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 2014 INTERIM RESULTS

(Unaudited)

BUSINESS REVIEW

The Board of Directors of Shanghai Industrial Holdings Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2014. The Group realized a net profit of HK$1,949 million, representing a year-on-year increase of 16.3%, mainly due to a considerable disposal gain from lot E of the Qingpu District in Shanghai recorded in the first half of the year. Total revenue amounted to HK$7,635 million, a decrease of 13.1%.

In view of the slow pace of the global economic recovery in the first half of 2014 and the gradual withdrawal of the US Government's quantitative easing policy, the Group has continued to drive the development of its core businesses under the leadership of the Board and the management. And despite such complicated and changeable factors as the decline in China's economic growth and the continued tightening of the Government's austerity measures, the Group has achieved better results for the period through further enhancing operational efficiency and coordination of resources as well as continued integration of its asset and business and revitalization of its assets.

Infrastructure facilities

In the first half of 2014, the infrastructure facilities business recorded net profits of HK$560 million, representing an increase of 5.3% over the same period last year and accounting for 26.5% of the Group's Net Business Profit*. During the period, the Group has continued to increase its investments in the water services and environmental business and rapidly expanded the scale of their operation, resulting in satisfactory increase in profits. The toll roads also continued to provide a stable contribution to the overall profitability of the Group.

Toll roads

With the waiver of tolls for small passenger cars on major holidays, special arrangements have been made to ensure smooth road operation and to enhance the efficiency of toll collection. During the period, due to natural growth on the number of passenger cars, toll revenue and traffic flow maintained stable growth on the whole and key operating figures are as follows:

Toll roads	Net profit from project company	Changes	Toll revenue	Change	Traffic flow (vehicle journeys)	Change
Jing-Hu Expressway (Shanghai Section)	HK$164 million	-0.8%	HK$311 million	+2.4%	20.30 million	+6.4%
Hu-Kun Expressway (Shanghai Section)	HK$193 million	+1.6%	HK$468 million	+6.3%	22.71 million	+9.2%
Hu-Yu Expressway (Shanghai Section)	HK$87.56 million	+2.2%	HK$255 million	+8.2%	18.08 million	+8.8%

Jing-Hu Expressway (Shanghai Section) has enhanced its service quality and the efficiency of toll collectors by means of contests. During the first half of the year, a number of measures were taken to prevent traffic congestions, which effectively safeguarded the smooth operation of the toll collection areas during festivals, holidays and daily peak hours. Due to changes in the distribution of traffic flow of the expressway network after the Hu-Chang Expressway was in service as well as a smaller proportion of trucks using the expressway, a drop in the unit toll and a slowdown in the growth of toll revenue were recorded. For the second half of the year, preparation for the connection with Jiamin Elevated Expressway will be duly carried out. Net profit declined from the same period last year as the 50% tax reduction offer was removed from the company since the beginning of the year.

Toll revenue and traffic flow of the Hu-Kun Expressway (Shanghai Section) increased during the period. For Shanghai Luqiao Development Co., Ltd., special focus was made on the construction of key projects and arrangements for major festivals and holidays and grand conference periods. Preventive and contingent measures were implemented to cope with smog and weather with cold current, resulting in an overall reduction of road congestions. The construction of the Dazheng port bridge project was progressing smoothly, and traffic was in good order during the construction period.

With the number of passenger cars rising every year and traffic congestion eliminated after the completion of the alteration work for the Jiasong toll station, steady growth of traffic flow and toll revenue were recorded for the Hu-Yu Expressway (Shanghai Section) for the first half of 2014. The aggregate traffic flow of Jiasong station alone during the period increased 37.54% on a year-on-year basis. With the help of holding contests, the overall quality of toll collectors was further improved. As at the end of June, the average traffic capacity for the Xujing main lane station at peak periods rose 4.02% over the same period last year.

Water services

The Group has actively invested in environmental water services and new energy businesses to strengthen its infrastructure facilities business. Taking into account SIIC Environment Holdings Ltd. ("**SI Environment**") and General Water of China Co., Ltd. ("**General Water of China**"), the average daily water supply and sewage capacity of the Group currently is close to 10 million tonnes.

SI Environment

SI Environment recorded a revenue of RMB680 million for the first half of 2014, representing a year-on-year growth of 41.3%; profit after tax was RMB130 million, which was a substantial increase of 60.9%, and the growth was mainly due to consolidation of the business results of several project companies, the acquisition of which had been completed in the first quarter of the year. These companies included Shanghai Qingpu Second Waste Water Treatment Plant Co., Ltd., and also Dazhou Jiajin Environmental Protection and Recycling Resources Co., Ltd. and Shanghai Pucheng Thermal Power Energy Co., Ltd., which are mainly engaged in household waste treatment and waste incineration power generation. The growth in profit was also due to higher construction revenue and foreign exchange surplus recorded in the period.

In June this year, SI Environment announced its acquisition of a 25.3125% interest of Longjiang Environmental Protection Group Co., Ltd. ("**Longjiang Environmental**") at a total consideration of RMB405 million. Prior to the acquisition, the Company held 16.8% of Longjiang Environmental through an entity under the Group. Longjiang Environmental is the largest integrated water supply and water discharge operator in Heilongjiang province, with a total planned daily water supply capacity of 830,000 tonnes, a planned daily sewage treatment capacity of 1.415 million tonnes and a daily sludge treatment capacity of 1,000 tonnes. This acquisition will represent a major progress in the investment layout plans of SI Environment's water assets in the northeast region, and the entire transaction will be completed during the year. Upon completion of the acquisition, the total daily sewage and waste treatment capacity of SI Environment will exceed 6 million tonnes and 3,100 tonnes respectively.

SI Environment continued to explore financing channels following the completion of the placement of 3.1 billion new shares last year, and subsequent to the date of this report, an aggregate of 1 billion new shares was successfully placed to several investors through top-up placements. The proceeds of the placement totaling approximately SGD158 million would be used for business expansion, repayment of loans and general working capital. Upon completion of the placement, the Group's interest in SI Environment will be diluted to 41.85%, while SI Environment will still be deemed as a subsidiary of the Company with its results consolidated in the accounts of the Company. In the future, SI Environment will continue to expand its business scale through internal growth and external mergers and acquisitions, strive to enhance its profitability and go with mergers and acquisitions for projects with good quality and/or with strategic significance, and continue to enhance the brand and brand awareness of the company.

General Water of China

Business revenue of General Water of China for the period has maintained the same level as last year at HK$800 million; net profit was HK$41.73 million, a year-on-year increase of 13.1%. The overall strategies of the company for 2014 are to enlarge scale of expansion, improve the quality of assets, optimize its profit mode and raise profitability, and actively extend financing channels to enhance overall core competitiveness. During the period, General Water of China was named as the "Top Ten Most Influential Enterprises in China's Water Industry" for the eleventh year, ranking the third place.

In April 2014, General Water of China signed a supplementary agreement on quality enhancement and transformation for the franchise operation contract of the sewage treatment plant Phase I project on the east of the river in Xiangtan. The daily capacity of the project is 100,000 cubic metres. The implementation of the project will raise the discharged water quality of the sewage treatment plant from State first class grade B standard to grade A standard, and the total investment of the project amounted to RMB57.68 million. During the period, the first "Build-Transfer" project of General Water of China – the main lane of the Zhubu port connection lane extension and alteration work of the Hu-Kun Expressway at Xiangtan Hetang Logistics Park was completed, and the road pavement work was carried out smoothly. In the first half of the year, the city third water purification plant and Wuhua Mountain reservoir projects in Suifenhe continued to progress.

New Business Arena

The Company continued to expand its scale of investment in the environment industry. Since the acquisition of the 50MW photovoltaic power station project in Gaotai, Gansu and 100MW project in Jiayuguan by SIIC Aerospace Galaxy New Energy (Shanghai) Co., Ltd. ("**Galaxy Energy**"), a 85% subsidiary of our affiliate, Shanghai Galaxy Investments Co., Ltd. last year, Galaxy Energy further acquired a 20MW photovoltaic project in the Gangcha County, Qinghai Province and a 30MW photovoltaic project in the Zhongwei City of Ningxia Hui Autonomous Region during the period. Total consideration for equity interest transfer was RMB139.6 million plus liabilities totaling RMB400.8 million. The transactions were completed in May this year. The above acquisitions are in line with the Group's strategic directive of entering into the clean energy segment, and the projects have good development prospects and are able to bring more stable long term revenue for the Group.

Real Estate

As at the end of June 2014, the real estate business made a profit contribution of HK$1,073 million to the Group representing a year-on-year increase of 64.4% and accounting for 50.7% of the Group's Net Business Profit*. The increase in profit was mainly due to the disposal by phases of an aggregate of 100% interest of the lot E of Qingpu District in Shanghai in November last year and January this year, following respective agreements entered into between the Group and its A-share listed subsidiary Shanghai Industrial Development Co., Ltd. ("**SI Development**") and Shanghai City Land (Group) Co., Ltd. and its subsidiary. The total consideration of the transactions was RMB1,676 million. The respective transactions were completed in the first quarter of the year, resulting in a profit after tax of HK$1,191 million for the Group. The transactions have been able to unfold the profit and cash flow of the project, speed up the realization of returns and obtain extra working capital to be used for acquisitions for the core business of the Group.

SI Urban Development

Shanghai Industrial Urban Development Group Limited ("**SI Urban Development**") recorded a revenue of HK$3,167 million for the period, representing an increase of 6.8% over the same period last year. Profit after tax for the period was HK$16.81 million; losses attributable to shareholders for the period were HK$148 million compared to profits attributable to shareholders of HK$482 million recorded in the same period last year. It was mainly due to a one-time gain from the disposal of interest in the U Center project recorded in the same period last year. During the period, properties delivered mainly included Urban Cradle in Shanghai, which accounted for a total gross floor area of 31,000 square metres. In the first half of 2014, rental income was approximately HK$134 million. The amount of contracted sales reached RMB2,520 million, accounting for a total gross floor area of 165,000 square metres, arising from such projects as Urban Cradle and Jing City in Shanghai, Top City in Chongqing and Laochengxiang in Tianjin etc.

In April 2014, SI Urban Development reached an agreement with the Shanghai municipal government for the purchase of a plot of land in Meilong Town, Minhang District, Shanghai. With a site area of 43,000 square metres at RMB767 million, the site will be developed into a small and medium residential project with a total gross floor area (including underground site area) of 153,000 square metres. In addition, construction commenced in the Xinzhuang metro superstructure project in which SI Urban Development has participated. The project has been planned for years and occupies a site area of 118,000 square metres. On completion, the site will be built into a subway, railway and bus terminal exchange with a large commercial, office and hotel complex.

At the end of last year, SI Urban Development sold a 55% interest in the Aroma Town project in Chongqing at RMB134.75 million and recorded a cash inflow of approximately RMB154 million for the period under review. Subsequent to the date of this report, SI Urban Development successfully repaid the US dollar senior note by a club loan and shareholders' loans, which will largely reduce subsequent finance costs for the company. In the future, SI Urban Development will continue to consolidate its land resources, unfold the potential value of its projects at the right time, and focus its resources on projects with high returns in the Yangtze River Delta region and coastal major cities.

SI Development

Benefitting from disposal gains recorded from the disposal of its 51% interest in lot E of the Qingpu District, Shanghai, in the first half of 2014, SI Development achieved a total profit of RMB684 million, representing a year-on-year increase of 134.8%. The transaction has yielded considerable investment return for the company and effectively strengthened its cash flow, and this will be beneficial for its sustainable development. Revenue for the period was RMB579 million, representing a decrease of 73.5%. The contracted amount of real estate projects for the first half year was RMB820 million, which included Hi-Shanghai in Chengdu, Shanghai Bay in Qingpu District, Shanghai, Flos Granati in Jinshan, Shanghai and Rhine Town in Tianjin, etc., accounting for a gross floor area of 61,000 square metres. Rental income for the period was HK$110 million.

In January 2014, SI Development successfully bidded Lot G05-6 of a land plot located at Jiading Xincheng in Shanghai at a consideration of RMB264 million. With a total site area of 32,990.9 square metres and a plot ratio of 1.6, the site is earmarked for commercial-residential-office purposes. In May, the company brought in cooperative partners for additional capital for the joint development of the project. With the increased capital, SI Development now holds a 37.5% interest in the project. Introduction of additional investors will facilitate the subsequent development of the project and further optimize cash flow for the company. In the same month, SI Development and another cooperative partner obtained a plot of land in Yuhang District, Hangzhou at a minimum tender price of RMB1,069 million. Occupying a site area of 74,864 square metres and with a plot ratio of 1.6 to 2.3, the site is earmarked for commercial-residential use. SI Development holds a 51% interest of the project. Subsequent to the date of this report, SI Development further bidded Lot F04-2 of a land plot at Jiading Xincheng in Shanghai at a price of RMB802 million for commercial-residential-office purposes. The total site area is 58,949.4 square metres, with a plot ratio of 2.0.

In May this year, SI Development announced the proposed issue of corporate bonds of not more than RMB3,000 million with a term of up to seven years. This will enhance its debt structure and general working capital for the future business development of the company. During the period, in order to achieve expansion of the real estate business to the financial sector chain, the company and a subsidiary of our parent company, Shanghai Industrial Investment (Holdings) Company Limited ("**SIIC**"), jointly contributed capital and set up an investment company, in which SI Development holds 51% interest. The new company will contribute capital and collaborate with financial institutions to set up the "SIIC Shiyin Urban Development & Investment Fund Phase 1". Leveraged with the resource advantages of these financial institutions, the Fund aims to raise funds from the public, where the size of first tranche of funds to be raised will be RMB2,500 million.

In May this year, SI Development and SIIC Dongtan Investment & Development (Holdings) Co., Ltd., a company under SIIC, jointly contributed capital and set up a platform company investing in the retirement sector in the Shanghai Free Trade Zone, in which SI Development holds a 38% interest, in order to enter the retirement sector to invest in new real estate development arena, creating new sources of earning growth and laying a good foundation for the future development of the company. Subsequent to the date of this report, the platform company entered into a land grant contract with the government, and obtained a land lot with a total area of 68,070.6 square metres located in the Demonstration Zone in Dongtan of the Chongming Island. At the end of June this year, SI Development contributed a capital of RMB100 million to set up a joint venture company in the Hongkou District in Shanghai as a strategic investment platform in the district, which will bring in cooperation partners and carry out financing and investment. This marked the official commencement of the substantive participation of the company in the old city district alteration and complex development in the Hongkou District.

Consumer Products

The consumer products business of the Group recorded a profit of HK$483 million for the first half of 2014, representing a decrease of 11.3% over the same period last year and accounting for 22.8% of the Group's Net Business Profit*. The business segment continued to provide steady earnings and cash flow for the Group.

Tobacco

Nanyang Brothers Tobacco Company, Limited ("**Nanyang Tobacco**") persisted its strategies of "optimizing market structure, promoting technological progress, enhancing team quality, achieving sustainable and stable development" for 2014 through active implementation of different projects. During the period, various business indicators continued to maintain satisfactory growth, meeting sales targets for the entire year. As at the end of June, Nanyang Tobacco realized a revenue of HK$1,554 million, representing an increase of 10.5% over the same period last year; profit after tax was HK$449 million, a year-on-year increase of 6.6%.

Sales of tobacco for the period rose 5.8%. The increases in sales in all major markets were satisfactory with the successive launching of new products. The tobacco production line technological alteration projects were carried out step by step, and put into operation successively. Along with continuous rises in raw material prices, the price for tobacco has recorded the largest increases for many years. The company is working hard to optimize tobacco leaf sourcing plans and strictly follow the quality management of redrying process, which aims at selecting good quality while enhancing the usable value of tobacco leaf, thus effectively enhances cost effectiveness.

Printing

The Wing Fat Printing Company, Limited ("**Wing Fat Printing**") recorded a revenue of HK$511 million for the first half of 2014, representing an increase of 11.6% over the same period last year, of which revenue from printing and packaging business increased 19% and paper trading business decreased 48%. Business structure was adjusted and optimized, resulting in an increase in gross profit and gross profit margins. Net profit for the period was HK$37.66 million, a decrease of 72.1% year-on-year. The decrease in profit was mainly due to large exceptional gains on the disposal of an affiliate in the same period last year as well as losses recorded in foreign exchange for the period.

In June this year, Wing Fat Printing acquired a total of 100% interest of Shanghai Dental Instrument Factory Co., Ltd. ("**Shengli Medical**") from a subsidiary of SIIC and an independent third party for a consideration of RMB11.34 million. Shengli Medical has been engaged in pulp mould production business since 2008 and has good pulp mould skills and techniques with good machinery and equipment and the capability of producing high end pulp mould products. The acquisition will facilitate Wing Fat Printing's entry into the pulp mould industry, achieving breakthroughs from existing business constraints and creating new sources of business.

**Net profit excluding net corporate expenses*

PROSPECTS

In the second half of 2014, it is expected that the global economic recovery will remain slow. Many uncertain factors in the mainland markets and government policies will continue to present challenges to the Group's business development. To overcome this, we will focus on our strategic goals, enhance our operations management, optimize corporate internal controls and allocate resources from a broader perspective. At the same time, leveraging on opportunities that arise from the reforms of the State-owned assets, we will further adjust and improve our business and asset structures at the right time to create the best value for our shareholders.

As for the infrastructure facilities business, the consolidation and mergers and acquisitions of the water services segment will continue to be implemented smoothly. The scale of investment will be expanded, and the rapid development of our business will be pursued by means of diversified financing channels. For the toll road business, while maintaining operational efficiency, it will continue to maintain steady earnings growth. Looking ahead, through investments in new business areas, the Group will increase the scale of its assets in the clean energy segment such as photovoltaic power generation to create new sources of earnings growth.

The real estate business of the Company will further accelerate project development, improve gross profit margin and increase cash inflow; and it will continue to consolidate land resources effectively, revitalize the interests of existing projects whenever a good timing can be seized, and seek strategic partners and unfold the actual value of projects.

Nanyang Tobacco will persevere in optimization of its market structure, promote technological progress, increase the efficiency of procurement and utilization of raw materials and speed up the development of new products to strengthen its earning base and operational strengths. Wing Fat Printing will continue to meet business goals by strengthening marketing promotions, and upon the acquisition of a 100% equity interest in Shengli Medical, it will actively engage in the pulp mould business and seek a breakthrough from current business constraints.

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 contribution in the development of our business.

Wang Wei
Chairman
Hong Kong, 28 August 2014

INTERIM DIVIDEND

The Board of Directors has resolved to pay an interim dividend of HK45 cents (2013: HK42 cents) per share for the six months ended 30 June 2014 which will be payable on or about Friday, 3 October 2014 to shareholders whose names appear on the register of members of the Company on Wednesday, 17 September 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed on Wednesday, 17 September 2014. No transfer of shares will be effected on that day. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 16 September 2014.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2014.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") throughout the six months ended 30 June 2014, except for the deviations from A.6.7 and E.1.2 of the CG Code as described below. An independent non-executive Director, also being the chairman of the Nomination Committee and Remuneration Committee of the Company, was unable to attend the annual general meeting and extraordinary general meeting of the Company both held on 28 May 2014 due to a business engagement.

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 2014 interim report will be despatched to shareholders in mid-September 2014 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 six executive Directors, namely, Mr. Wang Wei, Mr. Zhou Jie, Mr. Lu Shen, Mr. Zhou Jun, Mr. Ni Jian Da and Mr. Xu Bo; four independent non-executive Directors, namely, Dr. Lo Ka Shui, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and Mr. Cheng Hoi Chuen, Vincent.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Notes	Six months ended 30.6.2014	30.6.2013
		HK$'000	HK$'000
		(unaudited)	(unaudited)
Revenue	3	**7,635,461**	8,788,784
Cost of sales		**(4,699,994)**	(5,411,597)
Gross profit		**2,935,467**	3,377,187
Net investment income		**317,506**	230,724
Other income		**254,480**	318,060
Selling and distribution costs		**(362,142)**	(406,019)
Administrative and other expenses		**(872,675)**	(744,809)
Finance costs		**(614,068)**	(553,640)
Share of results of joint ventures		**92,803**	42,995
Share of results of associates		**2,506**	10,259
Gain on disposal of the Feng Qi Group		**1,716,165**	-
Gain on disposal of assets through disposal of subsidiaries		**-**	819,125
Net gain on disposal/deemed partial disposal of interests in other subsidiaries, a joint venture and an associate		**13,542**	105,163
Profit before taxation		**3,483,584**	3,199,045
Income tax expense	4	**(936,788)**	(944,647)
Profit for the period	5	**2,546,796**	2,254,398
Profit for the period attributable to			
- Owners of the Company		**1,948,516**	1,675,399
- Non-controlling interests		**598,280**	578,999
		2,546,796	2,254,398
Earnings per share	7		
		HK$	HK$
- Basic		**1.800**	1.550
- Diluted		**1.664**	1.496

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**2,546,796**	2,254,398
Other comprehensive (expense) income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
- subsidiaries	**(1,025,616)**	266,279
- joint ventures	**(25,553)**	7,032
- associates	**(49,619)**	16,395
Fair value adjustments on available-for-sale investments held by		
- subsidiaries	**(46,084)**	(2,219)
- a joint venture	**(5,607)**	-
Reclassification of translation reserve upon disposal/deemed partial disposal of		
- the Feng Qi Group	**(1,256)**	-
- interests in other subsidiaries	**(967)**	-
- interest in a joint venture	**(10,308)**	-
- interest in an associate	**-**	(24,503)
Other comprehensive (expense) income for the period	**(1,165,010)**	262,984
Total comprehensive income for the period	**1,381,786**	2,517,382
Total comprehensive income for the period attributable to		
- Owners of the Company	**1,130,295**	1,795,093
- Non-controlling interests	**251,491**	722,289
	1,381,786	2,517,382

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014

	Notes	30.6.2014	31.12.2013
		HK$'000	HK$'000
		(unaudited)	(audited)
Non-Current Assets			
Investment properties		**9,453,730**	9,779,462
Property, plant and equipment		**4,195,192**	3,599,557
Prepaid lease payments – non-current portion		**309,655**	137,364
Toll road operating rights		**12,970,925**	13,674,748
Other intangible assets		**1,620,918**	1,428,855
Interests in joint ventures		**3,299,414**	2,629,143
Interests in associates		**1,995,636**	2,047,043
Investments		**1,108,218**	1,127,334
Receivables under service concession arrangements – non-current portion		**4,337,058**	3,745,186
Deposits paid on acquisition of a subsidiary		**-**	156,399
Deposits paid on acquisition of property, plant and equipment		**104,892**	56,474
Restricted bank deposits		**83,509**	85,288
Deferred tax assets		**230,593**	260,075
		39,709,740	38,726,928
Current Assets			
Inventories		**46,952,949**	47,942,059
Trade and other receivables	*8*	**5,900,047**	6,198,674
Prepaid lease payments – current portion		**3,011**	3,490
Investments		**654,383**	542,117
Receivables under service concession arrangements – current portion		**125,926**	115,426
Amounts due from customers for contract work		**84,219**	94,259
Prepaid taxation		**585,889**	512,636
Pledged bank deposits		**590,368**	512,231
Short-term bank deposits		**632,238**	548,044
Bank balances and cash		**23,852,004**	25,975,351
		79,381,034	82,444,287
Assets classified as held for sale		**64,438**	1,238,810
		79,445,472	83,683,097
Current Liabilities			
Trade and other payables	*9*	**11,675,965**	14,694,333
Customer deposits from sales of properties		**8,092,312**	9,122,413
Amounts due to customers for contract work		**16,717**	20,409
Taxation payable		**3,018,594**	3,219,064
Bank and other borrowings		**11,215,635**	12,960,798
Senior notes		**1,946,261**	1,994,842
		35,965,484	42,011,859
Liabilities associated with assets held for sale		**36,597**	655,630
		36,002,081	42,667,489
Net Current Assets		**43,443,391**	41,015,608
Total Assets less Current Liabilities		**83,153,131**	79,742,536

	30.6.2014	31.12.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
Capital and Reserves		
Share capital	**13,527,827**	108,275
Share premium and reserves	**22,029,210**	34,837,749
Equity attributable to owners of the Company	**35,557,037**	34,946,024
Non-controlling interests	**17,504,689**	17,433,790
Total Equity	**53,061,726**	52,379,814
Non-Current Liabilities		
Provision for major overhauls	**74,041**	77,810
Bank and other borrowings	**20,743,625**	17,903,927
Convertible bonds	**3,784,239**	3,742,607
Deferred tax liabilities	**5,489,500**	5,638,378
	30,091,405	27,362,722
Total Equity and Non-Current Liabilities	**83,153,131**	79,742,536

Notes:

(1) REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2014 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 condensed consolidated financial statements 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 Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the HKICPA as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

The accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the new or revised Hong Kong Financial Reporting Standards ("**HKFRSs**") newly adopted by the Group in the current interim period which are disclosed below.

New or revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HK(IFRIC) - Int 21	Levies
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amounts Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting

The application of the new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or 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 segments:

Six months ended 30 June 2014

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
Segment revenue - external sales	**1,867,292**	**3,884,176**	**1,883,993**	**-**	**7,635,461**
Segment operating profit (loss)	**863,318**	**949,320**	**578,144**	**(118,146)**	**2,272,636**
Finance costs	**(101,031)**	**(486,119)**	**(2,327)**	**(24,591)**	**(614,068)**
Share of results of joint ventures	**92,803**	**-**	**-**	**-**	**92,803**
Share of results of associates	**5**	**(6,198)**	**8,699**	**-**	**2,506**
Gain on disposal of the Feng Qi Group	**-**	**1,716,165**	**-**	**-**	**1,716,165**
Net gain on disposal/deemed partial disposal of interests in other subsidiaries and a joint venture	**10,949**	**2,593**	**-**	**-**	**13,542**
Segment profit (loss) before taxation	**866,044**	**2,175,761**	**584,516**	**(142,737)**	**3,483,584**
Income tax expense	**(176,047)**	**(638,087)**	**(97,585)**	**(25,069)**	**(936,788)**
Segment profit (loss) after taxation	**689,997**	**1,537,674**	**486,931**	**(167,806)**	**2,546,796**
Less: profit attributable to non-controlling interests	**(129,593)**	**(464,469)**	**(4,218)**	**-**	**(598,280)**
Segment profit (loss) after taxation attributable to owners of the Company	**560,404**	**1,073,205**	**482,713**	**(167,806)**	**1,948,516**

Six months ended 30 June 2013

	Infrastructure facilities	Real estate	Consumer products	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
Segment revenue - external sales	1,561,069	5,516,468	1,711,247	-	8,788,784
Segment operating profit (loss)	829,461	1,439,102	541,609	(35,029)	2,775,143
Finance costs	(97,586)	(445,051)	(1,323)	(9,680)	(553,640)
Share of results of joint ventures	42,995	-	-	-	42,995
Share of results of associates	310	(4,149)	14,098	-	10,259
Gain on disposal of assets through disposal of subsidiaries	-	819,125	-	-	819,125
Gain on disposal of interests in other subsidiaries and an associate	-	-	103,340	1,823	105,163
Segment profit (loss) before taxation	775,180	1,809,027	657,724	(42,886)	3,199,045
Income tax expense	(153,538)	(678,407)	(101,844)	(10,858)	(944,647)
Segment profit (loss) after taxation	621,642	1,130,620	555,880	(53,744)	2,254,398
Less: profit attributable to non-controlling interests	(89,311)	(477,888)	(11,800)	-	(578,999)
Segment profit (loss) after taxation attributable to owners of the Company	532,331	652,732	544,080	(53,744)	1,675,399

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

	30.6.2014	31.12.2013
	HK$'000	HK$'000
Infrastructure facilities	**26,533,926**	27,268,166
Real estate	**77,433,217**	82,283,271
Consumer products	**6,088,353**	5,894,067
Unallocated assets	**9,099,716**	6,964,521
Total consolidated assets	**119,155,212**	122,410,025

(4) INCOME TAX EXPENSE

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	HK$'000
Current tax		
- Hong Kong	**94,514**	96,930
- PRC Land Appreciation Tax ("**LAT**")	**343,999**	412,045
- PRC Enterprise income tax ("**EIT**") (including PRC withholding tax of HK$46,320,000 (six months ended 30 June 2013: HK$70,782,000))	**652,707**	668,393
	1,091,220	1,177,368
Overprovision in prior periods		
- Hong Kong	**-**	(51)
- PRC LAT (Note)	**(83,213)**	-
- PRC EIT	**(5)**	(4,878)
	(83,218)	(4,929)
Deferred taxation for the current period	**(71,214)**	(227,792)
	936,788	944,647

Note: The Group recognised an overprovision of PRC LAT during the current interim period upon completion of tax clearance procedures by a PRC subsidiary with the tax authority.

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

The Group's subsidiaries in the People's Republic of China (the "**PRC**") are subject to PRC EIT at a rate of 25% for both periods, except for a PRC subsidiary which was taxed at a lower rate of 12.5% for the six months ended 30 June 2013.

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 qualified property development expenditures.

(5) PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	HK$'000
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)	**371,596**	329,524
Amortisation of other intangible assets (included in cost of sales)	**36,130**	26,952
Depreciation of property, plant and equipment	**141,648**	127,944
Release of prepaid lease payments	**2,294**	1,901
Decrease in fair value of investment properties (included in administrative and other expense)	**56,040**	67,849
Dividend income from investments (included in net investment income)	**(1,761)**	(2,188)
Gain on disposal of property, plant and equipment	**(386)**	(782)
Interest income (included in net investment income)	**(296,533)**	(216,890)
Interest income in relation to service concession arrangements (included in other income)	**(135,855)**	(115,393)
Change in fair value of financial assets at fair value through profit or loss (included in net investment income)	**8,091**	9,266
Net foreign exchange loss	**130,555**	15,123
Compensation to customers as a result of late delivery of properties	**-**	37,083
Compensation from a contractor in respect of late completion of properties	**(134,574)**	-
Share of PRC EIT of joint ventures (included in share of results of joint ventures)	**26,905**	18,489
Share of PRC EIT of associates (included in share of results of associates)	**940**	2,930

(6) DIVIDENDS

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	HK$'000
2013 final dividend paid of HK45 cents (six months ended 30 June 2013: 2012 final dividend paid of HK58 cents) per share	**487,243**	626,916

Subsequent to the end of the reporting period, the directors have determined that an interim dividend of HK45 cents (six months ended 30 June 2013: HK42 cents) per share will be paid to the shareholders of the Company whose names appear on the Company's register of members on 17 September 2014.

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(7) EARNINGS PER SHARE

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

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	HK$'000
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**1,948,516**	1,675,399
Effect of dilutive potential ordinary shares - interest on convertible bonds, net of tax	**34,763**	25,535
Earnings for the purpose of diluted earnings per share	**1,983,279**	1,700,934
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,082,759,777**	1,080,816,101
Effect of dilutive potential ordinary shares		
- convertible bonds	**107,319,758**	53,956,342
- share options of the Company	**1,883,256**	1,864,458
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,191,962,791**	1,136,636,901

The computation of diluted earnings per share does not assume (i) the exercise of the Company's outstanding options if the exercise price of those options was higher than the average market price for the corresponding period; and (ii) the exercise of options issued by Shanghai Industrial Urban Development Group Limited, a listed subsidiary of the Group, because they are anti-dilutive.

(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 aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date.

	30.6.2014	31.12.2013
	HK$'000	HK$'000
Within 30 days	**273,730**	288,178
Within 31 – 60 days	**219,159**	172,099
Within 61 – 90 days	**105,206**	226,304
Within 91 – 180 days	**115,533**	134,422
Within 181 – 365 days	**110,472**	169,979
Over 365 days	**126,227**	102,769
	950,327	1,093,751

(9) TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date.

	30.6.2014	31.12.2013
	HK$'000	HK$'000
Within 30 days	**344,650**	553,062
Within 31 – 60 days	**127,129**	136,522
Within 61 – 90 days	**36,418**	54,079
Within 91 – 180 days	**355,178**	63,458
Within 181 – 365 days	**749,120**	859,465
Over 365 days	**389,209**	975,099
	2,001,704	2,641,685

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

In the first half of 2014, the revenue amounted to approximately HK$7,635.46 million, representing a year-on-year decrease of 13.1%, mainly due to a decrease of approximately HK$1,833.65 million in the SI Development's property sales booked as compared to the same period last year. However, the decrease was partially offset by the increase in the revenue of infrastructure facilities and consumer products businesses.

The year-on-year increase in revenue of infrastructure facilities business was mainly attributable to the natural growth in the toll income from three expressways, and also SI Environment started consolidating the sales of Shanghai Qingpu Water Plant upon completion of the acquisition and the increase in construction income.

The real estate business recorded a decrease of revenue due to a decrease of approximately HK$1,833.65 million in the SI Development's property sales booked compared to the same period last year. However, the decrease was partially offset by an increase of approximately 6.8% in SI Urban Development's sales booked during the period.

As for the revenue from consumer products business, Nanyang Tobacco maintained a stable growth with an increase of approximately 10.5% in the net sales of cigarettes during the period, while Wing Fat Printing completed the acquisition of Shengli Medical which is engaged in paper molds production business and consolidated its sales, resulting in a 10.1% year-on-year increase of revenue from consumer products business.

2. Profit Contribution from Each Business

Net profit from the infrastructure facilities business for the period was approximately HK$560.40 million, accounting for 26.5% of Net Business Profit, representing a year-on-year increase of 5.3%. Net profit from the three expressways was approximately HK$445.16 million, representing a slight year-on-year increase of approximately HK$3.79 million. Although the traffic flow of the three expressways recorded natural growth ranging from 6.4% - 9.2%, the rise in net profit of expressway business was offset by the absence of Hu-Ning Expressway 50% reduction tax relief starting from this year. As for water services business, SI Environment's results grow substantially due to the completion of the new acquisition project which provided profit contribution and benefited from foreign exchange gain in the period. In addition, the shareholding in General Water of China was diluted from 47.5% to 45%, a diluted gain of HK$15.76 million was booked, driving the growth in profit of the water services business.

Real estate business recorded a profit of approximately HK$1,073.21 million, accounting for 50.7% of Net Business Profit, representing an increase of approximately HK$420.47 million as compared to the same period of 2013. The increase was mainly due to the disposal of all interests in land parcel E of Qingpu and its attributable profit after tax was HK$1,190.98 million. While for the same period last year, there was a disposal gain of HK$515.68 million from the disposal of interest in land parcel, representing 25% equity interest in the U Center project.

The consumer products business recorded a net profit of HK$482.71 million, accounting for 22.8% of Net Business Profit. Net profit decreased year-on-year, mainly due to the attributable profit of approximately HK$82.21 million from the disposal of 30% interest in Zhejiang Tianwai Packaging and Printing Co., Ltd. ("**Zhejiang Tianwai**") was booked by Wing Fat Printing in the first half of last year and also a foreign exchange loss recorded due to depreciation of Renminbi during the period. The business of Nanyang Tobacco remained stable, the net sales increased by 10.5% during the period.

3. Profit before Taxation

(1) Gross profit margin

Gross profit margin for the period was 38.4%, same as the gross profit margin for the same period last year. The overall gross profit margin of infrastructure facilities business dropped by approximately 5.1 percentage points as construction income with a lower gross profit margin had a higher proportion in revenue. While the gross profit margin for real estate business increased as a higher proportion of property sales booked are those with higher gross profit margin. The two impacts were offset, causing the gross profit margin for the first half of 2014 to remain the same as in the same period in 2013.

(2) Other income

Other income for the period decreased as compared to the same period last year mainly due to a foreign exchange loss recorded given the depreciation of Renminbi during the period.

(3) Gain on disposal of assets through disposal of subsidiaries

The Group completed the disposal of interest in a land parcel, representing 25% equity interest in U Center project during the same period last year and recorded a pre-tax gain of HK$819.13 million. There was no such gain during the period.

(4) Net gain on disposal / deemed partial disposal of interests in other subsidiaries, a joint venture and an associate

During the period, the net gain was mainly the profit derived from the dilution of shareholding in General Water of China from 47.5% to 45%, a profit of HK$15.76 million was recorded, while the net gain for the same period last year, was mainly the pre-tax profit of HK$103.34 million from the disposal of 30% interest in Zhejiang Tianwai.

4. Dividends

The Board of Directors of the Group has resolved to declare an interim dividend of HK45 cents, an increase of approximately 7.1% as compared with 2013 interim of HK42 cents per share, and interim dividend payout ratio is 25.0% (2013 interim: 27.1%).

II. Financial Position of the Group

1. Capital and Equity attributable to Owners of the Company

The Group had a total of 1,082,761,600 shares in issue as at 30 June 2014, which was increased by 10,000 shares as compared with 1,082,751,600 shares in issue as at the end of 2013. The increase is mainly attributable to the exercise of share options by employees during the period.

The equity attributable to Owners of the Company reached HK$35,557.04 million as at 30 June 2014, which was attributable to the net profits after deducting the dividend actually paid during the period.

2. Indebtedness

(1) Borrowings

During the period, the Company, through a wholly-owned subsidiary, SIHL Finance Limited, signed a HK$4 billion or US dollars equivalent dual-currency syndicated loans, of which HK$2 billion or US dollars equivalent are of a 3-year term and the remaining HK$2 billion or US dollars equivalent are of a 5-year term, for settling a HK$2.6 billion syndicated loan due in May 2014 and for general working capital purpose. Besides, the Company signed a RMB 1 billion loan in February 2014 for settling a Renminbi loan due in May 2014.

As at 30 June 2014, the total borrowings of the Group including bank borrowings, other borrowings, senior notes and convertible bonds amounted to approximately HK$37,730.41 million (31 December 2013: HK$37,806.53 million), of which 69.5% (31 December 2013: 72.6%) was unsecured credit facilities.

(2) Pledge of assets

As at 30 June 2014, the following assets were pledged by the Group to banks to secure general banking facilities granted by these banks to the Group:

(a) investment properties with an aggregate carrying value of HK$5,302,191,000 (31 December 2013: HK$5,298,903,000);

(b) leasehold land and buildings with an aggregate carrying value of HK$878,440,000 (31 December 2013: HK$940,841,000) ;

(c) plant and machineries with an aggregate carrying value of HK$13,579,000 (31 December 2013: HK$14,837,000);

(d) one (31 December 2013: one) toll road operating right of HK$3,168,712,000 (31 December 2013: HK$3,335,773,000);

(e) receivables under service concession arrangements with an aggregate carrying value of HK$2,727,619,000 (31 December 2013: HK$2,294,931,000) ;

(f) properties under development held for sale with an aggregate carrying value of HK$15,213,220,000 (31 December 2013: HK$10,630,517,000);

(g) properties held for sale with an aggregate carrying value of HK$324,060,000 (31 December 2013: HK$132,958,000);

(h) trade receivables with an aggregate carrying value of HK$268,110,000 (31 December 2013: HK$240,273,000); and

(i) bank deposits with an aggregate carrying value of HK$590,368,000 (31 December 2013: HK$512,231,000).

(3) Contingent liabilities

As at 30 June 2014, 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, property buyers and a joint venture amounted to approximately HK$394.70 million, HK$2,648.66 million and HK$674.37 million (31 December 2013: HK$340.59 million, HK$3,137.45 million and HK$212.23 million) respectively.

3. Capital Commitments

As at 30 June 2014, the Group had capital commitments mainly contracted for business development and investments in fixed assets of HK$11,346.48 million (31 December 2013: HK$8,894.87 million). The Group had sufficient internal resources or through loan market channel to finance its capital expenditures.

4 Bank Deposits and Short-term Investments

As at 30 June 2014, bank balances and short-term investments held by the Group amounted to HK$25,074.61 million (31 December 2013: HK$27,035.63 million) and HK$654.38 million (31 December 2013: HK$542.12 million) respectively. The proportions of US dollars and other currencies, Renminbi and HK dollars were 4%, 84% and 12% (31 December 2013: 4%, 85% and 11%) respectively. Short-term investments mainly consisted of investments such as 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 the need arise.

III. EVENTS AFTER THE END OF THE INTERIM PERIOD

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

1. On 8 July 2014, SI Environment entered into a placing agreement with two placement agents, who are independent third parties of the Group, in relation to its placement of 1,000,000,000 new ordinary shares, representing approximately 10.43% of the enlarged capital of SI Environment, at the placement price of S$0.158 per share. The Group's shareholding in SI Environment would be diluted from 46.72% to 41.85% upon completion of the placement. The Group would account for the share placement as an equity transaction. The share placement was subsequently completed on 14 July 2014.

2. On 6 August 2014, SI Urban Development entered into a framework agreement under which SI Urban Development conditionally agreed to dispose of its entire 40% equity interest in 天津市億嘉合置業有限公司, an associate of SI Urban Development, through disposal of a subsidiary for a cash consideration of RMB366,000,000 (equivalent to HK$457,157,000). The disposal is yet to complete at the date of issuance of these condensed consolidated financial statements.