

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

Clarification Announcement

An announcement was made to clarify press articles appeared in today's newspapers.

At the request of the Company, the trading in the Company's shares was suspended on the Stock Exchange on 27th February, 2004 at 9:46 a.m. pending the publication of this announcement. The Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company on 1st March, 2004 at 9:30 a.m.

Shanghai Industrial Holdings Limited (the "Company") has made request to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the suspension of trading in the Company's shares today at 9:46 a.m. pending the publication of this announcement, in connection with various press articles appeared in today's newspapers in relation to a senior executive and certain employees of Nanyang Brothers Tobacco Company, Limited ("Nanyang Tobacco"), a wholly-owned subsidiary of the Company, suspected of receiving bribes. As to the action taken by the Independent Commission Against Corruption (ICAC), it was suspected to involve three employees of Nanyang Tobacco, of whom possibly involving the Executive Director & Executive Deputy CEO of the Company (the "Director"). The management of the Company expresses serious concern in the matter in this regard, and agreed to the Director's request in suspending all his executive duties as director and other management positions with effect from today.

The Company considers that this incident and the suspension of executive duties of the Director will not impose any material impacts on the operation of the Company, and is in the meantime following up with the matter and will make announcement(s) on further material development of this matter.

The Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares on Monday, 1st March, 2004 at 9:30 a.m.

By Order of the Board
Roger L. C. Leung
Company Secretary

Hong Kong, 27th February, 2004