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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

Announcement of 2011 Interim Results

(Unaudited)

FINANCIAL HIGHLIGHTS

- Profits attributable to shareholders amounted to HK$3,023 million, representing an increase of 149.7%, after excluding disposal gains and profit contributions from the medicine business disposed of during the same period last year.
- Revenue dropped 17.1% to HK$5,528 million due to slowdown in sales from its real estate business during the period following impacts from related government policies in China.
- Profit contributions from the infrastructure facilities business amounted to HK$486 million, representing a year-on-year increase of 17.8%.
- Profit contributions from the real estate business amounted to HK$2,021 million, representing a year-on-year increase of 168.5%.
- Profit contributions from the consumer products business amounted to HK$585 million, representing a year-on-year increase of 44.5%.
- An interim dividend of HK50 cents per share (2010: HK50 cents per share) was declared.

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") is pleased to announce that for the six months ended 30 June 2011, the unaudited profits attributable to shareholders of the Company and its subsidiaries (the "**Group**") amounted to HK$3,023 million, representing an increase of 149.7%, excluding disposal gains and profit contributions from the medicine business, which was disposed of during the same period last year. The Group's revenue dropped 17.1% to HK$5,528 million due to slowdown in sales from its real estate business during the period following impacts from related government policies in China. During the period, active measures have been taken to restructure the resources for its water services business. For the infrastructure facilities segment, stable cash revenue was realized and steady growth was seen in the consumer products business. All in all, the Group continued to maintain its earnings momentum during the period.

Infrastructure Facilities

During the period, profit contributions from the infrastructure facilities business amounted to HK$486 million, representing a year-on-year increase of 17.8% and accounting for approximately 15.7% of the Group's Net Business Profit*.

Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. recorded a net profit of HK$168 million, representing an increase of 35.8%. Notwithstanding impacts from snow and floods on the road sections and surrounding areas, toll revenue for Jing-Hu Expressway (Shanghai Section) recorded a year-on-year increase of 8.7% to HK$272 million, benefiting from continuous growth in the total number of private cars and self-drive tours. Traffic flow increased to 16.26 million vehicle journeys, up 4.8%. During the period, the company successfully went through the National Trunk Highway Maintenance and Management Inspection (National Inspection). The snowy weather conditions and peak holiday seasons were strategically tackled while effective operation and management of the "green channel" for proper handling of fresh agricultural produce were implemented to ensure smooth road operations and avoid omission of toll revenue receivables.

Shanghai Luqiao Development Co., Ltd.'s net profit for the first half of the year was HK$168 million, representing a year-on-year increase of 40.4%. Toll revenue from Hu-Kun Expressway (Shanghai Section) for the period reached HK$413 million, a record high among the same period in all previous years and representing a rise of 21.2%; traffic flow increased to 16.84 million vehicle journeys, a year-on-year increase of 14.5%. During the period, the number of vehicles using Electronic Toll Collection (ETC) cards also increased significantly by 1.3 times. With the increase in the number of ETC users and dedicated-ETC lanes operated at the gates of Dagang, Shihudang, Xinbang, etc., further increases in revenue are expected. During the period, National Inspection has greatly intensified road maintenance and management and enhanced public service capabilities. Measures against traffic congestions were also properly implemented during Formula One World Championship Race and holiday seasons in the first half of the year.

During the period, Shanghai Shen-Yu Development Co., Ltd. ("**Shen-Yu Shanghai**") recorded a net profit of HK$73.45 million, representing a rise of 22.2%. Hu-Yu Expressway (Shanghai Section) showed an increase in both toll revenue and traffic flow, mainly driven by an increase in the total number of private cars and the number of vehicles travelling to and from the shopping venues near the highways as well as tourist attractions. Toll revenue and traffic flow for the first half of 2011 amounted to HK$217 million and 14.97 million vehicle journeys, representing an increase of 10.9% and 9.9% respectively. During the period, the management standard for road section maintenance has been greatly improved through Highway Inspection. In May, Shen-Yu Shanghai significantly reduced its finance costs through the restructuring of its existing loans.

General Water of China Co., Ltd. ("**General Water of China**") was committed to expand its markets, promote regional deployment, and actively explore new business opportunities in sludge treatment, water-related real estates, industrial wastewater, etc. focusing mainly on urban water services. During the period, the company recorded a revenue of HK$528 million, representing a year-on-year increase of 36.7%; net profit amounted to HK$21.44 million, a decrease of 47.9%, as certain government subsidies and water price adjustments have yet to be materialized. In the second half of the year, the company will continue to adhere to its profit-oriented and value creation strategy to strengthen project management, improve project returns and to further facilitate business expansion and explore new profit drivers.

Asia Water Technology Limited ("**Asia Water**") announced at the end of last year a rights issue of 1,217,789,975 shares at S$0.06 each. Completed in the first quarter of 2011, the rights issue raised a net proceed of S$72 million. During the period, Asia Water recorded a revenue of RMB110 million, a decrease of 11.1%, and a net profit of RMB7.41 million, representing an increase of 47.6% over the same period last year. The company achieved major breakthroughs during the period to enter into a desalination system project in Guangdong, China with a contract amount of approximately RMB46.50 million, representing its first project secured in the paper-making industry. In July, a subsidiary of Asia Water entered into an agreement to acquire a project company, which owns a 50% equity interest in a waste incineration power generation BOT project in Wenling, for a total consideration of approximately RMB120 million.

During the period, all sewage treatment plants under United Runtong Water Co., Ltd. ("**United Runtong Water**") operated in good order while water supply plants maintained a high level of sales. The company's two sewage treatment plants in Luohe City and western Weifang both commenced operation during the period. In March 2011, United Runtong Water made a capital contribution of RMB30 million to set up a project company in Yiyang, Hunan for a sewage treatment plant franchised BOT project in the new zone of eastern Gaoxin District, Yiyang, Hunan with a daily production capacity of 30,000 tonnes for Phase I. The construction of the new project is expected to commence in late July. In June, Weifang Hanting United Runtong Water Co., Ltd., a project company in which United Runtong Water owns a 51% equity interest, also commenced operation of an urban and rural water supply project in Hanting District, Weifang which will have a daily production capacity of 60,000 tonnes. During the period, United Runtong Water recorded a revenue of HK$191 million and a net profit of HK$44.89 million.

Real Estate

During the period, the real estate business contributed a profit of HK$2,021 million to the Group, representing a year-on-year increase of 168.5% and accounting for approximately 65.4% of the Group's Net Business Profit*. With the intention to create a sizable and competitive operating platform, the Group made considerable efforts in 2011 in the restructuring and integration of its real estate business.

In February, the Company announced the disposal of its 90% equity interest in lots F and G of the Qingpu land project and 77% equity interest in the Four Seasons Hotel Shanghai project to Chow Tai Fook group. In relation to this, the parties will jointly develop the respective land lots and operate the Four Seasons Hotel Shanghai. The final total consideration for the disposals were RMB2,432 million and HK$1,164 million respectively and the transaction for the disposal of the said equity interests in lot F and the Four Seasons Hotel Shanghai project was completed at the end of June this year. The disposal resulted in a gain of approximately HK$1,842 million, effectively revitalizing our capital funds while enabling the joint cooperation projects to commence as soon as possible. The disposal of 90% equity interest in lot G of the Qingpu land is expected to be completed next year.

In addition to a 10% equity interest held in the said lot F, the Group currently owns lots D and E of the Qingpu land and indirectly owns lots A, B and C of the Qingpu land through Shanghai Industrial Development Co., Ltd. ("**SI Development**"); lot G is yet to be injected into the Group. Comprising a planned total gross floor area of 1,429,200 square meters, the Qingpu land lots will be developed into property projects under an approach that integrates both sole development and joint development with strategic partners. Shanghai SIIC South Pacific Hotel Co., Ltd. recorded a loss of HK$13.75 million for the period as opportunities arising from the Shanghai World Expo no longer exist, in addition to rising domestic operating costs in the mainland. With the introduction of a new strategic partner, the hotel is expected to become more competitive and profitable.

Following the completion of the Group's acquisition of a 45.02% equity interest in the Hong Kong-listed Shanghai Industrial Urban Development Group Limited ("**SI Urban Development**") (formerly known as Neo-China Land Group (Holdings) Company Limited) last year, the Company announced in April the disposal to SI Urban Development of its 59% equity interest held in Shanghai Urban Development (Holdings) Co., Ltd. ("**Shanghai Urban Development**") together with an assignment of dividend receivable amounting to RMB395 million for a total consideration of approximately HK$6,110 million. SI Urban Development will issue approximately 2,180,000,000 new shares at HK$2.8 each to the Group for settlement of the consideration. The transaction is conditional upon the approval of The Stock Exchange of Hong Kong Limited ("the **Stock Exchange**") and the Securities and Futures Commission as well as independent shareholders of SI Urban Development. This move is expected to significantly enhance the operating capabilities of SI Urban Development while creating synergy with optimization of the Group's real estate portfolio.

In addition, the Company announced in August last year the acquisition from its parent company of a 63.65% equity interest in SI Development, a company listed in the A shares market in Shanghai, for a consideration of RMB5,130 million. The transaction was completed in early July this year and the annual results of SI Development for 2011 will be consolidated into the Group's accounts according to the merger accounting method in the second half of the year. During the period, SI Development recorded a net profit of RMB228 million and a revenue amounting to RMB1,736 million. As at 30 June 2011, SI Development had a total portfolio of 20 projects, most of which are located in Shanghai, Huzhou, Harbin, Qingdao, Quanzhou, Chongqing, Chengdu and Dali with a planned total gross floor area of 5,972,600 square meters. The company has also been given priority right to participate in the development of the Chongming Island, Shanghai. Such acquisition will strengthen the earnings base of the Group's real estate business and further increase the Group's land resources.

For the first half of the year, Shanghai Urban Development recorded a revenue of HK$1,148 million and a net profit of HK$139 million, representing a year-on-year decrease of 67.0% and 52.1% respectively. While sales slowed down during the period, sales amounted to HK$1,041 million, accounting for a total gross floor area of 52,702 square meters. During the period, presale amounted to HK$680 million, accounting for a total gross floor area of approximately 38,238 square meters. Rental income totalled HK$83.78 million and accounting for a total gross floor area of 77,056 square meters. As at the end of June 2011, the company owns 11 projects with a planned total gross floor area of 4,688,000 square meters. During the period, Shanghai Urban Development transferred its equity interests in the "Rose Town City Villa" project together with debt interests of RMB239 million through open bidding at a price of RMB500 million. The Xinzhuang metro superstructure project acquired an additional land area of 117,825 square meters during the period. In July, Shanghai Urban Development took a pioneering initiative to adopt an e-commerce approach for the launching of its "Yoooou.net" and "Urban Cradle • Up County", the deluxe apartment project, that successfully drove market purchasing power with its quality brand name and immediately set a sales record upon launching.

Since the Group's acquisition of SI Urban Development in the middle of last year, active measures have been taken to integrate and restructure its existing business and management platform. To date, the company has significantly reduced its debt levels with the property sale process now being accelerated. During the first half of 2011, a revenue of HK$882 million was recorded, representing a decrease of 63.5%; sales from real estates totalled HK$798 million and accounting for a total gross floor area of 110,000 square meters. Completed and sold projects mainly included "Laochengxiang" in Tianjin, "Forest Garden" in Changsha, "Top City" in Chongqing and "Youngman Point" in Beijing. Rental income for the first half of the year totalled HK$32.87 million, accounting for a total gross floor area of 243,029 square meters; a turnaround was made with a net profit of approximately HK$56.70 million. A presale amount of approximately HK$521 million was recorded for the period, accounting for a total gross floor area of 78,099 square meters. As at 30 June 2011, SI Urban Development owned 15 projects mainly located in Beijing, Shanghai, Tianjin, Chongqing, Chengdu, Xian, Changsha, Zhuhai and other cities with a planned total gross floor area of approximately 12,716,200 square meters.

Shanghai Bay, a project invested by the Group in 2009, made a profit contribution of approximately HK$65 million during the period. On 29 July this year, the Group and Glorious Property Holdings Limited ("Glorious Property") reached an agreement and announced the disposal of the entire equity interest in an overseas holding company of the project to Glorious Property at an equivalent consideration to supersede the original repurchase agreement. The transaction is expected to be completed on or before 1 December upon satisfaction of certain conditions, with the consideration to be paid in Hong Kong.

Consumer Products

During the first half of 2011, the consumer products business recorded a profit of HK$585 million, representing a year-on-year increase of 44.5% and accounting for approximately 18.9% of the Group's Net Business Profit*.

Nanyang Brothers Tobacco Company, Limited ("**Nanyang Tobacco**") continued to record growth, of which Double Happiness cigarette achieved an increase in total sales of 9.5%. During the period, effective product structure and price adjustments, cost control measures which partially offset the rising costs of tobacco and materials and favourable sales performance in all markets, all contributed positively to the company's profitability. The company recorded a revenue of HK$1,226 million and a net profit of HK$359 million for the period, representing a year-on-year increase of 16.3% and 11.4% respectively. Active measures were taken during the period to expand overseas markets while various projects for technology transformation continued to make smooth progress. Construction works for the Yuen Long storage project is expected to be completed and commence operation in the third quarter of the year.

The Wing Fat Printing Company, Limited ("**Wing Fat Printing**") maintained stable growth during the period with an operating revenue of HK$1,210 million, representing a decline of 10.1%, mainly due to decreases in operating income as a result of the disposal of its containerboard business. Net profit amounted to HK$245 million, a year-on-year increase of 186.8%. The development of the packaging printing business remained stable during the period. The company made satisfactory progress in the expansion of its cigarette and wine packaging businesses through actively securing orders in the external markets, while sales in metal can and packaging printing to Nanyang Tobacco also saw sustained growth. Due to volatility in the containerboard business, the Group disposed of its entire 78.13% equity interest held in Hebei Yongxin Paper Co., Ltd. ("**Hebei Yongxin Paper**") in January for a consideration of RMB564 million. The transaction was completed in May and Wing Fat Printing recorded a disposal gain of HK$162 million while optimizing its assets structure.

**Net profit excluding net corporate expenses*

PROSPECTS

The Group's real estate business has now built up the scale of its operation; toll roads and water services both perform satisfactorily in the development of their business while our consumer products business continues to achieve steady growth. The Group will continue with the development strategies for focusing on its core businesses while capitalizing on state-owned assets restructuring and market opportunities in response to external circumstances to formulate a strategic plan for sustainable growth and generate higher returns for its Shareholders.

Regarding the infrastructure facilities business, the Group will continue to pursue acquisition and merger of toll roads and water services to enlarge the scale of its investments in the areas. With ample room for appreciation in water investment, the Group will be committed to building up a development platform for its water services business to obtain full brand benefits and economies of scale.

As to the real estate business, the Group owns plenty of superior and relatively low-cost land reserves and, with its competitive strength in integrated regional development, is committed to take advantage of opportunities in the market in acquiring more high-quality projects and building up a unified strategic operating platform through resources consolidation.

For consumer products, while remarkable results have been achieved in Nanyang Tobacco's product structure adjustment, continuous efforts will be made to promote technical advancement; Wing Fat Printing also successfully optimized its assets structure with enhanced overall gross margin of its products. It is expected that the Group's consumer products will maintain a steady growth momentum and deliver steady cash flows for the Group.

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, 30 August 2011

INTERIM DIVIDEND

The Board of Directors has resolved to pay an interim dividend for the six months ended 30 June 2011 of HK50 cents (2010: HK50 cents) per share, which will be payable on or about Wednesday, 28 September 2011 to shareholders whose names appear on the register of members of the Company on Friday, 16 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15 September 2011 to Friday, 16 September 2011, both days inclusive, during which period no transfer of shares will be effected. Notice of Dividend will be dispatched to shareholders on or about Wednesday, 28 September 2011. 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 Wednesday, 14 September 2011.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2011.

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 (the "**Listing Rules**") throughout the six months ended 30 June 2011.

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 2011 interim report will be despatched to shareholders in mid September 2011 and will be made available at the HKExnews website of the Stock Exchange at *www.hkexnews.hk* and the website of the Company at *www.sihl.com.hk* accordingly.

BOARD OF DIRECTORS

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Notes	**Six months ended 30 June**	
		2011	2010
		HK$'000	HK$'000
		(unaudited)	(unaudited)
Continuing operations			
Revenue	*3*	**5,527,959**	6,664,369
Cost of sales		**(3,295,005)**	(4,276,746)
Gross profit		**2,232,954**	2,387,623
Net investment income		**174,880**	286,135
Other income		**820,895**	130,724
Selling and distribution costs		**(375,112)**	(402,792)
Administrative expenses		**(740,182)**	(384,645)
Finance costs		**(322,108)**	(193,557)
Share of results of jointly controlled entities		**30,567**	109,903
Share of results of associates		**20,551**	12,309
Gain from bargain purchase of interests in subsidiaries		**37,718**	361,060
Gain on disposal of interests in subsidiaries holding property interests		**1,261,588**	-
Net gain on disposal of interests in other subsidiaries and an associate		**949,791**	-
Impairment loss on available-for-sale investments		**-**	(284,224)
Profit before taxation		**4,091,542**	2,022,536
Income tax expense	*4*	**(935,082)**	(596,244)
Profit for the period from continuing operations	*5*	**3,156,460**	1,426,292
Discontinued operations			
Profit for the period from discontinued operations		**-**	3,269,339
Profit for the period		**3,156,460**	4,695,631
Profit for the period attributable to			
- Owners of the Company		**3,022,668**	4,437,230
- Non-controlling interests		**133,792**	258,401
		3,156,460	4,695,631

	Note	Six months ended 30 June 2011 HK$ (unaudited)	2010 HK$ (unaudited)
Earnings per share	*7*		
From continuing and discontinued operations			
- Basic		**2.80**	4.11
- Diluted		**2.80**	N/A
From continuing operations			
- Basic		**2.80**	1.12
- Diluted		**2.80**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended 30 June 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Profit for the period	**3,156,460**	4,695,631
Other comprehensive income (expense)		
Exchange differences arising from translation of foreign operations		
- subsidiaries	**736,124**	2,668
- jointly controlled entities	**23,024**	-
- associates	**10,917**	-
Fair value adjustment on available-for-sale investments	**(24,872)**	(98,458)
Impairment loss on available-for-sale investments	**-**	194,524
Gain on cash flow hedges	**2,458**	580
Reclassification of hedging reserve upon termination of hedging relationship	**8,254**	-
Reclassification of other comprehensive income upon disposals of interests in subsidiaries/the disposal group held for sale	**(177,736)**	(344,654)
Other comprehensive income (expense) for the period	**578,169**	(245,340)
Total comprehensive income for the period	**3,734,629**	4,450,291
Total comprehensive income attributable to		
- Owners of the Company	**3,355,488**	4,191,890
- Non-controlling interests	**379,141**	258,401
	3,734,629	4,450,291

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2011

	Notes	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
Non-Current Assets			
Investment properties		**5,909,271**	5,221,079
Property, plant and equipment		**2,557,161**	2,680,953
Prepaid lease payments – non-current portion		**106,739**	386,496
Toll road operating rights		**14,330,087**	14,289,125
Other intangible assets		**1,143,521**	560,922
Interests in jointly controlled entities		**1,682,281**	1,204,498
Interests in associates		**1,881,602**	584,891
Investments		**608,960**	3,192,154
Receivables under service concession arrangements – non-current portion		**1,508,751**	897,284
Consideration receivables		**563,236**	-
Deposits paid on acquisition of property, plant and equipment		**70,612**	55,092
Deposits paid on acquisition of subsidiaries		**6,157,669**	-
Restricted bank deposits		**79,968**	76,476
Deferred tax assets		**250,957**	144,700
		36,850,815	29,293,670
Current Assets			
Inventories		**40,245,552**	36,655,225
Trade and other receivables	*8*	**3,242,376**	3,564,038
Prepaid lease payments – current portion		**15,552**	13,737
Investments		**3,502,188**	144,710
Receivables under service concession arrangements – current portion		**146,410**	224,821
Prepaid taxation		**345,601**	482,210
Pledged bank deposits		**385,718**	108,862
Short-term bank deposits		**2,386,764**	3,060,563
Bank balances and cash		**9,862,869**	12,092,133
		60,133,030	56,346,299
Assets classified as held for sale		**14,312**	2,190,807
		60,147,342	58,537,106
Current Liabilities			
Trade and other payables	*9*	**7,673,778**	7,388,742
Customers deposits from sales of properties		**9,615,020**	9,831,780
Convertible notes		**-**	2,607
Derivative financial instrument – warrants		**7,854**	16,600
Taxation payable		**2,895,238**	2,296,945
Bank and other borrowings		**7,770,011**	9,516,906
		27,961,901	29,053,580
Liabilities associated with assets classified as held for sale		**3,199**	1,033,800
		27,965,100	30,087,380
Net Current Assets		**32,182,242**	28,449,726
Total Assets less Current Liabilities		**69,033,057**	57,743,396

	30 June	31 December
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(audited)
Capital and Reserves		
Share capital	**107,979**	107,979
Share premium and reserves	**32,452,387**	29,652,019
Equity attributable to owners of the Company	**32,560,366**	29,759,998
Non-controlling interests	**12,130,449**	11,622,046
Total Equity	**44,690,815**	41,382,044
Non-Current Liabilities		
Provision for major overhauls	**79,921**	74,579
Senior notes	**3,061,066**	3,071,744
Bank and other borrowings	**17,536,327**	9,597,238
Deferred tax liabilities	**3,664,928**	3,617,791
	24,342,242	16,361,352
Total Equity and Non-Current Liabilities	**69,033,057**	57,743,396

Notes:

(1) REVIEW OF INTERIM FINANCIAL INFORMATION

The interim results for the six months ended 30 June 2011 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 (the "**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 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.

Application of New or Revised HKFRSs

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 except as described below.

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

- "Improvements to HKFRSs" issued in 2010
- HKAS 24 (as revised in 2009) "Related Party Disclosures"
- Amendments to HKAS 32 "Classification of Rights Issues"
- Amendments to HK(IFRIC) - Int 14 "Prepayments of a Minimum Funding Requirement"
- HK(IFRIC) - Int 19 "Extinguishing Financial Liabilities with Equity Instruments"

HKAS 24 "Related Party Disclosures" (as revised in 2009)

The Group has applied HKAS 24 "Related Party Disclosures" (as revised in 2009) in full for the first time in the current period. The application of HKAS 24 (as revised in 2009) has resulted in changes in related party disclosures on the following two aspects:

(a) The Company is a government-related entity as defined in HKAS 24 (as revised in 2009). HKAS 24 (as revised in 2009) provides a partial exemption from the disclosure requirements for government-related entities whilst the previous version of HKAS 24 did not contain specific exemption for government-related entities. Under HKAS 24 (as revised in 2009), the Group has been exempted from making the disclosures required by paragraph 18 of HKAS 24 (as revised in 2009) in relation to related party transactions and outstanding balances (including commitments) with (a) the government that has control, joint control or significant influence over the Group and (b) other entities that are controlled, jointly controlled or significantly influenced by the same government. Rather, in respect of these transactions and balances, HKAS 24 (as revised in 2009) requires the Group to disclose (a) the nature and amount of each individually significant transaction, and (b) a qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

(b) In addition, HKAS 24 (as revised in 2009) has revised the definition of a related party but the application had no material impact to the Group.

HKAS 24 (as revised in 2009) requires retrospective application. The application of HKAS 24 (as revised in 2009) has had no effect on the amounts recognised or recorded in the condensed consolidated financial statements for the current and prior periods.

The application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

(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 30 June 2011

Continuing operations

	Infrastructure facilities	Real estate	Consumer products	Consolidated
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
SEGMENT REVENUE				
External sales	**1,092,022**	**2,156,669**	**2,279,268**	**5,527,959**
Segment profit	**617,315**	**926,482**	**553,104**	**2,096,901**
Net unallocated corporate income				**16,534**
Finance costs				**(322,108)**
Share of results of jointly controlled entities				**30,567**
Share of results of associates				**20,551**
Gain from bargain purchase of interests in subsidiaries				**37,718**
Gain on disposal of interests in subsidiaries holding property interests				**1,261,588**
Net gain on disposal of interests in other subsidiaries and an associate				**949,791**
Profit before taxation (continuing operations)				**4,091,542**

For the six months ended 30 June 2010

Continuing operations

	Infrastructure facilities	Real estate	Consumer products	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'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
Gain from bargain purchase of interests in subsidiaries				361,060
Impairment loss on available-for-sale investments				(284,224)
Profit before taxation (continuing operations)				2,022,536

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

	30 June 2011	31 December 2010
	HK$'000	HK$'000
Infrastructure facilities	**20,132,504**	17,448,501
Real estate	**59,313,878**	52,844,178
Consumer products	**4,708,671**	4,050,364
Total segment assets	**84,155,053**	74,343,043
Other unallocated assets	**12,843,104**	13,487,733
Total assets	**96,998,157**	87,830,776

(4) INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Continuing operations		
Current tax		
- Hong Kong	**77,798**	66,005
- PRC Land appreciation tax ("**PRC LAT**")	**188,417**	276,910
- PRC Enterprise income tax ("**PRC EIT**") (including PRC withholding tax of HK$60,217,000 (six months ended 30 June 2010: HK$30,063,000))	**783,998**	252,853
	1,050,213	595,768
Underprovision in prior periods		
- Hong Kong	**9**	1,881
- PRC EIT	**16,529**	-
	16,538	1,881
Deferred taxation for the current period	**(131,669)**	(1,405)
	935,082	596,244

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 from 18% in year 2008 to 20%, 22%, 24%, 25% in years 2009, 2010, 2011 and 2012, respectively. For a subsidiary that was still entitled to certain exemption and reliefs ("**Tax Benefit**") from PRC EIT, the EIT Law allowed that subsidiary to continue to enjoy the Tax Benefit. The relevant tax rate in the year 2011 is 12% and will increase to 12.5% in the year 2012 and afterwards to 25%.

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

(5) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2011	2010
	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)	**251,963**	211,590
Amortisation of other intangible assets :		
- included in cost of sales	**15,431**	-
- included in administrative expenses	**833**	594
Depreciation of property, plant and equipment	**167,037**	131,671
Release of prepaid lease payments	**7,776**	6,966
Change in fair value of investment properties (included in other income)	**(489,536)**	-
Dividend income from investments (included in net investment income)	**(1,110)**	(3,752)
Loss (gain) on disposal of property, plant and equipment	**203**	(8,230)
Interest income (included in net investment income)	**(86,148)**	(71,493)
Change in fair value of financial assets at fair value through profit or loss (included in net investment income)	**(53,949)**	(209,160)
Net foreign exchange (gain) loss	**(168,959)**	5,881
Compensation to customers as a result of late delivery of properties	**102,412**	-
Share of PRC EIT of jointly controlled entities (included in share of results of jointly controlled entities)	**15,883**	2,747
Share of PRC EIT of associates (included in share of results of associates)	**1,259**	259

(6) DIVIDENDS

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
2010 final dividend declared and paid of HK58 cents (six months ended 30 June 2010: 2009 final dividend paid of HK60 cents) per share	**626,275**	647,859

Subsequent to the end of the interim period, the directors have determined that an interim dividend of HK50 cents (2010 interim dividend: HK50 cents) per share will be paid to the shareholders of the Company whose names appear on the Company's register of members on 16 September 2011.

(7) 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 30 June	
	2011	2010
	HK$'000	HK$'000
Earnings:		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**3,022,668**	4,437,230
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,079,785,000**	1,079,765,000
Effect of dilutive potential ordinary shares	**-**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,079,785,000**	N/A

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

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

(ii) the conversion of convertible notes outstanding during the period and issued by SI Urban Development, a listed subsidiary of the Group, since they are anti-dilutive;

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

(iv) the exercise of options issued by Asia Water since they are anti-dilutive.

Diluted earnings per share is not presented for the six months ended 30 June 2010 as there were no potential ordinary shares outstanding during that period.

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 30 June	
	2011	2010
	HK$'000	HK$'000
Earnings figures are calculated as follows:		
Profit for the period attributable to owners of the Company	**3,022,668**	4,437,230
Less: profit for the period from discontinued operations attributable to owners of the Company	**-**	(28,285)
gain on disposal from discontinued operations	**-**	(3,198,489)
Earnings for the purpose of basic and diluted earnings per share from continuing operations	**3,022,668**	1,210,456

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 for the six months ended 30 June 2010 was HK$2.99 per share, based on the profit for the period from the discontinued operations attributable to owners of the Company and gain on disposal from discontinued operations of HK$3,226,774,000 and the denominators detailed above for basic earnings per share.

(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.

The following is an analysis of trade receivables by age, presented based on the invoice date. The analysis below includes those classified as part of a disposal group held for sale, net of allowance for doubtful debts.

	30 June 2011	31 December 2010
	HK$'000	HK$'000
Within 30 days	**191,210**	365,394
Within 31 – 60 days	**141,007**	163,755
Within 61 – 90 days	**72,062**	65,603
Within 91 – 180 days	**37,877**	30,649
Within 181 – 365 days	**38,248**	14,006
Over 365 days	**40,947**	9,214
	521,351	648,621

(9) TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date. The analysis below includes those classified as part of a disposal group classified as held for sale.

	30 June 2011 HK$'000	31 December 2010 HK$'000
Within 30 days	**609,399**	586,698
Within 31 – 60 days	**137,337**	50,883
Within 61 – 90 days	**65,726**	14,773
Within 91 – 180 days	**50,588**	20,155
Within 181 – 365 days	**20,087**	11,878
Over 365 days	**219,353**	232,495
	1,102,490	916,882

Financial Review

I. Analysis of Financial Results

1. Revenue

Revenue for the first half of 2011 decreased by 17.1% from the same period last year to approximately HK$5,527.96 million mainly due to a decrease in property sales booked in respect of the real estate business as compared to the same period last year, offsetting the growth in revenue recorded by the infrastructure facilities business by virtue of that revenue of both United Runtong Water and Asia Water were newly booked.

Notwithstanding an increase in revenue of the real estate business due to the completion of the acquisition of SI Urban Development in last June and thus which property sales were booked, a significant decrease in revenue was recorded owing to the fact that property sales recorded by Shanghai Urban Development were mainly related to remaining units of existing property projects. During the period, property sales from a small number of remaining residential property units under four projects was booked by Shanghai Urban Development which included Lot D Lounge City units of 18,166 square meters, Lot B Yuxi villa units of 1,290 square meters and remaining unit of Lot E of 4,657 square meters of Urban Cradle, 2 villas and 7 high-rise units of Kunshan Royal Villa totaling 1,946 square meters, Changsha Toscana of 2,203 square meters as well as the newly launched project Chongqing Ivy Aroma Town of 3,056 square meters; while the property sales booked by SI Urban Development for the period was also from a small number of remaining units under existing projects.

The increase in revenue of the infrastructure facilities business was mainly due to a considerable increase in toll revenue of Hu-Kun Expressway as the alteration and expansion works were completed, and that revenue for the first half of the year of United Runtong Water was booked upon completion of its acquisition in November last year and revenue of Asia Water was also booked starting from the second quarter as a controlling stake was obtained.

Regarding the consumer products business, Nanyang Tobacco maintained stable growth, which was offset by a decrease in sales of Wing Fat Printing as a result of the completion of its disposal of Hebei Yongxin Paper during the first half of the year.

2. Profit Contribution from Each Business

Net profit from the infrastructure facilities business was approximately HK$485.94 million during the period, accounting for 15.7% of Net Business Profit and representing an increase of 17.8% over the same period last year. Profit growth was mainly driven by the different levels of natural growth recorded by the three expressways as well as the profit contribution from last year's newly invested United Runtong Water. During the period, in light of the termination of the agreement on General Water of China's repurchase of S.I. Infrastructure Holdings Limited ("**SI Infrastructure**")'s equity interest held in Asia Water, the Group's equity interest held in Asia Water was increased to a controlling stake, the results of Asia Water was thus started to consolidate and a one-time gain from bargain purchase of approximately HK$37.72 million was recorded.

The real estate business recorded a profit of approximately HK$2,020.98 million, accounting for 65.4% of Net Business Profit and representing a significant increase of HK$1,268.17 million as compared to the same period last year mainly due to a gain of HK$1,125.33 million on the disposal of 90% equity interest in lot F of Qingpu land and a gain of HK$716.99 million on the disposal of 77% equity interest in the Four Seasons Hotel Shanghai completed during the period. The increase in profit of the real estate business for the period was offset by a decrease in profit contribution from Shanghai Urban Development over the same period last year due to the small amount of property sales booked coupled with a decrease in investment income contributed by the investment in Shanghai Bay project during the period.

The consumer products business recorded a net profit of HK$584.58 million, accounting for 18.9% of Net Business Profit. Net Profit recorded an increase of HK180.11 million over the same period last year, representing an increase of 44.5% over the same period last year, mainly due to the fact that Nanyang Tobacco recorded an increase of 9.54% in sales volume, an increase of 6.16% in average price per box, and an increase of 16.29% in net sales through continuous product mix and price adjustments during the period and that Chinese New Year season has been relatively favorable for high-end products. During the period, Wing Fat Printing maintained stable development in its packaging printing business and recorded an attributable gain of approximately HK$150 million upon completion of the disposal of its containerboard operation.

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

3. Profit before Taxation

(1) *Gross profit margin*

Gross profit margin for the period was 40.4%, an increase of 4.6 percentage points as compared to 35.8% for the same period last year. The increase in gross profit margin was mainly due to the property sales booked in respect of the real estate business for the period were higher gross margin commodity housing.

(2) *Net investment income*

Investment income decreased as compared to the same period last year mainly due to the fact that Shanghai Bay project contributed an investment income of only approximately HK$65 million for the period.

(3) *Other income*

Other income increased as compared to the same period last year mainly attributable to the gains from changes in the fair value of investment property of HK$489.54 million.

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

The Group's share of results of jointly controlled entities dropped significantly mainly due to the non-recurrence of a share of gain from bargain purchase of HK$76 million booked upon completion of the acquisition of equity interest in Asia Water for the same period last year.

(5) *Gain on disposal of interests in subsidiaries holding property interests and net gain on disposal of interests in other subsidiaries and an associate*

During the period, the Group completed the disposal of 90% equity interest in Lot F of Qingpu land and recorded a pre-tax disposal gain of approximately HK$1,261.59 million. During the period, the Group completed the disposals of 77% equity interest in the Four Seasons Hotel Shanghai and the entire 78.13% equity interest in Hebei Yongxin Paper and recorded pre-tax disposal gains totaling HK$986.45 million.

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

During the period, due to the termination of the agreement on General Water of China's repurchase of SI Infrastructure's equity interest held in Asia Water, the Group's equity interest held in Asia Water was increased to a controlling stake and a gain from bargain purchase of approximately HK$37.72 million was recorded; whereas the Group completed the acquisition of 45.02% equity interest in SI Urban Development and recorded a gain from bargain purchase of HK$361.06 million for the same period last year. In last year, impairment loss was provided with reference to the fair value of the available-for-sale investments.

4. Dividends

The Group continues to adopt a stable dividend policy. The Board of Directors has determined to declare an interim dividend of HK50 cents per share, maintain the same interim dividend of HK50 cents per share in 2010.

II. Financial Position of the Group

1. Capital and Equity attributable to Owners of the Company

The Group had a total of 1,079,785,000 shares in issue as at 30 June 2011, which was the same as the number of shares as at the end of 2010.

The equity attributable to owners of the Company, the first time to breakthrough HK$30,000 million, reached HK$32,560.37 million as at 30 June 2011, which was attributable to the net profits after deducting the dividend actually paid during the period.

2. Indebtedness

(1) Borrowings

The Group obtained two syndication loan facilities of a total of HK$5.20 billion in last year through a wholly-owned subsidiary, SIHL Finance Limited. During the period, the Company concluded bilateral bank loan facilities of RMB1 billion for its subsidiary's debt refinancing. The loan facilities were both drawn during the period and applied to refinance the existing debts.

As at 30 June 2011, the total borrowings of the Group including bank borrowings, other borrowings, senior notes and convertible notes amounted to approximately HK$29,782.84 million (31 December 2010: HK$24,006.97 million), of which 76.9% (31 December 2010: 70.0%) was unsecured credit facilities.

(2) Pledge of assets

As at 30 June 2011, the following assets were pledged by the Group in order to secure general credit facilities granted to the Group:

(a) investment properties with an aggregate carrying value of HK$5,640,651,000 (31 December 2010: HK$2,614,606,000);

(b) plant and machineries with an aggregate carrying value of HK$62,611,000 (31 December 2010: HK$66,130,000);

(c) leasehold land and buildings with an aggregate carrying value of HK$130,610,000 (31 December 2010: HK$128,199,000);

(d) trade receivables of HK$25,512,000 (31 December 2010: Nil);

(e) properties under development held for sale with an aggregate carrying value of HK$3,746,401,000 (31 December 2010: HK$5,122,497,000);

(f) properties held for sale with an aggregate carrying value of HK$24,097,000 (31 December 2010: HK$38,536,000);

(g) two toll road operating rights of HK$10,644,314,000 (31 December 2010: HK$10,594,414,000);

(h) receivables under service concession arrangements with an aggregate carrying value of HK$546,859,000 (31 December 2010: 175,560,000); and

(i) bank deposits with an aggregate carrying value of HK$385,718,000(31 December 2010: HK$108,862,000).

In addition, as at 30 June 2011, SI Urban Development, a subsidiary of the Company, had pledged its interest in an associate as a security for a real estate project held by that associate which SI Urban Development is responsible for the payment of demolishment and re-settlement expenses in excess of the original budget cost of the project.

(3) Contingent liabilities

As at 30 June 2011, 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 property buyers amounted to approximately HK$501 million and HK$3,182 million (31 December 2010: HK$550 million and HK$3,264 million) respectively.

3. Capital Commitments

As at 30 June 2011, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK$5,562.05 million (31 December 2010: HK$18,226.95 million). The Group had sufficient internal resources or credit facilities from financial markets to finance its capital expenditures.

4. Bank Deposits and Short-term Investments

As at 30 June 2011, bank balances and short-term investments held by the Group amounted to HK$12,635.35 million (31 December 2010: HK$15,261.56 million) and HK$713.84 million (31 December 2010: HK$144.71 million) respectively. The proportions of US dollars and other foreign currencies, Renminbi and HK dollars were 6%, 71% and 23% (31 December 2010: 6%, 64% and 30%) respectively. Short-term investments mainly consisted of investments such as equity linked notes, bonds, Hong Kong and PRC listed shares.

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

III. Events After the End of the Interim Period

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

(a) On 29 July 2011, the Company, S.I. Properties Holdings Limited ("**SI Properties**"), a wholly owned subsidiary of the Group, and a party (the "**Purchaser**") entered into a sale and purchase agreement, pursuant to which SI Properties agreed to sell its 100% equity interest in Better Score Limited ("**Better Score**") which, through its subsidiaries, holds a financial asset designated as at fair value through profit or loss, at a consideration of RMB2,000 million (equivalent to approximately HK$2,408 million). The completion of the transaction is subject to the availability of sufficient financing to the Purchaser, and the completion shall take place on the third business day after the date on which the Purchaser notifies SI Properties in writing that sufficient financing has been obtained.

The Purchaser is controlled by or beneficially owned by a director of 上海鵬暉置業有限公司, a wholly-owned subsidiary of Better Score. Under the Listing Rules, the Purchaser is connected person of the Company and the above disposal constitutes a connected transaction of the Company under the Listing Rules. Details of this transaction are set out in an announcement of the Company dated 29 July 2011.

Up to the date of approval of these condensed consolidated financial statements, notification has not been received from the Purchaser and the disposal is not yet completed.

(b) In July 2011, the acquisition transaction of 689,566,049 A Shares of SI Development was completed and the Group commenced to account for SI Development as its subsidiary using the principles of merger accounting. Details of this transaction are set out in an announcement of the Company dated 16 August 2010.