



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

FOR IMMEDIATE RELEASE

SHANGHAI INDUSTRIAL RECEIVES GOVERNMENT APPROVAL FOR A-SHARE COMPANY ACQUISITION

MEDICINE BUSINESSES TO BE INTEGRATED ON A UNIFIED PLATFORM

TO BUILD UP FINANCING CHANNEL IN PRC DOMESTIC CAPITAL MARKET

(DECEMBER 7, 2004 – HONG KONG) The acquisition by Shanghai Industrial Holdings Limited (“SIHL”) of Shanghai Industrial United Holdings Co., Ltd. (“SI United”), an A-share company listed in Shanghai, has received approval from all relevant PRC government authorities, including the State-owned Assets Supervision and Administration Commission of the State Council, the Ministry of Commerce and the China Securities Regulatory Commission. Consequently all the conditions to the acquisition agreement have been fulfilled and transaction procedures are expected to be completed by the end of this month.

According to the acquisition agreement, SIHL will acquire 56.63% equity interest of SI United for a total consideration of approximately RMB866 million (equivalent to approximately HK\$817 million) which will be satisfied by cash payment. Upon completion of the acquisition, SI United will become a subsidiary of SIHL.

SI United is principally engaged in bio-medicine and commercial retail network operations. Companies owned by SI United include United Pharmaceuticals (联合药业), Changzhou Pharmacy (常州药业), Techpool Bio-Pharma (广东天普生化医药) and Lianhua Supermarket Holdings (联华超市). *(SI United is currently the second largest shareholder, with approximately 21% equity interest, of Lianhua Supermarket which is listed on the Stock Exchange of Hong Kong.)*

The SI United acquisition represents a milestone for the re-organization of SIHL’s medicine businesses, according to the SIHL management. Together with the privatization of the GEM-listed SIIC MedTech, the medical businesses of the Shanghai Industrial group will be integrated on a unified investment and operating platform incorporating Chinese medicine, health food, biomedicine, chemical pharmaceuticals, medical equipment and medicine retail distribution. The successful re-organization will result in a more focused business structure, enhanced management efficiency and better allocation of resources. With control stakes in SI United, SIHL will directly benefit from the earnings growth in bio-medicine and commercial network operations under the fast-growing Shanghai economy. Concurrently, SIHL will take advantage of SI United’s listed company status to build up a financing channel in the PRC domestic capital market, thus highlighting its

unique strength in simultaneously holding listing companies in both Hong Kong and the mainland.

Founded in 1981, SI United was the first Sino-foreign joint venture in Shanghai. In 1991, it became Shanghai's first Sino-foreign joint stock company. It was listed on the Shanghai Stock Exchange in 1992. In June 1997, the parent company of SIHL became the majority shareholder of SI United.

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