Shenzhen International Holdings Limited
深圳國際控股有限公司

(Incorporated in Bermuda with limited liability 於百慕達註冊成立之有限公司)

Stock Code 股份代號：00152

Shenzhen International
深國際

共同進步　分享快樂
Advancing Together, Harvesting Together

2010
Interim Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Guo Yuan *(Chairman)*
Li Jing Qi *(Chief Executive Officer)*
Liu Jun *(Vice President)*
Yang Hai

Non-Executive Directors:

To Chi Keung, Simon
Wang Dao Hai

Independent Non-Executive Directors:

Leung Ming Yuen, Simon
Ding Xun
Nip Yun Wing

AUDIT COMMITTEE

Leung Ming Yuen, Simon *(Chairman)*
Ding Xun
Nip Yun Wing

NOMINATION COMMITTEE

Ding Xun *(Chairman)*
Leung Ming Yuen, Simon
Li Jing Qi

REMUNERATION COMMITTEE

Ding Xun *(Chairman)*
Leung Ming Yuen, Simon
Li Jing Qi

COMPANY SECRETARY

Tam Mei Mei

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 2206-2208, 22nd Floor
Greenfield Tower, Concordia Plaza
No. 1 Science Museum Road
Tsimshatsui East
Kowloon, Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

COMPANY WEBSITE

http://www.szihl.com

STOCK CODE

00152

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

LEGAL ADVISERS

Loong & Yeung, Solicitors *(Hong Kong Legal Adviser)*

PRINCIPAL BANKERS

Bank of China *(Hong Kong)*
The Bank of Tokyo-Mitsubishi UFJ, Hong Kong Branch
China Construction Bank, Hong Kong Branch
China Merchants Bank
DBS Bank
Guangdong Development Bank
(PRC Domestic Bank)
Hang Seng Bank
Industrial and Commercial Bank of China
(PRC Domestic Bank)
Shanghai Pudong Development Bank
(PRC Domestic Bank)
Standard Chartered Bank
Shenzhen Development Bank
(PRC Domestic Bank)

PRINCIPAL SHARE REGISTRAR

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Hong Kong

INVESTOR RELATIONS CONSULTANT

Rikes Hill & Knowlton Limited
Room 1312, Wing On Centre
111 Connaught Road Central, Hong Kong

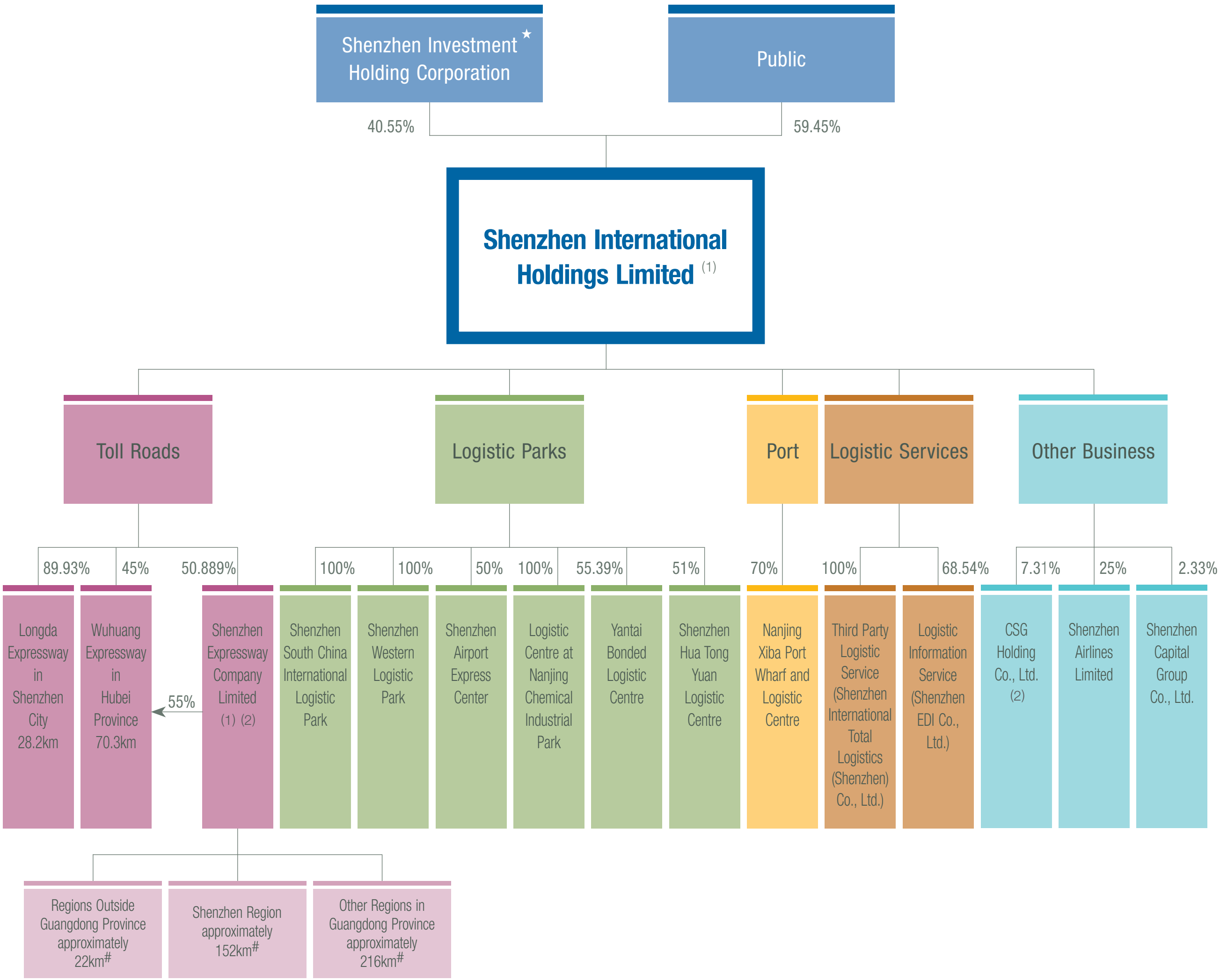
CORPORATE PROFILE

Shenzhen International Holdings Limited is a company incorporated in Bermuda with limited liability and is listed on the main board of the Hong Kong Stock Exchange. The Group is principally engaged in the investment, construction and operation of logistic infrastructure facilities, as well as the provision of relevant logistic services which include third party logistic services and logistic information services.

As at the date of this report, Shenzhen Investment Holding Corporation, an investment holding institution owned by Shenzhen Municipal Government and under the supervision of Shenzhen State-owned Assets Supervision and Administration Bureau, is the controlling shareholder of the Company holding approximately 40.55% of the issued share capital of the Company.

The Group's development strategy defines the Pearl River Delta, Yangtze River Delta and the Pan-Bohai Rim in the PRC as the strategic development regions. Through acquisitions, restructuring and integration, the Group will focus on the investment, construction and operation of logistic infrastructures such as toll roads and logistic parks. With the support of infrastructures, information technology and supply chain technology, the Group will aim at continuously perfecting the organisation of logistic networks and the construction of facilities and gradually form a long-term strategic partnership with its customers and supply chain partners, thereby establishing the Group's core competitiveness.

Corporate Profile



☆ *Under the supervision of Shenzhen State-owned Assets Supervision and Administration Bureau*

(1) *Listed company in Hong Kong*

(2) *Listed company in the PRC*

Total mileage of toll highways calculated on the basis of equity interests (including in operations and under construction)

ANALYSIS OF REVENUE AND PROFIT BEFORE FINANCE COSTS AND TAX BY PRINCIPAL ACTIVITIES

For the six months ended 30 June
(HK$ million)

	Revenue		Operating profit/(loss)		Share of profit of associates and jointly controlled entities		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Toll roads								
– Toll revenue	**1,703**	1,043	**927**	537	**99**	196	**1,026**	733
– Construction service revenue	**366**	491	**–**	1	**–**	–	**–**	1
	2,069	1,534	**927**	538	**99**	196	**1,026**	734
Logistic parks	**119**	91	**27**	23	**2**	–	**29**	23
Logistic services	**73**	69	**4**	4	**–**	1	**4**	5
Port	**5**	–	**(1)**	–	**–**	–	**(1)**	–
	2,266	1,694	**957**	565	**101**	197	**1,058**	762
Head office	**–**	–	**385**	280	**42**	–	**427**	280
Profit before finance costs and tax	**2,266**	1,694	**1,342**	845	**143**	197	**1,485**	1,042
Finance income							**11**	13
Finance costs							**(334)**	(230)
Finance costs – net							**(323)**	(217)
Profit before income tax							**1,162**	825

	For the six months ended 30 June **2010** HK$ million	2009 HK$ million	Increase
Results			
Revenue	**2,266**	1,694	34%
Operating profit	**1,342**	845	59%
Profit before income tax	**1,162**	825	41%
Profit attributable to shareholders	**712**	503	42%
Basic earnings per share (HK cents)	**5.03**	3.59	40%

	30 June 2010 HK$ million	31 December 2009 HK$ million	**Increase/ (Decrease)**
Financial Position			
Total assets	**33,114**	32,448	2%
Total equity	**12,725**	12,720	–
Debt asset ratio (Total liabilities/Total assets)	**62%**	61%	1% *
Ratio of Net borrowings to Total equity	**108%**	104%	4% *
Ratio of Total borrowings to Total equity	**122%**	118%	4% *
EBITDA to interest expense multiple	**5.77**	4.48	N/A
Net asset value per share attributable to shareholders (HK dollar)	**0.49**	0.50	(2%)

* *Change in percentage point*

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

The Group recorded outstanding results in the first half of 2010. Profit attributable to shareholders amounted to HK$712 million, representing an increase of 42% over the same period last year.

Operating Results	For the six months ended 30 June **2010** **HK$'000**	 2009 HK$'000	 Increase/ (Decrease)
Revenue (excluding construction service revenue from toll roads)	**1,898,546**	1,202,483	58%
Construction service revenue from toll roads	**367,460**	491,095	(25%)
Total Revenue	**2,266,006**	1,693,578	34%
Profit before finance costs and tax	**1,485,859**	1,042,072	43%
of which: Core Business	**1,125,750**	760,020	48%
Profit attributable to shareholders	**712,337**	503,262	42%
of which: Core Business	**433,656**	280,532	55%
Basic earnings per share (HK cents)	**5.03**	3.59	40%

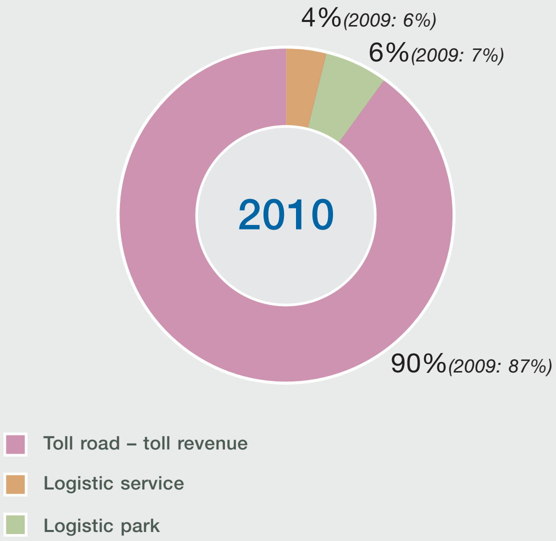
Though the road to recovery for the world economy was not smooth, the overall performance of the Chinese economy remains good. In the first half of 2010, China's GDP increased by 11.1% and total value of imports and exports increased by 43.1% over the same period of the previous year. In the first half of 2010, highway cargo turnover in Shenzhen increased by 49.7%, passenger turnover volume increased by 19%, and Shenzhen Port cargo throughput increased by 22%, in which container throughput increased by 29.4%, over the same period of the previous year. The improving domestic economy has provided a good business environment for the logistic and toll road businesses.

In the first half of 2010, the business environment showed further improvements and the Group's core business achieved satisfactory growth. Revenues of the toll road business, the logistic park business and the logistic service business recorded increases of 63%, 30% and 6% respectively over the same period of the previous year. Profit before finance costs and tax of core business during the Period amounted to HK$1,126 million, representing an increase of 48% over the same period of the previous year. However, the upward adjustment of the PRC corporate income tax rate and the increase of finance costs have lowered the growth of profit. Despite this, profit attributable to shareholders still recorded an increase of 42% to HK$712 million, of which core business earnings increased by 55% to HK$434 million as compared to the corresponding period in 2009.

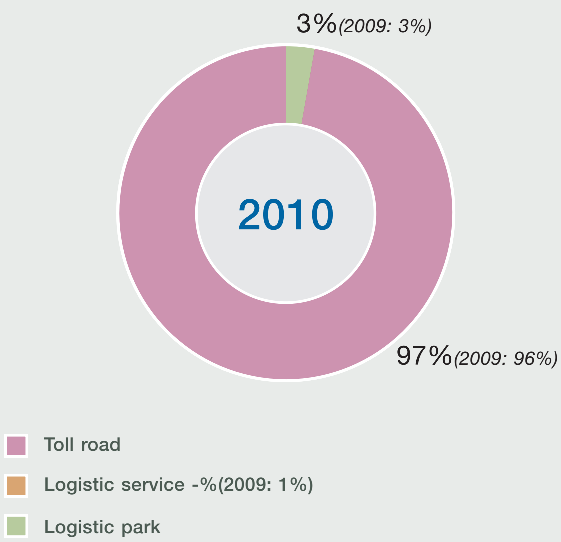
During the Period, the Group's total revenue amounted to HK$2,266 million, an increase of 34% as compared to the corresponding period of the previous year. Excluding construction service revenue from toll roads, the revenue amounted to HK$1,899 million, representing an increase of 58% over the corresponding period of the previous year. The increase in revenue was mainly due to various positive factors including good performance of the domestic economy, increase in traffic demand due to the rebound in China's import and export trade as well as continuous growth in private car ownership resulted from the launch of revival plans for the automobile industry by the PRC government. As a result, the toll road business has shown strong growth as compared to the corresponding period of the previous year.

The logistic park business also recorded satisfactory growth with revenue increased by 30% to HK$119 million. The increase was mainly attributable to the recovery of the economy and a significant increase in import and export trade in China, as well as an increase of new logistic centre area that commenced operations during the Period. The logistic centre operating area has increased by 114,000 square metres or 34% as compared to the end of year 2009 to 450,000 square metres.

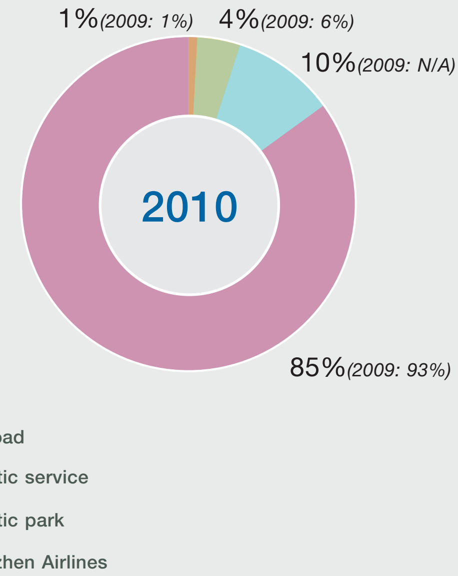
Revenue contribution
For the six months ended 30 June



Contribution of profit before finance costs and tax
For the six months ended 30 June



Net profit contribution
For the six months ended 30 June



During the Period, the Group completed the capital injection to Shenzhen Airlines Limited ("Shenzhen Airlines") which became a 25% associate company of the Group. Shenzhen Airlines contributed a profit of HK$41.75 million to the Group from 19 April 2010 (the date of completion of capital injection) to 30 June 2010. In addition, the Group also recorded a fair value gain after tax of approximately HK$22.18 million on the 10% equity interest in Shenzhen Airlines originally held by the Group.

During the Period, the Group disposed of a total of 14.52 million A shares of CSG Holding Co., Ltd. ("CSG") at an average selling price of approximately RMB22.07 (HK$25.17) per share, and the Group realised a profit after tax of approximately HK$257 million.

ANALYSIS OF MAJOR BUSINESS OPERATIONS

Toll Road Business

The Group's toll road operations span over the Shenzhen region, other regions in Guangdong Province and other provinces in China. The Group operates the toll road business mainly through its 50.889% owned Shenzhen Expressway Company Limited ("Shenzhen Expressway"), of which H shares and A shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively. The Group holds or controls 16 expressway projects through Shenzhen Expressway and directly holds 89.93% and 45% interests in Longda Expressway and Wuhuang Expressway (the remaining 55% interests are owned by Shenzhen Expressway), respectively.

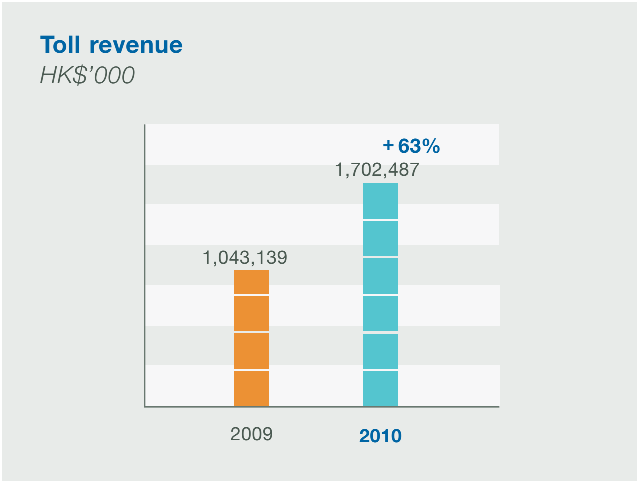
- **Toll revenue increased by 63% to HK$1,703 million**
- **Profit before finance costs and tax increased by 40% to HK$1,026 million**
- **Profit attributable to shareholders increased by 21% to HK$389 million**

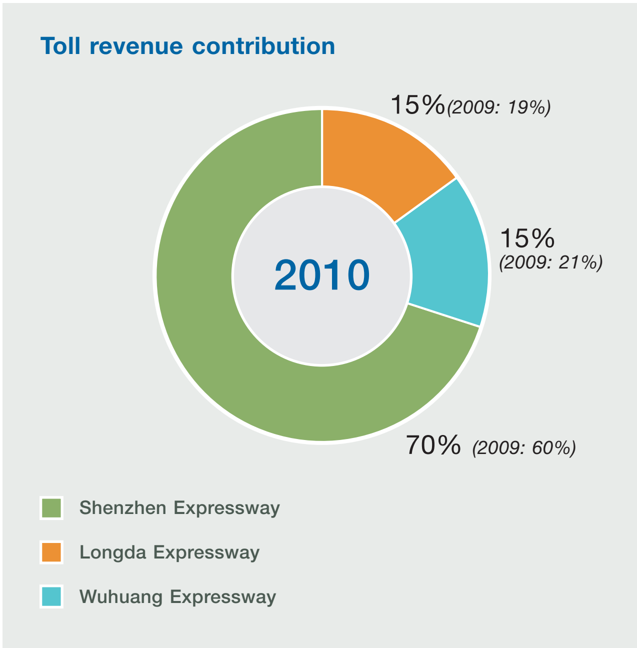
Toll Revenue

During the Period, benefitting from the rebound of the domestic macro-economy, favourable factors brought by an array of revitalisation plans for the automobile industry implemented by the PRC government and improving road networks in China, there is a strong growth in toll revenue and traffic volume from each toll road during the Period. Toll revenue of the Group's toll road operations grew by 63% over the same period of the previous year to approximately HK$1,703 million.

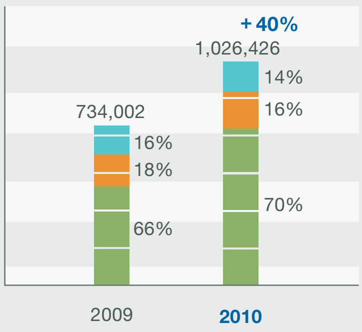
With a gradual recovery of the domestic economy, GDP of China increased by approximately 11% in the first half of 2010 as compared to the same period last year. In Shenzhen, Guangdong Province, Hubei Province, Jiangsu Province and Hunan Province where the Group's toll roads are located, a number of indicators also reflected relatively fast economic growth and a continuous growth in investment, domestic trade and residents' consumption in these regions. The rapid growth in foreign import and export trade and increased production by enterprises resulted in a rise in traffic volume on toll roads as a whole. The amount of goods and large vehicles as well as the flow of crowd increased significantly as a whole, which contributed to a considerable growth in traffic volume and toll revenue.

The continuation of favourable policies for the automobile industry in China: policies such as the extension of the policy on tax reduction for the purchase of small-displacement vehicles, the increase of subsidies on the purchase of new automobiles on a trade-in basis, the government's incentive schemes to encourage automobiles purchases in rural areas, the substitution of road maintenance fee by fuel tax and the cancellation of toll fees for Class II toll roads, have stimulated people's desire to purchase automobiles. Moreover, the ownership of private cars and small cars has further increased as a result of rising income levels of Chinese residents, bringing forth more road users and correspondingly driving up the demand for highway networks and convenient travel, which is conducive to the development of the expressway sector.

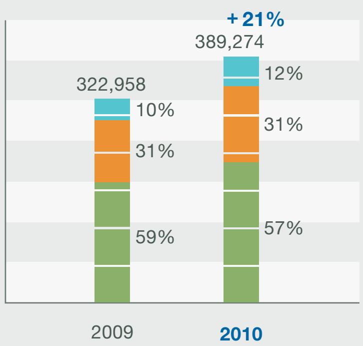




Contribution of profit before finance costs and tax
HK$'000



Net profit contribution
HK$'000



◇ included only net profit attributable to the 45% interest in Wuhuang Expressway directly held by the Company

The significant increase in toll revenue during the Period was mainly due to a number of factors including the consolidation of toll revenue of Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited ("Jihe East Company") which became a wholly owned subsidiary after completion of the acquisition of its 45% interest by the Group in the third quarter of 2009, bringing in a 20% increase in toll revenue; Qinglian Expressway started to adopt expressway toll standards in the second half of last year; and successive openings and operations of a number of new toll roads including Nanguang Expressway in recent years.

Profit

During the Period, the profit before finance costs and tax of the Group's toll road business amounted to HK$1,026 million, representing an increase of 40% as compared to the corresponding period of the previous year.

During the Period, due to the relatively significant growth of finance costs and the increase of income tax rate from 20% in last year to 22%, income tax expenses increased significantly. Though the level of increase in profit attributable to shareholders was not as high as those of toll revenue and profit before finance costs and tax, it still recorded a satisfactory growth of 21% to HK$389 million.

Operating Performance of Toll Roads

Longda Expressway

	For the six months ended 30 June		
	2010	2009	Increase
Toll Revenue (HK$ Million)	**250**	200	25%
Traffic Volume (Thousand Vehicles)	**12,235**	9,412	30%
Average Daily Toll Revenue (HK$ Thousand)	**1,381**	1,104	25%
Average Daily Traffic Volume (Thousand Vehicles)	**68**	52	30%

The Luotian toll station on Longda Expressway has been reconstructed into a beacon station since the Shenzhen area was incorporated into the Central Guangdong area and merged with the Pearl River Delta region in January 2010. This reduces the average time that vehicles take for travelling to this station by two-thirds, and the traffic capacity is substantially increased.

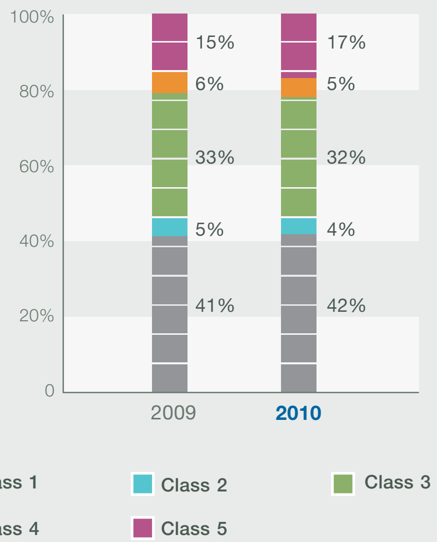
As compared to the corresponding period of the previous year, traffic volume of each class of vehicles on Longda Expressway recorded relatively high increases. The traffic volumes of Class 1, Class 2, Class 3, Class 4 and Class 5 vehicles recorded increases of 30%, 16%, 26%, 19% and 63% respectively as compared to the corresponding period of the previous year. The toll revenue contribution and the traffic volume contribution of each class of vehicles on Longda Expressway were basically the same as the corresponding period of last year.

The increase of traffic volume of Class 1 and Class 2 vehicles were mainly due to favourable factors such as a continuous increase in household income and the incentive policy for small-displacement vehicles. The increase of traffic volume of Class 3, Class 4 and Class 5 vehicles were mainly due to a gradual recovery of the domestic economy which leads to an accelerated growth in export trading, an increased growth in transportation and port business, and a significant increase in goods and passengers transportation.

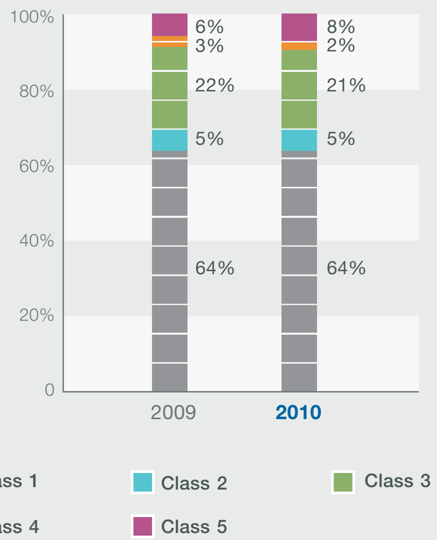
Construction of Enlarged Section of Longda Expressway

Longhua extension section of Longda Expressway, with a length of approximately 1.949 kilometres, is located in Baoan District, Shenzhen, starting from Yuanfen footbridge situated in Bulong Highway and ending at the junction of the existing Longda Expressway. The construction started on 20 May 2009 and has a lead time of 24 months. The construction enlarged the expressway from two-way 4-lane to two-way 8-lane, which will effectively ease the traffic flows towards Buji, Longhua and Guanlan in Shenzhen and will play a positive role in growing the traffic volume on this section.

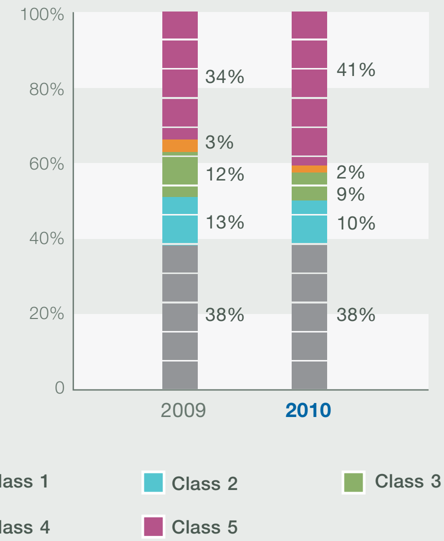
Toll revenue distribution of Longda Expressway
(For the six months ended 30 June)



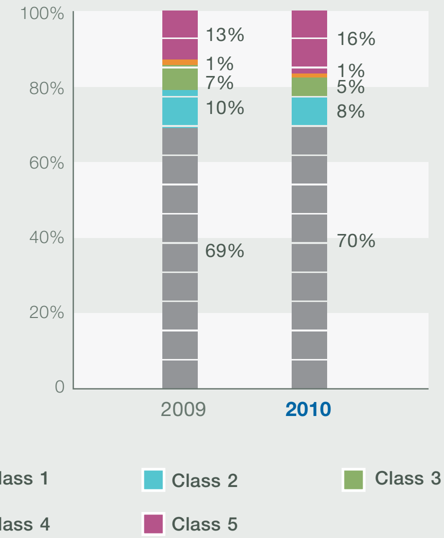
Traffic volume distribution of Longda Expressway
(For the six months ended 30 June)



Toll revenue distribution of Wuhuang Expressway
(For the six months ended 30 June)



Traffic volume distribution of Wuhuang Expressway
(For the six months ended 30 June)



Wuhuang Expressway

	For the six months ended 30 June		
	2010	2009	Increase
Toll Revenue (HK$ Million)	**259**	221	17%
Traffic Volume (Thousand Vehicles)	**6,782**	5,719	19%
Average Daily Toll Revenue (HK$ Thousand)	**1,429**	1,222	17%
Average Daily Traffic Volume (Thousand Vehicles)	**37.5**	31.6	19%

The road network of Wuhuang Expressway was improving during the Period: the entire Hubei section of Hurong West Expressway was opened to traffic and merged into the interlinked road network in December last year. This enables a run-through between Shanghai and Chongqing, which in turns leading to a significant increase in traffic volume and toll revenue. The openings and merging-into-network of the southern section of Suiyue Expressway in Hubei in March and Wujing Expressway in May this year generated considerable growth in traffic volume on Wuhuang Expressway.

Moreover, as the "Green Passage" toll-free policy in Hubei Province was tightened in June 2009, the concession for vehicles under the "Green Passage" was reduced, resulting in a decrease in the amount of waived fees, and the toll revenue of Wuhuang Expressway was boosted.

Shenzhen Expressway

During the Period, the operating performance of the toll highways held through Shenzhen Expressway was as follows:

Toll highways	Interests held by Shenzhen Expressway	Average Daily Mixed Traffic Volume: First half of 2010 (Thousand Vehicles)	Average Daily Mixed Traffic Volume: Increase as compared to the same period of 2009	Average Daily Toll Revenue: First half of 2010 (HK$ Thousand)	Average Daily Toll Revenue: Increase as compared to the same period of 2009
Shenzhen region:					
Meiguan Expressway	100%	109	18%	1,017	17%
Jihe East	100%	106	22%	1,563	18%
Jihe West	100%	84	25%	1,244	23%
Yanpai Expressway	100%	37	26%	464	20%
Yanba Expressway *	100%	20	40%	325	50%
Nanguang Expressway	100%	44	69%	504	82%
Shuiguan Expressway	40%	129	20%	1,335	21%
Shuiguan Extension	40%	37	30%	263	29%
Other regions in Guangdong Province:					
Qinglian Expressway **	76.37%	18	N/A	1,197	N/A
Yangmao Expressway	25%	21	14%	1,321	17%
Guangwu Project	30%	14	20%	432	29%
Jiangzhong Project	25%	57	20%	919	20%
Guangzhou Western Second Ring Expressway	25%	24	115%	663	57%
Other provinces in the PRC:					
Wuhuang Expressway	55%△	38	19%	1,429	17%
Changsha Ring Road	51%	8.8	23%	82	17%
Nanjing Third Bridge	25%	24	20%	920	24%

Notes:

△ The remaining 45% interest is held by another wholly-owned subsidiary of the Company.

* Yanba (Section C) was opened and started operation on 25 March 2010. The "Yanba Expressway" in the above table has already included the operational statistics of Yanba (Section C).

** The toll for the main trunk of Qinglian Project has collected based on expressway toll standards since 1 July 2009. Data in the table above does not include the operational statistics of Liannan Section and Qinglian Class II Road, both of which are still collecting toll based on Class I toll standards. During the Period, the overall average daily toll revenue of Qinglian Company amounted to HK$1.24 million.

During the Period, Shenzhen Expressway recorded a toll revenue of HK$1,194 million (2009: HK$622 million), representing a substantial increase of 92% over the same period of the previous year. In addition to the consolidation of Jihe East Company which leads to an increase of toll revenue of Shenzhen Expressway, the toll revenue of Qinglian Project has increased by more than 100% as compared to the same period of the previous year since the operation of its main trunk as an expressway in July 2009. The opening of Yanba (Section C) in March this year enabled the toll revenue of Yanba Expressway to rise by approximately 50% over the same period of the previous year.

The consolidation of Jihe East Company also leads to an increase in operating cost, coupled with the amortisation cost due to the acquisition premium of Jihe East Company as well as increases in traffic volume and related amortisation cost of Qinglian Expressway after its operating as an expressway, Shenzhen Expressway saw a relatively higher increase in its total operating cost. During the Period, Shenzhen Expressway's profit before finance costs and tax amounted to HK$712 million (2009: HK$486 million), representing an increase of 47% over the same period of the previous year.

With an increase in operating profit, income tax payable has increased correspondingly. Also due to the uplift in the income tax rate and the recognition of loan interest of Qinglian Project in the income statement, finance costs recorded a relatively high increase as a whole. Profit attributable to shareholders of Shenzhen Expressway amounted to HK$410 million (2009: HK$358 million), representing an increase of 15% over the same period of the previous year. The Group's share of profit in Shenzhen Expressway amounted to HK$223 million (2009: HK$190 million), representing an increase of 17% over the same period of the previous year.

During the Period, the positive impacts brought by changes in road networks to the highway projects of Shenzhen Expressway outweighed its negative impacts as a whole. Impacts of road network layouts on the main toll highways during the Period included:

- The expansion and reconstruction of a municipal road (Songbai Road) that is parallel to Nanguang Expressway brought positive impacts to the operating performance of Nanguang Expressway

- Shenhui Road which is adjacent to Shuiguan Expressway was still undergoing reconstruction, thereby greatly reducing the possible impact of Shuiguan Expressway's current expansion works on its own performance

- With the connection of the road networks and the government department's active implementation of cross-border traffic improvement measures, the cross-border transport facilitation function of Guangzhou Western Second Ring Expressway is growing obvious, which has brought considerable positive impacts to the expressway's operating performance

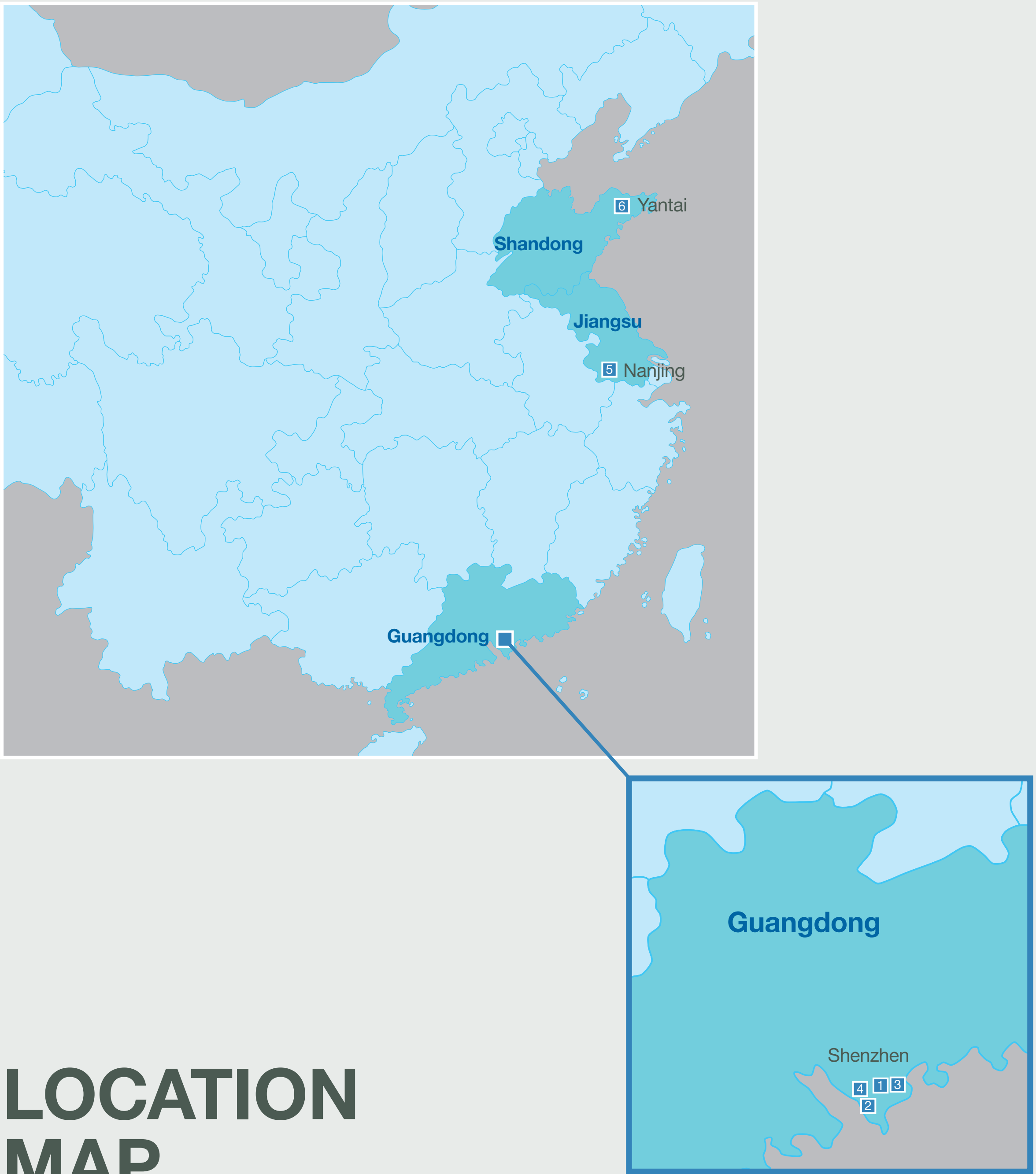
- The successive openings of Guanhui Expressway (Dongguan – Huizhou) and Huizhen Coastal Expressway (Shenzhen – Huizhou) in January and March this year respectively have brought diversion effect to Jihe East

To enhance the accessibility and service standards of the projects, Shenzhen Expressway actively pushed forward the works of various construction projects during the Period, including:

- In respect of the reconstruction works of Liannan Section of Qinglian Project, the reconstruction of its original road surface and the majority part of the earth and stone work of the road bed of the route changing section have already completed. The tunnel which serves as the critical-path point of the construction schedule has also been penetrated. It is expected that the whole construction work will be finished by early 2011

- The expansion of the northern section of Meiguan Expressway (Qinghu to Liguang, approximately 11 kilometres) has already been confirmed. The feasibility study report on the relevant construction and the pre-approval of land use have already been granted or approved. Tender invitation for the relevant construction works is in progress

The toll road business of the Group will continue to contribute to the Group by its high cash yield and robust development and will serve as a strong support for other business.



LOCATION MAP

1. South China Logistic Park

Located in Shenzhen Longhua Logistic Park
Land area: 611,000 square metres
Gross floor area: 399,000 square metres
Operating area: 187,000 square metres

2. Western Logistic Park

Located in Shenzhen Qianhaiwan Logistics Park
Land area: 380,000 square metres
Gross floor area: 420,000 square metres
Operating area: 37,000 square metres

3. Huatongyuan Logistic Centre

Located in the vicinity of Meilin gateway of Shenzhen
Land area: 116,000 square metres
Gross floor area: 133,000 square metres
Operating area: 126,000 square metres

4. SZ Airport Express Center

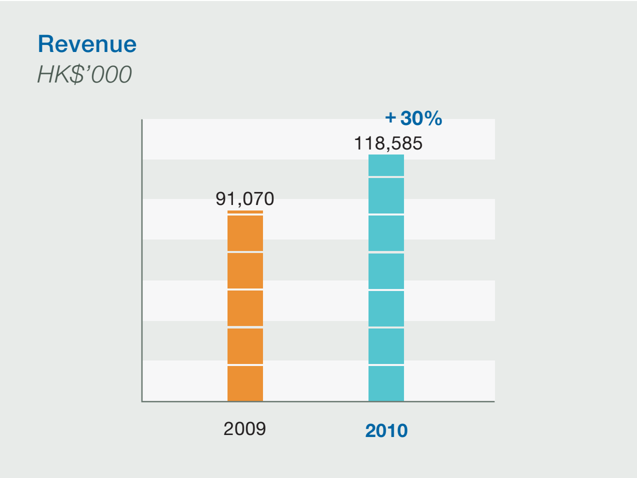
Located in Shenzhen Baoan International Airport
Land area: 32,000 square metres
Gross floor area: 25,000 square metres
Operating area: 25,000 square metres

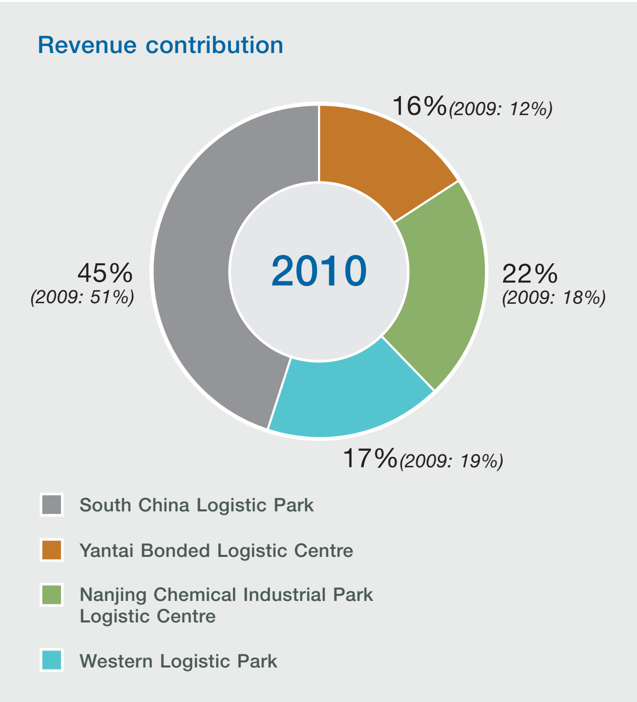
5. Nanjing Chemical Industrial Park Logistic Centre

Located in Nanjing Chemical Industrial Park
Land area: 95,000 square metres
Gross floor area: 48,000 square metres
Operating area: 48,000 square metres

6. Yantai Bonded Logistic Centre

Located in the economic and technology development zone in Yantai City
Land area: 70,000 square metres
Gross floor area: 50,000 square metres
Operating area: 26,000 square metres





Logistic Park Business

The Group owns various well-equipped logistic parks in major cities including Shenzhen, Nanjing and Yantai, Shangdong Province. The operating area of logistic centres reached approximately 450,000 square metres as at the end of June 2010. These logistic parks provide logistic infrastructure facilities such as warehousing, transportation, loading and unloading as well as other value-added services to the customers. The Group ranks sixth in the "Top 50 National General Purpose Warehouse Enterprises of 2010" organised by the China Association of Warehouse and Storage.

- **Revenue increased by 30% to HK$119 million**
- **Profit before finance costs and tax increased by 28% to HK$29.44 million**
- **Profit attributable to shareholders increased by 7% to HK$23.97 million**

Revenue

During the Period, revenue of the logistic park business recorded an increase of 30% over the same period of the previous year to HK$119 million, mainly attributable to the gradual recovery of the world macro-economy in the first half of 2010, a significant increase in import and export trade of the PRC, an expansion of the operating scale of the logistic centres of the Group and a continuous growth in business turnover of the logistic parks.

Profit

Profit before finance costs and tax of the logistic park business amounted to HK$29.44 million during the Period, representing a growth of 28% over the same period of the previous year. As affected by the increase in corporate income tax rate for the PRC enterprises and the expiration of preferential tax treatment of a logistic park, only a slight increase of 7% in net profit attributable to shareholders of the logistic park business of HK$23.97 million was recorded.

Operating Environment

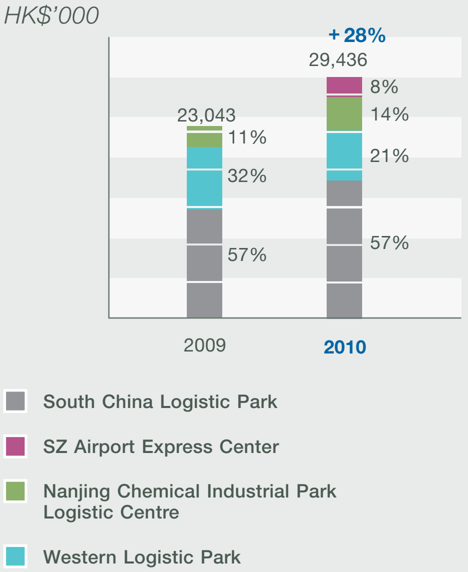
In the first half of 2010, the domestic economy continued to stabilise and external trade recovered at an accelerated pace. In accordance with the statistics released by the General Administration of Customs of the PRC, import and export trade of the PRC recorded a 43% growth over the same period of the previous year, which is beneficial to the development of the logistics industry and conducive to a significant rebound in the business turnover of the logistics industry.

Notwithstanding the fact that the PRC economy is setting on a stable trend on the whole, the recovery of the global economy is still filled with uncertainties in view of factors including the persistent weakness of the US economy, the European debt crisis and the Sino-US exchange rate issue. Moreover, some customers of the logistic parks are still seeing a decline in business in the wake of the financial crisis last year. In order to cut cost, they have requested for reducing the warehouse area for leasing or terminating the leases. Such factors, coupled with growing competition in the logistics industry, have brought pressure to the profit of the logistic park business.

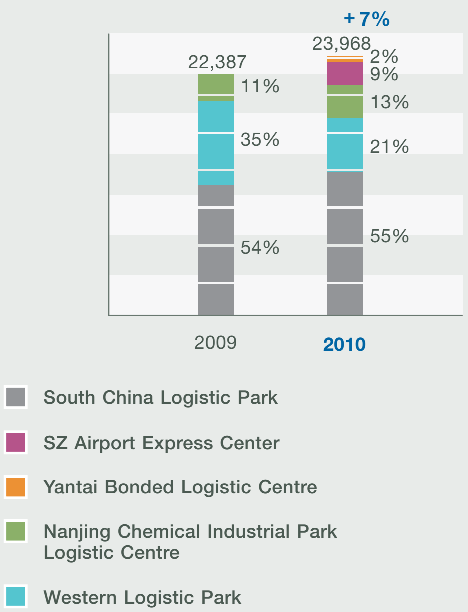
Major strategies or measures taken by the Group to cope with the above operating environment:

- With logistic centres and warehousing and storage business as the platform, innovating and improving the existing business mode, and actively developing new logistic businesses;
- Consolidating existing major customers while developing new customers through upgrading services and providing value-added services;
- Continuing to properly carry out various areas of financial management and risk management work; and
- Reinforcing and pushing forward informatisation construction with a view to enhancing operation efficiency.

Contribution of profit before finance costs and tax
HK$'000



Net profit contribution
HK$'000



Operations of the Logistic Parks

South China Logistic Park

During the Period, the revenue amounted to HK$53.14 million (2009: HK$46.31 million), representing an increase of 15% over the same period of the previous year; profit before finance costs and tax amounted to HK$16.66 million (2009: HK$13.66 million), representing an increase of 22% over the same period of the previous year.

The revenue of the logistic centres saw a 13% growth over the same period of the previous year, mainly attributable to the completion and putting into operation of two new logistic centres with a total area of 73,000 square metres during the Period which has successfully attracted new customers. As at 30 June 2010, the two new logistic centres achieved a utilisation rate of 60%. Meanwhile, as a result of active marketing, the utilisation rate of the original seven logistic centres reached 92%. The logistic centres in the logistic park achieved a total utilisation rate of 78%.

Benefitting from the picking up of the economy and a rebound in the import and export volume of external trade of the PRC, the cross-border cargo transfer business recorded a significant growth of 59% over the same period of the previous year. In addition, through the active coordination of the Group, the Customs has deployed more manpower for the cross-border business, thereby lifting customs clearance efficiency to a considerable extent. As a result, the cargo transfer business has hit a new high since the inception of business.

As a result of a rapid rebound of import and export trade, the volume of stacked empty containers dropped significantly and revenue generated from empty container yards saw a decline of 7% over the same period of the previous year.

Western Logistic Park

During the Period, revenue amounted to HK$20.28 million (2009: HK$17.74 million), representing an increase of 14% over the same period of the previous year; profit before finance costs and tax amounted to HK$6.33 million (2009: HK$7.68 million), representing a decrease of 18% over the same period of the previous year.

Western Logistic Park mainly derived its revenue from leasing of land and from operation of the logistic centre. With the commencement of the construction works of Phase II Logistic Centre in late July 2009, revenue generated from leasing of land saw a decrease of 27% over the same period of the previous year, and therefore its weighting in total revenue has dropped significantly. Driven by a recovery in the economy, and owing to the growing maturity of the management and operational flow of Phase I Logistic Centre, revenue of Phase I Logistic Centre increased sharply over the same period of the previous year, thereby offsetting the decline in revenue from leasing of land. This was the primary reason behind the year-on-year growth in the first half-year revenue of Western Logistic Park. As at 30 June 2010, the utilisation rate of Phase I Logistic Centre was 95%.

However, the increase in business volume of Phase I Logistic Centre during the Period and the corresponding injection of sales staff and relevant auxiliary facilities has caused a considerable rise in costs. Among such costs, wages, repair costs and customs declaration costs that formed part of the management costs saw significant increases over the same period of the previous year. Due to lower bases in respect of relevant cost items for the same period of the previous year, the magnitude of the increase was quite large in the Period. In the second half of the year, the park is committed to stepping up control on various controllable costs with a view to enhancing the overall operation efficiency.

As far as new business development is concerned, after obtaining the qualification for operating the business of bonded warehouse alcoholic beverages, the park has successfully developed a supply chain service in respect of imported alcoholic beverages, thereby creating new profit growth drivers for Western Logistic Park.

In the second half of the year, Western Logistic Park will strive to carry out the Stage 1 construction of approximately 73,000 square metres of Phase II Logistic Centre according to schedule and will aim for completion by the end of 2010.

Huatongyuan Logistic Centre

It is the only permanent large-scale highway logistic centre in Shenzhen. The park, comprising three zones, spans a total area of 116,000 square metres. Two zones had been put into trial operation late last year. The core construction of the remaining zone was completed in June 2010 and business prospecting work has been launched. Huatongyuan Logistic Centre was formally put into operation in mid-July 2010 and it is expected to bring new revenue contribution to the logistic park business of the Group.

SZ Airport Express Center

During the Period, SZ Airport Express Center recorded desirable growth in its revenue. Revenue rose 50% over the same period of the previous year to HK$21.07 million. Calculated on the basis of the equity method, profit of the jointly controlled entity attributable to the Group for the Period amounted to HK$2.29 million, representing a significant increase over the same period of the previous year.

The increase in profit was mainly attributable to a relatively rapid year-on-year growth in the overall business volume of express service which was brought about by a remarkable recovery of external and internal trade and the PRC economy. Of such growth, growth in land freight export was particularly remarkable.

Nanjing Chemical Industrial Park Logistic Centre

During the Period, the revenue amounted to HK$25.92 million (2009: HK$16.54 million), representing an increase of 57% over the same period of the previous year; profit before finance costs and tax amounted to HK$4.07 million (2009: HK$2.59 million), representing an increase of 57% over the same period of the previous year.

With the commencement of operation of the second phase of logistic centre in June 2009, the operating area of the logistic centre saw a significant increase of 21,000 square metres over the same period of the previous year to 40,000 square metres and total operating area of the park reached 48,000 square metres. As a result, revenue and profit before finance costs and tax of Nanjing Chemical Industrial Park Logistic Centre recorded a significant increases over the same period of the previous year. As at 30 June 2010, the utilisation rate of the logistic centre in the park reached 81%.

In the second half of the year, Nanjing Chemical Industrial Park Logistic Centre, with Nanjing as its base, will continue to promote chemical logistic business in areas such as Shanghai, Zhejiang and Shangdong with a view to establishing a chemical logistics network across the country.

Yantai Bonded Logistic Centre

The logistic centre turned from loss to profit during the Period, recording a revenue of HK$19.25 million (2009: HK$10.47 million), representing a significant increase of 84% over the same period of the previous year; profit before finance costs and tax amounted to HK$86,000 (2009: loss of HK$970,000).

During the Period, transportation, logistic centre and logistic service business of Yantai Bonded Logistic Centre recorded significant increases in revenue and growth in business volumes as a result of the recovery of the macro-economy. In the second half of the year, it is committed to improving its customers profile and developing the warehouse receipt pledging business with a view to enhancing the profitability of the enterprise.

The logistic centres constructed by the Group in the first half of the year have an operating area of 114,000 square metres, representing an expansion of over 30% over the operating scale of the logistic parks as at the end of 2009. Such expansion will bring room for growth to the revenue of the logistic park business for the second half of the year.

All logistic parks operated by the Group are scarce strategic resources in respect of geographical locations and business nature. The operating areas of currently completed logistic centres account for merely one-third of the total buildable area, therefore there is still a great room for further development and growth. The sound and robust management of the logistic parks has laid a good foundation for the Group's establishment of a logistics network, the expansion of its business scale and the realisation of earning potential of the Group.

Port Business

Nanjing Xiba Wharf Company Limited ("Nanjing Xiba Wharf Company"), in which the Group holds a 70% equity interest, was jointly established by the Group, Nanjing Chemical Industrial Park Co., Ltd and Nanjing Port Authority in April 2008 for the purpose of constructing and operating five general bulk cargo berths for 50,000-ton vessels and depots at Nanjing Xiba Port.

During the Period, two general bulk cargo berths for 50,000-ton vessels and a southern depot with a site area of 200,000 square metres have been completed in the first phase construction of Nanjing Xiba Port, and most of the pile foundation works on the northern depot have also been completed. Upon completion of the first phase project, the five major functions of bulk cargo operation have realised: ship unloading, depot storage, ship loading, train loading and automobile loading, with an annual handling capacity of approximately 8 million tons, terrestrial depots storage of up to 1.3 million tons of cargo and loading and unloading capacity of more than 7 million tons.

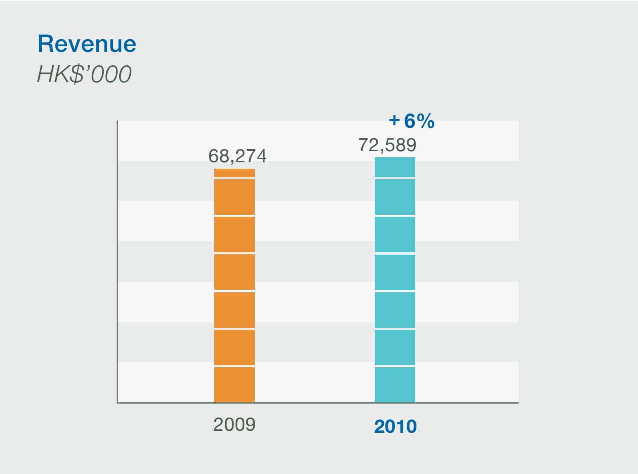
Nanjing Xiba Port commenced trial operation following its opening ceremony on 26 April 2010. During the two-months trial operation period, a total revenue of HK$4.89 million was recorded; 13 vessels of various sizes berthed at the terminals, and approximately 270,000 tons of coal was handled, representing an average loading of approximately 20,000 tons per vessel. Among these vessels, the maximum loading carried by a single vessel was 34,000 tons. On 16 July 2010, Nanjing Xiba Port received its first 50,000-ton seagoing vessel since its operation which berthed at the port safely for loading and unloading of cargo, indicating that the port operation has basically achieved the designed objectives.

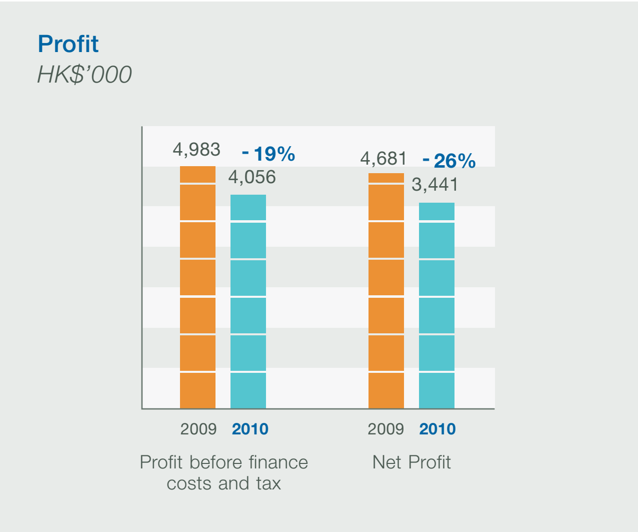
As a public port, Nanjing Xiba Port primarily provides terminal loading and unloading services as well as materials storage and other integrated services for customers vessels carrying coal, ores, sand and other solid bulk cargo. Terminal handling charges are the major source of income for Nanjing Xiba Wharf Company, and it also charges its customers on storage fees and other fees.

Xiba Port is currently the only public solid bulk cargo terminal for 10,000-ton class vessels or above on the northern shore of Yangtze River in Nanjing harbour. Petrochemical, iron and steel, power, automobile and electronic information are the five major industries for focused development in Nanjing Municipality. In particular, heavy chemical enterprises are mostly located in the north of Yangtze River. Because of its favourable geographical location and high terminal handling capacity, coupled with the construction of the Ning-Xi Railway, Xiba Port has become the most economical route for the mine and coal transport, thereby creating favourable business opportunities for Xiba Port. Moreover, customers from the chemical industrial park were previously required to unload goods at the terminal on the opposite shore and then transport the goods to the north of Yangtze River by barges. Following the operation of Xiba Port, the barge costs of these customers can be reduced. On the other hand, Xiba Port provides transit services for customers from the regions above Nanjing across Yangtze River (including provinces such as Anhui, Jiangxi, Hubei and Hunan) by primarily making use of the tonnage differences in the geographical locations between the Nanjing regions (which serves 50,000-ton vessels) and the regions above Nanjing Yangtze River Bridge (which serves 10,000-ton vessels). As Xiba Port is equipped with state-of-the-art technologies for its transit services and is more efficient, it offers a competitive edge to upstream customers in terms of transit services. It is believed that transit services will become a key growth driver for the business of Xiba Port.

In the second half of 2010, Xiba Port will strengthen its communications and contacts with enterprises in the chemical industrial park, thereby fortify the markets in the chemical industrial park and the periphery; step up publicity on both Yangtze River waterway across Nanjing and the existing scale advantages of Xiba Port, so that customers from the upstream of Yangtze River will see Xiba Port as their first preferred port for internal and external transportation of coal and other bulk cargo, thereby increase the existing market share of coal transit services.

The commencement of operation of Nanjing Xiba Port in mid-April has laid a foundation for attaining its annual business targets. The port will become a new profit growth driver for the Group.





Logistic Service Business

The logistic service business of the Group is primarily to provide manufacturing enterprises with third-party integrated logistic services and electronic logistic information services including logistic planning, transportation, delivery and international forwarding. Currently, the Group has set up branches and delivery centres in over 30 major cities across China and has established liaison offices and cooperation agents in a number of places overseas such as the US, Canada and Southeast Asia.

- **Revenue increased by 6% to HK$72.59 million**
- **Profit before finance costs and tax decreased by 19% to HK$4.06 million**
- **Profit attributable to shareholders decreased by 26% to HK$3.44 million**

Revenue of the logistic service business increased by 6% as compared to the corresponding period of the previous year to HK$72.59 million. Revenue increased was directly attributable to the improvement of economy. There were increased volumes of sea and air transportation business, as well as increased business volume as a result of active cooperation with existing customers in their business restructuring and expansion of the scope of service.

During the Period, the logistic service business generated a profit contribution of HK$3.44 million for the Group, down 26% over the same period of the previous year. The decrease in profit was primarily attributable to a substantial increase in the transportation costs of the business due to a sharp rise of 15% in domestic fuel prices, coupled with a rise in labour costs and depreciation expenses as compared to the same period of the previous year so that increased expenses could not be offset by revenue growth.

Major Business Progress During the Period

During the Period, the Group expanded the scope and volume of its business cooperation with well-known fast-moving consumer goods manufacturers and key customers in the country. Through continuously improving business processes and regulating internal operating standards, the service quality and operational capability were substantially upgraded in the first half of the year, which was fully endorsed by customers.

Apart from consolidating and improving the existing operations on an ongoing basis, the Group continued to make innovations and tryouts in the supply chain logistics and integrated logistics businesses.

Using its existing logistic centres as a platform and fully capitalising on the competitive advantages of its resources and capital, the Group will actively develop third-party logistic services on the basis of its traditional warehouse leasing, loading and unloading and transportation businesses. Meanwhile, the Group will continue to enhance its professional competencies in logistic services and raise market awareness so as to improve its competitiveness.

Other Business

Shenzhen Airlines

After completion of capital injection of RMB348 million to Shenzhen Airlines on 19 April 2010, the Group's equity interest in Shenzhen Airlines increased from 10% to 25% and Shenzhen Airlines became an associate of the Group.

Shenzhen Airlines, the fifth largest airline in China and with its headquarters located in Shenzhen and branch offices and bases spanning various parts of China, is principally engaged in air passenger and cargo transportation and the provision of aviation related services. It has been maintaining a flight safety record for 16 years since the commencement of its aviation services. It has also won a number of awards such as the "Shenzhen Mayor's Quality Award", "International Five Star Diamond Award", "China's Most Valuable Brand", "China Top Ten Employer Brands" and "Top 500 Chinese Enterprises". As at 30 June 2010, a total of 87 passenger aircrafts were operated, of which 7 were introduced in the first half of 2010. At present, it operates approximately 170 domestic and international routes, of which 154 are domestic routes, 11 are international routes and 6 are regional routes.

Driven by domestic economic growth and strengthened support to the civil aviation industry by the PRC government, demand for air transportation has showed a relatively rapid growth. Shenzhen Airlines recorded a total revenue of HK$8,695 million during the Period and its profit attributable to shareholders amounted to HK$415 million. Since completion of the capital injection to Shenzhen Airlines, for the two months up to 30 June 2010, Shenzhen Airlines contributed a profit of HK$41.75 million to the Group.

The financial position and operating conditions of Shenzhen Airlines had been improved following completion of the capital injection in April this year and the reinforcement of the management team. Moreover, through fostering a closer relationship with Air China Limited ("Air China"), the new controlling shareholder, Shenzhen Airlines and Air China co-operate in all aspects, hence managing to optimise its route network structure progressively for an improvement in transport efficiency. In areas such as passenger transportation, cargo transportation, fleet, centralised procurement and asset management, the cooperation between the two airlines creates synergistic effects, improves resources utilisation, effectively minimises operating costs and enhances Shenzhen Airlines' competitiveness and profitability in the market, thereby enhancing the interests of Shenzhen Airlines and its shareholders as a whole. The management of the Company believes that Shenzhen Airlines will become a profit growth driver of the Group in the future.

During the Period, both the passenger and cargo transport operations of Shenzhen Airlines performed well, achieving passenger traffic of 11,230 million passenger-km and passenger transport revenue of RMB6,660 million, up 18 % and 34% respectively over the same period of the previous year. In the first half of 2010, the airlines carried 8.18 million passenger rides, up 17% over the same period of the previous year; cargo traffic reached 158 million tonne-km and cargo transport revenue was RMB293 million, up 22% and 34% respectively over the same period of the previous year; and cargo and mail traffic was 106,200 tonnes, up approximately 24% over the same period of the previous year.

It is anticipated that the demand in the domestic aviation market will continue to grow in the second half of 2010, while a number of major events to be held successively in Guangzhou and Shenzhen, such as the Asian Games, the China Import and Export Trade Fair as well as the Universiade to be hosted in Shenzhen next year, will provide Shenzhen Airlines with good market opportunities and an ample source of passengers. Shenzhen Airlines has become the only global partner of the 26th World University Summer Games under the category of air passenger transport, which is a manifestation of the trust of the Shenzhen Municipality and the Organising Committee of the Universiade in the "Shenzhen Airlines" brand.

Meanwhile, the increasing emphasis that the Chinese government has placed on the development of the civil aviation industry, together with the implementation of various initiatives for restructuring the economy, raising the income level of residents and boosting domestic demand, will create favourable conditions for the development of the domestic aviation market. By fully capitalising on the favourable market environment where it operates and taking Shenzhen as its principal operational base, Shenzhen Airlines will grow into a renowned national airline with an independent brand in the Asia-Pacific region.

CSG

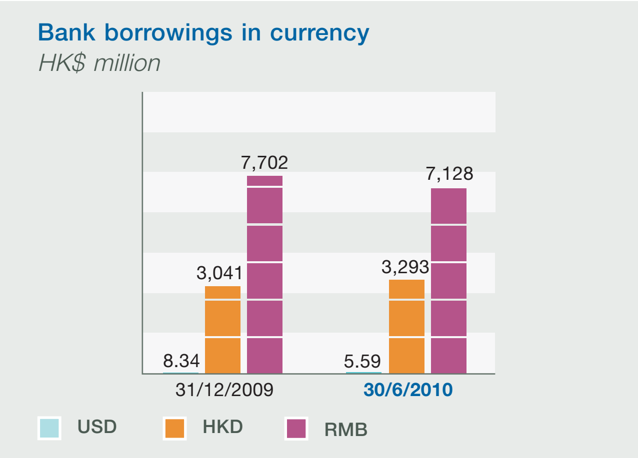
According to the Group's business development, capital need for external investment, finance costs and internal resources coordination, coupled with the actual conditions of the capital market, the Group maintains good control of the pace of disposal of CSG's shares to maximise the Group's profit.

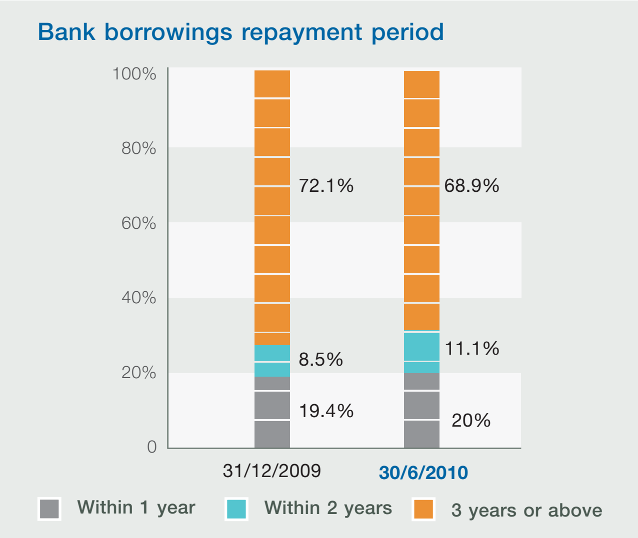
During the Period, the Group disposed of a total of 14.52 million A shares of CSG at an average price of RMB22.07 (HK$25.17) per share, realising a profit of approximately HK$257 million after tax. In accordance with CSG's 2009 profit distribution scheme, CSG increased the share capital with its capital reserves through a bonus issue of 7 shares for every 10 shares. As at the date of the bonus share distribution (ex-entitlement date), the Group held 89,300,000 shares and was distributed 62,510,000 A shares of CSG. As at the date of this report, the Group held 151,810,000 A shares of CSG which are freely tradable on the Shenzhen Stock Exchange, representing approximately 7.31% in the issued share capital of CSG.

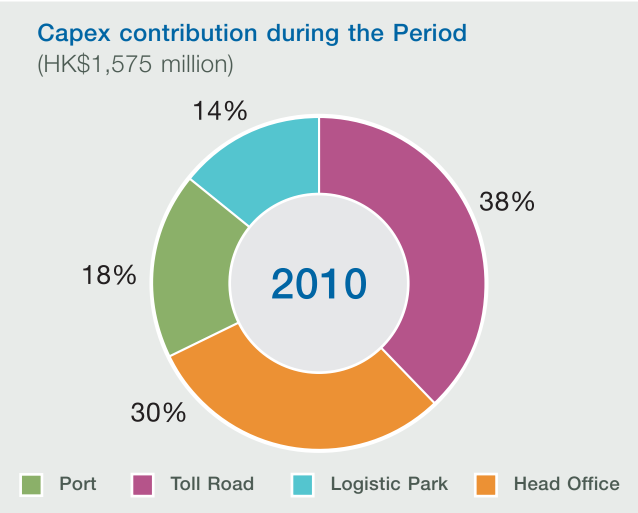
FINANCIAL POSITION

	30 June 2010 HK$ million	31 December 2009 HK$ million	Increase/ (Decrease)
Total Assets	**33,114**	32,448	2%
Total Liabilities	**20,389**	19,728	3%
Total Equity	**12,725**	12,720	–
Net Asset Value attributable to shareholders	**6,916**	7,025	(2%)
Net Asset Value per share attributable to shareholders (HK dollar)	**0.49**	0.50	(2%)
Cash	**1,677**	1,683	–
Bank Borrowings			
Short Term Bank Loans	**1,813**	1,624	12%
Long Term Bank Loans due for repayment within one year	**395**	461	(14%)
Long Term Bank Loans	**8,219**	8,666	(5%)
	10,427	10,751	(3%)
Other Borrowings	**40**	39	3%
Medium Term Notes and Bond	**1,715**	899	91%
Convertible Bonds	**3,271**	3,203	2%
Total Borrowings	**15,453**	14,892	4%
Net Borrowings	**13,776**	13,209	4%
Debt Asset Ratio (Total Liabilities/Total Assets)	**62%**	61%	1%*
Ratio of Total Borrowings to Total Assets	**47%**	46%	1%*
Ratio of Net Borrowings to Total Equity	**108%**	104%	4%*
Ratio of Total Borrowings to Total Equity	**122%**	118%	4%*

* *Change in percentage point*







Cash Balance

The Group maintained a strong operating net cash inflow during the Period of HK$940 million. Cash balance amounted to HK$1,677 million as at 30 June 2010, at a similar level as the cash balance of HK$1,683 million as at 31 December 2009, and nearly all such cash was denominated in Renminbi. The Group currently holds adequate capital with a sound financial position, and has sufficient financial resources for business development.

Borrowings

Bank Loans

As at 30 June 2010, total bank loans of the Group amounted to approximately HK$10,427 million (31 December 2009: HK$10,751 million), of which 20%, 11.1% and 68.9% were due for repayment within one year, the second year and the third year or afterwards respectively. Of such loans, approximately HK$3,293 million are repayable in Hong Kong dollars, HK$5.59 million are repayable in US dollars and the remaining balance of approximately HK$7,128 million are borrowings from banks in the PRC and repayable in Renminbi. Total capital expenditures of the Group for the Period amounted to HK$1,575 million (RMB1,381 million), which included capital expenditure on new investment amounted to HK$396 million (RMB348 million).

Currently, the Group has cash in hand and standby banking facilities of approximately HK$12,500 million, while utilised banking facilities amounted to HK$10,427 million. The Group has adequate cash reserve and standby facilities for future working capital and capital expenditure.

Medium Term Notes and Bond

As at 30 June 2010, the Group held medium term notes and bond of approximately HK$804 million and HK$911 million respectively (31 December 2009: HK$899 million). During the Period, the Group's subsidiary, Shenzhen Expressway, issued a three years floating rate medium term notes, for the purpose of financing the construction of its projects and repayment of part of the current bank borrowings.

Convertible Bond

The Company issued a zero coupon convertible bond with a face value of HK$1,727.5 million to Shenzhen Investment Holdings Company Limited ("SIHCL") (a wholly owned subsidiary of Shenzhen State-owned Assets Supervision and Administration Bureau) in December 2007. Such convertible bond will mature on 29 December 2010. The Company is now actively negotiating and studying various feasible plans with SIHCL so as to work out the most appropriate maturity arrangement.

Gearing Ratio

The debt asset ratio of the Group was 62% as at 30 June 2010, at a similar level of 61% as at the end of 2009. In the past few years, the Group invested significant amount of funds in new construction projects. As such projects mature gradually, new revenue and profit contributions will increase gradually and it is expected that the Group's gearing ratio will improve gradually in the next few years.

Financial Policy

Locking up interest rates, lowering financial risks

Bank borrowings are a major source of interest rate risk of the Group. Bank borrowings bearing floating rate interest expose the Group to interest rate risk. To lower the relevant risk, the management of the Company makes use of interest rate hedging which has the economic effect of converting bank loans from floating rate loans to fixed rate loans, thereby lowering the impact brought by interest rate volatility. The management will regularly review the appropriate ratio of fixed rate and floating rate loans. As at 30 June 2010, the Group maintained a loan portfolio with fixed rate bank loans accounting for approximately 70% of the total amount of loans.

Exchange Rate Risk

The Group's cash inflow is primarily denominated in Renminbi, and cash outflow denominated in Hong Kong dollars mainly comprises cash dividend payments to shareholders and scheduled repayments of bank loans. The cash and assets held by the Group are primarily denominated in Renminbi. The Renminbi currency appreciated by approximately 1.3% in the first half of 2010 and lowered the value of the Group's Hong Kong dollar-denominated bank loans. This foreign exchange gain directly reduced finance costs during the Period by approximately HK$37 million.

Sharing fruitful results with shareholders through a stable dividend distribution policy

The Group has been maintaining a stable cash dividend distribution policy to reward its shareholders in the past few years. In future, the Group will, as usual, maintain a stable dividend payout ratio so as to share its fruitful results with shareholders.

Liquidity Risk

The management of the Group regularly reviews the short-term and the long-term capital plans of the Group to ensure normal liquidity of capital and enhance the utilisation efficiency of funds. The Group's policy is that it will maintain financing flexibility through maintaining sufficient cash flow and banking facilities.

Pledge of Assets, Financial Guarantees and Contingent Liabilities

For details of the Group's pledge of assets, financial guarantees and contingent liabilities as at 30 June 2010, please refer to supplementary information and note 24 of the condensed consolidated interim financial information, respectively.

DEVELOPMENT FOCUS AND OUTLOOK OF THE GROUP

Though China's economic development is growing steadily, it is still encountering an intricate domestic and international environment. The PRC government therefore carried out measures of maintaining a proper relationship between stable and relatively fast economic development, adjustment of economic restructure and management of inflation expectations as the core of its macro-economic control. The Group will also closely monitor any changes in the domestic and international economic situation, as well as any adjustments to the States's macro-economic policies, and take effective coping strategies in a proactive manner.

While making dedicated efforts to the development, operation and marketing of existing projects, the Group will continue to take a proactive approach in improving and innovating its business and profit models, enhancing profitability and operation scale, increasing efforts in mergers and acquisitions of strategic assets and investment in new projects to expand the room for development; and fully educing the functions and role of its capital financing platform to provide strong support for the development of its business. The Group will at the same time optimise the allocation of internal resources and improve the level of the Group's refined management through various measures such as integrating information resources, unifying the application and promotion of brands and improving the internal control system, with a view to enhancing the Group's development potential.

It is expected that the toll road business will maintain a strong growth momentum as benefited from the rebound of the PRC economy, the continued growth in automobile ownership and successive openings and operations of toll roads that had been newly built or acquired in recent years. Revenue from the logistic business will also rise substantially following the large-scale operation of new logistic centre area. The commencement of operation of Nanjing Xiba Port as well as the increased shareholding in Shenzhen Airlines will both become new profit growth drivers for the Group. In 2010, the Group expects to achieve its annual business objectives and strives to create greater value for its shareholders.

HUMAN RESOURCES

The Group always considers human resources as an important resource and a component of its strategy. The Group places emphasis on talent recruitment for the building of a strong management team and a strong professional team, while also attaching importance to internal training. Through strengthening staff training, establishing scientific performance management and remuneration systems and implementing plans for staff career development, it aims to promote the co-development of the staff and the Group itself.

According to the human resources plans of the Group, in the first half of 2010, professionals in the areas of capital and asset management, human resources and logistics were recruited into the Group, optimising its staff structure. As at 30 June 2010, the Group had a staff of 3,250, of which 3,225 served in the PRC, mainly as management personnel for the toll road and logistic business and back-offices for the toll roads.

The Group attaches great importance to the internal training of staff. In 2010, the Group has stepped up its training efforts by hiring lecturers from professional institutes to conduct a series of training sessions for the enhancement of the management capability of its staff. At the same time, it continues to provide professional training to its staff and encourage them to pursue continuing education and self-enhancing.

The remunerations of the staff of the Group are determined according to the position values, the qualifications and experiences, capabilities and work performances of the staff with reference to market trends. A share option incentive system is also in place to grant options to the management and backbone staff at the appropriate time to attract talents and retain outstanding staff.

The Group has also set up a performance management system for the assessment and improvement of staff performance. The system stresses the use of performance management as a process and a tool for the continuous improvement of staff performance through emphasising performance communication, feedback, counseling and performance improvement. At the same time, appraisal results are regarded as a primary reference for the determination of the staff's year-end bonus, promotion and salary adjustment.

With reference to both its staff's own career plans and their recent performance, the Group promoted some staff with outstanding performance in the first half of 2010, thereby promoting the co-development of both the staff and the Group.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF SHENZHEN INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 32 to 60, which comprises the condensed consolidated interim balance sheet of Shenzhen International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2010 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2010

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in HK dollar thousands unless otherwise stated)

	Note	As at 30 June 2010 (Unaudited)	31 December 2009 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,892,153**	2,280,609
Investment properties	6	**45,667**	44,443
Land use rights and other leased assets	6	**602,400**	604,012
Construction in progress	6	**535,231**	636,456
Intangible assets	6	**22,776,396**	22,463,694
Investments in associates	7	**2,011,135**	1,455,216
Investments in jointly controlled entities		**303,050**	300,350
Available-for-sale financial assets	8	**104,694**	142,366
Deferred income tax assets		**69,753**	45,923
Other non-current assets		**27,183**	53,247
		29,367,662	28,026,316
Current assets			
Available-for-sale financial assets	8	**1,598,092**	2,311,475
Assets held for sale		**14,713**	14,528
Trade and other receivables	9	**456,246**	412,421
Restricted bank deposits		**537,762**	556,920
Cash and cash equivalents		**1,139,596**	1,126,402
		3,746,409	4,421,746
Total assets		**33,114,071**	32,448,062
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	10	**2,978,069**	2,973,698
Other reserves	11	**(264,992)**	252,447
Retained earnings			
– Proposed dividends		**–**	306,880
– Others		**4,203,139**	3,492,111
		6,916,216	7,025,136
Non-controlling interests		**5,809,049**	5,694,554
Total equity		**12,725,265**	12,719,690

(All amounts in HK dollar thousands unless otherwise stated)

	Note	As at 30 June 2010 (Unaudited)	31 December 2009 (Restated)
LIABILITIES			
Non-current liabilities			
Borrowings	13	**10,101,177**	9,604,665
Derivative financial instruments	14	**64,422**	51,608
Provision for maintenance/resurfacing obligations	15	**962,254**	829,180
Convertible bonds	16	**1,479,421**	1,426,402
Deferred income tax liabilities		**1,573,915**	1,684,619
Other non-current liabilities		**9,204**	9,087
		14,190,393	13,605,561
Current liabilities			
Trade and other payables	12	**2,103,538**	2,086,141
Income tax payable		**221,810**	172,718
Convertible bonds	16	**1,792,036**	1,776,430
Borrowings	13	**2,081,029**	2,084,829
Derivative financial instruments	14	**–**	2,693
		6,198,413	6,122,811
Total liabilities		**20,388,806**	19,728,372
Total equity and liabilities		**33,114,071**	32,448,062
Net current liabilities		**(2,452,004)**	(1,701,065)
Total assets less current liabilities		**26,915,658**	26,325,251

The notes on pages 38 to 60 form an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(All amounts in HK dollar thousands unless otherwise stated)

	Note	Six months ended 30 June 2010 (Unaudited)	2009 (Unaudited)
Revenue	17	**2,266,006**	1,693,578
Cost of sales		**(1,255,509)**	(1,069,638)
Gross profit		**1,010,497**	623,940
Other gains – net	18	**379,572**	290,791
Other income	19	**50,302**	29,883
Distribution costs		**(12,331)**	(9,533)
Administrative expenses		**(85,524)**	(79,247)
Other operating expenses		**–**	(10,839)
Operating profit		**1,342,516**	844,995
Share of profit of jointly controlled entities		**3,869**	152,219
Share of profit of associates		**139,474**	44,858
Profit before finance costs and tax		**1,485,859**	1,042,072
Finance income	20	**11,024**	12,918
Finance costs	20	**(334,576)**	(230,089)
Finance costs – net	20	**(323,552)**	(217,171)
Profit before income tax		**1,162,307**	824,901
Income tax expense	21	**(248,463)**	(131,405)
Profit for the period		**913,844**	693,496
Attributable to:			
Equity holders of the Company		**712,337**	503,262
Non-controlling interests		**201,507**	190,234
		913,844	693,496
Earnings per share for the profit attributable to equity holders of the Company during the period (expressed in HK cents per share)			
– Basic	22	**5.03**	3.59
– Diluted	22	**4.79**	3.46
Dividend	23	**–**	–

The notes on pages 38 to 60 form an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in HK dollar thousands unless otherwise stated)

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
Profit for the period	**913,844**	693,496
Other comprehensive income:		
Fair value (losses)/gains on available-for-sale financial assets, net of tax	**(357,704)**	784,375
Transfer of fair value gain to income statement upon disposal of available-for-sale financial assets, net of tax	**(230,374)**	(141,082)
Fair value (losses)/gains on derivative financial instruments, net of tax	**(17,210)**	6,736
Share of other comprehensive income of an associate	**(1)**	–
Currency translation differences	**158,041**	6,866
	(447,248)	656,895
Total comprehensive income for the period	**466,596**	1,350,391
Total comprehensive income attributable to:		
Equity holders of the Company	**193,925**	1,160,034
Non-controlling interests	**272,671**	190,357
	466,596	1,350,391

The notes on pages 38 to 60 form an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in HK dollar thousands unless otherwise stated)

	(Unaudited)				
	Attributable to equity holders of the Company				
	Share capital and share premium	Other reserves	Retained earnings	Non controlling interests	Total equity
Balance as at 1 January 2009	**2,941,407**	**(1,374,813)**	**3,343,327**	**4,972,684**	**9,882,605**
Total comprehensive income for the six months ended 30 June 2009	**–**	**656,772**	**503,262**	**190,357**	**1,350,391**
Employee share options – proceeds from shares issued	225	–	–	–	225
Contribution by non-controlling interests	–	–	–	108,392	108,392
Transfer to reserve fund	–	100,609	(100,609)	–	–
Dividend relating to 2008	–	–	(203,409)	–	(203,409)
Dividend paid to the non-controlling interests by the subsidiaries	–	–	–	(158,686)	(158,686)
Acquisition of a subsidiary	–	–	–	50,036	50,036
Total transactions with owners	**225**	**100,609**	**(304,018)**	**(258)**	**(203,442)**
Balance as at 30 June 2009	**2,941,632**	**(617,432)**	**3,542,571**	**5,162,783**	**11,029,554**
Balance as at 1 January 2010	**2,973,698**	**252,447**	**3,798,991**	**5,694,554**	**12,719,690**
Total comprehensive income for the six months ended 30 June 2010	**–**	**(518,412)**	**712,337**	**272,671**	**466,596**
Employee share options – proceeds from shares issued	4,371	–	–	–	4,371
Transfer to reserve fund	–	973	(973)	–	–
Dividend relating to 2009	–	–	(307,216)	–	(307,216)
Dividend paid to the non-controlling interests by the subsidiaries	–	–	–	(158,176)	(158,176)
Total transactions with owners	**4,371**	**973**	**(308,189)**	**(158,176)**	**(461,021)**
Balance as at 30 June 2010	**2,978,069**	**(264,992)**	**4,203,139**	**5,809,049**	**12,725,265**

The notes on pages 38 to 60 form an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(All amounts in HK dollar thousands unless otherwise stated)

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
Cash generated from operations	**1,356,184**	1,319,434
Proceeds from disposals of financial assets at fair value through profit or loss	**–**	246,381
Interest paid	**(193,536)**	(153,404)
Income tax paid	**(222,746)**	(160,877)
Net cash inflows from operating activities	**939,902**	1,251,534
Net cash outflows from investing activities	**(856,070)**	(846,742)
Net cash (outflows)/inflows from financing activities	**(70,638)**	258,637
Net increase in cash and cash equivalents	**13,194**	663,429
Cash and cash equivalents at beginning of period	**1,126,402**	1,901,000
Cash and cash equivalents at end of period	**1,139,596**	2,564,429
Analysis of balances of cash and cash equivalents		
Cash at bank and in hand	**517,161**	1,489,174
Short-term bank deposits	**622,435**	1,075,255
	1,139,596	2,564,429

The notes on pages 38 to 60 form an integral part of this unaudited condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

1. GENERAL INFORMATION

Shenzhen International Holdings Limited (the "Company") is an investment holding company. The principal activities of the Company and its subsidiaries (collectively the "Group"), and its associates and jointly controlled entities include the following businesses:

– Toll roads;

– Logistic parks;

– Logistic services; and

– Port

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). One of the major subsidiaries of the Company, Shenzhen Expressway Company Limited ("Shenzhen Expressway") is listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

This condensed consolidated interim financial information ("Financial Information") is presented in thousands of units of HK dollar ("HKD'000"), unless otherwise stated.

This Financial Information was approved for issue on 24 August 2010 and has not been audited.

On 19 April 2010, the Group completed the capital increase to Shenzhen Airlines Limited ("Shenzhen Airlines"). The Group increased its equity interest in Shenzhen Airlines from 10% to 25% ("Capital Increase") and Shenzhen Airlines became an associate of the Group. Further details are given in Note 7.

2. BASIS OF PREPARATION

This Financial Information for the six months ended 30 June 2010 (the "Period") has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Group reported net current liabilities of approximately HKD2,452 million as at 30 June 2010. On the basis that the Group has unutilised banking facilities of approximately HKD10,832 million as at 30 June 2010, including facilities of approximately HKD6,397 million expiring beyond one year, and has been generating positive operating cash flows, the directors believe that the Group operates as a going concern and is able to meet its financial obligations as and when they fall due. Consequently, the Financial Information has been prepared by the directors on a going concern basis.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010:

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed during the current period.

  As the Group has adopted HKFRS 3 (revised), it is required to adopt HKAS 27 (revised), 'consolidated and separate financial statements', at the same time. HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. These transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting treatment when control is lost. Any remaining interest in the entity need to be re-measured to fair value, and a gain or loss is recognised in profit or loss.

  The impact of this standard on the Group for the Period is set out in Note 7.

- HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest title of which is not expected to be passed to the Group by the end of the lease term was classified as operating lease under "Leasehold land, land use rights and other leased assets", and amortised over the lease term.

  HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

  If the property interest is held for own use, that land interest classified as finance lease is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful live of the asset and the lease term.

(All amounts in HK dollar thousands unless otherwise stated)

3. ACCOUNTING POLICIES *(continued)*

(a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010: *(continued)*

The effect of the adoption of this amendment is as below:

	As at	
	1 January 2010	1 January 2009
Decrease in land use rights and other leased assets	**(66,250)**	(70,390)
Increase in property, plant and equipment	**66,250**	70,390

There is no impact in opening retained earnings at 1 January 2009 and the profit for the Period from the adoption of this amendment.

(b) Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

- HK(IFRIC)-Int 17, 'Distributions of non-cash assets to owners' is effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
- 'Additional exemptions for first-time adopters' (amendment to HKFRS 1) is effective for annual periods beginning on or after 1 January 2010. This amendment has no impact on the Group, as it is an existing HKFRS preparer.
- HKAS 39 (amendment), 'Eligible hedged items' is effective for annual period on or after 1 July 2009. There is no significant impact on the hedging of the Group.
- HKFRS 2 (amendment), 'Group cash-settled share-based payment transaction' is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as it has no such share-based payment transactions.
- First improvements to Hong Kong Financial Reporting Standards (2008) were issued in October 2008 by the HKICPA. The improvement related to HKFRS 5 "Non-current assets held for sale and discontinued operations" is effective for annual period on or after 1 July 2009.
- Second improvements to Hong Kong Financial Reporting Standards (2009) were issued in May 2009 by the HKICPA. All improvements are effective in the financial year of 2010. Other than above HKAS 17 (amendment), other improvements are not relevant to the Group.

(c) Property, plant and equipment

Leasehold land classified as finance lease is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the land interest. Depreciation commences from the land interest becomes available for its intended use, and is calculated using straight-line method to allocate the cost over the remaining lease terms.

4. CHANGES IN CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Other than those disclosed in the annual financial statements of the Group for the year ended 31 December 2009, the major changes in the critical accounting estimates and assumptions are as follows:

(a) ***Change in accounting estimates – amortisation of concession intangible assets***

The Group applied HK(IFRIC)-Int 12 'Service Concession arrangements' ("IFRIC 12") and recognised concession intangible assets under the service concession arrangements and provides amortisation thereon.

Amortisation of concession intangible assets is provided under the traffic flow amortisation method. Material adjustments may need to be made to the carrying amounts of concession intangible assets should there be a material difference between total projected traffic volume and the actual results.

The directors of the Company performed a periodic assessment of the total projected traffic volume. The Group will appoint independent professional traffic consultants to perform independent professional traffic studies and make appropriate adjustment if there is a material difference. In the first quarter of 2010, the Group appointed an independent professional traffic consultant to perform independent professional traffic studies or internally reassessed the future traffic volume of Airport-Heao western expressway, Yanpai expressway, Meiguan expressway and Qinglian class 2 highway. The Group has adjusted the amortisation unit for concession intangible assets according to the revised total projected traffic volume since 1 January 2010 on prospective basis. Such change in accounting estimate has resulted in a decrease of net profit for the Period amounted to HKD12,801,000 and will impact the amortisation charges of the Group in the future.

(b) ***New accounting estimates and assumptions – fair value estimation of the identifiable assets and liabilities acquired***

On 19 April 2010, the Group completed the Capital Increase. In accordance with the accounting policy of the Group, the net identifiable liabilities acquired in the Capital Increase are recorded at fair value at completion.

The Group adopted valuation technique to assess the fair value of identifiable assets and liabilities of Shenzhen Airlines on the completion date by reference to the independent valuer's valuation report. Major assets of Shenzhen Airlines are aircrafts, cash and cash equivalents, buildings and land use rights. The fair value of cash and cash equivalents is equal to its carrying amount, while aircrafts and buildings are assessed using a depreciated replacement cost basis and land use rights are assessed on quoted market price basis, based on the key estimations that there will be no material changes in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of Shenzhen Airlines.

5. SEGMENT INFORMATION

During the Period, the Group reassessed its operations to be organised in 4 main business segments:

- Toll roads;
- Logistic parks;
- Logistic services; and
- Port

Head office functions include corporate management functions and investment and financial activities of the Group.

The chief operating decision-maker has been identified as the board of directors. The board of directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The board of directors considers the business from a business activities perspective, and assesses the performance of toll roads, logistic parks, logistic services and port segments. Toll roads include development, operation and management of toll highway; logistic parks mainly include the construction, operation and management of logistic centres; logistic services include the provision of third party logistic and logistic information services to customers; port includes construction, operation and management of wharf and logistic centres at Xiba Port in Nanjing, which is a new business segment in this Period.

Substantial businesses of the Group are carried out in the People's Republic of China ("PRC").

(All amounts in HK dollar thousands unless otherwise stated)

5. SEGMENT INFORMATION *(continued)*

During the Period, the segment revenue and results presented to the board of directors, the chief operating decision-maker are as follows:

For the six months ended 30 June 2010

	Toll roads	Logistic parks	Logistic services	Port	Head office functions	Total
Revenue	2,069,947[a]	118,585	72,589	4,885	–	2,266,006
Operating profit/(loss)	927,447	26,619	4,255	(1,005)	385,200	1,342,516
Share of profit/(loss) of jointly controlled entities	1,519	2,817	(467)	–	–	3,869
Share of profit of associates	97,460	–	268	–	41,746	139,474
Finance income	8,913	676	413	140	882	11,024
Finance costs	(289,395)	(7)	(37)	(915)	(44,222)	(334,576)
Profit/(loss) before tax	745,944	30,105	4,432	(1,780)	383,606	1,162,307
Income tax expense	(155,375)	(6,121)	(262)	–	(86,705)	(248,463)
Profit/(loss) for the period	590,569	23,984	4,170	(1,780)	296,901	913,844
Non-controlling interests	(201,295)	(16)	(729)	533	–	(201,507)
Profit/(loss) attributable to equity holders of the Company	389,274	23,968	3,441	(1,247)	296,901	712,337
Depreciation and amortisation	413,114	19,526	5,784	5,122	2,138	445,684
Capital expenditure						
– Additions in property, plant and equipment, construction in progress, land use rights and other leased assets and intangible assets	408,728	213,622	14,516	278,047	66,982	981,895
Investments in associates	–	–	–	–	395,838	395,838

(All amounts in HK dollar thousands unless otherwise stated)

5. SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2009

	Toll roads	Logistic parks	Logistic services	Port	Head office functions	Total
Revenue	1,534,234[a]	91,070	68,274	–	–	1,693,578
Operating profit	537,713	22,758	4,479	–	280,045	844,995
Share of profit of jointly controlled entities	151,542	285	392	–	–	152,219
Share of profit of associates	44,747	–	111	–	–	44,858
Finance income	7,495	1,431	727	–	3,265	12,918
Finance costs	(159,948)	(7)	(35)	–	(70,099)	(230,089)
Profit before tax	581,549	24,467	5,674	–	213,211	824,901
Income tax expense	(68,820)	(2,065)	(545)	–	(59,975)	(131,405)
Profit for the period	512,729	22,402	5,129	–	153,236	693,496
Non-controlling interests	(189,771)	(15)	(448)	–	–	(190,234)
Profit attributable to equity holders of the Company	322,958	22,387	4,681	–	153,236	503,262
Depreciation and amortisation	212,304	16,119	2,436	–	4,459	235,318
Capital expenditure						
– Additions in property, plant and equipment, construction in progress, land use rights and other leased assets and intangible assets	658,450	265,917	77,973	–	253	1,002,593
– Additions in property, plant and equipment, construction in progress, land use rights and other leased assets and intangible assets arising from acquisition of a subsidiary	–	83,290	–	–	–	83,290
Investments in associates	51,084	–	–	–	–	51,084

(a) The revenue from toll roads includes construction service revenue of HKD367,460,000 (2009 interim: HKD491,095,000) for the Period.

(All amounts in HK dollar thousands unless otherwise stated)

6. CAPITAL EXPENDITURE

	Concession intangible assets	Investment properties	Property, plant and equipment	Land use rights and other leased assets	Construction in progress
Six months ended 30 June 2010					
Net book amount as at 1 January 2010, as previously stated	22,463,694	44,443	2,214,359	670,262	636,456
Adjustments for the adoption of HKAS 17 (amendment) (Note 3(a))	–	–	66,250	(66,250)	–
Net book amount as at 1 January 2010, as restated	22,463,694	44,443	2,280,609	604,012	636,456
Fair value gain	–	1,224	–	–	–
Additions	370,716	–	40,237	258	570,684
Disposals	–	–	(29,633)	(413)	(5,355)
Transfers	7,002	–	659,883	–	(666,885)
Exchange difference	280,980	–	31,654	7,634	331
Depreciation/amortisation	(345,996)	–	(90,597)	(9,091)	–
Net book amount as at 30 June 2010	22,776,396	45,667	2,892,153	602,400	535,231
Six months ended 30 June 2009					
Net book amount as at 1 January 2009, as previously stated	18,125,699	49,183	1,636,136	509,656	341,542
Adjustments for the adoption of HKAS 17 (amendment) (Note 3(a))	–	–	70,390	(70,390)	–
Net book amount as at 1 January 2009, as restated	18,125,699	49,183	1,706,526	439,266	341,542
Acquisition of a subsidiary	–	–	444	–	82,846
Additions	491,367	–	32,022	20,478	458,726
Disposals	–	(5,100)	(6,985)	(13,237)	(1,350)
Transfers	–	–	416,755	1,851	(455,820)
Exchange difference	(83)	–	(37)	(2)	–
Depreciation/amortisation	(166,104)	(326)	(62,644)	(6,244)	–
Reversal of impairment	–	–	2,357	57	–
Net book amount as at 30 June 2009	18,450,879	43,757	2,088,438	442,169	425,944

(All amounts in HK dollar thousands unless otherwise stated)

7. INVESTMENTS IN ASSOCIATES

	Six months ended 30 June	
	2010	2009
Beginning of the period	**1,455,216**	1,441,731
Transfer from available-for-sale financial assets (Note (a))	**68,538**	–
Additions (Note (a))	**395,838**	51,084
Share of profit of associates	**139,474**	44,858
Dividends received	**(73,004)**	(51,819)
Exchange difference	**25,073**	26
End of the period	**2,011,135**	1,485,880

The ending balance comprises the following:

	As at	
	30 June 2010	31 December 2009
Unlisted investments, at cost		
Share of net assets other than goodwill	**1,308,788**	1,367,819
Goodwill on acquisition (Notes (a) and (b))	**702,347**	87,397
	2,011,135	1,455,216

(a) As at 31 December 2009, the Group, through its wholly-owned subsidiary, Shenzhen International Total Logistics (Shenzhen) Co., Ltd. ("Total Logistics"), held 10% equity interest in Shenzhen Airlines ("10% Previous Interest") and it was treated as available-for-sale financial asset of the Group. On 21 March 2010, the Group, through Total Logistics, entered into a capital increase agreement with other shareholders of Shenzhen Airlines, pursuant to which the Group agreed to contribute RMB347,981,000 (HKD395,838,000) to subscribe for additional registered capital of Shenzhen Airlines. The Capital Increase was completed on 19 April 2010. Upon completion of the Capital Increase, the Group increased its equity interest in Shenzhen Airlines from 10% to 25% and Shenzhen Airlines became an associate of the Group.

The fair value of the 10% Previous Interest is recorded as part of the cost of the investment in associate. The difference of HKD29,566,000 between the fair value and the carrying value of the 10% Previous Interest of the Capital Increase was treated as re-measurement gain and recognised in the income statement upon completion (Note 18).

(b) After the assessment made by the directors of the Company, there was no impairment loss for the goodwill as at 30 June 2010.

(All amounts in HK dollar thousands unless otherwise stated)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended 30 June	
	2010	2009
Beginning of the period	**2,453,841**	1,230,364
Net fair value (losses)/gains	**(415,576)**	803,457
Disposals	**(327,325)**	(21,800)
Transfer to investment in associates (Note 7(a))	**(39,046)**	–
Exchange differences	**30,892**	–
End of the period	**1,702,786**	2,012,021
Less: non-current portion	**(104,694)**	(95,726)
Current portion	**1,598,092**	1,916,295

Available-for-sale financial assets include the following:

	As at	
	30 June 2010	31 December 2009
Listed securities in the PRC, at fair value (Note (a))	**1,598,092**	2,311,475
Unlisted equity investments:		
at fair value	**–**	38,992
at cost less impairment		
– Cost	**128,789**	127,469
– Provision for impairment	**(24,095)**	(24,095)
	104,694	142,366
	1,702,786	2,453,841

(a) As at 30 June 2010, listed equity investments stated at fair value represent 7.3% (equivalent to 151,810,000 shares) A share interest in CSG Holding Co., Ltd. held by the Group.

(All amounts in HK dollar thousands unless otherwise stated)

9. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2010	31 December 2009
Trade receivables	**356,477**	315,849
Less: Provision for impairment of receivables	**(469)**	(195)
Trade receivables – net	**356,008**	315,654
Other receivables and prepayments	**100,238**	96,767
	456,246	412,421

The income from toll road operations is mainly received in cash and it usually does not maintain any trade receivable balances. Trade receivables other than toll road generally have credit terms of 30 to 120 days. The ageing analysis of the trade receivables of the Group based on invoice date or the time from the initial recognition of receivables is as follows:

	As at	
	30 June 2010	31 December 2009
0-90 days	**154,062**	127,903
91-180 days	**10,050**	16,751
181-365 days	**12,915**	13,889
Over 365 days (i)	**179,450**	157,306
	356,477	315,849

(i) Trade receivables due over 365 days as at 30 June 2010 mainly comprised amounts due from Shenzhen Communications Bureau of HKD178,027,000 (31 December 2009: HKD156,293,000) for the construction management services income recognised for certain toll road projects. The directors consider that this receivable is not impaired.

10. SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares (thousands)	Ordinary shares	Share premium	Total
As at 1 January 2009	**14,027,420**	**1,402,742**	**1,538,665**	**2,941,407**
Employee share option scheme – proceeds from share issued	800	80	145	225
As at 30 June 2009	**14,028,220**	**1,402,822**	**1,538,810**	**2,941,632**
As at 1 January 2010	**14,141,930**	**1,414,193**	**1,559,505**	**2,973,698**
Employee share option scheme – proceeds from share issued	15,500	1,550	2,821	4,371
As at 30 June 2010	**14,157,430**	**1,415,743**	**1,562,326**	**2,978,069**

The total authorised number of ordinary shares is 20,000 million shares (31 December 2009: 20,000 million shares) with par value of HKD0.1 per share (31 December 2009: HKD0.1 per share). All issued shares are fully paid.

The share options granted to certain directors and employees are unconditional and vested immediately.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Six months ended 30 June 2010		Six months ended 30 June 2009	
	Average exercise price (HKD per share)	**Number of share options (thousands)**	Average exercise price (HKD per share)	Number of share options (thousands)
Beginning of the period	**0.455**	**50,500**	0.335	165,010
Exercised	**0.282**	**(15,500)**	0.282	(800)
End of the period	**0.532**	**35,000**	0.335	164,210

All share options outstanding as at 30 June 2010 are exercisable and will be expired on 5 February 2012.

(All amounts in HK dollar thousands unless otherwise stated)

11. OTHER RESERVES

	Equity component of convertible bonds	Fair value reserve	Reserve funds (Note (a))	Capital reserve	Goodwill reserve	Hedging reserve	Merger reserve	Revaluation surplus	Other reserves	Currency translation reserve	Contributed surplus	Total
At 1 January 2009	**343,501**	**693,938**	**1,189,442**	**59,723**	**(159,583)**	**(51,080)**	**(4,046,279)**	**-**	**(184,856)**	**767,376**	**13,005**	**(1,374,813)**
Fair value gain on available-for-sale financial assets, net of tax	–	784,375	–	–	–	–	–	–	–	–	–	784,375
Transfer of fair value gain to income statement upon disposal of available-for-sale financial assets, net of tax	–	(141,082)	–	–	–	–	–	–	–	–	–	(141,082)
Fair value gains on cash flow hedge derivative financial instruments, net of tax	–	–	–	–	–	6,736	–	–	–	–	–	6,736
Currency translation differences	–	–	–	–	–	–	–	–	–	6,743	–	6,743
Transfer from retained earnings to reserve funds	–	–	100,609	–	–	–	–	–	–	–	–	100,609
At 30 June 2009	**343,501**	**1,337,231**	**1,290,051**	**59,723**	**(159,583)**	**(44,344)**	**(4,046,279)**	**-**	**(184,856)**	**774,119**	**13,005**	**(617,432)**
At 1 January 2010	**343,501**	**1,617,541**	**1,396,228**	**59,723**	**(159,583)**	**(51,510)**	**(4,082,110)**	**507,216**	**(165,043)**	**773,479**	**13,005**	**252,447**
Fair value loss on available-for-sale financial assets, net of tax	-	(357,704)	-	-	-	-	-	-	-	-	-	(357,704)
Transfer of fair value gain to income statement upon disposal of available-for-sale financial assets, net of tax	-	(230,374)	-	-	-	-	-	-	-	-	-	(230,374)
Fair value losses on cash flow hedge derivative financial instruments, net of tax	-	-	-	-	-	(15,149)	-	-	-	-	-	(15,149)
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Currency translation differences	-	29,519	-	-	-	-	-	-	-	55,297	-	84,816
Transfer from retained earnings to reserve funds	-	-	973	-	-	-	-	-	-	-	-	973
At 30 June 2010	**343,501**	**1,058,982**	**1,397,201**	**59,723**	**(159,583)**	**(66,659)**	**(4,082,110)**	**507,216**	**(165,043)**	**828,775**	**13,005**	**(264,992)**

(a) In accordance with the PRC regulations, certain companies of the Group in the PRC are required to transfer part of their profits after taxation to various reserve funds, which are non-distributable, before profit distributions are made. The amounts of the transfers are subject to the approval of the boards of directors of these companies, in accordance with their joint venture agreements and/or articles of association.

(All amounts in HK dollar thousands unless otherwise stated)

12. TRADE AND OTHER PAYABLES

	As at 30 June 2010	As at 31 December 2009
Trade payables (Note (a))	**63,442**	110,162
Payables relating to construction projects	**1,527,689**	1,425,235
Advance from an associate (Note (b))	**53,497**	52,823
Other payables and accrued expenses	**458,910**	497,921
	2,103,538	2,086,141

(a) The ageing analysis of the trade payables was as follows:

	As at 30 June 2010	As at 31 December 2009
0-90 days	**56,434**	99,300
91-180 days	**3,394**	444
181-365 days	**103**	9,415
Over 365 days	**3,511**	1,003
	63,442	110,162

(b) These represent the interest-free advances from Nanjing Yangzi River Third Bridge Company Limited, an associate of the Group.

13. BORROWINGS

	As at 30 June 2010	As at 31 December 2009
Non-current		
– Bank and other borrowings	**8,386,621**	8,705,435
– Medium-term notes (Note (a))	**803,458**	–
– Bonds	**911,098**	899,230
	10,101,177	9,604,665
Current		
– Bank and other borrowings	**2,081,029**	2,084,829
Total borrowings	**12,182,206**	11,689,494

Interest expense on borrowings and loans for the Period was HKD394,207,000 (2009 interim: HKD365,608,000).

(All amounts in HK dollar thousands unless otherwise stated)

13. BORROWINGS *(continued)*

Movement in borrowings is analysed as follows:

	Six months ended 30 June	
	2010	2009
Opening balance as at 1 January	**11,689,494**	9,244,065
Proceeds from borrowings	**2,397,262**	2,779,851
Repayments of borrowings	**(2,019,665)**	(2,308,573)
Exchange differences	**115,115**	(5)
Closing balance as at 30 June	**12,182,206**	9,715,338

The Group has the following undrawn banking facilities:

	As at	
	30 June 2010	31 December 2009
Floating rate		
– Expiring within one year	**4,434,997**	4,545,177
– Expiring beyond one year	**6,097,561**	7,093,036
	10,532,558	11,638,213
Fixed rate		
– Expiring beyond one year	**299,126**	295,354
	10,831,684	11,933,567

(a) The medium-term notes have terms of three years and bear floating rate interest. The applicable interest rate of the notes is 3.72% per annum.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	As at	
	30 June 2010	31 December 2009
Interest rate swaps		
– non-current liabilities – cash flow hedges (Note (a))	**(64,186)**	(51,608)
– current liabilities – held for trading	**–**	(2,693)
Cross currency and interest rate swap		
– non-current liabilities – cash flow hedges (Note (b))	**(7,554)**	–
Foreign exchange forward contract		
– non-current assets – cash flow hedges (Note (c))	**7,318**	–
	(64,422)	(54,301)

For the Period, the fair value change of derivative financial instruments recognised in the equity and income statement amounted to HKD15,149,000 (2009 interim: HKD6,736,000) and HKD2,411,000 (2009 interim: Nil) respectively.

(All amounts in HK dollar thousands unless otherwise stated)

14. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

(a) Interest Rate Swaps

At 30 June 2010, the fixed interest rates of interest rate swap contracts vary from 1.8% to 2.9% (2009: 1.8% to 2.9%), and the main floating rates are Hong Kong Interbank Offer Rate ("HIBOR"). Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 30 June 2010 will be continuously released to the income statement until the fully repayment of the bank borrowings.

As at 30 June 2010, the aggregate notional amount of the interest rate swaps for cash flow hedge purpose amounted to HKD3,272,500,000 (31 December 2009: HKD3,396,250,000).

Outstanding notional principal amount HKD	**30 June 2010 balance of the derivative financial instruments** HKD	**Maturity date**
200,000,000	5,875,000	30 November 2011
90,000,000	1,201,000	30 March 2012
1,256,250,000	55,417,000	31 July 2013
90,000,000	2,242,000	30 March 2012
1,256,250,000	(526,000)	29 July 2011
200,000,000	(117,000)	31 August 2011
180,000,000	94,000	30 March 2012
3,272,500,000	64,186,000	

(b) Cross Currency and Interest Rate Swap

The Group uses a cross currency and interest rate swap contract to hedge its interest rate risk and exchange rate risk against one of its variable-rate foreign currency loans. The notional principal amount of the outstanding cross currency and interest rate swap contract at 30 June 2010 was HKD420,000,000 (31 December 2009: Nil). Through this arrangement, the Group pays an annually fixed interest at 1.8% and the principal at a fixed HKD/RMB exchange rate agreed in the contract while the original annual floating interest expense (3-month HIBOR+1.5%) and the floating principal payments (HKD/RMB exchange spot rate) attached in the loan is offset by the receivable leg of the cross currency and interest rate swap. Such a swap is settled on a quarterly basis from June 2010 to September 2014.

(c) Foreign Exchange Forward Contract

The Group uses a foreign exchange forward contract to hedge its exchange rate risk against one of its foreign currency loans. The notional principal amount of the outstanding foreign exchange forward contract at 30 June 2010 was HKD227,000,000 (31 December 2009: Nil). Through this arrangement, the Group will pay fixed principal in RMB at the contractual forward HKD/RMB exchange rate and will receive foreign currency principal. Such foreign exchange forward contract will be settled on 17 September 2012.

(All amounts in HK dollar thousands unless otherwise stated)

15. PROVISION FOR MAINTENANCE/RESURFACING OBLIGATIONS

	Six months ended 30 June 2010	2009
Opening net book amount	**829,180**	366,426
Charged to the income statement:		
Additions	**95,088**	57,773
Increase due to passage of time (Note 20)	**27,552**	15,712
Exchange difference	**10,434**	11
Closing net book amount	**962,254**	439,922

16. CONVERTIBLE BONDS

		As at 30 June 2010	31 December 2009
Issuer			
The Company	(i)	**1,792,036**	1,776,430
Shenzhen Expressway	(ii)	**1,479,421**	1,426,402
		3,271,457	3,202,832
Less: current portion	(i)	**(1,792,036)**	(1,776,430)
Non-current portion		**1,479,421**	1,426,402

(i) The movement of convertible bonds of the Company during the Period is as follows:

	Face value	Liability component	Equity component	Total
At 1 January 2009	1,727,500	1,706,676	209,523	1,916,199
Interest expense (Note 20)	–	34,215	–	34,215
At 30 June 2009	1,727,500	1,740,891	209,523	1,950,414
At 1 January 2010	1,727,500	1,776,430	209,523	1,985,953
Interest expense (Note 20)	–	35,721	–	35,721
Exchange differences	–	(20,115)	–	(20,115)
At 30 June 2010	1,727,500	1,792,036	209,523	2,001,559

(All amounts in HK dollar thousands unless otherwise stated)

16. CONVERTIBLE BONDS *(continued)*

On 29 December 2007, the Company issued zero coupon convertible bond of HKD1,727,500,000 to Shenzhen Investment Holdings Company Limited ("SIHCL"), a wholly owned subsidiary of Shenzhen Municipal Stated-owned Assets Supervision and Administration Bureau ("Shenzhen SASAB") as the consideration for acquisition of 100% equity interest in Shenzhen Bao Tong Highway Construction and Development Limited. SIHCL can convert the bonds from 29 December 2007 for a period of 3 years up to 29 December 2010 (the "maturity date") into ordinary shares with a par value of HKD0.1 each of the Company at an initial conversion price of HKD1.2 per share. If the convertible bond will not be converted at the maturity date, the Company shall repay the remaining principals at a predetermined fixed amount of RMB.

Interest expense on the convertible bonds is calculated using the effective interest method by applying the effective interest of 4.40% to the liability component. The fair values of liability component of convertible bonds approximate their carrying values.

(ii) The movement of convertible bonds of Shenzhen Expressway during the Period is as follows:

	Face value	Liability component	Equity component	Total
At 1 January 2009	1,702,804	1,360,009	344,810	1,704,819
Interest expense (Note 20)	–	32,691	–	32,691
Exchange differences	–	19	–	19
At 30 June 2009	1,702,804	1,392,719	344,810	1,737,529
At 1 January 2010	1,702,804	1,426,402	344,810	1,771,212
Interest expense (Note 20)	–	34,499	–	34,499
Exchange differences	–	18,520	–	18,520
At 30 June 2010	1,702,804	1,479,421	344,810	1,824,231

(All amounts in HK dollar thousands unless otherwise stated)

17. REVENUE

	Six months ended 30 June 2010	2009
Toll roads		
– Toll revenue	**1,702,487**	1,043,139
– Construction service revenue	**367,460**	491,095
Logistic parks	**118,585**	91,070
Logistic services	**72,589**	68,274
Port	**4,885**	–
	2,266,006	1,693,578

18. OTHER GAINS – NET

	Six months ended 30 June 2010	2009
Gain on disposals of available-for-sale financial assets	**330,544**	176,352
Gain on disposals of financial assets at fair value through profit or loss	**–**	96,554
Gain on re-measurement of the fair value of available-for-sale financial assets (Note 7(a))	**29,566**	–
Gain/(loss) on disposals of property, plant and equipment	**7,027**	(2,087)
Gain on compensation on land resumption	**–**	19,987
Others	**12,435**	(15)
	379,572	290,791

19. OTHER INCOME

	Six months ended 30 June 2010	2009
Dividend income	**42,965**	5,674
Rental income	**7,337**	8,120
Government subsidies	**–**	16,089
	50,302	29,883

(All amounts in HK dollar thousands unless otherwise stated)

20. FINANCE INCOME AND COSTS

	Six months ended 30 June 2010	2009
Interest expenses on		
– Bank and other borrowings	**254,100**	248,820
– Convertible bonds	**70,220**	66,906
– Medium-term notes	**8,403**	–
– Bonds	**33,932**	33,849
– Others (Note 15)	**27,552**	15,712
Other borrowing costs	**–**	321
Net exchange gains	**(37,276)**	–
Less: interest expenses capitalised in construction in progress	**(22,355)**	(135,519)
	334,576	230,089
Interest income on bank deposits	**(11,024)**	(12,918)
Net finance costs	**323,552**	217,171

21. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the Period. Taxes on overseas profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The PRC corporate income tax charged to the consolidated income statement was calculated based on the assessable profits of the Group's subsidiaries located in the PRC for the Period at a rate of 22% (2009 interim: 20%) applicable to the respective companies.

	Six months ended 30 June 2010	2009
Current income tax		
– The PRC corporate income tax	**271,838**	185,294
Deferred income tax	**(23,375)**	(53,889)
	248,463	131,405

22. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Period.

	Six months ended 30 June	
	2010	2009
Profit attributable to equity holders of the Company	**712,337**	503,262
Weighted average number of ordinary shares in issue (thousands)	**14,156,993**	14,027,663
Basic earnings per share (HK cents)	**5.03**	3.59

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less tax effect. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2010	2009
Profit attributable to equity holders of the Company	**712,337**	503,262
Interest expense on convertible bonds	**35,721**	34,215
Profit used to determine diluted earnings per share	**748,058**	537,477
Weighted average number of ordinary shares in issue (thousands)	**14,156,993**	14,027,663
Adjustments – share options (thousands)	**4,276**	44,957
Adjustments – conversion of convertible bonds (thousands)	**1,439,583**	1,439,583
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**15,600,852**	15,512,203
Diluted earnings per share (HK cents)	**4.79**	3.46

23. DIVIDENDS

The board of directors has resolved not to declare an interim dividend in respect of the Period (2009 interim: Nil). The 2009 final dividend of HKD0.0146 per ordinary share and special dividend of HKD0.0071 per share totalling HKD306,880,000 was paid on 2 June 2010 (2009 interim: HKD203,398,000).

24. FINANCIAL GUARANTEES AND CONTINGENCIES

(a) Projects Construction Management Contracts

The subsidiary of the Group, Shenzhen Expressway had arranged with banks to issue irrevocable performance guarantees for two projects' construction management on its behalf to the Shenzhen Communications Bureau totalling to HKD58,674,000 (31 December 2009: HKD57,935,000).

(b) Contingent Liabilities Relating to Enterprise Income Tax

As explained in more details in the 2009 annual financial statements, according to the demand by the Shenzhen Local Tax Bureau (the "Local Tax Bureau"), the Group had made a provision for enterprise income tax at 31 December 2009 in the amount of HKD44,571,000. As of the date of approval of this Financial Information, no formal notice of reassessment/waiver had been issued by the Local Tax Bureau and other relevant authorities. The amount of any related penalty could not be ascertained with reasonably certainty. Thus no change has been made to the provision for the enterprise income tax liabilities and no provision has been made for the potential penalty.

(c) Arbitration in Progress

On 8 December 2004, Shenzhen Expressway signed a construction contract with Shenzhen Pengcheng Construction Company Limited ("Shenzhen Pengcheng") for Nanping Freeway (Phase I) Project. As disputes concerning the unit prices of some items under the construction contract arose that were not resolved by mutual agreement, Shenzhen Pengcheng applied for arbitration to Shenzhen Arbitration Commission against Shenzhen Expressway in 2007. As of the date of approval of this Financial Information, the arbitration process was still in progress. According to the relevant provisions and the views of the lawyer, the directors of the Group considered that the result of the arbitration would not lead to any significant adverse impact on the Group's operating results.

On 1 June 2004, Shenzhen Expressway signed a construction contract with Jilin Great Wall Construction Company Limited ("Great Wall") for Nanping (Phase I) Project. As disputes concerning construction volume and the unit prices of some items under the contract arose that were not resolved by mutual agreement, Great Wall applied for arbitration to Shenzhen Arbitration Commission against Shenzhen Expressway in December 2009. As at 30 June 2010, the arbitration has been revoked, and Shenzhen Expressway is still in the negotiation with the Great Wall on the quantities and unit price of the project. According to the relevant provisions and the views of the lawyer, the directors of the Group considered that the outcome of the negotiation will have no significant adverse impact on the Group's operating results.

(All amounts in HK dollar thousands unless otherwise stated)

25. COMMITMENTS

Save as disclosed elsewhere in this condensed Financial Information, the Group has the following capital expenditure committed but not yet incurred:

	As at	
	30 June 2010	31 December 2009
Capital commitments – expenditure of property, plant and equipment and concession intangible assets		
– Contracted but not provided for	**339,342**	904,848
– Authorised but not contracted for	**2,894,677**	2,162,894
	3,234,019	3,067,742
Investment commitments		
– Authorised but not contracted for	**698,343**	149,949
	3,932,362	3,217,691

26. RELATED-PARTY TRANSACTIONS

Shenzhen Investment Holding Corporation ("SIHC") owns 40.55% interest of the Company as at 30 June 2010 and is the largest shareholder of the Company. SIHC is supervised and managed by Shenzhen SASAB, which is a state-owned authority. The directors of the Company considered that the 40.55% equity interest is indirectly held by Shenzhen government authority.

Apart from the related party transactions and balances already disclosed in Notes 9, 12(b) and 24(a) to these Financial Information, the following material transactions were carried out with related parties during the Period:

(a) The Group has bank deposits in and obtained borrowings from state-owned banks in normal commercial terms. Interests are earned and incurred on these deposits and borrowings respectively.

(b) The Group has capital expenditure incurred for service concession projects and construction in progress with state-owned contractors and payable balances due to state-owned contractors for construction projects and guaranteed deposits placed.

(c) Payment of project management service fee

The Group entered into project management service contracts with Shenzhen Expressway Engineering Consulting Company Limited ("Consulting Company"), an associate of the Group. The total value of the management service contract is approximately HKD108,672,000, which mainly relates to the management service provided to Qinglian Class I Highway reconstruction project. During the six months ended 30 June 2010, the Group paid a management fee of approximately HKD18,633,000 (2009 interim: HKD6,933,000) to Consulting Company.

SUPPLEMENTARY INFORMATION

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2010 (the "Period").

DIRECTORS' INTERESTS IN SECURITIES

The interests of the directors in the share options of the Company are separately disclosed in the section headed "**SHARE OPTION SCHEME**" below.

As at 30 June 2010, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") were as follows:

Long positions in the ordinary shares of the Company

Name of directors	Number of ordinary shares held	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Li Jing Qi	20,000,000	beneficial owner	personal	0.14%
Liu Jun	19,000,000	beneficial owner	personal	0.13%

Save as disclosed above and in the section headed "**SHARE OPTION SCHEME**" below, as at 30 June 2010, none of the directors or chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") at a special general meeting held on 30 April 2004. The Scheme is valid and effective for a period of 10 years commencing on 30 April 2004 and is a share incentive scheme to reward and motivate the eligible participants whose contributions are important to the long-term growth and profitability of the Group.

Eligible participants of the Scheme as determined by the board of directors include (a) any full-time employee of the Group; (b) any director (including executive, non-executive or independent non-executive directors) of the Group, associates and jointly controlled entities of the Group; and (c) any substantial shareholder of the Company.

The following table lists the details of the share options granted under the Scheme and their movements during the Period:

Name and category of participants	Number of unlisted share options (physically settled equity derivatives) As at 1 January 2010	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	As at 30 June 2010	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK$	Share price of the Company *** As at the date of grant of share options HK$	As at the date of exercise of share options HK$
Directors										
Mr. Guo Yuan	35,000,000	–	–	–	35,000,000	6 February 2007	6 February 2007 to 5 February 2012	0.532	0.530	N/A
Mr. Li Jing Qi	9,000,000	–	9,000,000	–	–	19 January 2005	19 January 2005 to 11 January 2010	0.282	0.285	0.600
Mr. Liu Jun	6,000,000	–	6,000,000	–	–	19 January 2005	19 January 2005 to 11 January 2010	0.282	0.285	0.600
	50,000,000	–	15,000,000	–	35,000,000					
Other employees										
In aggregate	500,000	–	500,000	–	–	19 January 2005	19 January 2005 to 11 January 2010	0.282	0.285	0.640
	50,500,000	–	15,500,000	–	35,000,000					

* Under the Scheme, there is no vesting period of the share options.

** The exercise price of the share options was subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The share price of the Company disclosed as at the date of the grant of the share options was the closing price as quoted on the Hong Kong Stock Exchange of the trading day immediately prior to the date of the grant of the share options. The share price of the Company disclosed as at the date of the exercise of the share options was the weighted average closing price of the shares immediately before the date on which the share options with the disclosure category were exercised.

Upon exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Share options which lapse or are cancelled prior to the expiration of their exercise date are deleted from the register of outstanding share options. No share option was granted during the Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2010, the interests and short positions of the substantial shareholders, other than directors or chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO are set out below:

Long Positions in the Ordinary Shares and Underlying Shares of the Company

Name of shareholders	Number of ordinary shares held	Number of underlying shares held	Capacity	Approximate % of issued share capital of the Company
Shenzhen Investment Holding Corporation ("SIHC") – Note (1)	4,836,363,636	–	interest of controlled corporation	34.16%
SIHC	904,109,589	–	beneficial owner	6.39%
Ultrarich International Limited (「Ultrarich」) – Note (2)	4,836,363,636	–	beneficial owner	34.16%
Shenzhen Investment Holdings Company Limited ("SIHCL") – Note (3)	–	1,439,583,333	beneficial owner	10.17%

Notes:

(1) Ultrarich is a wholly-owned subsidiary of SIHC and accordingly SIHC was deemed to be interested in the 4,836,363,636 ordinary shares in the Company owned by Ultrarich. On 15 October 2009, SIHC (as vendor) and SIHCL (as purchaser) entered into a share transfer agreement for the transfer of 100% equity interest in Ultrarich at a nominal consideration. As at 30 June 2010, such share transfer has yet to be completed. Upon completion of the share transfer, Ultrarich will become a wholly-owned subsidiary of SIHCL and accordingly SIHCL will be deemed to be interested in the 4,836,363,636 ordinary shares in the Company owned by Ultrarich.

(2) Messrs. Guo Yuan, Li Jing Qi and Liu Jun are directors of Ultrarich which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO.

(3) SIHCL owns a zero coupon convertible bond issued by the Company with a principal amount of HK$1,727,500,000 carrying rights to convert into 1,439,583,333 ordinary shares in the Company at an initial conversion price of HK$1.20 per share, subject to adjustment. The aforesaid convertible bond was unlisted and physically settled equity derivative.

Save as disclosed above, as at 30 June 2010, the Company had not been notified by any substantial shareholders (other than directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register required to be kept under section 336 of Part XV of the SFO.

OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2010, the interests and short positions of other persons in the shares and underlying shares of the Company which are required to be recorded in the register kept by the Company under section 336 of Part XV of the SFO are set out below:

Long Positions in the Ordinary Shares of the Company

Name of shareholder	Number of ordinary shares held	Capacity	Approximate % of issued share capital of the Company
RARE Infrastructure Limited	895,551,000	Investment manager	6.33%

Save as disclosed above, as at 30 June 2010, the Company had not been notified by any other persons who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

CORPORATE GOVERNANCE

The board of directors is committed to maintain a high standard of corporate governance in the best interests of shareholders. The corporate governance principles adopted by the Company emphasise a highly efficient board of directors, sound internal control and the transparency and accountability to all shareholders.

Appendix 14 of the Listing Rules, the "Code on Corporate Governance Practices" (the "CG Code"), sets out the principles of good corporate governance and two levels of recommendations: (1) Code Provisions; and (2) Recommended Best Practices. As disclosed in the Corporate Governance Report contained in the Company's 2009 annual report, the Company has applied the principles under the CG Code, and has been in full compliance with all the Code Provisions and certain Recommended Best Practices as set out in the CG Code. Throughout the Period, the Company has been in full compliance with all the Code Provisions and certain Recommended Best Practices as set out in the CG Code.

Board of Directors

As at the date of this report, the board of directors comprises of nine directors, including four executive directors and five non-executive directors, three of whom are independent non-executive directors. The board of directors held four meetings during the Period and the attendance details of each member of the board of directors are set out below:

	Meetings attended/held	Attendance rate
Executive directors		
Mr. Guo Yuan (Chairman) #	4/4	100%
Mr. Li Jing Qi (Chief Executive Officer)	4/4	100%
Mr. Liu Jun (Vice President)	4/4	100%
Mr. Yang Hai	4/4	100%
Non-executive directors		
Mr. To Chi Keung, Simon	3/4	75%
Mr. Wang Dao Hai	4/4	100%
Independent non-executive directors		
Mr. Leung Ming Yuen, Simon	4/4	100%
Mr. Ding Xun ##	4/4	100%
Mr. Nip Yun Wing	4/4	100%

\# Mr. Guo Yuan resigned as a director of Shenzhen Yantian Port Group Co., Ltd. with effect from 22 March 2010.

\## Mr. Ding Xun resigned as a director of Dragonite International Limited (formerly known as Ruyan Group (Holdings) Limited) with effect from 28 June 2010.

The board of directors discussed the following matters at the meetings held during the Period:

(1) to consider and approve 2009 annual results;

(2) to review the results and business development of the first quarter of 2010;

(3) to consider and approve the adoption of the Chinese name "深圳國際控股有限公司" as secondary name of the Company;

(4) to consider and approve the capital injection to Shenzhen Airlines Limited; and

(5) to consider and approve a connected transaction in relation to the acquisition of an office premises in Shenzhen.

Nomination Committee

The Nomination Committee of the Company was established in December 2003 and consists of three members, two of whom are independent non-executive directors. Members of the Nomination Committee include Mr. Ding Xun (Chairman), Mr. Leung Ming Yuen, Simon and Mr. Li Jing Qi.

The Nomination Committee held a meeting during the Period, the attendance rate of each member of the Committee was 100%. At the meeting, the committee has evaluated and made recommendation as to the performance of the directors who were subject to retirement by rotation and re-election at the 2010 annual general meeting.

Remuneration Committee

The Remuneration Committee was established in December 2003 and consists of three members, two of whom are independent non-executive directors. Members of the Remuneration Committee include Mr. Ding Xun (Chairman), Mr. Leung Ming Yuen, Simon and Mr. Li Jing Qi.

The Remuneration Committee held a meeting during the Period, the attendance rate of each member of the Committee was 100%. The appropriation of the bonus of senior management for the year 2009 was considered at the meeting.

Audit Committee

The Audit Committee was established in 1995. The Audit Committee consists of three independent non-executive directors, namely Mr. Leung Ming Yuen, Simon (Chairman), Mr. Ding Xun and Mr. Nip Yun Wing. In establishing and adopting the terms of reference of the Audit Committee, the board of directors had regard to the "Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee held two meetings during the Period and the attendance rate of each member of the Committee was 100%. The Audit Committee held meetings together with the management and the auditor during the Period to discuss and review the following matters:

(1) to review the annual results for 2009 and to consider the related disclosure in the financial statements was complete, accurate and fair and to submit the same to the board of directors for approval;

(2) to approve the auditor's fees for the audit of 2009 financial statements;

(3) to re-appoint auditor of the Company; and

(4) to review the relevant procedures in relation to internal control and risk management.

The Company has engaged PricewaterhouseCoopers, the Auditor of the Company, to review the unaudited 2010 condensed consolidated interim financial information of the Group. Before the date of approval of the condensed consolidated interim financial information by the board of directors, a meeting of the Audit Committee had been held with the Auditor of the Company for reviewing the unaudited condensed interim financial information of the Group for the six months ended 30 June 2010. The Auditor's review report is set out on page 31.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The board of directors adopted a code of conduct (the "Code of Conduct") in respect of securities transactions of the Company by directors and relevant employees of the Group on terms more stringent than those set out in the Model Code under the Listing Rules. Relevant employees include any employees of the Company or directors or employees of subsidiaries of the Company who, as a result of their office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Group.

The Company, having made specific enquiry to the directors, confirms that all directors have complied with the standards set out in the Model Code and the Code of Conduct at all times throughout the Period.

COMPLIANCE WITH CHAPTER 13 OF THE LISTING RULES

Specific Performance Obligations of the Controlling Shareholders

On 31 July 2008, the Company, as borrower, entered into a loan agreement (the "Loan Agreement") relating to a HK$1,340,000,000 term loan facility with a syndicate of banks (the "Lenders"). The Facility will be used for general corporate funding requirements of the Company and its subsidiaries. The Loan Agreement shall have a maturity of 5 years after the date of the Loan Agreement.

Pursuant to the Loan Agreement, the Company undertakes to procure that the controlling shareholder of the Company, namely Shenzhen State-owned Assets Supervision and Administration Bureau, shall at all times during the continuance of the Loan Agreement (i) beneficially own, directly or indirectly, not less than 35% of the issued share capital of the Company; (ii) be the single largest shareholder of the Company (in terms of the percentage ownership of the issued share capital of the Company); (iii) maintain control over the management of the Company; and (iv) beneficially own, directly or indirectly, 100% of the equity interest in SIHCL.

Failure to comply with any of the aforesaid undertakings will constitute an event of default under the Loan Agreement. Upon the occurrence of an event of default under the Loan Agreement, the Lenders may declare that the outstanding loan, interest and other sums payable to be immediately due and payable; and/or declare that the facility under the Loan Agreement be terminated.

PLEDGE OF ASSETS

As at 30 June 2010, details of pledge of assets of the Group are as follows:

(a) Bank loan of HK$102,000,000 (31 December 2009: HK$102,000,000) is secured by the Group's 55% equity interest in Jade Emperor Limited.

(b) Bank loan of RMB3,733,000,000 (31 December 2009: RMB4,124,280,000) is secured by a pledge of the operating rights of Qinglian Class I Highway, Qinglian Class II Highway and Qinglian Expressway (upon completion of its reconstruction) of Guangdong Qinglian Highway Development Company Limited, a subsidiary of the Group.

(c) Shenzhen Expressway Company Limited ("Shenzhen Expressway") issued a long-term corporate bonds of RMB800,000,000 for a term of 15 years bearing interest at 5.5% per annum in August 2007. Interest is paid annually and the principal is repayable in full upon maturity. The full amount of principal and interest of the bonds is unconditionally and irrevocably guaranteed by China Construction Bank Corporation, which is in turn secured by Shenzhen Expressway's 100% equity interest in Shenzhen Meiguan Expressway Company Limited.

(d) Shenzhen Expressway entered into an agreement with China Agricultural Bank Shenzhen Branch on 11 July 2008. Shenzhen Expressway provided a pledge of its 47.3% toll collection rights of Nanguang Expressway in favour of China Agricultural Bank, as a counter-guarantee to it for the unconditional and irrevocable guarantee with joint liability in respect of the redemption of the Bonds With Warrants issued by Shenzhen Expressway with an amount of RMB1,500,000,000 upon maturity.

(e) Bank loan of RMB855,000,000 (31 December 2009: RMB910,000,000) is secured by the Group's 40% equity interest in Shenzhen Qinglong Expressway Company Limited.

(f) Bank loan of HK$510,000,000 (31 December 2009: HK$510,000,000) is secured by the Group's fixed deposit of RMB450,000,000 (31 December 2009: RMB450,000,000) with a maturity of one year.