HIGHLIGHTS

- Net profit of the Group for 2002 amounted to approximately HK$1,203,310,000 and paid-out dividend amounted to approximately 4.5% as compared with the previous year. Earnings per share was approximately HK$0.21.
- The Basic earnings per share was calculated on the basis of diluted earnings per share.
- The new subsidiary company, Shanghai Pudong International Container System Limited, for the Shanghai Waigaoqiao Integrated Terminal Project, commenced formal operation in March 2002 and will contribute to the rapid growth of the container industry in Shanghai.
- The Group reported a 3.3% increase in sales and a net profit margin of approximately 5.0% in 2002 and will continue to expand its interest in the company this year.
- The Board recommended a final dividend of HK30 cents per share, making a total dividend for the year of HK45 cents per share.
- Shareholders are advised to note that the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 December 2002 will be released in the Annual General Meeting to be held on 15 December 2002.

ANNOUNCEMENT OF 2002 FINAL RESULTS

The Board of Directors of Shanghai Industrial Holdings Limited ("the Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 December 2002.

The Group has been actively driving the transformation of its businesses during the past few years. Three new business segments have been evolved — modern logistics, medicine and bio-technology, and information technology. The Group has been actively seeking new business opportunities and expanding into the Taiwan market. In 2002, total cigarette output grew approximately 13.5% as compared with the previous year. Shanghai Wanzhong Automotive Components achieved stable growth in its operations during 2002, and the Group's operations in automotive components have been diversified further. Mergen Limited was established in September 2002 and commenced its operations in the information technology industry. The Group fully absorbed the loss-making Sichuan Jiaxing Pharmaceutical Co., Ltd. during the year. The Group's net profit for 2002 amounted to approximately HK$1,203,310,000, an increase of approximately 33.5% over the previous year. The Group's basic earnings per share for 2002 remained stable with a profit of approximately HK$1,126,340,000, showing a slight decrease of approximately 0.4% as compared with the previous year. Earnings per share was approximately HK$0.21.

The Group's core businesses made good progress in 2002 with many aspects of the company's operations during the year, leading to a 33.5% increase in net profit. Key drivers of the Group's performance include: a successful transformation of the business model of the Group's resource allocation; a focus on core businesses; strategic decision of investments in the information technology industry; and a successful reorganization of the business model of the Group's consumer products and department retail businesses.

The Group's strategy of "shifting to a high-tech, industrial economy" has been in line with our focus on technology and service businesses. Key areas in the Group's technology and service businesses include: modern logistics, medicine and bio-technology, and information technology. The Group also diversified into the Taiwan market and expanded its operations in the automotive components industry.

The Group will continue to focus on its core businesses and seek new business opportunities. The Group will continue to benefit from the flourishing economies of Shanghai and the Yangtze River Delta, which provide substantial growth opportunities for Shanghai companies in the regional market. The Group's strategy will continue to focus on technology and service businesses and to seek new business opportunities in the automotive components industry. The Group will continue to focus on its core businesses and seek new business opportunities. The Group will continue to benefit from the flourishing economies of Shanghai and the Yangtze River Delta, which provide substantial growth opportunities for Shanghai companies in the regional market. The Group's strategy will continue to focus on technology and service businesses and to seek new business opportunities in the automotive components industry.

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