FOR IMMEDIATE RELEASE

SHANGHAI INDUSTRIAL REPORTS RECORD HIGH PROFIT OF HK$1.383 BILLION, UP 9.8%

****

REORGANIZATION TO FOCUS ON BOOSTING INFRASTRUCTURE AND MEDICINE INVESTMENTS

(April 21, 2005 – HONG KONG) Shanghai Industrial Holdings Limited (" SIHL ", stock code 0363) announced that for the year ended December 31, 2004, the Group's profit attributable to shareholders increased by 9.8% to approximately HK$1.383 billion and earnings per share grew 8.2% to approximately HK$1.45. Net asset value increased by 7.8% to approximately HK$15.617 billion. The Group's board of directors proposed a final dividend of HK35 cents, making a total dividend of HK55 cents for the year, an increase of 10%, and a dividend payout ratio of 37.9%.

Mr Cai Lai Xing, chairman of SIHL, noted that the Group's profit made the highest mark since listing, as a result of contribution from both recurrent earnings generated from industrial operations as well as capital appreciation driven by asset operations. The latter included an exceptional profit of approximately HK$632 million following the public listing of Semiconductor Manufacturing International Corporation ("SMIC"). Excluding exceptional items in both 2003 and 2004, the Group's operating profit increased by 11.6%.

The past year saw a number of sizeable acquisitions by SIHL, resulting in expansion of the Group's infrastructure and medicine businesses. Under infrastructure, SIHL made investment in water supply and sewage treatment facilities in five cities in the mainland with a total investment value of approximately HK$1.435 billion, and a combined capacity of about 2.8 million tonnes per day. The Group also invested RMB283 million for 30% stake of Ningbo-Jinhua Expressway (Jinhua section) in Zhejiang province, thus expanding its toll road portfolio in the Yangtze River Delta. Under medicine, the Group paid RMB85 million for 55% interest of Liaoning Herbapex, a reputable Chinese medicine company, and completed the government approval process for the HK$817 million acquisition of 56.63% stake of Shanghai Industrial United Holdings ("SI United"), an A-share listed company in Shanghai. The latter resulted in the consolidation of all medicine related businesses under the Shanghai Industrial Group into a single investment and operating platform, paving the way for the next round of restructuring and acquisition activities, as well as securing a financing vehicle in the mainland capital market. Following divestment from retail business in 2003, SIHL has divested from all logistics-related businesses in 2004 and received a cash payment of approximately HK$276 million.

香港告士打道 39 號夏愨大廈 26 樓　電話：(852) 2529 5652　傳真：(852) 2529 5067

Mr Cai said that the Group's reorganization has made substantial progress as both its infrastructure and medicine businesses are taking shape. Looking ahead, SIHL will focus on boosting investment in these core businesses by expanding the scale of investment, enhancing the competitive advantages of the investment projects, and pushing for major breakthroughs. The objective is to secure SIHL's position as a leading red chip company. In the infrastructure sector, the Group will expand investment in water services, intending to double the scale of operation by year-end. It will continue to seek investment opportunities for toll road projects in the Yangtze River Delta. In the medicine sector, SIHL will look for merger and acquisition opportunities involving companies whose core competitiveness lies in branded herbal medicine and bio-medicine products. The Group will also step up internal restructuring to secure a leading position in the medicine industry in the mainland.

Furthermore, SIHL will capitalize on opportunities provided by the restructuring of state-owned enterprises in the mainland, and will actively identify and acquire high-growth companies that are complementary with the Group's key businesses. SIHL will also take full advantage of its parent company's competitive position in the Shanghai area to create greater value for shareholders

The Group's core businesses comprise infrastructure facilities, medicine, and consumer products and information technology.

<u>Infrastructure Facilities</u>

Net profit from infrastructure investment totalled approximately HK$156 million, representing about 18.1% of SIHL's net business profit, excluding net corporate expenses and exceptional profit attributable to the public listing of SMIC.

The Group's new endeavours in China's emerging water services market made satisfying progress. General Water of China, a joint venture with China Energy Conservation Investment Corporation, successfully secured a total of six water services projects in Xiamen (Fujian province), Xiangtan (Hunan province), Bengbu (Anhui Province), Chongqing Municipality and Huzhou (Zhejiang province), representing a total investment of RMB1.435 billion.

During the year, despite expansion works and restricted truck entry on the Jiangsu section of the Shanghai-Nanjing Expressway, the Shanghai section maintained desirable growth. Toll revenue increased by 16% to RMB210 million, and daily exit traffic reached 42,677 vehicles. The Group was granted tax benefit of full waiver and 50 percent reduction in two successive five-year periods respectively, contributing to a positive operating environment. To cope with the rapid increase of vehicle traffic, the Shanghai section of Shanghai-Nanjing Expressway will expand from four lanes to eight lanes, with construction works expected to begin in the second half of 2005. Both vehicle flow and toll revenue are expected to increase on completion of the expansion project. The newly-acquired 70-km Ningbo-Jinhua Expressway (Jinhua section) had commenced construction in 2002, with road surface paving underway. The Jinhua section is expected to open in the fourth quarter of 2005.

As the global economy revives, container demand has been rising and Shanghai maintained its ranking as the third busiest container terminal in the world. The Group has invested in Shanghai Waigaoqiao Container Terminal Phase 1 Project, which is among China's top ten terminals by throughput. In 2004, the terminal recorded a total throughput of 2.33 million TEUs, representing 12.3% growth over the previous year, as monthly capacity exceeded 200,000 TEUs after June. Total revenue was RMB758 million, and net profit RMB350 million, up 7.6% and 12.3% respectively over the previous year.

Medicine

Sales revenue in the medicine sector (excluding contributions from SI united) grew about 13.8% to approximately HK$1.284 billion, while net profit (excluding SI united) went up by about 17.5% to approximately HK$155 million, representing about 17.9% of SIHL's net business profit, excluding net corporate expenses and exceptional profit attributable to the public listing of SMIC.

At present, the Group owns a number of organizations related to the manufacture, sale and scientific research for medicines, both locally and overseas, mainly on Chinese medicine, health food and bio-medicine. The pharmaceutical industry in the mainland has been experiencing an intensive period of mergers, acquisitions and reorganization. In addition to new acquisitions of Liaoning Herbapex and SI United, the Group had increased shareholding in Xiamen Chinese Medicine and Hangzhou Huqingyutang Drugstore, bringing the total investment amount in 2004 to about RMB1 billion.

The Group's Chinese medicine products saw good overall sales. "Dengfeng" Shen Mai Injection and "Dengfeng" Dan Shen Injection, prescription medicines for cardiovascular diseases, and "Dinglu" Xinhuang Tablets, an anti-bacterial, anti-inflammatory and pain control medicine, recorded sales growth over the previous year of 11.8%, 12.8% and 23% respectively. The newly acquired "Cang Song" Rupixiao Tablets, a major product by Liaoning Herbapex, used for cystic hyperplasia of the breast, recorded sales of RMB109 million at year-end, an increase of 31.3% over the previous period.

In the health food category, "Qingchunbao" Beauty Capsules and "Qingchunbao" Yong Zhen Tablets reported steady increase in sales. Revenue reached RMB90.68 million and RMB20.69 million respectively, representing increases of 27.8% and 133.6%. During the year, the Group also increased efforts to develop its health food business. A number of new products were launched, building on the success of existing brand series. They include "Qingchunbao Royal Jelly Capsules", "Qingchunbao Golden Screen Anti-Flu Capsules", "Huqingyutang Herba Dendrobium Grain" and "Huqingyutang Strong Power".

In research and development, "Identifying the Bioactive Components of Shen Mai Injection and Their Mechanisms of Actions", a joint research project with the University of Hong Kong, has made good progress. The research team has built a relationship between the individual constituents of Shen Mai Injection and the treatment of heart disease by isolating and identifying the key bioactive ingredients and analyzing their organizational structure. To date, the research team has examined over 195 individual and compound constituents, and identified the curative effects of five such constituents on the treatment of heart disease. The team has launched application to patent the research results.

On bio-medicine products, H101, a new drug developed by Shanghai Sunway Biotech for treating head and neck tumours, was certified by State Food and Drug Administration, and is currently awaiting approval for State Class-One New Drug Certification. Meanwhile, official clinical trials are being carried out to assess the effectiveness of H101 in treating lung cancer. The Group also began studies of H101's effect on haemopoietic stem cell purification, in collaboration with Hospital No. 307 under the Academy of Military Medical Sciences and the Institute of Tumour Research under the Chinese Academy of Medical Sciences. Last year, Shanghai Alliance Investment Ltd. acquired an 18.6% stake in Shanghai Sunway Biotech for US$10.80 million, adding to the Group's capital growth.

"Kai Li Kang", a State Class-One New Drug owned by Guangdong Techpool, a subsidiary of SI United, mainly used to treat hypertension and occlusion of cerebral and surrounding blood vessels, has completed Phase III clinical trials and is expected to be on the market by the second half of 2005.

Consumer Products & Information Technology

The rapid growth of the mainland consumer market and Hong Kong's economic revival helped boost the Group's consumer product and information technology businesses. Net business profit stood at approximately HK$1.186 billion, a 34.1% increase over the previous year, representing about 64% of SIHL's net business profit, excluding net corporate expenses and exceptional profit attributable to the public listing of SMIC.

The Group's tobacco business maintained high growth in 2004, with revenue increase of 44.1% to approximately HK$1.726 billion, and net profit growth of 49% to around HK$286.60 million. Exports of Group-manufactured cigarettes recorded satisfactory sales growth. In the duty-free market, due to implementation of the Individual Visit Scheme, sales recorded an increase of 10.3%over the previous year. In the mainland market, the Group focused on promoting low-tar 6-mg "Double Happiness", and Classic "Double Happiness" cigarettes, which feature a package design for wedding banquets.

The printing business grew steadily in 2004. Turnover was approximately HK$466 million, and net profit approximately HK$114 million, representing increase of 23.2% and 19.2% respectively over the previous year. The Group's printing business primarily involves cigarette packaging, with products sold to Nanyang Tobacco accounting for 51% of total sales. The Group also provides packaging for pharmaceutical products, cosmetics, daily necessities and wine. The development in the mainland market has been highly successful, extending to the provincial capitals of Zhejiang, Henan, Sichuan, Hebei, Shanghai, Shandong, Guangxi and Shanxi.

The year 2004 saw double-digit growth in the Group's dairy business, reporting major business revenue of RMB6.786 billion, an increase of 13.45%, and net profit of RMB318 million, an increase of 12.6%.

As a result of substantial change in the automobile market environment, the Group's two autoparts companies recorded negative growth. Sales for the year amounted to RMB6.378 billion, contributing a net profit of RMB107 million to the Group, a decline of 28.8%.

SMIC was successfully listed in March 2004 in Hong Kong and the United States. A total of over HK$13.80 billion was raised in the global offering. In 2004 SMIC recorded a net profit of US$89.75 million, with sales of US$974.67 million, a surge of 166.4% over the previous year. SMIC has the most advanced process technology among foundries in China by providing semiconductor fabrication services using both 0.35 micron down to 0.10 micron process technology. It was the first lab in China to introduce copper technology on a 0.13 micron production line. With business expanding rapidly, SMIC has become the world's third largest foundry.

(end)

Media enquiries:
Derek Fung
Corporate Communications Department
Shanghai Industrial Holdings Limited
(Tel: 2821-3919)

2004 ANNUAL RESULTS HIGHLIGHTS

		2004 (HK$'000)	2003 (HK$'000)
Turnover	:	**3,428,939**	2,825,978
Profit from Operations	:	**903,270**	1,132,761
Share of Profit of Associates	:	**284,729**	161,537
Share of Profit of Jointly Controlled Entities	:	**94,451**	172,635
Profit for the year	:	**1,383,060**	1,259,166
% Change over Last Period	:	**+9.8%**	
EPS - Basic *(in Dollars)*	:	**HK$1.45**	HK$1.34
- Diluted *(in Dollars)*	:	**HK$1.43**	HK$1.33
Final Dividend per Share	:	**HK35 cents**	HK32 cents