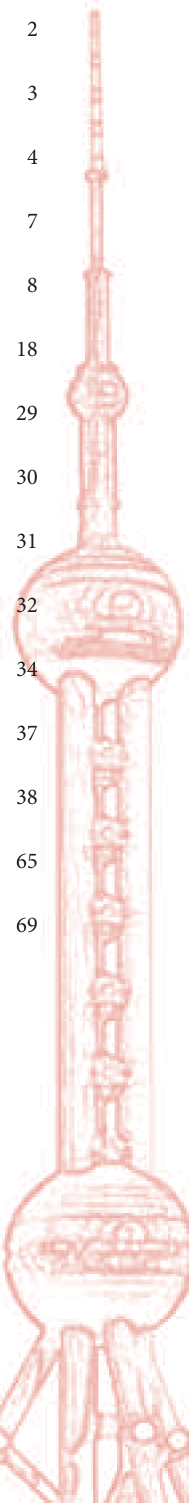
上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED

Stock Code: 363

Interim Report ***2010***

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. Zhou Jie *(Executive Deputy CEO)*
Mr. Qian Shi Zheng *(Deputy CEO)*
Mr. Zhou Jun *(Deputy CEO)*
Mr. Qian Yi *(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

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39 Gloucester Road, Wanchai, Hong Kong
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Email : enquiry@sihl.com.hk

Company Stock Code

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

Company Website

www.sihl.com.hk

Auditor

Deloitte Touche Tohmatsu

Share Registrar

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

ADR Depository Bank

The Bank of New York Mellon
BNY Mellon Shareowner Services
P.O. Box 358516
Pittsburgh, PA 15252-8516, USA
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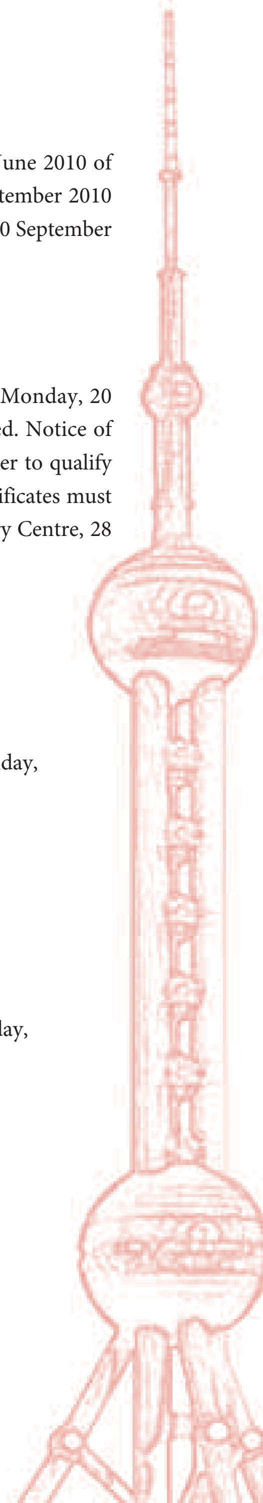
Toll free (USA) : (1) 888 BNY ADRS
Website : www.bnymellon.com/shareowner
Email : shrrelations@bnymellon.com

Information for Shareholders



Dividend Notice

Interim Dividend

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

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 17 September 2010 to Monday, 20 September 2010, both days inclusive, during which period no transfer of shares will be effected. Notice of Dividend will be dispatched to Shareholders on or about Thursday, 30 September 2010. In order to qualify for the entitlement of the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:30 p.m. on Thursday, 16 September 2010.

Financial Calendar

2010 Interim Results	Announced on Monday, 30 August 2010
Closure of Register of Members	To be closed from Friday, 17 September 2010 to Monday, 20 September 2010, both days inclusive
Ex-dividend date for 2010 Interim Dividend	Wednesday, 15 September 2010
Record date for 2010 Interim Dividend	Monday, 20 September 2010
Notice of 2010 Interim Dividend	To be dispatched to Shareholders on or about Thursday, 30 September 2010

Chairman's Statement

I am pleased to announce that the Group's unaudited turnover for the six months ended 30 June 2010 amounted to HK$6,664 million, representing an increase of 150.1% over the same period last year. Record earnings were achieved during the period with profits attributable to owners of the Company rising 216.2% to HK$4,437 million.

Following the successful restructuring of its operations last year, the Group's resources are now focused on three core areas, namely infrastructure facilities, real estate and consumer products. Capitalizing on its healthy and stable development, the Group will continue to seek breakthroughs and endeavor to open a new chapter in its business through "expanding, strengthening and optimizing" its operations.

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

Achieving successes with robust operation in toll roads and creating opportunities through restructuring of water services business

The Group currently owns three key toll roads in Shanghai, accounting for nearly 20% of the total mileage in Shanghai and represents approximately 40% of the total toll revenues in the city. The acquisition of equity interest in Hu-Yu Expressway (Shanghai Section) was completed in mid May this year. The Hu-Kun Expressway (Shanghai Section) which had been undergoing alteration and widening works last year was reopened early this year. With a rising number of private cars and a boost from the Shanghai World Expo, the Group's toll roads business recorded satisfactory growth in traffic flows during the period. Prime highway projects outside Shanghai will also be identified for future acquisitions.

Since its inception in 2003, General Water of China has become an integrated platform for project investment, construction, equipment manufacturing, operation management as well as technical research and development. The company now maintains a daily water capacity of 4,339,000 tonnes, with a steady expansion of the coverage of its business. The aggregate daily water capacity of the Group's water business increased to 5,427,000 tonnes following the successful acquisition of an equity stake in Asia Water, a listed company in Singapore, in February this year. Today the Group ranked among the top five water services operators in China. Creating synergy with the Group's existing water services business, Asia Water serves as a development platform for the expansion of the Group's business in this area.

Building the "Shanghai Industrial Property" brand and staying in the forefront of the industry in China

Early this year, the Group announced the acquisition of an aggregate of 45.02% shareholding in Neo-China, a Hong Kong listed company, for an aggregate consideration of HK$2,746 million. Completed in June, the acquisition is expected to strengthen the Group's real estate business and its results will be reflected in the Group's annual accounts of the year. Among the top 100 developers in China, Neo China's investments are mainly middle to high-end luxury residential properties located in the country's major cities, including Beijing, Tianjin, Chongqing, Xian and Changsha. The acquisition of Neo-China will enable the Group to expand its real estate business rapidly throughout the country, significantly driving earnings growth.

Chairman's Statement

On 16 August 2010, taking advantage of the favourable market conditions, the Group entered into an agreement for the acquisition of a 63.65% equity interest in SI Development for an aggregate consideration of approximately HK$5,827 million. The transaction is expected to be completed during the year. With a total site area of 3,136,000 square meters and a planned total gross floor area of approximately 4,904,600 square meters, the company's projects are mainly located in Shanghai with developments focusing in cities in the Yangtze River Delta and the Bohai Rim. It also holds the pre-emptive right to develop the land project on the Chongming Island of Shanghai.

Following the completion of the transaction, the Group will have three listed financing platforms both in mainland China and Hong Kong, enabling the Company to devise further strategic investment plans for the real estate segment. Together with the existing real estate projects of the Group and those due to be injected into it, the Group has a planned total gross floor area of up to 22,180,000 square meters, making it one of the top 10 property developers in China. The acquisition will also reduce intra-group competition with the parent company, facilitating the consolidation of its land resources with the Company being the core entity for future asset injection. Through consolidation of resources and further synergy, the Group will build a strong core brand of "Shanghai Industrial Property" and develop itself into one of the most competitive integrated conglomerates in the real estate industry in the PRC. It will also endeavour to become the main consolidation platform for acquiring the state-owned real estate resources in Shanghai.

Improving core operating capabilities and achieving stable profit growth

With the disposal of its non-core assets, including Lianhua Supermarket and Bright Dairy last year, the consumer products segment now focuses on tobacco and printing operations and continues to provide stable profits and recurring cash flows to the Group. During the period, Nanyang Tobacco continued to streamline its product portfolio with emphasis on high value-added products. The company also stepped up its marketing and sales activities to enhance brand awareness, resulting in an increase in sales both in terms of quantity sold and sales amount with a relatively strong profit growth. The company will continue to reduce cost, enhance profits and develop innovative projects so as to increase its future earnings.

Engaging mainly in containerboard and printing businesses, Wing Fat Printing faced a number of challenges during the year such as severe competition, shortage in paper supply and increase in raw material prices. Despite this, the company achieved satisfactory growth through making solid progress in various operations and sales activities. Containerboard business recorded a strong growth. The new No. 6 production line of Hebei Yongxin Paper operated smoothly and made a positive profit contribution. The development of the new pop-top cap printing business was also encouraging and became a driving force for growth. Going ahead, the company will continue to strengthen its brand and improve operational efficiencies. It will also seek mergers and acquisitions opportunities and optimize business structure to create sustainable growth potential.

Chairman's Statement

Prospects

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

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

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

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

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

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Teng Yi Long
Chairman

Hong Kong, 30 August 2010

Group Business Structure

As at 30 August 2010

Infrastructure Facilities

Business	Interests held by the Group	Company Name
Toll roads	100%	Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd.
	100%	Shanghai Luqiao Development Co., Ltd.
	100%	Shanghai Shen-Yu Development Co., Ltd.
Water services	50%	General Water of China Co., Ltd.
	75.47%	Asia Water Technology Ltd. (5GB SGX)

Real Estate

Business	Interests held by the Group	Company Name
Real estate	59%	Shanghai Urban Development (Holdings) Co., Ltd.
	45.02%	Neo-China Land Group (Holdings) Ltd. (563 HKSE)
	100%	Shanghai Feng Mao Properties Co., Ltd.
	100%	Shanghai Feng Qi Properties Co., Ltd.
	100%	Shanghai Feng Tao Properties Co., Ltd.
Hotel operations	87%	Shanghai SIIC South Pacific Hotel Co., Ltd.

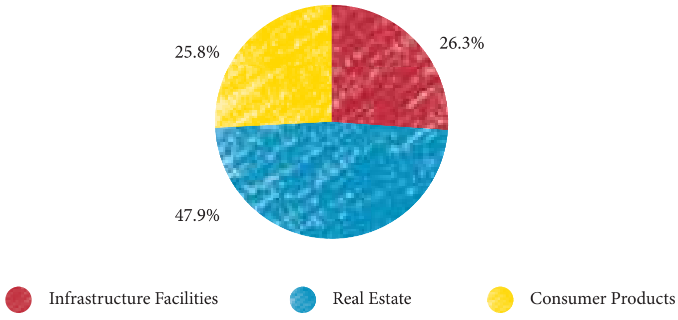
Consumer Products

Business	Interests held by the Group	Company Name
Tobacco	100%	Nanyang Brothers Tobacco Co., Ltd.
Printing	93.44%	The Wing Fat Printing Co., Ltd.

Business Review, Discussion and Analysis

For the six months ended 30 June 2010, the Group's unaudited turnover amounted to HK$6,664 million, representing an increase of 150.1% over the same period last year. Profits attributable to owners of the Company rose 216.2% to HK$4,437 million. During the period, the three core businesses of the Group performed well with steady developments achieved on all fronts. The disposal of equity interests in certain medical companies which was announced by the Group last year was completed in February this year, and a disposal gain of HK$3,198 million was recorded in the accounts during the period.

Profit contribution of the three core businesses of the Group



Infrastructure Facilities

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

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

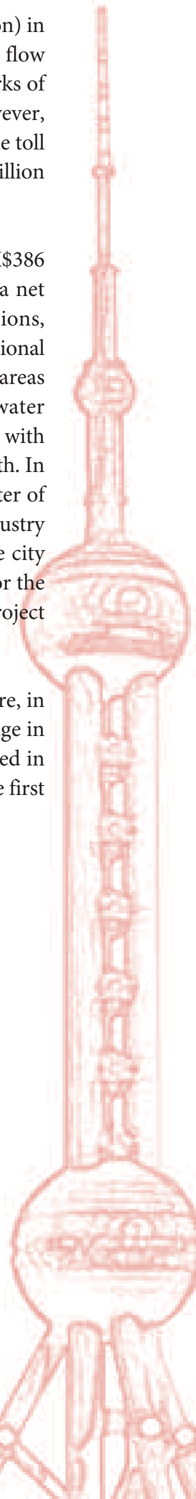
Traffic flow increased rapidly following the completion and reopening of the main alteration and widening works for the Xinsong section of Hu-Kun Expressway (Shanghai Section) on 1 January 2010. Toll revenue and traffic flow maintained their growth momentum during the period, rising to HK$341 million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

Business Review, Discussion and Analysis

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

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

The Group has completed the acquisition of an equity stake in Asia Water, a listed company in Singapore, in February this year. Established in 2002, Asia Water was listed on the Catalist of Singapore Stock Exchange in March 2005. As at 30 June 2010, Asia Water owned 13 water treatment projects which are mainly located in Hubei, Shanxi, Zhejiang and Anhui of China with a total capacity of up to 1,087,000 tonnes per day. In the first half of 2010, Asia Water recorded a revenue of HK$142 million and a net profit of HK$5.70 million.



Business Review, Discussion and Analysis

Set out below is a summary of the water projects of the Group as at 30 June 2010:

	Projects of General Water of China	Project type	Daily production capacity	Interests attributable to General Water of China	Project progress
1	Project on reservoir and water induction works in Tiger Lake, Huzhou, Zhejiang	Water supply	200,000 tonnes	100%	The project is in operation.
2	Sewage treatment project in eastern Wenzhou, Zhejiang	Sewage treatment	100,000 tonnes	100%	The project is in operation.
3	Sewage treatment project in central Wenzhou, Zhejiang	Sewage treatment	200,000 tonnes	70%	The project is in operation.
4	Sewage treatment project in the new district of eastern Huzhou, Zhejiang	Sewage treatment	50,000 tonnes	100%	The project is in operation.
5	Water supply project in Xiangtan, Hunan	Water supply	425,000 tonnes	70%	• The project is in operation. • The adjustment of water tariff was completed in 2009 and the new tariff was imposed from 1 January 2010.
6	Sewage treatment project in river east of Xiangtan, Hunan	Sewage treatment	100,000 tonnes	100%	The project is in operation.
7	Water generation project in Xiamen, Fujian	Water generation	1,155,000 tonnes (as adjusted)	45%	The project is in operation.
8	Sewage treatment project in Xiamen, Fujian	Sewage treatment	834,000 tonnes (as adjusted)	55%	The project is in operation.
9	Water supply project in Bengbu, Anhui	Water supply	430,000 tonnes	60%	• The project is in operation. • Application for water tariff adjustment will be made in the second half of 2010.
10	Project on sewage treatment plant in Longhua, Shenzhen, Guangdong	Sewage treatment	150,000 tonnes	90%	The project is in operation.
11	Yinshi Guo Wei water supply project in Xianyang, Shaanxi	Water supply	180,000 tonnes	50%	The project is in preparatory stage.
12	Water generation project in Xianyang, Shaanxi	Water generation	300,000 tonnes	100%	The project is expected to be in operation by the end of 2010.
13	Project on Wuhua Mountain reservoir and water supply project in Suifenhe, Heilongjiang	Water supply	195,000 tonnes (as adjusted)	100%	• The phase 1 water supply project is in operation. • Construction of the Wuhua Mountain reservoir commenced in the first half of the year. • It is expected that the construction of the water supply project for the third water treatment plant will commence in 2011.
14	City sewage treatment project in Suifenhe, Heilongjiang	Sewage treatment	20,000 tonnes	100%	The project commenced construction in May 2010, and it is expected that the main construction will be completed in October 2010.
	Sub-total		4,339,000 tonnes		

Business Review, Discussion and Analysis

Projects of Asia Water		Project type	Daily production capacity	Interests attributable to Asia Water	Project progress
1	Sewage treatment project in the new district of Wuhan, Hubei	Sewage treatment	60,000 tonnes	100%	The project is in operation.
2	Water supply project in Tianmen, Hubei	Water supply	150,000 tonnes	100%	The project is in operation.
3	Water supply expansion project in Tianmen, Hubei	Water supply	N/A	100%	The project is an extension of the network coverage for the water supply project in Tianmen, Hubei and is in operation.
4	Sewage treatment project in Hanxi, Wuhan, Hubei	Sewage treatment	400,000 tonnes	43%	Phase 1 is in operation. Phase 2 is now under planning.
5	Drainage network project in Dongxihu, Wuhan, Hubei	Sewage pipelines	N/A	70%	The project is an extension of drainage network covering 101 square kilometers for the sewage treatment project in Hanxi of Wuhan, Hubei. Construction has commenced and is expected to be completed in September 2010.
6	Sewage treatment project in Huangshi, Hubei	Sewage treatment	125,000 tonnes	100%	The project is in operation.
7	Water supply project in Huangpi, Wuhan, Hubei	Water supply	150,000 tonnes	100%	The project is in operation. Other facilities such as the Wuhu water treatment plant are yet to be set up.
8	Sewage treatment project in Caidian, Wuhan, Hubei	Sewage treatment	50,000 tonnes	100%	The project is in trial operation.
9	Sewage treatment project in Qianchuan, Wuhan, Hubei	Sewage treatment	30,000 tonnes	100%	The project is in operation.
10	Sewage treatment project in Panlong, Wuhan, Hubei	Sewage treatment	45,000 tonnes	100%	Construction has commenced in April 2010 and is expected to be completed in November 2010.
11	Sewage treatment project in Taizhou, Zhejiang	Sewage treatment	12,500 tonnes	100%	The first stage of phase 1 project is in operation. It is expected that the construction of the second and third stages will commence within one to five years.
12	Water supply project in Lvliang, Shanxi	Water supply	55,000 tonnes	100%	The project is in operation.
13	Water supply project in Bengbu, Auhui	Water supply	10,000 tonnes	100%	The project is in operation.
Sub-total			1,087,500 tonnes		
Total			**5,426,500 tonnes**		

Business Review, Discussion and Analysis

Real Estate

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

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

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

Business Review, Discussion and Analysis

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

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

Business Review, Discussion and Analysis

Set out below is a summary of the major property developments of the Group as at 30 June 2010:

Major Development Properties

Project	Type of property	Interests attributable to the Group	Approximate site area	Planned total GFA	Total accumulated GFA pre-sold	Date of completion
Projects of Shanghai Urban Development						
Urban Cradle (萬源城) Minhang District, Shanghai	Residential	53.1%	943,000 square meters, of which 560,463 square meters are for residential areas at Lots B, C, D, E and F	1,307,369 square meters (included the basement carpark and public facilities)	322,559 square meters	2007 to 2012, in phases
Royal Villa (琨城帝景園) Kunshan, Jiangsu	Hotel, commercial and residential	53.1%	205,017 square meters	268,021 square meters	82,834 square meters	2007 to 2011, in phases
Rose Town City Villa (玫瑰紳城) Hefei, Anhui	Commercial and residential	59%	181,215 square meters (included the site area of a parcel of land in the northern district)	445,551 square meters	140,171 square meters	2008 to 2010, in phases
Toscana (托斯卡納) Changsha, Hunan	Commercial and residential	32.45%	180,541 square meters	202,425 square meters	123,662 square meters	2006 to 2011, in phases
Ivy Aroma Town (常青藤・緹香小鎮) Chongqing	Residential	32.45%	126,568 square meters	79,085 square meters	26,016 square meters	2009 to 2011, in phases
Yoooou.net (游站) Kunshan, Jiangsu	Composite	30.68%	34,223 square meters	129,498 square meters (as adjusted)	–	2009 to 2011, in phases
Urban Development International Centre (上海中心・城開國際) Wuxi Lihu Economic Development Zone	Hotel and commercial	59%	24,041 square meters	191,660 square meters	–	2009 to 2012, in phases
Shanghai Jing City (上海晶城) Minchang Distrct, Shanghai	Residential	59%	259,182 square meters	604,620 square meters	–	2009 to 2013, in phases
Sub-total			1,953,787 square meters	3,228,229 square meters	695,242 square meters	

Business Review, Discussion and Analysis

Major Development Properties (continued)

Project	Type of property	Interests attributable to the Group	Approximate site area	Planned total GFA	Total accumulated GFA pre-sold	Date of completion
Projects of Neo-China						
American Rock (後現代城) Chaoyang District, Beijing	Residential and commercial	45.02%	121,499 square meters	523,833 square meters	453,279 square meters	Completed
Youngman Point (青年匯) Chaoyang District, Beijing	Residential and commercial	45.02%	127,507 square meters	352,905 square meters	239,809 square meters	2007 to 2011, in phases
Xidiaoyutai (西釣魚台) Hainan District, Beijing	Residential and service apartment	40.52%	42,541 square meters	250,836 square meters	166,821 square meters	2007 to 2012, in phases
Laochengxiang (老城廂) Original Urban Area, Tianjin	Residential, commercial, office and hotel	45.02%	244,252 square meters	752,883 square meters	497,088 square meters	2006 to 2012, in phases
Jiujiu Youth City (九久青年城) Songjiang District, Shanghai	Apartment and office	45.02%	57,944 square meters	213,755 square meters	118,688 square meters	2009 to 2012, in phases
Neo Water City (中新水城) Chanba River Economic Development Zone, Xian	Residential, commercial and hotel	32.19%	2,073,824 square meters	3,534,736 square meters	1,375,608 square meters	2008 to 2013, in phases
Top City (城上城) Gaoxin District, Chongqing	Residential, commercial, office and hotel	45.02%	113,268 square meters	802,532 square meters	240,006 square meters	2008 to 2012, in phases
Park Avenue (公園大道) Wenjiang District, Chengdu, Sichuan	Residential and commercial	45.02%	228,200 square meters	625,670 square meters	134,877 square meters	2011 to 2013, in phases
Neo-China Forest Garden (中新森林海) Wangcheng County, Changzha, Hunan	Residential	30.16%	667,749 square meters	1,073,600 square meters	172,714 square meters	2007 to 2013, in phases
Phoenix Tower (鳳凰大廈) Futian Distrct, Shenzhen	Office	40.97%	11,038 square meters	106,190 square meters	69,841 square meters	Completed
Sub-total			3,687,822 square meters	8,236,940 square meters	3,468,731 square meters	
Total			**5,641,609 square meters**	**11,465,169 square meters**	**4,163,973 square meters**	

Business Review, Discussion and Analysis

Major Future Development Properties

Project	Type of property	Interests attributable to the Group	Approximate site area	Planned total GFA	Anticipated project commencement and completion date
Projects of Shanghai Urban Development					
Xujiahui Centre (徐家匯中心) Xuhui District, Shanghai	Composite	35.4% (obtained the land use rights of one parcel of land for composite use)	132,000 square meters dividing into six parcels of land (35,343 square meters obtained)	629,000 square meters (320,700 square meters obtained)	2010 to 2017 (works commencement subject to the progress of site clearance)
Longxi Commodity Housing (隴西地塊配套商品房) Minhang District, Shanghai	Residential	59%	49,764 square meters	125,461 square meters	2010 to 2012, in phases
Sub-total			181,764 square meters	754,461 square meters	
Projects of Neo-China					
Yanjiao (燕郊) Yanjiao Economic Technology Development Zone, Hebei	Residential, commercial and hotel	45.02%	333,333 square meters	460,000 square meters	2011 to 2013, in phases
Beichen (北辰) Yixinfu Old Village, Tianjin	Residential, commercial, apartment and hotel	18.01%	1,115,476 square meters	2,263,000 square meters	2012 to 2014, in phases
Tai Yuan Street (太原街) Taiyuan Business Avenue, Shenyang, Liaoning	Service apartment, commercial and hotel	36.02%	22,651 square meters	244,950 square meters	2010 to 2012, in phases
Qi Ao Island Qi Ao Island, Zhuhai, Guangdong	Villa, commercial and hotel	45.02%	2,215,516 square meters	1,090,000 square meters	2012 to 2014, in phases
Sub-total			3,686,976 square meters	4,057,950 square meters	
Projects of the Company					
Lots D, Zhujiajiao Town Qingpu District, Shanghai	Villa	100%	511,877 square meters	255,939 square meters	Subject to project planning
Lots E, Zhujiajiao Town Qingpu District, Shanghai	Villa	100%	434,855 square meters	217,428 square meters	Subject to project planning
Lots F, Zhujiajiao Town Qingpu District, Shanghai	Villa	100%	350,533 square meters	175,267 square meters	Subject to project planning
Sub-total			1,297,265 square meters	648,634 square meters	
Total			**5,166,005 square meters**	**5,461,045 square meters**	

Business Review, Discussion and Analysis

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

Consumer Products

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

During the first half of 2010, Nanyang Tobacco achieved a revenue of HK$1,054 million and a net profit of HK$322 million, representing an increase of 3.9% and 4.3% respectively over the same period last year. During the period, the company emphasized on developing high value-added products and adjusted its product portfolio and pricing which achieved satisfactory results with quantity sold increased across various markets. Remarkable sales were recorded for Double Happiness Classic Deluxe and Double Happiness Premium, which further established the premium status of the Double Happiness brand. Nanyang Tobacco actively implemented equipment projects for technology transformation in the period, including reforming the production line which can enhance the quality of cigarette, and carried out a project of sampling test line for cut tobacco for developing new products. The Yuen Long storage project has commenced construction in September last year. The estimated total cost for the project is HK$158 million. Construction is now progressing actively for early completion.

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

Financial Review

Key Figures

Results	2010	2009	Change
	Unaudited		
	Six months ended 30 June		%
Revenue (HK$'000)	**6,664,369**	2,664,451	150.1
Profit attributable to owners of the Company (HK$'000)	**4,437,230**	1,403,282	216.2
Earnings per share – basic (HK$)	**4.109**	1.302	215.6
Dividend per share – Interim (HK cents)	**50**	48	4.2
Dividend payout ratio (note(a))	**12.2%**	36.9%	
Interest cover (note(b))	**13.3times**	14.8times	

Financial Position	Unaudited 30 June	Audited 31 December (Restated)	%
Total assets (HK$'000)	**87,407,175**	64,268,957	36.0
Equity attributable to owners of the Company (HK'000)	**28,298,033**	24,901,250	13.6
Net assets per share (HK$)	**26.21**	23.06	13.6
Gearing ratio (note(c))	**41.45%**	33.75%	
Number of shares in issue (shares)	**1,079,765,000**	1,079,765,000	

Note (a): The dividend payout ratio for the first half of 2010 is 43.59% if the disposal gain from the exit of the medicine business is excluded in the calculation.

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

Note (c): interest-bearing loans/(equity attributable to owners of the Company + non-controlling interests + interest-bearing loans)

Notes:

(1) The transactions in connection to the transfer of shareholdings in pharmaceutical companies to Shanghai Pharmaceuticals by the Company and the absorption and merger of SI Pharmaceutical with Shanghai Pharmaceuticals were completed in February 2010. Upon completion of the transactions, the Company totally withdraw from the medicine business and the medicine business is presented as discontinued operation according to the Hong Kong Financial Reporting Standard 5 "Non-current Assets Held for Sale and Discontinued Operations".

(2) The Company has adopted the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" to account for its acquisitions of Feng Tao BVI and Shen-Yu BVI from SIIC. The comparative figures for 2009 contained in this Financial Review had been restated accordingly.

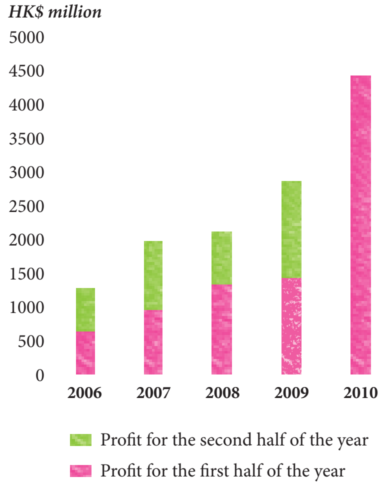
Financial Review

I Analysis of Financial Results

1 Profit attributable to Owners of the Company

For the six months ended 30 June 2010, the Group recorded a profit attributable to owners of the Company of HK$4,437.23 million, a significant increase of HK$3,033.95 million or approximately 216.2% as compared to the same period in 2009.

The increase in profit attributable to owners of the Company for the period was mainly attributable to net gain arising from disposal of the medicine business, and growth in operating profit of infrastructure facilities and real estate businesses.

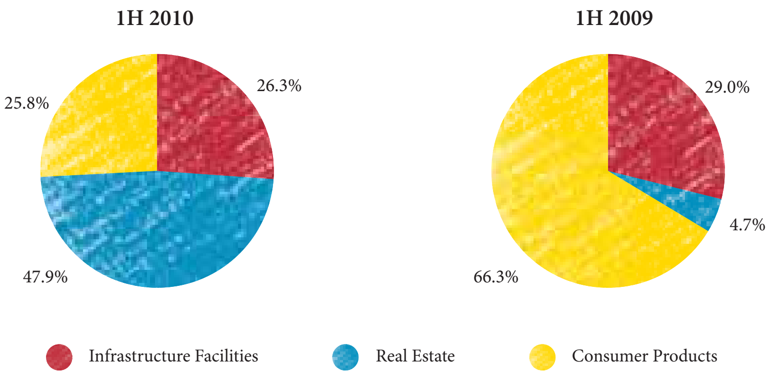


2 Profit Contribution from Each Business

The profit contribution of each business to the Group during the first half of 2010 and the comparative figures of the corresponding period last year was summarized as follows:

	2010	2009	Change
	Unaudited		
	Six months ended 30 June		
	HK$'000	HK$'000	%
Continuing operations			
Infrastructure Facilities	**412,615**	332,781	24.0
Real Estate	**752,813**	53,500	1,307.1
Consumer Products	**404,468**	760,619	-46.8
Discontinued operations			
Medicine	**3,226,774**	508,467	534.6

Financial Review



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

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

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

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

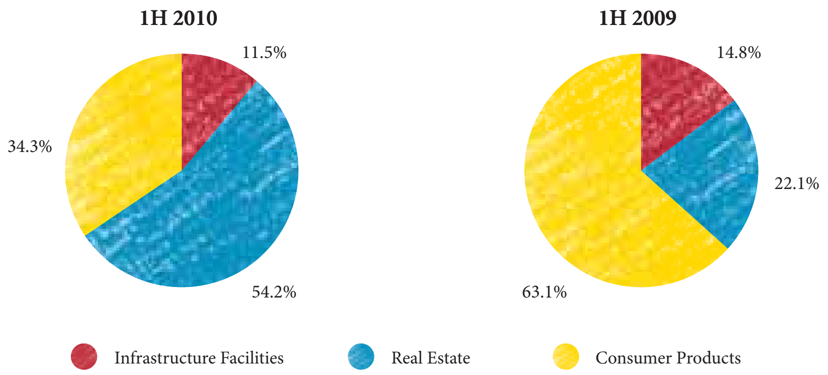
Full details of the operating performances and progress of individual businesses for the first half of 2010 are contained in the section headed “Business Review, Discussion and Analysis”.

Financial Review

3 Revenue

The Group's revenue by principal activities for the first half of 2010 and comparatives of the same period last year was summarized as follows:

	2010	2009	Change
	Unaudited		
	Six months ended 30 June		
	HK$'000	HK$'000	%
Continuing operations			
Infrastructure Facilities	**762,191**	393,556	93.7
Real Estate	**3,614,801**	587,776	515.0
Consumer Products	**2,287,377**	1,683,119	35.9
	6,664,369	2,664,451	150.1
Discontinued operations			
Medicine	**692,883**	2,914,720	



Financial Review

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

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

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

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

4 Profit before Taxation

(1) Gross profit margin

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

(2) Net investment income

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

(3) Other income

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

Financial Review

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

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

(5) *Share of results of associates*

The Group completed the disposal of its shareholdings in SMIC and Bright Dairy in September and December 2009 respectively and did not share their operating results for the period. The Group still had to share the loss of SMIC of approximately HK$205.63 million for the same period last year.

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

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

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

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

5 Dividends

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

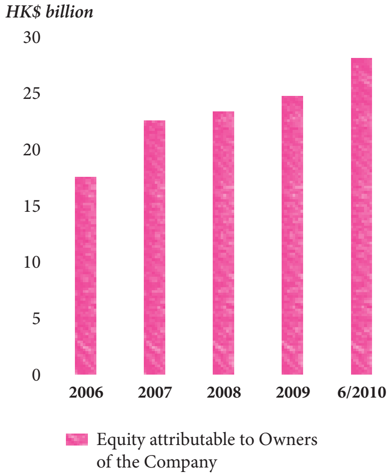
Financial Review

II Financial Position of the Group

1 Capital and Equity attributable to Owners of the Company

The Group had a total of 1,079,765,000 shares in issue as at 30 June 2010, which was the same as the number of shares as at the end of 2009.

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



2 Indebtedness

(1) Borrowings

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

As at 30 June 2010, the total borrowings of the Group including bank borrowings, other borrowings, senior notes and convertible notes amounted to approximately HK$27,824.12 million (31 December 2009: HK$17,372.50 million), of which 65.2% (31 December 2009: 63.5%) was unsecured credit facilities.

(2) Pledge of assets

As at 30 June 2010, the following assets were pledged by the Group in order to secure general credit facilities granted to the Group:

(a) investment properties with a carrying value of approximately HK$4,987,597,000 (31 December 2009: HK$2,114,948,000);

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

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

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

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

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

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

(h) inventories, other than those included in (e) and (f) above, with a carrying value of approximately HK$72,592,000 (31 December 2009: HK$72,592,000);

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

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

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

(3) Contingent liabilities

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

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

3 Capital Commitments

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

Financial Review

4 Bank Balances and Short-term Investments

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

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

III Management Policies for Financial Risk

1 Currency 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. However, management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

2 Interest Rate Risk

The Group's fair value and cash flow interest rate risks mainly relate to fixed and variable rates borrowings respectively. 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 30 June 2010 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 at the end of reporting period are net of allowance 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 on financial investments.

4 Equity Price Risk

The Group and the Company is exposed to equity price risk through its investment in equity securities classified as either available-for-sale investments or financial assets at fair value through profit or loss. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's and the Company's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange and the Shanghai Stock Exchange. In addition, management has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

IV Events after the End of the Interim Period

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

1. Mandatory conditional cash offer

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

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

Financial Review

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

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

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

Report on Review of Interim Financial Information

Deloitte.
德勤

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 30 to 64, which comprises the condensed consolidated statement of financial position of Shanghai Industrial Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30th June 2010 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 inquiries, 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
30th August 2010

Condensed Consolidated Income Statement

For the six months ended 30th June 2010

	NOTES	Six months ended 30th June 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Continuing operations			
Revenue	4	**6,664,369**	2,664,451
Cost of sales		**(4,276,746)**	(1,551,932)
Gross profit		**2,387,623**	1,112,519
Net investment income		**286,135**	214,428
Other income		**130,724**	343,781
Selling and distribution costs		**(402,792)**	(199,730)
Administrative expenses		**(384,645)**	(312,250)
Finance costs		**(193,557)**	(132,845)
Share of results of jointly controlled entities		**109,903**	(17,833)
Share of results of associates		**12,309**	(152,328)
Net gain on disposal of interests in subsidiaries and associates	5	**–**	754,480
Impairment loss on available-for-sale investments		**(284,224)**	–
Gain from bargain purchase of interest in a subsidiary	19	**361,060**	–
Profit before taxation		**2,022,536**	1,610,222
Income tax expense	6	**(596,244)**	(471,561)
Profit for the period from continuing operations		**1,426,292**	1,138,661
Discontinued operations			
Profit for the period from discontinued operations	7	**3,269,339**	668,163
Profit for the period	8	**4,695,631**	1,806,824
Profit for the period attributable to			
– Owners of the Company		**4,437,230**	1,403,282
– Non–controlling interests		**258,401**	403,542
		4,695,631	1,806,824
Earnings per share	10		
		HK$	HK$
From continuing and discontinued operations			
– Basic		**4.109**	1.302
– Diluted		**4.109**	1.301
From continuing operations			
– Basic		**1.121**	0.830
– Diluted		**1.121**	0.830

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June 2010

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

Condensed Consolidated Statement of Financial Position

At 30th June 2010

	NOTES	30th June 2010 HK$'000 (unaudited)	31st December 2009 HK$'000 (audited and restated)
Non-Current Assets			
Investment properties	11	**5,008,019**	2,135,393
Property, plant and equipment	11	**4,030,867**	4,276,904
Prepaid lease payments – non-current portion		**402,489**	409,609
Toll road operating rights		**14,009,438**	12,858,011
Other intangible assets		**119,630**	120,222
Goodwill		**19,453**	19,453
Interests in jointly controlled entities		**1,120,429**	1,026,433
Interests in associates		**488,906**	298,734
Investments	12	**2,969,392**	3,256,718
Deposits paid on acquisition of property, plant and equipment		**59,443**	149,111
Restricted bank deposits		**73,509**	73,376
Deferred tax assets		**159,096**	96,953
		28,460,671	24,720,917
Current Assets			
Inventories	13	**34,780,067**	17,954,421
Trade and other receivables	14	**4,354,367**	3,677,171
Prepaid lease payments – current portion		**13,933**	13,779
Investments	12	**3,050,430**	158,759
Taxation recoverable		**288,278**	65,543
Pledged bank deposits		**225,411**	911,828
Short-term bank deposits		**1,236,899**	262,234
Bank balances and cash		**14,997,119**	9,408,136
		58,946,504	32,451,871
Assets classified as held for sale	7	**–**	7,096,169
		58,946,504	39,548,040

Condensed Consolidated Statement of Financial Position

At 30th June 2010

	NOTES	**30th June 2010 HK$'000 (unaudited)**	31st December 2009 HK$'000 (audited and restated)
Current Liabilities			
Trade and other payables	15	**16,113,884**	9,711,918
Convertible notes	16	**64,979**	–
Derivative financial instrument – warrants	17	**32,300**	–
Taxation payable		**2,451,434**	852,077
Bank and other borrowings	18	**5,666,968**	3,490,737
		24,329,565	14,054,732
Liabilities associated with assets classified as held for sale	7	–	1,734,249
		24,329,565	15,788,981
Net Current Assets		**34,616,939**	23,759,059
Total Assets less Current Liabilities		**63,077,610**	48,479,976
Capital and Reserves			
Share capital		**107,977**	107,977
Share premium and reserves		**28,190,056**	24,793,273
Equity attributable to owners of the Company		**28,298,033**	24,901,250
Non-controlling interests		**11,010,288**	9,196,106
Total Equity		**39,308,321**	34,097,356
Non-Current Liabilities			
Bank and other borrowings	18	**17,120,831**	12,124,720
Senior notes	17	**3,213,600**	–
Deferred tax liabilities		**3,434,858**	2,257,900
		23,769,289	14,382,620
Total Equity and Non-Current Liabilities		**63,077,610**	48,479,976

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2010

	Attributable to owners of the Company													Attributable to non-controlling interests				
	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$'000 (note iv)	Retained profits HK$'000	Sub-total HK$'000	Convertible notes equity reserve of a listed subsidiary HK$'000	Share options reserve of a listed subsidiary HK$'000	Share of net assets of subsidiaries HK$'000	Sub-total 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	8,479,654	31,881,012
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,403,282	1,403,282	-	-	403,542	403,542	1,806,824
Fair value adjustment on available-for-sale investments	-	-	-	-	-	-	-	-	56,337	-	-	-	56,337	-	-	-	-	56,337
Transfer to profit or loss on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	7,074	-	-	-	7,074	-	-	-	-	7,074
Loss on cash flow hedges	-	-	-	-	-	-	-	(12,478)	-	-	-	-	(12,478)	-	-	-	-	(12,478)
Realised on disposal of interest in a subsidiary	-	-	-	-	-	-	-	-	-	(15,271)	-	-	(15,271)	-	-	-	-	(15,271)
Realised on disposal of interests in associates	-	-	-	-	-	-	-	-	-	(31,575)	(13,303)	13,303	(31,575)	-	-	-	-	(31,575)
Total comprehensive income for the period	-	-	-	-	-	-	-	(12,478)	63,411	(46,846)	(13,303)	1,416,585	1,407,369	-	-	403,542	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)	-	-	-	-	-	-
Capital contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,197	50,197	50,197
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(176,994)	(176,994)	(176,994)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(71,102)	(71,102)	(71,102)
Acquisition of an associate	-	-	-	-	-	2,944	-	-	-	-	-	-	2,944	-	-	-	-	2,944
Dividends paid (note 9)	-	-	-	-	-	-	-	-	-	-	-	(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	8,685,297	33,146,451

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2010

	Attributable to owners of the Company													Attributable to non-controlling interests				
	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$'000 (note iv)	Retained profits HK$'000	Sub-total HK$'000	Convertible notes equity reserve of a listed subsidiary HK$'000	Share options reserve of a listed subsidiary HK$'000	Share of net assets of subsidiaries HK$'000	Sub-total HK$'000	Total HK$'000
At 1st January 2010 (audited and originally stated)	107,977	13,344,886	4,091	1,071	13,668	2,944	(1,536,780)	(15,013)	(36,528)	1,802,704	477,084	10,725,142	24,891,246	-	-	9,196,106	9,196,106	34,087,352
Restatements (note 2)	-	-	-	-	-	-	-	-	-	-	-	10,004	10,004	-	-	-	-	10,004
At 1st January 2010 (audited and restated)	107,977	13,344,886	4,091	1,071	13,668	2,944	(1,536,780)	(15,013)	(36,528)	1,802,704	477,084	10,735,146	24,901,250	-	-	9,196,106	9,196,106	34,097,356
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	4,437,230	4,437,230	-	-	258,401	258,401	4,695,631
Exchange differences arising from translation of foreign operations of subsidiaries	-	-	-	-	-	-	-	-	-	2,668	-	-	2,668	-	-	-	-	2,668
Fair value adjustment on available-for-sale investments	-	-	-	-	-	-	-	-	(98,458)	-	-	-	(98,458)	-	-	-	-	(98,458)
Impairment loss on available-for-sale investments	-	-	-	-	-	-	-	-	194,524	-	-	-	194,524	-	-	-	-	194,524
Gain on cash flow hedges	-	-	-	-	-	-	-	580	-	-	-	-	580	-	-	-	-	580
Reclassified on disposal of the disposal group held for sale (note 7)	-	-	-	-	-	-	-	-	(80,212)	(264,442)	-	-	(344,654)	-	-	-	-	(344,654)
Total comprehensive income for the period	-	-	-	-	-	-	-	580	15,854	(261,774)	-	4,437,230	4,191,890	-	-	258,401	258,401	4,450,291
Transfers	-	-	-	-	-	-	-	-	-	-	48,447	(48,447)	-	-	-	-	-	-
Capital contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,649	60,649	60,649
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(100,512)	(100,512)	(100,512)
Acquisition of subsidiaries (note 2)	-	-	-	-	-	-	(156,988)	-	-	-	-	-	(156,988)	-	-	-	-	(156,988)
Acquisition of a subsidiary (note 19)	-	-	-	-	-	-	-	-	-	-	-	-	-	2,580	227,080	4,388,075	4,617,735	4,617,735
Acquisition of additional interest in a subsidiary	-	-	-	-	-	262	-	-	-	-	-	-	262	-	-	(26,178)	(26,178)	(25,916)
Disposal of the disposal group held for sale (note 7)	-	-	(4,091)	-	-	-	14,255	-	-	-	(157,302)	156,616	9,478	-	-	(2,995,913)	(2,995,913)	(2,986,435)
Dividends paid (note 9)	-	-	-	-	-	-	-	-	-	-	-	(647,859)	(647,859)	-	-	-	-	(647,859)
At 30th June 2010 (unaudited)	107,977	13,344,886	-	1,071	13,668	3,206	(1,679,513)	(14,433)	(20,674)	1,540,930	368,229	14,632,686	28,298,033	2,580	227,080	10,780,628	11,010,288	39,308,321

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2010

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 arising during the six months ended 30th June 2009 and as at 1st January 2010 represented the difference between the amount of cash consideration paid to the ultimate parent, Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), for the acquisition of 20% equity interest in an associate, 上海星河數碼投資有限公司, and the net assets of this company.

During the six months ended 30th June 2010, the Group acquired additional interest in a subsidiary at a consideration of HK$25,916,000 and the difference between the consideration paid and the carrying amount of non-controlling interests, amounting to HK$262,000, was recognised as an equity transaction in other reserve.

(iii) Merger reserve represents the difference in the fair value of the consideration paid to SIIC for the acquisition of subsidiaries/businesses controlled by SIIC and the share capital of the subsidiaries under the acquisitions.

(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.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June 2010

	NOTES	Six months ended 30th June 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Net cash used in operating activities		**(1,777,582)**	(1,077,864)
Net cash from investing activities:			
Proceeds from disposal of the disposal group held for sale	7	**3,243,062**	–
Proceeds from disposal of available-for-sale investments		**31,907**	172,374
Acquisition of a subsidiary	19	**18,775**	–
Acquisition of Feng Tao (BVI) and Shen-Yu	2	**(1,595,350)**	–
Purchase of property, plant and equipment		**(245,935)**	(1,147,286)
Increase in bank deposits		**(190,463)**	(30,116)
Acquisition of additional interest in a subsidiary		**(25,916)**	(80,337)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)		–	1,410,723
Proceeds from disposal of interest in associates		–	390,086
Other investing cash flows		**345,619**	242,150
		1,581,699	957,594
Net cash from financing activities:			
Bank and other borrowings raised		**6,447,328**	9,332,143
Capital contributions by non-controlling interests		**60,649**	50,197
Repayment of bank and other borrowings		**(1,756,610)**	(5,302,018)
Dividends paid		**(647,859)**	(388,346)
Dividends paid to non-controlling interests		**(100,512)**	(176,994)
Other financing cash flows		**(222,862)**	(130,191)
		3,780,134	3,384,791
Net increase in cash and cash equivalents		**3,584,251**	3,264,521
Cash and cash equivalents at 1st January		**11,412,868**	7,220,765
Cash and cash equivalents at 30th June		**14,997,119**	10,485,286
Represented by:			
Bank balances and cash		**14,997,119**	8,137,785
Bank balances and cash classified as assets held for sale		–	2,347,501
		14,997,119	10,485,286

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

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 "Stock Exchange") (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. MERGER ACCOUNTING AND RESTATEMENTS

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

2. MERGER ACCOUNTING AND RESTATEMENTS (continued)

The effect of the application of merger accounting on the condensed consolidated statement of financial position as at 31st December 2009 is summarised below:

	HK$'000 (originally stated)	Adjustments on merger accounting HK$'000 (note iii)	Adjustments on merger accounting HK$'000 (note iv)	HK$'000 (restated)
ASSETS				
Property, plant and equipment	4,260,054	–	16,850	4,276,904
Toll road operating rights	9,467,968	–	3,390,043	12,858,011
Goodwill	13,723	–	5,730	19,453
Inventories	17,487,594	466,827	–	17,954,421
Trade and other receivables	3,668,144	–	9,027	3,677,171
Bank balances and cash	9,256,359	33,984	117,793	9,408,136
Other assets	16,074,861	–	–	16,074,861
	60,228,703	500,811	3,539,443	64,268,957
LIABILITIES				
Trade and other payables	7,679,155	500,811	1,531,952	9,711,918
Bank and other borrowings	13,627,724	–	1,987,733	15,615,457
Deferred tax liabilities	2,248,146	–	9,754	2,257,900
Other liabilities	2,586,326	–	–	2,586,326
	26,141,351	500,811	3,529,439	30,171,601
NET ASSETS	34,087,352	–	10,004	34,097,356
CAPITAL AND RESERVES				
Share capital and reserves	24,891,246	–	10,004	24,901,250
Non-controlling interests	9,196,106	–	–	9,196,106
	34,087,352	–	10,004	34,097,356

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

2. MERGER ACCOUNTING AND RESTATEMENTS (continued)

Notes:

(i) Pursuant to the equity transfer agreement entered into on 8th December 2009, S.I. Urban Development Holdings Limited, a wholly-owned subsidiary of the Company, agreed to acquire from Glory Shine Holdings Limited ("Glory Shine"), a wholly-owned subsidiary of SIIC, the 100% equity interest in Feng Tao (BVI) and to take an assignment of the unsecured and interest-free loan owing by Feng Tao (BVI) to Glory Shine for a cash consideration of approximately HK$207 million.

Feng Tao (BVI), through its subsidiaries, owns a development project on a piece of land located at Qingpu District in Shanghai, the People's Republic of China (the "PRC").

(ii) Pursuant to the sale and purchase agreement entered into on 8th December 2009, S.I. Infrastructure Holdings Limited, a wholly-owned subsidiary of the Company, agreed to acquire 100% equity interest in Shen-Yu and to take an assignment of the non-interest bearing shareholder's loan due from Shen-Yu to SIIC, at an aggregate consideration of approximately HK$1,388 million.

Shen-Yu, through a subsidiary, holds 100% equity interest in Shanghai Shen-Yu, which in turn owns the concession for operation rights of Hu-Yu Expressway (Shanghai Section) till 31st December 2027.

(iii) The adjustments are to include assets and liabilities of Feng Tao (BVI), Feng Tao (HK) and Shanghai Feng Tao as at 31st December 2009.

(iv) The adjustments are to include assets, liabilities and reserves of Shen-Yu, Infrastructure (Shen-Yu) and Shanghai Shen-Yu as at 31st December 2009.

Since Feng Tao (BVI) and Shen-Yu and their respective subsidiaries are all companies newly set up after 1st January 2009, the application of merger accounting does not have any effect on the Group's equity as at 1st January 2009.

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 2009 except as described below.

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

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

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

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 32 (Amendment)	Classification of Rights Issues[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[4]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[2]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]

1 Effective for annual periods beginning on or after 1st July 2010 and 1st January 2011, as appropriate
2 Effective for annual periods beginning on or after 1st January 2011
3 Effective for annual periods beginning on or after 1st February 2010
4 Effective for annual periods beginning on or after 1st July 2010
5 Effective for annual periods beginning on or after 1st January 2013

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

4. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (i.e. the board of directors of the Company) for the purposes of resource allocation and performance assessment, are as follows:

Infrastructure facilities – investment in toll road projects and water-related business

Real estate – property development and investment and hotel operation

Consumer products – manufacture and sale of cigarettes, packaging materials, printed products and dairy products

The Group was involved in the manufacture and sale of medicine and health food and medical equipment, which was reported as a separate operating segment of "Medicine" under HKFRS 8 "Operating Segments". That operation has been classified as discontinued operations since the prior period (see note 7).

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 2010

Continuing operations

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

4. SEGMENT INFORMATION (continued)

For the six months ended 30th June 2009

Continuing operations

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

Segment profit represents the profit earned by each segment without allocation of net corporate (expense) income, finance costs, share of results of jointly controlled entities, share of results of associates, net gain on disposal of interests in subsidiaries and associates, impairment loss on available-for-sale investments and gain from bargain purchase of interest in a subsidiary. This is the measure reported to the board of directors of the Company for the purposes of resource allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

4. SEGMENT INFORMATION (continued)

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

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

5. NET GAIN ON DISPOSAL OF INTERESTS IN SUBSIDIARIES AND ASSOCIATES

Continuing operations

The amount for the six months ended 30th June 2009 comprised gain on disposal of interests in subsidiaries of approximately HK$485 million, 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

6. INCOME TAX EXPENSE

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

7. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

In order to realign the Group's business focus and resources in other businesses, the Group disposed of its operations in medicine business segment (the "Disposed Business") in February 2010. The assets and liabilities attributable to the Disposed Business have been classified as discontinued operations and a disposal group held for sale as at 31st December 2009 and are presented separately in the condensed consolidated income statement and condensed consolidated statement of financial position.

The profit from the Disposed Business for the relevant periods is analysed as follows:

	One month ended 31st January 2010 HK$'000	Six months ended 30th June 2009 HK$'000
Profit for the period	**70,850**	668,163
Gain on disposal	**3,198,489**	–
	3,269,339	668,163

7. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (continued)

The results of the Disposed Business for the relevant periods were as follows:

	One month ended 31st January 2010 HK$'000	Six months ended 30th June 2009 HK$'000
Revenue	**692,883**	2,914,720
Cost of sales	**(401,451)**	(1,704,660)
Gross profit	**291,432**	1,210,060
Net investment income	**2,551**	21,431
Other income	**3,190**	14,560
Selling and distribution costs	**(149,996)**	(615,278)
Administrative expenses	**(63,981)**	(309,007)
Finance costs	**(948)**	(6,108)
Share of results of jointly controlled entities	**1,609**	28,738
Share of results of associates	**–**	234
Gain on disposal of interest in a subsidiary	**–**	382,966
Profit before taxation	**83,857**	727,596
Income tax expense	**(13,007)**	(59,433)
Profit for the period from discontinued operations	**70,850**	668,163
Attributable to		
– owners of the Company	**28,285**	508,467
– non-controlling interests	**42,565**	159,696
	70,850	668,163

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

7. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (continued)

Profit for the period from discontinued operations includes the following items:

	One month ended 31st January 2010 HK$'000	Six months ended 30th June 2009 HK$'000
Amortisation of other intangible assets	–	1,820
Depreciation of property, plant and equipment	–	42,463
Release of prepaid lease payments	–	7,372
Loss on disposal of property, plant and equipment	–	(6,496)

The net assets of the Disposed Business at the date of disposal were as follows:

	31st January 2010 HK$'000
Net assets disposed of	**5,492,021**
Reclassification of reserves upon disposal	**(335,176)**
	5,156,845
Non-controlling interests	**(2,995,913)**
	2,160,932
Gain on disposal	**3,198,489**
Total consideration	**5,359,421**
Satisfied by:	
Cash	**5,269,597**
Consideration receivable (included in other receivables)	**89,824**
	5,359,421
Net cash inflow arising on disposal:	
Total cash consideration received	**5,269,597**
Bank balances and cash disposed of	**(2,026,535)**
	3,243,062

7. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (continued)

	One month ended 31st January 2010 HK$'000	Six months ended 30th June 2009 HK$'000
Net cash flows from operating activities	**(10,650)**	393,700
Net cash flows from investing activities	**(48,929)**	184,631
Net cash flows from financing activities	**81,382**	306,443
Net cash flows	**21,803**	884,774

8. PROFIT FOR THE PERIOD

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

9. DIVIDENDS

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

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

10. EARNINGS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30th June	
	2010	2009
	HK$'000	HK$'000
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**4,437,230**	1,403,282
Effect of dilutive potential ordinary shares – adjustment to the share of results of a jointly controlled entity based on potential dilution of its earnings per share (note)	**N/A**	(284)
Earnings for the purpose of diluted earnings per share	**4,437,230**	1,402,998

10. EARNINGS PER SHARE (continued)

From continuing and discontinued operations (continued)

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

The calculation of diluted earnings per share for the six months ended 30th June 2010 does not assume the exercise of the warrants and convertible notes issued by Neo-China (defined in note 19) as the warrants and convertible notes are anti-dilutive.

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For the six months ended 30th June 2010

10. EARNINGS PER SHARE (continued)

From continuing operations

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

	Six months ended 30th June	
	2010	2009
	HK$'000	HK$'000
Earnings figures are calculated as follow:		
Profit for the period attributable to owners of the Company	**4,437,230**	1,403,282
Less: profit for the period from discontinued operations attributable to owners of the Company	**(28,285)**	(508,467)
gain on disposal of the Disposed Business	**(3,198,489)**	–
Earnings for the purpose of basic earnings per share from continuing operations	**1,210,456**	894,815
Effect of dilutive potential ordinary shares – adjustment to the share of results of a jointly controlled entity based on potential dilution of its earnings per share (note)	**N/A**	(284)
Earnings for the purpose of diluted earnings per share from continuing operations	**1,210,456**	894,531

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

From discontinued operations

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

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

During the period, the Group incurred costs for construction in progress of approximately HK$62 million (six months ended 30th June 2009: HK$1,466 million) and acquired other property, plant and equipment at an aggregate cost of approximately HK$39 million (six months ended 30th June 2009: HK$43 million) for the purpose of expanding the Group's businesses. The Group transferred construction in progress of approximately HK$1,128 million (six months ended 30th June 2009: Nil) to toll road operating rights during the period, upon completion of the construction. In addition, the Group recognised property, plant and equipment with an aggregate carrying value of approximately HK$925 million during the period through acquisition of a subsidiary (see note 19).

Four major investment properties of the Group were fair valued by Messrs. Debenham Tie Leung Limited, an independent firm of qualified professional valuers not connected with the Group, at 30th June 2010. Three out of these four investment properties having an aggregate fair value of approximately HK$2,873 million as at 30th June 2010 were acquired through acquisition of a subsidiary (see note 19) during the period. Messrs. Dehenham Tie Leung Limited are members of the Institute of Valuer and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuations, which conform to the Valuation Standards on Properties of the Hong Kong Institute of Surveyors, were arrived at by reference to comparable sales transactions available in the relevant market. The Group did not recognise any change in fair value of investment properties in profit or loss for the six months ended 30th June 2010 (six months ended 30th June 2009: increase in fair value of HK$12,495,000 recognised in other income).

The directors are of the opinion that the carrying amounts of the Group's remaining investment properties approximate to fair values at 30th June 2010.

12. INVESTMENTS

During the period, the increase in total investments by approximately HK$2,604 million was mainly attributable to the Group's new short-term investments in certain financial products.

13. INVENTORIES

Inventories as at both 30th June 2010 and 31st December 2009 mainly represented properties under development held for sale. During the period, the Group acquired properties under development of approximately HK$17,832 million through the acquisition of a subsidiary (see note 19).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

14. 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 2010, included in trade and other receivables are trade receivables (including those classified as part of a disposal group), net of allowance for the doubtful debts, of HK$601,861,000 (31st December 2009: HK$1,440,031,000) and their aged analysis, presented based on the invoice date at the end of reporting period, is as follows:

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

Other receivables as at 30th June 2010 represented (i) consideration receivable of HK$550,025,000 (31st December 2009: HK$880,289,000) on disposal of a subsidiary/an associate, (ii) an advance to the vendor of an investment project in the PRC of HK$681,508,000 (31st December 2009: HK$1,301,681,000), which is secured by the equity interests of the vendor held in the investment, interest-bearing at a fixed rate of 16% per annum and repayable in November 2010, (iii) an amount due from entities controlled by Xuhui District State Owned Asset Administrative Committee ("Xuhui SAAC") of HK$116,060,000 (31st December 2009: HK$199,918,000), which is unsecured, non-interest bearing and repayable on demand and (iv) other taxes recoverable, various deposits, prepayments and temporary payments, dividend receivables, etc.

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15. TRADE AND OTHER PAYABLES

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

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

Other payables as at 30th June 2010 represented (i) customers deposits from sales of properties of HK$9,427,509,000 (31st December 2009: HK$3,299,299,000), (ii) an amount due to Xuhui SAAC and entities controlled by Xuhui SAAC by Shanghai Urban Development (Holdings) Company Limited, a subsidiary of the Company, of HK$728,882,000 (31st December 2009: HK$663,951,000), which is unsecured, non-interest bearing and repayable on demand and (iii) various accruals, other taxes payable, sundry creditors, etc.

16. CONVERTIBLE NOTES

The convertible notes of the Group as at 30th June 2010 represented zero coupon convertible notes issued by Neo-China (defined in note 19) on 12th June 2006. Convertible notes were issued at par with a principal amount of HK$1,340,000,000 ("Convertible Notes 2011"). Convertible Notes 2011 will be redeemed at 135.7% of the principal amount on 11th May 2011 ("Maturity Date"). The Convertible Notes 2011 are listed on the Stock Exchange.

The holders of Convertible Notes 2011 have the right to convert all or any portion of Convertible Notes 2011 into shares of Neo-China at an adjusted conversion price of HK$6.0193 per share (subject to anti-dilutive adjustment). The conversion right can be exercised at any time on or after 60 days from the date on which Convertible Notes 2011 are issued up to, and including, the close of business on the business day seven days prior to the Maturity Date.

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For the six months ended 30th June 2010

16. CONVERTIBLE NOTES (continued)

At any time not less than seven business days prior to the Maturity Date, Neo-China may redeem Convertible Notes 2011 in whole but not in part at a pre-determined redemption amount if the closing price of the shares for any 20 trading days out of the 30 consecutive trading days prior to the date upon which notice of such redemption is given is at least 130 per cent of the applicable early redemption amount divided by the conversion ratio ("Redemption Right of the Issuer"). As the economic characteristics and risks of the Redemption Right of the Issuer are not closely related to the host contract, the Redemption Right of the Issuer is separately accounted for at fair value at each reporting date as a derivative financial instrument. The fair value of the Redemption Right of the Issuer as at 30th June 2010 was insignificant.

In the event that Neo-China's shares cease to be listed or admitted to trading on the Stock Exchange, each holder of Convertible Notes 2011 shall have a right, at such holder's option, to require Neo-China to redeem Convertible Notes 2011 on the twentieth business day after notice has been given to the holder at the early redemption amount ("Delisted Put Right"). As the economic characteristics and risks of the Delisted Put Right are not closely related to the host contract, the Delisted Put Right is separately accounted for at fair value at each reporting date as a derivative financial instrument. The fair value of the Delisted Put Right was insignificant as at 30th June 2010.

Convertible Notes 2011 contain a liability element, Redemption Right of the Issuer, Delisted Put Right and an equity element. The equity element is represented in the equity heading "convertible notes equity reserve" attributable to non-controlling interests. The effective interest rate of the liability element is 9.44%.

As at 30th June 2010, the Convertible Notes 2011 of principal amount of HK$52,160,000 remained outstanding after two early redemptions in 2007 and 2009.

17. SENIOR NOTES/WARRANTS

The senior notes of the Group as at 30th June 2010 represented the outstanding senior notes issued by Neo-China (defined in note 19). On 23th July 2007, Neo-China issued 4,000 units of senior notes at a par value of US$400,000,000 (equivalent to approximately HK$3,120,000,000) ("Senior Notes 2014") and 264,000,000 warrants ("Warrants 2012"). The Senior Notes 2014 bear interest at 9.75% and will mature on 23th July 2014 ("Notes Maturity Date"). The Senior Notes 2014 are guaranteed by all of Neo-China's existing subsidiaries at the date of issue other than those established under the laws of the PRC.

The Senior Notes 2014 and Warrants 2012 are separated immediately upon their issuance and the Warrants 2012 are detachable from the Senior Notes 2014.

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For the six months ended 30th June 2010

17. SENIOR NOTES/WARRANTS (continued)

The Warrants 2012 are exercisable at any time up to 23rd July 2012 at an exercise price of HK$6.72 per share, subject to anti-dilutive adjustment, to subscribe for shares of Neo-China. The Warrants 2012 are denominated in Hong Kong dollar and will be settled in net share settlement upon exercise. As the Warrants 2012 may be settled other than by exchange of a fixed amount of cash for a fixed number of Neo-China's shares, the Warrants 2012 are classified as a derivative financial liability and measured at fair value with changes in fair value recognised in profit or loss.

As at 30th June 2010, 66,000,000 of Warrants 2012 were outstanding. Exercise in full of the outstanding Warrants 2012 would result in the issue of 66,000,000 additional shares with an aggregate subscription value of HK$443,520,000.

At any time prior to the Notes Maturity Date, Neo-China may redeem the Senior Notes 2014, in whole or in part, at a redemption price equal to 100% of the principal amount plus the greater of (1) 1% of the principal amount of Senior Notes 2014 being redeemed and (2) the excess of (A) the present value at such redemption date of (i) 100% of the principal amount of the Senior Notes 2014 plus (ii) all required remaining scheduled interest payments due on Senior Notes 2014 through to the Notes Maturity Date, computed using a discount rate equal to the comparable treasury issue plus 100 basis points, over (B) the principal amount of Senior Notes 2014 on such redemption date ("100% Redemption Right of the Issuer – Senior Notes 2014"). As the economic characteristics and risks of the 100% Redemption Right of the Issuer – Senior Notes 2014 are not closely related to the host contract, the 100% Redemption Right of the Issuer – Senior Notes 2014 is separately accounted for at fair value at each reporting date as a derivative financial instrument. The fair value of the 100% Redemption Right of the Issuer – Senior Notes 2014 was insignificant as at 30th June 2010.

At any time prior to 23th July 2011, Neo-China may redeem up to 35% of the principal amount of the Senior Notes 2014 with the net cash proceeds of one or more sales of shares of Neo-China in an equity offering at a redemption price of 109.75% of the principal amount of the Senior Notes 2014 ("35% Redemption Right of the Issuer – Senior Note 2014"). As the economic characteristics and risk of the 35% Redemption Right of the Issuer – Senior Notes 2014 are not closely related to the host contract, the 35% Redemption Right of the Issuer – Senior Notes 2014 is separately accounted for at fair value at each reporting date as a derivative financial instrument. The fair value of the 35% Redemption Right of the Issuer – Senior Notes 2014 was insignificant as at 30th June 2010.

The Senior Notes 2014 contain a liability element, Warrants 2012, 100% Redemption Right of the Issuer – Senior Notes 2014 and 35% Redemption Right of the Issuer – Senior Notes 2014. As at 30th June 2010, the effective interest rate of the liability element applied is 8.87% and the corresponding fair value amounted to HK$3,213,600,000.

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18. BANK AND OTHER BORROWINGS

During the current period, the Group obtained new borrowings in the amount of approximately HK$6,447 million (six months ended 30th June 2009: HK$9,332 million). In addition, the Group recognised new borrowings of HK$2,534 million during the period through acquisition of a subsidiary (see note 19). The borrowings carry interest at market rates and are repayable within one to fifteen years. The Group also repaid borrowings of approximately HK$1,757 million (six months ended 30the June 2009: HK$5,302 million) during the period.

19. ACQUISITION OF A SUBSIDIARY

As detailed in the joint announcement of the Company and Neo-China Land Group (Holdings) Limited ("Neo-China") dated 24th June 2010, the Group completed the acquisition of 500,000,000 issued shares of Neo-China from the former controlling shareholder at a consideration of HK$1,160,000,000, equivalent to HK$2.32 per share (the "Acquisition"). On the same day, the Group also subscribed 683,692,000 new shares issued by Neo-China at a consideration of HK$1,586,165,440, equivalent to HK$2.32 per share (the "Subscription").

Neo-China is a company incorporated in Bermuda with its shares listed on the Main Board of the Stock Exchange. Neo-China and its subsidiaries are principally engaged in real estate business in the PRC.

As enlarged by the subscribed shares, the shares acquired in the Acquisition and subscribed in the Subscription represented 19.02% and 26.00% of the issued share capital of Neo-China, respectively. Upon completion of the Acquisition and the Subscription on 24th June 2010 ("Completion"), the Group held a 45.02% equity interest in Neo-China. Pursuant to the agreement of the Acquisition, the former controlling shareholder, holding 21.10% equity interest in Neo-China after Completion, has undertaken to support the appointment of persons nominated by the Group as directors of the Neo-China for the period of (i) one year following the date of Completion; and (ii) the date upon which Neo-China's preliminary announcement of its audited financial results for the financial period ending 31st December 2010 is made, whichever is the later. Therefore, the Group is able to control the composition of the board of directors of Neo-China during that period upon Completion and the Group regarded Neo-China as its subsidiary on 24th June 2010.

Consideration transferred

	HK$'000
Cash	2,746,165

Acquisition-related costs amounting to approximately HK$26 million have been excluded from the cost of acquisition and recognised as an expense in the period, within the "administrative expenses" line item in the condensed consolidated income statement.

19. ACQUISITION OF A SUBSIDIARY (continued)

Net assets recognised at the date of acquisition

	HK$'000
Non-current assets	
Investment properties	2,872,626
Property, plant and equipment	925,390
Interests in associates	187,706
Deferred tax assets	23,625
	4,009,347
Current assets	
Inventories	17,832,129
Trade and other receivables	1,367,671
Taxation recoverable	271,721
Pledged bank deposits	97,918
Bank balances and cash	2,764,940
	22,334,379
Current liabilities	
Trade and other payables	10,494,253
Convertible notes	64,979
Derivative financial instrument – warrants	32,300
Taxation payable	1,015,935
Bank and other borrowings	1,817,200
	13,424,667
Net current assets	8,909,712
Total assets less current liabilities	12,919,059
Non-current liabilities	
Bank and other borrowings	716,379
Senior notes	3,213,600
Deferred tax liabilities	1,264,120
	5,194,099
Net assets	7,724,960

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For the six months ended 30th June 2010

19. ACQUISITION OF A SUBSIDIARY (continued)

Non-controlling interests

The non-controlling interests of 54.98% in Neo-China recognised at the acquisition date was measured by reference to the non-controlling interests' proportionate share of the fair value of the net assets of Neo-China and amounted to approximately HK$4,618 million.

Gain from bargain purchase

	HK$'000
Fair value of identifiable net assets acquired (note a)	7,724,960
Non-controlling interests (note b)	(4,617,735)
Gain from bargain purchase	(361,060)
Consideration transferred	2,746,165

The fair value of certain items of net assets acquired are measured at provisional value and subject to finalisation of the identification and valuation of such items.

Notes:

(a) Included in fair value of identifiable net assets acquired is an amount of HK$32,300,000 representing derivative financial instrument – warrants. The amount was stated at its provisional value as at 30th June 2010.

(b) Included in non-controlling interests is an amount of HK$227,080,000 representing the share options issued by Neo-China. The amount was stated at its provisional value as at 30th June 2010.

During the period, the Group recognised a gain resulting from the Acquisition and the Subscription of HK$361,060,000. The introduction of the Company as the new single largest shareholder of Neo-China is able to assist Neo-China in achieving an uplift of the suspension of trading in its shares that the board of directors of Neo-China has been seeking for many months without any success. In addition, the Acquisition and the Subscription are able to strengthen the capital base of Neo-China and provide it with funds to pay down debt and/or to fund new investment or meet working capital requirements. In the opinion of the directors of the Company, the above are the key factors leading to the recognition of a gain from the Acquisition and the Subscription.

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19. ACQUISITION OF A SUBSIDIARY (continued)

Net cash inflow arising on acquisition

	HK$'000
Cash and cash equivalent balances acquired	2,764,940
Less: consideration paid in cash	(2,746,165)
	18,775

Impact of acquisition on the results of the Group

Except for the gain from bargain purchase mentioned above, no profit or revenue for the interim period is attributable to Neo-China.

Had the acquisition of Neo-China been effected at 1st January 2010, the revenue of the Group from continuing operations for the six months ended 30th June 2010 would have been approximately HK$9,082 million, and the profit for the period from continuing operations would have been approximately HK$742 million. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at 1st January 2010, nor is intended to be a projection of future results.

20. CAPITAL COMMITMENTS

	30th June 2010 HK$'000	31st December 2009 HK$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of		
– additions in properties under development	**6,717,834**	1,840,615
– investments in PRC subsidiaries	**225,780**	1,821,135
– acquisition of property, plant and equipment	**42,759**	36,630
– toll road construction costs	**–**	153,339
– investment in an overseas project	**–**	112,358
	6,986,373	3,964,077
Capital expenditure authorised but not contracted for in respect of investment in an associate	**834,848**	834,848

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

21. CONTINGENT LIABILITIES

As at 30th June 2010, the guarantees given to banks by the Group in respect of banking facilities utilised by an entity controlled by Xuhui SAAC and outsiders amounted to approximately HK$4,226 million (31st December 2009: HK$1,599 million).

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

22. RELATED PARTY TRANSACTIONS

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

		Six months ended 30th June	
Related party	**Nature of transactions**	**2010**	2009
		HK$'000	HK$'000
Ultimate holding company	Rentals paid on premises	**4,320**	4,320
Fellow subsidiaries	Rentals paid on premises	**13,918**	11,689
	Acquisition of interest in an associate	–	18,173
An associate	Printing service income received	**3,560**	10,002

(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	
	2010	2009
	HK$'000	HK$'000
Short-term benefits	**12,368**	11,251

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

23. MATERIAL TRANSACTIONS AND BALANCES WITH OTHER STATE-CONTROLLED ENTERPRISES

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under SIIC which is controlled by the PRC government. Apart from the transactions with SIIC and other related parties disclosed in note 22(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.

In establishing its pricing strategies and approval process for transactions with other state-controlled entities, the Group does not differentiate whether the counterparty is a state-controlled entity or not.

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

	Six months ended 30th June	
	2010	2009
	HK$'000	HK$'000
Transactions		
Trade sales	**413,727**	633,130
Trade purchases	**145,885**	128,238

	30th June	31st December
	2010	2009
	HK$'000	HK$'000
Balances		
Amounts due from other state-controlled entities	**157,896**	249,592
Amounts due to other state-controlled entities	**30,300**	31,575

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 are 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2010

24. EVENTS AFTER THE END OF THE INTERIM PERIOD

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

(a) Mandatory conditional cash offer

Pursuant to the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") and following the Completion (see note 19), the Group has made the possible mandatory conditional cash offer for all the issued shares of Neo-China (other than those already owned or agreed to be acquired or subscribed by the Group and parties acting in concert with it) (the "Share Offer") on 2nd July 2010. In accordance with the Takeovers Code and subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects, the Group, on the same day, has also made the possible mandatory conditional cash offer for all the outstanding convertible notes, warrants and share options of Neo-China (other than those already owned or agreed to be acquired or subscribed by the Group and parties acting in concert with it) to acquire, or for the cancellation of, all the outstanding convertible notes, warrants and share options of Neo-China (together with the Share Offer, collectively referred to as the "Offers").

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

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

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

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

Other Information

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2010, 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:

Interests in shares and underlying shares of the Company

Name of Director	Capacity	Nature of interests	Number of issued ordinary shares held	Approximate percentage of total issued share capital
Cai Yu Tian	Beneficial Owner	Personal	722,000	0.07%
Lu Ming Fang	Beneficial Owner	Personal	586,000	0.05%
Zhou Jie	Beneficial Owner	Personal	333,000	0.03%
Qian Shi Zheng	Beneficial Owner	Personal	679,000	0.06%
Zhou Jun	Beneficial Owner	Personal	195,000	0.02%
Lo Ka Shui	Beneficial Owner	Personal	1,487,539 (Note 2)	0.14%

Notes:

1. *All interests stated above represented long positions.*

2. *Of which, 520,979 shares are physically settled options.*

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 30 June 2010.

Other Information

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

As at 30 June 2010, 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 total issued share capital
SIIC	Interests held by controlled corporations	Corporate	566,964,371 [Note 1]	52.51%

Notes:

1. *SIIC through its subsidiaries, namely Shanghai Investment Holdings Ltd., SIIC Capital (B.V.I.) Ltd., SIIC Treasury (B.V.I.) Ltd., Shanghai Industrial Financial (Holdings) Co. Ltd., South Pacific International Trading Ltd., The Tien Chu Ve Tsin (Hong Kong) Co. Ltd., SIIC Trading Co. Ltd., SIIC CM Development Funds Ltd., Billion More Investments Ltd. and SIIC CM Development Ltd. held 466,644,371 Shares, 80,000,000 Shares, 8,770,000 Shares, 5,092,000 Shares, 2,701,000 Shares, 1,798,000 Shares, 1,250,000 Shares, 389,000 Shares, 310,000 Shares and 10,000 Shares respectively, and is accordingly deemed to be interested in the ordinary shares of the Company held by the aforementioned companies.*

2. *SIIC through its subsidiary, SIIC Trading Co. Ltd. held 140,000 underlying shares of the Company.*

3. *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 30 June 2010.

Share Options

SIHL Scheme

The SIHL Scheme shall be valid and effective for a period of 10 years commencing the date of adoption of the scheme as approved by the Shareholders of the Company on 31 May 2002.

During the period, no options were granted under the SIHL Scheme.

Neo-China Scheme

The Neo-China Scheme shall be valid and effective for a period of 10 years commencing the date of adoption of the scheme as approved by the shareholders of Neo-China on 12 December 2002. The following table discloses details of the options granted to the employees and qualified participants of Neo-China under the Neo-China Scheme during the period:

Date of grant	Exercise period	Exercise per share	As at 1 January and 30 June 2010
4 April 2006	4 April 2006 – 3 April 2016	HK$3.60 (Note 1)	13,125,000
17 November 2006	17 November 2006 – 22 October 2016	HK$3.72 (Note 1)	65,000,000
14 March 2007	14 March 2007 – 6 March 2017	HK$3.92 (Note 1)	47,500,000
			125,625,000 (Note 2)

Notes:

1. *The above exercise prices have been consolidated from 4 to 1 as previously disclosed in an announcement of Neo-China.*
2. *Out of the 125,625,000 share options, 38,075,000 options were granted to the directors of Neo-China and the remaining 87,550,000 options were granted to employees.*

All the above outstanding share options were lapsed on 26 July 2010.

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

Change in Directors' information since the date of the annual report 2009 are set out below:

Mr. Cai Yu Tian
- Appointed as non-executive chairman of Asia Water on 7 April 2010.
- Appointed as chairman and executive director of Neo-China on 5 July 2010.

Mr. Qian Shi Zheng
- Appointed as executive director of Neo-China on 5 July 2010.

Mr. Zhou Jun
- Appointed as non-executive director of Asia Water on 7 April 2010.
- Appointed as executive director of Neo-China on 5 July 2010.

Mr. Leung Pak To, Francis
- Appointed as non-executive director and chairman of Imagi International Holdings Limited, a company listed on the Stock Exchange, on 18 May 2010.
- Appointed as non-executive director of Sun Hung Kai & Co. Limited, a company listed on the Stock Exchange, on 13 July 2010.

Other Information

Employees

During the six months ended 30 June 2010, the Company has completed the acquisition of an equity stake in Neo-China and Asia Water giving rise to an increase in the number of employees. On the other hand, the Company also completed the disposal of the interests of certain pharmaceutical enterprises. Accordingly, the number of employees of the Group has dropped from 15,141 at last year end to 6,703 as at the end of the period under review. There have been no material changes to the remuneration policies and staff training programmes of the Group since last year.

Review of Report

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

Corporate Governance

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2010.

Model Code for Securities Transactions by Directors

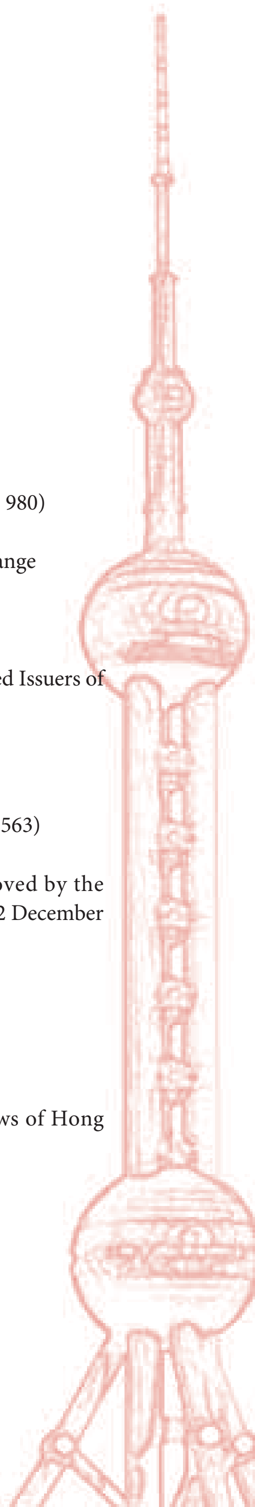
The Company has adopted a code of conduct regarding Directors' and relevant employees' securities transactions of listed companies on terms no less exacting than the required standard set out in the Model Code, and all Directors have confirmed that they have complied with the Model Code and the Company's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

Glossary of Terms

Term used	Brief description
Asia Water	Asia Water Technology Ltd. (SGX stock code: 5GB)
Bright Dairy	Bright Dairy and Food Co., Ltd. (SSE stock code: 600597)
Chengdu Wingfat Printing	Chengdu Wingfat Printing Co., Ltd.
General Water of China	General Water of China Co., Ltd.
Feng Tao BVI	S.I. Feng Tao Properties (BVI) Ltd.
Hebei Yongxin Paper	Hebei Yongxin Paper Co., Ltd.
Hu-Ning Expressway	Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd.
Lianhua Supermarket	Lianhua Supermarket Holdings Co., Ltd. (HKSE stock code: 980)
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
Luqiao Development	Shanghai Luqiao Development 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.
Neo-China	Neo-China Land Group (Holdings) Ltd. (HKSE stock code: 563)
Neo-China Scheme	A share option scheme adopted by Neo-China as approved by the shareholders at the extraordinary general meeting held on 12 December 2002
Net Business Profit	Net profit excluding net corporate expenses
Novel Good	Novel Good Ltd.
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)



Glossary of Terms

Term used	Brief description
Shanghai Pharmaceuticals	Shanghai Pharmaceuticals Holding Co., Ltd. (SSE stock code: 601607)
Shanghai Urban Development	Shanghai Urban Development (Holdings) Co., Ltd.
Shen-Yu BVI	S.I. Shen-Yu Development Ltd.
Shen-Yu Shanghai	Shanghai Shen-Yu Development Co., Ltd.
SI Development	Shanghai Industrial Development Co., Ltd. (SSE stock code: 600748)
SI Pharmaceutical	Shanghai Industrial Pharmaceutical Investments Co., Ltd.
SI Properties Development	S.I. Properties Development Ltd.
SIHL Scheme	A share option scheme adopted by the Company as approved by the shareholders at the extraordinary general meeting held on 31 May 2002
SIIC	Shanghai Industrial Investment (Holdings) Co. Ltd.
SIIC Shanghai	SIIC Shanghai (Holding) Co., Ltd.
SIIC South Pacific Hotel	Shanghai SIIC South Pacific Hotel Co., Ltd.
SMIC	Semiconductor Manufacturing International Corporation (HKSE stock code: 981)
SGX	Singapore Stock Exchange
SSE	Shanghai Stock Exchange
Stock Exchange or HKSE	The Stock Exchange of Hong Kong Ltd.
WF Top Weld Packaging	Wing Fat Top Weld Packaging (HK) Ltd.
Wing Fat Printing	The Wing Fat Printing Co., Ltd.

For the purposes of the "Chairman's Statement" and "Business Review, Discussion and Analysis" of this Interim Report, the exchange rate of HK$1.00 to 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.