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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

## **Announcement of 2009 Interim Results**

**(Unaudited)**

### **FINANCIAL HIGHLIGHTS**

	<b>First Half of 2009</b>	First Half of 2008 (Restated)	Change
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Turnover	<b>5,579,171</b>	6,771,349	-17.6%
Gross profit	<b>2,322,579</b>	2,231,587	+4.1%
Profit before taxation	<b>2,337,818</b>	1,917,758	+21.9%
Profit attributable to shareholders	<b>1,403,282</b>	1,315,244	+6.7%
Interim dividend	<b>HK48 cents</b>	HK45 cents	+6.7%
Earnings per share - Basic	<b>HK\$1.302</b>	HK\$1.225	+6.3%
- Diluted	<b>HK\$1.301</b>	HK\$1.221	+6.6%

## **BUSINESS REVIEW**

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

### **Infrastructure Facilities**

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

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

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

General Water of China Co. Ltd. ("General Water of China") recorded a revenue from principal business of HK\$282 million, representing an increase of 12.9% over the corresponding period last year. In January 2009, the company has been ranked by H2O-China.com as one of the Top Ten Influential Water Service Companies for six consecutive years since its inception, securing its leading position in the industry. The company's current development strategies are to actively pursue mergers and acquisitions as well as integration of its businesses, establish a healthy profit structure and enhance return

on assets. During the period, the company broadened its scope of business to manufacturing of water equipment, and scientific researches were transformed into productivity. This is expected to enhance the competitiveness of its core business and to increase value for shareholders.

In June 2009, the Company announced through S.I. Infrastructure Holdings Limited (“SI Infrastructure”), its wholly-owned subsidiary, to subscribe for new shares in Asia Water Technology Ltd. (“Asia Water”), a listed company in Singapore, at SGD0.02 per share for a controlling stake in the company. Such investments will be taken up by General Water of China within a period of two years. The transaction is subject to approval by shareholders of Asia Water at an extraordinary general meeting and pending approval by the relevant authority in Singapore for granting waiver from the obligation of making general offer by S.I. Infrastructure and General Water of China to shareholders.

## **Medicine**

The medicine business recorded a turnover of HK\$2,915 million, representing an increase of 6.9% over the same period last year. Profit contribution amounted to HK\$508 million, representing a 3.16 fold increase and accounting for 35.1% of the Group’s Net Business Profit\*. A disposal gain of approximately HK\$383 million was recorded for the disposal of its approximate 18.89% entire interest in MicroPort Medical (Shanghai) Co. Ltd. (“MicroPort Medical”). Shanghai Industrial Investment (Holdings) Co. Ltd. (“SIIC”), the controlling shareholder of the Company, is currently restructuring its medicine business which will involve certain medicine projects of the Group. The restructuring plan is expected to be finalized in the second half of the year.

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

For biomedicines, major products including “Techpool Luoan” and “Kai Li Kang” recorded a growth of 42.5% and 85.6% respectively over the same period last year. In June 2009, a new strategic partner was introduced to Guangdong Techpool Biochem Pharma Co. Ltd. through taking a 28% interest in the company by means of share transfer and capital injection. Completed in July, the transaction is expected to help speed up market

development for core products as well as future business expansion for the company.

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

For medical equipment, sales in major products achieved stable growth while sales for consumables such as indwelling needle grew significantly. In June 2009, the Group further reduced its non-controlling business and disposed of its entire interest of approximately 18.89% in MicroPort Medical for approximately HK\$516 million, resulting in a disposal gain of approximately HK\$380 million for the Group.

### **Consumer Products**

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

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

During the first half of 2009, Bright Dairy’s turnover increased slightly to RMB3,852 million (equivalent to approximately HK\$4,375 million) over the same period last year. A net profit of RMB45.34 million (equivalent to approximately HK\$51.50 million) was recorded, representing a decline of 67.8%. The decline was attributed to a compensation received from Danone during the same period last year. In line with the Group’s strategy of

reducing non-core businesses, a 5% shareholding in Bright Dairy was disposed of through trading in the Shanghai Stock Exchange in June 2009 for a consideration of approximately HK\$391 million. A disposal gain before tax of approximately HK\$261 million was recorded for the period. The Group also entered into a share transfer agreement with Bright Food (Group) Co. Ltd. (“Bright Food”) to dispose of all its remaining interest of 30.176% in Bright Dairy in July. The transfer is subject to approval by the relevant authorities in the PRC. It is expected that the Group will record a disposal gain before tax of approximately HK\$945 million upon completion of the transaction.

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

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

## **Real Estate**

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

As at the end of June 2009, Shanghai Urban Development had a land reserve of a total gross floor area of up to 3,260,000 square meters, with eight real estate projects in five regions namely Shanghai, Jiangsu, Anhui, Hunan and Chongqing. During the period, newly added construction area amounted to approximately 190,000 square meters.

Shanghai Urban Development recorded a total sales of approximately HK\$493 million during the period, dropping 68.5%. Net Profit for the period was approximately HK\$129 million. Without taking property revaluation into account, the company recorded an increase in net profit of 133.8%. During the period, a pre-sale amount of approximately HK\$3,124 million was recorded, including the projects of Urban Cradle in Shanghai,

Kuncheng Dijing Garden in Kunshan, Toscana in Changsha and Rose City in Hefei, with a pre-sale gross floor area of approximately 222,000 square meters. Since the launching of “Urban Cradle – Lounge City” apartments in 2008, the response has been very positive. The number of apartments released was increased several times. Up to the end of July, 688 units have been sold in 2009, generating a pre-sale proceeds of approximately HK\$2,544 million. Rental income from investment properties held amounted to approximately HK\$68.86 million with an aggregate gross floor area of approximately 77,056 square meters.

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

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

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

## **Others**

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

*\* Net profit excluding net corporate expenses.*

## **PROSPECTS**

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

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

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

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

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

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

## **Teng Yi Long**

*Chairman*

Hong Kong, 1st September 2009

## **INTERIM DIVIDEND**

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

## **CLOSURE OF REGISTER OF MEMBERS**

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



## **REVIEW OF INTERIM RESULTS**

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

## **CORPORATE GOVERNANCE**

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30th June 2009.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## **PUBLICATION OF THE INTERIM REPORT**

The 2009 Interim Report will be despatched to Shareholders in mid September 2009 and will be made available at the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.sihl.com.hk](http://www.sihl.com.hk) accordingly.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises eight Executive Directors, namely, Mr. Teng Yi Long, Mr. Cai Yu Tian, Mr. Lu Ming Fang, Mr. Ding Zhong De, Mr. Zhou Jie, Mr. Qian Shi Zheng, Mr. Yao Fang and Mr. Zhou Jun; three Independent Non-Executive Directors, namely, Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis.

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30TH JUNE 2009**

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30TH JUNE 2009**

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30TH JUNE 2009**

	<i>Notes</i>	<b>30th June 2009 HK\$'000 (unaudited)</b>	<b>31st December 2008 HK\$'000 (audited)</b>
<b>Non-Current Assets</b>			
Investment properties		1,999,391	1,986,896
Property, plant and equipment		5,072,063	3,737,481
Prepaid lease payments – non-current portion		615,392	628,476
Toll road operating rights		9,578,281	9,681,461
Other intangible assets		140,726	145,216
Goodwill		409,927	400,692
Interests in jointly controlled entities		1,001,602	1,152,494
Interests in associates		3,071,535	4,044,789
Investments		469,382	584,274
Loan receivables – non-current portion		2,895	3,085
Deposits paid on acquisition of property, plant and equipment		496,438	857,057
Restricted bank deposits		73,242	73,109
Deferred tax assets		83,627	86,631
		<b>23,014,501</b>	<b>23,381,661</b>
<b>Current Assets</b>			
Inventories		15,201,980	14,353,180
Trade and other receivables	8	4,688,068	4,150,592
Prepaid lease payments – current portion		28,353	28,580
Investments		29,991	117,173
Financial assets at fair value through profit or loss		337,197	45,542
Taxation recoverable		67,646	2,616
Pledged bank deposits		925,861	800,541
Short-term bank deposits		1,451,995	1,547,332
Bank balances and cash		10,485,286	7,220,765
		<b>33,216,377</b>	<b>28,266,321</b>
<b>Current Liabilities</b>			
Trade and other payables	9	6,449,697	7,277,356
Taxation payable		783,765	614,651
Bank and other borrowings		4,138,904	3,824,193
		<b>11,372,366</b>	<b>11,716,200</b>
<b>Net Current Assets</b>		<b>21,844,011</b>	<b>16,550,121</b>
<b>Total Assets less Current Liabilities</b>		<b>44,858,512</b>	<b>39,931,782</b>

	<b>30th June 2009 HK\$'000 (unaudited)</b>	31st December 2008 HK\$'000 (audited)
<b>Capital and Reserves</b>		
Share capital	107,882	107,644
Share premium and reserves	24,353,272	23,293,714
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<b>Equity attributable to owners of the Company</b>	24,461,154	23,401,358
<b>Minority interests</b>	8,685,297	8,479,654
	<hr/>	<hr/>
<b>Total Equity</b>	33,146,451	31,881,012
	<hr/>	<hr/>
<b>Non-Current Liabilities</b>		
Bank and other borrowings	9,516,248	5,829,901
Deferred tax liabilities	2,195,813	2,220,869
	<hr/>	<hr/>
	11,712,061	8,050,770
	<hr/>	<hr/>
<b>Total Equity and Non-Current Liabilities</b>	44,858,512	39,931,782
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*Notes:*

**(1) REVIEW OF INTERIM FINANCIAL INFORMATION**

The interim results for the six months ended 30th June 2009 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), by Deloitte Touche Tohmatsu, whose report on review of interim financial information is included in the interim report to be sent to shareholders.

**(2) BASIS OF PREPARATION**

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

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

**Merger Accounting**

In 2008, the Group acquired Good Cheer Enterprises Limited and S.I. Hu-Hang Development Limited from wholly owned subsidiaries of Shanghai Industrial Investment (Holdings) Co., Ltd ("SIIC"). The Group has applied the principle of merger accounting in accordance with the requirements set out in Accounting Guideline 5 to business combinations involving entities under the control of SIIC. The condensed consolidated income statement for the six months ended 30th June 2008 have been

restated to include the operating results of the businesses acquired from SIIC in prior periods as if these acquisitions had been completed on 1st January 2008 or since the date the respective business came under the control of SIIC.

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

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

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

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

### (3) SEGMENT INFORMATION

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

For the six months ended 30th June 2009

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

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

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

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

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

#### (4) INCOME TAX EXPENSES

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

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



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

## (5) PROFIT FOR THE PERIOD

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

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

## (6) DIVIDENDS

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
2008 final dividend paid of HK36 cents (2007 final dividend: HK43 cents) per share	<b>388,346</b>	462,431
	<b>=====</b>	<b>=====</b>

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

## (7) EARNINGS PER SHARE

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

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

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

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

## (8) TRADE AND OTHER RECEIVABLES

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

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

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

#### **(9) TRADE AND OTHER PAYABLES**

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

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

# FINANCIAL REVIEW

## I Analysis of Financial Results

### 1 Turnover

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

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

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

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

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

### 2 Profit Contribution from Each Business

During the first half of 2009, real estate business recorded a net profit of approximately HK\$53.50 million. The decrease in net profit was mainly attributable to the non-recurrence of the recognition of increase in fair value of approximately HK\$219.96 million in the corresponding period last year due to the transfer of Urban Development International Tower, from “property under development” to “investment property” during the period. The net profit for the period was derived from the sales of villas in Lot B of Yuxi of Urban Cradle and some units in Changsha Toscana and

Kunshan Kuncheng Dijing Garden. The increased profit from property sales compared with the same period of last year was mainly due to the higher profit margin of the properties, including villas and joint-row villas in Lot B. With respect to hotel business, the sharp decrease in the number of guests and severe competition in extraordinary low price, led to the significant drop in operating income of the Four Seasons Hotel Shanghai and affected its performance.

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

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

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

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

### 3 Profit before Taxation

#### (1) *Gross Profit Margin*

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

#### (2) *Net Investment Income*

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

#### (3) *Other Income*

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

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

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

*(5) Share of Results of Associates*

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

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

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

**4 Dividends**

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

**II Financial Position of the Group**

**1 Capital and Shareholders' Equity**

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

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

## 2 Indebtedness

### (1) *Borrowings*

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

### (2) *Pledge of assets*

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

- (a) investment properties with a carrying value of approximately HK\$1,911,290,000 (31st December 2008: HK\$1,898,796,000);
- (b) plant and machinery with a carrying value of approximately HK\$529,124,000 (31st December 2008: HK\$110,309,000);
- (c) leasehold land and buildings with a carrying value of approximately HK\$311,590,000 (31st December 2008: HK\$274,381,000);
- (d) motor vehicles with a carrying value of approximately HK\$42,000 (31st December 2008: HK\$90,000);
- (e) properties under development held for sale with a carrying value of approximately HK\$2,765,348,000 (31st December 2008: HK\$1,892,262,000);
- (f) properties held for sale with a carrying value of approximately HK\$724,377,000 (31st December 2008: HK\$762,119,000);
- (g) toll road operating rights with a carrying value of approximately HK\$5,779,916,000 (31st December 2008: HK\$5,820,389,000);
- (h) other inventories with a carrying value of approximately HK\$64,914,000 (31st December 2008: HK\$38,948,000);



- (i) trade receivables with a carrying value of approximately HK\$34,901,000 (31st December 2008: Nil); and
- (j) bank deposit of approximately HK\$925,861,000 (31st December 2008: HK\$800,541,000).

### (3) *Contingent Liabilities*

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

## 3 Capital Commitments

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

## 4 Bank Deposits and Short-term Investments

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

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

## III Post Balance Sheet Events

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

- 1 On 27th July 2009, the Company entered into the Sale and Purchase Agreement with SIIC, to transfer the entire equity interest held by the Company in S.I. Technology Production Holdings Limited (“SI Technology”), a wholly-owned subsidiary of the Company and to sell the rights of and benefits in the Sale Loan to SIIC for an

aggregate consideration of HK\$1,099,962,000. The Group held 1,833,269,340 SMIC Shares through SI Technology, representing approximately 8.2% shareholding interest in SMIC as at the date of the announcement. The transaction was approved in the extraordinary general meeting held on 31st August 2009.

- 2 On 27th July 2009, S.I. Food Products Holdings Ltd. (“SIFP”), a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Bright Food to transfer all the shares in Bright Dairy held by SIFP, representing approximately 30.176% of the total issued share capital of Bright Dairy to Bright Food for an aggregate consideration of RMB1,550,013,386.34. Completion of the Share Transfer Agreement is subject to the fulfillment of the conditions precedent such as approvals from relevant government authorities and approval by the board of directors of Bright Dairy.
- 3 On 12th August 2009, S.I. Urban Development Holdings Limited, an indirect wholly-owned subsidiary of the Company, and Glory Shine Holdings Limited (“Glory Shine Holdings”), an indirect wholly-owned subsidiary of SIIC, entered into the Equity Transfer Agreement, to purchase the entire equity interest in the two companies held by Glory Shine Holdings and the shareholders’ loan for the aggregate consideration of HK\$445,748,963. One of the companies indirectly owned a piece of land located at No.10 Street (Lot 18/5), Zhujiajiao Town, Qingpu District, Shanghai (上海青浦區朱家角鎮10 街坊(18/5丘)), and the other company indirectly owned two pieces of land located at Xinwang Village (Lot 48/4), Zhujiajiao Town, Qingpu District, Shanghai (上海青浦區朱家角鎮新旺村(48-4 丘)) and Xinhua Village (Lot 48/5), Zhujiajiao Town, Qingpu District, Shanghai (上海青浦區朱家角鎮新華村(48/5丘)). The transaction is subject to the approval at the extraordinary general meeting to be held in mid-September.

*For the purposes of the Business Review of this announcement, the exchange rates of HK\$1.00 = RMB0.8804 and HK\$7.80 to US\$1.00 have been used, where applicable, for purpose of illustration only and do not constitute a representation that any amounts have been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.*