



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

Shanghai

2006

interim report

Stock Code: 363

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Corporate Information

Directors

Executive Directors

Mr. Cai Lai Xing (*Chairman*)

Mr. Cai Yu Tian

(*Vice Chairman & Chief Executive Officer*)

Mr. Qu Ding

(*Vice Chairman & Executive Deputy CEO*)

Mr. Lu Ming Fang

Mr. Ding Zhong De

Mr. Qian Shi Zheng (*Deputy CEO*)

Mr. Yao Fang

Mr. Tang Jun

Independent Non-Executive Directors

Dr. Lo Ka Shui

Prof. Woo Chia-Wei

Mr. Leung Pak To, Francis

Board Committees

Executive Committee

Mr. Cai Lai Xing (*Committee Chairman*)

Mr. Cai Yu Tian

Mr. Qu Ding

Mr. Lu Ming Fang

Mr. Qian Shi Zheng

Mr. Yao Fang

Audit Committee

Dr. Lo Ka Shui (*Committee Chairman*)

Prof. Woo Chia-Wei

Mr. Leung Pak To, Francis

Remuneration Committee

Dr. Lo Ka Shui (*Committee Chairman*)

Prof. Woo Chia-Wei

Mr. Leung Pak To, Francis

Mr. Qu Ding

Mr. Hu Zi Li

Company Secretary

Ms. Wong Mei Ling, Marina

Qualified Accountant

Mr. Lee Kim Fung, Edward

Authorized Representatives

Mr. Cai Yu Tian

Ms. Wong Mei Ling, Marina

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Auditors

Deloitte Touche Tohmatsu

Share Registrar

Secretaries Limited

26th Floor, Tesbury Centre,

28 Queen's Road East,

Wanchai, Hong Kong

Telephone : (852) 2980 1766

Facsimile : (852) 2861 1465

Company Stock Code

Stock Exchange : 363

Bloomberg : 363 HK

Reuters : 0363.HK

ADR : SGHIY

ADR Depository Bank

The Bank of New York

Investor Relations

P.O. Box 11258, Church Street Station,

New York, NY 10286-1258

Company Website

www.sihl.com.hk

Interim Dividend

The Board of Directors of the Company has resolved to pay an interim dividend for the year ending 31st December 2006 of HK22 cents (2005: HK20 cents) per share, which will be payable on 3rd October 2006 (Tuesday) to Shareholders whose names appear on the Register of Members of the Company on 22nd September 2006 (Friday).

Closure of Register of Members

The Register of Members of the Company will be closed from 20th September 2006 (Wednesday) to 22nd September 2006 (Friday), both dates inclusive, during which period no transfer of shares will be effected. Dividend warrants will be dispatched to Shareholders on or about 3rd October 2006 (Tuesday). In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on 19th September 2006 (Tuesday).

Financial Calendar

2006 Interim Results	Announced on 23rd August 2006 (Wednesday)
2006 Interim Report	Posted to Shareholders on or about 15th September 2006 (Friday)
Register of Members	To be closed from 20th September 2006 (Wednesday) to 22nd September 2006 (Friday), both dates inclusive
Record date for 2006 Interim Dividend	22nd September 2006 (Friday)
2006 Interim Dividend Warrants	Dispatched to Shareholders on or about 3rd October 2006 (Tuesday)

Reaching New Horizons

2006 First Half Results

I am pleased to announce that the Group's unaudited consolidated financial results for the six months ended 30th June 2006 showed good performance. Unaudited consolidated turnover increased 25.3% to HK\$3,402 million. Profit attributable to shareholders rose 20.1% to HK\$625 million while the Group's net asset value increased 5.5% to HK\$16,787 million.

Interim Dividend

The Board of Directors of the Company has resolved to pay an interim dividend for the year ending 31st December 2006 of HK22 cents per share to Shareholders whose names appear on the Register of Members of the Company on 22nd September 2006 (Friday). The interim dividend will be paid to Shareholders on 3rd October 2006 (Tuesday).

Business Review

The increase in profit for the period was mainly attributable to a marked increase in profit contribution by the infrastructure facilities segment. This year's interim profit took account of three exceptional items, including exceptional losses of about HK\$247 million in total brought by the share reform plans of SI United and Bright Dairy and an after-tax exceptional gain of about HK\$244 million from the disposal of a 10% interests in Pudong Container.

Driven by a 224.2% profit growth of Hu-Ning Expressway, profit contributed by the infrastructure facilities segment of the Group before Exceptional Items rose 101% to HK\$205 million during the period.

Primarily caused by market fluctuations in the pharmaceutical industry and the disposal of interests in Sunve Pharmaceutical last year, the medicine segment's profit contribution before Exceptional Items decreased 26.5% to HK\$70.02 million. The operating results of health products and OTC drugs however grew significantly.

Owing to the poor performance of Huizhong Automotive and declining results from Bright Dairy, the consumer products segment, after deducting Exceptional Items and other non-recurring factor, posted a flat earnings growth with profit contribution amounting to HK\$251 million.

The information technology segment had a profit contribution of HK\$35.08 million. Excluding the exceptional gain from the disposal of an interest in China Netcom (HK) last year, the segment in essence reversed its operating loss during the period.

During the period, the Group had taken successive measures to further rationalize its business structure and strengthen its core businesses.

- ***Divesting non-core businesses to optimize investment portfolio***

To streamline its investment portfolio, the Group has dedicated great efforts to consolidate its investment portfolio during the past few years. Investments in the areas of department retail, logistics sector, personal care products as well as certain pharmaceutical companies in which the Group has no controlling stake were divested by the Group respectively.

During the period, the Group disposed of its entire 10% interests in Pudong Container for a consideration of HK\$447 million, thereby divesting its port container business. The transaction was completed during the period and an after-tax exceptional gain of about HK\$244 million was recorded. The Group made a total investment of HK\$179 million in the project in 2003.

- ***Accelerating the development of infrastructure segment to stabilize income stream***

The development of the Group's infrastructure segment has been gaining momentum during the past few years. The Group has invested in two toll road projects including the Shanghai-Nanjing Expressway (Shanghai Section) and the Yongjin Expressway (Jinhua Section). The Group has also invested in water services business and established General Water of China.

During the period, the Group entered into agreements with Public Road Construction Co. to expand and widen the Shanghai-Nanjing Expressway (Shanghai Section) to a dual carriageway with eight lanes. Scheduled for completion by the end of 2008, total investments for the project are expected to reach HK\$1,683 million. During the construction period, Public Road Construction Co. will be responsible for the toll collection of the section and will subsidize Hu-Ning Expressway for the deficiency in toll revenue collected. The combined toll revenue and compensation will amount to HK\$452 million each year. This arrangement will serve to reduce the uncertainty of the Group's investment in Hu-Ning Expressway as well as its overall investment risk. Upon completion of the project, the traffic flow capabilities of the section will be improved considerably and toll revenue will be increased accordingly.

During the period, General Water of China invested in a sewage treatment project in central Wenzhou, creating a daily processing capability of 200,000 tonnes. At present, General Water of China's investment portfolio covers eight cities with a combined processing capability of about 4.1 million tonnes. Among the Top 10 Influential Water Services Companies in the year 2005 appraised by H2O-China.com, General Water of China ranks fifth.

- ***Speeding up the commercialization of the new drugs to enhance the core competitiveness***

The launching of the Group's three State Category I new drugs went smoothly. Approval for the production of the "H101" project was obtained during the period. Inspection of the GMP plant was completed and approval was obtained. "Kai Li Kang" is now available for sale in the PRC. Construction of the GMP plant and trial runs for the "TNF" project was completed.

Chairman's Statement

To encourage the innovation in the pharmaceutical enterprises and to motivate the R&D personnels, the Group has established a set of new incentive schemes to subsidize innovative projects, award the R&D personnels and enhance the management of intellectual properties. These will serve as key drivers to enhance the core competitiveness and the development of the Group's pharmaceutical business.

During the period, greater efforts were put by the Group to reform its medical equipment business and satisfactory results were achieved.

- **Implementing Share Reform Plans and enhancing the value of asset portfolio**

During the period, the Group proposed the implementation of the share reform plans of SI United and Bright Dairy. Under the arrangement, the Group's holding of non-tradable shares in the companies would be converted to tradable shares, thereby enhancing the value of its asset portfolio.

The share reform plan of SI United was completed during the period. The Group's interests in SI United were converted from non-tradable shares of 56.63% to tradable shares of 43.62%. The share reform plan of Bright Dairy was approved by the shareholders of the company in August. It is expected that approvals by the relevant authorities will be obtained during the year. By then, the Group's shareholding in Bright Dairy will be converted from 30.78% of non-tradable shares to 25.17% of tradable shares.

Although the share reform plans of SI United and Bright Dairy resulted in exceptional losses for the Group of about HK\$247 million in total, upon completion, these plans will enhance the companies' financing capabilities and enable more flexibility on their business development efforts.

Prospects

The operation for the medicine, consumer products and semiconductors industries is expected to come under considerable pressure in the second half of the year as a result of changes in the macro-economic environment in the PRC and the volatility of international capital markets. Under these circumstances, the Group will focus on strengthening its core businesses. In respect of the infrastructure facilities and medicine segments, further efforts will be made to identify investment opportunities for toll road projects and to acquire sizeable medicine projects. Share reform will bring about a new regime to the PRC capital market. The Group will capitalize on opportunities arising from the change and speed up the formation of a unified platform for the medicine businesses. For the consumer products segment, measures will be taken to expand market share, reduce costs and improve efficiency in order to offset impacts from cyclical fluctuations and, at the same time, maintain sustainable earnings growth.

The Group's financial position remains sound. Leveraging on its background with strong support from Shanghai and its favourable position in Mainland PRC, the Group will focus on the new wave of economic developments in Shanghai. It will capitalize on opportunities arising from the restructuring of state-owned assets in the PRC and capture new investment projects to reach new horizons and to achieve new breakthroughs.

Acknowledgements

This year is the tenth anniversary of the listing of Shanghai Industrial. On behalf of the Board of Directors, I wish to thank our Shareholders, financial institutions and business partners for their unfailing support to the Group during the last decade, and extend my sincere gratitude to our management team and staff members for their dedication and contributions to our business development.



Cai Lai Xing

Chairman

Hong Kong, 23rd August 2006

Group Business Structure

At 30th June 2006

	BUSINESS SEGMENTS	PRINCIPAL ENTERPRISES
Shanghai Industrial Holdings Limited	INFRASTRUCTURE FACILITIES	Hu-Ning Expressway (100%)
		Yongjin Expressway (30%)
		General Water of China (50%)
	MEDICINE	Hangzhou Qingchunbao (55%)
		Huqingyutang Pharmaceutical (51%)
		Liaoning Herbapex (55%)
		Xiamen TCM (61%)
		Guangdong Techpool (51%*)
		Sunway Biotech (70.41%)
		Changzhou Pharmaceutical (55.75%*)
		MicroPort Medical (20.74%)
		Shanghai Medical Instruments (99%*)
	CONSUMER PRODUCTS	Nanyang Tobacco (100%)
		Bright Dairy (30.78%)
		Wing Fat Printing (93.44%)
		Huizhong Automotive (50%)
		Transportation Electric (30%)
		Lianhua Supermarket (21.17%*)
	INFORMATION TECHNOLOGY	SMIC (10.03%)
Shanghai Information Investment (20%)		

*The said interests are held by SI United.

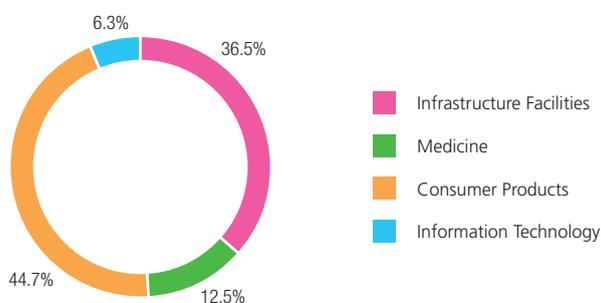
Highlights

- Profit attributable to shareholders increased 20.1% to HK\$625 million.
- Turnover increased 25.3% to HK\$3,402 million.
- The disposal of a 10% interests in Pudong Container resulted in an after-tax exceptional gain of about HK\$244 million.
- The share reform plans for SI United and Bright Dairy resulted in exceptional losses of about HK\$247 million in total to the Group.
- The financial position of the Group remains sound, with bank and cash balances over HK\$6,600 million.
- An interim dividend of HK22 cents per share was declared, an increase of 10%.

Business Review, Discussion and Analysis

For the six months ended 30th June 2006, the unaudited consolidated turnover for the Group increased 25.3% to HK\$3,402 million. Profit attributable to shareholders increased 20.1% to HK\$625 million. Net asset value increased 5.5% to HK\$16,787 million. During the period, the Group disposed of its 10% interests in Pudong Container and recorded an after-tax exceptional gain of about HK\$244 million, whilst the share reform plans of SI United and Bright Dairy resulted in exceptional losses of about HK\$247 million in total to the Group.

**Net Business Profit before Exceptional Items
contributed by each business segment during the period**



Infrastructure Facilities

During the period, profit contribution before Exceptional Items from the infrastructure facilities segment increased 101% to HK\$205 million, accounting for 36.5% of the Group's Net Business Profit before Exceptional Items. The increase was mainly attributable to a 224.2% growth in profit contribution from Hu-Ning Expressway.

Toll Roads

Following the completion of the Shanghai-Nanjing Expressway (Jiangsu Section) widening program, toll revenue from the Shanghai-Nanjing Expressway (Shanghai Section) increased significantly over the same period last year, with daily traffic flow reached 57,000. In June this year, agreements relating to the expansion and widening of the Shanghai-Nanjing Expressway (Shanghai Section) were signed by Hu-Ning Expressway. Funds to be invested in this construction project will amount to HK\$1,683 million. During the construction period, Hu-Ning Expressway will be subsidized for the deficiency in toll revenue collected. The combined toll revenue and compensation will amount to HK\$452 million each year and will be paid by Public Road Construction Co. to Hu-Ning Expressway in equal monthly installments.

During the period, toll revenue from Yongjin Expressway amounted to HK\$49.58 million. At present, the company is still in a loss position. As the operation of the Yongjin Expressway (Jinhua Section) only commenced at the end of December last year, growth in traffic flow during the period was relatively slow. It is expected that traffic flow of the Yongjin Expressway (Jinhua Section) will gradually increase, leading to better results for the company.

Water Services

During the period, the turnover for General Water of China increased 75.5% to HK\$163 million compared with the same period last year. Among the Top 10 Influential Water Services Companies in the year 2005 appraised by H2O-China.com, General Water of China ranks fifth. During the period, General Water of China invested in a sewage treatment project in central Wenzhou, creating a daily processing capability of 200,000 tonnes. General Water of China's current investment portfolio covers eight cities with a combined processing capability of about 4.1 million tonnes. Construction for a majority of the BOT/BOO projects commenced and is expected to complete for operation successively by the end of 2006.

Medicine

During the period, profit contribution before Exceptional Items from the medicine segment was HK\$70.02 million, a decrease of 26.5% compared with the same period of the previous year. This represents 12.5% of the Group's Net Business Profit before Exceptional Items. The decline in results was mainly attributable to effects arising from the change in rules and regulations towards the pharmaceutical industry in the PRC and an increase in operating costs. In addition, the results for the comparative period last year included a HK\$18.91 million profit contribution from Sunve Pharmaceutical, which was disposed of last August.

The share reform plan of SI United was completed in June this year. The Group's interests in SI United were converted from non-tradable shares of 56.63% to tradable shares of 43.62%. Although the reduction in shareholding resulted in an exceptional loss for the Group of about HK\$215 million, the value of assets held enhanced substantially.

Traditional Chinese Medicine

During the period, sales of certain prescription drugs of the Group decreased over the same period last year. This was primarily due to the negative media coverage on certain types of pharmaceutical products, as well as effects arising from the change in rules and regulations in the pharmaceutical industry. Notwithstanding these adverse effects, sales of health products and OTC drugs managed to resume growth. Sales of our health food series, namely "Qingchunbao" and "Huqingyutang" increased by 40.3% and 38.6% respectively compared with the same period last year. Sales for "Qingchunbao" Anti-ageing Tablets recorded a marked increase of 67.6% to HK\$155 million.

Biomedicine

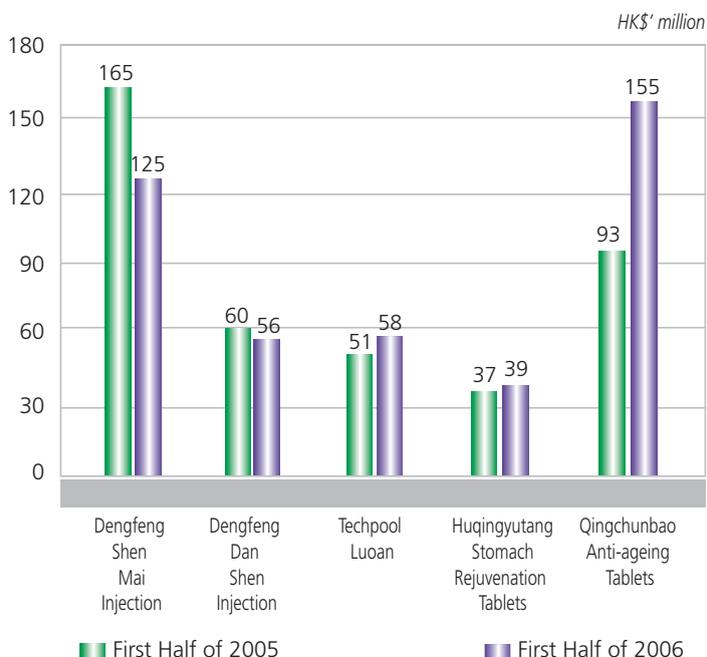
As to biomedicine, the Group continued to pursue the application of "Ulinastatin" products to critical illnesses. Emphasis was also placed on academic researches in such areas as anesthesiology and burns, both of which have achieved satisfactory results. During the period, sales of the products increased by 15.0% compared with the first half of last year.

Business Review, Discussion and Analysis

New Drugs

The launching of the three State Category I new drugs of the Group went smoothly. Approval for production for the "H101" project was obtained during the period. The commercial name of the drug is "Oncorine". Inspection of the GMP plant was completed and approval was obtained. "Kai Li Kang" is now available for sale in the PRC. Construction of the GMP plant and trial runs for the "TNF" project was completed.

Sales of Principal Products in the First Half of 2006



Note: The exchange rate of HK\$1 to RMB1.04 for Renminbi to Hong Kong dollars is used.

Consumer Products

The results of the consumer products segment posted a flat earnings growth (after deducting Exceptional Items and other non-recurring factor) due to continued losses from Huizhong Automotive as well as declining results from Bright Dairy. Profit contribution amounted to HK\$251 million, accounting for 44.7% of the Net Business Profit before Exceptional Items of the Group. The tobacco and printing businesses showed steady growth.

Tobacco

The turnover of Nanyang Tobacco during the period increased 8.6% to HK\$784 million. Net profit reached HK\$161 million. Recurring income for the period represents an increase of about 10.7%. Nanyang Tobacco will proactively monitor the progress of its technology project for expanded cut tobacco production line, the automation of the can packaging line and the expansion of storage tanks for tobacco. These projects are aimed at further improving production techniques and enhancing product quality, which will ultimately increase the competitiveness of the enterprise and the brand.

Dairy

During the period, the turnover for Bright Dairy remained the same as the corresponding period last year, amounting to HK\$3,334 million. Net profit was HK\$87.04 million, a decrease of 39.0% over last year. The decline was mainly attributable to an increase in marketing and promotion expenses on yogurt products made by the company, which resulted in a significant increase in operating expenses. During the period, Bright Dairy focused on fresh yogurt whose growth was driven by “Bright” AB100 yogurt and “Danone” Bio yogurt.

The share reform plan for Bright Dairy was announced during the period. The relevant proposal was approved by the shareholders of Bright Dairy in August this year and it is expected that approvals by the relevant authorities will be obtained during the year. Upon completion, the Group’s shareholding in Bright Dairy will be converted from non-tradable shares of 30.78% to tradable shares of 25.17%. Although the reduction in shareholding resulted in an exceptional loss for the Group of about HK\$32.14 million, the value of assets held enhanced substantially.

Printing

During the period, the turnover for Wing Fat Printing increased 147.0% to HK\$698 million. Net profit reached HK\$67.33 million, an increase of 4.8% compared with the same period last year. The substantial increase in turnover was mainly attributable to Wing Fat Printing’s increased stakes in companies including Chengdu Wing Fat Printing and Hebei Yongxin Paper in the second half of last year, resulting in extended consolidation of subsidiaries’ financial results. During the period, total sales from “Lanzhou” cigarette boxes, which were produced by Wing Fat Printing, increased significantly by 115%. The newly launched transfer printing products were widely accepted by users. Orders were received and feedbacks on quality were highly positive. It is expected that sales will continue to increase.

Automobiles and Parts

As a result of rising costs and declining product prices, Huizhong Automotive had recorded losses since the second quarter of last year. Although turnover improved by 52.6% to HK\$2,426 million, Huizhong reported a loss of HK\$68.18 million in the first half of this year. The turnover and net profit for Transportation Electric increased 35.6% and 217.4% to HK\$225 million and HK\$43.33 million respectively. Sales for the automobile industry in the PRC have been recovering steadily after nearly two years of stagnant growth under sluggish market conditions. However, adverse factors such as excess production capacity and price fluctuations in production components continued to constrain the growth of the automobile industry.

Business Review, Discussion and Analysis

Information Technology

During the period, the profit contribution from the information technology segment as a whole decreased by 10.9% to HK\$35.08 million, accounting for 6.3% of the Net Business Profit of the Group before Exceptional Items. However, after deducting the exceptional gain recorded last year from the disposal of shares of China Netcom (HK), operating results achieved a turnaround.

Semiconductors

Although SMIC continued to record losses during the period, there have been signs of improvement. Net losses for the period were reduced substantially to only HK\$50.71 million compared to a net loss of HK\$549 million for the same period last year. While some customers have pushed out wafer orders due to an ongoing inventory correction, the sales for the company on the whole improved significantly. During the period, the turnover of SMIC increased by 34.9% to HK\$5,558 million. In the second quarter of this year, SMIC successfully qualified and commenced commercial production of its first 90nm logic product at its 300mm facility in Beijing. Meanwhile, the company has successfully qualified Elpida's 512M-bit DDR2 SDRAM using a 90nm manufacturing process also at its 300mm facility in Beijing. Saifun's 90nm NROM FLASH was functional, which marked an important achievement towards commencing production of this product in the fourth quarter of 2006.

Information Technology Services

During the period, the net profit of Shanghai Information Investment increased by 69.4% compared with the same period last year to HK\$86.37 million. The development of the company's investment projects has been satisfactory. During the period, Dongfang Cable acquired 39,000 new broadband users for "Cableplus", an increase of 18.2% over the first half of last year. As at the end of the period, accumulated users for "Cableplus" reached 260,000. This makes "Cableplus" a strong competitor in the urban broadband business market in Shanghai. Information pipelines of a total of 339 duct kilometres were built by Pipelines Co. for the year, providing new network access to 186 buildings, an increase of 22.4% compared with the corresponding period last year. The electronic port clearance platform constructed and operated by Yitong Co. transmitted 28.66 million of clearance documents to the port during the period, an increase of 18.9% over the same period last year.

Key Figures

	Unaudited Six months ended 30th June		Increase
	2006	2005	
Financial Highlights			
Turnover (HK\$'000)	3,401,805	2,714,218	25.3%
Profit attributable to shareholders (HK\$'000)	625,375	520,732	20.1%
Total assets (HK\$'000)	22,958,901	21,382,916	7.4%
Shareholders' equity (HK\$'000)	16,786,813	15,911,245	5.5%
Share information			
Earnings per share			
– basic (HK cents)	64.6	54.2	19.2%
Dividend per share			
– Interim (HK cents)	22.0	20.0	10.0 %
Number of shares in issue (shares)	968,147,000	967,113,000	N/A
Share price at 30th June (HK\$)	15.15	15.15	N/A
Market capitalization at 30th June (HK\$ billion)	14.667	14.652	N/A
Financial ratios			
Gearing ratio (Note)	10.9%	11.0%	N/A
Interest cover	19.1 times	25.0 times	N/A
Dividend payout ratio	34.1%	36.9%	N/A

Note: interest-bearing loans/(shareholders' equity + minority interests + interest-bearing loans)

I. Basis of Preparation

The Group has adopted all Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (collectively referred to as "new HKFRSs") issued and effective as of 30th June 2006 that are relevant to the operations of the Group. The accounting policies and treatments adopted in the preparation of these interim financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31st December 2005 except for those changes in accounting policies arising from the adoption of the new HKFRSs.

II. Analysis of Financial Results

1. Profit for the first half of 2006

Profit for the first half of 2006 were HK\$625.38 million, as compared with the corresponding period last year of HK\$520.73 million, representing an increase of approximately 20.1%, which was mainly attributable to the compensation for deficiency in toll revenue from Hu-Ning Expressway and the improvement in the operating results of certain subsidiaries.



2. Contribution of Profit from Each Business Segment

The contribution of profit from each business segment of the Group for the first half of 2006 and the comparative figures of the corresponding period last year is summarized as follows:

	Unaudited		Increase (Decrease) %
	Six months ended 30th June 2006 HK\$'000	2005 HK\$'000	
Infrastructure facilities	448,515	101,843	340.4
Medicine	70,023	95,306	(26.5)
Consumer products	250,983	315,253	(20.4)
Information technology	35,080	39,365	(10.9)
Loss on share reform	(247,094)	—	N/A

During the period, the infrastructure facilities business segment recorded an increase in profit of approximately 340.4%, which was mainly attributable to the compensation for the decrease in traffic flow due to the widening and alteration construction of the A11 Expressway received by Hu-Ning Expressway of approximately RMB101 million and the profit after taxation of approximately HK\$243.67 million from the disposal of 10% stake in Pudong Container by the Group.

Loss was incurred by the medicine business segment mainly due to the share reform plan proposed to all holders of freely transferable shares of SI United three non-freely transferable shares for every ten freely transferable shares held by each such holder. This share reform plan has obtained all relevant approvals in June 2006, and the Group recorded an exception loss of approximately HK\$214.96 million therefrom. Excluding the loss from the share reform plan of SI United, the operating profits of the medicine business was approximately HK\$70.02 million, representing a decrease of approximately 26.5% over the corresponding period last year. The decrease was mainly due to inclusion in the comparative figures of last year the contribution to profit from Sunve Pharmaceutical of approximately HK\$18.91 million that was disposed of in the second half last year. In addition, the profit was subject to the impact arising from the changes in a series of policies towards the medicine industry in the PRC. The continuous satisfactory results and growth momentum in Firebird® Rapamycin Eluting Stent since its launch early last year by MicroPort Medical, which partially offset the effect on the decrease in profit.

The operating results of Nanyang Tobacco and Wing Fat Printing under the consumer products business remained satisfactory. However, as a result of the proposal by the Group to offer to all holders of freely transferable shares of Bright Dairy RMB8.46 in cash and 1.2 non-freely transferable shares for every ten freely transferable shares held by each such holder in April 2006, and as a part of the share reform plan, the Group would also transfer 44,099,410 non-freely transferable shares to Danone Asia Pte Ltd., it is expected that an exceptional loss of approximately HK\$32.14 million will be brought by such share reform plan and this was reflected in the results of the Group for the first half of the year.

Excluding the exceptional loss arising from the share reform plan of Bright Dairy, the profit from the consumer products business segment decreased by approximately 20.4% as compared with the corresponding period last year. This was mainly attributable to the decline in operating profit of Bright Dairy as a result of its increase in marketing, advertising production and media promotion expenses. Despite the increase in output and sales for the automobiles market in the PRC, Huizhong Automotive incurred operating loss due to surge in cost.

Notwithstanding the Average Selling Price (“ASP”) of wafers recorded an increase as compared with the same period last year, SMIC registered an operating loss of approximately HK\$50.71 million, due to an ongoing inventory correction that some of its customers have pushed out wafer orders. However, the position was improved significantly as compared with the corresponding period last year.

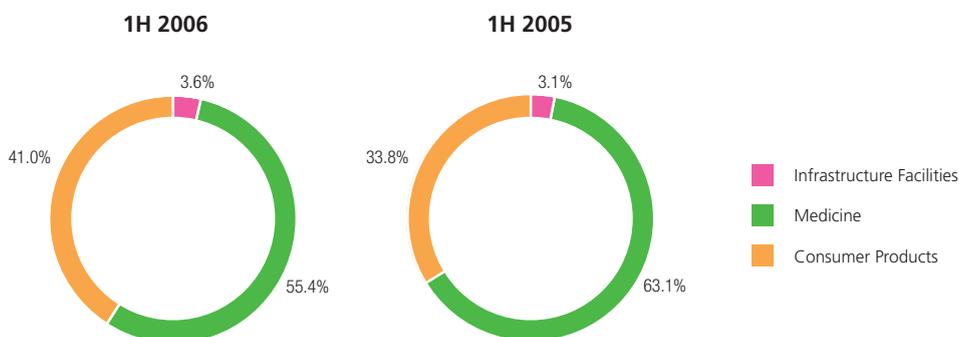
Details of the operating performances and progress of each business segment for the first half of 2006 are set out in the section headed “Business Review, Discussion and Analysis.”

Financial Review

3. Turnover

The Group's turnover by principal activities for the period ended 30th June 2006 and the comparative figures of the corresponding period last year is summarized as follows:

	Unaudited		Increase %
	Six months ended 30th June		
	2006 HK\$'000	2005 HK\$'000	
Infrastructure facilities	122,064	82,877	47.3
Medicine	1,885,791	1,713,341	10.1
Consumer products	1,393,950	918,000	51.8
	3,401,805	2,714,218	25.3



For the six-month period ended 30th June 2006, as driven by the turnover of the infrastructure facilities and consumer products businesses segment, overall turnover increased by approximately 25.3% to approximately HK\$3,402 million.

Benefited from the completion of the widening and alteration construction of the Shanghai-Nanjing Expressway (Jiangsu Section), during the period, the toll revenue from Shanghai-Nanjing Expressway (Shanghai Section) of the infrastructure facilities business segment increased significantly from the corresponding period last year. The results for the first half of the year also reflected the effect of the reduction in sales tax on toll revenue to 3% with effect from 1st June 2005, which was accounted for the full period this year.

The increase in the stake in Hebei Yongxin Paper to a controlling stake by Wing Fat Printing was completed in September last year. The turnover of Hebei Yongxin Paper was consolidated with the Group during the period, which gave an additional turnover of approximately HK\$313.40 million to the turnover of consumer products business segment. Growth in the sales of Nanyang Tobacco, which is also grouped under consumer product business segment, remained stable.

The increase in the stake in Huqingyutang Pharmaceutical to 51% by the Group was completed in July last year, which gave an additional turnover of approximately HK\$132.87 million to the medicine business segment during the period, and partially offset the adverse impacts brought by the change of policies to the medicine industry in the PRC and the reports about quality issue of medicine products.

4. Profit before Taxation

(1) Gross profit margin

Gross profit margin for the period was approximately 38.5%, a mild decrease of approximately 2.1% as compared with approximately 40.6% for the corresponding period last year. The decrease was mainly attributable to the consolidation of the paper manufacturing business operated by Wing Fat Printing's subsidiary during the period, with which the gross profit margin was relatively low.

(2) Investment income

During the period, investment income increased from HK\$197.47 million for the corresponding period last year to approximately HK\$493.53 million, as a result of the gain of HK\$268.07 million upon the disposal of 10% stake in Pudong Container.

(3) Share of results of jointly controlled entities

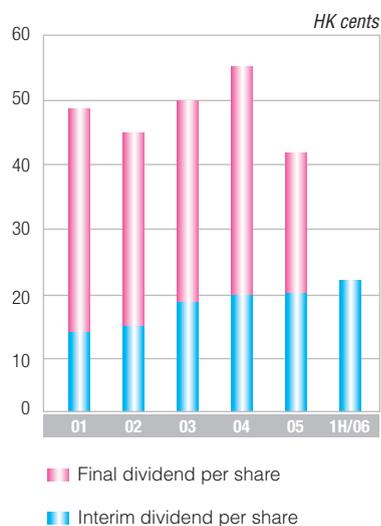
Huizhong Automotive continued to suffer operating loss due to surge in cost. General Water of China's operating profit decreased due to higher borrowing costs caused by rising interest rate in the PRC, resulting in the share of results of jointly controlled entities was reduced by approximately HK\$13.17 million as compared with the same period last year.

(4) Share of results of associates

SMIC recorded an operating loss of approximately HK\$549.43 million for the first half last year due to cyclical downturn of the semiconductor industry, while in this period, SMIC still recorded a loss of approximately HK\$50.71 million due to an ongoing inventory correction that some of its customers have pushed out wafer orders. However, the position was improved significantly. The share of results of associates increased by approximately HK\$34.37 million as compared with the same period last year.

5. Dividend

The Board of Directors has resolved to pay an interim dividend of HK22 cents per share. The dividend payout ratio is 34.1%. The dividend is increased by 10% as compared to the interim dividend of HK20 cents per share for 2005.

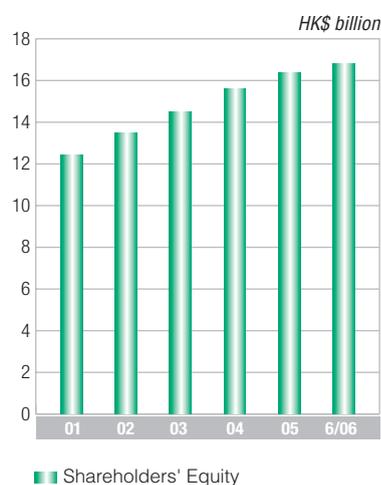


III. Financial Position of the Group

1. Capital and Shareholders' Equity

As at 30th June 2006, the Group has a total of 968,147,000 shares in issue. Due to the exercise of share option by the staff during the period, the number of shares in issue increased by 614,000 shares, as compared with the 967,533,000 shares in issue at the end of 2005. Based on the closing price of HK\$15.15 per share on 30th June 2006, the Group had a market capitalization of approximately HK\$14,667.43 million.

The Group's financial position remained strong, shareholders' equity increased by approximately HK\$410.92 million to approximately HK\$16,786.81 million as at 30th June 2006 which was attributable to both operating profits after deducting the dividend actually paid this period and the increase in number of shares.



2. Indebtedness

(1) Borrowings

As at 30th June 2006, the total borrowings of the Group amounted to approximately HK\$2,301.36 million, which was mainly comprised of loans of approximately HK\$700 million of subsidiaries and a HK\$1,600 million five-year term syndication loan of the Company. The syndication loan is due for repayment in April 2007 and hence it has been stated in the balance sheet as short term borrowings. Unsecured credit facility accounted for 85.3% of the total borrowings.

(2) Pledge of Assets

As at 30th June 2006, the following assets were pledged by the Group in order to secure general credit facilities granted to the Group:

- (a) plant and machinery with a net book value of approximately HK\$227,497,000;
- (b) land and buildings with a net book value of approximately HK\$186,894,000; and
- (c) motor vehicles with a net book value of approximately HK\$104,000.

(3) Contingent Liabilities

As at 30th June 2006, the Group has given guarantees to banks in respect of banking facilities utilized by Xian Wing Fat and a third party of approximately HK\$43.77 million in total.

3. Bank Deposits and Short-term Investments

As at 30th June 2006, bank balances and short-term investments held by the Group amounted to approximately HK\$6,622.99 million and HK\$1,724.66 million respectively. The proportions of bank balances of US dollars, Renminbi and HK dollars were 47.8%, 38.4% and 13.8% respectively. Short-term investments mainly consisted of investments such as funds, equity-linked notes, bonds and Hong Kong listed shares.

At present, the Group is in net cash position. Having sufficient working capital and a healthy interest cover, there are sufficient financial resources and fund raising capability available to the Group for the funding of capital investments and operations should the needs arise.

IV. Management Policies for Financial Risk

The Group's major financial instruments include equity and debt investments, borrowings, trade receivables, trade payables, loan receivables and bank balances and cash. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1. Market Risk

(1) Exchange rate risk

The Group mainly operates in China and the Hong Kong Special Administrative Region and the exposure in exchange rate risks mainly arises from fluctuations in the US dollar, HK dollar and Renminbi exchange rates. Exchange rate fluctuations and market trends have always been the concern of the Group. As HK dollar and Renminbi are both under managed floating system, after reviewing the Group's exposure for the time being, the Group did not enter into any derivative contracts aimed at minimizing exchange rate risks during the period.

(2) Interest rate risk

The major financing loan of the Group is a HK\$1,600 million syndication loan, which is due for repayment in April 2007. After reviewing the market trend, as well as its business operation needs and its financial position, the Group did not enter into any derivative contracts aimed at minimizing interest rate risks during the period.

(3) Price risk

The Group is exposed to equity price risk through available-for-sale investments and investments held-for-trading. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

2. Credit risk

The Group's principal financial assets are bank balances and cash, equity and debt investments, and trade and other receivables.

The Group's trade and other receivables presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made according to the Group's accounting policy or where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

With respect to the credit risk of the Group's treasury operations, the Group's bank balances and cash, securities and debt investments must be placed and entered into with financial institutions of good reputation. There are strict requirements and restrictions as to the outstanding amount and credit ratings on equity and debt investments to be held, so as to minimize the Group's credit risk exposure.

Deloitte. **德勤**

TO THE BOARD OF DIRECTORS OF SHANGHAI INDUSTRIAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have been instructed by Shanghai Industrial Holdings Limited to review the interim financial report set out on pages 25 to 43.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

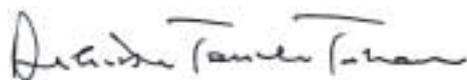
Review work performed

We conducted our review in accordance with the Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Independent Review Report

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June 2006.



Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
23rd August 2006

Condensed Consolidated Income Statement

For the six months ended 30th June 2006

		Six months ended 30th June	
		2006	2005
NOTES		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Turnover	3	3,401,805	2,714,218
Cost of sales		(2,093,234)	(1,611,172)
Gross profit		1,308,571	1,103,046
Investment income		493,525	197,468
Other income		131,795	102,503
Distribution costs		(489,362)	(379,318)
Administrative expenses		(376,115)	(339,616)
Other expenses		(18,167)	(28,497)
Finance costs		(56,799)	(34,234)
Share of results of jointly controlled entities		7,723	20,889
Share of results of associates		92,779	58,407
Net (loss) gain on disposal of interests in jointly controlled entities and associates		(4,994)	14,187
Dilution loss on share reform of a subsidiary	4	(214,955)	–
Allowance for loss on share reform of an associate		(32,139)	–
Impairment loss recognised in respect of goodwill relating to a jointly controlled entity		–	(1,409)
Discount on acquisition of additional interest in a subsidiary		–	141
Profit before taxation		841,862	713,567
Income tax expenses	5	(112,897)	(87,505)
Profit for the period	6	728,965	626,062
Attributable to			
– Equity holders of the Company		625,375	520,732
– Minority interests		103,590	105,330
		728,965	626,062
Dividends	7	212,987	336,347
Earnings per share	8		
– Basic		HK64.6 cents	HK54.2 cents
– Diluted		HK64.2 cents	HK54.0 cents

Condensed Consolidated Balance Sheet

At 30th June 2006

	NOTES	30th June 2006 HK\$'000 (unaudited)	31st December 2005 HK\$'000 (audited)
Non-Current Assets			
Investment properties	9	56,232	51,830
Property, plant and equipment	9	2,386,694	2,404,338
Prepaid lease payments			
– non-current portion		225,619	225,238
Toll road operating right		1,747,207	1,776,798
Other intangible assets		93,681	95,077
Goodwill		416,357	397,987
Interests in jointly controlled entities		2,338,308	2,390,508
Interests in associates		3,823,046	3,868,057
Available-for-sale investments		199,926	321,054
Loan receivables – non-current portion		3,688	4,277
Deposits paid on acquisition of property, plant and equipment		380,208	26,326
Deposit paid on acquisition of a subsidiary		–	68,269
Derivative financial instruments		–	6,421
Deferred tax assets		31,022	25,876
		11,701,988	11,662,056
Current Assets			
Inventories		1,230,055	1,215,725
Trade and other receivables	10	1,644,233	1,539,861
Prepaid lease payments			
– current portion		7,339	8,129
Loan receivables – current portion		–	62,757
Investments held-for-trading	11	1,724,660	1,070,042
Pledged bank deposits		28,000	28,000
Bank balances and cash		6,594,992	6,040,400
		11,229,279	9,964,914
Assets classified as held for sale		27,634	345,185
		11,256,913	10,310,099

Condensed Consolidated Balance Sheet

At 30th June 2006

	NOTES	30th June 2006 HK\$'000 (unaudited)	31st December 2005 HK\$'000 (audited)
Current Liabilities			
Trade and other payables	12	1,652,991	1,297,662
Taxation payable		56,073	65,236
Short-term bank and other borrowings	13	2,156,892	1,320,175
		3,865,956	2,683,073
Net Current Assets		7,390,957	7,627,026
Total Assets Less Current Liabilities		19,092,945	19,289,082
Capital and Reserves			
Share capital		96,815	96,753
Reserves		16,689,998	16,279,139
Equity attributable to equity holders of the Company		16,786,813	16,375,892
Minority interests		2,035,008	1,832,137
Total Equity		18,821,821	18,208,029
Non-Current Liabilities			
Long-term bank and other borrowings	13	144,468	973,574
Deferred tax liabilities		126,656	107,479
		271,124	1,081,053
		19,092,945	19,289,082

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2006

	Attributable to equity holders of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Other revaluation reserve HK\$'000 (note i)	Hedging reserve HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	PRC statutory reserves HK\$'000 (note ii)	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1st January 2005	95,864	10,032,631	2,800	1,071	-	(3,328)	35,655	-	385,074	5,063,969	15,613,736	1,476,366	17,090,102
Gain on cash flow hedges	-	-	-	-	-	13,514	-	-	-	-	13,514	-	13,514
Share of PRC statutory reserves of a jointly controlled entity	-	-	-	-	-	-	-	-	427	-	427	-	427
Share of exchange difference arising from translation of financial statements of PRC operations of a jointly controlled entity	-	-	-	-	-	-	142	-	-	-	142	-	142
Share of exchange difference arising from translation of financial statements of PRC operations of an associate	-	-	-	-	-	-	(204)	-	-	-	(204)	-	(204)
Net income (expense) recognised directly in equity	-	-	-	-	-	13,514	(62)	-	427	-	13,879	-	13,879
Profit for the period	-	-	-	-	-	-	-	-	-	520,732	520,732	105,330	626,062
Realised on disposal of interest in a jointly controlled entity	-	-	-	-	-	-	(581)	-	-	-	(581)	-	(581)
Realised on disposal of interest in an associate	-	-	-	-	-	-	(26)	-	-	-	(26)	-	(26)
Total recognised income and expense for the period	-	-	-	-	-	13,514	(669)	-	427	520,732	534,004	105,330	639,334
Exercise of share options	847	-	-	-	-	-	-	-	-	-	847	-	847
Premium arising on issue of shares	-	98,395	-	-	-	-	-	-	-	-	98,395	-	98,395
Transaction costs attributable to issue of new shares	-	(111)	-	-	-	-	-	-	-	-	(111)	-	(111)
Recognition of equity-settled share-based payment expenses	-	-	721	-	-	-	-	-	-	-	721	-	721
Transfers	-	-	-	-	-	-	-	-	29,670	(29,670)	-	-	-
Capital contributions by minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	2,239	2,239
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(50,166)	(50,166)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(47,004)	(47,004)
Acquired on acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	34,467	34,467
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(591)	(591)
Dividends paid (Note 7)	-	-	-	-	-	-	-	-	-	(336,347)	(336,347)	-	(336,347)
At 30th June 2005	96,711	10,130,915	3,521	1,071	-	10,186	34,986	-	415,171	5,218,684	15,911,245	1,520,641	17,431,886

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2006

	Attributable to equity holders of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Other revaluation reserve HK\$'000 (note i)	Hedging reserve HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	PRC statutory reserves HK\$'000 (note ii)	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1st January 2006	96,753	10,135,781	7,827	1,071	8,144	6,421	173,517	-	453,100	5,493,278	16,375,892	1,832,137	18,208,029
Loss on cash flow hedges and net expense recognised directly in equity	-	-	-	-	-	(6,421)	-	-	-	-	(6,421)	-	(6,421)
Profit for the period	-	-	-	-	-	-	-	-	-	625,375	625,375	103,590	728,965
Realised on disposal of interest in an associate	-	-	-	-	-	-	(10,234)	-	-	-	(10,234)	-	(10,234)
Realised on deemed disposal of interest in a subsidiary	-	-	-	-	-	-	(3,778)	-	-	-	(3,778)	-	(3,778)
Total recognised income and expense for the period	-	-	-	-	-	(6,421)	(14,012)	-	-	625,375	604,942	103,590	708,532
Exercise of share options	62	-	-	-	-	-	-	-	-	-	62	-	62
Premium arising on issue of shares	-	7,338	-	-	-	-	-	-	-	-	7,338	-	7,338
Release of share options reserve on exercise of share options	-	103	(103)	-	-	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payment expenses	-	-	5,023	-	-	-	-	-	-	-	5,023	31	5,054
Gain on fair value changes of available-for-sale investments	-	-	-	-	-	-	6,543	-	-	-	6,543	-	6,543
Transfers	-	-	-	-	-	-	-	17,448	(17,448)	-	-	-	-
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(129,591)	(129,591)
Acquired on acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	19,584	19,584
Dilution loss on share reform of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	209,257	209,257
Dividends paid (Note 7)	-	-	-	-	-	-	-	-	(212,987)	(212,987)	-	-	(212,987)
At 30th June 2006	96,815	10,143,222	12,747	1,071	8,144	-	159,505	6,543	470,548	5,888,218	16,786,813	2,035,008	18,821,821

Notes:

- (i) Other revaluation reserve represents fair value adjustment on acquisition of subsidiaries relating to interests previously held by the Group as associates.
- (ii) The People's Republic of China ("PRC") statutory reserves are reserves required by the relevant PRC laws applicable to the Group's PRC subsidiaries, jointly controlled entities and associates.

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June 2006

	Six months ended 30th June	
	2006 HK\$'000 (unaudited)	2005 HK\$'000 (unaudited)
Net cash from operating activities	453,056	647,585
Net cash from (used in) investing activities:		
Proceeds from disposal of available-for-sale investments	450,492	36,509
Purchase of property, plant and equipment	(143,004)	(137,005)
Capital contributions to jointly controlled entities	–	(476,965)
Other investing cash flows	(24,559)	(170,815)
	282,929	(748,276)
Net cash used in financing activities:		
Dividends paid	(212,987)	(336,347)
Repayment of bank and other borrowings	(160,345)	(78,583)
Borrowings raised	167,956	121,935
Other financing cash flows	(136,800)	(54,250)
	(342,176)	(347,245)
Net increase (decrease) in cash and cash equivalents	393,809	(447,936)
Cash and cash equivalents at 1st January	5,764,596	5,185,693
Cash and cash equivalents at 30th June	6,158,405	4,737,757
Being:		
Bank balances and cash	6,594,992	5,151,368
Less: Bank deposits with more than three months of maturity when raised	(436,587)	(413,611)
	6,158,405	4,737,757

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

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 or revalued amounts, as appropriate.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December 2005 except as described below.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the “new HKFRSs”) that are either effective for accounting periods beginning on or after 1st December 2005 or 1st January 2006. The application of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not yet early applied the following new standard, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standard, amendment and interpretations will have no material impact on the results and financial positions of the Group.

HKAS 1 (Amendment)	Capital discloses ¹
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC)-INT 8	Scope of HKFRS 2 ³
HK(IFRIC)-INT 9	Reassessment of embedded derivatives ⁴

¹ Effective for annual periods beginning on or after 1st January 2007.

² Effective for annual periods beginning on or after 1st March 2006.

³ Effective for annual periods beginning on or after 1st May 2006.

⁴ Effective for annual periods beginning on or after 1st June 2006.

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

3. SEGMENT INFORMATION BY BUSINESS

For management purposes, the Group is currently organised into four operating businesses – infrastructure facilities, medicine, consumer products and information technology. These businesses are the basis on which the Group reports its primary segment information.

Principal businesses are as follows:

- | | |
|---------------------------|---|
| Infrastructure facilities | – investment in toll road projects and water-related business |
| Medicine | – manufacture and sale of medicine and health food; medical equipment |
| Consumer products | – manufacture and sale of cigarettes, packaging materials, printed products, dairy products, commercial vehicles, automobile components and spare parts |
| Information technology | – development of communication infrastructure and information technology business |

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

For the six months ended 30th June 2006

	Infrastructure facilities HK\$'000	Medicine HK\$'000	Consumer products HK\$'000	Information technology HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	122,064	1,885,791	1,393,950	–	3,401,805
Segment results	210,044	159,495	281,896	26,758	678,193
Net unallocated corporate income					103,980
Finance costs					(56,799)
Share of results of jointly controlled entities	(3,865)	28,561	(33,536)	16,563	7,723
Share of results of associates	–	6,222	91,585	(5,028)	92,779
Net loss on disposal of interests in jointly controlled entities and associates					(4,994)
Gain on disposal of available-for-sale investments					268,074
Dilution loss on share reform of a subsidiary					(214,955)
Allowance for loss on share reform of an associate					(32,139)
Profit before taxation					841,862
Income tax expenses					(112,897)
Profit for the period					728,965

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

For the six months ended 30th June 2005

	Infrastructure facilities HK\$'000	Medicine HK\$'000	Consumer products HK\$'000	Information technology HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	82,877	1,713,341	918,000	–	2,714,218
Segment results	84,314	205,875	302,987	77,960	671,136
Net unallocated corporate expenses					(15,550)
Finance costs					(34,234)
Share of results of jointly controlled entities	10,849	25,457	(22,541)	7,124	20,889
Share of results of associates	–	13,895	99,181	(54,669)	58,407
Net gain on disposal of interests in jointly controlled entities and associates					14,187
Impairment loss recognised in respect of goodwill relating to a jointly controlled entity					(1,409)
Discount on acquisition of additional interest in a subsidiary					141
Profit before taxation					713,567
Income tax expenses					(87,505)
Profit for the period					626,062

4. DILUTION LOSS ON SHARE REFORM OF A SUBSIDIARY

During the period, the Group completed the share reform plan for conversion of all non-floating shares of Shanghai Industrial United Holdings Co., Ltd. ("SI United"), a subsidiary of the Company, into floating shares of SI United. Under the share reform plan, a wholly-owned subsidiary of the Company would offer all holders of floating shares of SI United three non-floating shares for every ten floating shares held by each such holder, in exchange for the consent by the holders of floating shares of SI United to the conversion of all non-floating shares into floating shares of SI United. Followed by the share reform plan for the conversion of all non-floating shares of SI United into floating shares of SI United, the Group's equity interest in SI United was diluted from 56.63% to 43.62%. A loss on share reform of HK\$214,955,000 was recognised during the period.

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

The directors of the Company are of the opinion that the Group still retains control over SI United subsequent to the share reform plan as the remaining 56.38% shareholding of SI United is dispersed and it is highly unlikely for the other shareholders to organise their interests to exercise control over the board of SI United. Hence, the directors of the Company consider control over SI United still exists through the power to appoint or remove the majority of the members of the board of directors of SI United. Accordingly, SI United continues to be accounted for as a subsidiary of the Group and the results of SI United were consolidated in the condensed consolidated financial statements.

5. INCOME TAX EXPENSES

	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
The charge (credit) comprises:		
Current period taxation of the Company and its subsidiaries:		
Hong Kong Profits Tax	33,648	36,150
PRC income tax	72,693	48,713
	106,341	84,863
(Over)underprovision of PRC income tax in prior years	(59)	3,543
	106,282	88,406
Deferred taxation	6,615	(901)
	112,897	87,505

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the period.

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiaries are entitled to certain exemption and reliefs from PRC income tax for a number of years. Certain PRC subsidiaries are also entitled to reduced tax rates because they are classified as "high technology entities" under the relevant rules. The current period's PRC income tax charges are arrived at after taking into account of these various tax incentives, ranging from 7.5% to 33%.

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
Amortisation of toll road operating right	29,591	15,505
Amortisation of other intangible assets	6,193	–
Depreciation and amortisation of property, plant and equipment	148,158	91,259
Release of prepaid lease payments	3,581	2,104
Dividend income from investments	(40,649)	(34,599)
Loss (gain) on disposal of property, plant and equipment	950	(2,065)
Gain on disposal of available-for-sale investments	(268,074)	–
Interest income	(116,827)	(60,543)
Gain on fair value changes of investments held-for-trading, excluding dividend	(61,920)	(85,807)
Impairment loss on available-for-sale investments	–	9,879
Share of PRC income tax of jointly controlled entities (included in share of results of jointly controlled entities)	8,568	3,023
Share of PRC income tax of associates (included in share of results of associates)	4,426	26,175

7. DIVIDENDS

	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
2005 final dividend paid of HK22 cents (2004 final dividend: HK35 cents) per share	212,987	336,347

The directors have determined that an interim dividend of HK22 cents per share (2005 interim dividend: HK20 cents per share) will be paid to shareholders of the Company whose names appear on the Register of Members on 22nd September 2006.

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company for the six months ended 30th June 2006 is based on the following data:

	Six months ended 30th June	
	2006 HK\$'000	2005 HK\$'000
Profits for the purposes of basic earnings per share (profit for the period attributable to equity holders of the Company)	625,375	520,732
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	(2,334)	–
Earnings for the purposes of diluted earnings per share	623,041	520,732

	Six months ended 30th June	
	2006 Number of shares	2005 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	967,919,845	960,626,149
Effect of dilutive potential ordinary shares in respect of share options	2,004,581	4,109,346
Weighted average number of ordinary shares for the purposes of diluted earnings per share	969,924,426	964,735,495

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

9. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred costs for construction in progress of approximately HK\$58 million and acquired buildings at a cost of approximately HK\$15 million, plant and machinery at a cost of approximately HK\$54 million, motor vehicles at a cost of approximately HK\$9 million and furniture, fixtures and equipment at a cost of approximately HK\$8 million for the purpose of expanding the Group's business.

The directors have considered the carrying amounts of the Group's investment properties carried at fair values at 30th June 2006 and have estimated that the carrying amounts did not differ significantly from the fair values at 31st December 2005. Consequently, no changes in the fair value of investment properties has been recognised in the current period.

10. TRADE AND OTHER RECEIVABLES

The Group allows credit period ranging from 30 days to 90 days to its trade customers.

At 30th June 2006, included in trade and other receivables are trade receivables of HK\$1,015,765,000 (31st December 2005: HK\$943,147,000) and their aged analysis is as follows:

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Trade receivables:		
Within 30 days	459,599	496,563
Within 31 – 60 days	202,795	174,943
Within 61 – 90 days	118,587	78,413
Within 91 – 180 days	175,375	106,355
Within 181 – 360 days	43,211	57,750
Over 360 days	16,198	29,123
	1,015,765	943,147

The fair value of the Group's trade and other receivables at 30th June 2006 approximated to the corresponding carrying amount.

11. MOVEMENTS IN INVESTMENTS HELD-FOR-TRADING

During the period, the Group acquired investments of approximately HK\$2,146 million and disposed investments with carrying amount of approximately HK\$1,530 million.

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

12. TRADE AND OTHER PAYABLES

At 30th June 2006, included in trade and other payables are trade payables of HK\$621,331,000 (31st December 2005: HK\$578,475,000) and their aged analysis is as follows:

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Trade payables:		
Within 30 days	324,074	356,876
Within 31 – 60 days	137,621	91,492
Within 61 – 90 days	72,707	42,345
Within 91 – 180 days	42,258	37,727
Within 181 – 360 days	33,524	25,738
Over 360 days	11,147	24,297
	621,331	578,475

The fair value of the Group's trade and other payables at 30th June 2006 approximated to the corresponding carrying amount.

13. BANK AND OTHER BORROWINGS

During the period, the Group obtained new borrowings in the amount of approximately HK\$168 million. The borrowings bear interest at market rates and are in average repayable within 2 to 3 years. The Group also repaid approximately HK\$160 million during the period. The net proceeds were used to finance the acquisition of property, plant and equipment and for working capital of the Group.

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

14. CAPITAL COMMITMENTS

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of		
– toll road construction costs	1,344,843	29,182
– investments in PRC jointly controlled entities	181,119	40,718
– acquisition of property, plant and equipment	152,085	85,055
– additions in construction in progress	54,926	73,938
	1,732,973	228,893
Capital expenditure authorised but not contracted for in respect of		
– toll road construction costs	–	1,747,066
– acquisition of property, plant and equipment	63,404	85,519
	63,404	1,832,585

15. CONTINGENT LIABILITIES

At 30th June 2006, the guarantees given to banks by the Group in respect of banking facilities utilised by associates and an outsider amounted to approximately HK\$44 million (31st December 2005: HK\$20 million).

16. ACQUISITION OF A SUBSIDIARY

On 1st January 2006, the Group acquired 69.63% equity interest in Changzhou Techpool Pharmaceutical Co., Ltd. ("Changzhou Techpool"), a company engaged in developing, manufacturing and sale of raw and finished bio-chemical pharmaceutical, for a consideration of RMB71,000,000 (equivalent to approximately HK\$68,270,000). The acquisition has been accounted for using the purchase method of accounting. The amount of goodwill arising as a result of this acquisition was HK\$22,569,000.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Acquiree's carrying amount before combination	Fair value adjustments	Fair values
	HK\$'000	HK\$'000	HK\$'000
Net assets acquired:			
Property, plant and equipment	17,335	4,683	22,018
Prepaid lease payments	1,385	–	1,385
Other intangible assets	598	4,042	4,640
Interests in associates	6,655	–	6,655
Inventories	55,325	11,065	66,390
Trade and other receivables	11,764	–	11,764
Bank balances and cash	11,038	–	11,038
Trade and other payables	(27,096)	–	(27,096)
Taxation payable	(12)	–	(12)
Deferred tax liabilities	(928)	(6,531)	(7,459)
Short-term bank and other borrowings	(24,038)	–	(24,038)
	52,026	13,259	65,285
Minority interests	(15,553)	(4,031)	(19,584)
	36,473	9,228	45,701
Goodwill arising on acquisition			22,569
			68,270
Satisfied by:			
Cash consideration paid			68,270
Net cash outflow arising on acquisition:			
Cash consideration paid			(68,270)
Cash and cash equivalents acquired			11,038
			(57,232)

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

Changzhou Techpool contributed approximately HK\$34 million and HK\$6 million to the Group's turnover and profit for the period, respectively.

The goodwill arising on the acquisition of Changzhou Techpool is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

17. RELATED PARTY TRANSACTIONS

(i) During the period, the Group had the following significant transactions with related parties:

Related party	Nature of transactions	Six months ended 30th June	
		2006 HK\$'000	2005 HK\$'000
Ultimate holding company	Rentals paid on premises	3,180	2,820
Fellow subsidiaries	Rentals paid on premises	8,445	8,091
Associate	Printing service income received	1,657	5,359

(ii) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30th June	
	2006 HK\$'000	2005 HK\$'000
Short-term benefits	14,025	11,538
Share-based payments	1,589	—

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

(iii) Material transactions and balances with other state-controlled enterprises

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), the ultimate holding company which is controlled by the PRC government. Apart from the transactions with SIIC and other related parties disclosed in (i) above, the Group also conducts business with other state-controlled entities. The directors consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

Material transactions/balances with other state-controlled entities are as follows:

	Six months ended 30th June	
	2006 HK\$'000	2005 HK\$'000
Transactions		
Trade sales	419,404	433,873
Trade purchases	163,802	134,869
	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Balances		
Amounts due from other state-controlled entities	268,164	283,988
Amounts due to other state-controlled entities	20,363	4,591

In view of the nature of the Group's toll road operating business, the directors are of the opinion that, except as disclosed above, it is impracticable to ascertain the identity of the counterparties and accordingly whether the transactions were with other state-controlled entities.

In addition, the Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

Except as disclosed above, the directors are of the opinion that transactions with other state-controlled entities are not significant to the Group's operations.

Other Information

Directors' Interests

As at 30th June 2006, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are set out as follows:

(I) Interests in shares and underlying shares of the Company

(a) Ordinary Shares

Name of Director	Capacity	Nature of interests	Number of issued shares held	Percentage of issued share capital
Cai Lai Xing	Beneficial Owner	Personal	4,000,000	0.41%
Qu Ding	Beneficial Owner	Personal	1,250,000	0.13%
Lu Ming Fang	Beneficial Owner	Personal	4,200,000	0.43%
Ding Zhong De	Beneficial Owner	Personal	200,000	0.02%
Qian Shi Zheng	Beneficial Owner	Personal	200,000	0.02%
Yao Fang	Beneficial Owner	Personal	200,000	0.02%

All interests stated above represented long positions.

(b) Share Options

Name of Director	Capacity	Date of grant	Exercise price per share HK\$	Number of share options held	Percentage of issued share capital
Cai Lai Xing	Beneficial Owner	2.9.2005	14.89	800,000	0.08%
Cai Yu Tian	Beneficial Owner	2.5.2006	17.10	1,300,000	0.13%
Qu Ding	Beneficial Owner	2.9.2005	14.89	560,000	0.06%
Lu Ming Fang	Beneficial Owner	2.9.2005	14.89	480,000	0.05%
Ding Zhong De	Beneficial Owner	2.5.2006	17.10	1,000,000	0.10%
Qian Shi Zheng	Beneficial Owner	2.9.2005	14.89	300,000	0.03%
Tang Jun	Beneficial Owner	2.9.2005	14.89	300,000	0.03%

(II) Interests in shares of the associated corporation of the Company**SI United**

Name of Director	Capacity	Nature of interests	Number of issued shares held	Percentage of issued share capital
Lu Ming Fang	Beneficial Owner	Personal	19,500	0.01%
Ding Zhong De	Beneficial Owner	Personal	19,500	0.01%

All interests stated above represented long positions.

Save as disclosed above, none of the Directors nor Chief Executive of the Company had any other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30th June 2006.

Other Information

Share Options

During the period under review, the movements in the share options to subscribe for the Company's shares were as follows:

	Date of grant	Exercise price per share HK\$	Outstanding at 1.1.2006	Number of shares subject to share options			Outstanding at 30.6.2006
				Granted during the period	Lapsed during the period	Exercised during the period	
Category 1: Directors							
Cai Lai Xing	2.9.2005	14.89	800,000	-	-	-	800,000
Cai Yu Tian	2.5.2006	17.10	-	1,300,000	-	-	1,300,000
Qu Ding	2.9.2005	14.89	560,000	-	-	-	560,000
Lu Ming Fang	2.9.2005	14.89	480,000	-	-	-	480,000
Ding Zhong De	2.5.2006	17.10	-	1,000,000	-	-	1,000,000
Qian Shi Zheng	2.9.2005	14.89	300,000	-	-	-	300,000
Tang Jun	2.9.2005	14.89	300,000	-	-	-	300,000
Total for Directors			2,440,000	2,300,000	-	-	4,740,000
Category 2: Employees							
	10.9.2002	11.71	7,385,000	-	-	(543,000)	6,842,000
	2.9.2005	14.89	4,560,000	-	(212,000)	(71,000)	4,277,000
	2.5.2006	17.10	-	1,500,000	-	-	1,500,000
Total for employees			11,945,000	1,500,000	(212,000)	(614,000)	12,619,000
Category 3: Others							
	2.9.2005	14.89	3,000,000	-	-	-	3,000,000
	2.5.2006	17.10	-	1,200,000	-	-	1,200,000
Total for others			3,000,000	1,200,000	-	-	4,200,000
Total for all categories			17,385,000	5,000,000	(212,000)	(614,000)	21,559,000

Share options granted in September 2002 under the Company's share option scheme are exercisable in three batches within a period of three and a half years commencing six months after the respective dates of acceptance of the share options.

Share options granted in September 2005 under the Company's share option scheme are exercisable during the period from 2nd March 2006 to 1st March 2009 in three batches.

Share options granted in May 2006 ("Third Lot Share Options") under the Company's share option schemes are exercisable during the period from 2nd November 2006 to 1st November 2009 in three batches.

During the period, the weighted average closing price of the Company's shares on the trading day immediately before the respective dates on which the share options were exercised was HK\$16.72.

The closing price of the Company's shares on the trading day immediately before 2nd May 2006, being the date of grant of the Third Lot Share Options, was HK\$16.70.

Interests of Substantial Shareholders and Other Persons

As at 30th June 2006, the interests and short positions of the substantial shareholders of the Company and other persons in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO are set out as follows:

Name of Shareholder	Capacity	Nature of interests	Number of issued ordinary shares beneficially held	Percentage of issued share capital
<i>(a) Long Positions</i>				
SIIC	Interests held by controlled corporations	Corporate	548,076,000 (note (i))	56.61%
Templeton Asset Management Limited	Investment Manager	Corporate	58,123,253	6.00%
<i>(b) Short Positions</i>				
SIIC	Interests held by controlled corporations	Corporate	87,653,993 (note (ii))	9.05%

Notes:

- (i) SIH, SIIC Capital and SIIC CM Development held 468,066,000, 80,000,000 and 10,000 ordinary shares of the Company respectively. SIIC owns 100% of SIIC CM Development and STC respectively whereas STC owns 100% of SIH, which in turn owns 100% of SIIC Capital.
- (ii) SIIC was taken to have short positions in respect of 87,653,993 underlying shares of the Company under certain listed equity derivatives pursuant to the Zero Coupon Guaranteed Exchangeable Bonds issued by STC due March 2009 unconditionally and irrevocably guaranteed by SIIC and exchangeable into ordinary shares of the Company.

Save as disclosed above, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30th June 2006.

Other Information

Employees

There have been no material changes to the information disclosed in the Company's 2005 annual report in respect of the number and remuneration level of employees, remuneration policies and staff training programmes.

Review of Report

The Audit Committee has reviewed the Company's interim report for the six months ended 30th June 2006.

Corporate Governance

The Company has complied with all the code provisions of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules throughout the six months ended 30th June 2006.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding Directors' and relevant employees' securities transactions of listed companies on terms no less exacting than the required standard set out in the Model Code, and all Directors have confirmed that they have complied with the Model Code and the Company's own code during the period under review.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

Term used	Brief description
Bright Dairy	Bright Dairy and Food Co. Ltd. (SSE stock code: 600597)
Changzhou Pharmaceutical	Changzhou Pharmaceutical Co. Ltd.
Chengdu Wing Fat Printing	Chengdu Wing Fat Printing Co. Ltd.
China Netcom (HK)	China Netcom Group Corporation (Hong Kong) Ltd. (Stock Exchange stock code: 906)
Dongfang Cable	Dongfang Cable Network Co. Ltd.
Exceptional Items	Exceptional losses of about HK\$247 million brought by the share reform plans of SI United and Bright Dairy and an after-tax exceptional gain of about HK\$244 million derived from the disposal of a 10% interests in Pudong Container
Guangdong Techpool	Guangdong Techpool Biochem Pharma Co. Ltd.
General Water of China	General Water of China Co. Ltd.
Hebei Yongxin Paper	Hebei Yongxin Paper Co. Ltd.
Hangzhou Qingchunbao	Chia Tai Qingchunbao Pharmaceutical Co. Ltd.
Hu-Ning Expressway	Shanghai Hu-Ning Expressway (Shanghai Section) Co. Ltd.
Huizhong Automotive	Shanghai Huizhong Automotive Manufacturing Co. Ltd.
Huqingyutang Pharmaceutical	Hangzhou Huqingyutang Pharmaceutical Co. Ltd.
Lianhua Supermarket	Lianhua Supermarket Holdings Co. Ltd. (Stock Exchange stock code: 980)
Liaoning Herbapex	Liaoning Herbapex Pharmaceutical (Group) Co. Ltd.
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
MicroPort Medical	MicroPort Medical (Shanghai) Co. Ltd.
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers
Nanyang Tobacco	Nanyang Brothers Tobacco Co. Ltd.
Net Business Profit	Net profit excluding net corporate income
Pipelines Co.	Shanghai Information Pipelines Co. Ltd.

Glossary of Terms

Term used	Brief description
Public Road Construction Co.	上海公路建設總公司 (Shanghai Public Road Construction Co.)
Pudong Container	Shanghai Pudong International Container Terminals Ltd.
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Shanghai Medical Instruments	Shanghai Medical Instruments Co. Ltd.
SI United	Shanghai Industrial United Holdings Co. Ltd. (SSE stock code: 600607)
SIH	Shanghai Investment Holdings Ltd.
Shanghai Information Investment	Shanghai Information Investment Inc.
SIIC	Shanghai Industrial Investment (Holdings) Co. Ltd.
SIIC Capital	SIIC Capital (B.V.I.) Ltd.
SIIC CM Development	SIIC CM Development Ltd.
SMIC	Semiconductor Manufacturing International Corporation (Stock Exchange stock code: 981)
SSE	Shanghai Stock Exchange
STC	Shanghai Industrial Investment Treasury Co. Ltd.
Stock Exchange	The Stock Exchange of Hong Kong Ltd.
Sunve Pharmaceutical	Shanghai Sunve Pharmaceutical Co. Ltd.
Sunway Biotech	Shanghai Sunway Biotech Co. Ltd.
Transportation Electric	Shanghai SIIC Transportation Electric Co. Ltd.
Wing Fat Printing	The Wing Fat Printing Co. Ltd.
Xiamen TCM	Xiamen Traditional Chinese Medicine Co. Ltd.
Xian Wing Fat	Xian Wing Fat Packing Co. Ltd.
Yitong Co.	Shanghai Yitong International Co. Ltd.
Yongjin Expressway	Zhejiang Jinhua Yongjin Expressway Co. Ltd.