上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

ANNOUNCEMENT OF 2009 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

	2009	2008	Change
	HK$'000	*HK$'000*	*%*
Continuing operations			
Revenue	**6,917,885**	7,452,105	**-7.2%**
Gross profit	**2,670,731**	2,446,823	**+9.2%**
Profit before taxation	**3,815,115**	2,683,795	**+42.2%**
Continuing and discontinued operations			
Profit attributable to shareholders	**2,860,128**	2,101,546	**+36.1%**
Earnings per share - Basic	**HK$2.65**	HK$1.96	**+35.2%**
- Diluted	**HK$2.65**	HK$1.95	**+35.9%**
Proposed final dividend per share	**HK60 cents**	HK36 cents	**+66.7%**

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") is pleased to announce that for the year ended 31st December 2009, the Company and its subsidiaries (the "**Group**") recorded profits attributable to shareholders of HK$2,860 million, up 36.1% over last year. Revenue (including income from the medicine business) for the year amounted to HK$12,762 million, an increase of 0.2% over last year. In accordance with its strategic plans, the Group disposed of its non-core businesses during the year, realizing a total proceed of HK$3,768 million (excluding the sale proceeds from Lianhua Supermarket Holdings Co., Ltd. ("**Lianhua Supermarket**")) and disposal gains after tax of HK$871 million. Significant results were also achieved in the expansion of the Group's core businesses.

Infrastructure Facilities

During the year, profit contribution from the infrastructure facilities segment amounted to HK$729 million, representing an increase of 17.8% after deducting disposal gains from the disposal of Yongjin Expressway (Jinhua Section) and General Water of China Construction Co. Ltd. in the previous year, and accounting for approximately 18.3% of the Group's Net Business Profit*, not taking into account the loss from Semiconductor Manufacturing International Corporation ("**SMIC**"). The Group increased its investment in the infrastructure facilities segment during the year and announced the respective acquisitions of Huyu Expressway (Shanghai Section) in Shanghai and share interests in a listed company in Singapore engaged in water service, broadening the scope of the infrastructure facilities business.

In December 2009, the Company announced the acquisition from its parent company of the operating concession of Huyu Expressway (Shanghai Section) with a concession period expiring in late December 2027 for a consideration of HK$1,388 million. Huyu Expressway (Shanghai Section) is a constituent of the G50 National Highway linking Shanghai to Chongqing. The 47.2 km highway is located in the vicinity of the fast-growing "Greater Hongqiao Business Circle" connecting Shanghai to the Jiangsu Province. The Expressway recorded a traffic flow in 2009 of approximately 26.12 million vehicles. The transaction, still pending final approval by relevant government authorities in the PRC, is expected to offer significant growth potential.

In June 2009, the Company announced through S.I. Infrastructure Holdings Ltd. ("**SI Infrastructure**"), its wholly-owned subsidiary, in Singapore the subscription for new shares at S$0.02 per share and for the subscription of convertible bonds in Asia Water Technology Ltd. ("**Asia Water**"), a listed company in Singapore, for approximately HK$215 million. The acquisition was completed in February 2010 and the Group is currently interested in approximately 77% of the enlarged share capital of Asia Water. The investment is expected to consolidate the business operation and create synergy with the existing water projects operating under General Water of China Co., Ltd. ("**General Water of China**"). Asia Water currently owns 11 water projects mainly located in Hubei, Shanxi, Zhejiang and Anhui in China, with a total capacity of up to 1,123,500 tonnes per day.

Toll Roads

Jinghu Expressway (Shanghai Section) (formerly known as Huning Expressway (Shanghai section))

The alteration and widening of Jinghu Expressway (Shanghai Section) was completed at the end of 2008 and the section commenced operation in early 2009, contributing to increases in both traffic flow and toll revenue. During the year, the Expressway recorded a toll revenue of HK$480 million, an increase of 53.2%, with a traffic flow amounting to 28.38 million vehicles, an increase of 45.1%. Passenger vehicles and goods vehicles accounted for 76.41% and 23.59% of the traffic respectively. Active measures have been implemented throughout the year for the preparation of the "Shanghai Expo 600 days Countdown Campaign" including the enhancement of toll road facilities, the strengthening of service training and the improvement of site environment.

In June 2009, an announcement was made for the acquisition of a 20% stake in Shanghai Galaxy Investment Co., Ltd. ("**Shanghai Galaxy**") by Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. ("**Hu Ning Expressway**") and for entrustment on Shanghai Galaxy to provide investment fund management services, realizing a yearly return on the entrustment fund of HK$71.45 million. Taking into account the government subsidies received in the previous year, Hu Ning Expressway recorded a total profit (including share of profit in Shanghai Galaxy) of approximately HK$326 million for 2009, a decrease of 20.1% over last year.

Hukun Expressway (Shanghai Section) (formerly known as Huhang Expressway (Shanghai section))

The alteration and widening of the Xinsong section of Hukun Expressway (Shanghai Section) commenced in January 2009. The Xinzhuang to Xinqiao section has been completely closed since mid-May, resulting in respective declines in toll revenue and traffic flow. An annual toll revenue and traffic flow amounting to HK$366 million and 13.71 million vehicles were recorded, representing a decrease of 44.3% and 53.7% respectively. During the year, subsidies of approximately HK$286 million were received from the government and the construction cost paid for the alteration and widening works was about HK$1,210 million. Shanghai Luqiao Development Co. Ltd. recorded a net profit of HK$362 million for 2009, representing an increase of 75.5%.

During the year, Hukun Expressway (Shanghai Section) actively launched the “Shanghai Expo 600 days Countdown Campaign” for road environment and completed a number of maintenance works for expressway, road bridges, and environmental protection, etc. The main section of the Expressway commenced operation on 1st January 2010 and the entire alteration and widening works will be completed before the opening of the Shanghai World Expo.

Water Services

As at 31st December 2009, General Water of China had total assets of approximately RMB5.2 billion, comprising 14 water projects and 18 water supply facilities, 14 sewage treatment facilities, three sewage stations and two reservoirs, as well as a gross storage tank volume of 18,232 cubic meters and a pipe network of 2,300 kilometers in total with a daily production capacity of 4,283,000 tonnes. During the year, the company recorded a revenue of HK$638 million from principal business and a net profit of HK$83.63 million, representing an increase of 8.6% and 57.0% respectively. In 2009, General Water of China successfully broadened its scope of business, transforming itself from an investment-driven to a system-supported enterprise. The transformation provided an integrated platform for the company for project investment and construction, equipment manufacturing, operation management as well as technical research and development. The company aims to expand the scale of its assets and enhance the overall value and competitiveness of its core businesses.

In July 2009, General Water of China announced the acquisition of a 60% stake in Hangzhou Hangyang Environmental Protection Equipment Co., Ltd. The acquisition has provided equipment and maintenance services for the company’s existing and future project investments, enhancing its technical and equipment capabilities. During the year, General Water of China has been striving to expand into the project construction and equipment assembly markets to achieve asset growth and efficiency. The company has also sought to consolidate its regional resources for its projects, while actively strengthening its research and development capabilities in water environment treatment techniques. In August, the company set up a wholly-owned subsidiary in Suifenhe city to undertake urban sewage treatment projects. In December, the company totally withdrew itself from the water supply and sewage treatment projects in Chongqing, realizing a total of RMB260 million. In the same month, the project on reservoir and water induction works in Tiger Lake, Huzhou, being the company’s first reservoir project, commenced full-scale operation. The Tiger Lake reservoir, operated as an auxiliary water supply to Huzhou City, will help facilitate the recovery of the water environment of Taihu, while driving the regional integration of the company’s projects in Huzhou.

Real Estate

For 2009, the real estate business contributed a profit of approximately HK$731 million to the Group, representing a significant increase of 66.2% over last year and accounting for approximately 18.4% of the Group's Net Business Profit*, not taking into account the loss from SMIC. Without taking into account property revaluation, profits from Shanghai Urban Development (Holdings) Co., Ltd. ("**Shanghai Urban Development**") increased by more than 33.4% over last year to HK$350 million. The company has for the third consecutive year (2005 to 2008) been included on the "Top 50 Real Estate Enterprises in Shanghai" and was ranked 19 in 2008.

During the year, two separate announcements were made by the Company in respect of the acquisition from the parent company of four land lots located in the Qingpu District of Shanghai. The acquisition was intended to strengthen the Group's investment in the real estate segment with the injection of a total site area of approximately 1,698,500 square meters. An announcement was also made in June in respect of the acquisition of four residential blocks under development in "Shanghai Bay" in Shanghai. A total consideration of HK$5,381 million was made for these acquisitions. The continuing expansion of the real estate segment is expected to create tremendous room for future profit growth for the Group.

Subsequent to the balance sheet date, the Company further announced the conditional acquisition at HK$2.32 per share of 500,000,000 existing shares held by the controlling shareholders of Neo-China, a listed company in Hong Kong, and the subscription for approximately 683,700,000 new shares in Neo-China Land Group (Holdings) Ltd. ("**Neo-China**"), representing a total of approximately 45.02% of its then enlarged share capital, at a total consideration of HK$2,746 million. Upon completion of these transactions, the Group will be required to make a general offer to the existing shareholders of Neo-China at the same price of HK$2.32 per share. Neo-China currently owns 14 projects in 11 cities in mainland China of which most are middle to high-end luxury residential buildings. As at the end of 2009, the company had an accumulated site area of 7,360,000 square meters. The acquisition and subscription of shares are expected to be completed by the second quarter of 2010. Upon completion, the Group will be able to rapidly expand its real estate business development across the country.

Land Reserve

As at the end of 2009, Shanghai Urban Development had a total of nine real estate projects in five regions, namely Shanghai, Jiangsu, Anhui, Hunan and Chongqing, covering a total gross floor area of approximately 2,085,800 square meters. During the year, a site area of approximately 259,200 square meters for "Shanghai Jing City" was newly acquired with a total investment amounting to RMB4,500 million. The project, which is located in

Meilongzhen, Minhang District of Shanghai, has commenced construction in 2010 and was included as one of the "2009 Large-scale Residential Projects under the Housing Security System for Major Works Project in Shanghai". In November 2009, Shanghai Urban Development won the bid for an ancillary commodity housing construction project located in Plot West of Meilongzhen, Minhang District of Shanghai with a total planned site area of approximately 49,800 square meters and a total planned gross floor area of approximately 125,200 square meters. The project will comprise residential housing, underground car parks and other ancillary housing.

In August 2009, the Company announced the acquisition from the parent company of land lots D and E located in Shanghai's Qingpu District beside the Dianshan Lake for a total consideration of HK$1,732 million. In December, a further announcement was made for the acquisition of the nearby land lots F and G for a consideration of HK$1,377 million. The four lots of land covering a total site area of 1,698,500 square meters have boosted the Group's premier land resources. The Group will plan to develop (either on its own or with other parties) the entire site into a low density high-end residential community of luxury residential units and villas.

As at 31st December 2009, after taking into account the Qingpu land lots D, E and F, the acquisitions of which have already been completed, together with the total site area covered by the projects held under Shanghai Urban Development, the Group had a total site area of approximately 3,383,100 square meters.

Property Development

In 2009, the nine projects held under Shanghai Urban Development covered a planned total gross floor area of some 3,864,600 square meters, with newly added construction area amounting to 475,249 square meters. Gross floor area presold during the year was approximately 363,156 square meters and a pre-sale amount of HK$5,618 million was recorded, including the projects of Urban Cradle in Shanghai, Royal Villa in Kunshan, Toscana in Changsha and Rose Town City Villa in Hefei. Pre-sale of Ivy Aroma Town in Chongqing also commenced in November 2009.

During the year, "Urban Cradle – Lounge City" apartments recorded continuous growth in sales. The number of apartments released increased several times. For the year under review, a total of 905 units were presold, generating a pre-sale amount of approximately HK$2,818 million. Ivy Aroma Town is a high-end detached villa project located in Taojia Town, Jiulongpo District, Chongqing. The first batch of 42 villas were snapped up soon after the launch, realizing a pre-sale amount of HK$188 million as at the end of 2009. The number of villas planned for pre-sale is scheduled to increase.

Property Investment

As at the end of 2009, properties held for investment under Shanghai Urban Development reached a total gross floor area of approximately 77,056 square meters, realizing a total rental income of approximately HK$133 million for the year. The properties include mainly Urban Development International Tower, Huimin Commercial Tower and other odd properties, mostly on long term leases.

In June 2009, the Company announced the acquisition from Glorious Property Holdings Ltd. ("**Glorious Property**") of four residential blocks under development in "Shanghai Bay" located in the Xuhui District, Shanghai in the vicinity of the Shanghai World Expo venues for a consideration of RMB2,000 million. The residential blocks include 396 units with a total gross floor area of approximately 100,000 square meters. Glorious Property has been entrusted for the development, sale and day-to-day management of the properties. Such transaction was completed during the year and a profit of HK$409 million was recorded during the year.

Hotel Operations

Competition in the hotel industry intensified during the year due to the prolonged downturn in the general overseas economic environment and a rapid increase in the number of new high star-rated luxury hotels in Shanghai. The Four Seasons Hotel Shanghai ranked third for annual average room rates in the city following a small downward adjustment of its room rates. An EBITDA of approximately HK$20.94 million was recorded; Shanghai SIIC South Pacific Hotel Co. Ltd. incurred a net loss for the year of approximately HK$39.88 million. During the year, active measures were taken to explore the domestic market through exploring business opportunities in various hotel consumables and the rollout of additional promotions in catering and dining, thereby securing a large high-end customer base. The hotel was named "TL+500 World's Best Hotels" and "Top 25 City Hotels in Asia" by *Travel + Leisure* in the United States. Following the completion of related alteration works in late July 2009, a spa with Chinese medical concept is currently put into full operation, helping to enhance the hotel's overall competitiveness. In line with the hotel's customer-oriented policy and to maintain its pre-eminent position in the industry, guest rooms and the fitness centre will also undergo renovation in phases during 2010.

Consumer Products

Profit contribution from the consumer products business for the year was HK$1,881 million, representing an increase of 285.5% and accounting for approximately 47.2% of the Group's Net Business Profit*, not taking into account the loss from SMIC. During the year, the Group continued to reduce its non-core businesses and disposed of its entire interest of approximately 21.17% in Lianhua Supermarket in January; The Group also reduced its shareholding in Bright Dairy and Food Co., Ltd. ("**Bright Dairy**") by 5% in June through trading in the market and subsequently entering into an agreement in July to dispose of its remaining shareholding of 30.176% in the company, resulting in a total disposal gain after tax of HK$1,203 million.

In January 2009, the Group disposed of its entire shareholding of 21.17% in Lianhua Supermarket for a consideration of RMB1,056 million. Following the completion of the transaction in March, the Group has totally withdrawn from the supermarket business, making a disposal gain after tax of around HK$125 million.

Tobacco

In 2009, Nanyang Brothers Tobacco Co., Ltd. ("**Nanyang Tobacco**") maintained steady business growth and recorded an annual net profit of HK$500 million, up 12.4% over last year, with a sales of approximately HK$2,005 million, representing a growth of 1.5%. The company continued to restructure its product portfolio throughout the year with emphasis on the development of high value-added products and enhancement of its sales structure in order to increase earnings growth.

During the year, high-margin brand cigarettes such as "Double Happiness Classic Deluxe" were launched in the mainland market while new markets were explored, including Hubei and Shaanxi, resulting in a sales growth of approximately 12.92%. Rollout of new products has been made in the duty free market, of which "Double Happiness Premium (Tin Pack)" launched in commemoration of China's 60th anniversary has been a huge success, resulting in an overall sales growth of 25.86%. Sales revenue in the Hong Kong market was affected by the increase in tobacco duty and higher manufacturing cost. In the Macau market, "Double Happiness Macao Collection" launched in celebration of Macau's return to PRC sovereignty has been well received in spite of a decline in overall sales of approximately 39.35% due to a significant increase in tobacco duty.

Looking ahead, the company will continue to drive the development of high-margin brand products, improve independent innovative technologies, develop products with high growth potential and expand further sales channels.

Printing

The Wing Fat Printing Co., Ltd. (“**Wing Fat Printing**”) maintained a stable growth in production during 2009 with an income of HK$1,995 million and a net profit of HK$135 million, representing an increase of 12.2% and 32.5% respectively over last year. In December 2009, Wing Fat Printing increased its shareholding in Chengdu Wingfat Printing Co., Ltd. (“**Chengdu Wingfat**”) from 51% to 70% to further expand its printing business in southwest China.

A loss was incurred in the containerboard business for the first half of the year due to a significant decline in market prices and the slow-moving inventory of raw materials. Hebei Yongxin Paper Co. Ltd. has made great efforts to improve its production strategies and increase market share. The newly-built 300,000 tonne A-grade containerboard production line reached planned capacity in June and the business became profitable in August. The company’s packaging printing business remained stable. In December, a HK$9.66 million investment was made to set up Wing Fat Top Weld Packaging (HK) Ltd., a new joint venture in which a wholly-owned subsidiary of Wing Fat Printing holds a 70% equity interest. The new company is principally engaged in the manufacturing of matt tin can and pop-top cap as well as metal packaging. This is expected to drive the company’s profit growth. Chengdu Wingfat Printing’s capability in wine packaging was significantly enhanced with the acquisition of additional printing and processing equipment.

Dairy

For the year ended 31st December 2009, Bright Dairy recorded a revenue of RMB7,943 million (equivalent to approximately HK$9,022 million), representing a growth of 7.94%. Net profit amounted to RMB190 million (equivalent to approximately HK$216 million) resulting from an improved operating environment and diminishing adverse impact from the “melamine” event. A 5% shareholding in Bright Dairy was disposed of by the Group through trading in the Shanghai Stock Exchange in June 2009. The remaining interest of 30.176% in Bright Dairy was disposed of through a share transfer agreement reached in July. The total sales proceeds from the two transactions amounted to HK$2,152 million with an aggregate disposal gain after tax of HK$1,078 million recorded during the year.

Medicine

The profit from the Group’s medicine business for 2009 amounted to HK$639 million, representing an increase of 141.7% over last year, accounting for 16.1% of the Group’s Net Business Profit*, not taking into account the loss from SMIC.

In June 2009, the Company announced the disposal of its entire interest of approximately 18.89% in MicroPort Medical (Shanghai) Co. Ltd. (“**MicroPort Medical**”) for a total of HK$516 million, resulting in a disposal gain of some HK$383 million. The transaction was completed in July. In October, the Company further announced the disposal of its entire direct interest in medicine assets to Shanghai Pharmaceutical Co., Ltd. (“**Shanghai Pharmaceutical**”), the parent company’s listed subsidiary in mainland China, for a total consideration of RMB2,270 million. At the same time, a cash option was exercised to dispose of the corresponding equity interest in the new shares of Shanghai Pharmaceutical, which was swapped from its entire interest in 43.62% stake in Shanghai Industrial Pharmaceutical Investments Co., Ltd. (“**SI Pharmaceutical**”), for a cash consideration of HK$3,480 million. Both transactions were completed in mid February 2010, realizing total sales proceeds of some HK$5,750 million. With these transactions, the Group has totally withdrawn from the medicine business.

Chinese Medicine and Health Food

In 2009, Chia Tai Qingchunbao Pharmaceutical Co., Ltd. recorded moderate growth in overall sales apart from health food, which was still relatively underperformed. The sales of medicine products achieved better performance, of which “Dengfeng Shen Mai Injection” reported an increase of 18.6%. During the year, a total of 15 types of products were included in the National Essential Drugs List. “Dengfeng Shen Mai Injection” and the “Key New Drug Production Project” were identified as key State projects and were given subsidies from government funds.

Hangzhou Huqingyutang Pharmaceutical Co., Ltd. recorded a 9.6% growth in annual sales, of which the sales of its “Herba Dendrobium Grain” and “Stomach Rejuvenation Tablets” increased by 13.7% and 11.9% respectively. During the year, “Herba Dendrobium Grain” was awarded the honorable title of “Shanghai World Expo Global Medicine Partners – Designated Health Food”.

Xiamen Traditional Chinese Medicine Co., Ltd. recorded an increase in annual sales of 6.8%. With the relocation of the company in May, new facilities now cover a gross site area of 135,000 square meters. Production facilities for modern Chinese herbal medicine also commenced operation. The new product “Qi Gu Capsule” obtained new drug certificate and production approval, following seven years of research and development.

In 2009, sales of Liaoning Herbapex Pharmaceutical (Group) Co., Ltd. maintained stable growth with an increase of 7.0% over last year. Sales of its major product of “Herbapex Rupixiao” recorded a significant increase of about 3.7%.

Biomedicine

In 2009, Guangdong Techpool Biochem Pharma Co., Ltd. achieved remarkable growth in sales over last year, of which "Techpool Luoan" and "Kai Li Kang" recorded an increase in sales of 44.7% and 78.2% respectively. The company's "Application of Human Urinary Kallidinogenase in the Preparation of Drugs for Treatment and Prevention of Cerebral" project developed during the year received the 2009 Guangdong Patent Gold Award.

In June 2009, the company and its shareholders entered into an agreement with a new investor under which the new investor subscribed for 20,000,000 new shares in the company and was transferred 8,000,000 existing shares, totally holding an aggregate of 28% interest in the company. The introduction of such strategic investors will help accelerate the development of the company's products, increase its presence in the global market and enhance its overall competitiveness.

Chemical Medicine

In 2009, Changzhou Pharmaceutical Co., Ltd. realized an increase of 16.1% in revenue from principal businesses while annual sales remained stable. Changzhou Pharmaceutical Factory Co., Ltd.'s "Thalidomide Tablets" achieved a growth in sales of 22.5% over last year.

Medical Equipment

In 2009, Shanghai Medical Instruments Co., Ltd. recorded modest growth in overall sales, of which sales of consumables, in particular indwelling needle, grew at a faster pace. During the year, a total of six new products obtained registration certificates. The company will implement further independent innovative strategies to drive brand building. In June 2009, the Group further reduced its non-controlling business and disposed of its entire interest of approximately 18.89% in MicroPort Medical for about HK$516 million, resulting in a disposal gain of some HK$383 million for the Group.

Others

In July 2009, the Company announced the disposal of its entire shareholding of approximately 8.2% in SMIC to the parent company. The transaction was completed in September, realizing sale proceeds of approximately HK$1,100 million. The Group recorded a disposal loss of approximately HK$715 million during the year. The disposal is in line with the Group's strategy to divest its non-core businesses. The operating loss from SMIC attributable to the Group for the year was HK$256 million.

PROSPECTS

Looking forward to the year ahead, the Group will continue to optimize its business portfolio and proceed with all major acquisition projects. The Group will focus on the development of its infrastructure facilities and real estate segments, capitalize on market opportunities and strengthen the development of its core businesses. Its goal is to be a leading enterprise engaged in the core businesses of infrastructure facilities, real estate and consumer products and striving to create favourable returns for its Shareholders.

For the infrastructure facilities segment, Jinghu Expressway (Shanghai Section) and Hukun Expressway (Shanghai Section) currently provide long-term stable cash flow to the Group. Completion of the alteration and widening works is expected to drive growth in both traffic flows and toll revenue. In addition to the scheduled completion of the acquisition of Huyu Expressway (Shanghai Section) during this year, the Group will continue to seek opportunities to acquire highway projects with profit growth potential. Meanwhile, strategic development of its water business will be further driven to explore greater room for growth.

For real estates, the Group will continue to consolidate its real estate businesses. During the past year, injections of a number of high quality projects have been made by the Group and, with the acquisition of Neo-China which is scheduled to be completed within this year, the Group is well positioned to rapidly expand its investment in the real estate segment, thereby maximizing the benefits of economies of scale and synergy effects, capitalizing on the opportunities for sustainable growth and creating robust growth momentum.

As for the consumer products business, Nanyang Tobacco and Wing Fat Printing both performed satisfactorily with stable business growth. The Group will actively optimize its product structure to add value to the products, expand into new business markets and improve overall profitability, thereby providing strong support for the development of the Group's core businesses.

Lastly, on behalf of the Board of Directors, I wish to thank our Shareholders and business partners for their continued patronage and support to the Group, and extend my sincere gratitude to our management team and staff members for their dedication and contributions in the development of our business.

Teng Yi Long
Chairman
Hong Kong, 31st March 2010

**Net Profit excluding net corporate expenses*

FINAL DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK60 cents per share (2008: HK36 cents per share) for the year ended 31st December 2009. Subject to approval by the Shareholders at the forthcoming Annual General Meeting to be held on Tuesday, 18th May 2010, the final dividend will be paid on or about Monday, 31st May 2010 to Shareholders whose names appear on the Register of Members of the Company on Tuesday, 18th May 2010. Together with the interim dividend of HK48 cents per share (2008: HK45 cents per share), the total dividend for the year amounts to HK108 cents per share (2008: HK81 cents per share). The dividend payout ratio is 40.8% (2008: 41.3%).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 14th May 2010 to Tuesday, 18th May 2010, both days inclusive, during which period no transfer of shares will be effected. Notice of Dividend will be dispatched to the Shareholders on or about Monday, 31st May 2010. In order to qualify for the entitlement of the final dividend and be entitled to attend the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Thursday, 13th May 2010.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the Conference Room of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Tuesday, 18th May 2010 at 3:00 p.m. Notice of the meeting will be despatched to the Shareholders in mid April 2010 and will be made available at the HKExnews website of The Hong Kong Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at *www.hkexnews.hk* and the website of the Company at *www.sihl.com.hk* accordingly.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the Company's consolidated annual results for the year ended 31st December 2009.

CORPORATE GOVERNANCE

According to the relevant provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing on the Stock Exchange, all newly appointed directors are subject to re-election by the shareholders at the first general meeting after appointment. Mr. Qian Yi was appointed as an Executive Director of the Company on 11th November 2009. Although the Company subsequently held an extraordinary general meeting on 16th November 2009, notice of such meeting was given before the appointment of Mr. Qian Yi. Therefore, Mr. Qian has offered himself for re-election by the Shareholders at the general meeting held on 11th January 2010, which is the first general meeting for which notice can be given in respect of his re-election and was re-elected as Director of the Company.

Save as disclosed above, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices throughout the year ended 31st December 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE ANNUAL REPORT

The Annual Report 2009 will be despatched to the Shareholders in mid April 2010 and will be made available at the HKExnews website of the Stock Exchange at *www.hkexnews.hk* and the website of the Company at *www.sihl.com.hk* accordingly.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises seven Executive Directors, namely Mr. Teng Yi Long, Mr. Cai Yu Tian, Mr. Lu Ming Fang, Mr. Zhou Jie, Mr. Qian Shi Zheng, Mr. Zhou Jun and Mr. Qian Yi; three Independent Non-Executive Directors, namely, Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2009

	Notes	**2009**	2008
		HK$'000	HK$'000
Continuing operations			
Revenue	*3*	**6,917,885**	7,452,105
Cost of sales		**(4,247,154)**	(5,005,282)
Gross profit		**2,670,731**	2,446,823
Net investment income		**763,324**	236,189
Other income		**902,051**	552,728
Increase in fair value of properties under development upon transfer to investment properties		**-**	497,073
Selling and distribution costs		**(490,142)**	(414,496)
Administrative expenses		**(668,403)**	(673,018)
Finance costs		**(238,398)**	(300,669)
Share of results of jointly controlled entities		**43,552**	15,343
Share of results of associates		**(155,776)**	(106,804)
Discount on acquisition of interests in associates		**-**	1,410,222
Discount on acquisition of interest in a subsidiary		**-**	902
Net gain on disposal of interests in subsidiaries, associates and jointly controlled entities		**988,176**	548,005
Impairment loss recognised in respect of available-for-sale investments		**-**	(1,527,388)
Impairment loss recognised in respect of goodwill relating to a subsidiary		**-**	(1,115)
Profit before taxation		**3,815,115**	2,683,795
Income tax expense	*4*	**(1,098,996)**	(420,151)
Profit for the year from continuing operations	*5*	**2,716,119**	2,263,644
Discontinued operations			
Profit for the year from discontinued operations		**1,005,177**	594,122
Profit for the year		**3,721,296**	2,857,766
Profit for the year attributable to			
- Owners of the Company		**2,860,128**	2,101,546
- Minority interests		**861,168**	756,220
		3,721,296	2,857,766

	Note	2009	2008
		HK$	HK$
Earnings per share	7		
From continuing and discontinued operations			
- Basic		**2.65**	1.96
- Diluted		**2.65**	1.95
From continuing operations			
- Basic		**2.06**	1.71
- Diluted		**2.06**	1.71

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2009

	2009	2008
	HK$'000	HK$'000
Profit for the year	**3,721,296**	2,857,766
Other comprehensive income		
Exchange differences arising from translation of foreign operations		
- subsidiaries	**(11,715)**	1,309,965
- jointly controlled entities	**-**	92,265
- associates	**-**	95,938
Fair value adjustment on available-for-sale investments	**4,150**	(1,664,162)
Loss on cash flow hedges	**(15,013)**	-
Reclassification of other comprehensive income upon disposals of		
- available-for-sale investments	**10,168**	(83,391)
- interests in subsidiaries (exchange difference included in translation reserve)	**(15,271)**	(64,288)
- interests in associates (exchange difference included in translation reserve)	**(166,075)**	-
- interests in jointly controlled entities (exchange difference included in translation reserve)	**-**	(48,697)
Recognition of impairment loss on available-for-sale investments	**-**	1,527,388
Other comprehensive (expense) income for the year	**(193,756)**	1,165,018
Total comprehensive income for the year	**3,527,540**	4,022,784
Total comprehensive income attributable to:		
- Owners of the Company	**2,666,372**	2,835,912
- Minority interests	**861,168**	1,186,872
	3,527,540	4,022,784

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER 2009

	Notes	**31.12.2009** HK$'000	31.12.2008 HK$'000 (restated)	1.1.2008 HK$'000
Non-Current Assets				
Investment properties		**2,135,393**	1,986,896	540,268
Property, plant and equipment		**4,260,054**	3,737,481	4,058,066
Prepaid lease payments – non-current portion		**409,609**	628,476	580,548
Toll road operating rights		**9,467,968**	9,681,461	7,434,490
Other intangible assets		**120,222**	145,216	145,329
Goodwill		**13,723**	400,692	391,734
Interests in jointly controlled entities		**1,026,433**	1,152,494	1,498,470
Interests in associates		**298,734**	4,044,789	3,828,644
Investments		**3,256,718**	584,274	442,742
Loan receivables – non-current portion		**-**	3,085	3,323
Deposits paid on acquisition of property, plant and equipment		**149,111**	857,057	808,526
Deposit paid on acquisition of additional interest in an associate		**-**	-	484,802
Restricted bank deposits		**73,376**	73,109	68,272
Deferred tax assets		**96,953**	86,631	83,937
		21,308,294	23,381,661	20,369,151
Current Assets				
Inventories		**17,487,594**	14,353,180	14,363,794
Trade and other receivables	*8*	**3,668,144**	4,150,592	2,355,554
Prepaid lease payments – current portion		**13,779**	28,580	36,719
Investments		**158,759**	162,715	3,136,221
Loan receivables – current portion		**-**	-	32,051
Taxation recoverable		**65,543**	2,616	57,388
Pledged bank deposits		**911,828**	800,541	51,975
Short-term bank deposits		**262,234**	1,547,332	659,092
Bank balances and cash		**9,256,359**	7,289,127	6,223,115
		31,824,240	28,334,683	26,915,909
Assets classified as held for sale		**7,096,169**	-	203,887
		38,920,409	28,334,683	27,119,796
Current Liabilities				
Trade and other payables	*9*	**7,679,155**	7,345,718	8,923,087
Taxation payable		**852,077**	614,651	397,074
Bank and other borrowings		**3,490,737**	3,824,193	2,353,553
		12,021,969	11,784,562	11,673,714
Liabilities associated with assets classified as held for sale		**1,734,249**	-	-
		13,756,218	11,784,562	11,673,714
Net Current Assets		**25,164,191**	16,550,121	15,446,082
Total Assets less Current Liabilities		**46,472,485**	39,931,782	35,815,233

	31.12.2009	31.12.2008	1.1.2008
	HK$'000	HK$'000 (restated)	HK$'000
Capital and Reserves			
Share capital	**107,977**	107,644	107,126
Share premium and reserves	**24,783,269**	23,293,714	22,518,605
Equity attributable to owners of the Company	**24,891,246**	23,401,358	22,625,731
Minority interests	**9,196,106**	8,479,654	7,459,143
Total Equity	**34,087,352**	31,881,012	30,084,874
Non-Current Liabilities			
Bank and other borrowings	**10,136,987**	5,829,901	3,687,693
Deferred tax liabilities	**2,248,146**	2,220,869	2,042,666
	12,385,133	8,050,770	5,730,359
Total Equity and Non-Current Liabilities	**46,472,485**	39,931,782	35,815,233

Notes:

(1) GENERAL

The financial information contained in this results announcement does not constitute the Group's statutory financial statements for the year ended 31st December 2009 but is derived from those financial statements.

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31st December 2009 as set out in the results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the results announcement.

(2) BASIS OF PREPARATION AND RESTATEMENTS

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

(i) Merger Accounting

In the current year, the Group acquired S.I. Feng Mao Properties (BVI) Ltd. together with its subsidiary, Shanghai Feng Mao Properties Co., Ltd. and S.I. Feng Qi Properties (BVI) Ltd. together with its subsidiary, Shanghai Feng Qi Properties Co., Ltd. from a wholly- owned subsidiary of Shanghai Industrial Investment (Holdings) Co., Ltd ("**SIIC**"). The Group has applied the principle of merger accounting in accordance with the requirements set out in Accounting Guideline 5 to business combinations involving entities under the control of SIIC. The consolidated financial statements for the year ended 31st December 2008 have been restated to include the financial position acquired from SIIC in prior periods and in the current year as if these acquisitions had been completed on 1st January 2008 or since the date the respective business came under the control of SIIC.

(ii) Application of New and Revised HKFRSs

In the current year, the Group has applied, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) "Presentation of Financial Statements"

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

In addition, the adoption of HKAS 1 (Revised 2007) has resulted in the presentation of a third statement of financial position as at 1st January 2008 as the Group has made a retrospective restatement of items in its financial statements during the current financial year as a result of the application of merger accounting.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 "Financial Instruments: Disclosures")

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

Amendment to HKAS 40 "Investment Property"

As part of Improvements to HKFRSs (2008), HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable).

The Group has applied the amendment to HKAS 40 prospectively from 1st January 2009 in accordance with the relevant transitional provision and the amendment has had no material impact on the consolidated financial statements.

(3) SEGMENT REVENUES AND RESULTS

The following is an analysis of the Group's revenue and results by operating segment.

<u>For the year ended 31st December 2009</u>

Continuing operations

	Infrastructure facilities	Real estate	Consumer products	Consolidated
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
REVENUE				
Segment revenue - external sales	**818,509**	**2,309,087**	**3,790,289**	**6,917,885**
Segment profit	**849,545**	**1,560,583**	**820,769**	**3,230,897**
Net unallocated corporate expense				**(53,336)**
Finance costs				**(238,398)**
Share of results of jointly controlled entities				**43,552**
Share of results of associates				**(155,776)**
Net gain on disposal of interests in subsidiaries, associates and jointly controlled entities				**988,176**
Profit before taxation				**3,815,115**
Income tax expense				**(1,098,996)**
Profit for the year (continuing operations)				**2,716,119**

<u>For the year ended 31st December 2008</u>

Continuing operations

	Infrastructure facilities	Real Estate	Consumer products	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE				
Segment revenue - external sales	938,802	2,961,994	3,551,309	7,452,105
Segment profit	831,197	1,029,190	666,162	2,526,549
Net unallocated corporate income				118,750
Finance costs				(300,669)
Share of results of jointly controlled entities				15,343
Share of results of associates				(106,804)
Discount on acquisition of interests in associates				1,410,222
Discount on acquisition of interest in a subsidiary				902
Net gain on disposal of interests in subsidiaries, associates and jointly controlled entities				548,005
Impairment loss recognised in respect of available-for-sale investments				(1,527,388)
Impairment loss recognised in respect of goodwill relating to a subsidiary				(1,115)
Profit before taxation				2,683,795
Income tax expense				(420,151)
Profit for the year (continuing operations)				2,263,644

(4) INCOME TAX EXPENSE

	2009	2008
	HK$'000	HK$'000
Continuing operations		
Current tax		
- Hong Kong	**75,563**	88,607
- PRC Land appreciation tax ("PRC LAT")	**251,243**	46,917
- PRC Enterprise income tax (including PRC withholding tax of HK$41,526,000 (2008: Nil))	**764,562**	302,773
	1,091,368	438,297
Overprovision in prior years		
- Hong Kong	**(1,015)**	(5,605)
- PRC Enterprise income tax	**(1,028)**	(1,091)
	(2,043)	(6,696)
Deferred taxation		
- Current year	**9,671**	(7,178)
- Attributable to a change in tax rate	**-**	(4,272)
	9,671	(11,450)
	1,098,996	420,151

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January 2008 onwards. For companies that were qualified under old law or regulations for incentive tax rate of 15%, the tax rate will progressively increase to 18%, 20%, 22%, 24% and 25% in year 2008, 2009, 2010, 2011 and 2012, respectively. For companies that were still entitled to certain exemption and reliefs ("**Tax Benefit**") from PRC income tax, the EIT Law allowed the companies to continue to enjoy the Tax Benefit and afterwards change the tax rate to 25%.

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights and property development expenditures.

(5) PROFIT FOR THE YEAR

	2009 HK$'000	2008 HK$'000
Continuing operations		
Profit for the year has been arrived at after charging (crediting):		
Amortisation of toll road operating rights (included in cost of sales)	**213,493**	208,653
Amortisation of other intangible assets (included in administrative expenses)	**1,189**	1,173
Depreciation of property, plant and equipment	**234,126**	215,659
Release of prepaid lease payments	**13,698**	13,475
Impairment loss on bad and doubtful debts	**2,511**	12,017
Reversal of impairment loss on bad and doubtful debts (included in other income)	**(7,464)**	(36,450)
Increase in fair value of investment properties (included in other income)	**(220,809)**	(14,152)
Gain on disposal of investment properties (included in other income)	**(5,866)**	-
Gain on disposal of property, plant and equipment	**(855)**	(3,030)
Research and development costs	**-**	3,120
Share of PRC income tax of jointly controlled entities (included in share of results of jointly controlled entities)	**12,247**	(15,969)
Share of PRC income tax of associates (included in share of results of associates)	**31,662**	(24,247)

(6) DIVIDENDS

	2009 HK$'000	2008 HK$'000
Dividends recognised as distribution during the year:		
2009 interim dividend of HK48 cents (2008: 2008 interim dividend of HK45 cents) per share	**518,287**	484,362
2008 final dividend of HK36 cents (2008: 2007 final dividend of HK43 cents) per share	**388,346**	462,431
	906,633	946,793

The final dividend of HK60 cents in respect of the year ended 31st December 2009 (2008: final dividend of HK36 cents in respect of the year ended 31st December 2008) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

(7) EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2009 HK$'000	2008 HK$'000
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**2,860,128**	2,101,546
Effect of dilutive potential ordinary shares - adjustment to the share of results of a jointly controlled entity based on potential dilution of its earnings per share (note)	**(284)**	(865)
Earnings for the purpose of diluted earnings per share	**2,859,844**	2,100,681

	2009	2008
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,078,637,764**	1,074,822,708
Effect of dilutive potential ordinary shares - share options	**779,832**	1,914,212
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,079,417,596**	1,076,736,920

For continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	2009 HK$'000	2008 HK$'000
Earnings figures are calculated as follows:		
Profit for the year attributable to owners of the Company	**2,860,128**	2,101,546
Less: Profit for the year from discontinued operations attributable to owners of the Company	**(638,838)**	(264,285)
Earnings for the purpose of basic earnings per share from continuing operations	**2,221,290**	1,837,261
Effect of dilutive potential ordinary shares - adjustment to the share of results of a jointly controlled entity based on potential dilution of its earnings per share (note)	**(284)**	(865)
Earnings for the purpose of diluted earnings per share from continuing operations	**2,221,006**	1,836,396

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic earnings per share for the discontinued operations is HK$0.59 per share (2008: HK$0.25 per share) and diluted earnings per share for the discontinued operations is HK$0.59 per share (2008: HK$0.24 per share), based on the profit for the year from the discontinued operations attributable to owners of the Company of HK$638,838,000 (2008: HK$264,285,000) and the denominators detailed above for basic and diluted earnings per share.

Note: The dilutive impact on the share of results of a jointly controlled entity is effected from share options issued by the jointly controlled entity.

(8) TRADE AND OTHER RECEIVABLES

	31.12.2009	31.12.2008	1.1.2008
	HK$'000	HK$'000	HK$'000
Trade receivables	**506,049**	1,752,287	1,145,950
Less: allowance for doubtful debts	**(11,732)**	(69,382)	(99,574)
	494,317	1,682,905	1,046,376
Other receivables	**3,173,827**	2,467,687	1,309,178
Total trade and other receivables	**3,668,144**	4,150,592	2,355,554

The Group generally allows credit periods ranging from 30 days to 180 days to its trade customers, other than property buyers. For property sales, due to the nature of business, the Group generally grants no credit period to property buyers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period. The analysis includes those classified as part of a disposal group.

	31.12.2009	31.12.2008
	HK$'000	HK$'000
Within 30 days	**612,144**	1,122,315
Within 31 – 60 days	**337,028**	243,795
Within 61 – 90 days	**154,450**	142,394
Within 91 – 180 days	**276,583**	114,355
Within 181 – 365 days	**36,337**	35,816
Over 365 days	**23,489**	24,230
	1,440,031	1,682,905

(9) TRADE AND OTHER PAYABLES

	31.12.2009	31.12.2008	1.1.2008
	HK$'000	HK$'000	HK$'000
		(restated)	
Trade payables	**1,432,929**	1,744,506	1,138,582
Customers deposits from sales of properties	**3,299,299**	299,140	1,497,244
Consideration payables	**-**	2,773,156	560,581
Other payables	**2,946,927**	2,528,916	5,726,680
Total trade and other payables	**7,679,155**	7,345,718	8,923,087

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period. The analysis includes those classified as part of a disposal group.

	31.12.2009	31.12.2008
	HK$'000	HK$'000
Within 30 days	**1,097,378**	1,200,732
Within 31 – 60 days	**187,280**	281,451
Within 61 – 90 days	**149,741**	102,587
Within 91 – 180 days	**357,924**	41,530
Within 181 – 365 days	**106,158**	93,429
Over 365 days	**206,592**	24,777
	2,105,073	1,744,506

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

Overall, the revenue of 2009 was stable comparing with that of 2008. However, excluding sales recorded by discontined medicine business, sales from continuing operations actually decreased 7.2%, of which revenue of infrastructure facilities business was affected by alteration and expansion works conducted by Hukun Expressway (Shanghai Section). Both traffic flow and toll revenue were lowered, with toll revenue decreased to HK$366.17 million or down 44.3%. The alteration and expansion works of Jinghu Expressway (Shanghai Section) were completed in the beginning of the year, and its traffic flow and toll revenue increased 53.2% from HK$313.20 million of previous year to HK$479.77 million. However, such increase cannot compensate the impact of decrease in toll revenue of Hukun Expressway

(Shanghai Section), resulting in a 12.8% fall in revenue.

Sales of real estate decreased due to a reduction of saleable area delivered. During the year, The saleable area delivered in Yuxi and Lounge City of Urban Cradle, Changsha Toscana and Kunshan Royal Villa was 22,541 square meters, 23,149 square meters, 28,729 square meters and 18,736 square meters respectively, and a sales of HK$1,956.11 million was recorded, representing a decrease of 25.8% over the sales of HK$2,637.92 million from Yi Town and Yuxi of Urban Cradle, Changsha Toscana and Kunshan Royal Villa in the previous year.

Revenue of consumer products accounted for 54.8% of sales of continuing operations. Revenue growth of consumer products during the year was mainly from Wing Fat Printing. Comparing with the previous year, sales of Wing Fat Printing increased 12.2% to HK$1,994.58 million, of which sales of paper manufacturing business increased 27.4% to HK$1,052.81million.

Through strengthening marketing and promotion efforts, medicine business achieved a double digit growth in revenue.

2. Profit Contribution from Each Business

Profit from infrastructure facilities business decreased approximately 12.0% during the year. Excluding the disposal gain such as gain of HK$207.77 million recorded in the previous year from disposing the entire 30% equity interest in Zhejing Jinhua Yongjin Expressway Co., Ltd. (“**Yongjin Expressway**”), profit from infrastructure facilities business increased 17.8%. Such increase was mainly from toll revenue compensation of RMB251.60 million received for the period of expansion works of Hukun Expressway (Shanghai Section), which was sufficient to offset the decrease in profit from Jinghu Expressway (Shanghai Section) after the completion of its alteration and expansion. Net profit from General Water of China was HK$41.82 million, increasing from HK$26.64 million or 57.0% from the previous year, attributable to the disposal gain from the divestment its water supply and sewage treatment project in Chongqing, increase in volume of sewage treatment and financial subsidies received for its projects.

Profit from real estate business increased by 66.2% from previous year. The profit was mainly contributed by property sales in Yuxi and Lounge City of Urban Cradle, Changsha Toscana and Kunshan Royal Villa; investment income of HK$408.91 million from Shanghai Bay; and revaluation gain and rental income from investment properties. For the land lot D and E located by the side of Dianshan Lake, Zhujiajiao, Qingpu District, Shanghai, the acquisition of which was completed in the second half of the year, as the two land lots are still pending for development, there was no contribution to the result of our real estate business for the year.

Through increasing the proportion of products with higher gross profit margin and developing end market sales, Nanyang Tobacco increased its profit contribution from HK$444.84 million to approximately HK$500 million, representing a growth of 12.4%. The packaging business of Wing Fat Printing remained stable. However, its net profit contribution increased 30.0% to approximately HK$126.35 million driven by sales growth in its paper manufacturing business. We actively proceeded with exiting from our non-controlling investments and completed the disposal of 35.176% and 21.17% equity interest in Bright Dairy and Lianhua Supermarket during the year, with disposal gains of HK$1,078.25 million and HK$124.91 million respectively.

The growth of net profit in medicine business was mainly due to the disposal gain of HK$382.97 million arising from the disposal of equity interest in MicroPort Medical. Excluding the one-off gain from disposing equity interest, profit from medicine business was basically flat. In addition, the Company completed the disposal of its shareholdings in SMIC in August of the year and recorded a disposal loss of HK$714.73 million in addition to a share of its loss of HK$255.62 million before the disposal.

3. Profit before Taxation

(1) Gross profit margin

Gross profit margin for the year was 38.6%, representing an increase of approximately 5.8 percentage points comparing to 32.8% of previous year. The rise in gross profit margin was mainly attributable to the adjustment of product mix. The proportion of products with higher margin increased in consumer products business. Sales recorded by real estate business were made in villa and joint-row houses with higher gross margin.

(2) Net investment income

The investment in Shanghai Bay contributed an investment income of HK$408.91 million for the year. The investment market became stable in 2009, there was no downturn in fair value of investments as in the previous year, and a good return was recorded.

(3) *Other income*

Other income increased as compared with the previous year. It was mainly attributable to a compensation of RMB251.60 million received for the impact on traffic flow caused by the alteration and expansion works of Hukun Expressway (Shanghai Section); RMB70.11 million received for the handling of receivables prior to equity acquisition; subsidies related to alteration and expansion of RMB50.00 million received by Jinghu Expressway (Shanghai Section); valuation increases in investment properties of HK$220.81 million and their rental income; and rental income and land remediation cost income of RMB36.40 million from toll road business.

(4) *Share of results of jointly controlled entities*

Due to divestment in water supply and sewage treatment project in Chongqing, increase in volume of sewage treatment and financial subsidies, the result of General Water of China grew significantly. The Group's share of profit was HK$41.82 million.

(5) *Share of results of associates*

The Group completed the disposal of its shareholding in SMIC in August 2009. However, the Group still has to share its loss of approximately HK$255.62 million for the period from January to August, increasing approximately HK$88.33 million from the share of loss of HK$167.29 million in the previous year. The operating result of Bright Diary has recovered from the "melamine" event in the Mainland. The Group's share of profit from Bright Diary before completion of its disposal amounted to HK$43.79 million, improving significantly from a share of loss of HK$94.44 million in the previous year.

(6) *Net gain on disposal of interests in subsidiaries, associates and jointly controlled entities*

The Group completed the disposal of 35.176% and 21.17% equity interest in Bright Dairy and Lianhua Supermarket during the year, and recorded pre-tax disposal gains of HK$1,210.67 million and HK$484.56 million respectively, which partially offset the disposal loss of HK$714.73 million arising from the disposal of shareholding in SMIC. Comparing figures of 2008 were mainly comprised of pre-tax disposal gains of HK$331.98 million and HK$216.49 million from the disposal of Shanghai Information Investment Inc. and Yongjin Expressway respectively.

(7) *Impairment loss recognized in respect of available-for-sale investments and discount on acquisition of interests in associates*

SMIC was classified as available-for-sale investments in the beginning of the previous year, and impairment loss was provided according to its fair value. Due to the adjustment of our investment strategy, SMIC was reclassified from available-for-sale investments to interests in associates at the end of the previous year, and a discount income on acquisition was recorded basing on the appraised fair value of its assets.

4. Dividends

The Group adopts a stable dividend payout policy. The Board of Directors has proposed to declare a final dividend of HK60 cents per share, together with an interim dividend of HK48 cents per share, the total dividend amounts to HK108 cents per share for the year. The dividend payout ratio was 40.8 % for the year.

II. Financial Position of the Group

1. Capital and Shareholders' Equity

The Group had a total of 1,079,765,000 shares in issue as at 31st December 2009, which was increased by 3,330,000 shares as compared with 1,076,435,000 shares in issue as at the end of 2008. The increase is mainly attributable to the exercise of share options by employees.

The Group maintains a sound financial position. The shareholders' equity, reached HK$24,891.25 million as at 31st December 2009, which was attributable to the net profits and the increase in number of shares in issue for the year after deducting the dividend actually paid during the year.

2. Indebtedness

(1) *Borrowings*

The Group obtained a three-year term and revolving club loan facilities of a total of HK$4.90 billion in the year through a wholly-owned subsidiary, Novel Good Limited ("**Novel Good**"). These facilities will be applied towards financing the general corporate funding requirements of the Group, including without limitation, funding any project acquisition of the Group.

As at 31st December 2009, the total borrowings of the Group amounted to approximately HK$13,655.30 million (31st December 2008: HK$9,660.04 million), of which 68.1% (31st December 2008: 59.7%) was unsecured credit facilities.

(2) Pledge of assets

As at 31st December 2009, the following assets were pledged by the Group in order to secure general credit facilities granted to the Group:

(a) investment properties with a carrying value of approximately HK$2,114,948,000 (31st December 2008: HK$1,898,796,000);

(b) plant and machinery with a carrying value of approximately HK$474,779,000 (31st December 2008: HK$110,309,000);

(c) leasehold land and buildings with a carrying value of approximately HK$211 825,000 (31st December 2008: HK$274,381,000);

(d) trade receivables of approximately HK$11,875,000 (31st December 2008: Nil);

(e) properties under development held for sale with a carrying value of approximately HK$1,611,699,000 (31st December 2008: HK$1,892,262,000);

(f) properties held for sale with a carrying value of approximately HK$37,109,000 (31st December 2008: HK$762,119,000);

(g) a toll road operating right of approximately HK$5,748,849,000 (31st December 2008: HK$5,820,389,000);

(h) inventories with a carrying value of approximately HK$72,592,000 (31st December 2008: HK$38,948,000);

(i) bank deposits with a carrying value of approximately HK$911,828,000 (31st December 2008: HK$800,541,000); and

(j) motor vehicles with a carrying value of approximately HK$90,000 as at 31st December 2008 (31st December 2009: Nil).

(3) Contingent liabilities

As at 31st December 2009, the Group has given guarantees to banks in respect of banking facilities utilized by an entity controlled by Xuhui District State-owned Assets

Administrative Committee, a jointly controlled entity, associates and outsiders of approximately HK$1,599.40 million (31st December 2008: HK$1,261.10 million) in total.

3. Capital Commitments

As at 31st December 2009, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK$3,964.08 million (31st December 2008: HK$1,737.97 million). The Group had sufficient internal resources to finance its capital expenditures.

4 Bank Deposits and Short-term Investments

As at 31st December 2009, bank balances and short-term investments held by the Group amounted to HK$10,430.42 million (31st December 2008: HK$9,637.00 million) and HK$158.76 million (31st December 2008: HK$162.72 million) respectively. The proportions of US dollars, Renminbi and HK dollars were 20%, 67% and 13% (31st December 2008: 29%, 67% and 4%) respectively. Short-term investments mainly consisted of investments such as equity linked notes, bonds and PRC listed shares.

While having sufficient working capital and a healthy interest cover, the Group is monitoring the market situation and the funding requirements for business development, will seek opportunities to optimize capital structure should need arise.

III. Events After the Reporting Period

The following events were entered into by the Group subsequent to 31st December 2009:

1. On 19th January 2010, Novel Good, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Invest Gain Ltd. ("**Invest Gain**") a company wholly-owned by Mr. Li Song Xian ("**Mr. Li**"), a former executive director and chairman of Neo-China, pursuant to which Invest Gain has conditionally agreed to sell, and Novel Good has conditionally agreed to purchase 500,000,000 Neo-China shares, which is legally and beneficially owned by Invest Gain, at HK$2.32 per share for a total consideration of approximately HK$1,160 million.

   On 19th January 2010, Novel Good entered into the Subscription Agreement with Neo-China, pursuant to which Neo-China has conditionally agreed, subject to completion of the Sale and Purchase Agreement, to allot and issue to Novel Good, and Novel Good has conditionally agreed to subscribe, 683,692,000 shares ("**Subscribed Shares**"), representing approximately 35.14% of the issued share capital of Neo-China and approximately 26.00% of the issued share capital of Neo-China as enlarged by the Subscribed Shares at HK$2.32 per share for total consideration of approximately HK$1,586.20 million.

On 19th January 2010, Turbo Wise Ltd. ("**Turbo Wise**"), a company wholly-owned by Mr. Li, entered into the Qi Ao agreement with Neo-China, pursuant to which Neo-China has conditionally agreed subject to completion of the Sale and Purchase Agreement and the Subscription Agreement to sell to Turbo Wise Neo-China's entire interest in a property project in Qiao Island in Zhuhai ("**Qi Ao Island Project**") at a consideration of HK$2,500 million, whilst retaining certain liabilities related to the Qi Ao Island Project including the liability to pay unpaid principal and accrued interest under a loan agreement entered with subsidiaries of Neo-China amounts to approximately HK$1,789.8 million.

Details of these transactions are set out in an announcement of the Company dated 19th January 2010 and the transactions are not yet completed at the date of this report.

2. On 8th December 2009, SI Urban Development Holdings Ltd., a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Glory Shine Holdings Ltd. ("**Glory Shine**"), a wholly-owned subsidiary of SIIC, to acquire 100% equity interest in S.I. Feng Tao Properties (BVI) Ltd. ("**Feng Tao BVI**") and S.I. Feng Shun Properties (BVI) Ltd. ("**Feng Shun BVI**"), and to take assignments of the unsecured, interest-free loans owing by Feng Tao BVI and Feng Shun BVI to Glory Shine for cash consideration RMB182,550,705 (equivalent to approximately HK$207,350,000) and RMB198,776,421 (equivalent to approximately HK$225,780,000) respectively. Feng Tao BVI owns a development project on a piece of land located at Lot 43/3, Block 9, Zhujiajiao Town, Qingpu District in Shanghai, with a total site area of approximately 350,532.6 sq.m. Feng Shun BVI owns a development project on a piece of land located at Zhujiajiao Town, Qingpu District in Shanghai, with a total site area of approximately 401,273 sq.m. Details of these transactions are set out in a circular dated 23rd December 2009.

   The acquisition of Feng Tao BVI was completed in January 2010. The acquisition of Feng Shun BVI was approved in the extraordinary general meeting held on 11th January 2010 but is not yet completed at the date of this report.

3. On 8th December 2009, S.I. Infrastructure, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with SIIC CM Development Ltd. ("**SIIC CM**"), a wholly-owned subsidiary of SIIC, to acquire 100% equity interest in S.I. Shen Yu Development Ltd. ("**SI Shen Yu**") and to take an assignment of the non-interest bearing shareholder's loan due from SI Shen Yu to SIIC CM, at an aggregate consideration of RMB1,222,000,000 (equivalent to HK$1,388,005,000).

SI Shen Yu holds 100% equity interest in Shanghai Shen-Yu Development Co. Ltd. and through its subsidiaries, which in turn owns concession for operation rights of Huyu Expressway (Shanghai Section) till 31st December 2027. Details of these transactions are set out in a circular of the Company dated 23rd December 2009.

The acquisition of SI Shen Yu was approved in the extraordinary general meeting held on 11th January 2010 but is not yet completed at the date of this report.

4. The transactions in connection to the transfer of shareholdings in pharmaceutical companies to Shanghai Pharmaceutical and the absorption and merger of SI Pharmaceutical with Shanghai Pharmaceutical were completed in February 2010. Details of these transactions are set out in a circular of the Company dated 30th October 2009.

For the purposes of the Business Review of this announcement, the exchange rates of HK$1.00 = RMB0.8804 has been used, where applicable, for purpose of illustration only and do not constitute a representation that any amounts have been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.