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Press Release

**SIHL Joint Venture Acquires 40% Stake in
Shanghai Pharmaceutical (Group) for RMB6.2 Billion
Proactive Development of Big Health Business and Implementation of
"Healthy China" Development Strategy**

Shanghai Industrial Holdings Limited ("SIHL" or the "Company", together with its subsidiaries collectively referred to the "Group"; HKSE stock code: 363) is pleased to announce that SIHL 50% indirectly owned S.I. Yangtze River Delta Ecological Development Co., Ltd. ("Shanghai S.I. Yangtze"), recently successfully bid to acquire 40% equity interest in Shanghai Pharmaceutical (Group) Co., Ltd. ("Shanghai Pharmaceutical (Group)") held by China Worldbest Group Co., Ltd. ("CWGC") at a winning bid price of RMB6,236.1 million.

To ensure the smooth implementation of the bidding process, SIHL has provided a shareholder loan of up to RMB2.3 billion (or its equivalent in Hong Kong dollars) to S.I. Yangtze River Delta Ecological Development Limited and its subsidiary Shanghai S.I. Yangtze. Upon successful bidding, Shanghai S.I. Yangtze will hold a 40% interest in Shanghai Pharmaceutical (Group). SIIC Shanghai Holdings Co., Ltd., which is authorized operation entity by the parent company, Shanghai Industrial Investment (holdings) Co., LTD. ("SIIC"), holds another 60% equity interest in Shanghai Pharmaceuticals Group.

The main businesses of Shanghai Pharmaceutical (Group) cover a wide range of areas including chemicals, biologics, Chinese medicine and pharmaceutical distribution, with products covering all areas of human life and health. Shanghai Pharmaceutical (Group) holds 25.8% of the A-shares of Shanghai Pharmaceuticals Holding Co., Ltd. ("Shanghai Pharmaceuticals", 2607.HK, 601607.SH), a company listed both in Shanghai and Hong Kong, making it the single largest A-share shareholder. It plays a fundamental role in the prevention and control of epidemics, research and development of new drugs and other important tasks. SIIC holds 21.01% of Shanghai Pharmaceuticals' H-shares and is its single largest H-share shareholder.

SIHL's current three core businesses are infrastructure facilities (including toll roads/bridges, sewage treatment and solid waste treatment and other environmental protection-related businesses), real estate and consumer products (including Nanyang Tobacco and Wing Fat Printing). Bidding for Shanghai Pharmaceutical (Group) shares is in line with SIIC and SIHL's strategic positioning of "Based in Hong Kong, Relying on Shanghai, Serving the National Strategy, and Achieving Internationalization" and the development direction of "Big Health, Big Finance, New Infrastructure, New Consumer, Urban Renewal". The acquisition implements the country's "Healthy China" initiative, making full use of Hong Kong resources to expand the "big health" business and better promote the long-term and stable development of Shanghai's biopharmaceutical industry. The acquisition enables SIHL to share in the dividends from future growth of Shanghai Pharmaceuticals, and is conducive to promoting the synergies between the businesses of both parties and creating greater value for shareholders.

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About SIHL

Shanghai Industrial Holdings Limited (“SIHL”, HKSE Stock Code: 363) is the largest overseas conglomerate under Shanghai Industrial Investments (Holdings) Co., Ltd (“SIIC”). As the flagship of the SIIC group of companies, SIHL has been successful in leveraging its Shanghai advantage since listing, in terms of securing the best investment opportunities in mainland China with full support from the parent company. Over 20 years’ development, SIHL has become a conglomerate company with three core businesses: infrastructure facilities (including toll roads/bridge, and environmental protection related business such as sewage treatment and solid waste treatment business), real estate and consumer products (including Nanyang Tobacco and Wing Fat Printing). SIHL will continue to raise its governance standard in order to create favourable returns and value for shareholders.

For more information about SIHL, please visit the company website at www.sihl.com.hk.

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