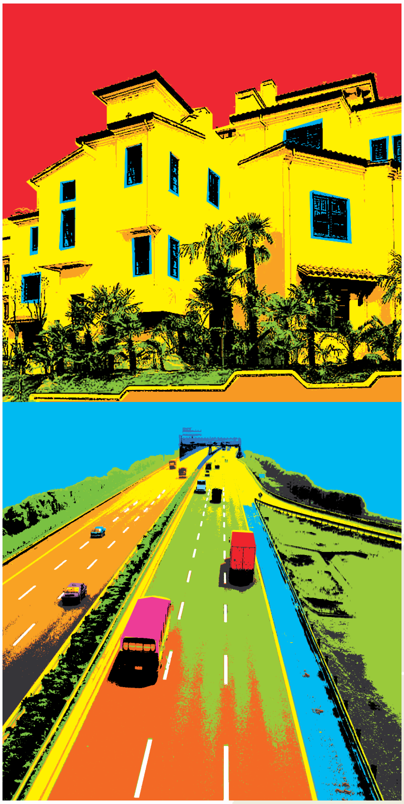
上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

Stock Code: 363



2009

Interim Report

Contents

Corporate Information

Directors

Executive Directors

Mr. Teng Yi Long *(Chairman)*
Mr. Cai Yu Tian
(Vice Chairman & Chief Executive Officer)
Mr. Lu Ming Fang
Mr. Ding Zhong De
Mr. Zhou Jie *(Executive Deputy CEO)*
Mr. Qian Shi Zheng *(Deputy CEO)*
Mr. Yao Fang
Mr. Zhou Jun *(Deputy CEO)*

Independent Non-Executive Directors

Dr. Lo Ka Shui
Prof. Woo Chia-Wei
Mr. Leung Pak To, Francis

Board Committees

Executive Committee

Mr. Teng Yi Long *(Committee Chairman)*
Mr. Cai Yu Tian
Mr. Lu Ming Fang
Mr. Zhou Jie
Mr. Qian Shi Zheng
Mr. Zhou Jun

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. Zhang Zhen Bei
Mr. Guo Fa Yong

Company Secretary

Mr. Leung Lin Cheong

Qualified Accountant

Mr. Lee Kim Fung, Edward

Authorised Representatives

Mr. Cai Yu Tian
Mr. Leung Lin Cheong

Registered Office

26th Floor, Harcourt House
39 Gloucester Road, Wanchai, Hong Kong
Telephone : (852) 2529 5652
Facsimile : (852) 2529 5067
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Auditor

Deloitte Touche Tohmatsu

Share Registrar

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong
Telephone : (852) 2980 1333
Facsimile : (852) 2861 1465

ADR Depository Bank

The Bank of New York Mellon
Investor Relations
P.O. Box 11258, Church Street Station
New York, NY 10286-1258

Company Stock Code

Stock Exchange : 363
Bloomberg : 363 HK
Reuters : 0363.HK
ADR : SGHIY

Company Website

www.sihl.com.hk

Dividend Notice

Interim Dividend

The Board of Directors has resolved to pay an interim dividend for the six months ended 30th June 2009 of HK48 cents (2008: HK45 cents) per share, which will be payable on or about Monday, 5th October 2009 to Shareholders whose names appear on the Register of Members of the Company on Friday, 25th September 2009.

Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 23rd September 2009 to Friday, 25th September 2009, both days inclusive, during which period no transfer of shares will be effected. Notice of Dividend will be dispatched to Shareholders on or about Monday, 5th October 2009. In order to qualify for the entitlement of the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 22nd September 2009.

Financial Calendar

2009 Interim Results	Announced on Tuesday, 1st September 2009
Closure of Register of Members	To be closed from Wednesday, 23rd September 2009 to Friday, 25th September 2009, both days inclusive
Record date for 2009 Interim Dividend	Friday, 25th September 2009
Notice of 2009 Interim Dividend	To be dispatched to Shareholders on or about Monday, 5th October 2009

I am pleased to announce that the Group's consolidated turnover for the six months ended 30th June 2009 amounted to HK$5,579 million, representing a decline of 17.6% over the same period last year. Profits attributable to shareholders rose 6.7% to HK$1,403 million.

During the period, assets restructuring was accelerated with the disposal of a number of non-core and non-controlling businesses. Efforts were made to focus on the development of principal businesses and further enhance the value of our core assets. Significant results were achieved.

The Board of Directors has resolved to declare an interim dividend of HK48 cents (2008: HK45 cents) per share to Shareholders whose names appear on the Register of Members of the Company on Friday, 25th September 2009. The interim dividend will be paid to Shareholders on Monday, 5th October 2009.

Speeding up divestment of non-core businesses

In line with the Company's strategies of divesting its non-core business and optimizing its business structure, a series of assets were disposed of during the period. In June, the Group made a further 5% reduction in shareholdings in Bright Dairy and disposed of its entire 18.89% interest in MicroPort Medical, following the disposal of its entire 21.17% shareholdings in Lianhua Supermarket in January 2009. In July, the Group also announced the disposal of its entire 8.2% interest in SMIC to its parent company and sale of the remaining 30.176% shareholdings in Bright Dairy, realizing an aggregate of HK$4,966 million for the Group. The proceeds from the asset disposals will be used for the expansion of the Group's core businesses.

With the completion of the disposal of the Group's non-core and non-controlling businesses, further investments will be made in the Group's core business through mergers and acquisitions in the future.

Robust expansion of the infrastructure facilities segment

The Hu-Ning Expressway (Shanghai Section) and Hu-Hang Expressway (Shanghai Section) wholly-owned by the Group accounted for approximately 40% of the total revenue from toll roads in Shanghai. Looking ahead, the Group will continue to allocate further resources on the infrastructure facilities segment and speed up its development. The Group is also planning to acquire a third toll road in Shanghai and expects to increase its market share in toll roads to about 55%. Such moves are expected to bring stable investment gains to the Group, strengthen its recurring cash flow and enhance the profitability of its core businesses.

As for water business, the group aims to, under the current strategic directions, further enhance the operation of capital. It will focus on identifying mergers and acquisitions opportunities and further establish new platforms for listing and fund raising activities. It will, at the same time, expand its infrastructure facilities business and identify scientific research advantages in order to broaden its scope of business and create new earnings drivers.

Injection of high-quality real estate resources

The Group made inroads into the real estate business in 2008. Property sales of Shanghai Urban Development has been favourable with a pre-sale amount of HK$3,124 million recorded during the period. Launched in 2008, "Urban Cradle – Lounge City" apartments have been well received. The number of apartments released was increased several times and, up to the end of August, 742 units have been sold in 2009. In June 2009, the Group announced the acquisition of a RMB2 billion property interest in four blocks of prime residential buildings under development in "Shanghai Bay" in Shanghai. With a gross floor area of about 100,000 square meters, the acquisition is expected to help further expand the Group's real estate business and achieve satisfactory guaranteed investment returns.

On 12th August 2009, the Group announced the acquisition of a development site (land lots D and E) located by the side of the Dianshan Lake, Zhujiajiao, Qingpu District, Shanghai from the parent company for a total consideration of approximately HK$1,732 million, subject to approval by Shareholders at the forthcoming extraordinary general meeting in mid-September. The site is planned for the construction of low density mid to high-end luxury residential buildings and villas. Upon completion of the transaction, more high quality land resources will be available for the further development of the Group's real estate business. The acquisition of the adjacent parcels of land will also be pursued for development use.

Prospects

The Group is committed to optimize its business structure and strengthen its core businesses, with a focus on the infrastructure and real estate segments, making them key growth drivers and sources of income of the Group in the future. Efforts will be devoted to maintain stable development of the consumer products business, which will continue to bring steady profit contribution and recurring cash flow for the Group. As of the date of this report, the Group has made respective plans for the disposal of a number of non-core and non-controlling assets. The Group will continue its pace of restructuring and, through mergers and acquisitions and upscaling of its investments in core businesses, sharpen its investment portfolio and optimize its business structure. This should ultimately help enhance the earnings capabilities of the Group and create higher values for the Shareholders.

As for the infrastructure facilities segment, the Group will actively establish an infrastructure business platform and acquire additional highway projects with profit growth potential in Shanghai and other provinces and cities with relatively fast economic growth. The Group will also be committed to enhance the capital operations of its water business and bring further momentum to the business.

As for the medicine business, in light of the allocation of medicine assets by the Shanghai Municipal Government last year to SIIC, the controlling Shareholder of the Company, SIIC is planning for the restructuring of its medicine businesses and integration of its medicine segments, and this will involve the Group's medicine projects. The restructuring plan is expected to be finalized in the second half of this year.

For the consumer products business, Nanyang Tobacco continued to record robust growth. Overall performance of Wing Fat Printing remained stable. Both companies brought recurring cash to the Group, providing strong support for the expansion of the Group's core businesses. Counting on the existing operations, the Group will strengthen its competitive edge and improve operational efficiency in the future.

As for the real estate business, the Group will increase the scale of its investment in the PRC, leverage on opportunities arising from assets restructuring in the Mainland and acquire more land reserve and high quality projects through acquisitions in the market and asset injections by the parent company. This should help strengthen the earnings growth momentum of its core businesses.

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

Teng Yi Long
Chairman

Hong Kong, 1st September 2009

As at 1st September 2009

Infrastructure Facilities

Business	Group's interest held	Company Name
Toll Roads	100%	Shanghai Hu-Ning Expressway (Shanghai Section) Co. Ltd.
	100%	Shanghai Luqiao Development Co. Ltd.
Water Services	50%	General Water of China Co. Ltd.

Medicine

Business	Group's interest held	Company Name
Chinese Medicine and Health Food	55%	Chia Tai Qingchunbao Pharmaceutical Co. Ltd.
	51.0069%	Hangzhou Huqingyutang Pharmaceutical Co. Ltd.
	61%	Xiamen Traditional Chinese Medicine Co. Ltd.
	55%	Liaoning Herbapex Pharmaceutical (Group) Co. Ltd.
Biomedicine	70.41%	Shanghai Sunway Biotech Co. Ltd.
	40.8% (Note)	Guangdong Techpool Biochem Pharma Co. Ltd.
Chemical Medicine	60.59% (Note)	Changzhou Pharmaceutical Co. Ltd.
Medical Equipment	99.5% (Note)	Shanghai Medical Instruments Co. Ltd.

Consumer Products

Business	Group's interest held	Company Name
Tobacco	100%	Nanyang Brothers Tobacco Co. Ltd.
Dairy	30.176%	Bright Dairy and Food Co. Ltd. (600597 SSE)
Printing	93.44%	The Wing Fat Printing Co. Ltd.

Real Estate

Business	Group's interest held	Company Name
Real Estate	59%	Shanghai Urban Development (Holdings) Co. Ltd.
	100%	Shanghai Penghui Property Co. Ltd.
Hotel Operation	87%	Shanghai SIIC South Pacific Hotel Co. Ltd.

Note: The said interests are held by SI Pharmaceutical and/or its subsidiaries.

For the six months ended 30th June 2009, the Group's consolidated turnover amounted to HK$5,579 million, representing a decline of 17.6% over the same period last year. Profits attributable to shareholders rose 6.7% to HK$1,403 million. A total disposal gain of approximately HK$741 million for disposal of assets was recorded during the period.

Infrastructure Facilities

During the period, profit contribution from the infrastructure facilities segment amounted to HK$333 million, representing an increase of 24.8% over the same period last year and accounting for approximately 22.9% of the Group's Net Business Profit.

The alteration and widening of the Hu-Ning Expressway (Shanghai Section) was completed at the end of last year. During the first half of 2009, Hu-Ning Expressway (Shanghai Section) recorded an increase in both toll revenue and traffic flow, rising 24.1% to HK$211 million and 32.5% to approximately 12.47 million vehicles respectively over the corresponding period last year. During the period, toll road facilities were significantly improved, service training was strengthened, while operational management systems and road efficiency were enhanced. Preparation for maintenance and contingency plans for the "Shanghai Expo 600 days Countdown Campaign" has also commenced.

The alteration and widening of the Xinsong section of the Hu-Hang Expressway (Shanghai Section) commenced in January 2009 in anticipation of a rapid increase in traffic flow in the forseeable future. The Xinzhuang to Xinqiao section has been completely closed since mid-May to make way for road diversions, resulting in a decrease in toll revenue of 39.4% to approximately HK$195 million and in traffic flow of 46.2% to approximately 7.86 million vehicles of the Hu-Hang Expressway (Shanghai Section). The net profit from Luqiao Development for the period was HK$227 million, representing an increase of 136.0%. The increase was mainly attributed to government subsidies of approximately HK$143 million received for the alteration and widening project. The total construction cost paid for the alteration and widening works during the period was approximately HK$1,022 million. It is expected that the works will be completed by March 2010 before the opening of the Shanghai World Expo.

General Water of China recorded a revenue from principal business of HK$282 million, representing an increase of 12.9% over the corresponding period last year. In January 2009, the company has been ranked by H2O-China.com as one of the Top Ten Influential Water Service Companies for six consecutive years since its inception, securing its leading position in the industry. The company's current development strategies are to actively pursue mergers and acquisitions as well as integration of its businesses, establish a healthy profit structure and enhance return on assets. During the period, the company broadened its scope of business to manufacturing of water equipment, and scientific researches were transformed into productivity. This is expected to enhance the competitiveness of its core business and to increase value for shareholders.

In June 2009, the Company announced through SI Infrastructure, its wholly-owned subsidiary, to subscribe for new shares in Asia Water, a listed company in Singapore, at SGD0.02 per share for a controlling stake in the company. Such investments will be taken up by General Water of China within a period of two years. The transaction is subject to approval by shareholders of Asia Water at an extraordinary general meeting and waiver has been granted by the relevant authority in Singapore for SI Infrastructure to make a general offer to shareholders.

Medicine

During the period, the medicine business recorded a turnover of HK$2,915 million, representing an increase of 6.9% over the same period last year. Profit contribution amounted to HK$508 million, representing a 3.16-fold increase and accounting for 35.1% of the Group's Net Business Profit. A disposal gain of approximately HK$383 million was recorded for the disposal of its approximate 18.89% entire interest in MicroPort Medical. SIIC, the controlling Shareholder of the Company, is currently restructuring its medicine business which will involve certain medicine projects of the Group. The restructuring plan is expected to be finalized in the second half of the year.

For Chinese medicine and health food, the overall sales of Chinese medicine grew while the sales of health food recorded a decline. Huqingyutang Pharmaceutical's major brands of Chinese medicine, "Stomach Rejuvenation Tablets", "Herba Dendrobium Grain" and "Qiangli Pipa Syrup", recorded a growth of 15.9%, 21.6% and 12.2% respectively. The accumulated sales of Huqingyutang Drugstore cordyceps increased 30.2% over the corresponding period last year. The sales of major products of Xiamen TCM rebounded rapidly in June following the completion of its plant relocation in May 2009. During the first half of the year, Hangzhou Qingchunbao's "Dengfeng" Shen Mai Injection recorded a sales growth of 9.3%, and as a key State project, subsidies from government funds were received during the period.

For biomedicine, major products including "Techpool Luoan" and "Kai Li Kang" recorded a growth of 42.5% and 85.6% respectively over the same period last year. In June 2009, a new strategic partner was introduced to Guangdong Techpool through taking a 28% interest in the company by means of share transfer and capital injection. Completed in July, the transaction is expected to help speed up market development for core products as well as future business expansion for the company.

For chemical medicine, the wholesale and retail sales of Changzhou Pharmaceutical in the first half of 2009 recorded a growth of 22.4% and 14.9% respectively over the same period last year. Sales of pharmaceutical products remained stable while chemical drugs were able to maintain relatively strong profits.

For medical equipment, sales in major products achieved stable growth while sales for consumables such as indwelling needle grew significantly. In June 2009, the Group further reduced its non-controlling business and disposed of its entire interest of approximately 18.89% in MicroPort Medical for approximately HK$516 million, resulting in a disposal gain of approximately HK$383 million for the Group.

Sale of Major Products

Product Name	Type/Indication	Sales (HK$'000) First Half of 2009	First Half of 2008	Change
"Dengfeng" Shen Mai Injection	Cardiovascular	**214,603**	196,397	9.3%
"Dengfeng" Dan Shen Injection	Cardiovascular	**67,265**	69,721	-3.5%
"Huqingyutang" Stomach Rejuvenation Tablets	Gastritis	**61,175**	52,800	15.9%
"Herbapex" Rupixiao Tablets	Gynaecological	**59,853**	68,368	-12.5%
"Dinglu" Xinhuang Tablets	Anti-bacterial, anti-inflammatory, pain relieving	**54,875**	55,718	-1.5%
"Qingchunbao" Anti-ageing Tablets	Immunity strengthening	**154,176**	182,034	-15.3%
"Qingchunbao" Yongzhen Tablets	Health food	**26,964**	27,344	-1.4%
"Qingchunbao" Beauty Capsules	Health food	**23,288**	30,287	-23.1%
"Huqingyutang" Herba Dendrobium Grain	Health food	**26,029**	21,408	21.6%
"Techpool Luoan"	Urinary trypsin enzyme inhibitor	**189,971**	132,629	42.5%
"Compound Reserpine Tablets"	Anti-hypertension	**33,701**	38,149	-11.7%
"Changzhou Pharmaceutical" Captopril Tablets	Anti-hypertension	**45,309**	38,001	19.2%
"Kai Li Kang"	Treating acute cerebral infarct	**19,162**	10,323	85.6%

Consumer Products

For the first half of 2009, profit contribution from the consumer products segment of the Group amounted to HK$761 million, accounting for approximately 52.4% of the Net Business Profit of the Group, representing an increase of more than one fold compared to the same period last year. During the period, the Group further reduced its non-core business and disposed of its approximate 21.17% and 5% interest in Lianhua Supermarket and Bright Dairy respectively, recording a total disposal gain of approximately HK$358 million.

During the period, Nanyang Tobacco focused on high value added products and achieved satisfactory results in restructuring its product portfolio. Despite a decline in overall sales, the company achieved relatively rapid growth in profit after tax of approximately HK$309 million. The proportion for high value added products such as "Double Happiness Classic Deluxe" in the China market increased significantly. A relatively large increase in sales was recorded for canned "Portrait" and "Hong Kong" collection in the duty free market. Sales in the Hong Kong market declined due to a significant increase in tobacco duty, while sales growth was recorded in the Macau market. Following completion of the trial operation in June, production on expanded cut tobacco has begun. In view of rising cost and intensified competition, the company will continue to exercise cost control and modify products and market structure in order to enhance overall product quality and maintain sustainable business development.

During the first half of 2009, Bright Dairy's turnover increased slightly to RMB3,852 million (equivalent to approximately HK$4,375 million) over the same period last year. A net profit of RMB45.34 million (equivalent to approximately HK$51.50 million) was recorded, representing a decline of 67.8%. The decline was attributed to a compensation of RMB165 million received from Compagine Gervais Danone during the same period last year. In line with the Group's strategy of reducing non-core businesses, a 5% shareholding in Bright Dairy was disposed of through trading in the Shanghai Stock Exchange in June 2009 for a consideration of approximately HK$391 million. A disposal gain before tax of approximately HK$261 million was recorded for the period. The Group also entered into a share transfer agreement with Bright Food to dispose of all its remaining interest of 30.176% in Bright Dairy in July. The transfer is subject to approval by relevant authorities in the PRC. It is expected that the Group will record a disposal gain before tax of approximately HK$945 million upon completion of the transaction.

During the period, Wing Fat Printing recorded a turnover of HK$792 million, a decline of 14.9%. Net profit rose 14.9% to HK$80.59 million. The performance of the printing business remained stable with an increase in turnover of 2.3% over the corresponding period last year. The newly developed packaging business for drugs has brought about a new growth driver for the segment. As prices in the market dropped significantly, turnover for the containerboard business fell 28.8% compared with the same period last year and a loss was recorded. Looking forward this year, as the 300,000 tonnes A grade containerboard production line of Hebei Yongxin Paper commenced production in April this year, the paper manufacturing business is expected to show signs of recovery.

In January 2009, the Group announced the disposal of its 21.17% interest in Lianhua Supermarket for a consideration of RMB1,056 million. The transaction was completed in March and a disposal gain of approximately HK$125 million was recorded for the period.

Real Estate

During the period, the real estate business contributed a profit of approximately HK$53.50 million to the Group, accounting for approximately 3.7% of the Group's Net Business Profit. Without taking property revaluation into account, profit from Shanghai Urban Development increased more than one fold over the same period last year.

As at the end of June 2009, Shanghai Urban Development had a land reserve of a total gross floor area of up to 3,260,000 square meters, with eight real estate projects in five regions namely Shanghai, Jiangsu, Anhui, Hunan and Chongqing. During the period, newly added construction area amounted to approximately 50,000 square meters.

Shanghai Urban Development recorded a total sales of approximately HK$493 million during the period, dropping 68.5%. Net profit for the period was approximately HK$129 million. Without taking property revaluation into account, the company recorded an increase in net profit of 133.8%. During the period, a pre-sale amount of approximately HK$3,124 million was recorded, including the projects of Urban Cradle in Shanghai, Kuncheng Dijing Garden in Kunshan, Toscana in Changsha and Rose City in Hefei, with a pre-sale gross floor area of approximately 222,000 square meters. Since the launching of "Urban Cradle – Lounge City" apartments in 2008, the response has been very positive. The number of apartments released was increased several times. Up to the end of August, 742 units have been sold in 2009, generating a pre-sale proceeds of approximately HK$2,032 million. Rental income from investment properties held amounted to approximately HK$68.86 million, with an aggregate gross floor area of approximately 77,056 square meters.

Set our below is a summary of the main property development projects of Shanghai Urban Development:

Major Development Properties

Project	Type of Property	Approximate Site Area	Total Gross Floor Area (GFA)	Total GFA pre-sold/ GFA Pre-sold in 1st half of 2009	Interest attributable to Shanghai Urban Development	Date of Completion	Approximate Completion Progress
Urban Cradle (萬源城) Minhang District, Shanghai	Residential	Total site area: 943,000 square meters, of which 560,463 square meters residential area situated at Lots B, C, D, E & F	1,307,369 square meters (included basement carpark and public facilities)	275,101.59 square meters/ 112,119 square meters	90%	2007-2012 in phases	47%
Kuncheng Dijing Garden (琨城帝景園) Kunshan, Jiangsu Province	Hotel, commercial & residential	205,016 square meters	268,020.5 square meters	49,621.76 square meters/ 12,683.76 square meters	90%	2007-2010 in phases	70%
Rose City (玫瑰紳城) Hefei, Anhui Province	Commercial & residential	187,060 square meters (included a parcel of land in the northern district)	445,551 square meters	101,962.97 square meters/ 78,342.53 square meters	100%	2008-2010 in phases	48%
Toscana (托斯卡納) Changsha, Hunan Province	Commercial & residential	180,541 square meters	202,425 square meters	86,466.96 square meters/ 19,052.77 square meters	55%	2006-2010 in phases	70%
Ivy International Community (常青藤國際社區) Chongxing	Residential	126,540 square meters	79,085	–	55%	2009-2011 in phases	33%
HuaQiao International Service Business Park Lot C-25 (花橋國際商務城 C-25地塊) (unofficial name) Kunshan, Jiangsu Province	Composite	34,223 square meters	136,892 square meters	–	52%	2009-2011 in phases	18%

Major Future Development Properties

Project	Type of Property	Approximate Site Area	Total GFA	Interest attributable to Shanghai Urban Development	Anticipated Project Commencement and Completion Date
Xujiahui Centre (徐家匯中心) Xuhui District, Shanghai	Composite	132,000 square meters dividing into six parcels of land (35,343 square meters obtained)	629,000 square meters (320,700 square meters obtained)	60% (obtained the land use right of one parcel of land for composite use)	2009-2017 (works commenced subject to the progress of site clearance)
Wuxi Lihu Technology Building (無錫蠡湖科技大厦) Wuxi Lihu Economic Development Area	Hotel & commercial	24,041 square meters	191,660 square meters	100%	2009-2012

In June 2009, the Group announced the acquisition of four residential blocks of "Shanghai Bay" from Glorious Property for approximately RMB2 billion. Situated along the riverside of Huangpu River and adjacent to the Shanghai World Expo venues, the residential blocks acquired are currently under development with 396 units and a total gross floor area of approximately 100,000 square meters. Glorious Property was entrusted for the construction and management of the project, and shall be responsible for the construction, promotion and sale of the properties. Glorious Property has also undertaken that the Group will receive a total guaranteed profit return of approximately HK$1,022 million in three years, and after 2011, Glorious Property may buy back the properties at the original consideration. The investment will further expand the Group's real estate business in the PRC and provide stable cash flows to the Group during the guaranteed period.

On 12th August 2009, the Company announced the acquisition of a development site (land lots D and E) located by the lakeside of the Dianshan Lake, at Zhujiajiao in the southwest of the Qingpu District, Shanghai from its parent company for a total consideration of about HK$1,732 million. The transaction is subject to approval at the forthcoming extraordinary general meeting in mid-September. The acquired site has a total land area of approximately 950,000 square meters and is available for the Group to develop (either on its own or with other parties) into low density mid to high-end luxury residential buildings and villas. The Group will pursue acquisition of the adjacent parcels of land for development purpose.

Affected by reduced demand from overseas visitors, price competition among high-end hotels in Shanghai was intensified in the first half of 2009. Room rates of the Four Seasons Hotel Shanghai remained at a high level compared to its peers and ranked second in the city. The turnover of SIIC South Pacific Hotel in the first half of 2009 was approximately HK$95.18 million. During the period, the company implemented various cost reduction measures and stepped up promotion in the local market. Banquet and conference businesses continued to be strong, and a spa with Chinese medical concept will also be opened in autumn this year to meet the demand of high-end customers and to enhance competitiveness of the hotel in the industry.

Others

The sales of SMIC during the first half of 2009 decreased 41.3% to HK$5,501 million. Net loss for the period amounted to HK$2,157 million, an increase of loss of HK$47.21 million over the same period last year. The Group's share of loss in SMIC during the period was HK$206 million. In July 2009, the Group entered into a share transfer agreement with a wholly-owned subsidiary of SIIC to dispose of its entire shareholding of approximately 8.2% in SMIC. The transaction was approved in an extraordinary general meeting. As a result, the Group recorded a disposal loss of approximately HK$840 million and realized a proceed of approximately HK$1,100 million. The proceeds may be used to further develop the Group's core business and to further optimize its business portfolio.

Key Figures

Results	**2009**	2008 (Restated)	Change
	Unaudited		
	Six months ended 30th June		
Turnover (HK$'000)	**5,579,171**	6,771,349	(17.6)%
Profit attributable to shareholders (HK$'000)	**1,403,282**	1,315,244	6.7%
Earnings per share – basic (HK$)	**1.302**	1.225	6.3%
Dividend per share – Interim (HK cents)	**48**	45	6.7%
Dividend payout ratio	**36.9%**	36.7%	
Interest cover (note(1))	**19.8 times**	13.4 times	

Financial Position	**Unaudited 30th June**	Audited 31st December	
Total assets (HK$'000)	**56,230,878**	51,647,982	8.9%
Shareholders' equity (HK'000)	**24,461,154**	23,401,358	4.5%
Net assets per share (HK$)	**22.67**	21.74	4.3%
Gearing ratio (note(2))	**29.23%**	23.25%	
Number of shares in issue (shares)	**1,078,822,000**	1,076,435,000	

Note (1): (profit before taxation, interest expenses, depreciation and amortization)/interest expenses

Note (2): interest-bearing loans/(shareholders' equity + minority interests + interest-bearing loans)

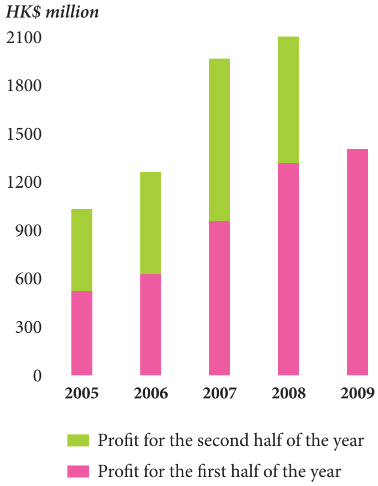
The Company has adopted the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants in the preparation of its consolidated financial statements for the year ended 2008, assuming that the current group structure had been in existence throughout the years presented. The comparative figures and information for the six months ended 30th June 2008 in this "Financial Review" had been restated accordingly.

I Analysis of Financial Results

1 Profit Attributable to Shareholders of the Company

For the six months ended 30th June 2009, the Group recorded a profit attributable to shareholders of HK$1,403.28 million, an increase of HK$88.04 million or approximately 6.7% as compared to the same period in 2008.

During the period, the operating profits from infrastructure facilities, medicine and consumer products business recorded satisfactory increase, together with the disposal of various non-controlling equity investments, which include MicroPort Medical, 5% tradable shares of Bright Dairy and Lianhua Supermarket, resulting in a sustaining stable growth in profit attributable to shareholders of the Company.



2 Profit Contribution from Each Business

The profit contribution of each business to the Group during the first half of 2009 and the comparative figures of the corresponding period last year was summarized as follows:

	Unaudited Six months ended 30 June		
	2009	2008 (Restated)	Change
	HK$'000	HK$'000	%
Real Estate	**53,500**	266,937	(80.0)
Infrastructure Facilities	**332,781**	266,595	24.8
Medicine	**508,467**	122,210	316.1
Consumer Products	**760,619**	379,156	100.6
Information Technology	**(204,465)**	256,505	N.A.

During the first half of 2009, real estate business recorded a net profit of approximately HK$53.50 million. The decrease in net profit was mainly attributable to the non-recurrence of the recognition of increase in fair value of approximately HK$219.96 million in the corresponding period last year due to the transfer of Urban Development International Tower, from "property under development" to "investment property" during the period. The net profit for the period was derived from the sales of villas in Lot B of Yuxi of Urban Cradle and some units in Changsha Toscana and Kunshan Kuncheng Dijing Garden. The increased profit from property sales compared with the same period of last year was mainly due to the higher profit margin of the properties, including villas and joint-row villas in Lot B. With respect to hotel business, the sharp decrease in the number of guests and severe competition in extraordinary low price, led to the significant drop in operating income of the Four Seasons Hotel Shanghai and affected its performance.

During the period, the profit contribution from infrastructure facilities business increased by 24.8% compared with the same period of 2008. The alteration and expansion works had a negative impact on toll revenue of the Hu-Hang Expressway, however, the after-tax compensation of HK$107.17 million obtained for the alteration and expansion works led to the increase in profit contribution compared with the same period of last year. As for Hu-Ning Expressway, the alteration and expansion works was completed last year, hence no toll revenue deficiency compensation was received during the period (the toll revenue deficiency compensation received in the same period last year was approximately HK$90.03 million) and began to be affected by the increase of fixed assets amortization and the commencement of income tax payment, which resulted in the decrease in the profit contribution comparing to the same period of last year.

Net profit from medicine business increased significantly by 316.1% compared with the same period of last year, which was mainly due to the disposal gain of HK$382.97 million arising from the disposal of equity interest in MicroPort Medical during the period. The operating profit of the medicine entities maintained a stable growth on the whole, which was mainly attributable to a major medicine enterprise was granted the High-New Technology Enterprise qualifications in the second half of last year, with applicable tax rate reduced from 26.4% for the same period of last year to 15% during the period, resulting in an increase of profit after taxation over the same period of last year.

During the period, the Group recorded disposal gain of HK$233.34 million and attributable profit of HK$124.91 million respectively from the completion of disposing 5% tradable shares in Bright Dairy and equity interest in Lianhua Supermarket, which resulted in a significant increase in the net profit from the consumer products business during the first half of 2009 compared with the same period of last year. As for the operating results of the enterprises, although Nanyang Tobacco only recorded a slight increase in sales, it achieved a profit growth of 32.6% through adjusting product mix, which raised its gross profit margin. During the period, Bright Dairy's performance declined notably due to the non-recurrence compensation for the termination of trademarks and technology license from Compagnie Gervais Danone last year.

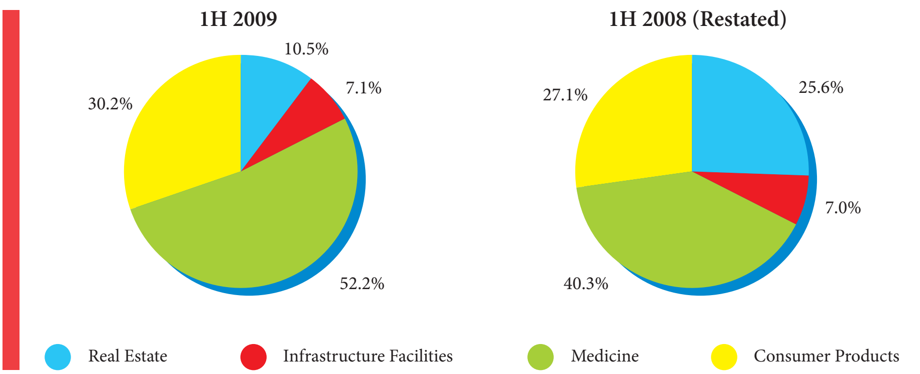
The information technology business continued to be strained by the operating loss of SMIC. Due to a sharp decrease in fab shipments and capacity utilization of SMIC, sales revenue dropped significantly from HK$5,501 million for the same period of last year to HK$3,229 million, or by 41.3%, with the gross profit margin slipping a larger extent, which resulted in the loss attributable to the Group amounted to HK$205.63 million. During the same period of last year, considerable disposal gain was recorded due the completion of the disposal of Shanghai Information Investment and some strategic investments, which resulted in the information technology business turning from profit to loss-making during the period.

Details of operating performances and progress of each business segment for the first half of 2009 are set out in the section headed "Business Review, Discussion and Analysis".

3 Turnover

The Group's turnover by principal activities for the first half of 2009 and comparatives of the same period of last year was summarized as follows:

	Unaudited Six months ended 30th June **2009**	 2008 (Restated)	 Change
	HK$'000	HK$'000	%
Real Estate	**587,776**	1,735,920	(66.1)
Infrastructure Facilities	**393,556**	476,975	(17.5)
Medicine	**2,914,720**	2,725,964	6.9
Consumer Products	**1,683,119**	1,832,490	(8.2)
	5,579,171	6,771,349	(17.6)



The turnover in the first half of 2009 decreased by about 17.6% from the same period of 2008, which was mainly due to the decline in the number of units delivered for occupation and in turn affected the revenue recognition of property sales.

Turnover of real estate business of the Group comprised mainly property sales revenue and the turnover from SIIC South Pacific Hotel. During the period, the sales of some units of high-class properties in Lot B of Yuxi villas project of Urban Cradle, Changsha Toscana and Kunshan Kuncheng Dijing Garden have been completed and delivered for occupation, with a property sale of approximately HK$500 million. Under the influence of the global financial crisis, the turnover of SIIC South Pacific Hotel in the first half of 2009 decreased as compared with the same period of 2008.

The alteration and expansion works had a negative impact on traffic flow and toll revenue of the Hu-Hang Expressway, resulting in a decrease of approximately 39.4% in toll revenue. While for Hu-Ning Expressway, the toll revenue recorded a year-on-year growth of 24.1% upon the completion of its alteration and expansion works last year.

The turnover of our medicine entities continued to record a growth for the period through increased marketing and promotional efforts.

Although the turnover of Nanyang Tobacco maintained a stable growth, the turnover of Wing Fat Printing declined by a larger extent due to the significant fall in market price of the container boards paper business, a decline of 14.9% in operating revenue was recorded as compared with the same period of last year, which resulted in the declining turnover for the overall consumer products business.

4 Profit before Taxation

(1) Gross Profit Margin

Gross profit margin for the period was 41.6%, representing an increase of approximately 8.6 percentage points compared to 33.0% for the same period of last year. Such increase was due to the villas in Lot B of Yuxi of Urban Cradle are high-class properties in the real estate business with a higher gross profit margin compared with "Yi Town" in Lot E sold during the same period of last year. Furthermore, the projects in Lot E had completed pre-sale when Shanghai Urban Development was acquired in the year before last year, and their cost of sales have accounted for their respective valuation adjustments, which explained the reason for the relatively low gross profit margin of the real estate business last year. In addition, Nanyang Tobacco improved its gross profit margin through effective product mix adjustment, which resulted in a considerable growth of overall gross profit margin.

(2) Net Investment Income

Net investment income increased as compared with the same period of last year, which was mainly due to a stabilizing economic and investment market environment during the first half of the year. Fair value of investments were moderately recovered or stabilized.

(3) *Other Income*

During the period, there was no more compensation after the completion of alteration and expansion works of the Hu-Ning Expressway. However, revenue deficiency compensation was received for the Hu-Hang Expressway due to alteration and expansion works implemented during the period which affected its traffic flow. These offset between each other and resulted in a stable other income.

(4) *Share of Results of Jointly Controlled Entities*

Due to the non-recurrence of the subsidy income received in last year for General Water of China, the share of results of jointly controlled entities of the Group decreased.

(5) *Share of Results of Associates*

The decrease in share of results of associates was mainly attributable to the retreat in the results of Bright Dairy, as well as the completion of disposal of Lianhua Supermarket at the beginning of the year which reduced its operating profit contribution. Although Bright Dairy started to recover from the effect the melamine incident, there was a non-recurrence compensation for the termination of trademarks and technology license from Compagnie Gervais Danone in the same period of last year that resulting in a decrease in its operating results.

(6) *Net Gain on Disposal of Interests in Subsidiaries, Jointly Controlled Entities and Associates*

During the period, net gain on disposal of interests was derived from disposal of equity interests of MicroPort Medical, 5% tradable shares of Bright Dairy and equity interest of Lianhua Supermarket, while there was the gain on disposal of Shanghai Information Investment in the corresponding period of last year.

5 Dividends

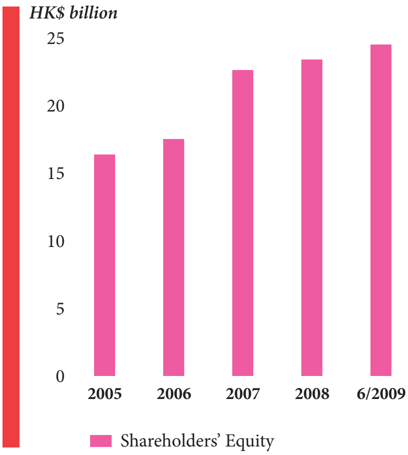
The Group continues to adopt a stable dividend payout policy. The Board of Directors has resolved to pay an interim dividend of HK 48 cents per share. The dividend payout ratio was 36.9%. This represented increases of 6.7% and 0.2 percentage points as compared to the interim dividend of HK45 cents per share and payout ratio of 36.7% respectively for 2008.

II Financial Position of the Group

1 Capital and Shareholders' Equity

The Group had a total of 1,078,822,000 shares in issue as at 30th June 2009, which increased by 2,387,000 shares as compared with 1,076,435,000 shares in issue as at the end of 2008. The increase is mainly attributable to the exercise of share options by employees during the period.

The Group maintains a sound financial position. Shareholders' equity reached HK$24,461.15 million as at 30th June 2009, which was attributable to the operating profits recorded and the increase in number of shares in issue for the first half year after deducting the dividend actually paid during the period.



2 Indebtedness

(1) Borrowings

As at 30th June 2009, the total borrowings of the Group amounted to approximately HK$13,690.17 million (31st December 2008: HK$9,660.04 million), of which 66.4% (31st December 2008: 59.7%) were unsecured credit facilities.

(2) Pledge of assets

As at 30th June 2009, the following assets were pledged in order to secure general credit facilities granted to the Group:

(a) investment properties with a carrying value of approximately HK$1,911,290,000 (31st December 2008: HK$1,898,796,000);

(b) plant and machinery with a carrying value of approximately HK$529,124,000 (31st December 2008: HK$110,309,000);

(c) leasehold land and buildings with a carrying value of approximately HK$311,590,000 (31st December 2008: HK$274,381,000);

(d) motor vehicles with a carrying value of approximately HK$42,000 (31st December 2008: HK$90,000);

(e) properties under development held for sale with a carrying value of approximately HK$2,765,348,000 (31st December 2008: HK$1,892,262,000);

(f) properties held for sale with a carrying value of approximately HK$724,377,000 (31st December 2008: HK$762,119,000);

(g) toll road operating rights with a carrying value of approximately HK$5,779,916,000 (31st December 2008: HK$5,820,389,000);

(h) other inventories with a carrying value of approximately HK$64,914,000 (31st December 2008: HK$38,948,000);

(i) trade receivables with a carrying value of approximately HK$34,901,000 (31st December 2008: Nil); and

(j) bank deposit of approximately HK$925,861,000 (31st December 2008: HK$800,541,000).

(3) Contingent Liabilities

As at 30th June 2009, the Group has given guarantees to banks in respect of banking facilities utilized by an entity controlled by Xuhui District State-owned Assets Administrative Committee, associates and outsiders of approximately HK$1,090.47 million (31st December 2008: HK$1,261.10 million) in total.

3 Capital Commitments

As at 30th June 2009, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK$4,230.16 million (31st December 2008: HK$1,737.97 million). The Group had sufficient internal resources to finance its capital expenditures.

4 Bank Deposits and Short-term Investments

As at 30th June 2009, bank balances and short-term investments held by the Group amounted to HK$12,863.14 million (31st December 2008: HK$9,568.64 million) and HK$367.19 million (31st December 2008: HK$162.72 million) respectively. The proportions of US dollars, Renminbi and HK dollars were 26%, 63% and 11% (31st December 2008: 29%, 67% and 4%) respectively. Short-term investments mainly consisted of investments such as equity linked notes, bonds and PRC listed shares.

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

III Management Policies for Financial 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 the HK dollar and Renminbi are both under managed floating systems, the Group, after reviewing its exposure for the time being, did not enter into any derivative contracts aimed at minimizing exchange rate risks during the period.

2 Interest Rate Risk

In order to exercise prudent management against interest rate risk, the Group held certain structured interest rate hedging contracts to the notional amount of HK$500 million as at 30th June 2009 to hedge interest rate risk of its syndicated loans. The Group will continue to review the market trend, as well as its business operations needs and its financial position, so as to arrange the most effective interest rate risk management tools.

3 Credit Risk

The Group's principal financial assets are bank balances and cash, equity and debt investments, trade and other receivables. The Group's trade and other receivables presented in the statement of financial position 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 cash flows.

With respect to the credit risk of the Group's treasury operations, the Group's bank balances and cash, equity 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.

IV Events after the End of the Interim Period

The following events were entered into by the Group subsequent to 30th June 2009:

1. On 27th July 2009, the Company entered into the Sale and Purchase Agreement with SIIC, to transfer the entire equity interest held by the Company in SI Technology, a wholly-owned subsidiary of the Company and to sell the rights of and benefits in the Sale Loan to SIIC for an aggregate consideration of HK$1,099,962,000. The Group held 1,833,269,340 SMIC Shares through SI Technology, representing approximately 8.2% shareholding interest in SMIC as at the date of the announcement. The transaction was approved in the extraordinary general meeting held on 31st August 2009.

2. On 27th July 2009, SI Food Products, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Bright Food to transfer all the shares in Bright Dairy held by SI Food Products, representing approximately 30.176% of the total issued share capital of Bright Dairy to Bright Food for an aggregate consideration of RMB1,550,013,386.34. Completion of the Share Transfer Agreement is subject to the fulfillment of the conditions precedent such as approvals from relevant government authorities and approval by the board of directors of Bright Dairy.

3. On 12th August 2009, SI Urban Development, an indirect wholly-owned subsidiary of the Company, and Glory Shine, an indirect wholly-owned subsidiary of SIIC, entered into the Equity Transfer Agreement, to purchase the entire equity interest in the two companies held by Glory Shine and the shareholders' loan for the aggregate consideration of HK$445,748,963. One of the companies indirectly owned a piece of land located at No.10 Street (Lot 18/5), Zhujiajiao Town, Qingpu District, Shanghai (上海青浦區朱家角鎮10街坊(18/5丘))，and the other company indirectly owned two pieces of land located at Xinwang Village (Lot 48/4), Zhujiajiao Town, Qingpu District, Shanghai (上海青浦區朱家角鎮新旺村(48/4丘)) and Xinhua Village (Lot 48/5), Zhujiajiao Town, Qingpu District, Shanghai (上海青浦區朱家角鎮新華村(48/5丘)). The transaction is subject to the approval at the extraordinary general meeting to be held in mid-September.

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the interim financial information set out on pages 25 to 51, which comprises the condensed consolidated statement of financial position of Shanghai Industrial Holdings Limited (the "Company") and its subsidiaries as of 30th June 2009 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, 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.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
1st September 2009

For the six months ended 30th June 2009

	NOTES	Six months ended 30th June 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited and restated)
Turnover	4	**5,579,171**	6,771,349
Cost of sales		**(3,256,592)**	(4,539,762)
Gross profit		**2,322,579**	2,231,587
Net investment income		**235,859**	108,258
Other income		**358,341**	345,113
Increase in fair value of properties under development upon transfer to investment properties		**–**	497,073
Selling and distribution costs		**(815,008)**	(775,794)
Administrative expenses		**(621,257)**	(632,160)
Finance costs		**(138,953)**	(177,387)
Share of results of jointly controlled entities		**10,905**	24,592
Share of results of associates		**(152,094)**	(46,413)
Net gain on disposal of interests in subsidiaries, jointly controlled entities and associates	5	**1,137,446**	343,102
Impairment loss recognised in respect of goodwill relating to a subsidiary		**–**	(1,115)
Discount on acquisition of interest in a subsidiary		**–**	902
Profit before taxation		**2,337,818**	1,917,758
Income tax expenses	6	**(530,994)**	(227,262)
Profit for the period	7	**1,806,824**	1,690,496
Profit for the period attributable to:			
– Owners of the Company		**1,403,282**	1,315,244
– Minority interests		**403,542**	375,252
		1,806,824	1,690,496
Earnings per share	9		
– Basic		**HK$1.302**	HK$1.225
– Diluted		**HK$1.301**	HK$1.221

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June 2009

	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**1,806,824**	1,690,496
Other comprehensive income		
Exchange difference arising from translation of foreign operations		
– subsidiaries	–	1,348,315
– jointly controlled entities	–	94,369
– associates	–	101,219
Fair value adjustment on available-for-sale investments	**56,337**	(1,359,993)
Loss on cash flow hedges	**(12,478)**	–
Reclassification adjustment upon disposals of		
– interests in associates	**(31,575)**	–
– interests in jointly controlled entities	–	(1,795)
– interests in subsidiaries	**(15,271)**	(63,692)
– available-for-sale investments	**7,074**	(83,391)
Other comprehensive income for the period (net of tax)	**4,087**	35,032
Total comprehensive income for the period	**1,810,911**	1,725,528
Total comprehensive income attributable to:		
– Owners of the Company	**1,407,369**	1,010,251
– Minority interests	**403,542**	715,277
	1,810,911	1,725,528

Condensed Consolidated Statement of Financial Position

At 30th June 2009

	NOTES	30th June 2009 HK$'000 (unaudited)	31st December 2008 HK$'000 (audited)
Non-Current Assets			
Investment properties	10	**1,999,391**	1,986,896
Property, plant and equipment	10	**5,072,063**	3,737,481
Prepaid lease payments – non-current portion		**615,392**	628,476
Toll road operating rights		**9,578,281**	9,681,461
Other intangible assets		**140,726**	145,216
Goodwill		**409,927**	400,692
Interests in jointly controlled entities		**1,001,602**	1,152,494
Interests in associates		**3,071,535**	4,044,789
Investments		**469,382**	584,274
Loan receivables – non-current portion		**2,895**	3,085
Deposits paid on acquisition of property, plant and equipment		**496,438**	857,057
Restricted bank deposits		**73,242**	73,109
Deferred tax assets		**83,627**	86,631
		23,014,501	23,381,661
Current Assets			
Inventories		**15,201,980**	14,353,180
Trade and other receivables	11	**4,688,068**	4,150,592
Prepaid lease payments – current portion		**28,353**	28,580
Investments		**29,991**	117,173
Financial assets at fair value through profit or loss	12	**337,197**	45,542
Taxation recoverable		**67,646**	2,616
Pledged bank deposits		**925,861**	800,541
Short-term bank deposits		**1,451,995**	1,547,332
Bank balances and cash		**10,485,286**	7,220,765
		33,216,377	28,266,321

Condensed Consolidated Statement of Financial Position

At 30th June 2009

	NOTES	**30th June 2009 HK$'000 (unaudited)**	31st December 2008 HK$'000 (audited)
Current Liabilities			
Trade and other payables	13	**6,449,697**	7,277,356
Taxation payable		**783,765**	614,651
Bank and other borrowings	14	**4,138,904**	3,824,193
		11,372,366	11,716,200
Net Current Assets		**21,844,011**	16,550,121
Total Assets less Current Liabilities		**44,858,512**	39,931,782
Capital and Reserves			
Share capital		**107,882**	107,644
Share premium and reserves		**24,353,272**	23,293,714
Equity attributable to owners of the Company		**24,461,154**	23,401,358
Minority interests		**8,685,297**	8,479,654
Total Equity		**33,146,451**	31,881,012
Non-Current Liabilities			
Bank and other borrowings	14	**9,516,248**	5,829,901
Deferred tax liabilities		**2,195,813**	2,220,869
		11,712,061	8,050,770
Total Equity and Non-Current Liabilities		**44,858,512**	39,931,782

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2009

	Attributable to owners of the Company														
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Capital redemption reserve HK$'000	Other revaluation reserve HK$'000 (note i)	Other reserve HK$'000 (note ii)	Merger reserve HK$'000 (note iii)	Hedging reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	PRC statutory reserves HK$'000 (note iv)	Accumulated profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1st January 2008 (audited and restated)	107,126	13,198,450	15,241	1,071	13,668	122,496	(14,255)	-	169,319	1,041,234	354,065	7,617,316	22,625,731	7,459,143	30,084,874
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,315,244	1,315,244	375,252	1,690,496
Exchange difference arising from translation of financial statements	-	-	-	-	-	-	-	-	-	1,008,290	-	-	1,008,290	340,025	1,348,315
Share of exchange difference arising from translation of financial statements of jointly controlled entities	-	-	-	-	-	-	-	-	-	94,369	-	-	94,369	-	94,369
Share of exchange difference arising from translation of financial statements of associates	-	-	-	-	-	-	-	-	-	101,219	-	-	101,219	-	101,219
Fair value adjustment on available-for-sale investments	-	-	-	-	-	-	-	-	(1,359,993)	-	-	-	(1,359,993)	-	(1,359,993)
Realised on disposal of interests in jointly controlled entities	-	-	-	-	-	-	-	-	-	(1,795)	-	-	(1,795)	-	(1,795)
Realised on disposal of interest in a subsidiary	-	-	-	-	-	(122,496)	-	-	-	(63,692)	(16,964)	139,460	(63,692)	-	(63,692)
Transfer to profit or loss on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	(83,391)	-	-	-	(83,391)	-	(83,391)
Total comprehensive income for the period	-	-	-	-	-	(122,496)	-	-	(1,443,384)	1,138,391	(16,964)	1,454,704	1,010,251	715,277	1,725,528
Issue of shares upon exercise of share options	497	76,873	-	-	-	-	-	-	-	-	-	-	77,370	-	77,370
Release of share options reserve on exercise of share options	-	6,955	(6,955)	-	-	-	-	-	-	-	-	-	-	-	-
Expenses incurred in connection with the issue of new shares	-	(67)	-	-	-	-	-	-	-	-	-	-	(67)	-	(67)
Recognition of equity-settled share-based payment expenses	-	-	1,242	-	-	-	-	-	-	-	-	-	1,242	-	1,242
Transfers	-	-	-	-	-	-	-	-	-	-	76,940	(76,940)	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(46,151)	(46,151)
Capital contributions by minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	34,854	34,854
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(211,288)	(211,288)
Dividends paid (note 8)	-	-	-	-	-	-	-	-	-	-	-	(462,431)	(462,431)	-	(462,431)
At 30th June 2008 (unaudited and restated)	107,623	13,282,211	9,528	1,071	13,668	-	(14,255)	-	(1,274,065)	2,179,625	414,041	8,532,649	23,252,096	7,951,835	31,203,931

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2009

	Attributable to owners of the Company														
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Capital redemption reserve HK$'000	Other revaluation reserve HK$'000 (note i)	Other reserve HK$'000 (note ii)	Merger reserve HK$'000 (note iii)	Hedging reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	PRC statutory reserves HK$'000 (note iv)	Accumulated profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1st January 2009 (audited)	107,644	13,285,440	10,035	1,071	13,668	-	(1,210,049)	-	(50,846)	1,995,765	475,571	8,773,059	23,401,358	8,479,654	31,881,012
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,403,282	1,403,282	403,542	1,806,824
Fair value adjustment on available-for-sale investments	-	-	-	-	-	-	-	-	56,337	-	-	-	56,337	-	56,337
Loss on cash flow hedges	-	-	-	-	-	-	-	(12,478)	-	-	-	-	(12,478)	-	(12,478)
Realised on disposal of interests in associates	-	-	-	-	-	-	-	-	-	(31,575)	(13,303)	13,303	(31,575)	-	(31,575)
Realised on disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	(15,271)	-	-	(15,271)	-	(15,271)
Reclassified to profit or loss on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	7,074	-	-	-	7,074	-	7,074
Total comprehensive income for the period	-	-	-	-	-	-	-	(12,478)	63,411	(46,846)	(13,303)	1,416,585	1,407,369	403,542	1,810,911
Issue of shares upon exercise of share options	238	37,641	-	-	-	-	-	-	-	-	-	-	37,879	-	37,879
Release of share options reserve on exercise of share options	-	3,403	(3,403)	-	-	-	-	-	-	-	-	-	-	-	-
Expenses incurred in connection with the issue of new shares	-	(50)	-	-	-	-	-	-	-	-	-	-	(50)	-	(50)
Transfers	-	-	-	-	-	-	-	-	-	-	56,765	(56,765)	-	-	-
Acquisition of an associate	-	-	-	-	-	2,944	-	-	-	-	-	-	2,944	-	2,944
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(71,102)	(71,102)
Capital contributions by minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	50,197	50,197
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(176,994)	(176,994)
Dividends paid (note 8)	-	-	-	-	-	-	-	-	-	-	-	(388,346)	(388,346)	-	(388,346)
At 30th June 2009 (unaudited)	107,882	13,326,434	6,632	1,071	13,668	2,944	(1,210,049)	(12,478)	12,565	1,948,919	519,033	9,744,533	24,461,154	8,685,297	33,146,451

Notes:

(i) Other revaluation reserve represents fair value adjustment on acquisition of subsidiaries relating to interests previously held by the Group as associates/jointly controlled entity.

(ii) Other reserve for the six months ended 30th June 2008 represented share of deemed contribution from a shareholder of a jointly controlled entity resulted from transfer of an entity by that shareholder to the jointly controlled entity at a consideration below the fair value of the identifiable assets and liabilities of that entity. Other reserve for the six months ended 30th June 2009 represents the difference in the amount of cash consideration paid to the ultimate holding company, Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), for the acquisition of 20% equity interests in 上海星河數碼投資有限公司 and the net assets of this company.

(iii) Merger reserve represents the difference in the fair value of the consideration paid to SIIC for the Acquisition and the share capital of the subsidiaries under the Acquisition as defined in note 2.

(iv) The People's Republic of China, other than Hong Kong, (the "PRC") statutory reserves are reserves required by the relevant PRC laws applicable to the Group's PRC subsidiaries, jointly controlled entities and associates.

	NOTE	Six months ended 30th June 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited and restated)
Net cash used in operating activities		**(1,077,864)**	(45,857)
Net cash from (used in) investing activities:			
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	17	**1,410,723**	387,499
Proceeds from disposal of associates		**390,086**	–
Proceeds from disposal of available-for-sale investments		**172,374**	117,137
Purchase of property, plant and equipment		**(1,147,286)**	(860,190)
Acquisition of additional interest in a subsidiary		**(80,337)**	(47,266)
Increase in bank deposits		**(30,116)**	(2,002,635)
Proceeds from disposal of assets held for sale		**–**	203,887
Other investing cash flows		**242,150**	214,673
		957,594	(1,986,895)
Net cash from (used in) financing activities:			
Borrowings raised		**9,332,143**	2,655,297
Capital contributions by minority interests		**50,197**	34,854
Repayment of bank and other borrowings		**(5,302,018)**	(872,382)
Dividends paid		**(388,346)**	(462,431)
Dividends paid to minority interests		**(176,994)**	(211,288)
Advance from ultimate holding company		**–**	930,198
Other financing cash flows		**(130,191)**	(99,034)
		3,384,791	1,975,214
Net increase (decrease) in cash and cash equivalents		**3,264,521**	(57,538)
Cash and cash equivalents at 1st January		**7,220,765**	6,223,115
Effect of foreign exchange rate changes		**–**	308,754
Cash and cash equivalents at 30th June, represented by bank balances and cash		**10,485,286**	6,474,331

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 (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. CHANGES IN ACCOUNTING POLICY AND RESTATEMENTS

Before 1st January 2008, the Group has accounted for all its business combinations, including those combinations involving entities under common control, under the purchase method in accordance with Hong Kong Financial Reporting Standard ("HKFRS") 3 "Business Combinations" issued by the HKICPA before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG 5") issued by the HKICPA in November 2005. During the year ended 31st December 2008, the Group acquired Good Cheer Enterprises Limited ("Good Cheer") and S.I. Hu-Hang Development Limited ("Hu-Hang") from wholly-owned subsidiaries of SIIC. The management of the Group considered the application of merger accounting to the acquisition of Good Cheer and Hu-Hang (being business combinations under common control of SIIC) was able to provide more relevant and useful information to financial statement users as it better reflected the economic substance of the transaction after taking into account the management intention of the entities involved. Accordingly, in preparing the consolidated financial statements of the Group for the year ended 31st December 2008, the Group had applied the principle of merger accounting in accordance with the requirements set out in AG 5 to business combinations involving entities under the common control of SIIC.

Merger accounting has been applied (i) retrospectively to acquisition of businesses from SIIC in prior periods and (ii) to the acquisitions of Good Cheer and Hu-Hang from SIIC in year 2008 (see note). The consolidated financial statements of the Group for the year ended 31st December 2008 (together with comparative financial information) have been adjusted accordingly.

The condensed consolidated income statement, condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the six months ended 30th June 2008 have been restated to include the operating results of Good Cheer and Hu-Hang acquired from SIIC as if these acquisitions had been completed on 1st January 2008.

2. CHANGES IN ACCOUNTING POLICY AND RESTATEMENTS (continued)

The effect of the adoption of the merger accounting on the condensed consolidated income statement for the six months ended 30th June 2008 by line items is as follows:

	As originally stated HK$'000	**Adjustment on merger accounting (note)** HK$'000	**As restated** HK$'000
Turnover	6,288,665	482,684	6,771,349
Cost of sales	(4,315,456)	(224,306)	(4,539,762)
Gross profit	1,973,209	258,378	2,231,587
Net investment income	105,533	2,725	108,258
Other income	324,386	20,727	345,113
Increase in fair value of properties under development upon transfer to investment properties	497,073	–	497,073
Selling and distribution costs	(756,756)	(19,038)	(775,794)
Administrative expenses	(590,648)	(41,512)	(632,160)
Finance costs	(87,336)	(90,051)	(177,387)
Share of results of jointly controlled entities	24,592	–	24,592
Share of results of associates	(46,413)	–	(46,413)
Net gain on disposal of interests in subsidiaries, jointly controlled entities and associates	343,102	–	343,102
Impairment loss recognised in respect of goodwill relating to a subsidiary	–	(1,115)	(1,115)
Discount on acquisition of interest in a subsidiary	902	–	902
Profit before taxation	1,787,644	130,114	1,917,758
Income tax expenses	(212,648)	(14,614)	(227,262)
Profit for the period	1,574,996	115,500	1,690,496
Profit for the period attributable to:			
– Owners of the Company	1,202,239	113,005	1,315,244
– Minority interests	372,757	2,495	375,252
	1,574,996	115,500	1,690,496

2. CHANGES IN ACCOUNTING POLICY AND RESTATEMENTS (continued)

Note: Pursuant to the sales and purchase agreements dated 21st July 2008, the Company and certain of its subsidiaries agreed to acquire from South Pacific Hotel Holdings Limited and SIIC CM Development Limited, both being wholly-owned subsidiaries of SIIC, for their respective 100% equity interests in Good Cheer and Hu-Hang for a cash consideration of approximately HK$1,350.0 million and HK$4,196.3 million, respectively (collectively referred to as the "Acquisition").

Good Cheer, through its subsidiaries, owns and operates the Four Seasons Hotel, Shanghai.

SIIC, through Hu-Hang, acquired the majority interests in Shanghai Luqiao Development Co., Ltd. ("Shanghai Luqiao") from a third party in October 2007. The acquisition of Shanghai Luqiao was accounted for using the purchase method and included in the Group's financial statements as if the Group had acquired Shanghai Luqiao in October 2007. Shanghai Luqiao operates and maintains the Hu-Hang Expressway Shanghai Section.

The adjustments are to include the operating results of Good Cheer and Hu-Hang as if the Acquisition were completed on 1st January 2008.

3. 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.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2008, except for the following accounting policy adopted in current period in relation to hedge accounting.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Hedge accounting (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are deferred in equity (hedging reserve). The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amount deferred in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised, or no longer qualified for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

In the current interim period, the Group has also applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January 2009.

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

HKAS 1 (Revised 2007) Presentation of Financial Statements & HKFRS 8 Operating Segments

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 4). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Amendment to HKAS 40 "Investment Property"

As part of the Improvements to HKFRSs issued by the HKICPA in 2008, HKAS 40 "Investment Property" has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value is reliably determinable). In the past, the leasehold land and building elements of properties under construction were accounted for separately. The leasehold land element was accounted for as an operating lease and recorded as prepaid lease payments. The building element was recorded as property, plant and equipment and carried at cost less accumulated impairment losses. The Group has applied the amendment prospectively and it has had no impact on the reported results or financial position of the Group.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[4]

[1] Effective for annual periods beginning on or after 1st July 2009

[2] Amendments that are effective for annual periods beginning on or after 1st July 2009 or 1st January 2010, as appropriate

[3] Effective for annual periods beginning on or after 1st January 2010

[4] Effective for transfers on or after 1st July 2009

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1st January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

The directors of the Company anticipate that the application of other revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard, HKAS 14 "Segment Reporting", required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

4. SEGMENT INFORMATION (continued)

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss. The Group's reportable segments under HKFRS 8 are therefore identical to the business segments under HKAS 14, namely:

Real estate	–	property development and investment and hotel operation
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 and dairy products

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

For the six months ended 30th June 2009

	Real estate HK$'000	Infrastructure facilities HK$'000	Medicine HK$'000	Consumer products HK$'000	Consolidated HK$'000
TURNOVER					
External sales	587,776	393,556	2,914,720	1,683,119	5,579,171
Segment profit	206,976	475,069	321,766	475,181	1,478,992
Net unallocated corporate income					1,522
Finance costs					(138,953)
Share of results of jointly controlled entities					10,905
Share of results of associates					(152,094)
Net gain on disposal of interests in subsidiaries, jointly controlled entities and associates					1,137,446
Profit before taxation					2,337,818
Income tax expenses					(530,994)
Profit for the period					1,806,824

4. SEGMENT INFORMATION (continued)

For the six months ended 30th June 2008 (restated)

	Real estate HK$'000	Infrastructure facilities HK$'000	Medicine HK$'000	Consumer products HK$'000	Consolidated HK$'000 (restated)
TURNOVER					
External sales	1,735,920	476,975	2,725,964	1,832,490	6,771,349
Segment profit	547,618	374,066	304,636	398,542	1,624,862
Net unallocated corporate income					149,215
Finance costs					(177,387)
Share of results of jointly controlled entities					24,592
Share of results of associates					(46,413)
Net gain on disposal of interests in subsidiaries, jointly controlled entities and associates					343,102
Impairment loss recognised in respect of goodwill relating to a subsidiary					(1,115)
Discount on acquisition of interest in a subsidiary					902
Profit before taxation					1,917,758
Income tax expenses					(227,262)
Profit for the period					1,690,496

Segment profit represents the profit earned by each segment without allocation of net corporate income, finance costs, share of results of jointly controlled entities, share of results of associates, net gain on disposal of interests in subsidiaries, jointly controlled entities and associates, impairment loss recognised in respect of goodwill relating to a subsidiary and discount on acquisition of interest in a subsidiary. This is the measure reporting to the Group's board of directors for the purposes of resource allocation and performance assessment.

4. SEGMENT INFORMATION (continued)

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

	30th June 2009 HK$'000	31st December 2008 HK$'000
Real estate	**20,565,062**	18,776,725
Infrastructure facilities	**11,926,114**	12,037,055
Medicine	**6,874,045**	5,474,782
Consumer products	**5,346,429**	5,096,222
Total segment assets	**44,711,650**	41,384,784

5. NET GAIN ON DISPOSAL OF INTERESTS IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

The amount comprised gain on disposal of interests in subsidiaries of approximately HK$868 million (see note 17), gain on disposal of interests in associates of approximately HK$268 million and gain on deemed disposal of interest in an associate of approximately HK$1 million (six months ended 30th June 2008: gain on disposal of interests in subsidiaries of approximately HK$332 million, gain on disposal of interests in jointly controlled entities of approximately HK$11 million and gain on deemed disposal of interest in an associate of approximately HK$0.4 million).

6. INCOME TAX EXPENSES

	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
		(restated)
The charge (credit) comprises:		
Current tax		
– Hong Kong	**60,280**	44,810
– PRC Land appreciation tax	**49,611**	17,036
– PRC Enterprise income tax	**410,648**	129,960
– PRC withholding tax	**37,804**	–
	558,343	191,806
Overprovision in prior years		
– Hong Kong	**–**	(294)
– PRC Enterprise income tax	**(5,297)**	(5,056)
	(5,297)	(5,350)
Deferred taxation		
– Current period	**(22,052)**	46,836
– Attributable to a change in tax rate	**–**	(6,030)
	(22,052)	40,806
	530,994	227,262

Hong Kong Profits Tax is recognised at 16.5% for the periods under review.

On 16th March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. For companies that were qualified under old law or regulations for incentive tax rate of 15%, the tax rate will progressively increase to 18%, 20%, 22%, 24% and 25% in year 2008, 2009, 2010, 2011 and 2012, respectively. For companies that were still entitled to certain exemption and reliefs ("Tax Benefit") for PRC income tax, the New Law and Implementation Regulations allowed the companies to continue to enjoy the Tax Benefit and afterwards change the tax rate to 25%. For companies that were subject to tax rate of 33%, the New Law and Implementation Regulations have changed the tax rate from 33% to 25% from 1st January 2008.

7. PROFIT FOR THE PERIOD

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

	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000 (restated)
Amortisation of toll road operating rights (included in cost of sales)	**103,180**	101,983
Amortisation of other intangible assets (included in administrative expenses)	**4,490**	3,634
Depreciation of property, plant and equipment	**152,023**	152,142
Release of prepaid lease payments to income statement	**14,176**	19,368
Dividend income from investments (included in net investment income)	**(557)**	(3,463)
Gain on disposal of property, plant and equipment	**(110)**	(2,118)
Loss (gain) on disposal of available-for-sale investments (included in net investment income)	**7,074**	(83,391)
Interest income (included in net investment income)	**(59,253)**	(138,684)
Change in fair value of financial assets at fair value through profit or loss (included in net investment income)	**(13,693)**	140,285
Net foreign exchange gain (included in other income)	**(18,108)**	(151,666)
Share of PRC income tax of jointly controlled entities (included in share of results of jointly controlled entities)	**6,731**	11,062
Share of PRC income tax of associates (included in share of results of associates)	**10,428**	14,968

8. DIVIDENDS

	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
2008 final dividend paid of HK36 cents (2007 final dividend: HK43 cents) per share	**388,346**	462,431

The directors have determined that an interim dividend of HK48 cents (2008 interim dividend: HK45 cents) per share will be paid to the shareholders of the Company whose names appear on the Register of Members on 25th September 2009.

9. EARNINGS PER SHARE

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

	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
		(restated)
Earnings:		
Earnings for the purposes of basic earnings per share (Profit for the period attributable to owners of the Company)	**1,403,282**	1,315,244
Effect of dilutive potential ordinary shares – adjustment to the share of results of a jointly controlled entity based on potential dilution of its earnings per share (note)	**(284)**	(545)
Earnings for the purposes of diluted earnings per share	**1,402,998**	1,314,699

9. EARNINGS PER SHARE (continued)

	Six months ended 30th June	
	2009	2008
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,077,678,514**	1,073,295,775
Effect of dilutive potential ordinary shares – share options	**555,294**	3,105,565
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,078,233,808**	1,076,401,340

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

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

During the period, the Group incurred costs for construction in progress of approximately HK$1,466 million (six months ended 30th June 2008: HK$421 million) and acquired buildings at a cost of approximately HK$5 million (six months ended 30th June 2008: HK$41 million), plant and machinery at a cost of approximately HK$21 million (six months ended 30th June 2008: HK$27 million), motor vehicles at a cost of approximately HK$7 million (six months ended 30th June 2008: HK$6 million) and furniture, fixtures and equipment at a cost of approximately HK$10 million (six months ended 30th June 2008: HK$14 million) for the purpose of expanding the Group's business.

An investment property was fair valued by Messrs. Debenham Tie Leung Limited, an independent firm of qualified professional valuers not connected with the Group, at 30th June 2009. The valuation, which conforms to the Valuation Standards on Properties of the Hong Kong Institute of Surveyors, was arrived at by reference to market evidence of recent transaction prices for similar properties. The resulting increase in fair value of investment properties of HK$12,495,000 has been recognised directly in profit or loss for the six months ended 30th June 2009 (six months ended 30th June 2008: nil).

The directors have considered that the Group's remaining investment properties are carried at fair values at 30th June 2009 and 30th June 2008.

11. TRADE AND OTHER RECEIVABLES

The Group generally allows credit periods ranging from 30 days to 180 days to its trade customers, other than property buyers. For property sales, due to the nature of business, the Group generally grants no credit period to property buyers.

At 30th June 2009, included in trade and other receivables are trade receivables of HK$1,676,307,000 (31st December 2008: HK$1,682,905,000) and their aged analysis, presented based on the invoice date, net of allowance for the doubtful debts, is as follows:

	30th June 2009 HK$'000	31st December 2008 HK$'000
Trade receivables:		
Within 30 days	**970,888**	1,122,315
Within 31-60 days	**316,087**	243,795
Within 61-90 days	**197,860**	142,394
Within 91-180 days	**126,691**	114,355
Within 181-365 days	**38,178**	35,816
Over 365 days	**26,603**	24,230
	1,676,307	1,682,905

12. MOVEMENTS IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the period, the Group acquired convertible notes, structured deposits and equity-linked notes of approximately HK$591 million (six months ended 30th June 2008: HK$3,811 million) and disposed of convertible notes, listed equity securities and equity-linked notes with carrying amount of approximately HK$313 million (six months ended 30th June 2008: HK$3,586 million).

13. TRADE AND OTHER PAYABLES

At 30th June 2009, included in trade and other payables are trade payables of HK$1,667,789,000 (31st December 2008: HK$1,744,506,000) and their aged analysis, presented based on the invoice date, is as follows:

	30th June 2009 HK$'000	31st December 2008 HK$'000
Trade payables:		
Within 30 days	**1,065,166**	1,200,732
Within 31-60 days	**319,905**	281,451
Within 61-90 days	**114,395**	102,587
Within 91-180 days	**54,615**	41,530
Within 181-365 days	**84,988**	93,429
Over 365 days	**28,720**	24,777
	1,667,789	1,744,506

14. BANK AND OTHER BORROWINGS

During the period, the Group obtained new borrowings in the amount of approximately HK$9,332 million (six months ended 30th June 2008: HK$2,655 million). The borrowings bear interest at market rates and are repayable within 2 to 3 years in weighted average. The Group also repaid borrowings of approximately HK$5,302 million (six months ended 30th June 2008: HK$835 million) during the period.

15. CAPITAL COMMITMENTS

	30th June 2009 HK$'000	31st December 2008 HK$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of		
– toll road construction costs	**340,754**	–
– investment in PRC property development	**2,271,695**	–
– investment in overseas subsidiary	**191,131**	–
– acquisition of property, plant and equipment	**91,071**	115,497
– additions in construction in progress	**100,277**	136,518
– additions in properties under development	**1,235,230**	1,485,950
	4,230,158	1,737,965
Capital expenditure authorised but not contracted for in respect of toll road construction costs	–	1,363,017

16. CONTINGENT LIABILITIES

At 30th June 2009, the guarantees given to banks by the Group in respect of banking facilities utilised by an entity controlled by Xuhui District State-owned Assets Administrative Committee ("Xuhui SAAC"), associates and outsiders amounted to approximately HK$1,090 million (31st December 2008: an entity controlled by Xuhui SAAC, associates, a jointly controlled entity and outsiders of approximately HK$1,261 million).

17. DISPOSAL OF SUBSIDIARIES

During the period, the Group disposed of its entire interests in SIIC MedTech Health Products Limited and Shanghai Industrial United (Group) Commercial Network Development Company Limited at a consideration of HK$513,787,000 and HK$1,195,303,000 respectively. The net assets of the subsidiaries at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Interest in a jointly controlled entity	146,093
Interest in an associate	567,123
Bank balances and cash	143,671
Other payable	(49)
	856,838
Translation reserve realised	(15,271)
	841,567
Gain on disposal of interests in subsidiaries	867,523
Consideration	1,709,090
Satisfied by:	
Cash consideration received	1,554,394
Consideration receivable included in trade and other receivables	154,696
	1,709,090
Net cash inflow arising on disposal:	
Cash consideration received	1,554,394
Bank balances and cash disposed of	(143,671)
	1,410,723

The subsidiaries disposed of during the period did not have any significant contribution to the Group's turnover or results for the period.

18. 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 2009 HK$'000	 2008 HK$'000
Ultimate holding company	Rentals paid on premises	**4,320**	4,320
Fellow subsidiaries	Rentals paid on premises	**11,689**	11,342
	Acquisition of interest in an associate	**18,173**	–
	Disposal of interest in a subsidiary	**–**	775,000
Associate	Printing service income received	**10,002**	9,808

(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 2009 HK$'000	 2008 HK$'000
Short-term benefits	**11,251**	10,576
Share-based payments	**–**	527

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

19. MATERIAL TRANSACTIONS AND BALANCES WITH OTHER STATE-CONTROLLED ENTITIES

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 SIIC, the ultimate holding company which is controlled by the PRC government. Apart from the transactions with SIIC and other related parties disclosed in note 18(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	
	2009	2008
	HK$'000	HK$'000
Transactions		
Trade sales	**633,130**	538,911
Trade purchases	**128,238**	148,623

	30th June	31st December
	2009	2008
	HK$'000	HK$'000
Balances		
Amounts due from other state-controlled entities	**227,945**	187,502
Amounts due to other state-controlled entities	**30,554**	31,363

In view of the nature of the Group's toll road operating business and consumer 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.

20. EVENTS AFTER THE END OF THE INTERIM PERIOD

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

(a) On 27th July 2009, the Company entered into a sale and purchase agreement with Shanghai Industrial Financial (Holdings) Company Limited, a wholly-owned subsidiary of SIIC, to sell 100% equity interest in S.I. Technology Production Holdings Limited ("SI Technology") and the rights of and benefits in an unsecured, interest-free loan owing by SI Technology to the Company for an aggregate cash consideration of approximately HK$1,099,962,000. SI Technology is a wholly-owned subsidiary of the Company and its principal asset is 1,833,269,340 shares of an associate of the Company, Semiconductor Manufacturing International Corporation ("SMIC"), representing approximately 8.2% equity interest in SMIC. SMIC is engaged in the manufacture and sale of semiconductor. Details of the transaction are set out in an announcement of the Company dated 27th July 2009.

The transaction was approved in the extraordinary general meeting held on 31st August 2009 but is not yet completed at the date of this report.

(b) On 27th July 2009, S.I. Food Products Holdings Limited, a wholly-owned subsidiary of the Company, entered into a share transfer agreement with Bright Food (Group) Company Limited, to sell 30.176% equity interest in an associate of the Company, Bright Dairy and Food Company Limited ("Bright Dairy"), for a cash consideration of approximately RMB1,550,013,000 (equivalent to approximately HK$1,760,579,000). Bright Dairy is engaged in the manufacture, distribution and sale of dairy and related products. Details of the transaction are set out in an announcement of the Company dated 27th July 2009.

The transaction is not yet completed at the date of this report.

(c) On 12th August 2009, S.I. Urban Development Holdings Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Glory Shine Holdings Limited ("Glory Shine"), a wholly-owned subsidiary of SIIC, to acquire 100% equity interest in S.I. Feng Mao Properties (BVI) Limited ("Feng Mao") and S.I. Feng Qi Properties (BVI) Limited ("Feng Qi"), and to take assignments of the unsecured, interest-free loans owing by Feng Mao and Feng Qi to Glory Shine for an aggregate cash consideration of approximately HK$445,749,000. Feng Mao owns two pieces of land located at Xinwang Village (Lot 48/4), Zhujiajiao Town, Qingpu District, Shanghai and Xinhua Village (Lot 48/5), Zhujiajiao Town, Qingpu District, Shanghai with a total site area of approximately 511,877 sq.m.. Feng Qi owns a piece of land located at No.10 Street (Lot 18/5), Zhujiajiao Town, Qingpu District, Shanghai with a total site area of 434,855 sq.m.. Details of these transactions are set out in an announcement of the Company dated 12th August 2009.

The transactions are not yet completed at the date of this report.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30th June 2009, 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 were 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	Approximate percentage of the issued share capital
Cai Yu Tian	Beneficial Owner	Personal	470,000	0.04%
Lu Ming Fang	Beneficial Owner	Personal	586,000	0.05%
Ding Zhong De	Beneficial Owner	Personal	740,000	0.07%
Zhou Jie	Beneficial Owner	Personal	433,000	0.04%
Qian Shi Zheng	Beneficial Owner	Personal	679,000	0.06%
Yao Fang	Beneficial Owner	Personal	52,000	0.005%
Zhou Jun	Beneficial Owner	Personal	120,000	0.01%

Note: 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	Approximate percentage of the issued share capital
Cai Yu Tian	Beneficial Owner	2.5.2006	17.10	395,000	0.04%
Ding Zhong De	Beneficial Owner	2.5.2006	17.10	153,000	0.01%
Zhou Jun	Beneficial Owner	2.5.2006	17.10	140,000	0.01%

(II) Interests in shares of SI Pharmaceutical

Name of Director	Capacity	Nature of interests	Number of issued shares held	Approximate percentage of the issued share capital
Lu Ming Fang	Beneficial Owner	Personal	23,400	0.01%
Ding Zhong De	Beneficial Owner	Personal	23,400	0.01%

Note: 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 or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30th June 2009.

Share Options

(I) SIHL Scheme

The SIHL Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the scheme. During the period, the movements in the share options to subscribe for the Company's shares under the SIHL Scheme were as follows :

			Number of shares issuable under the share options				
	Date of grant	Exercise price per share HK$	Outstanding at 1.1.2009 (Restated)	Reclassified during the period	Lapsed during the period	Exercised during the period	Outstanding at 30.6.2009
Category 1: Executive Directors							
Cai Yu Tian	2.5.2006	17.10	520,000	–	–	(125,000)	395,000
Lu Ming Fang	2.9.2005	14.89	480,000	–	–	(480,000)	–
Ding Zhong De	2.5.2006	17.10	400,000	–	–	(247,000)	153,000
Zhou Jie	2.9.2005	14.89	220,000	–	–	(220,000)	–
Qian Shi Zheng	2.9.2005	14.89	200,000	–	–	(200,000)	–
Zhou Jun Note 1	2.5.2006	17.10	–	360,000	–	(220,000)	140,000
Tang Jun Note 2	2.9.2005	14.89	220,000	–	(20,000)	(200,000)	–
Total for Executive Directors			2,040,000	360,000	(20,000)	(1,692,000)	688,000
Category 2: Employees							
	2.9.2005	14.89	380,000	–	(150,000)	(230,000)	–
	2.5.2006	17.10	520,000	(360,000)	–	(114,000)	46,000
Total for employees			900,000	(360,000)	(150,000)	(344,000)	46,000
Category 3: Others							
	2.9.2005	14.89	–	–	–	–	–
	2.5.2006	17.10	560,000	–	–	(351,000)	209,000
Total for others			560,000	–	–	(351,000)	209,000
Total for all categories			3,500,000	–	(170,000)	(2,387,000)	943,000

Notes:

1. Mr. Zhou Jun appointed as Director of the Company on 15th April 2009.
2. Mr. Tang Jun resigned as Director of the Company on 15th April 2009.

Share options granted in September 2005 under the SIHL Scheme are exercisable during the period from 2nd March 2006 to 1st March 2009 in three batches, being:

- 2nd March 2006 to 1st March 2007 (up to 30% of the share options granted are exercisable)
- 2nd March 2007 to 1st March 2008 (up to 60% of the share options granted are exercisable)
- 2nd March 2008 to 1st March 2009 (all share options granted are exercisable)

Share options granted in May 2006 under the SIHL Option Scheme are exercisable during the period from 2nd November 2006 to 1st November 2009 in three batches, being:

- 2nd November 2006 to 1st November 2007 (up to 30% of the share options granted are exercisable)
- 2nd November 2007 to 1st November 2008 (up to 60% of the share options granted are exercisable)
- 2nd November 2008 to 1st November 2009 (all share options granted are exercisable)

During the period, the weighted average closing price of the Company's shares immediately before the respective dates on which the share options were exercised is HK$22.96.

(II) Mergen Biotech Scheme

The Mergen Biotech Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the scheme. The following table discloses details of the options granted to the employees and qualified participants of Mergen Biotech and its subsidiaries under the Mergen Biotech Scheme during the period:

Date of grant	Exercise price per share	Outstanding at 1.1.2009	Lapsed during the period	Outstanding at 30.6.2009
31st December 2004	US$8.22	13,700	900	12,800

Pursuant to the offer letter issued by Mergen Biotech on 31st December 2004, 55% of the share options granted are exercisable since 30th June 2005. Subject to the fulfillment of certain performance targets as determined by the board of directors of Mergen Biotech by the grantees, the rest of the 45% share options granted are exercisable in three batches (each with 15% of the share options granted) for every six months interval from 1st January 2005 until 30th May 2014.

During the period, no options was granted or exercised under the Mergen Biotech Scheme.

Interests of Substantial Shareholders and Other Persons in Shares and Underlying Shares

As at 30th June 2009, 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 were as follows:

Name of Shareholder	Capacity	Nature of interests	Number of issued ordinary shares beneficially held	Approximate percentage of the issued share capital
SIIC	Interests held by controlled corporations	Corporate	548,211,371 *(Note 1)*	50.82%
JPMorgan Chase & Co.	Beneficial owner	Corporate	582,000	0.05%
	Investment manager	Corporate	9,057,000	0.84%
	Custodian corporation/ approved lending agent	Corporate	45,170,323	4.19%

Notes:

1. SIIC through its wholly-owned subsidiaries, namely Shanghai Investment Holdings Ltd., SIIC Capital (B.V.I.) Ltd., SIIC Trading Co. Ltd., South Pacific International Trading Ltd., SIIC Treasury (B.V.I.) Ltd. and SIIC CM Development Ltd. held 466,644,371, 80,000,000, 1,161,000, 307,000, 89,000 and 10,000 shares of the Company respectively, and were accordingly deemed to be interested in the respective shares held by the aforementioned companies.

2. All interests stated above represented long positions.

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 2009.

Disclosure under Rule 13.51B(1) of the Listing Rules

Changes in Directors' information since the date of the annual report 2008 are set out below:

Cai Yu Tian
- Appointed as a director of Penghui Property.

Lu Ming Fang
- Resigned as a non-executive director and the vice chairman of Lianhua Supermarket.

Qian Shi Zheng
- Appointed as a director of Penghui Property.

Yao Fang
- Resigned as a director of MicroPort Medical.
- Resigned as a non-executive director of Lianhua Supermarket.

Zhou Jun
- Appointed as a director of Penghui Property.

Lo Ka Shui
- Appointed as the chairman of The Chamber of Hong Kong Listed Companies.

Employees

There have been no material changes to the information disclosed in the Company's annual report 2008 in respect of the number and remuneration level of employees, remuneration policies and staff training programmes of the Group.

Review of Report

The Audit Committee has reviewed the Company's interim report for the six months ended 30th June 2009.

Corporate Governance

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the six months ended 30th June 2009.

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

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

Term used	Brief description
Asia Water	Asia Water Technology Ltd.
Bright Dairy	Bright Dairy and Food Co. Ltd. (SSE stock code: 600597)
Bright Food	Bright Food (Group) Co. Ltd.
Changzhou Pharmaceutical	Changzhou Pharmaceutical Co. Ltd.
General Water of China	General Water of China Co. Ltd.
Glorious Property	Glorious Property Holdings Ltd.
Glory Shine	Glory Shine Holdings Ltd.
Guangdong Techpool	Guangdong Techpool Biochem Pharma Co. Ltd.
Hangzhou Qingchunbao	Chia Tai Qingchunbao Pharmaceutical Co. Ltd.
Hebei Yongxin Paper	Heibei Yongxin Paper Co. Ltd.
Hu-Ning Expressway	Shanghai Hu-Ning Expressway (Shanghai Section) Co. Ltd.
Huqingyutang Pharmaceutical	Hangzhou Huqingyutang Pharmaceutical Co. Ltd.
Lianhua Supermarket	Lianhua Supermarket Holdings Co. Ltd. (Stock Exchange stock code: 980)
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
Luqiao Development	Shanghai Luqiao Development Co. Ltd.
Mergen Biotech	Mergen Biotech Ltd.
Mergen Biotech Scheme	A share option scheme adopted by Mergen Biotech as approved by the Shareholders at the Extraordinary General Meeting held on 28th May 2004
MicroPort Medical	MicroPort Medical (Shanghai) Co. Ltd.
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules
Nanyang Tobacco	Nanyang Brothers Tobacco Co. Ltd.
Net Business Profit	Net profit excluding net corporate expenses

Glossary of Terms

Term used	Brief description
Penghui Property	Shanghai Penghui Property Co. Ltd.
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Shanghai Information Investment	Shanghai Information Investment Inc.
Shanghai Urban Development	Shanghai Urban Development (Holdings) Co. Ltd.
SI Food Products	S.I. Food Products Holdings Ltd.
SI Infrastructure	S.I. Infrastructure Holdings Ltd.
SI Pharmaceutical	Shanghai Industrial Pharmaceutical Investments Co. Ltd. (SSE stock code: 600607)
SI Technology	S. I. Technology Production Holdings Ltd.
SI Urban Development	S.I. Urban Development Holdings Ltd.
SIHL Scheme	A share option scheme adopted by the Company as approved by the Shareholders at the Extraordinary General Meeting held on 31st May 2002
SIIC	Shanghai Industrial Investment (Holdings) Co. Ltd.
SIIC South Pacific Hotel	Shanghai SIIC South Pacific Hotel Co. Ltd.
SMIC	Semiconductor Manufacturing International Corporation (Stock Exchange stock code: 981)
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Ltd.
Wing Fat Printing	The Wing Fat Printing Co. Ltd.
Xiamen TCM	Xiamen Traditional Chinese Medicine Co. Ltd.

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