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 2010 Interim Results

(Unaudited)

FINANCIAL HIGHLIGHTS

	2010 1st Half	2009 1st Half	Change
	HK$'000	*HK$'000*	*%*
Continuing operations			
Revenue	**6,664,369**	2,664,451	**+150.1%**
Gross profit	**2,387,623**	1,112,519	**+114.6%**
Profit before taxation	**2,022,536**	1,610,222	**+25.6%**
Continuing and discontinued operations			
Profit attributable to owners of the Company	**4,437,230**	1,403,282	**+216.2%**
Earnings per share - Basic	**HK$4.109**	HK$1.302	**+215.6%**
Interim dividend per share	**HK50 cents**	HK48 cents	**+4.2%**

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") is pleased to announce that for the six months ended 30 June 2010, the unaudited revenue of the Company and its subsidiaries (the "**Group**") amounted to HK$6,664 million, representing an increase of 150.1% over the same period last year. Profits attributable to owners of the Company rose 216.2% to HK$4,437 million. During the period, the three core businesses of the Group performed well with steady developments achieved on all fronts. The disposal of equity interests in certain medical companies announced by the Group last year was completed in February this year, and a disposal gain of HK$3,198 million was recorded in the accounts during the period.

Infrastructure Facilities

During the period, the infrastructure facilities segment recorded a profit of HK$413 million, representing an increase of 24.0% over the same period last year and accounting for approximately 26.3% of the Group's Net Business Profit*. The three main toll roads of the Group benefited from opportunities arising from the Shanghai World Expo, while the increase in profit was mainly attributable to a steady growth in both toll revenue and traffic flow during the period.

For the first half of 2010, toll revenue and traffic flow for Jing-Hu Expressway (Shanghai Section) increased to HK$251 million and 15.52 million vehicles representing a growth of 18.9% and 24.4% respectively. The toll road operation ran smoothly during the period with a steady increase in the number of private cars in Shanghai. Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd., the project company, recorded a net profit of HK$124 million, representing an increase of 0.7% over the same period last year.

Traffic flow increased rapidly following the completion and reopening of the main alteration and widening works for the Xinsong section of Hu-Kun Expressway (Shanghai Section) on 1 January 2010. Toll revenue and traffic flow maintained their growth momentum during the period, rising to HK$341 million and 14.71 million vehicles, representing a growth of 74.6% and 87.3% respectively over the same period last year. The total toll revenue ranked first among Shanghai road networks. As no subsidies were obtained due to completion of the alternation and widening works as compared to the government subsidies of HK$143 million received during the same period last year, Shanghai Luqiao Development Co., Ltd.'s net profit dropped 47.4% to HK$120 million.

The Group completed the acquisition of the operating concession of Hu-Yu Expressway (Shanghai Section) in May 2010. Shanghai Shen-Yu Development Co., Ltd. ("**Shen-Yu Shanghai**"), the project company, recorded a net profit of HK$60.10 million. The traffic flow diverted to Hu-Yu Expressway (Shanghai Section) last year due to the widening works of Hu-Kun Expressway (Shanghai Section) declined after such works were completed early this year. However, underpinned by the Shanghai World Expo in Shanghai and the increase in the number of private cars, the toll revenue of Hu-Yu Expressway (Shanghai Section) recorded HK$195 million with a traffic flow of 13.62 million vehicles.

During the first half of 2010, General Water of China Co., Ltd. ("**General Water of China**") recorded revenue from principal business of HK$386 million, representing an increase of 36.7%. Turning from loss to profitability, the company recorded a net profit of HK$41.19 million. During the period, the company was committed to mergers and acquisitions, integration of projects and striving to establish an overseas financing platform. While consolidating its regional resources, it also expanded actively into new business areas to take advantage of an early mover. Such areas included large-scale industrial wastewater, sludge treatment, water environment treatment and seawater desalination. It also contracted various external construction and management projects which, together with the new platform established for equipment manufacturing, will create much bigger room for profit growth. In March this year, "The Joint Research and Development Base of General Water of China – Ecology Center of Chinese Academy of Sciences" was officially established in an effort to build a technology brand in the industry sector. Construction of the Wuhua Mountain reservoir and urban sewage treatment plant in Suifenhe city commenced in the first half of the year. It is expected that the construction of the water supply project for the third water treatment plant in Suifenhe will commence in 2011. The Wuhua Mountain reservoir project has successfully obtained subsidies from the government, securing its return on investment.

The Group has completed the acquisition of an equity interest in Asia Water Technology Limited ("**Asia Water**"), a listed company in Singapore, in February this year. Established in 2002, Asia Water was listed on the Catalist of Singapore Exchange in March 2005. As at 30 June 2010, Asia Water owned 15 water treatment projects which are mainly located in Hubei, Shanxi, Zhejiang and Anhui of China with a total capacity of up to 1,087,000 tonnes per day. In the first half of 2010, Asia Water recorded a revenue of HK$142 million and a net profit of HK$5.70 million.

Real Estate

Benefiting from sales from Shanghai Urban Development (Holdings) Co., Ltd. ("**Shanghai Urban Development**") and profits from Shanghai Bay, the real estate business contributed a profit of approximately HK$753 million to the Group for the first half of the year, representing an increase of 1,307.1% and accounting for approximately 47.9% of the Group's Net Business Profit*. Housing demand remained strong in China, and real estate investment remained as the development focus for the Group for the year.

On 16 August 2010, the Company announced the acquisition of a 63.65% equity interest in Shanghai Industrial Development Co., Ltd. ("**SI Development**"), a company listed in the A shares market in Shanghai, from a subsidiary of our parent company for a cash consideration of HK$5,827 million. SI Development is principally engaged in real estate development, property investment and operation and construction contracting. Currently, it has 17 major real estate investment projects, most of which are located in Shanghai, Huzhou, Harbin, Qingdao, Quanzhou, Chongqing, Chengdu and Dali with a planned total gross floor area of up to 4,904,600 square meters. The acquisition is expected to help the Group develop real estate business with a focus in the Yangtze River Delta and supplemented by coastal regions of eastern China, as well as further expansion in major cities throughout the country. It will also provide the Group with listed platforms for capital financing in both Hong Kong and China.

In January this year, the Company announced the acquisition and subscription for a total of 45.02% shareholding in Neo-China Land Group (Holdings) Limited ("**Neo-China**") for an aggregate consideration of HK$2,746 million, and the transaction was completed on 24 June 2010. The general offer made to existing shareholders of Neo-China was made by the Group in early July. As the total number of shares in respect of which valid acceptances were received under the offer did not result in the Company holding more than 50% of shareholding, the general offer did not become unconditional and lapsed on 26 July 2010. Neo-China owns 14 projects in 11 cities in China, including middle to high-end luxury residential buildings, service apartments, commercial buildings, hotels and office buildings with a total site area of approximately 7,374,800 square meters and planned total gross floor area of 12,294,900 square meters. For the six months ended 30 June 2010, Neo-China recorded a turnover of HK$2,417 million and loss attributable to shareholders of HK$646 million.

As at the end of June 2010, Shanghai Urban Development owned 10 real estate projects with a total site area of approximately 2,135,600 square meters and planned total gross floor area of approximately 3,982,700 square meters. The total construction area in the period amounted to 557,700 square meters. A new project for ancillary commodity housing on the plot in Longxi, Shanghai was added, which covers a planned site area of approximately 49,800 square meters and planned total gross floor area of approximately 125,500 square meters. Shanghai Urban Development recorded a net profit of approximately HK$290 million and a revenue of approximately HK$3,477 million during the period, representing an increase of 124.1% and 605.9% respectively. Pre-sales launched by the company last year was well received, and sales proceeds amounting to HK$3,400 million were recorded for the period. During the first six months of the year, a pre-sale amount of up to HK$696 million with a gross floor area of approximately 40,200 square meters was recorded. Rental income from investment properties held amounted to approximately HK$54.14 million, with an aggregate gross floor area of approximately 77,100 square meters. In view of the macroeconomic tightening measures of the State against the real estate sector, Shanghai

Urban Development shall continue its prudent strategies in developing prudently and strive to capture market opportunities.

The Company announced the acquisition of four lots of premier land resources situated by the lakeside of Dianshan Lake, Qingpu District of Shanghai with a total site area of approximately 1,698,500 square meters and a planned total gross floor area of approximately 849,300 square meters from its parent company last year. The four plots of land are earmarked for the development of low density luxury residential blocks and villas. It is expected that lot D of which will commence construction next year the soonest. Currently, lot G is still in the stage of relocation and is due to be injected into the Group, while the three remaining lots with a total site area of approximately 1,297,300 square meters have been included into our land reserve. As the acquisition price of the land is more favourable than the market, it is likely to bring significant income for the Group. The Shanghai Bay project located in Xuhui District of Shanghai contributed a profit of HK$204 million to the Group during the period.

The Four Seasons Hotel Shanghai capitalized on opportunities arising from the Shanghai World Expo and expanded its customer base, resulting in a significant rebound in occupancy. During the period, the hotel recorded a total income of HK$137 million and EBITDA of HK$47.99 million, increasing 44.3% and 5.9 times respectively. Comparing to a loss in the same period last year, Shanghai SIIC South Pacific Hotel Co., Ltd. achieved a net profit of HK$12.36 million. The hotel received a number of awards during the period, and was being named as the World's Top 50 Business Hotels and Top Hotel in Shanghai by Travel + Leisure in the United States, and enlisted in the Hotel Gold List and named as the Best Hotel in China by Conde Nast travel magazine in the United States.

Consumer Products

Profit contribution from the consumer products business for the period was HK$404 million, representing an increase of 6.7% over the same period last year after deducting the disposal gain and profit contribution from Lianhua Supermarket Holdings Co., Ltd. ("**Lianhua Supermarket**") and Bright Dairy and Food Co., Ltd. ("**Bright Dairy**"), which were disposed of in the same period last year. The profit accounted for approximately 25.8% of the Group's Net Business Profit*.

During the first half of 2010, Nanyang Brothers Tobacco Co., Ltd. ("**Nanyang Tobacco**") achieved a revenue of HK$1,054 million and a net profit of HK$322 million, representing an increase of 3.9% and 4.3% respectively over the same period last year. During the period, the company emphasized on developing high value-added products, and adjusted its product portfolio and pricing which achieved satisfactory results with quantity sold increased across various markets. Remarkable sales were recorded for Double Happiness Classic Deluxe and Double Happiness Premium, which further established the premium status of the Double

Happiness brand. Nanyang Tobacco actively implemented equipment projects for technology transformation in the period, including reforming the production line which can enhance the quality of cigarette, and carried out a project of sampling test line for cut tobacco for developing new products. The Yuen Long storage project has commenced construction in September last year. The estimated total cost for the project is HK$158 million. Construction is now progressing actively for early completion.

The Wing Fat Printing Co., Ltd. ("**Wing Fat Printing**") maintained stable growth in production during the period with a revenue of HK$1,347 million and a net profit of HK$85.52 million, representing an increase of 70.1% and 6.1% respectively over the same period last year. As the prices of containerboard rose steadily, Hebei Yongxin Paper Co., Ltd. ("**Hebei Yongxin Paper**") adopted a consolidation strategy of optimizing supply, production and sales. The newly-built 300,000 tonnes A-grade containerboard production line reached its planned capacity and the business successfully returned to profitability during the period. The company's packaging business remained relatively stable. The new joint venture established at the end of last year, WF Top Weld Packaging, started to make a profit contribution for the company. Wing Fat Printing increased its holdings in Chengdu Wingfat Printing Co., Ltd. ("**Chengdu Wingfat Printing**") at the end of last year, and the transaction was completed early this year. Due to an increase in attributable profits as well as a rise in Chengdu Wingfat Printing's production capacity, the printing business in the south western China increased accordingly.

**Net profit excluding net corporate expenses*

PROSPECTS

While the toll roads, water services and the consumer products business help to maintain the Group's stable profit and healthy cash flow, while the prime and quality portfolio of the real estate business will boost the Group's return on investments. As a result of this, the performance of the Group's core businesses will be enhanced, with increased profitability and a higher return for Shareholders.

Looking forward, the infrastructure facilities segment is expected to benefit from the Group's highway investments due to increased traffic flow between provinces and cities resulting from China's robust economy. The Group will identify acquisition opportunities for expressway projects with potential in the Zhujiang River Delta, Chengdu, Chongquing and Wuhan. In order to expand the scale of its investment, the Group is also actively acquiring quality water services assets for integration with its existing business in the area.

On the real estate sector, the Group has built up an enormous land reserve through accumulating prime resources with a massive land reserve and is therefore well prepared to capitalize on its assets when opportunities arise. The Group will continue to acquire quality real estate projects in other major cities in China, and at the same time speed up the consolidation of its existing real estate business, to explore greater potential for sustainable development.

For consumer products, the tobacco business has achieved remarkable results in the adjustment of product structure. In printing, new developments in metal packaging has been made during the period, including matt tin can and pop-top can, and further acquisitions will be pursued for the printing business. Capitalizing on its solid foundation, the segment's operations will be further enhanced, with steady performance and enormous growth potential. As such, the Group's recurring profits and cash flow will be strengthened.

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, 30 August 2010

INTERIM DIVIDEND

The Board of Directors has resolved to pay an interim dividend for the six months ended 30 June 2010 of HK50 cents (2009: HK48 cents) per share, which will be payable on or about Thursday, 30 September 2010 to Shareholders whose names appear on the Register of Members of the Company on Monday, 20 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 17 September 2010 to Monday, 20 September 2010, both days inclusive, during which period no transfer of shares will be effected. Notice of Dividend will be dispatched to Shareholders on or about Thursday, 30 September 2010. In order to qualify for the entitlement of the interim dividend, 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, 16 September 2010.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2010.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") throughout the six months ended 30 June 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PUBLICATION OF THE INTERIM REPORT

The 2010 Interim Report will be despatched to Shareholders in mid September 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 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, Mr. Qian Yi; three Independent Non-Executive Directors, namely, Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Six months ended 30 June	
	Notes	**2010**	2009
		HK$'000	HK$'000
		(unaudited)	(unaudited)
Continuing operations			
Revenue	*3*	**6,664,369**	2,664,451
Cost of sales		**(4,276,746)**	(1,551,932)
Gross profit		**2,387,623**	1,112,519
Net investment income		**286,135**	214,428
Other income		**130,724**	343,781
Selling and distribution costs		**(402,792)**	(199,730)
Administrative expenses		**(384,645)**	(312,250)
Finance costs		**(193,557)**	(132,845)
Share of results of jointly controlled entities		**109,903**	(17,833)
Share of results of associates		**12,309**	(152,328)
Net gain on disposal of interests in subsidiaries and associates		**-**	754,480
Impairment loss on available-for-sale investments		**(284,224)**	-
Gain from bargain purchase of interest in a subsidiary		**361,060**	-
Profit before taxation		**2,022,536**	1,610,222
Income tax expense	*4*	**(596,244)**	(471,561)
Profit for the period from continuing operations	*5*	**1,426,292**	1,138,661
Discontinued operations			
Profit for the period from discontinued operations		**3,269,339**	668,163
Profit for the period		**4,695,631**	1,806,824
Profit for the period attributable to			
- Owners of the Company		**4,437,230**	1,403,282
- Non-controlling interests		**258,401**	403,542
		4,695,631	1,806,824

	Note	Six months ended 30 June 2010 HK$ (unaudited)	2009 HK$ (unaudited)
Earnings per share	*7*		
From continuing and discontinued operations			
- Basic		**4.109**	1.302
- Diluted		**4.109**	1.301
From continuing operations			
- Basic		**1.121**	0.830
- Diluted		**1.121**	0.830

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Profit for the period	**4,695,631**	1,806,824
Other comprehensive (expense) income		
Exchange differences arising from translation of foreign operations of subsidiaries	**2,668**	-
Fair value adjustment on available-for-sale investments	**(98,458)**	56,337
Impairment loss on available-for-sale investments	**194,524**	-
Gain (loss) on cash flow hedges	**580**	(12,478)
Reclassification of other comprehensive income upon disposals of		
- available-for-sale investments	**-**	7,074
- the disposal group held for sale/interest in a subsidiary (exchange difference included in translation reserve)	**(344,654)**	(15,271)
- interests in associates (exchange difference included in translation reserve)	**-**	(31,575)
Other comprehensive (expense) income for the period	**(245,340)**	4,087
Total comprehensive income for the period	**4,450,291**	1,810,911
Total comprehensive income attributable to		
- Owners of the Company	**4,191,890**	1,407,369
- Non-controlling interests	**258,401**	403,542
	4,450,291	1,810,911

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2010

	Notes	**30 June 2010 HK$'000 (unaudited)**	31 December 2009 HK$'000 (audited and restated)
Non-Current Assets			
Investment properties		**5,008,019**	2,135,393
Property, plant and equipment		**4,030,867**	4,276,904
Prepaid lease payments – non-current portion		**402,489**	409,609
Toll road operating rights		**14,009,438**	12,858,011
Other intangible assets		**119,630**	120,222
Goodwill		**19,453**	19,453
Interests in jointly controlled entities		**1,120,429**	1,026,433
Interests in associates		**488,906**	298,734
Investments		**2,969,392**	3,256,718
Deposits paid on acquisition of property, plant and equipment		**59,443**	149,111
Restricted bank deposits		**73,509**	73,376
Deferred tax assets		**159,096**	96,953
		28,460,671	24,720,917
Current Assets			
Inventories		**34,780,067**	17,954,421
Trade and other receivables	*8*	**4,354,367**	3,677,171
Prepaid lease payments – current portion		**13,933**	13,779
Investments		**3,050,430**	158,759
Taxation recoverable		**288,278**	65,543
Pledged bank deposits		**225,411**	911,828
Short-term bank deposits		**1,236,899**	262,234
Bank balances and cash		**14,997,119**	9,408,136
		58,946,504	32,451,871
Assets classified as held for sale		**-**	7,096,169
		58,946,504	39,548,040
Current Liabilities			
Trade and other payables	*9*	**16,113,884**	9,711,918
Convertible notes		**64,979**	-
Derivative financial instrument - warrants		**32,300**	-
Taxation payable		**2,451,434**	852,077
Bank and other borrowings		**5,666,968**	3,490,737
		24,329,565	14,054,732
Liabilities associated with assets classified as held for sale		**-**	1,734,249
		24,329,565	15,788,981
Net Current Assets		**34,616,939**	23,759,059
Total Assets less Current Liabilities		**63,077,610**	48,479,976

	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited and restated)
Capital and Reserves		
Share capital	**107,977**	107,977
Share premium and reserves	**28,190,056**	24,793,273
Equity attributable to owners of the Company	**28,298,033**	24,901,250
Non-controlling interests	**11,010,288**	9,196,106
Total Equity	**39,308,321**	34,097,356
Non-Current Liabilities		
Bank and other borrowings	**17,120,831**	12,124,720
Senior notes	**3,213,600**	-
Deferred tax liabilities	**3,434,858**	2,257,900
	23,769,289	14,382,620
Total Equity and Non-Current Liabilities	**63,077,610**	48,479,976

Notes:

(1) REVIEW OF INTERIM FINANCIAL INFORMATION

The interim results for the six months ended 30 June 2010 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), by Deloitte Touche Tohmatsu, whose report on review of interim financial information is included in the interim report to be sent to shareholders.

(2) BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the HKICPA.

The condensed 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 and Restatements

The Group accounts for all its business combinations involving entities under common control under the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("**AG 5**") issued by the HKICPA. In current period, the Group acquired S.I. Feng Tao Properties (BVI) Limited ("**Feng Tao (BVI)**") together with its subsidiaries, S.I. Feng Tao Properties Limited ("**Feng Tao (HK)**") and Shanghai Feng Tao Properties Company Limited ("**Shanghai Feng Tao**"), and S.I. Shen-Yu Development Limited ("**Shen-Yu**") together with its subsidiaries, S.I. Infrastructure (Shen-Yu) Limited ("**Infrastructure (Shen-Yu)**") and Shen-Yu Shanghai, from wholly-owned subsidiaries of its ultimate parent, Shanghai Industrial Investment (Holdings) Company Limited ("**SIIC**") and accordingly, the Group has applied the principle of merger accounting in accordance with the requirements set out in AG 5 to the acquisitions.

Feng Tao (BVI), Feng Tao (HK), Shen-Yu and Infrastructure (Shen-Yu) were incorporated on 18 March 2009, 30 March 2009, 11 August 2009 and 25 August 2009, respectively. Shanghai Feng Tao and Shanghai Shen-Yu were established on 1 June 2009 and 6 January 2009, respectively.

The condensed consolidated statement of financial position of the Group as at 31 December 2009 has been restated to include the assets and liabilities of Feng Tao (BVI) and Shen-Yu and their respective subsidiaries as if they were within the Group on that date. The application of merger accounting on acquisitions of Feng Tao (BVI) and Shen-Yu does not have any significant effect on the condensed consolidated income statement, statement of comprehensive income and statement of cash flows for the six months ended 30 June 2009 and 30 June 2010.

(ii) Application of New and Revised HKFRSs

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

The Group applies Hong Kong Financial Reporting Standard ("**HKFRS**") 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

There was no transaction during the current interim period in which HKFRS 3 (Revised) is applicable. The Group applied HKAS 27 (Revised) to acquisition of additional interest in a subsidiary in the current interim period. The application has had no material financial effect on the Group.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

(3) SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

For the six months ended 30 June 2010

Continuing operations

	Infrastructure facilities HK$'000	Real estate HK$'000	Consumer products HK$'000	Consolidated HK$'000
SEGMENT REVENUE				
External sales	**762,191**	**3,614,801**	**2,287,377**	**6,664,369**
Segment profit	**443,899**	**1,066,607**	**539,323**	**2,049,829**
Net unallocated corporate expense				**(32,784)**
Finance costs				**(193,557)**
Share of results of jointly controlled entities				**109,903**
Share of results of associates				**12,309**
Impairment loss on available-for-sale investments				**(284,224)**
Gain from bargain purchase of interest in a subsidiary				**361,060**
Profit before taxation (continuing operations)				**2,022,536**

For the six months ended 30 June 2009

Continuing operations

	Infrastructure facilities HK$'000	Real estate HK$'000	Consumer products HK$'000	Consolidated HK$'000
SEGMENT REVENUE				
External sales	393,556	587,776	1,683,119	2,664,451
Segment profit	475,069	206,976	475,181	1,157,226
Net unallocated corporate income				1,522
Finance costs				(132,845)
Share of results of jointly controlled entities				(17,833)
Share of results of associates				(152,328)
Net gain on disposal of interests in subsidiaries and associates				754,480
Profit before taxation (continuing operations)				1,610,222

The following is an analysis of the Group's assets by operating segment:

	30th June 2010 HK$'000	31st December 2009 HK$'000 (restated)
Infrastructure facilities	**15,244,752**	15,151,693
Real estate	**49,753,978**	25,505,215
Consumer products	**5,699,262**	5,592,157
Total segment assets	**70,697,992**	46,249,065
Other unallocated assets	**16,709,183**	18,019,892
Total assets	**87,407,175**	64,268,957

(4) INCOME TAX EXPENSE

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Continuing operations		
Current tax		
- Hong Kong	**66,005**	60,280
- PRC Land appreciation tax ("**PRC LAT**")	**276,910**	49,611
- PRC Enterprise income tax (including PRC withholding tax of HK$30,063,000 (six months ended 30 June 2009: HK$37,804,000))	**252,853**	402,389
	595,768	512,280
Under(over)provision of PRC Enterprise income tax in prior periods	**1,881**	(3,148)
Deferred taxation for the current period	**(1,405)**	(37,571)
	596,244	471,561

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

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%. 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**") for 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 PERIOD

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Continuing operations		
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of toll road operating rights (included in cost of sales)	**211,590**	103,180
Amortisation of other intangible assets (included in administrative expenses)	**594**	2,670
Depreciation of property, plant and equipment	**131,671**	109,560
Release of prepaid lease payments	**6,966**	6,804
Dividend income from investments (included in net investment income)	**(3,752)**	(557)
(Gain) loss on disposal of property, plant and equipment	**(8,230)**	6,386
Loss on disposal of available-for-sale investments (included in net investment income)	**-**	7,074
Interest income (included in net investment income)	**(71,493)**	(45,091)
Change in fair value of financial assets at fair value through profit or loss (included in net investment income)	**199,997**	(13,693)
Net foreign exchange loss (gain)	**5,881**	(18,087)
Share of PRC income tax of jointly controlled entities (included in share of results of jointly controlled entities)	**2,747**	951
Share of PRC income tax of associates (included in share of results of associates)	**259**	10,428

(6) DIVIDENDS

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
2009 final dividend paid of HK60 cents (2008 final dividend: HK36 cents) per share	**647,859**	388,346

The directors have determined that an interim dividend of HK50 cents (2009 interim dividend: HK48 cents) per share will be paid to the shareholders of the Company whose names appear on the Register of Members on 20 September 2010.

(7) EARNINGS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**4,437,230**	1,403,282
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)	**N/A**	(284)
Earnings for the purpose of diluted earnings per share	**4,437,230**	1,402,998

	Six months ended 30 June	
	2010	2009
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,079,765,000**	1,077,678,514
Effect of dilutive potential ordinary shares		
- share options	**N/A**	555,294
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,079,765,000**	1,078,233,808

The calculation of diluted earnings per share for the six months ended 30 June 2010 does not assume the exercise of the warrants and convertible notes issued by Neo-China as the warrants and convertible notes are anti-dilutive.

From continuing operations

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

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Earnings figures are calculated as follows:		
Profit for the period attributable to owners of the Company	**4,437,230**	1,403,282
Less: profit for the period from discontinued operations attributable to owners of the Company	**(28,285)**	(508,467)
gain on disposal of the Disposed Business	**(3,198,489)**	-
Earnings for the purpose of basic earnings per share from continuing operations	**1,210,456**	894,815
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)	**N/A**	(284)
Earnings for the purpose of diluted earnings per share from continuing operations	**1,210,456**	894,531

From discontinued operations

Basic earnings per share from discontinued operations is HK$2.988 per share (six months ended 30 June 2009: HK47 cents per share) and diluted earnings per share from the discontinued operations for the six months ended 30 June 2009 was HK47 cents per share, based on the profit for the period from the discontinued operations attributable to owners of the Company and gain on disposal of the Disposed Business of HK$3,226,774,000 (six months ended 30 June 2009: HK$508,467,000) and the denominators detailed above for both basic and diluted earnings per share.

Note: The dilutive impact on the share of results of a jointly controlled entity was effected from share options issued by the jointly controlled entity, which has been disposed of in prior period.

(8) TRADE AND OTHER RECEIVABLES

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.

At 30 June 2010, included in trade and other receivables are trade receivables (including those classified as part of a disposal group), net of allowance for the doubtful debts, of HK$601,861,000 (31 December 2009: HK$1,440,031,000) and their aged analysis, presented based on the invoice date at the end of reporting period, is as follows:

	30 June 2010	31 December 2009
	HK$'000	HK$'000
Trade receivables:		
Within 30 days	**318,540**	612,144
Within 31 – 60 days	**147,505**	337,028
Within 61 – 90 days	**86,625**	154,450
Within 91 – 180 days	**34,785**	276,583
Within 181 – 365 days	**5,325**	36,337
Over 365 days	**9,081**	23,489
	601,861	1,440,031

(9) TRADE AND OTHER PAYABLES

At 30 June 2010, included in trade and other payables are trade payables (including those classified as part of a disposal group) of HK$901,822,000 (31 December 2009: HK$2,141,771,000) and their aged analysis, presented based on the invoice date at the end of reporting period, is as follows:

	30 June 2010 HK$'000	31 December 2009 HK$'000 (restated)
Trade payables:		
Within 30 days	**630,797**	1,134,076
Within 31 – 60 days	**49,399**	187,280
Within 61 – 90 days	**17,711**	149,741
Within 91 – 180 days	**14,925**	357,924
Within 181 – 365 days	**57,890**	106,158
Over 365 days	**131,100**	206,592
	901,822	2,141,771

Financial Review

I. Analysis of Financial Results

1. Revenue

Revenue from continuing operations was approximately HK$6,664.37 million for the first half of 2010, representing a significant increase of 150.1% over the same period last year. Revenue in each business also recorded significant increase, of which the increase of 93.7% in revenue of the infrastructure facilities business was mainly due to a significant increase in toll revenue of Jing-Hu Expressway (Shanghai Section) and Hu-Kun Expressway (Shanghai Section) as the alteration and expansion works were completed and the economy continued to stabilize and in addition, in accordance with merger accounting, the revenue from January to June was reflected by the completion of the acquisition of Hu-Yu Expressway (Shanghai Section) in May.

Sales of real estate recorded a significant increase of approximately HK$3,000.00 million or 515.0% over the same period last year due to the delivery of Lounge City of Urban Cradle and Hefei Rose Town City Villa by Shanghai Urban Development, of which the saleable area delivered in Yuxi and Lounge City of Urban Cradle, Hefei Rose Town City Villa, Changsha Toscana and Kunshan Royal Villa was 5,071 square meters, 153,389 square meters, 105,627 square meters, 19,970 square meters and 3,635 square meters respectively.

Revenue of consumer products increased significantly mainly due to the significant increase of HK$534.49 million in sales of the paper manufacturing business as Hebei Yongxin Paper, a subsidiary of Wing Fat Printing, was benefited from the increase in price of containerboard as a result of the booming consumer market in the PRC, and the full operation of production line no.6.

As the disposal of the medicine business was completed in mid February 2010, revenue for one month was recorded during the period.

2. Profit Contribution from Each Business

Net profit from infrastructure facilities business was approximately HK$412.62 million during the period, representing an increase of 24.0% over the same period last year. Profit of HK$60.10 million for the period from January to June, in accordance with merger accounting, was attributable to the completion of the acquisition of Hu-Yu Expressway and gain from bargain purchase of HK$76.00 million was attributable to the acquisition of Asia Water. As General Water of China turned from loss to profit due to the subsidy income received, net profit from infrastructure facilities business increased significantly over the same period last year.

Real estate business recorded a net profit of approximately HK$752.81 million, representing a significant increase of HK$699.31 million over the same period last year, which was mainly attributable to the gain from bargain purchase of HK$361.06 million from the completion of the acquisition of 45.02% equity interest in Neo-China in June, investment income of HK$204.45 million from Shanghai Bay project and the property sales of Urban Cradle, Hefei Rose Town City Villa, Kunshan Royal Villa and Changsha Toscana during the period.

The disposals of Bright Dairy and Lianhua Supermarket were completed in last year and no profit was contributed during the period. However, operating profit from the consumer products business remained stable mainly due to the steady growth in profit from Nanyang Tobacco and Wing Fat Printing. Nanyang Tobacco recorded an increase in average price per box of 8.4% over the same period last year through adjusting product mix and net profit increased to approximately HK$322.11 million. In addition, as the production line no.6 of Hebei Yongxin Paper, a subsidiary of Wing Fat Printing, commenced full operation and sales of containerboard increased significantly due to the booming consumer market in the PRC, the paper manufacturing business turned from loss to profit and the net profit contribution of Wing Fat Printing increased to approximately HK$82.36 million.

The disposal of the medicine business was completed in mid February 2010 and disposal gain of HK$3,198.49 million during the period and attributable profit of HK$28.28 million for one month were recorded.

3. Profit before Taxation

(1) Gross Profit Margin

Gross profit margin for the period was 35.8%, representing a decrease of approximately 6 percentage points compared to 41.8% for the same period last year. The drop in gross profit margin was mainly attributable to the sales recorded by real estate business for the period were made in commodity housing with lower gross margin compared with the villa and joint-row houses with higher gross margin during the same period last year.

(2) Net investment income

The investment in Shanghai Bay project contributed an investment income of HK$204.45 million for the period.

(3) Other income

Other income decreased as compared with the same period last year. It was mainly attributable to a compensation of RMB125.80 million received for the impact on traffic flow caused by the alteration and expansion works of Hu-Kun Expressway (Shanghai Section) in last year.

(4) Share of results of jointly controlled entities

Due to financial subsidies, the result of General Water of China grew significantly. And as a share of gain from bargain purchase of HK$76.00 million was recorded from the completion of the acquisition of equity interest in Asia Water, the Group's share of results of jointly controlled entities increased significantly.

(5) Share of results of associates

The Group completed the disposal of its shareholding in Semiconductor Manufacturing International Corporation ("**SMIC**") and Bright Dairy in September and December 2009 respectively and did not share their operating results for the period. The Group still had to share the loss of SMIC of approximately HK$205.63 million for the same period last year.

(6) Net gain on disposal of interests in subsidiaries and associates

The Group mainly disposed 5% and 21.17% equity interest in Bright Dairy and Lianhua Supermarket during the same period last year and recorded pre-tax disposal gains of HK$754.48 million.

(7) Gain from bargain purchase of interest in a subsidiary and impairment loss on available-for-sale investments

The Group completed the acquisition of 45.02% equity interest in Neo-China and recorded a gain from bargain purchase of HK$361.06 million. Impairment loss was provided according to the fair value of the available-for-sale investments.

4. Dividends

The Group continues to adopt a stable dividend payout policy. The Board of Directors has determined to declare an interim dividend of HK50 cents per share after considering the significant disposal profit, representing an increase of 4.2% compared with the interim dividend of HK48 cents per share in 2009.

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 30 June 2010, which was the same as the number of shares as at the end of 2009.

The Group maintains a sound financial position. The shareholders' equity reached HK$28,298.03 million as at 30 June 2010, which was attributable to the profit for the first half of the year after deducting the dividend actually paid during the period.

2. Indebtedness

(1) Borrowings

The Group obtained a three-year term and revolving club loan facilities of a total of HK$4.90 billion at the end of last 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 30 June 2010, the total borrowings of the Group including bank borrowings, other borrowings, senior notes and convertible notes amounted to approximately HK$27,824.12 million (31 December 2009: HK$17,372.50 million), of which 65.2% (31 December 2009: 63.5%) was unsecured credit facilities.

(2) Pledge of assets

As at 30 June 2010, 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$4,987,597,000 (31 December 2009: HK$2,114,948,000);

(b) plant and machinery with a carrying value of approximately HK$678,727,000 (31 December 2009: HK$474,779,000);

(c) leasehold land and buildings with a carrying value of approximately HK$188,556,000 (31 December 2009: HK$211,825,000);

(d) trade receivables of approximately HK$5,679,000 (31 December 2009: HK$11,875,000);

(e) properties under development held for sale with a carrying value of approximately HK$3,783,483,000 (31 December 2009: HK$1,611,699,000);

(f) properties held for sale with a carrying value of approximately HK$37,109,000 (31 December 2009: HK$37,109,000);

(g) toll road operating rights of approximately HK$10,367,911,000 (31 December 2009: HK$9,138,892,000);

(h) inventories with a carrying value of approximately HK$72,592,000 (31 December 2009: HK$72,592,000);

(i) bank deposits with a carrying value of approximately HK$225,411,000 (31 December 2009: HK$911,828,000);

(j) share mortgage over the issued capital of a wholly-owned subsidiary of the Group; and

(k) equity pledge over the registered capital of two wholly-owned subsidiaries of the Group.

(3) Contingent liabilities

As at 30 June 2010, the guarantees given to banks by the Group in respect of banking facilities utilised by an entity controlled by Xuhui District State Owned Asset Administrative Committee and outsiders amounted to approximately HK$4,225.93 million (31 December 2009: HK$1,599.40 million).

In addition, as at 30 June 2010, Neo-China, a subsidiary of the Company, had pledged its interest in an associate as a security for a real estate project held by that associate which Neo-China is responsible for the payment of demolishment and re-settlement expenses in excess of the original budget cost of the project.

3. Capital Commitments

As at 30 June 2010, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK$6,986.37 million (31 December 2009: HK$3,964.08 million). The Group had sufficient internal resources to finance its capital expenditures.

4. Bank Deposits and Short-term Investments

As at 30 June 2010, bank balances and short-term investments held by the Group amounted to HK$16,459.43 million (31 December 2009: HK$10,582.20 million) and HK$3,050.43 million (31 December 2009: HK$158.76 million) respectively. The proportions of US dollars, Renminbi and HK dollars were 5%, 59% and 36% (31 December 2009: 20%, 68% and 12%) respectively. Short-term investments mainly consisted of investments such as equity linked notes, bonds, Hong Kong 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 End of the Interim Period

The following significant events took place after the end of the interim period:

1. Mandatory conditional cash offer

Pursuant to the Takeovers Code and following the Completion, the Group has made the possible mandatory conditional cash offer for all the issued shares of Neo-China (other than those already owned or agreed to be acquired or subscribed by the Group and parties acting in concert with it) (the "**Share Offer**") on 2 July 2010. In accordance with the Takeovers Code and subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects, the Group, on the same day, has also made the possible mandatory conditional cash offer for all the outstanding convertible notes, warrants and share options of Neo-China (other than those already owned or agreed to be acquired or subscribed by the Group and parties acting in concert with it) to acquire, or for the cancellation of, all the outstanding convertible notes, warrants and share options of Neo-China (together with the Share Offer, collectively referred to as the "**Offers**").

As detailed in the joint announcement of the Company and Neo-China dated 26 July 2010, the total number of shares in respect of which the Group has received valid acceptances under the Share Offer, together with the shares already owned or acquired by the Group and parties acting in concert with it, do not result in the Group and parties acting in concert with it holding more than 50% of the voting rights of Neo-China. The Offers therefore have not become unconditional.

2. On 16 August 2010, SIIC Shanghai (Holding) Co., Ltd. ("**SIIC Shanghai**"), the Company and S.I. Properties Development Limited ("**S.I. Properties Development**"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the "**Equity Transfer Agreement**"). Pursuant to the Equity Transfer Agreement, it was conditionally agreed that the Company shall through S.I. Properties Development acquire 689,566,049 A Shares ("**Subject Shares**") of Shanghai Industrial Development Co., Ltd. ("**SIDC**", a joint stock limited liability company established under the laws of the PRC. SIDC A Shares are listed on the Shanghai Stock Exchange), representing approximately 63.65% of the issued share capital of SIDC, from SIIC Shanghai at an aggregate consideration of RMB5,130,371,000 (equivalent to approximately HK$5,827,319,000) (the "**Transaction**"), which is subject to the final determination of the State-owned Assets Administration Department, on and subject to the terms and conditions of the Equity Transfer Agreement. As a strategic foreign investor, S.I. Properties Development is subject to the relevant provisions of the Ministry of Commerce and is required to undertake not to dispose of the Subject Shares for a period of 3 years from the completion date. The consideration will be funded by internal resources and/or bank financing.

   SIIC, the ultimate parent of the Company, is authorised to operate SIIC Shanghai, a state-owned enterprise, and SIIC exercises the authority as the state-owned shareholder of SIIC Shanghai. As such, SIIC Shanghai is a connected person of the Company under the Listing Rules and the Transaction constitutes a connected transaction for the Company and is subject to the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Up to the date of issuance of this interim report, the transaction is not yet approved.

Details of the transaction are set out in an announcement of the Company dated 16 August 2010.

For the purposes of the "Business Review" of this announcement, the exchange rates of HK$1.00 to 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.