growth. We are confident that with our unique competitive strength, our investment in this sector will provide promising earnings growth. We will further strengthen and enlarge the foundation of our medical and pharmaceutical businesses, and strive to achieve integrated development for these businesses." said Mr Lu.

He added, "Presently medical and related businesses contribute about 10% of SIHL's earnings. We have set the target of lifting the proportion to about 30% within three years."

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