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 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

	2010	2009	**Change**
	HK$'000	*HK$'000 (restated)*	*%*
Continuing operations			
Revenue	**12,712,295**	7,061,653	**+80.0%**
Gross profit	**3,906,417**	2,728,372	**+43.2%**
Profit before taxation	**2,873,895**	3,828,453	**-24.9%**
Continuing and discontinued operations			
Profit attributable to owners of the Company	**5,277,752**	2,870,132	**+83.9%**
Earnings per share - Basic	**HK$4.89**	HK$2.66	**+83.8%**
Proposed final dividend per share	**HK58 cents**	HK60 cents	**-3.3%**

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") is pleased to announce that for the year ended 31 December 2010, the Company and its subsidiaries (the "**Group**") recorded a profit attributable to owners of the Company of HK$5,278 million, an increase of 83.9% over last year, and a revenue of HK$12,712 million, a year-on-year increase of 80.0%. Operating results hit another historical high. The disposal of all pharmaceutical assets as announced by the Company in October 2009 was completed in February this year, resulting in a disposal gain of HK$3,198 million for the year.

Infrastructure Facilities

Benefiting from the convening of the Shanghai World Expo and increases in the number of private vehicles as well as higher profit contributions from the water services business during the year, the Group's infrastructure facilities business recorded an annual profit of HK$821 million, representing a year-on-year increase of 11.0% and accounting for approximately 33.6% of the Group's Net Business Profit*. The increase in profits reached 73.2% after excluding subsidies received in 2009 arising from the expansion and widening works.

Toll Roads

Jing-Hu Expressway (Shanghai Section)

During the year, toll revenue and traffic flow for Jing-Hu Expressway (Shanghai Section) increased to HK$532 million and 32.52 million vehicle journeys, a growth of 10.9% and 14.6% respectively over last year. Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. ("**Hu-Ning Expressway**") recorded a net profit of HK$286 million for the year, representing an increase of 4.3% after excluding subsidies received in 2009 for the alteration and widening works. During the World Expo held during the year, operations and maintenance management of the road sections were strengthened to ensure smooth flow and road safety.

In November 2010, the Company announced the extension of an entrustment agreement between Hu-Ning Expressway and Shanghai Galaxy Investment Co., Ltd. ("**Shanghai Galaxy**"). Under the agreement, the Group entrusted Shanghai Galaxy to provide investment and financial management services to it for an extended term with guaranteed returns from such services. In February 2011, the Company further announced an increase of capital contribution to Shanghai Galaxy pursuant to which the equity interest in Shanghai Galaxy held by Hu-Ning will be increased by 30% to 50%. It is expected that the transaction will further enhance Hu-Ning Expressway's profit contribution to the Group.

Hu-Kun Expressway (Shanghai Section)

Traffic flow and toll revenue increased rapidly following the reopening of the main lane after the alteration and widening works for the Hu-Kun Expressway (Shanghai Xinsong Section) on 1 January 2010. The number of trade visitors and tourists visiting Shanghai soared during World

Expo also contributed to a sharp rise in toll revenue and traffic flow to reach HK$736 million and 31.87 million vehicle journeys, representing an increase of 101.1% and 132.5% respectively over last year. Annual total toll revenue ranked first among Shanghai road networks.

Excluding subsidies received last year as a result of the alternation and widening works, Shanghai Luqiao Development Co., Ltd.'s ("**Luqiao Development**") net profit for the year increased to HK$265 million, with a rise of 79.6%. During the year, an orderly implementation of various operation and management measures was carried out by Luqiao Development subsequent to the reopening of the highway during the year. Proper actions were also taken in response to the large passenger peak flow during World Expo to ensure safe, smooth and effective road operations throughout the year.

Hu-Yu Expressway (Shanghai Section)

The Group completed the acquisition of the operating concession of Hu-Yu Expressway (Shanghai Section) in May 2010. During the year, Shanghai Shen-Yu Development Co., Ltd. ("**Shen-Yu Shanghai**") recorded a net profit of HK$117 million, and its accounts have been consolidated into the Group's accounts according to the merger accounting method.

The traffic flow previously diverted to Hu-Yu Expressway (Shanghai Section) declined following the completion of the alternation and widening works of Hu-Kun Expressway (Shanghai Xinsong Section) during the year. However, underpinned by the Shanghai World Expo and the increase in the number of motor vehicles, annual toll revenue and traffic flow of Hu-Yu Expressway (Shanghai Section) remained stable reaching HK$410 million and 27.72 million vehicle journeys respectively. During the year, Hu-Yu Expressway (Shanghai Section) has fully accomplished the obligation of road safety operation during World Expo and further enhanced the overall level of operation and management.

Water Services

General Water of China

During the year, General Water of China Co., Ltd. ("**General Water of China**") recorded a revenue of HK$1,040 million, an increase of 62.6% over last year. Corporate profits broke through the hundred million dollar benchmark to reach HK$130 million, a year-on-year increase of 55.0%. As at 31 December 2010, General Water of China had 14 water projects, comprising 18 water supply facilities, 13 sewage treatment facilities and three sewage stations with a daily production capacity of 4,339,000 tonnes, as well as two reservoirs with a gross storage tank volume of 18,232 cubic meters and a pipe network of 2,300 kilometers in total.

General Water of China made great strides in business operations during the year with project construction, equipment manufacturing and operation management services becoming drivers of the company's profit growth. The operating efficiency of development projects improved significantly and a number of enterprises successfully raised water prices; Steady progress was made to open up new areas of business including water-related real estate, sludge treatment, industrial wastewater and seawater desalination, etc. The company's self-innovation ability was greatly enhanced with its strategic technological development being incised from the national top-level science and technology. In addition, General Water of China has been recognized as the “Top 10 Most Influential Enterprises in China's Water Industry” for eight consecutive years and received the “Growth Excellence Award” from Frost & Sullivan, a renowned global growth consulting firm, which significantly enhanced the company’s influence in the industry and international reputation.

Asia Water

The Group completed the acquisition of an equity stake in Asia Water Technology Ltd. (“**Asia Water**”), a listed company in Singapore, in February of the year under review. Established in 2002 and listed on the Catalist of Singapore Stock Exchange in March 2005, Asia Water is a water treatment specialist providing comprehensive and integrated engineering solutions for urban water supply and city waste water treatment systems. The company currently owns 11 water treatment projects which are mainly located in Hubei, Shanxi, Zhejiang and Anhui of China, with a total capacity of up to 1,015,000 tonnes per day. During the year, Asia Water recorded a revenue of HK$324 million and a net profit of HK$26.78 million. In late December, Asia Water announced a rights issue of up 1,217,789,975 shares at S$0.06 each which was completed in the first quarter of this year. Such rights issue has further optimized the company’s financial position and provided additional working capital for future business expansions.

Qianchuan sewage treatment project and Panlong sewage treatment project in Wuhan Huangpo have been added during the year with a total production capacity of 75,000 tonnes per day. Contracts signed during the year comprised the “Condensate Polishing System Project” contract in relation to the provision of equipment and installation services for a 2X600MW sub-critical coal-fired power plant in Tuticorin, India and a contract related to a EPC project to construct a centralized water supply and waste water treatment station in Xinjiang, China, with a total contract sum of up to RMB85.45 million.

United Runtong Water

In September 2010, the Group signed an agreement to acquire a 60.4% equity interest in United Runtong Water Co., Ltd. (“**United Runtong Water**”) for a total consideration of approximately RMB361 million. The transaction was completed in the same year in November. United Runtong Water is principally engaged in sewage treatment, sludge treatment and recycling water treatment, urban water supply and waste disposal, etc. It currently owns one tap water supply project, one water recycling project and 11 sewage treatment projects which are mainly located in Shandong, Hunan, Guangxi and Guangdong, with a total capacity of up to 935,000 tonnes per day as at the end of 2010.

In 2010, United Runtong Water recorded a revenue of HK$332 million and a net profit of HK$55.42 million. In June 2010, United Runtong Water signed a franchise agreement for a sewage treatment centre project in Fengcheng District, Zaozhuang City with a planned capacity of 40,000 tonnes per day. In December, the company acquired by way of public bidding a sewage treatment plant BOT project in the new zone of eastern Gaoxin District, Yiyang City with a planned capacity of 60,000 tonnes. In the future, United Runtong Water will seize the rapid economic development opportunities in mainland cities as well as the dual historical opportunities under the market for environmental products and privatization reform while increasing its research and development efforts and profitability to achieve steady and sustainable development.

Real Estate

In 2010, the Group's real estate business continued to benefit from profit contributions from Shanghai Urban Development (Holdings) Co., Ltd. ("**Shanghai Urban Development**") and the Shanghai Bay project, and recorded a profit of approximately HK$946 million, a significant increase of 29.4% over last year and accounting for approximately 38.7% of the Group's Net Business Profit*. Losses for Shanghai Industrial Urban Development Group Limited ("**SI Urban Development**") (formerly known as Neo-China Land Group Holdings Limited) reduced considerably at the latter half of the year since the Group's inception into it at the end of June last year. The business segment recorded an increase of 42.7% after excluding such loss.

Notwithstanding the impact of mainland China's real estate macro control policy, the Group's real estate business made significant progress during the year. In addition to the completion of the acquisition of a 45.02% equity interest in SI Urban Development as well as lot F of Qingpu land, the acquisition of a controlling stake in Shanghai Industrial Development Co., Ltd. ("**SI Development**") was also initiated during the year to broaden the geographical coverage of the Group's land bank in major cities of China and to rapidly expand the scale of its business.

In August 2010, the Company announced the acquisition from its parent company of a 63.65% equity interest in SI Development, a company listed in the A shares market in Shanghai, for a consideration of HK$5,827 million. SI Development currently has 17 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 5,610,600 square meters as at the end of 2010. The company also has the priority right to participate in the development of the East Bay of Chongming Island, Shanghai. The transaction is expected to be completed within this year and the results of SI Development will be consolidated into the Group's accounts according to the merger accounting method. Such acquisition will strengthen the earnings base of the Group's real estate business and further increase the Group's land resources.

On 26 February 2011, the Company also announced its strategic cooperation with Chow Tai Fook group to jointly develop the Qingpu projects in Shanghai and form a joint operation for the Four Seasons Hotel Shanghai, pursuant to which the Group will sell 90% equity interest in lots F and G of the Qingpu land in Zhujiajiao Town, Shanghai (considerations for the disposal of the two parcels of land were RMB1,131 million and RMB1,305 million respectively) and 77% equity interest in the Four Seasons Hotel Shanghai project for a consideration of HK$1,168 million to Chow Tai Fook group's member companies and the considerations will be paid in cash by installments. In addition to enhancing the branding and quality of the Qingpu project, the transactions will bring in a win-win cooperation for both parties and realize total proceeds of approximately HK$3,526 million to the Group and total after-tax gains of approximately HK$2,867 million upon completion.

Land Reserve

As at the end of 2010, Shanghai Urban Development owned 11 real estate projects mainly in five regions, namely Shanghai, Jiangsu, Anhui, Hunan and Chongqing, with a total land area of approximately 2,386,100 square meters and a planned total gross floor area of approximately 4,528,500 square meters. During the year, an additional land area of 250,570.6 square meters was added to Shanghai Urban Development. In July, the Chongqing project company completed the signing of a land grant contract in relation to a land plot of an area of 163,244 square meters under Phase II of Ivy Aroma Town, and in September the same year, the Mei Long Nanfang Shangchen (with a land area of 87,326.6 square meters and a floor area ratio of 3.7) and the railway superstructure Xinzhuang block No.222 located in Xinzhuang Town (with an above-ground floor area of not more than 405,000 square meters) were obtained by way of consortium bidding, of which the land grant contract for Mei Long Nanfang Shangchen was duly signed in last December. Shanghai Urban Development's equity interests in the two projects, i.e. Mei Long Nanfang Shangchen and the railway superstructure Xinzhuang Block No.222 located in Xinzhuang Town, are 40% and 35% respectively.

In 2009, the Group successively acquired from its parent company lots D, E, F and G situated by the lakeside of Dianshan Lake, Zhujiajiao Town, Qingpu District of Shanghai with a total land area of approximately 1,698,500 square meters and planned total gross floor area of approximately 849,300 square meters. At present, lots D, E and F have consolidated into the Group while lot G is still in the approval stage, the transaction of which is due to be completed. The land plots are earmarked for the development of low density luxury residential blocks and villas. Taking into account lots A, B and C of the Qingpu land owned by SI Development, the Group's Qingpu project comprise a huge land area. As mentioned above, the Group will jointly develop about a quarter of the land with Chow Tai Fook group and will thus adopt a two-thronged approach of both sole development and joint development with strategic partners, thereby enhancing the development effectiveness of the Qingpu project.

The Group's acquisition of an aggregate of a 45.02% equity interest in SI Urban Development was completed in June 2010 and the general offer has not become unconditional and lapsed in July. SI Urban Development currently owns 15 real estate projects in 11 cities with an accumulated land area of approximately 7,462,100 square meters and a planned total gross floor area of approximately 12,716,200 square meters at the end of 2010. In September 2010, a subsidiary of the company and Shanghai Urban Development obtained by way of joint bidding the aforementioned Mei Long Nanfang Shangchen in Shanghai, with the subsidiary holding a 25% interest therein.

As at 31 December 2010, taking into account the abovementioned lots D, E and F of Qingpu land owned by the Group, together with the land developed by Shanghai Urban Development and SI Urban Development, the Group in aggregate owns a planned total gross floor area of approximately 17,620,000 square meters. Upon injection of SI Development and lot G, the Group's total land reserve will be increased to 23,430,000 square meters.

Property Development and Investment

Shanghai Urban Development had newly added construction area during the year amounting to 435,769 square meters. Sales realized in 2010 was HK$4,276 million, a year-on-year increase of 118.6%， involving a total sales area of 108,890 square meters. A presale amount of HK$2,094 million was recorded for the year, which covered the projects of Urban Cradle in Shanghai, Royal Villa in Kunshan, Toscana in Changsha, Rose Town City Villa in Hefei and Ivy Aroma Town in Chongqing. In 2010, properties held for investment realized an annual total rental income of approximately HK$146 million which included mainly Urban Development International Tower, Huimin Commercial Tower and other retail properties, with a total gross floor area of approximately 77,000 square meters.

During the year, SI Urban Development recorded a revenue of approximately HK$4,110 million, a 7-fold increase as compared to that for the eight months ended December of last year. Net loss for the year was HK$750 million, a decrease in loss of HK$1,360 million as compared to the loss of HK$2,110 million for the same period last year. Since the Group's inception on 24 June 2010, an adjustment to SI Urban Development's debt structure was carried out during the second half of the year to significantly reduce its debt levels, including the redemption of high interest loans of a total principal amount of RMB1.2 billion. A presale amount of HK$3,430 million was realized for the year which accounted for a gross floor area of approximately 516,000 square meters, including the presale projects of Laochengxiang in Tianjin, Neo Water City in Xian, Top City in Chongqing, Forest Garden in Changsha, Park Avenue in Chengdu and Jiujiu Youth City in Shanghai.

The Group's four residential blocks under development in Shanghai Bay located in the Xuhui District, Shanghai include 396 units with a total gross floor area of approximately 100,000 square meters. Glorious Property Holdings Ltd. is currently responsible for the development, sale and day-to-day management of the properties. The project contributed a profit of HK$442 million to the Group during the year.

Hotel Operations

The successful convening of the Shanghai World Expo has promoted the recovery of the tourism industry in Shanghai, resulting in a significant rebound in the results of the Four Seasons Hotel Shanghai during the year. The hotel capitalized on opportunities arising from the World Expo and increased efforts to expand the local market. Average room rates picked up steadily and the hotel recorded a total annual revenue of HK$286 million, a year-on-year increase of 36.1%. Shanghai SIIC South Pacific Hotel Co., Ltd. achieved a net profit of HK$20.65 million for the year, a turnaround from loss position as compared to last year. During the year, the hotel was named as the 2010 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 and honored by Readers' Choice Travel Awards as the World's Best Hotels by *Conde Nast* travel magazine in the United States.

Consumer Products

Profit contribution from the Group's consumer products business for the year was HK$678 million, representing a year-on-year increase of 8.3% after excluding disposal gains and profit contributions from Lianhua Supermarket Holdings Co., Ltd. ("**Lianhua Supermarket**") and Bright Dairy and Food Co., Ltd. ("**Bright Dairy**"), which were disposed of last year. The profit accounted for approximately 27.7% of the Group's Net Business Profit*.

Tobacco

During the year, Nanyang Brothers Tobacco Company, Limited (“**Nanyang Tobacco**”) continued to adhere to its main focus of developing high-profit low-tar products while improving the sales and marketing system and promoting technical advancement to its products in order to keep continued improvements to maintain stable development of the company. The company realized a net profit of HK$531 million and a revenue of HK$2,196 million for 2010, an increase of 6.2% and 9.5% respectively over last year. Satisfactory growth rate was recorded for high value-added products under the Double Happiness brand such as Double Happiness Classic Deluxe, Double Happiness Premium and featured memorial cans, which achieved a year-on-year increase of 78.53%, 362% and 25.01% respectively. An overall growth was recorded across all sales markets. The company gradually expanded its overseas markets with the rollout of Double Happiness Classic Deluxe in duty-free shops in Singapore, Indonesia and Tokyo, Japan during the year.

During the year, Nanyang Tobacco actively implemented various projects for technology transformation, which included projects of increasing the production capacity for exquisite cans and deluxe packages, reforming the stem production line and sampling trial production for cut tobacco, etc. It is expected that the projects will be completed successively within this year. Piling works for the Yuen Long storage project was completed in June 2010 while the superstructure and mechanical and electrical works are scheduled to be completed by the middle of this year.

Printing

The Wing Fat Printing Company, Limited (“**Wing Fat Printing**”) recorded significant growth during the year with a revenue (including the containerboard business which was disposed of earlier this year) of HK$2,850 million, up 42.7% over last year and a net profit reaching HK$155 million, up 14.8%. The development of the printing business is relatively stable. The new joint venture Wing Fat Top Weld Packaging (HK) Limited is principally engaged in the manufacture of matt tin can and pop-top cap as well as metal packaging and becomes the company’s profit growth driver; Chengdu Wingfat Printing Co., Ltd. consolidated its customer groups during the year and recorded double-digit growth in the printing business on various brands including Maotai Platinum Wine, Langjiu, Xi Feng Wine and Jin Liu Fu. Moreover, its capability in wine packaging was significantly enhanced with the acquisition of additional printing and processing equipment. Apart from supplying cigarette packaging materials to Nanyang Tobacco, The Wing Fat (Dongguan) Printing Co., Ltd. also successfully expanded its cigarette packaging business on various brands including Lanzhou Cigarette, Hongta, Yuxi, Tianxiaxiu and Heilongjiang and thus achieved another breakthrough in securing orders and customer base.

Hebei Yongxin Paper Co., Ltd.’s (“**Hebei Yongxin Paper**”) newly-built 300,000 tonnes A-grade containerboard production line reached its planned capacity, and the company successfully rebounded to profitability during the year. In January 2011, the Company announced the disposal of all the 78.13% equity interests in Hebei Yongxin Paper held by the Group for a consideration of approximately RMB564 million and its withdrawal from the containerboard industry completely. The transaction was completed in March this year and the Group received proceeds from the disposal (including shareholder loans to be repaid) totaling HK$1,200 million and disposal gain of HK$140 million. Wing Fat Printing is able to focus its resources on the development of packaging printing business which generates relatively higher gross profit thereby optimizing its asset structure.

PROSPECTS

The Group's high-quality core assets - toll roads, water services and consumer products - have provided stable cash flow and healthy profit growth, while its real estate business presents considerable growth potential. In the future, the Group will further strengthen its core businesses, optimize its asset structure and increase its future earnings to create higher values for its shareholders and enhance the return on their investment.

Looking forward, the Group will continue to seek merger and acquisition opportunities for its infrastructure facilities business to further expand the scale of operations. This year, the Group will actively identify toll road projects and high-quality water service assets with profit potential in major cities in China. It will also strive to integrate its water services platforms.

As to the real estate business, this year's focus will be on participation in capital market restructuring and integration. Through this, the Group will endeavor to create a larger-scale operating platform with overall competitive strength to obtain full economies of scale and synergies from its real estate assets and to increase earnings. In addition, the Group will further strengthen its sales and accelerate project development process in view of the real estate policies implemented in the mainland.

For consumer products, the Group will, on the basis of ensuring steady business development, remain committed to enhance its operating strength, actively explore potential markets, achieve sustainable growth in business operating profit and continue to contribute strong earnings and cash flows to the Group.

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

Teng Yi Long
Chairman
Hong Kong, 30 March 2011

**Net profit excluding net corporate expenses*

FINAL DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK58 cents per share (2009: HK60 cents per share) for the year ended 31 December 2010. Subject to approval by the shareholders at the forthcoming annual general meeting to be held on Wednesday, 18 May 2011, the final dividend will be paid on or about Tuesday, 31 May 2011 to shareholders whose names appear on the register of members of the Company on Wednesday, 18 May 2011. Together with the interim dividend of HK50 cents per share (2009: HK48 cents per share), the total dividend for the year amounts to HK108 cents per share (2009: HK108 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 16 May 2011 to Wednesday, 18 May 2011, 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 Tuesday, 31 May 2011. 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 Friday, 13 May 2011.

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 Wednesday, 18 May 2011 at 3:00 p.m. Notice of the meeting will be despatched to the shareholders in mid April 2011 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 2010.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing on the Stock Exchange (the "**Listing Rules**") throughout the year ended 31 December 2010.

1. According to Rule A.4.2 of the Code on Corporate Governance Practices, 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 11 November 2009. Although the Company subsequently held an extraordinary general meeting on 16 November 2009, the notice of such meeting was given before Mr. Qian's appointment.

Therefore, Mr. Qian has offered himself for re-election by the Shareholders at the general meeting held on 11 January 2010, which is the first general meeting for which notice can be given in respect of his re-election, and he was re-elected as Director of the Company at the meeting.

2. According to Rule 8 of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules and Rule A.5.4 of the Code on Corporate Governance Practices, a director must not deal in any securities of the listed issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement. An Executive Director acquired certain securities of the Company during the year but failed to obtain a prior written confirmation in a timely manner from the Company's designated Directors as he was out of town for a business trip.

3. According to Rule E.1.2 of the Code on Corporate Governance Practices, the chairman of the board should attend the annual general meeting. At the 2010 annual general meeting held on 18 May 2010, Mr. Teng Yi Long, the Chairman, did not attend the meeting as he was away for a business trip. Mr. Cai Yu Tian, the Vice Chairman, was then elected to be chairman of the meeting by the shareholders who attended the meeting.

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 2010 will be despatched to the Shareholders in mid April 2011 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 31 DECEMBER 2010

	Notes	2010	2009
		HK$'000	HK$'000
			(restated)
Continuing operations			
Revenue	3	**12,712,295**	7,061,653
Cost of sales		**(8,805,878)**	(4,333,281)
Gross profit		**3,906,417**	2,728,372
Net investment income		**720,347**	764,864
Other income		**575,961**	903,400
Selling and distribution costs		**(839,592)**	(490,142)
Administrative expenses		**(1,354,905)**	(672,568)
Finance costs		**(414,264)**	(281,425)
Share of results of jointly controlled entities		**151,949**	43,552
Share of results of associates		**45,392**	(155,776)
Gain from bargain purchase of interests in subsidiaries		**361,060**	-
Net gain on disposal of interests in subsidiaries, jointly controlled entities and associates		**5,754**	988,176
Impairment loss on available-for-sale investments		**(284,224)**	-
Profit before taxation		**2,873,895**	3,828,453
Income tax expense	4	**(719,859)**	(1,102,330)
Profit for the year from continuing operations	5	**2,154,036**	2,726,123
Discontinued operations			
Profit for the year from discontinued operations		**3,269,339**	1,005,177
Profit for the year		**5,423,375**	3,731,300
Profit for the year attributable to			
- Owners of the Company		**5,277,752**	2,870,132
- Non-controlling interests		**145,623**	861,168
		5,423,375	3,731,300
		HK$	HK$
			(restated)
Earnings per share	7		
From continuing and discontinued operations			
- Basic		**4.89**	2.66
- Diluted		**4.89**	2.66
From continuing operations			
- Basic		**1.90**	2.07
- Diluted		**1.90**	2.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	HK$'000	HK$'000
		(restated)
Profit for the year	**5,423,375**	3,731,300
Other comprehensive income (expense)		
Exchange differences arising on translation of foreign operations		
- subsidiaries	**1,195,447**	(11,715)
- jointly controlled entities	**44,785**	-
- associates	**33,324**	-
Fair value adjustment on available-for-sale investments		
- subsidiaries	**(57,792)**	4,150
- an associate	**69,965**	-
Impairment loss on available-for-sale investments	**194,524**	-
Fair value gain (loss) on cash flow hedges	**4,301**	(15,013)
Reclassification of other comprehensive income upon disposals of		
- available-for-sale investments	**-**	10,168
- the disposal group held for sale/interest in a subsidiary (exchange difference included in translation reserve)	**(351,866)**	(15,271)
- interests in associates (exchange difference included in translation reserve)	**-**	(166,075)
Other comprehensive income (expense) for the year	**1,132,688**	(193,756)
Total comprehensive income for the year	**6,556,063**	3,537,544
Total comprehensive income attributable to:		
- Owners of the Company	**6,045,182**	2,676,376
- Non-controlling interests	**510,881**	861,168
	6,556,063	3,537,544

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2010

	Notes	**31.12.2010**	31.12.2009	1.1.2009
		HK$'000	HK$'000 (restated)	HK$'000 (restated)
Non-Current Assets				
Investment properties		**5,221,079**	2,135,393	1,986,896
Property, plant and equipment		**2,680,953**	4,348,707	3,811,167
Prepaid lease payments – non-current portion		**386,496**	339,689	556,673
Toll road operating rights		**14,289,125**	12,858,011	9,681,461
Other intangible assets		**560,922**	120,222	145,216
Goodwill		**-**	19,453	400,692
Interests in jointly controlled entities		**1,204,498**	1,026,433	1,152,494
Interests in associates		**584,891**	298,734	4,044,789
Investments		**3,192,154**	3,256,718	584,274
Receivables under service concession arrangements – non-current portion		**897,284**	-	-
Loan receivables		**-**	-	3,085
Deposits paid on acquisition of property, plant and equipment		**55,092**	149,111	857,057
Restricted bank deposits		**76,476**	73,376	73,109
Deferred tax assets		**144,700**	96,953	86,631
		29,293,670	24,722,800	23,383,544
Current Assets				
Inventories		**36,655,225**	17,954,421	14,353,180
Trade and other receivables	*8*	**3,564,038**	3,677,171	4,150,592
Prepaid lease payments – current portion		**13,737**	11,896	26,697
Investments		**144,710**	158,759	162,715
Receivables under service concession arrangements – current portion		**224,821**	-	-
Prepaid taxation		**482,210**	65,543	2,616
Pledged bank deposits		**108,862**	911,828	800,541
Short-term bank deposits		**3,060,563**	262,234	1,547,332
Bank balances and cash		**12,092,133**	9,408,136	7,289,127
		56,346,299	32,449,988	28,332,800
Assets classified as held for sale		**2,190,807**	7,096,169	-
		58,537,106	39,546,157	28,332,800
Current Liabilities				
Trade and other payables	*9*	**7,388,742**	6,412,619	7,046,578
Customer deposits from sales of properties		**9,831,780**	3,299,299	299,140
Convertible notes		**2,607**	-	-
Derivative financial instrument - warrants		**16,600**	-	-
Taxation payable		**2,296,945**	852,077	614,651
Bank and other borrowings		**9,516,906**	3,490,737	3,824,193
		29,053,580	14,054,732	11,784,562
Liabilities associated with assets classified as held for sale		**1,033,800**	1,734,249	-
		30,087,380	15,788,981	11,784,562
Net Current Assets		**28,449,726**	23,757,176	16,548,238
Total Assets less Current Liabilities		**57,743,396**	48,479,976	39,931,782

	31.12.2010	31.12.2009	1.1.2009
	HK$'000	HK$'000	HK$'000
		(restated)	(restated)
Capital and Reserves			
Share capital	**107,979**	107,977	107,644
Share premium and reserves	**29,652,019**	24,793,273	23,293,714
Equity attributable to owners of the Company	**29,759,998**	24,901,250	23,401,358
Non-controlling interests	**11,622,046**	9,196,106	8,479,654
Total Equity	**41,382,044**	34,097,356	31,881,012
Non-Current Liabilities			
Provision for major overhauls	**74,579**	-	-
Senior notes	**3,071,744**	-	-
Bank and other borrowings	**9,597,238**	12,124,720	5,829,901
Deferred tax liabilities	**3,617,791**	2,257,900	2,220,869
	16,361,352	14,382,620	8,050,770
Total Equity and Non-Current Liabilities	**57,743,396**	48,479,976	39,931,782

Notes:

(1) GENERAL

The financial information contained in this results announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2010 but is derived from those financial statements.

Scope of work of Messrs. Deloitte Touche Tohmatsu

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 31 December 2010 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 (the "**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 that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

(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 year, 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 Invesment (Holdings) Company Limited ("**SIIC**") and accordingly, the Group has applied the principles 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 was established on 1 June 2009. In addition, Shanghai Shen-Yu was first under common control since its acquisition by SIIC on 31 August 2009.

The 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 consolidated income statement and the consolidated statement of comprehensive income for the year ended 31 December 2009 have also been restated to include the results of Shen-Yu and its subsidiaries since their respective dates of establishment. The consolidated statement of cash flows for the year ended 31 December 2009 has been restated to include the cash flows of Feng Tao (BVI) and Shen-Yu and their respective subsidiaries since their respective dates of establishment. The application of merger accounting on acquisition of Feng Tao (BVI) does not have any significant effect on the consolidated income statement and consolidated statement of comprehensive income for the two years ended 31 December 2009 and 31December 2010.

(ii) Application of New and Revised HKFRSs

New and revised standards and interpretations applied in the current year
In the current year, the Group has applied the following new and revised standards and interpretations issued by the HKICPA.

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK - Int 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains Repayment on Demand Clause

Except as described below, the application of the new and revised standards and interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

Disclosures in these consolidated financial statements have been modified to reflect the above clarification.

New and revised standards and interpretations issued but not yet effective

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 24 (as revised in 2009)	Related Party Disclosures[5]
HKAS 32 (Amendments)	Classification of Rights Issues[6]
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[7]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2011.
[3] Effective for annual periods beginning on or after 1 January 2013.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 January 2011.
[6] Effective for annual periods beginning on or after 1 February 2010.
[7] Effective for annual periods beginning on or after 1 July 2010.

The amendments to HKAS 12 titled "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model.

HKAS 24 "Related Party Disclosures" (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) may affect the Group because the Group is a government-related entity. In addition, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have 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 from continuing operations by operating segment:

For the year ended 31 December 2010

Continuing operations

	Infrastructure facilities	**Real estate**	**Consumer products**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
REVENUE				
Segment revenue - external sales	**1,687,270**	**6,227,158**	**4,797,867**	**12,712,295**
Segment profit	**971,996**	**1,076,739**	**913,277**	**2,962,012**
Net unallocated corporate income				**46,216**
Finance costs				**(414,264)**
Share of results of jointly controlled entities				**151,949**
Share of results of associates				**45,392**
Gain from bargain purchase of interests in subsidiaries				**361,060**
Net gain on disposal of interests in subsidiaries, jointly controlled entities and associates				**5,754**
Impairment loss on available-for-sale investments				**(284,224)**
Profit before taxation				**2,873,895**

For the year ended 31 December 2009 (restated)

Continuing operations

	Infrastructure facilities	Real estate	Consumer products	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE				
Segment revenue - external sales	962,277	2,309,087	3,790,289	7,061,653
Segment profit	905,910	1,560,583	820,769	3,287,262
Net unallocated corporate expense				(53,336)
Finance costs				(281,425)
Share of results of jointly controlled entities				43,552
Share of results of associates				(155,776)
Net gain on disposal of interests in subsidiaries, jointly controlled entities and associates				988,176
Profit before taxation				3,828,453

(4) INCOME TAX EXPENSE

	2010	2009
	HK$'000	HK$'000
		(restated)
Continuing operations		
Current tax		
- Hong Kong	**122,365**	75,563
- PRC Land appreciation tax ("PRC LAT")	**326,992**	251,243
- PRC Enterprise income tax (including PRC withholding tax of HK$30,215,000 (2009: HK$41,526,000))	**416,730**	764,562
	866,087	1,091,368
Under(over)provision in prior years		
- Hong Kong	**25,210**	(1,015)
- PRC LAT (note)	**(74,878)**	-
- PRC Enterprise income tax	**32,312**	(1,028)
	(17,356)	(2,043)
Deferred taxation for the year	**(128,872)**	13,005
	719,859	1,102,330

Note: In 2010, a group entity completed the tax clearance of a property project in Beijing and resulted in an overprovision of LAT of HK$ 74,878,000, and underprovision of related EIT of HK$18,720,000.

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 1 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 from 18% in year 2008 to 20%, 22%, 24% and 25% in years 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, borrowing costs and all property development expenditures.

(5) PROFIT FOR THE YEAR

	2010 HK$'000	2009 HK$'000 (restated)
Continuing operations		
Profit for the year has been arrived at after charging (crediting):		
Amortisation of toll road operating rights (included in cost of sales)	**469,680**	248,030
Amortisation of other intangible assets (included in administrative expenses)	**4,813**	1,189
Depreciation of property, plant and equipment	**294,855**	236,219
Release of prepaid lease payments	**13,492**	11,815
Impairment loss on property, plant and equipment (included in administrative expenses)	**4,056**	-
Impairment loss on bad and doubtful debts (included in administrative expenses)	**20,265**	2,511
Reversal of impairment loss on bad and doubtful debts	**(15,782)**	(7,464)
Impairment loss on goodwill relating to a subsidiary (included in administrative expenses)	**5,730**	-
Increase in fair value of investment properties (included in other income)	**(4,341)**	(220,809)
Gain on disposal of investment properties (included in other income)	**-**	(5,866)
Loss (gain) on disposal of property, plant and equipment	**19,663**	(855)
Research and development costs	**3,842**	-
Share of PRC income tax of jointly controlled entities (included in share of results of jointly controlled entities)	**10,639**	12,247
Share of PRC income tax of associates (included in share of results of associates)	**16,892**	31,662

(6) DIVIDENDS

	2010 HK$'000	2009 HK$'000
Dividends recognised as distribution during the year:		
2010 interim dividend of HK50 cents (2009: 2009 interim dividend of HK48 cents) per share	**647,859**	518,287
2009 final dividend of HK60 cents (2009: 2008 final dividend of HK36 cents) per share	**539,883**	388,346
	1,187,742	906,633

The final dividend of HK58 cents in respect of the year ended 31 December 2010 (2009: final dividend of HK60 cents in respect of the year ended 31 December 2009) per share, amounting to approximately HK$626.3 million (2009: HK$647.9 millions) in total, 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:

	2010	2009
	HK$'000	HK$'000
		(restated)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**5,277,752**	2,870,132
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	**5,277,752**	2,869,848

	2010	2009
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,079,767,795**	1,078,637,764
Effect of dilutive potential ordinary shares		
- share options of the Company	**8**	779,832
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,079,767,803**	1,079,417,596

The computation of diluted earnings per share for the current year does not assume:

i) the exercise of certain of the Company's outstanding options because the exercise price of those options was higher than the average market price for the corresponding period;

ii) the conversion of outstanding convertible notes issued by SI Urban Development since they are anti-dilutive; and

iii) the exercise of options/warrants issued by SI Urban Development because the options/warrants are anti-dilutive.

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:

	2010	2009
	HK$'000	HK$'000
		(restated)
Earnings figures are calculated as follows:		
Profit for the year attributable to owners of the Company	**5,277,752**	2,870,132
Less: profit for the year from discontinued operations attributable to owners of the Company	**(28,285)**	(638,838)
gain on disposal of the Disposed Business	**(3,198,489)**	-
Earnings for the purpose of basic earnings per share from continuing operations	**2,050,978**	2,231,294
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	**2,050,978**	2,231,010

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$2.99 per share (2009: HK$0.59 per share) and diluted earnings per share for the discontinued operations is HK$2.99 per share (2009: HK$0.59 per share), based on the profit for the year from the discontinued operations attributable to owners of the Company and gain on disposal of the Disposed Business of HK$3,226,774,000 (2009: HK$638,838,000) 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 was effected from share options issued by the jointly controlled entity, which has been disposed of in prior year.

(8) TRADE AND OTHER RECEIVABLES

	31.12.2010	31.12.2009	1.1.2009
	HK$'000	HK$'000	HK$'000
		(restated)	
Trade receivables	**381,552**	506,049	1,752,287
Less: allowance for doubtful debts	**(6,555)**	(11,732)	(69,382)
	374,997	494,317	1,682,905
Other receivables	**3,189,041**	3,182,854	2,467,687
Total trade and other receivables	**3,564,038**	3,677,171	4,150,592

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.

	31.12.2010	31.12.2009
	HK$'000	HK$'000
Within 30 days	**365,394**	612,144
Within 31 – 60 days	**163,755**	337,028
Within 61 – 90 days	**65,603**	154,450
Within 91 – 180 days	**30,649**	276,583
Within 181 – 365 days	**14,006**	36,337
Over 365 days	**9,214**	23,489
	648,621	1,440,031

(9) TRADE AND OTHER PAYABLES

	31.12.2010	31.12.2009	1.1.2009
	HK$'000	HK$'000	HK$'000
		(restated)	(restated)
Trade payables	**781,029**	1,469,627	1,744,506
Consideration payables	**350,262**	-	2,773,156
Other payables	**6,257,451**	4,942,992	2,528,916
Total trade and other payables	**7,388,742**	6,412,619	7,046,578

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.

	31.12.2010	31.12.2009
	HK$'000	HK$'000
		(restated)
Within 30 days	**586,698**	1,134,076
Within 31 – 60 days	**50,883**	187,280
Within 61 – 90 days	**14,773**	149,741
Within 91 – 180 days	**20,155**	357,924
Within 181 – 365 days	**11,878**	106,158
Over 365 days	**232,495**	206,592
	916,882	2,141,771

FINANCIAL REVIEW

I Analysis of Financial Results

1 Revenue

Revenue from continuing operations was approximately HK$12,712.30 million for 2010, representing a significant increase of 80.0% over last year. Considerable growth was also seen in the revenue of all businesses, of which the year-on-year increase in revenue of the infrastructure facilities business was mainly due to a greater 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 that revenue for the entire year was reflected in accordance with merger accounting upon completion of the acquisition of Hu-Yu Expressway (Shanghai Section) in May, thus resulting in an increase of up to 75.3% in revenue.

Sale of real estate recorded a significant year-on-year increase in revenue of approximately HK$2.1 billion or 118.6% over last year due to the Lounge City of Urban Cradle and Hefei Rose Town City Villa carried forward by Shanghai Urban Development, of which property sales revenue carried forward in respect of the respective projects involved Urban Cradle of 159,377 square meters (Lot D Lounge City units and parking spaces of 121,711 square meters and 32,595 square meters respectively and Lot B Yuxi villa units of 5,071 square meters); Hefei Rose Town City Villa of 137,486 square meters, Kunshan Royal Villa of 31,313 square meters, Changsha Toscana of 31,642 square meters as well as the newly launched Chongqing Ivy Aroma Town of 16,631 square meters. In addition, attributable sales of Shanghai Jiujiu Youth City and Beijing Youngman Point carried forward for the second half of the year upon completion of the acquisition of SI Urban Development in June also contributed sales of approximately HK$1.4 billion.

Revenue of the consumer products business rose sharply mainly due to the significant year-on-year increase of HK$856.85 million in sales of paper manufacturing 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 mainland China coupled with the full operation of production line no.6.

As the disposal of the medicine business was completed in mid-February 2010, only one month's revenue was recorded for the year.

2 Profit Contribution from Each Business

Net profit from the infrastructure facilities business was approximately HK$821.02 million during the year, representing a year-on-year increase of 11.0%. Profit of HK$116.72 million for the year, in accordance with merger accounting, was attributable to the completion of the acquisition of Hu-Yu Expressway (Shanghai Section) and a share of gain from bargain purchase of HK$76.00 million was attributable to the completion of the acquisition of Asia Water. As General Water of China recorded a growth in profit due to the increased subsidy income received by the Suifenhe Project, net profit from the infrastructure facilities business increased over last year.

The real estate business recorded a net profit of approximately HK$945.72 million, representing an increase of HK$214.74 million over last year, which was mainly attributable to a share of gain from bargain purchase of HK$361.06 million from the completion of the acquisition of 45.02% equity interest in SI Urban Development in last June. However, overall increase in the net profit from the real estate business was reduced as a result of an attributable loss of HK$97.17 million recorded after the acquisition coupled with the non-occurrence of a property revaluation gain recorded by Shanghai Urban Development in the previous year.

The disposals of Bright Dairy and Lianhua Supermarket were completed in last year and no profit was contributed during the year. However, operating profit from the consumer products business remained stable mainly due to the fact that Nanyang Tobacco recorded a year-on-year increase in average price per box of 6.6% over last year through adjusting product mix and net profit increased to approximately HK$530.93 million. In addition, paper manufacturing turned a loss into a profit as production line no.6 of Hebei Yongxin Paper, a subsidiary of Wing Fat Printing, commenced full operation and that sales of containerboard increased significantly due to the booming consumer market in mainland China, and thus drove an increase in the net profit contributed by Wing Fat Printing to approximately HK$147.51 million.

The disposal of the medicine business was completed in mid-February 2010. A disposal gain of HK$3,198.49 million for the year and a one month's attributable profit of HK$28.28 million were recorded respectively.

3 Profit before Taxation

(1) Gross profit margin

Gross profit margin for the year was 30.7%, a drop of approximately 7.9 percentage points as compared to last year's gross profit margin of 38.6%. The drop in gross profit margin was mainly due to the fact that the sales carried forward in respect of the real estate business for the year were made in commodity housing which is of lower gross margin while that for the previous year were mainly made in villa and joint-row houses which are of higher gross margin. Moreover, as SI Urban Development's sale of property was consolidated for the second half of the year while the real properties so recorded, namely Shanghai Jiujiu Youth City and Beijing Youngman Point, have completed their presale at the time of acquisition, the acquisition price for the projects has already reflected most of the profits and as a result, effective gross profit margin for the year was significantly dragged down.

(2) Net investment income

The investment in Shanghai Bay project contributed an investment income of HK$442.07 million for the year.

(3) Other income

Other income decreased as compared to last year mainly due to the fact that compensation was received for the impact on the infrastructure facilities business caused by the alteration and expansion works of expressway last year.

(4) Selling and distribution costs, administrative costs and finance costs

Increase in costs was mainly attributable to the consolidation of SI Urban Development's selling and distribution costs, administrative costs and finance costs for the second half of the year upon completion of the acquisition of the company in last June.

(5) Share of results of jointly controlled entities

Benefited from financial subsidies, a significant growth was seen in General Water of China's results. This, together with a share of gain from bargain purchase of HK$76.00 million received upon completion of the acquisition of equity interest in Asia Water, contributed to a significant increase in the Group's share of results of jointly controlled entities.

(6) Share of results of associates

The Group completed the disposal of its shareholdings in Semiconductor Manufacturing International Corporation ("**SMIC**") and Bright Dairy in September and December 2009 respectively and did not share their operating results for the year. In last year, the Group still had to share the loss of SMIC of approximately HK$255.62 million.

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

In last year, the Group mainly disposed of 35.176 % equity interest in Bright Dairy, 21.17% equity interest in Lianhua Supermarket as well as its entire interest held in SMIC and recorded pre-tax disposal gain totaling HK$988.18 million.

(8) Gain from bargain purchase of interests in subsidiaries and impairment loss on available-for-sale investments

The Group completed the acquisition of 45.02% equity interest in SI Urban Development and recorded a gain from bargain purchase of HK$361.06 million for the year. Impairment loss was provided with reference to the fair value of the available-for-sale investments.

4 Dividends

The Group continued to adopt a stable dividend payout policy. After considering the significant disposal gain for the year, the Board of Directors has proposed to declare a final dividend of HK58 cents per share, together with an interim dividend of HK50 cents per share, the total dividend amounts to HK108 cents per share for 2010, maintain the same total dividend amounts of 2009.

II Financial Position of the Group

1 Capital and Shareholders' Equity

The Group had a total of 1,079,785,000 shares in issue as at 31 December 2010, which was increased by 20,000 shares as compared with 1,079,765,000 shares in issue as at the end of 2009. The increase is mainly attributable to the exercise of share options by an employee.

The Group maintains a sound financial position. The shareholders' equity, reached HK$29,760.00 million as at 31 December 2010, which was attributable to the net profits after deducting the dividend actually paid during the year.

2 Indebtedness

(1) Borrowings

The Group obtained a three and a half year and five year of HK$2.60 billion respectively syndication loan facilities of a total of HK$5.20 billion at the end of last year through a wholly-owned subsidiary, SIHL Finance Limited. These facilities will be applied to repay two syndication loans of a total of HK$5.20 billion which are to be expired in 2011.

As at 31 December 2010, the total borrowings of the Group including bank borrowings, other borrowings, senior notes and convertible notes amounted to approximately HK$24,006.97 million (31 December 2009: HK$17,372.50 million), of which 70.0% (31 December 2009: 63.5%) was unsecured credit facilities.

(2) Pledge of assets

As at 31 December 2010, the following assets were pledged by the Group in order to secure general credit facilities granted to the Group:

(a) investment properties with an aggregate carrying value of HK$2,614,606,000 (31.12.2009: HK$2,114,948,000);

(b) plant and machineries with an aggregate carrying value of HK$66,130,000 (31.12.2009: HK$474,779,000);

(c) leasehold land and buildings with an aggregate carrying value of HK$128,199,000 (31.12.2009: HK$211,825,000);

(d) trade receivables of HK$11,875,000 as at 31 December 2009;

(e) properties under development held for sale with an aggregate carrying value of HK$5,122,497,000 (31.12.2009: HK$1,611,699,000);

(f) properties held for sale with an aggregate carrying value of HK$38,536,000 (31.12.2009: HK$37,109,000);

(g) two toll road operating rights of HK$10,594,414,000 (31.12.2009: HK$9,138,892,000, as restated);

(h) receivables under service concession arrangements with an aggregate carrying value of HK$175,560,000 (31.12.2009: Nil);

(i) inventories, other than those included in (e) and (f) above, with an aggregate carrying value of HK$72,592,000 as at 31 December 2009;

(j) bank deposits with an aggregate carrying value of HK$108,862,000 (31.12.2009: HK$911,828,000); and

(k) a motor vehicle with a carrying value of HK$90,000 as at 31 December 2009.

(3) Contingent liabilities

As at 31st December 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$3,813.64 million (31 December 2009: HK$1,599.40 million).

In addition, as at 31 December 2010, SI Urban Development, 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 31 December 2010, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK$15,834.38 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 31 December 2010, bank balances and short-term investments held by the Group amounted to HK$15,261.56 million (31 December 2009: HK$10,582.20 million) and HK$144.71 million (31 December 2009: HK$158.76 million) respectively. The proportions of US dollars, Renminbi and HK dollars were 6%, 64% and 30% (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 Reporting Period

Significant events of the Group happened after the end of the reporting period are as follows:

1 On 12 January 2011, the Group entered into an agreement with certain independent third parties pursuant to which the Group would dispose of its entire 78.13% equity interest in a subsidiary, Hebei Yongxin Papers. Details of the transaction are set out in an announcement of the Company dated 12 January 2011.

2 On 16 August 2010, SIIC Shanghai (Holdings) Co. Ltd. ("**SIIC Shanghai**"), the Company and S.I. Properties Development Limited ("**SI 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 SI Properties Development acquire 689,566,049 A Shares ("**Subject Shares**") of SI Development, a joint stock limited liability company established under the laws of the PRC. SI Development A Shares are listed on the Shanghai Stock Exchange, representing approximately 63.65% of the issued share capital of SI Development, from SIIC Shanghai at an aggregate consideration of RMB5,130,371,000 (equivalent to 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, SI 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 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. Details of the transaction are set out in an announcement of the Company dated 16 August 2010.

On 30 January 2011, the Company received the approval from the China Securities Regulatory Commission ("**CSRC**") pursuant to which the CSRC has granted the waiver in respect of the obligation of the Company and parties acting in concert with the Company to make a general offer for all the shares in SI Development as a result of the acquisition of the Subject Shares by the Company through its wholly-owned subsidiary, SI Properties Development. Pursuant to the Equity Transfer Agreement, the parties to the Equity Transfer Agreement shall take the necessary steps to implement the remaining procedures required in connection with the Transaction.

Up to the date of approval of these consolidated financial statements, the transaction is not yet completed.

3 On 28 February 2011, the shareholders of an associate, Shanghai Galaxy, passed a resolution to approve the capital contribution plan of Shanghai Galaxy, the registered capital of which is owned by SIIC Shanghai as to 80% and by Hu-Ning Expressway as to 20%. Hu-Ning Expressway will make an additional capital contribution of RMB326,777,000 (equivalent to HK$385,441,000) to Shanghai Galaxy, of which RMB48,000,000 (equivalent to HK$56,617,000) will become additional registered capital and RMB278,777,000 (equivalent to HK$328,824,000) will be accounted for in the capital surplus of Shanghai Galaxy. The registered capital of Shanghai Galaxy will be accordingly increased from RMB80,000,000 (equivalent to HK$94,362,000) to RMB128,000,000 (equivalent to HK$150,979,000), and the equity interest in Shanghai Galaxy held by Hu-Ning Expressway will be increased from 20% to 50%.

4 On 26 February 2011, the Group entered into three agreements with various parties (the "**Parties**"), which are controlled by or beneficially owned by an independent non-executive director of SI Urban Development, a non-wholly owned subsidiary of the Company, and his family members, as follows:

(a) SIUDH, an indirect wholly-owned subsidiary of the Company, and the Company entered into a conditional agreement, pursuant to which S.I. Urban Development Holdings Limited ("**SIUDH**") agreed to sell its 90% equity interest in Feng Tao (BVI) and assign 90% of the shareholder's loan that will be outstanding and owing at the completion date of the agreement by Feng Tao (BVI) to SIUDH to the Parties at an aggregate consideration of RMB1,131,000,000 (equivalent to HK$1,334,041,000);

(b) SIUDH and the Company entered into another conditional agreement, pursuant to which SIUDH agreed to sell its 90% equity interest in Feng Shun (BVI), a wholly-owned subsidiary of the Company and assign 90% of the shareholder's loan that will be outstanding and owing at the completion date of the agreement by Feng Shun (BVI) to SIUDH to the Parties at an aggregate consideration of RMB1,305,000,000 (equivalent to HK$1,539,278,000); and

(c) the Company entered into a conditional agreement, pursuant to which the Company agreed to sell its 88.5% equity interest in Good Cheer Enterprises Limited ("**Good Cheer**"), a wholly-owned subsidiary of the Company and assign 88.5% of the shareholder's loan that will be outstanding and owing at the completion date of the agreement by Good Cheer to the Company to the Parties at an aggregate consideration of HK$1,168,000,000.

Feng Tao (BVI) and Feng Shun (BVI) both own development projects located at Qingpu District in Shanghai, the PRC. Good Cheer, through its subsidiaries, engages in the hotel business in the PRC.

Under the Listing Rules, the Parties are connected persons of the Company and the above disposals constitute connected transactions of the Company under the Listing Rules. Details of these transactions are set out in an announcement of the Company dated 26 February 2011.