Shenzhen International
深國際

2011 Interim Report
中期報告

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

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:

Wang Dao Hai
Wong Yuk Shan

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

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

LEGAL ADVISERS

Reed Smith Richards Butler *(Hong Kong Legal Adviser)*

PRINCIPAL BANKERS

Bank of China *(Hong Kong)*
Bank of Communications
Bank of Jiangsu *(PRC Domestic Bank)*
The Bank of Tokyo-Mitsubishi UFJ, Hong Kong Branch
China Merchants Bank
DBS Bank
Guangdong Development Bank
(PRC Domestic Bank)
Hang Seng Bank
ING Bank N.V.
Shanghai Pudong Development Bank
(PRC Domestic Bank)
Shenzhen Development Bank
(PRC Domestic Bank)
Standard Chartered Bank
Wing Lung 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

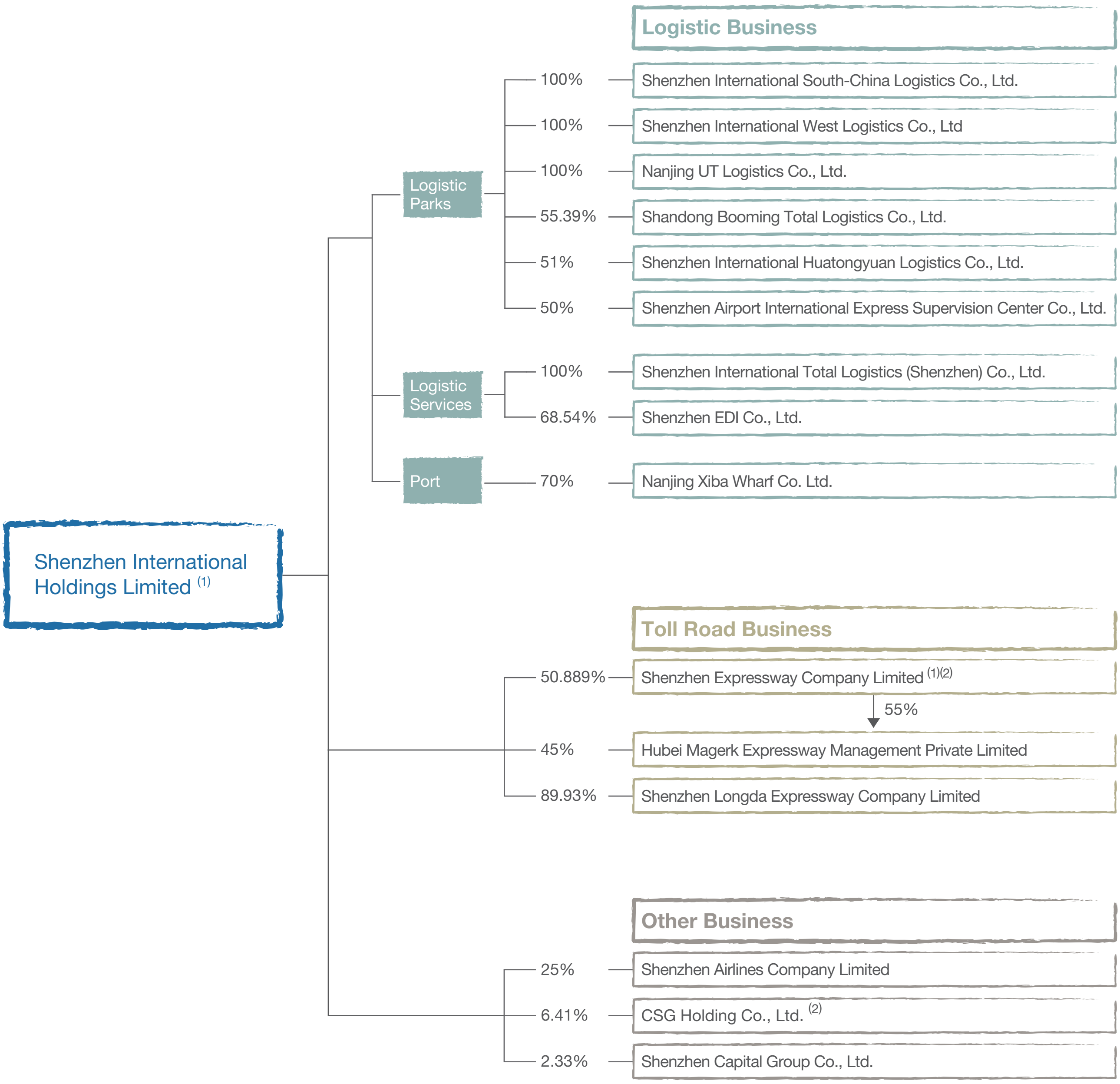
Rikes Hill & Knowlton Limited
36th Floor, PCCW Tower, Taikoo Place
979 King's Road, Quarry Bay, Hong Kong

CORPORATE PROFILE

Shenzhen International Holdings Limited is a company incorporated in Bermuda with limited liability and is listed on the main board of the Stock Exchange of Hong Kong. The Group is principally engaged in the investment, construction and operation of logistic infrastructure facilities, as well as providing various value-added logistic services to customers leveraging its infrastructure facilities.

Shenzhen Investment Holdings Company Limited, the controlling shareholder of the Company, is a corporation wholly-owned by Shenzhen Municipal State-owned Assets Supervision and Administration Commission (formerly know as "Shenzhen State-owned Assets Supervision and Administration Bureau") and, as at the date of this report holds approximately 48.59% of the issued share capital of the Company.

The Group's development strategy defines the Pearl River Delta, the Yangtze River Delta and the Pan-Bohai Rim in the PRC as strategic regions, through acquisitions, restructuring and integration, the Group endeavours to invest, construct and operate logistic infrastructure projects such as logistic parks and toll roads and applies supply-chain management techniques and information technology to provide high-end and value-added logistic services to customers, creating greater value for its shareholders.



(1) Listed company in Hong Kong
(2) Listed company in the PRC

In this report, the English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

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

Six months ended 30 June *(HK$ Million)*	**Revenue**		**Operating profit/(loss)**		**Share of profit of associates and jointly controlled entities**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Toll roads								
– Toll revenue	**1,926**	1,703	**976**	927	**98**	99	**1,074**	1,026
– Construction service revenue	**442**	366	**–**	–	**–**	–	**–**	–
	2,368	2,069	**976**	927	**98**	99	**1,074**	1,026
Logistic business								
– Logistic parks	**223**	119	**66**	27	**4**	2	**70**	29
– Logistic services	**114**	73	**8**	4	**–**	–	**8**	4
– Port	**37**	5	**11**	(1)	**–**	–	**11**	(1)
	2,742	2,266	**1,061**	957	**102**	101	**1,163**	1,058
Head office	**–**	–	**380**	385	**187**	42	**567**	427
Profit before finance costs and tax	**2,742**	2,266	**1,441**	1,342	**289**	143	**1,730**	1,485
Finance income							**14**	11
Finance costs							**(300)**	(334)
Finance costs – net							**(286)**	(323)
Profit before income tax							**1,444**	1,162

	For the six months ended 30 June **2011** **HK$ million**	2010 HK$ million	**Increase**
Results			
Revenue	**2,742**	2,266	21%
Operating profit	**1,441**	1,342	7%
Profit before income tax	**1,444**	1,162	24%
Profit attributable to shareholders	**954**	712	34%
Basic earnings per share (HK cents)	**5.83**	5.03	16%
EBITDA to interest expense multiple	**7.45**	5.77	29%

	30 June 2011 HK$ million	31 December 2010 HK$ million	**Increase**
Financial Position			
Total assets	**38,292**	36,796	4%
Total equity	**17,462**	17,023	3%
Debt asset ratio (Total liabilities/Total assets)	**54%**	54%	–*
Ratio of Net borrowings to Total equity	**74%**	70%	4%*
Ratio of Total borrowings to Total equity	**85%**	82%	3%*
Net asset value per share attributable to shareholders (HK dollar)	**0.68**	0.66	3%

* *Change in percentage point*

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

During the first half of 2011, revenue from the core business of the Group increased by 21% year-on-year, with revenue from logistic business and toll revenue increased by 91% and 13%, respectively. Profit attributable to shareholders increased by 34% year-on-year to HK$954 million.

Operating Results	For the six months ended 30 June **2011** **HK$'000**	 2010 HK$'000	**Increase**
Revenue (excluding construction service revenue from toll roads)	**2,300,462**	1,898,546	21%
Construction service revenue from toll roads	**441,927**	367,460	20%
Total Revenue	**2,742,389**	2,266,006	21%
Profit before finance costs and tax	**1,729,684**	1,485,859	16%
of which: Core Business	**1,390,495**	1,125,750	24%
Profit attributable to shareholders	**954,351**	712,337	34%
of which: Core Business	**698,256**	433,656	61%
Basic earnings per share (HK cents)	**5.83**	5.03	16%

During the six months ended 30 June 2011 (the "Period"), through active developments of new businesses, expansion of scale of operation and benefitting from the steady growth of the Chinese economy, the overall results of the Group sustained last year's growth momentum. Revenue from the core business amounted to HK$2,742 million, representing an increase of 21% over the corresponding period of the previous year, and profit before finance costs and tax of the core business amounted to HK$1,390 million, representing an increase of 24% over the corresponding period of the previous year. Profit attributable to shareholders amounted to HK$954 million, representing an increase of 34% over the corresponding period of the previous year. Of such profit, earnings from the core business increased by 61% to HK$698 million as compared to the corresponding period of the previous year.

During the Period, revenue from the logistic business amounted to HK$374 million, representing an increase of 91% as compared to the corresponding period of the previous year and was mainly attributable to the following: (1) the scale of operations of the logistic centres at logistic parks expanded by 20% to 530,000 square metres as compared to the corresponding period of the previous year; (2) new revenue contribution was brought to the Group during the Period as a result of the official operation of Huatongyuan Logistic Centre in July 2010; (3) Phase 1 of Nanjing Xiba Port has been put into full operation following its opening in mid April 2010. In addition to the surge of the revenue, as a result of the improved resources integration along with economies of scale gradually became apparent, the total profit attributable to shareholders from the Group's logistic business increased substantially by 1.3 times over the corresponding period of the previous year to HK$59.87 million.

Toll revenue for the Period amounted to HK$1,926 million, representing an increase of 13% as compared to the corresponding period of the previous year. The completion of expressway conversion works on the Liannan section of Qinglian Expressway and the opening of the Longhua extension section of Longda Expressway have boosted toll revenue of the Group. However, due to factors such as increases in various operating costs and administrative expenses, the growth in toll revenue was mitigated to a certain extent. As such, profit attributable to shareholders from the toll road business increased by 2% to HK$397 million for the Period.

Since 19 April 2010, Shenzhen Airlines Company Limited ("Shenzhen Airlines") has become an associate in which the Group holds 25% equity interests. During the Period, Shenzhen Airlines contributed a profit of HK$187 million to the Group, representing an approximately 3.5 fold increase from HK$41.75 million profit of the corresponding period of the previous year.

In May 2011, the Group entered into an acquisition agreement with Shenzhen Huirun Investment Co. Ltd. ("Huirun") to acquire 24% equity interests in Shenzhen Airlines from Huirun for a consideration of approximately RMB789 million. Upon completion of the acquisition, the Group will increase its equity interest in Shenzhen Airlines from 25% to 49%. Such acquisition presents a valuable investment opportunity to the Group to further increase its stake in Shenzhen Airlines, and is expected to enhance the Company's shareholder return.

During the Period, the Group disposed of approximately 14.62 million A shares of CSG Holding Co., Ltd. ("CSG") at an average selling price of approximately RMB20.85 (HK$24.88) per share and realised a gain after tax of approximately HK$256 million (2010: HK$257 million).

In the first half of 2011, China's GDP increased by approximately 9.6% and total value of imports and exports increased by 25.8% over the corresponding period of the previous year. Despite the slowdown in the domestic economic growth as compared to the previous year, the overall domestic economic situation was satisfactory. With the progressive implementation of the "Adjustment and Revitalisation Plan of the Logistics Industry"(《物流業調整和振興規劃》), the emphasis placed on the development of the logistics industry by the Chinese Government, and the further promotion on the development of the domestic logistics industry as a result of a number of initiatives (such as those initiatives passed at the executive meeting of the PRC State Council in June 2011 to reduce tax burden of logistic enterprises and to strengthen support in the land policy for the logistic industry), these provide the Group with a more favourable external environment for the development of its logistic business.

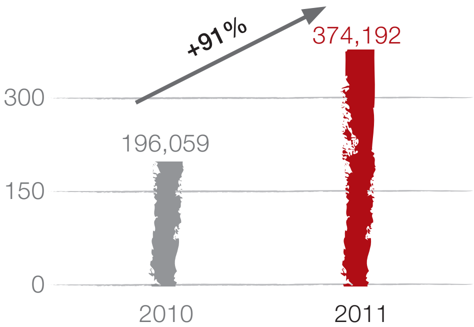
In addition, the Group's strategic development plans, after adjusting and perfecting, was adopted in the first half of 2011. The Group's focus on logistic infrastructure operations as the core business remains unchanged. For its logistic business, the Group will increase investment, explore new business models and accelerate construction of existing projects so as to form strategic networks efficiently in key development regions. In respect of the toll road business, the Group will continue to enhance performance and management and explore new business development opportunities actively. Through determining a clear development direction and strategic planning for the coming five years, the Group has laid a foundation for its sustainable development in the future.

LOGISTIC BUSINESS

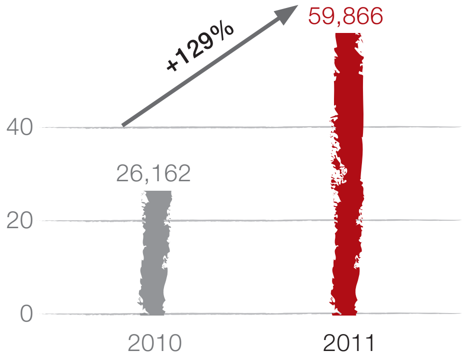
Results Analysis

- **Revenue increased by 91% to HK$374 million**
- **Profit before finance costs and tax increased by 173% to HK$88.83 million**
- **Profit attributable to shareholders increased by 129% to HK$59.87 million**

Revenue
For the six months ended 30 June
HK$'000



Net Profit
For the six months ended 30 June
HK$'000



During the first half of 2011, the Group has taken advantage of the opportunities arising from the growth in China's economy and trade. Supported by the significant increase in the scale of operation of the logistic business as compared to the same period of the previous year and the apparent economies of scale, revenue from the logistic business of the Group increased substantially as compared to the same period of the previous year. Profitability of the Group has also increased significantly.

In the first half of 2011, the robust growth in revenue and profit of the Group's logistic business were mainly attributable to the following:

- Following the openings of two new logistic centres with a total operating area of 73,000 square metres in 2010, the operating area of South China Logistic Park increased to approximately 187,000 square metres, bringing economies of scale with gross profit of its logistic centres recorded satisfactory growth. Meanwhile, business volumes of both the empty-container storage business and the cross-border cargo transfer business grew continuously. During the Period, South China Logistic Park contributed a revenue and a profit attributable to shareholders of HK$84.71 million and HK$26.92 million to the Group respectively, representing respective increases of 59% and 105%, as compared to the same period of the previous year.

- The new logistic centre with an area of approximately 73,000 square metres of Stage 1 of Phase 2 of Western Logistic Park was completed and put into operation in October 2010, bringing new contribution of rental income for the Period. The occupancy rate of the new logistic centre was over 70% by June 2011.

- Huatongyuan Logistic Centre, with a total operating area of 130,000 square metres, was officially put into operation in mid-July 2011. No revenue contribution was made in the same period of the previous year. During the Period, the centre brought new contribution of revenue and profit attributable to shareholders of HK$39.6 million and HK$7.69 million respectively, to the Group.

- During the Period, the logistic service business of the Group recorded a revenue of HK$114 million, representing an increase of 57% over the same period of the previous year. Profit attributable to shareholders increased by 35% to HK$4.63 million as compared to the same period of the previous year. The increase in revenue as compared to the previous year was mainly attributable to the increase in business volume from some major customers. However, due to a surge in transportation costs as a result of the domestic oil price hike, and a rise in labour cost as compared to the previous year, the growth rate of profit attributable to shareholders was not as high as that of revenue.

- The port business contributed revenue and profit for a full half-year for the first time. Nanjing Xiba Port was put into full operation in the first half of 2011 following its trial operation since mid April 2010, and its business volume grew substantially. Revenue of Nanjing Xiba Port increased by more than 6 times to HK$36.93 million as compared to the same period of the previous year. It also turned the loss into a profit and achieved a profit attributable to shareholders of HK$3.76 million.

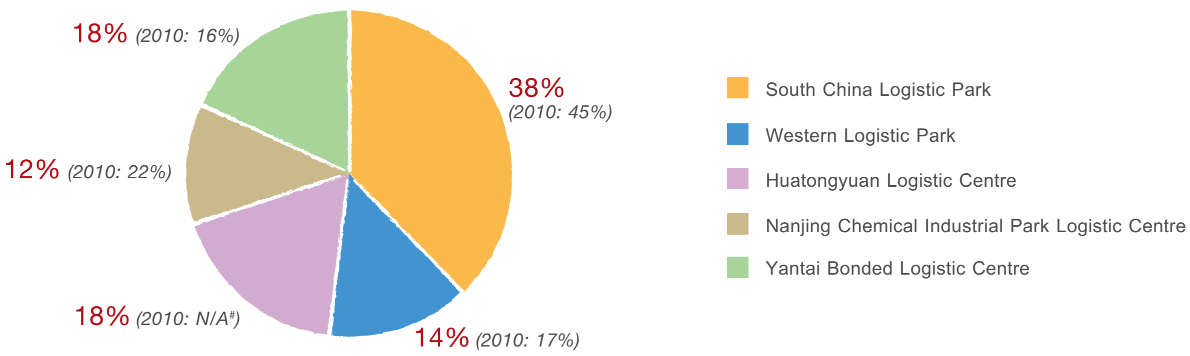
Revenue of each logistic business unit

For the six months ended 30 June

	2011 HK$'000	2010 HK$'000	**Increase**
Logistic Park Business			
South China Logistic Park	**84,707**	53,138	59%
Western Logistic Park	**31,739**	20,277	57%
Huatongyuan Logistic Centre	**39,602**	–	N/A
Nanjing Chemical Industrial Park Logistic Centre	**26,093**	25,916	1%
Yantai Bonded Logistic Centre	**40,987**	19,254	113%
Sub-total	**223,128**	118,585	88%
Logistic Service Business	**114,130**	72,589	57%
Port Business	**36,934**	4,885	656%
Total	**374,192**	196,059	91%

Revenue Contribution by Logistic Parks (2011)

For the six months ended 30 June



Huatongyuan Logistic Centre commenced operation in mid-July 2010, thus no revenue recorded in the same period of 2010.

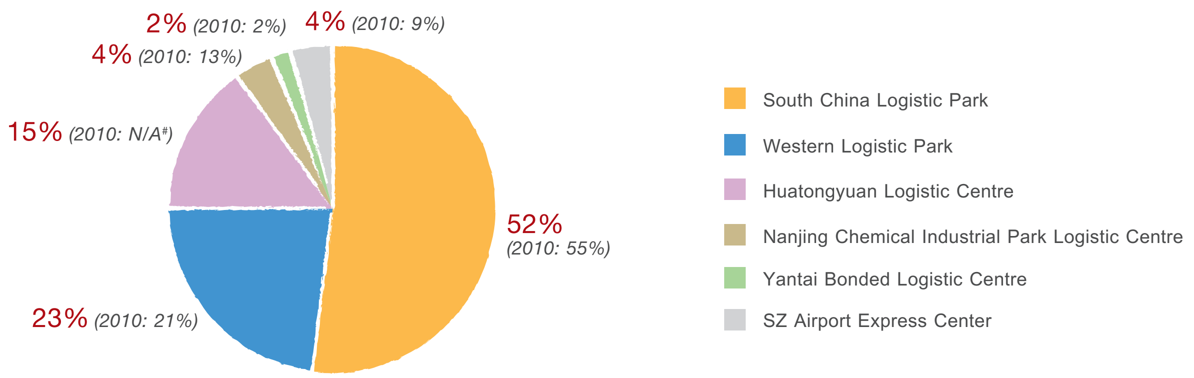
Profit/(Loss) attributable to shareholders of each logistic business unit

For the six months ended 30 June

	2011 HK$'000	2010 HK$'000	Increase/ (Decrease)
Logistic Park Business			
South China Logistic Park	**26,924**	13,134	105%
Western Logistic Park	**11,722**	5,084	131%
Huatongyuan Logistic Centre	**7,686**	–	N/A
Nanjing Chemical Industrial Park Logistic Centre	**2,000**	3,060	(35%)
Yantai Bonded Logistic Centre	**854**	400	113%
SZ Airport Express Center*	**2,287**	2,290	–
Sub-total	**51,473**	23,968	115%
Logistic Service Business	**4,631**	3,441	35%
Port Business	**3,762**	(1,247)	N/A
Total	**59,866**	26,162	129%

Net Profit Contribution by Logistic Parks (2011)

For the six months ended 30 June



* *SZ Airport Express Center is a jointly controlled entity and is accounted for using the equity accounting method.*

\# *Huatongyuan Logistic Centre commenced operation in mid-July 2010, thus no profit recorded in the same period of 2010.*

The Operating Environment in the First Half of 2011

In the first half of 2011, the world economy was faced with many uncertainties brought by a slackened economy in Europe and the USA. However, as the Chinese economy maintained growth in a steady manner, coupled with the continuous growth of the consumer market in China, the increasing demand for logistic service has brought about a more favourable external macro-environment for the Group's logistic business. According to the statistics of the General Administration of Customs of China, from January to June 2011, total imports and exports of China amounted to US$1,703,670 million, a year-on-year increase of approximately 25.8%, of which total exports amounted to US$874,300 million, representing a year-on-year increase of approximately 24%, and imports amounted to US$829,370 million, representing a year-on-year increase of approximately 27.6%. In the first half of the year, driven by a substantial increase in exports to emerging markets including Brazil and Russia, exports of China maintained growth. Total exports of the Shenzhen region amounted to US$117,070 million, a year-on-year increase of approximately 39.6%; total imports amounted to US$83,920 million, a year-on-year increase of approximately 36.7%.

Analysis of Operating Performance

Logistic Parks

The Group owns various well-equipped logistic parks in major cities including Shenzhen, Nanjing and Yantai, Shandong Province. These parks provide logistic facilities and other value-added services such as warehousing, transportation, loading and unloading. The Group owns a land area and a gross floor area (including Nanjing Xiba Port) of 1.7 million square metres and 1.47 million square metres respectively.

The operating scale of the Group's logistic parks continued to expand. The operating area of logistic centres increased from 450,000 square metres in the first half of 2010 by 20% to approximately 530,000 square metres in the first half of 2011. Following the successive completion and openings of a number of new logistic centres, the operating scale of the Group's logistic parks expanded gradually, thereby increasing the cost competitiveness and long-term value of the logistic business and further promoting its development.

Through active efforts in marketing and improving customer mix, coupled with a favourable external macro-environment, the occupancy rates and rental incomes of all major logistic centres recorded satisfactory growth in the first half of 2011. Capitalising on the development trends of growing demands for logistics, the Group will continue with its investment and development in logistic infrastructure including the new logistic centre and exhibition centre at South China Logistic Park, as well as the planning and construction of Phase 2 of Nanjing Chemical Industrial Park Logistic Centre.

Logistic Service Business

By capitalising on the existing logistic infrastructure facilities, the Group made full use of the competitive advantages of its resources and capital in actively exploring the supply-chain management business and the value-added logistic business on the basis of its traditional warehouse leasing business. The Group continued to enhance its quality of services in order to maintain and strengthen relationships with existing customers while actively identifying new quality customers. Meanwhile, through strengthening training for existing business development staff, improving its information system and enhancing its system workflow and mode of operation, thereby improving service efficiency and reducing operating costs.

Port

After a period of more than two years, the construction of Phase 1 of Nanjing Xiba Port comprising two general bulk cargo terminals for 50,000-ton vessels and the southern depot with a site area of 200,000 square metres was completed and put into trial operation in April 2010. At the beginning of 2011, the northern depot with a site area of 200,000 square metres of Phase 1 of Nanjing Xiba Port was also put into operation, symbolising the completion of Phase 1 of Nanjing Xiba Port as a whole.

As a public port, Nanjing Xiba Port primarily provides terminal loading and unloading services for vessels carrying coal, ores, sand and other solid bulk cargo, as well as materials storage and other integrated services.

In the first half of 2011, a total of 112 vessels berthed at Nanjing Xiba Port, with one-fourth of which being large 30,000-ton vessels, achieving a total throughput of 3.92 million tonnes.

Outlook of the Second Half of 2011

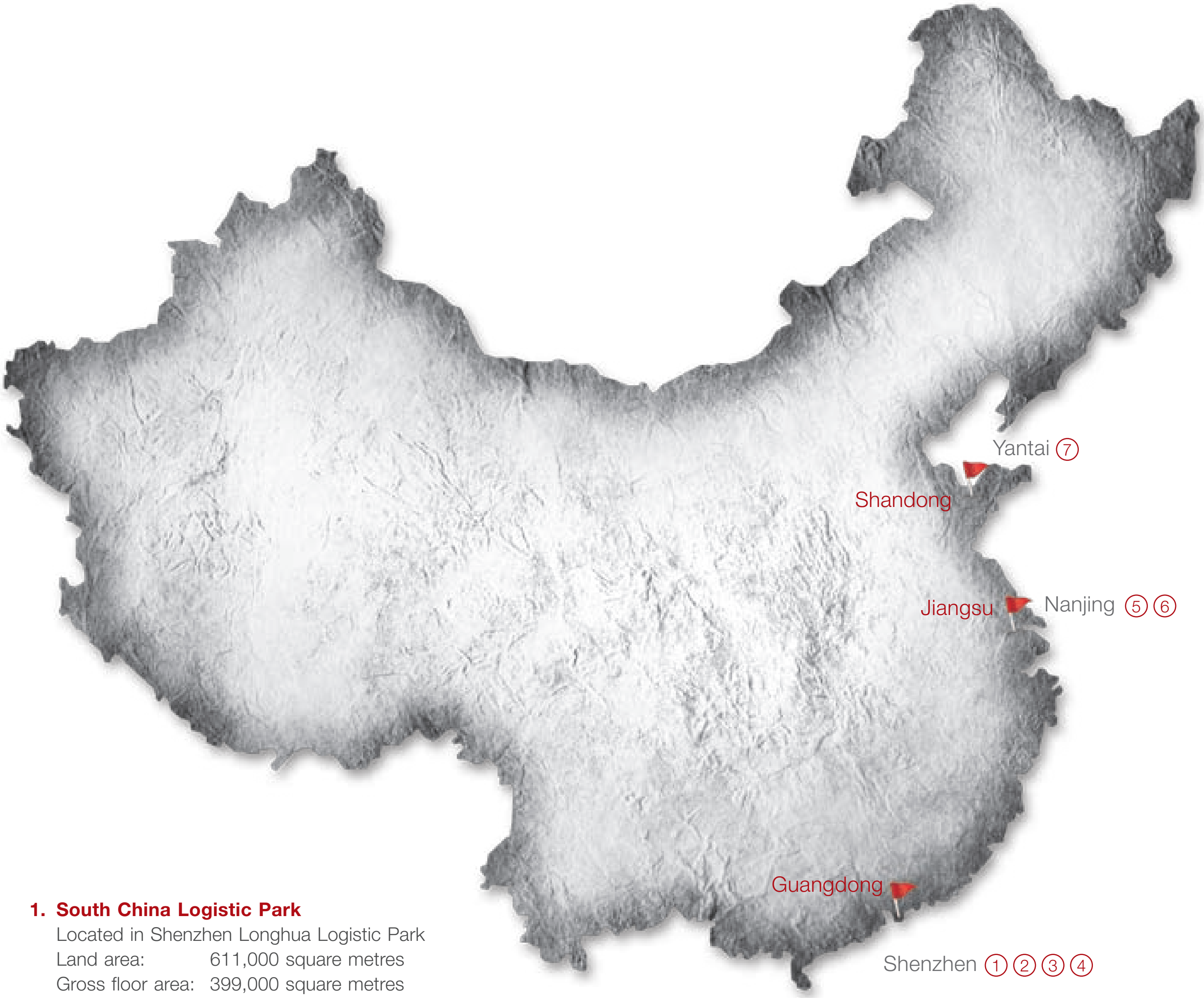
The Group expects to complete the following major tasks in the second half of 2011:

- The construction of a new logistic centre and an exhibition centre at South China Logistic Park with a gross floor area of approximately 107,000 square metres will be commenced in late August 2011.

- The development of the Qianhai area will be closely kept track of and an in-depth study on the development direction of Western Logistic Park will be carried out.

- Efforts in developing the supply-chain management business will be strengthened so as to unearth new income bases.

- As Nanjing Xiba Port is still in its early stage of development, efforts will be strengthened on enlisting new customers and enhancing service level and profitability.



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: 197,000 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: 111,000 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: 130,000 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 Nanjing Xiba Port
Located in Nanjing Chemical Industrial Park
Land area: 400,000 square metres
Operating area: 220,000 square metres

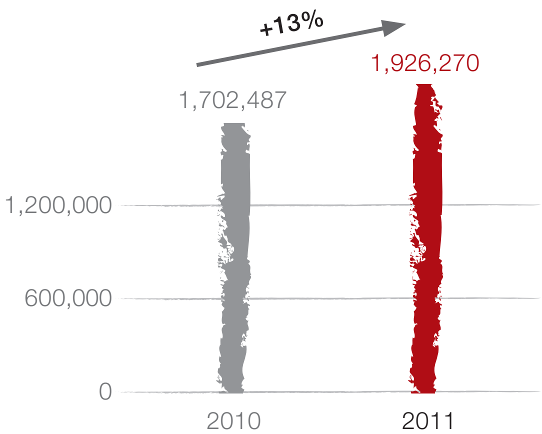
7. Yantai Bonded Logistic Centre
Located in the economic and technology development zone in Yantai City
Land area: 70,000 square metres
Gross floor area: 50,000 square metres
Operating area: 26,000 square metres

TOLL ROAD BUSINESS

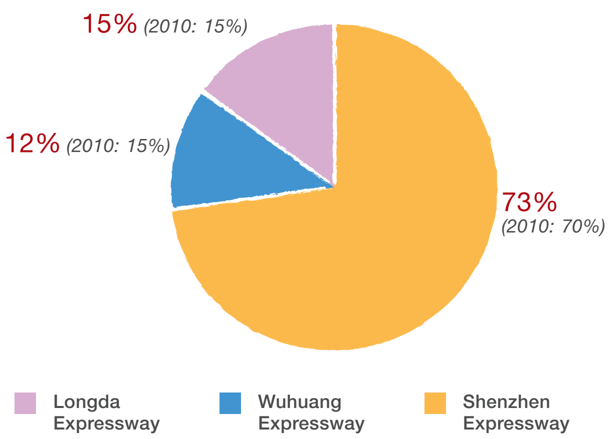
Results Analysis

- **Toll revenue increased by 13% to HK$1,926 million**
- **Profit before finance costs and tax increased by 5% to HK$1,074 million**
- **Profit attributable to shareholders increased by 2% to HK$397 million**

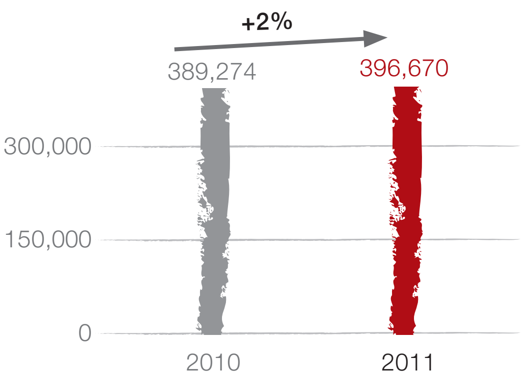
Toll Revenue
For the six months ended 30 June
HK$'000



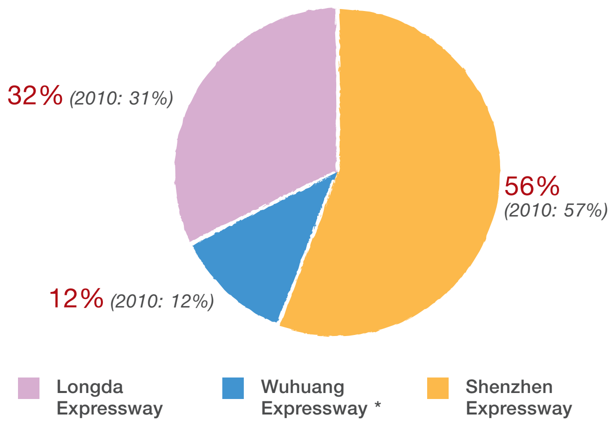
Toll Revenue Contribution (2011)
For the six months ended 30 June



Net Profit
For the six months ended 30 June
HK$'000



Net Profit Contribution (2011)
For the six months ended 30 June



* *Included only net profit attributable to the 45% interest in Wuhuang Expressway directly held by the Company.*

The Operating Environment in the First Half of 2011

In the first half of 2011, the steady development of the Chinese economy led to a stable demand for transportation. Coupled with the completion of maintenance work on certain road sections and the openings of new road sections of the Group, the overall operating performance of the toll road business maintained growth. However, as compared to the same period of the previous year, due to a weakened growth after the recovery from financial crisis and the implementation of the "Green Passage Toll-free Policy" on all toll road projects in China from December 2010, there was a slowdown in growth on the overall toll revenue and net profit of the Group during the Period.

Total toll revenue of the Group for the Period increased by 13% to approximately HK$1,926 million over the same period of the previous year. The increase was mainly attributable to the following:

- After the successive completion of construction works of the Longhua extension section of Bulong Class I Road and Longda Expressway in the first half of 2011, the use of the extension section of Longda Expressway was enhanced, thereby increasing the toll revenue of Longda Expressway;

- The adoption of expressway toll standards on Liannan section of Qinglian Expressway from January 2011 led to a rapid growth in toll revenue of Qinglian Expressway;

- The reconstruction of certain municipal roads in Shenzhen (such as Songbai Road) in recent years brought positive impact to the toll revenue of neighbouring expressways including Nanguang Expressway and Jihe Expressway; and for Nanguang Expressway, gradual improvements in road networks and the implementation of marketing measures also boosted its toll revenue; and

- The opening of Yanba Expressway (Section C) in March last year, coupled with the synergy from the opening of Huishen Coastal Expressway in the same period, drove up the operating performance of Yanba Expressway.

Net profit of the toll road business of the Group for the Period amounted to HK$397 million, representing an increase of 2% over the same period of the previous year. The level of increase in net profit was not as high as that in toll revenue was mainly due to the following:

- The overall maintenance carried out on Qinglian Class II Road in September last year led to a significant increase in road maintenance costs as compared to the same period of the previous year. Coupled with other factors including the provisions for employees' housing fund as required by the Chinese Government, there was an increase in operating costs and administrative expenses as compared to the same period of the previous year; and

- The increase in China's corporate income tax rate from 22% in the previous year to 24% led to an increase in income tax expenses.

Analysis of Operating Performance

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 Shenzhen Expressway Company Limited ("Shenzhen Expressway") in which the Group held 50.889% equity interests. Shenzhen Expressway's H shares and A shares are listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange respectively. The Group holds or controls a total of 16 expressway projects through Shenzhen Expressway, with total mileage of toll roads (excluding Wuhuang Expressway) calculated on the basis of equity interests amounting to approximately 152 kilometres, 217 kilometres and 22 kilometres in the Shenzhen region, other regions in Guangdong Province and other provinces in China respectively. In addition, the Group directly holds 89.93% equity interests in Longda Expressway and 45% equity interests in Wuhuang Expressway (with the remaining 55% interests owned by Shenzhen Expressway). The total lengths of Longda Expressway and Wuhuang Expressway are 28 kilometres and 70.3 kilometres respectively.

The operating performances of the Group's toll roads during the Period were as follows:

				Average Daily Traffic Volume		Average Daily Toll Revenue	
Toll roads	Interest held by the Group	Operation period	Length (approximate km)	First half of 2011 (Thousand Vehicles)	Increase/ decrease as compared to the same period of 2010	First half of 2011 (HK$'000)	Increase/ decrease as compared to the same period of 2010
Shenzhen region:							
Longda Expressway	89.93%	2005.10 – 2027.10	28	76	12%	1,574	14%
Meiguan Expressway	100%	1995.05 – 2027.03	19.3	120	9%	1,132	11%
Jihe East	100%	1997.10 – 2027.03	23.9	113	6%	1,660	6%
Jihe West	100%	1999.05 – 2027.03	21.7	97	16%	1,444	16%
Yanpai Expressway	100%	2006.05 – 2027.03	15.2	37	(0.20%)	490	6%
Yanba Expressway*	100%	2001.04 – 2031.03	29.1	26	28%	427	31%
Nanguang Expressway	100%	2008.01 – 2033.01	33.1	55	24%	691	37%
Shuiguan Expressway	40%	2002.02 – 2025.12	20.1	120	(7%)	1,314	(2%)
Shuiguan Extension	40%	2005.10 – 2025.12	5.2	35	(7%)	253	(4%)
Other regions in Guangdong Province:							
Qinglian Expressway**	76.37%	2009.07 – 2034.07	216	21	19%	1,500	25%
Yangmao Expressway	25%	2004.11 – 2027.07	79.7	24	14%	1,446	10%
Guangwu Project	30%	2004.12 – 2027.11	39.8	24	73%	771	78%
Jiangzhong Project	25%	2005.11 – 2027.08	37.5	86	51%	1,135	23%
Guangzhou Western Second Ring	25%	To be approved by the relevant authority	42	33	39%	863	30%
Other provinces in China:							
Wuhuang Expressway	100%	1997.09 – 2022.09	70.3	38.20	2%	1,348	(6%)
Changsha Ring Road	51%	1999.11 – 2029.12	34.5	9.6	10%	97	18%
Nanjing Third Bridge	25%	2005.10 – 2035.10	15.6	24	1%	989	7%

Notes:

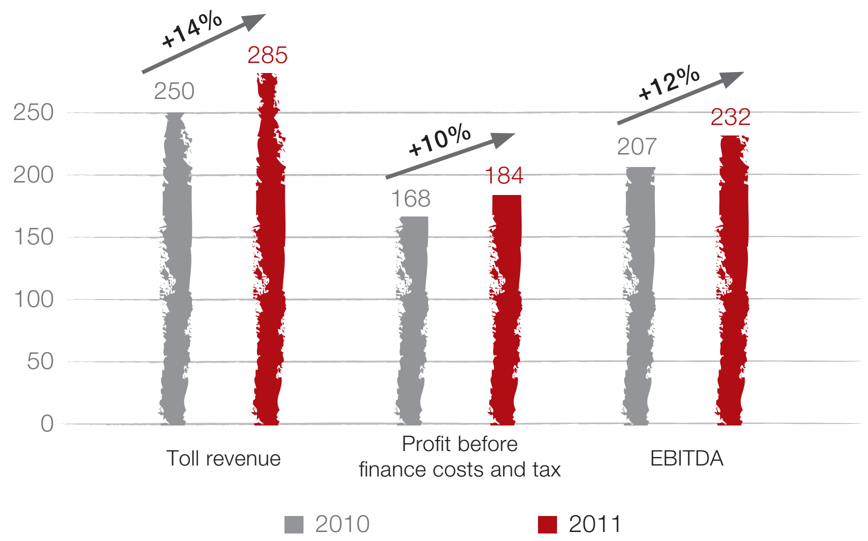
* *Yanba Expressway comprises Yanba (Section A), Yanba (Section B) and Yanba (Section C). Yanba (Section C) opened and commenced operation on 25 March 2010.*

** *Liannan Section of Qinglian Project has collected toll based on expressway toll standard since 25 January 2011.*

Longda Expressway

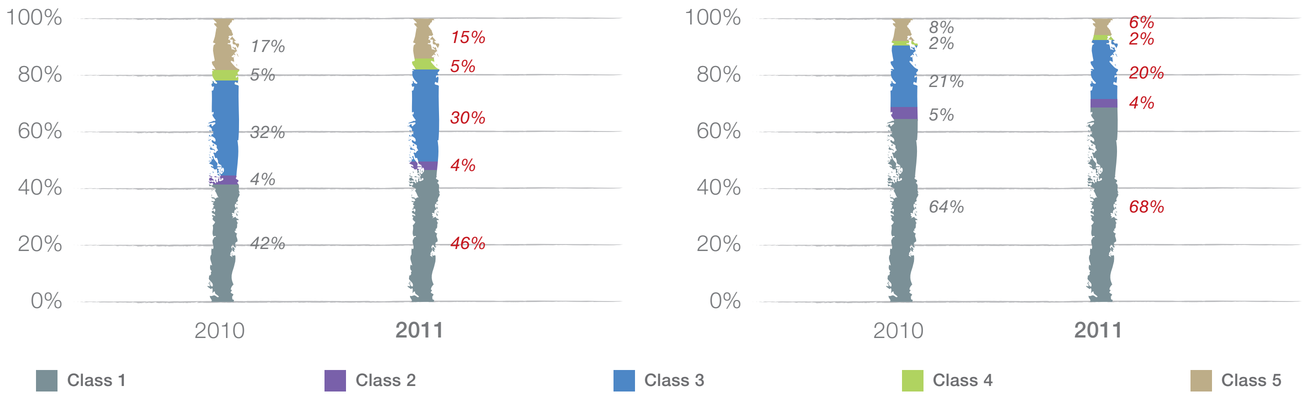
After the opening of Changhu Xinlian Subsidiary Road, Guangzhou-bound traffic may use Longda Expressway to connect Changhu Xinlian Subsidiary Road to head towards Guangzhou. This contributed to the increase of toll revenue of Longda Expressway. In addition, some vehicles heading to Dongguan, Guangzhou and other regions turned to Longda Expressway after the reconstruction of Meiguan Expressway, thereby increasing the traffic volume on Longda Expressway, and increasing the toll revenue of Longda Expressway.

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



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

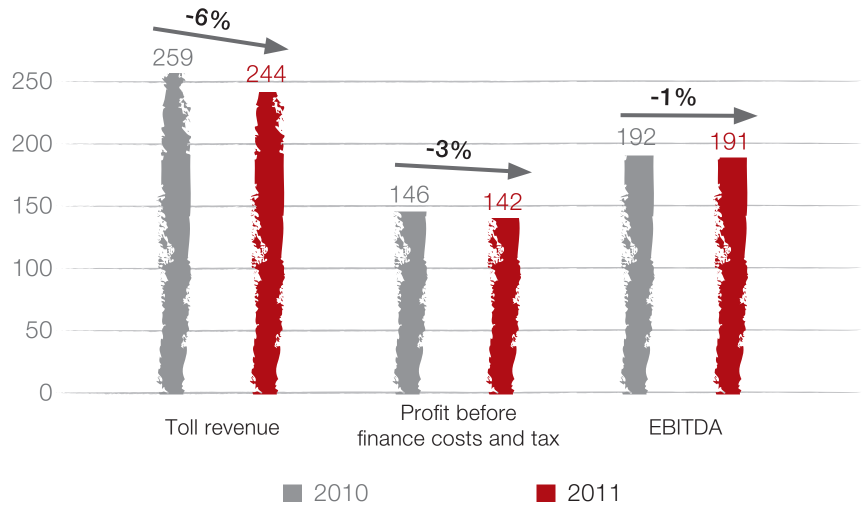
Traffic volume distribution
(For the six months ended 30 June)



Wuhuang Expressway

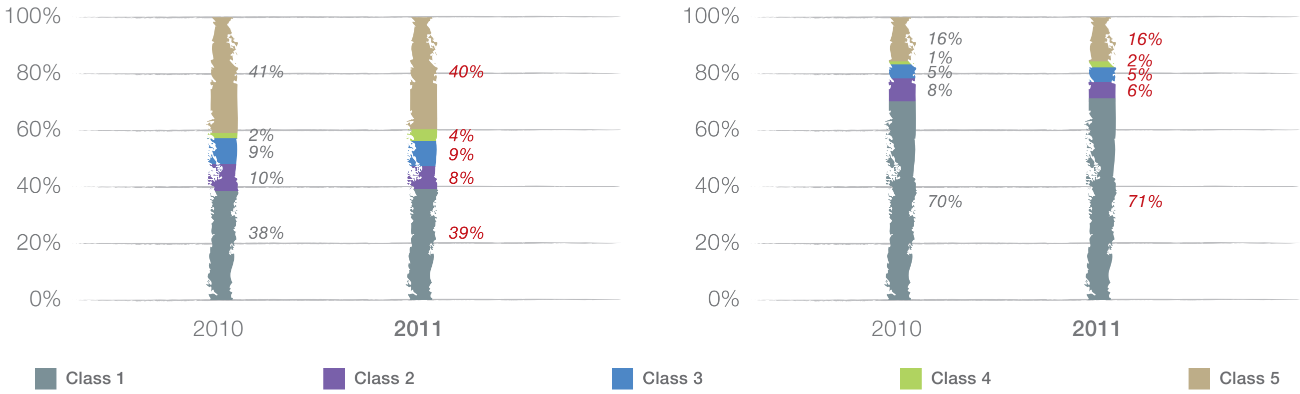
The opening of the entire Mawu Expressway (Hurong Trunk), a main trunk of national expressways connecting Shanghai with Sichuan, in mid January 2011 has brought diversion effect to part of Wuhuang Expressway. Coupled with the implementation of traffic control measures in Wuhan region in the same month, which has forbidden trucks from outside the region from using the third ring road and restricted access of local trucks by their car plate numbers on alternate days, the revenue of Wuhuang Expressway was substantially affected. However, during the Period, the toll collection and communication systems of Wuhuang Expressway were upgraded and reconstructed and beacon stations were put into operation to better manage the categorisation of toll revenues and to cope with new challenges arising from the changes in road network layouts. It is therefore expected that toll revenue of Wuhuang Expressway will increase.

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



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

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



Shenzhen Expressway

Shenzhen Expressway and its expressway projects –During the Period, Shenzhen Expressway recorded a toll revenue of HK$1,397 million (2010: HK$1,194 million), representing an increase of 17% over the same period of the previous year. Profit before finance costs and tax amounted to HK$748 million (2010: HK$712 million), representing an increase of 5% over the same period of the previous year. The Group's share of profit in Shenzhen Expressway amounted to HK$221 million (2010: HK$223 million), maintaining at a similar level as that in the same period of the previous year.

As the functional positionings and the situations of nearby road networks for various toll roads of Shenzhen Expressway are different from each other, the operating performances of the toll roads varied from each other to a certain extent. Since Shenhui Road had completed its conversion works and resumed traffic at the beginning of 2011, a portion of vehicles have returned to Shenhui Road for their travel, thereby affecting the traffic volume of the nearby Yanpai Expressway to a certain extent. To cope with various environmental changes, Shenzhen Expressway has been actively moving forward construction projects for its various toll roads, which included the expansion works for the northern section of Meiguan Expressway and the lighting and surveillance system installation works for toll roads such as Shuiguan Expressway, with a view to enhancing its traffic capacity and quality so as to improve operating performance.

Major Construction During the Period

During the Period, the Group's toll road business completed a number of construction projects, of which:

- Longhua extension section of Longda Expressway was completed at the beginning of the year. The construction enlarged the expressway from two-way 4-lane to two-way 8-lane, which has effectively eased traffic flows towards Buji, Longhua and Guanlan in Shenzhen and has enhanced the use of the extension section of Longda Expressway.

- Expressway conversion works on Liannan section of Qinglian Expressway was completed and it has adopted expressway toll standards since 25 January 2011. Total toll mileage of Qinglian Expressway increased to approximately 216 kilometres from approximately 188 kilometres.

- As at the end of June 2011, expansion works on Shuiguan Expressway was completed. The expanded Shuiguan Expressway has been put into operation.

- To cater for the opening of the 2011 Summer Universiade (the "Universiade") in Shenzhen, a series of works including lighting and surveillance system installations, and toll station landscape and service standard enhancements on Longda Expressway, Nanguang Expressway, Jihe Expressway, Yanba (Section A), Shuiguan Expressway and Shuiguan Extension were completed, thereby further enhancing the safety and comfort of the traffic environment of the Group's expressway projects in the Shenzhen region.

Outlook of the Second Half of 2011

Qinglian Project connects Qingyuan City and Lianzhou City in Hunan Province. Its south end connects the Pearl River Delta road networks through Guangqing Expressway, and its north end connects the National Beijing-Hong Kong-Macau Expressway Trunk (G4) within Hunan Province through the to-be-constructed Yi Lian Expressway. Yi Lian Expressway is expected to open around the National Day in 2011. This will enable Qinglian Expressway to fully leverage its advantage as a cross-border hub between Guangdong and Hunan, thereby enhancing its overall operating performance. The expanded Shuiguan Expressway has been put into operation. The expansion will effectively enhance the road's traffic flow and efficiency, thus further promoting growth of its toll revenue and bringing new source of operating cash flow.

OTHER BUSINESS

Shenzhen Airlines

During the Period, the domestic economy maintained a steady growth and the passenger air trip per capita increased continuously. This has stimulated demand growth in the domestic airline market. Meanwhile, benefitting from factors such as the synergy from the business cooperation with its controlling shareholder, Air China Limited ("Air China"), marketing and cost control capabilities at Shenzhen Airlines, an associate in which the Group holds a 25% equity interest, have been enhanced, leading to a steady growth in passenger and cargo volumes, while revenue and profit attributable to shareholders also registered satisfactory growths.

The total revenue of Shenzhen Airlines amounted to RMB9,458 million (HK$11,287 million) for the Period (2010: RMB7,625 million (HK$8,695 million)), up 24% over the corresponding period of the previous year. Profit attributable to shareholders amounted to RMB625 million (HK$745 million) for the Period (2010: RMB364 million (HK$415 million)), up 72% over the corresponding period of the previous year. Shenzhen Airlines contributed a profit of HK$187 million to the Group for the Period (19 April 2010 to 30 June 2010: HK$41.75 million), and representing an increase of 3.5 folds over the corresponding period of the previous year.

During the Period, both the passenger and cargo transport operations of Shenzhen Airlines performed well, achieving passenger traffic of 12,522 million passenger-km (2010: 11,230 million passenger-km) and passenger transport revenue of RMB8,180 million (2010: RMB6,660 million), up 12% and 23% respectively over the corresponding period of the previous year. The airlines carried 8.64 million passenger rides (2010: 8.18 million passenger rides), up 6% over the corresponding period of the previous year; cargo traffic reached 187 million tonne-km (2010: 158 million tonne-km) and cargo transport revenue was RMB345 million (2010: RMB293 million), both up 18% over the corresponding period of the previous year; and cargo and mail traffic was 119,800 tonnes (2010: 106,200 tonnes), up approximately 13% over the corresponding period of the previous year. As at 30 June 2011, Shenzhen Airlines operated a total of 102 passenger aircrafts. At present, it operates approximately 136 domestic and international routes, of which 127 are domestic routes, 5 are international routes and 4 are regional routes.

Despite the continued surge in international oil prices during the Period, the cost pressure brought by the increase in oil prices was mitigated to a certain extent by the strict oil prices control by the Chinese Government, the fuel surcharge mechanism and various measures including energy conservation and emissions reduction implemented by Shenzhen Airlines. Shenzhen Airlines will continue to implement an array of specific measures including an optimisation of its routes and flight connection as well as an enhancement of the utilisation rate of aircrafts so as to reduce the consumption of aviation oil in its daily operations and the possible impact arising from the increase in oil prices.

On 7 May 2011, the Group entered into an acquisition agreement with Huirun to acquire a 24% equity interest in Shenzhen Airlines from Huirun for a consideration of RMB788,632,500. Upon completion of the acquisition, the Group will increase its equity interest in Shenzhen Airlines from 25% to 49%. The acquisition presents a valuable investment opportunity to the Group to further increase its stake in Shenzhen Airlines, thus further enhancing the Company shareholders' returns.

In the second half of 2011, it is anticipated that a number of major events in Guangzhou and Shenzhen regions, including China Import and Export Trade Fair and China Hi-Tech Fair, will bring good market opportunities and ample source of customers to Shenzhen Airlines. Shenzhen Airlines will leverage the opportunity of being the only global partner in passenger airflight of the Universiade and continue to intensify the resource integration and business cooperation with Air China to create synergy, with a view to strengthening its market position in the Pearl River Delta region and further enhancing its competitiveness.

CSG

Depending on the Group's business development, capital need and internal resources coordination, coupled with the capital market conditions, the Group maintains good control of the pace in disposing the shares in CSG so as to maximise the profits of the Group.

During the Period, the Group disposed of approximately 14.62 million A shares of CSG at an average selling price of RMB20.85 (HK$24.88) per share, and realised an after-tax profit of HK$256 million (2010: HK$257 million). As at the date of this report, the Group beneficially owned 133,170,000 CSG A shares, representing approximately 6.41% in the total issued share capital of CSG. All CSG A shares held by the Group are freely tradable on the Shenzhen Stock Exchange.

FINANCIAL POSITION

	30 June 2011 HK$ million	31 December 2010 HK$ million	**Increase/ (Decrease)**
Total Assets	**38,292**	36,796	4%
Total Liabilities	**20,830**	19,773	5%
Total Equity	**17,462**	17,023	3%
Net Asset Value attributable to shareholders	**11,084**	10,844	2%
Net Asset Value per share attributable to shareholders (HK dollar)	**0.68**	0.66	3%
Cash	**2,046**	2,079	(2%)
Bank Borrowings			
Short Term Bank Loans	**1,347**	1,607	(16%)
Long Term Bank Loans due for repayment within one year	**1,083**	534	103%
Long Term Bank Loans	**9,026**	8,461	7%
	11,456	10,602	8%
Other Borrowings	**45**	42	7%
Medium Term Notes and Bond	**1,795**	1,756	2%
Convertible Bonds	**1,623**	1,549	5%
Total Borrowings	**14,919**	13,949	7%
Net Borrowings	**12,873**	11,870	8%
Debt Asset Ratio (Total Liabilities/Total Assets)	**54%**	54%	–
Ratio of Total Borrowings to Total Assets	**39%**	38%	1%#
Ratio of Net Borrowings to Total Equity	**74%**	70%	4%#
Ratio of Total Borrowings to Total Equity	**85%**	82%	3%#

Change in percentage point

Cash Balance

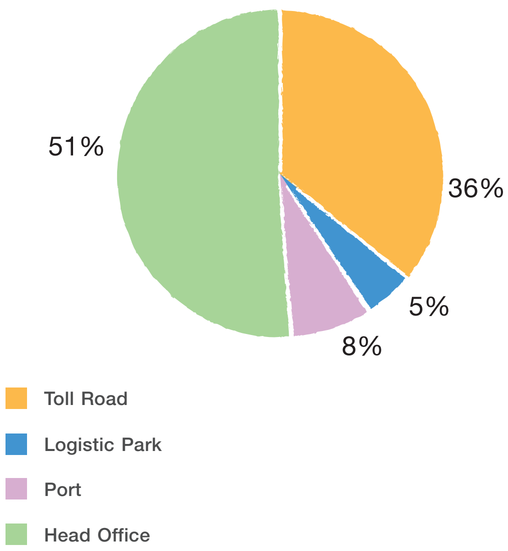
As at 30 June 2011, the Group maintained a sound level of cash balance amounting to HK$2,046 million (31 December 2010: HK$2,079 million). Nearly all cash held by the Group was denominated in Renminbi. Currently, the Group possesses adequate cash and the overall financial position is satisfactory. The abundant financial resources have laid a good foundation for the Group's business development.

Borrowings

Bank Loans

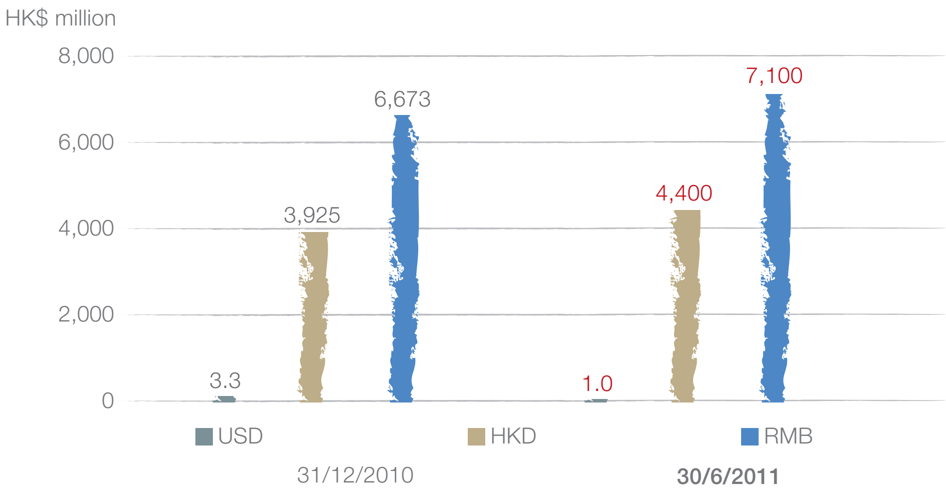
As at 30 June 2011, the total bank loans of the Group amounted to approximately HK$11,500 million (31 December 2010: HK$10,600 million), of which 21.2%, 11.5% and 67.3% were due for repayments within one year, the second year and the third year or afterwards, respectively. Of such bank loans, approximately HK$4,400 million are repayable in Hong Kong dollars, HK$1.05 million are repayable in US dollars and the remaining balance of approximately HK$7,100 million are borrowings from banks in the PRC and repayable in Renminbi. During the Period, capital expenditures of the Group amounted to HK$1,686 million (RMB1,401 million), of which approximately RMB710 million was payment of consideration for acquiring 24% equity interest in Shenzhen Airlines. During the Period, the amount of total bank loans has increased slightly as compared to last year end, due to part of the capital expenditures had used bank loans as financing channels to fulfill funding needs.

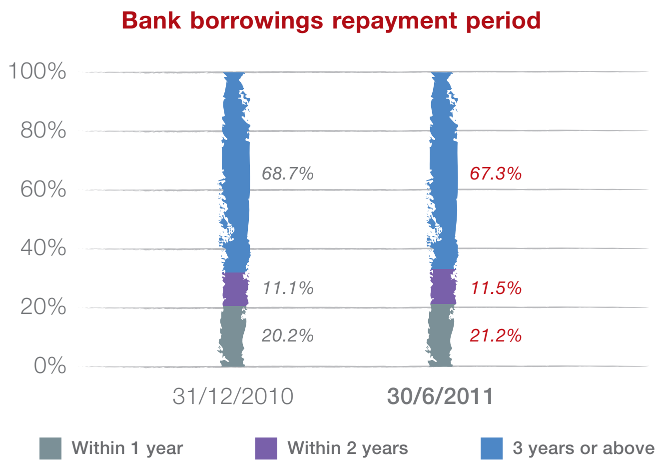
Capex Contribution during the Period



Currently, the Group has cash in hand and standby banking facilities of approximately HK$11,600 million. The Group is keen to ensure that it has adequate cash reserve and standby facilities to cater to changes in the capital market, as well as working capital and capital expenditure needs of the Group in the future.

Bank borrowings in currency





Medium Term Notes and Bond

As at 30 June 2011, the Group held a three-year medium term notes of approximately RMB698 million (HK$841 million) (31 December 2010: HK$823 million) and long-term bonds of approximately RMB792 million (HK$954 million) (31 December 2010: HK$933 million).

Convertible Bond

Shenzhen Expressway, the Group's subsidiary, issued a convertible bond at a par value of RMB1,500 million on 9 October 2007. As at 30 June 2011, the fair value of liability components of the convertible bond amounted to HK$1,623 million (31 December 2010: HK$1,549 million).

Debt-Asset Ratio

As at 30 June 2011, the Group's debt-asset ratio remained the same at 54% as of last year end. The Group's toll road business has passed its investment peak period in the year 2010, together with the Group's capital base were further enhanced following conversion of HK$1.7 billion convertible bond by the controlling shareholder at the end of 2010, the Group's debt-asset ratio is expected to remain stable.

The Group's 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 the bank loans from floating rate loans to fixed rate loans, thereby lowering the impact brought by interest rate volatility. For further details of the Group's hedging activities, please refer to note 16 of the condensed consolidated interim financial information. The management regularly reviews the appropriate ratio of fixed rate and floating rate loans. As at 30 June 2011, the Group maintained a loan portfolio with fixed rate bank loans accounting for approximately 52% of the total amount of loans.

Exchange Rate Risk

The cash inflow of the businesses operated by the Group is primarily denominated in Renminbi, and cash outflow denominated in Hong Kong dollars mainly comprises cash dividend payments to shareholders and repayments of bank loans. The cash and assets held by the Group are primarily denominated in Renminbi. The fluctuation of the Renminbi exchange rate has a positive effect on the Group's financial condition. The Renminbi currency appreciated by approximately 2.2% in the first half of 2011 and as a result, foreign exchange gain directly reduced finance costs of the Group's Hong Kong dollar-denominated bank loans by approximately HK$77 million.

Abundant Capital, Increasing Shareholder Returns

The Group's overall financial position is sound with sufficient cash flow and banking facilities, thereby ensuring liquidity of capital. Through channels of providing a steady growth in cash dividends, the Group aims to gradually enhance shareholder returns and share with them the Company's fruitful results.

Liquidity Risk

The management of the Group places a strong emphasis on capital plans. It carries out effective financial and capital plans to ensure that the Company's development needs are met. The Group's policy is to maintain financing flexibility and reduce liquidity risks through maintaining sufficient cash flow and banking facilities, and from time to time studying and researching other financial instruments such as bonds and notes so as to broaden its financing channels and optimise its debt structure.

Pledge of Assets, Guarantees and Contingent Liabilities

For details of the Group's pledge of assets, guarantees and contingent liabilities as at 30 June 2011, please refer to notes 15, 18 and 26 of the condensed consolidated interim financial information respectively.

DEVELOPMENT FOCUS AND OUTLOOK OF THE GROUP

China's current economic development is faced with complex domestic and international environments with many instabilities and uncertainties. The Chinese Government continues to give its best effort to stabilise general price level as part of its macro-economic control and moderate the pace of economic growth. The Group will closely monitor the latest development of the domestic and international economic circumstances, as well as any adjustments to the Chinese Government's macro-economic policies, and will take effective coping strategies in a proactive manner.

The logistic business has broad prospects for development as a result of the increasing support of the Chinese Government. The Group will, in response to changes in market demands and trends, promote the enhancement and innovation of its business and profit models in a proactive manner. The Group will also continue to step up investment and development of the logistic business to facilitate the integration and optimisation of resources, thereby enabling the logistic business to maintain a rapid growth in operating scale and profitability.

The toll road business of the Group possesses stable income and earnings and adequate cash flow. As new projects gradually mature in recent years, it is expected that the toll road business will enjoy steady growth in the coming years.

The Group will capitalise on opportunities to invest in new projects, quicken the pace of expansion and construction of existing projects, and further improve its internal management standards. Moreover, the Group will continue to strengthen its communication with different sectors so that its initiatives will be more positive and reasonable. As such, the Group will be able to access various resources required for the development in an opportune manner, thereby creating greater value for its shareholders.

HUMAN RESOURCES

The Group always considers talents as an important resource and a component of its strategy. The Group places emphasis on recruitment and training of talents for the enhancement of the overall quality of the management team and professional team. Through staff training and improvement of the performance management and remuneration systems, it aims to encourage the pro-activeness and creativity of staff. As at 30 June 2011, the Group had approximately 4,790 staff in total.

The Group also attaches importance to individual career development and internal training of staff. Continuous efforts were made in the training of management capability and professional quality of its staff. Staff were encouraged to pursue continuing education and self-enhancement. According to the performance of its staff, the Group offers promotion opportunities to staff with outstanding performance, thereby promoting the co-advancement of both the staff and the Group.

During the first half year of 2011, the Group has adjusted the relevant internal organisational structure, catering to the Company's business development needs. Meanwhile, management talents and logistic professionals were recruited into the Group in order to cater to the needs of the Group's increasing operating scale and further business developments.

Staff remunerations of the Group are determined according to position values, qualifications and experiences, capabilities and work performances of the staff with reference to market trends. Meanwhile, the Group granted options to the Group's management, subsidiaries' senior management and certain key staff. The Group's remuneration system and incentive scheme has effectively encouraged staff's passion in work, promoted the achievement of the Group's development strategy and realised the co-advancement of both the staff and the Group.

AUDITOR'S REVIEW REPORT

羅兵咸永道

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 27 to 53, 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 2011 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, 16 August 2011

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
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CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in HK dollar thousands unless otherwise stated)

	Note	As at 30 June 2011 (Unaudited)	As at 31 December 2010 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	**3,757,406**	3,226,152
Investment properties	7	**55,598**	49,989
Land use rights	7	**655,194**	647,623
Construction in progress	7	**181,871**	368,096
Intangible assets	7	**24,035,681**	23,446,980
Investments in associates	8	**2,542,287**	2,280,452
Investments in jointly controlled entities		**316,778**	306,821
Available-for-sale financial assets	10	**273,899**	147,263
Deferred income tax assets		**149,963**	115,485
Other non-current assets	9	**951,753**	54,050
		32,920,430	30,642,911
Current assets			
Available-for-sale financial assets	10	**2,645,443**	3,435,965
Trade and other receivables	11	**665,000**	623,300
Restricted bank deposits		**347,752**	349,573
Cash and cash equivalents		**1,698,441**	1,729,590
		5,356,636	6,138,428
Assets held for sale		**15,397**	15,055
Total assets		**38,292,463**	36,796,394
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	12	**4,928,926**	4,919,854
Other reserves	13	**986,070**	1,219,263
Retained earnings			
– Proposed dividends		**–**	491,165
– Others		**5,169,209**	4,213,745
		11,084,205	10,844,027
Non-controlling interests		**6,377,820**	6,179,498
Total equity		**17,462,025**	17,023,525

Condensed Consolidated Interim Balance Sheet

(All amounts in HK dollar thousands unless otherwise stated)

	Note	As at 30 June 2011 (Unaudited)	As at 31 December 2010 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	15	**10,866,140**	10,259,423
Derivative financial instruments	16	**77,522**	83,476
Provision for maintenance/resurfacing obligations	17	**1,238,596**	1,083,835
Convertible bond	18	**1,622,845**	1,549,341
Deferred income tax liabilities		**1,869,008**	2,019,386
		15,674,111	14,995,461
Current liabilities			
Trade and other payables	14	**2,416,578**	2,308,267
Income tax payable		**281,650**	296,232
Provision for maintenance/resurfacing obligations	17	**23,469**	26,877
Borrowings	15	**2,429,863**	2,140,954
Derivative financial instruments	16	**4,767**	5,078
		5,156,327	4,777,408
Total liabilities		**20,830,438**	19,772,869
Total equity and liabilities		**38,292,463**	36,796,394
Net current assets		**215,706**	1,376,075
Total assets less current liabilities		**33,136,136**	32,018,986

The notes on pages 33 to 53 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 2011 (Unaudited)	2010 (Unaudited)
Revenue	19	**2,742,389**	2,266,006
Cost of sales		**(1,609,716)**	(1,255,509)
Gross profit		**1,132,673**	1,010,497
Other gains – net	20	**368,075**	379,572
Other income	21	**80,460**	50,302
Distribution costs		**(15,379)**	(12,331)
Administrative expenses		**(124,817)**	(85,524)
Operating profit		**1,441,012**	1,342,516
Share of profit of jointly controlled entities		**1,493**	3,869
Share of profit of associates	8	**287,179**	139,474
Profit before finance costs and tax		**1,729,684**	1,485,859
Finance income	22	**14,286**	11,024
Finance costs	22	**(299,841)**	(334,576)
Finance costs – net	22	**(285,555)**	(323,552)
Profit before income tax		**1,444,129**	1,162,307
Income tax expense	23	**(286,613)**	(248,463)
Profit for the period		**1,157,516**	913,844
Attributable to:			
Equity holders of the Company		**954,351**	712,337
Non-controlling interests		**203,165**	201,507
		1,157,516	913,844
Earnings per share for the profit attributable to equity holders of the Company during the period (expressed in HK cents per share)			
– Basic	24	**5.83**	5.03
– Diluted	24	**5.81**	4.79
Dividends	25	**–**	–

The notes on pages 33 to 53 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	
	2011	2010
	(Unaudited)	(Unaudited)
Profit for the period	**1,157,516**	913,844
Other comprehensive income:		
Fair value losses on available-for-sale financial assets, net of tax	**(345,604)**	(357,704)
Transfer of fair value gain to income statement upon disposal of available-for-sale financial assets, net of tax	**(251,224)**	(230,374)
Fair value gains/(losses) on derivative financial instruments, net of tax	**16,830**	(17,210)
Share of other comprehensive income of an associate	**(15)**	(1)
Currency translation differences	**487,076**	158,041
Other comprehensive income for the period, net of tax	**(92,937)**	(447,248)
Total comprehensive income for the period	**1,064,579**	466,596
Total comprehensive income attributable to:		
Equity holders of the Company	**721,158**	193,925
Non-controlling interests	**343,421**	272,671
	1,064,579	466,596

The notes on pages 33 to 53 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	Total	Non controlling interests	Total equity
Balance as at 1 January 2010	**2,973,698**	**252,447**	**3,798,991**	**7,025,136**	**5,694,554**	**12,719,690**
Total comprehensive income for the six months ended 30 June 2010	**–**	**(518,412)**	**712,337**	**193,925**	**272,671**	**466,596**
Transactions with owners						
Employee share options– proceeds from shares issued	4,371	–	–	4,371	–	4,371
Transfer to reserve fund	–	973	(973)	–	–	–
Dividend relating to 2009	–	–	(307,216)	(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)**	**(302,845)**	**(158,176)**	**(461,021)**
Balance as at 30 June 2010	**2,978,069**	**(264,992)**	**4,203,139**	**6,916,216**	**5,809,049**	**12,725,265**
Balance as at 1 January 2011	**4,919,854**	**1,219,263**	**4,704,910**	**10,844,027**	**6,179,498**	**17,023,525**
Total comprehensive income for the six months ended 30 June 2011	**–**	**(233,193)**	**954,351**	**721,158**	**343,421**	**1,064,579**
Transactions with owners						
Employee share options– value of employee services	9,072	–	–	9,072	–	9,072
Dividend relating to 2010	–	–	(490,052)	(490,052)	–	(490,052)
Dividend paid to the non-controlling interests by the subsidiaries	–	–	–	–	(221,431)	(221,431)
Injection from the non-controlling interests	–	–	–	–	76,332	76,332
Total transactions with owners	**9,072**	**–**	**(490,052)**	**(480,980)**	**(145,099)**	**(626,079)**
Balance as at 30 June 2011	**4,928,926**	**986,070**	**5,169,209**	**11,084,205**	**6,377,820**	**17,462,025**

The notes on pages 33 to 53 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	
	2011	2010
	(Unaudited)	(Unaudited)
Cash generated from operations	**1,688,698**	1,356,184
Interest paid	**(195,427)**	(193,536)
Income tax paid	**(354,878)**	(222,746)
Net cash inflows from operating activities	**1,138,393**	939,902
Net cash outflows from investing activities	**(1,216,091)**	(856,070)
Net cash inflows/(outflows) from financing activities	**43,386**	(70,638)
Net (decrease)/increase in cash and cash equivalents	**(34,312)**	13,194
Cash and cash equivalents at beginning of the period	**1,729,590**	1,126,402
Exchange gain	**3,163**	–
Cash and cash equivalents at end of the period	**1,698,441**	1,139,596

The notes on pages 33 to 53 form an integral part of this unaudited condensed consolidated interim financial information.

1. GENERAL INFORMATION

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

- Toll roads; and
- Logistic business.

The Group has operations mainly in the People's Republic of China ("PRC").

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

The Company has its 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 Hong Kong Stock Exchange and Shanghai Stock Exchange.

As at 30 June 2011, Ultrarich International Limited ("Ultrarich") owns 7,955,216,814 ordinary shares of the Company directly, representing approximately 48.59% of the issued share capital of the Company. As Shenzhen Investment Holdings Company Limited ("SIHCL") held the 100% equity interests in Ultrarich, it had a deemed interest in 48.59% of the equity in the Company held by Ultrarich and was the largest shareholder of the Company. SIHCL is supervised and managed by Shenzhen Municipal State-owned Assets Supervision and Administration Commission ("Shenzhen SASAC"), which is a state-owned authority of the PRC. As SIHCL controls the financial and operating policies of the Company, the directors of the Company regard SIHCL as the de facto controller of the Company. Since Shenzhen SASAC supervises and manages SIHCL, It controls the financial and operating policies of SIHCL. As a result, the Company is also de facto controlled by Shenzhen SASAC.

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

This Financial Information was approved for issue on 16 August 2011 and has not been audited.

Key events

On 7 May 2011, the Group, through its wholly-owned subsidiary, Shenzhen International Total Logistics (Shenzhen) Co., Ltd. ("Total Logistics"), entered into an acquisition agreement with Shenzhen Huirun Investment Co., Ltd. ("Huirun"), pursuant to which Total Logistics will acquire 24% equity interest in Shenzhen Airlines Company Limited ("Shenzhen Airlines") from Huirun for a consideration of RMB788,632,500 (equivalent to approximately HKD943,340,300) (the "Acquisition"). Upon completion of the Acquisition, Total Logistics will increase its equity interest in Shenzhen Airlines from 25% to 49%, and Shenzhen Airlines will remain as an associate of the Group. As of the date of the approval of this Financial Information, the Acquisition has not yet completed.

2. BASIS OF PREPARATION

This Financial Information for the six months ended 30 June 2011 (the "Period") has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 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 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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 2010, 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) Amended standard adopted by the Group

The following amendment to standard is mandatory for the first time for the financial year beginning 1 January 2011:

- Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting standard only results in additional disclosures.

(b) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

- Amendment to HKAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

- Amendment to HK(IFRIC) – Int-14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

- HK(IFRIC) – Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

- Third improvements to HKFRSs (2010) were issued in May 2010 by HKICPA, except for amendment to HKAS 34 'Interim financial reporting' as disclosed above and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

4. CHANGES IN CRITICAL ACCOUNTING ESTIMATE AND ASSUMPTIONS

The preparation of Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2010.

(All amounts in HK dollar thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

There have been no significant changes in the risk management in the Group since year end.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2011:

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
– Equity securities	2,645,443	–	239,586	2,885,029
Liabilities				
Derivatives – interest rate swaps, cross currency and interest rate swap and foreign exchange forward contract	–	82,289	–	82,289

(All amounts in HK dollar thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010:

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
– Equity securities	3,435,965	–	113,714	3,549,679
Liabilities				
Derivatives – interest rate swaps, cross currency and interest rate swap and foreign exchange forward contract	–	88,554	–	88,554

During the Period, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

During the Period, there were no reclassifications of financial assets.

6. SEGMENT INFORMATION

The Group assessed its operations to be organised in two main business segments:

– Toll roads; and

– Logistic business.

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 and logistics business which combined the business segments of logistic parks, provision of logistic service and port in prior period. The change is mainly because the board of directors assess performance and allocate resources with a combined basis of the logistic business since second half of year of 2010, which is more appropriate for the Group's business development in future.

Toll roads include development, operation and management of toll highway; logistic business includes: (i) logistic parks which mainly include the construction, operation and management of logistic centres; (ii) logistic services which include the provision of third party logistic and logistic information services to customers; and (iii) port which includes construction, operation and management of wharf and logistic centres at Xiba Port in Nanjing, a new business from mid – April 2010.

The board of directors assesses the performance of the operating segments based on a measure of operating profit.

(All amounts in HK dollar thousands unless otherwise stated)

6. 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 2011

	Toll roads	Logistic business				Head office functions	Total
		Logistic parks	Logistic services	Port	Subtotal		
Revenue	2,368,197[a]	223,128	114,130	36,934	374,192	–	2,742,389
Operating profit	975,339	67,053	7,902	11,021	85,976	379,697	1,441,012
Share of (loss)/profit of jointly controlled entities	(665)	2,848	(690)	–	2,158	–	1,493
Share of profit of associates	99,530	–	692	–	692	186,957	287,179
Finance income	7,972	892	446	426	1,764	4,550	14,286
Finance costs	(299,992)	(5,913)	(1,591)	(6,072)	(13,576)	13,727	(299,841)
Profit before tax	782,184	64,880	6,759	5,375	77,014	584,931	1,444,129
Income tax expense	(185,378)	(12,509)	(1,610)	–	(14,119)	(87,116)	(286,613)
Profit for the period	596,806	52,371	5,149	5,375	62,895	497,815	1,157,516
Non-controlling interests	(200,136)	(898)	(518)	(1,613)	(3,029)	–	(203,165)
Profit attributable to equity holders of the Company	396,670	51,473	4,631	3,762	59,866	497,815	954,351
Depreciation and amortisation	443,592	29,697	5,797	13,113	48,607	13,222	505,421
Capital expenditure							
– Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	624,813	80,150	1,763	143,797	225,710	10,222	860,745
Investments in jointly controlled entities	5,899	–	–	–	–	–	5,899

(All amounts in HK dollar thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

For the six months ended 30 June 2010

	Toll roads	Logistic business				Head office functions	Total
		Logistic parks	Logistic services	Port	Subtotal		
Revenue	2,069,947[a]	118,585	72,589	4,885	196,059	–	2,266,006
Operating profit/(loss)	927,447	26,619	4,255	(1,005)	29,869	385,200	1,342,516
Share of profit/(loss) of jointly controlled entities	1,519	2,817	(467)	–	2,350	–	3,869
Share of profit of associates	97,460	–	268	–	268	41,746	139,474
Finance income	8,913	676	413	140	1,229	882	11,024
Finance costs	(289,395)	(7)	(37)	(915)	(959)	(44,222)	(334,576)
Profit/(loss) before tax	745,944	30,105	4,432	(1,780)	32,757	383,606	1,162,307
Income tax expense	(155,375)	(6,121)	(262)	–	(6,383)	(86,705)	(248,463)
Profit/(loss) for the period	590,569	23,984	4,170	(1,780)	26,374	296,901	913,844
Non-controlling interests	(201,295)	(16)	(729)	533	(212)	–	(201,507)
Profit/(loss) attributable to equity holders of the Company	389,274	23,968	3,441	(1,247)	26,162	296,901	712,337
Depreciation and amortisation	413,114	19,526	5,784	5,122	30,432	2,138	445,684
Capital expenditure							
– Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	408,728	213,622	14,516	278,047	506,185	66,982	981,895
Investment in associates	–	–	–	–	–	395,838	395,838

(a) The revenue from toll roads includes construction service revenue of HKD441,927,000 (2010 interim: HKD367,460,000) for the Period.

(b) The Group has no revenue from a single customer which exceeds 5% or more of the Group's revenue.

(All amounts in HK dollar thousands unless otherwise stated)

7. CAPITAL EXPENDITURE

	Concession intangible assets	Investment properties	Property, plant and equipment	Land use rights	Construction in progress
Six months ended 30 June 2011					
Net book amount as at 1 January 2011	**23,446,980**	**49,989**	**3,226,152**	**647,623**	**368,096**
Fair value gain	**–**	**5,500**	**–**	**–**	**–**
Additions	**445,917**	**–**	**76,402**	**1,227**	**337,199**
Disposals	**–**	**–**	**(30,109)**	**–**	**–**
Transfers	**–**	**–**	**528,553**	**–**	**(528,553)**
Exchange difference	**520,580**	**109**	**75,716**	**14,661**	**5,129**
Depreciation/amortisation	**(377,796)**	**–**	**(119,308)**	**(8,317)**	**–**
Net book amount as at 30 June 2011	**24,035,681**	**55,598**	**3,757,406**	**655,194**	**181,871**
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)	–	–	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

(All amounts in HK dollar thousands unless otherwise stated)

8. INVESTMENTS IN ASSOCIATES

	Six months ended 30 June	
	2011	2010
Beginning of the period	**2,280,452**	1,455,216
Transfer from available-for-sale financial assets	**–**	68,538
Additions	**–**	395,838
Share of profit of associates	**287,179**	139,474
Share of other comprehensive income of associates	**(15)**	–
Dividends received	**(79,812)**	(73,004)
Exchange difference	**54,483**	25,073
End of the period	**2,542,287**	2,011,135

The ending balance comprises the following:

	As at	
	30 June 2011	31 December 2010
Unlisted investments, at cost		
Share of net assets other than goodwill	**1,799,985**	1,554,665
Goodwill on acquisition	**742,302**	725,787
	2,542,287	2,280,452

After the assessment made by the directors of the Company, there was no impairment loss for the goodwill as at 30 June 2011.

In May 2011, Shenzhen Airlines received an originating summons from the Higher People's Court of Guangdong Province in respect of an outstanding loan totalling RMB390,000,000 borrowed by Huirun from a third party. It is alleged that Shenzhen Airlines has entered into several guarantee agreements with the third party and Huirun, pursuant to which Shenzhen Airlines acted as guarantor in favour of the third party for the amount borrowed by Huirun in or before the year 2009. The proceeding is still in the preliminary stage. Shenzhen Airlines has questioned the authenticity of the guarantee agreements and is awaiting the court ruling on this issue. As the directors of the Company and the directors of Shenzhen Airlines have made the reasonable consultation, they are of the view that it is premature to estimate the eventual outcome of the claim with reasonable judgment at this stage and therefore no provision for this claim is made in the financial statements as at 30 June 2011.

9. OTHER NON-CURRENT ASSETS

As at 30 June 2011, other non-current assets include the prepayment of HKD854,526,000 for the acquisition of additional 24% equity interest in Shenzhen Airlines (Note 1). The remaining balance mainly represents the prepayment for other leased assets and construction in progress.

(All amounts in HK dollar thousands unless otherwise stated)

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended 30 June	
	2011	2010
Beginning of the period	**3,583,228**	2,453,841
Net fair value losses	**(397,788)**	(415,576)
Disposals	**(347,634)**	(327,325)
Transfer to investment in associates	**–**	(39,046)
Exchange differences	**81,536**	30,892
End of the period	**2,919,342**	1,702,786
Less: non-current portion	**(273,899)**	(104,694)
Current portion	**2,645,443**	1,598,092

Available-for-sale financial assets include the following:

	As at	
	30 June 2011	31 December 2010
Listed securities in the PRC, at fair value (Note (a))	**2,645,443**	3,435,965
Unlisted equity investments:		
at fair value	**239,586**	113,714
at cost less impairment		
– Cost	**58,408**	57,644
– Provision for impairment	**(24,095)**	(24,095)
	34,313	33,549
	273,899	147,263
	2,919,342	3,583,228

(a) As at 30 June 2011, listed equity investments stated at fair value represent 6.41% (equivalent to 133,170,000 shares) A share interest in CSG Holding Co., Ltd. held by the Group.

(All amounts in HK dollar thousands unless otherwise stated)

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2011	As at 31 December 2010
Trade receivables	**488,020**	452,808
Less: Provision for impairment of receivables	**(7,983)**	(2,934)
Trade receivables – net	**480,037**	449,874
Other receivables and prepayments	**184,963**	173,426
	665,000	623,300

The income from toll road operations is mainly received in cash and it usually does not maintain any trade receivable balances related to toll road operations. Accordingly, the Group does not have any specified credit period for its customers related to toll road operations. Trade receivables other than toll road income 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 2011	As at 31 December 2010
0-90 days	**259,880**	277,694
91-180 days	**38,311**	6,691
181-365 days	**21,685**	8,893
Over 365 days (i)	**168,144**	159,530
	488,020	452,808

(i) Trade receivables due over 365 days mainly comprised the amounts of HKD163,260,000 (31 December 2010: HKD158,986,000) arising from the development and management of certain toll road projects administrated for Shenzhen Traffic and Transport Committee.

(ii) Trade receivable amounting to HKD165,538,000 (RMB137,496,000) from Shenzhen Traffic and Transport Committee was secured for factoring facilities, in accordance with a factoring pool financing contract signed with Shenzhen branch of China Construction Bank Corporation (Note 15(e)).

12. SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares (shares)	Ordinary shares	Share premium	Total
As at 1 January 2010	**14,141,929,475**	**1,414,193**	**1,559,505**	**2,973,698**
Employee share option scheme				
– proceeds from shares issued	15,500,000	1,550	2,821	4,371
As at 30 June 2010	**14,157,429,475**	**1,415,743**	**1,562,326**	**2,978,069**
As at 1 January 2011	**16,372,173,064**	**1,637,217**	**3,282,637**	**4,919,854**
Employee share option scheme				
– value of employee services	–	–	9,072	9,072
As at 30 June 2011	**16,372,173,064**	**1,637,217**	**3,291,709**	**4,928,926**

i) Authorised and issued shares

The total authorised number of ordinary shares is 20,000 million shares (31 December 2010: 20,000 million shares) with par value of HKD0.1 per share (31 December 2010: HKD0.1 per share). All issued shares are fully paid.

ii) Share option

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

	Six months ended 30 June 2011		Six months ended 30 June 2010	
	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	**0.575**	**321,600**	0.455	50,500
Exercised	**–**	**–**	0.282	(15,500)
Lapsed	**0.580**	**(6,600)**	–	–
End of the period	**0.575**	**315,000**	0.532	35,000

Share options outstanding at the end of the period/year have the following dates of maturity and exercise prices:

Date of maturity	**Exercise price** (HKD per share)	**Number of share options (thousands) As at 30 June 2011**	31 December 2010
5 February 2012 (Note (a))	0.532	**35,000**	35,000
27 September 2015 (Note (b))	0.580	**280,000**	286,600
		315,000	321,600

(a) 35,000,000 share options (31 December 2010: 35,000,000 options) granted to certain directors and employees on 6 February 2007 are unconditional and vested immediately. No share option was exercised in the Period (2010 interim: Nil).

(All amounts in HK dollar thousands unless otherwise stated)

12. SHARE CAPITAL AND SHARE PREMIUM (continued)

ii) Share option (continued)

(b) On 28 September 2010, the grant date (the "Grant Date"), 286,600,000 share options (the "Share Options") with an exercise price of HKD0.58 per share were granted to certain directors of the Company and to selected employees of the Group. The exercise price of the Share Options in 2010 is equal to the market price of the shares on the Grant Date. The options are exercisable starting two years from the Grant Date: 40% of the Share Options will be vested on the date which is 24 months after the Grant Date; another 30% of the Share Options granted will be vested on the date which is 36 months after the Grant Date, and the remaining 30% of the Share Options will be vested on the date which is 48 months after the Grant Date. The vesting of the Share Options is conditional, subject to the individual performance of respective grantees and the achievement of certain performance targets of the Group. 6,600,000 share options were lapsed during the Period (2010 interim: Nil).

13. 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 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 of 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)**
At 1 January 2011	**133,978**	**2,472,918**	**1,462,932**	**59,723**	**(159,583)**	**(64,359)**	**(4,082,110)**	**507,216**	**(165,019)**	**1,040,562**	**13,005**	**1,219,263**
Fair value losses on available-for-sale financial assets, net of tax	-	(345,604)	-	-	-	-	-	-	-	-	-	(345,604)
Transfer of fair value gain to income statement upon disposal of available-for-sale financial assets, net of tax	-	(251,224)	-	-	-	-	-	-	-	-	-	(251,224)
Fair value gains on derivative financial instruments, net of tax	-	-	-	-	-	13,175	-	-	-	-	-	13,175
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-	(15)	-	-	(15)
Currency translation differences	-	78,869	-	-	-	-	-	-	-	271,606	-	350,475
At 30 June 2011	**133,978**	**1,954,959**	**1,462,932**	**59,723**	**(159,583)**	**(51,184)**	**(4,082,110)**	**507,216**	**(165,034)**	**1,312,168**	**13,005**	**986,070**

(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)

14. TRADE AND OTHER PAYABLES

	As at	
	30 June 2011	31 December 2010
Trade payables (Note (a))	**57,241**	51,643
Payables relating to construction projects	**1,525,095**	1,530,383
Advance from an associate (Note (b))	**55,984**	54,738
Other payables and accrued expenses	**778,258**	671,503
	2,416,578	2,308,267

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

	As at	
	30 June 2011	31 December 2010
0-90 days	**50,630**	44,411
91-180 days	**1,227**	671
181-365 days	**452**	2,961
Over 365 days	**4,932**	3,600
	57,241	51,643

(b) The advance from Nanjing Yangzi River Third Bridge Company Limited, an associate of the Group is interest-free and repayable on demand.

15. BORROWINGS

	As at	
	30 June 2011	31 December 2010
Non-current		
– Bank and other borrowings (Note (b))	**10,153,603**	9,037,017
– Medium-term notes (Note (c))	**840,861**	823,423
– Corporate bonds (Note (d))	**954,244**	932,620
	11,948,708	10,793,060
Less: Current portion	**(1,082,568)**	(533,637)
	10,866,140	10,259,423
Current		
– Bank and other borrowings (Note (e))	**2,429,863**	2,140,954
Total borrowings	**13,296,003**	12,400,377

Interest expense on borrowings for the Period was HKD386,911,000 (2010 interim: HKD394,207,000).

(All amounts in HK dollar thousands unless otherwise stated)

15. BORROWINGS (continued)

Movement in borrowings is analysed as follows:

	Six months ended 30 June	
	2011	2010
Opening balance as at 1 January	**12,400,377**	11,689,494
Proceeds from borrowings	**2,154,451**	2,397,262
Repayments of borrowings	**(1,486,492)**	(2,019,665)
Exchange differences	**227,667**	115,115
Closing balance as at 30 June	**13,296,003**	12,182,206

(a) The Group has the following undrawn banking facilities:

	As at	
	30 June 2011	31 December 2010
Floating rate		
– Expiring within one year	**2,226,338**	2,166,386
– Expiring beyond one year	**6,728,871**	6,962,920
	8,955,209	9,129,306
Fixed rate		
– Expiring beyond one year	**957,139**	935,845
	9,912,348	10,065,151

(b) Including in bank and other borrowings, HKD210,000,000 (31 December 2010: HKD210,000,000) are secured by the Group's equity interest in Jade Emperor Limited("JEL"), a wholly owned subsidiary; HKD4,506,217,000 (RMB3,742,864,000) (31 December 2010: HKD4,278,038,000 (RMB3,633,900,000)) 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 ("Qinglian Company"), and for HKD800,626,000 (RMB665,000,000) (31 December 2010: HKD782,813,000 (RMB665,000,000)) is secured by a pledge of the 40% equity rights of Shenzhen Qinglong Expressway Company Limited, an associate of the Group.

(c) The medium-term notes with principal amount of RMB700 million have terms of three years and bear floating rate interest. The applicable interest rate of the notes is 3.72% per annum for the first year and 4.47% per annum for the second year.

(d) Shenzhen Expressway issued long-term corporate bonds of RMB800 million for a term of 15 years bearing interest at 5.5% per annum in August 2007. Interest is payable annually and the principal is repayable in full upon maturity. The full amount of principal and interest of the bonds are 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.

(e) Amongst the current bank borrowing, HKD316,000,000 was secured by a fixed deposit of RMB275,000,000 (HKD331,086,000) (31 December 2010: RMB275,000,000 (HKD323,720,000)) with a maturity of one year; HKD177,000,000 (31 December 2010: HKD112,000,000) is secured by a pledged of the Group's equity interest in JEL; HKD60,197,000 (RMB50,000,000) (31 December 2010: Nil) is secured by trade receivables (Note 11 (ii)); HKD124,657,000 (RMB103,540,000) (31 December 2010: Nil) 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 Qinglian Company.

(All amounts in HK dollar thousands unless otherwise stated)

16. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2011	As at 31 December 2010
Interest rate swaps		
– non-current liabilities – cash flow hedges (Note (a))	**45,270**	53,227
– current liabilities – held for trading	**4,767**	5,078
Cross currency and interest rate swap		
– non-current liabilities – cash flow hedges (Note (b))	**30,889**	28,408
Foreign exchange forward contract		
– non-current liabilities – cash flow hedges (Note (c))	**1,363**	1,841
	82,289	88,554

During the Period, the fair value change of derivative financial instruments recognised in other comprehensive income and income statement amounted to HKD13,175,000 (2010 interim: HKD15,149,000) and nil (2010 interim: HKD2,411,000) respectively.

(a) Interest rate swaps

At 30 June 2011, the fixed interest rates of interest rate swap contracts vary from 1.8% to 2.9% (31 December 2010: 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 other comprehensive income (Note 13) on interest rate swap contracts as of 30 June 2011 will be continuously released to the income statement until the full repayment of the bank borrowings.

As at 30 June 2011, the aggregate notional amount of the interest rate swaps for cash flow hedge purpose amounted to HKD2,837,500,000 (31 December 2010: HKD3,065,000,000).

Outstanding notional principal amount HKD	30 June 2011 balance of the derivative financial instruments HKD	Maturity date
200,000,000	2,578,000	28 November 2011
65,000,000	654,000	30 March 2012
1,088,750,000	45,270,000	31 July 2013
65,000,000	1,044,000	30 March 2012
1,088,750,000	437,000	29 July 2011
200,000,000	28,000	31 August 2011
130,000,000	26,000	30 March 2012
2,837,500,000	50,037,000	

(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 2011 was HKD399,000,000 (31 December 2010: HKD399,000,000). Through this arrangement, Shenzhen Expressway 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.

(All amounts in HK dollar thousands unless otherwise stated)

16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(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 2011 was HKD227,000,000 (31 December 2010: HKD227,000,000). 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.

Gains and losses recognised in the hedging reserve in equity (Note 13) on cross currency and interest swap and forward foreign exchange contracts at 30 June 2011 will be continuously released to the statement of comprehensive income until the full repayment of the bank borrowings.

17. PROVISION FOR MAINTENANCE/RESURFACING OBLIGATIONS

	Six months ended 30 June	
	2011	2010
Opening net book amount	**1,110,712**	829,180
Charged to the income statement:		
Additions	**87,687**	95,088
Increase due to passage of time (Note 22)	**37,264**	27,552
Exchange difference	**26,402**	10,434
Closing net book amount	**1,262,065**	962,254
Less: Current portion	**(23,469)**	–
Non-current portion	**1,238,596**	962,254

18. CONVERTIBLE BOND

	As at	
	30 June 2011	31 December 2010
Convertible bond		
– Non-current	**1,622,845**	1,549,341

The convertible bond with the face value of RMB1,500,000,000 was issued in 2007 by Shenzhen Expressway. The movement during the Period is as follows:

	Liability component	Equity component	Total
At 1 January 2010	1,426,402	344,810	1,771,212
Interest expense	34,499	–	34,499
Exchange differences	18,520	–	18,520
At 30 June 2010	1,479,421	344,810	1,824,231
At 1 January 2011	**1,549,341**	**344,810**	**1,894,151**
Interest expense	**37,907**	**–**	**37,907**
Exchange differences	**35,597**	**–**	**35,597**
At 30 June 2011	**1,622,845**	**344,810**	**1,967,655**

(All amounts in HK dollar thousands unless otherwise stated)

18. CONVERTIBLE BOND (continued)

The full amount of the principal and related interests of the convertible bonds is guaranteed by the Shenzhen Branch of the Agricultural Bank of China, which is in turn secured by the 47.30% of the operating rights of Nanguang Expressway.

19. REVENUE

	Six months ended 30 June	
	2011	2010
Toll roads		
– Toll revenue	**1,926,270**	1,702,487
– Construction service revenue	**441,927**	367,460
Logistic business		
– Logistic parks	**223,128**	118,585
– Logistic services	**114,130**	72,589
– Port	**36,934**	4,885
	2,742,389	2,266,006

20. OTHER GAINS – NET

	Six months ended 30 June	
	2011	2010
Gain on disposals of available-for-sale financial assets	**339,189**	330,544
Gain on re-measurement of the fair value of available-for-sale financial assets	**–**	29,566
Gain on disposals of property, plant and equipment	**–**	7,027
Others	**28,886**	12,435
	368,075	379,572

21. OTHER INCOME

	Six months ended 30 June	
	2011	2010
Dividend income	**63,971**	42,965
Rental income	**10,957**	7,337
Government subsidies	**5,532**	–
	80,460	50,302

(All amounts in HK dollar thousands unless otherwise stated)

22. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2011	2010
Interest income from bank deposits	**(14,286)**	(11,024)
Interest expenses		
– Bank and other borrowings wholly repayable within 5 years	**98,026**	99,483
– Bank and other borrowings wholly repayable after 5 years	**163,031**	154,617
– Convertible bond wholly repayable within 5 years	**37,907**	70,220
– Medium-term notes wholly repayable within 5 years	**15,485**	8,403
– Corporate bond wholly repayable after 5 years	**35,198**	33,932
– Others interest expense (Note 17)	**37,264**	27,552
Net foreign exchange gains directly attributable to bank and other borrowings	**(76,539)**	(37,276)
Less: interest expenses capitalised in construction in progress	**(10,531)**	(22,355)
	299,841	334,576
Net finance costs	**285,555**	323,552

23. 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 24% or 25% (2010 interim: 22%) applicable to the respective companies.

	Six months ended 30 June	
	2011	2010
Current income tax		
– PRC corporate income tax	**361,243**	271,838
Deferred income tax	**(74,630)**	(23,375)
	286,613	248,463

24. 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	
	2011	2010
Profit attributable to equity holders of the Company	**954,351**	712,337
Weighted average number of ordinary shares in issue (thousands)	**16,372,173**	14,156,993
Basic earnings per share (HK cents per share)	**5.83**	5.03

(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 one category of dilutive potential ordinary shares: 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	
	2011	2010
Profit attributable to equity holders of the Company	**954,351**	712,337
Interest expense on convertible bonds	**–**	35,721
Profit used to determine diluted earnings per share	**954,351**	748,058
Weighted average number of ordinary shares in issue (thousands)	**16,372,173**	14,156,993
Adjustments – share options (thousands)	**48,770**	4,276
Adjustments – conversion of convertible bonds (thousands)	**–**	1,439,583
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**16,420,943**	15,600,852
Diluted earnings per share (HK cents per share)	**5.81**	4.79

25. DIVIDENDS

The board of directors has resolved not to declare an interim dividend in respect of the Period (2010 interim: Nil). The 2010 final dividend of HKD0.0215 per share and special dividend of HKD0.0085 per share totalling HKD491,165,000 (2010 interim: HKD306,880,000) was paid on 30 May 2011.

(All amounts in HK dollar thousands unless otherwise stated)

26. GUARANTEES AND CONTINGENCIES

(a) In associated with Nanping (Phase II) Project and the renovation project of the Shenyun-North Ring Interchange in Shenzhen, Shenzhen Expressway had arranged with banks to issue irrevocable performance guarantees on its behalf to Shenzhen Traffic and Transport Committee amounting to RMB50,000,000 (HKD60,197,000) and RMB1,000,000 (HKD1,204,000) respectively.

(b) During the Period, Shenzhen Expressway entered into project construction management contracts with Shenzhen Traffic Public Facilities Construction Center and provided administration service for Longda municipal project. According to contract, Shenzhen Expressway had arranged with banks to issue irrevocable performance guarantees on its behalf to Shenzhen Traffic Public Facilities Construction Center amounting to RMB2,000,000 (HKD2,408,000).

(c) At 8 December 2004, Shenzhen Expressway signed a construction contract with Shenzhen Pengcheng Construction Company Limited ("Shenzhen Pengcheng") for Nanping (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 the Shenzhen Expressway in 2007. As at the date of approval of this Financial Information, the arbitration process was still in progress. The directors of the Company had concluded that the result of the arbitration would not lead to any significant adverse impact on the Group's operating results.

(d) 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. At 30 June 2011, the arbitration has been revoked, and Shenzhen Expressway is still in negotiation with Great Wall on the quantities and unit price of the project. The directors of the Company considered that the outcome of the negotiation will have no significant impact on the Group's operating results.

(e) According to the demand by the Shenzhen Local Tax Bureau (the "Local Tax Bureau"), the Group had made a provision for the enterprise income tax in the amount of RMB39,236,000 (HKD47,238,000) as at 30 June 2011. As of the date of approval of the 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. The tax payable of RMB39,236,000 was not paid out at the reporting date.

(f) Details of contingences of associates are set out in Note 8.

27. 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 2011	31 December 2010
Capital commitments – expenditure of property, plant and equipment and concession intangible assets		
– Contracted but not provided for	**577,705**	255,066
– Authorised but not contracted for	**896,124**	1,525,881
	1,473,829	1,780,947
Investment commitments		
– Authorised and contracted for	**298,282**	–
– Authorised but not contracted for	**240,790**	277,201
	539,072	277,201
	2,012,901	2,058,148

28. RELATED-PARTY TRANSACTIONS

As described in Note 1, the Company is de facto controlled by SIHCL. The directors of the Company considered that the 48.59% equity interest is indirectly held by Shenzhen government authority.

Apart from the related party transactions and balances already disclosed in other notes to this Financial Information, the following material transactions were carried out with related parties during the Period:

(a) During the six months ended 30 June 2010 and 2011, 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 in the six months ended 30 June 2010 and 2011 and payable balances due to state-owned contractors for construction projects and guaranteed deposits as of 30 June 2011.

(c) Shenzhen Expressway entered into project management service contracts with Shenzhen Expressway Engineering Consulting Company Limited ("Consulting Company"), an associate of Shenzhen Expressway, under which Consulting Company assumes the management of the reconstruction project of Shenzhen Expressway. The value of the management service contract is approximately HKD156,635,000. During the Period, Shenzhen Expressway paid a management fee of approximately HKD20,755,000 (2010 interim: HKD18,633,000) to Consulting Company. The cumulative management fee paid by Shenzhen Expressway to Consulting Company amounted to approximately HKD137,387,000 up to 30 June 2011.

(d) Shenzhen Expressway provides project management services for construction, operation and maintenance of Guangshen Yanjiang Expressway (Shenzhen Section) Project ("Yanjiang Project") for the government authority. The Yanjiang Project is owned by Shenzhen Guangshen Yanjiang Expressway Investment Co., Ltd., which is held by SIHCL. The management service revenue is 1.5% of the construction budget. During the Period, Shenzhen Expressway has recognised construction management service revenue amounting to RMB10,193,000 (HKD12,162,000) (2010 interim: Nil).

29. EVENTS AFTER THE BALANCE SHEET DATE

Issuance of corporate bonds by Shenzhen Expressway

According to "The Approval on Public Issuing Corporate Bonds by Shenzhen Expressway Company Limited" (Zheng Jian Xu Ke [2011] No.1131) issued by China Securities and Regulatory Committee, Shenzhen Expressway has been approved to publicly issue corporate bonds with face value not exceeding RMB1.5 billion. The bonds are fixed interest rate bonds with maturity of 5 years, attached options that Shenzhen Expressway can regulate upward the coupon rate and investors can request for redemption upon the end of third year from the date of issuance of the bonds. The nominal interest rate of the bonds is 6%. The bonds have been issued on 2 August 2011.

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 2011 (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 2011, 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 "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 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	0.12%
Liu Jun	19,000,000	beneficial owner	personal	0.12%

Save as disclosed above and in the section headed "**SHARE OPTION SCHEME**" below, as at 30 June 2011, 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 Part XV of the SFO or as otherwise notified to the Company and the 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 include person being (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 or (c) any substantial shareholder of the Company, to be determined by the board of directors of the Company (the "Board").

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

				Number of unlisted share options (physically settled equity derivatives)					Share price of the Company (Note 4)	
Name and category of participants	Date of grant of share options	Exercise period of share options	Exercise price of share option (Note 3) HK$	As at 1 January 2011	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	As at 30 June 2011	As at the date of grant of share options HK$	As at the date of exercise of share options HK$
Directors										
Mr. Guo Yuan	6 February 2007 (Note 1)	6 February 2007 to 5 February 2012	0.532	35,000,000	–	–	–	35,000,000	0.530	N/A
	28 September 2010 (Note 2)	28 September 2012 to 27 September 2015	0.580	17,900,000	–	–	–	17,900,000	0.590	N/A
Mr. Li Jing Qi	28 September 2010 (Note 2)	28 September 2012 to 27 September 2015	0.580	17,000,000	–	–	–	17,000,000	0.590	N/A
Mr. Liu Jun	28 September 2010 (Note 2)	28 September 2012 to 27 September 2015	0.580	14,300,000	–	–	–	14,300,000	0.590	N/A
Mr. Yang Hai	28 September 2010 (Note 2)	28 September 2012 to 27 September 2015	0.580	14,300,000	–	–	–	14,300,000	0.590	N/A
				98,500,000	–	–	–	98,500,000		
Other employees										
In aggregate	28 September 2010 (Note 2)	28 September 2012 to 27 September 2015	0.580	223,100,000	–	–	6,600,000	216,500,000	0.590	N/A
				223,100,000	–	–	6,600,000	216,500,000		
				321,600,000	–	–	6,600,000	315,000,000		

Notes:

(1) There is no vesting period for these share options.

(2) 40% of these share options granted will be vested on the date which is 24 months after 28 September 2010 (the "Date of Grant"); another 30% of these share options granted will be vested on the date which is 36 months after the Date of Grant; and the remaining 30% of these share options will be vested on the date which is 48 months after the Date of Grant. Vesting of these share options is subject to the individual performance of these employees and the achievement of certain performance targets of the Group.

(3) 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.

(4) *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 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 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 of the Company, 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 2011, the interests and short positions of the substantial shareholders, other than the 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 of the Company

Name of shareholders	Number of ordinary shares held	Capacity	Approximate % of issued share capital of the Company
Shenzhen Investment Holdings Company Limited ("SIHCL") – Note (1)	7,955,216,814	interest of controlled corporations	48.59%
Ultrarich International Limited ("Ultrarich") – Note (2)	7,955,216,814	beneficial owner	48.59%

Notes:

(1) *Ultrarich holds an aggregate of 7,955,216,814 shares of the Company and is a wholly-owned subsidiary of SIHCL. Accordingly, SIHCL is deemed to be interested in the 7,955,216,814 shares of the Company owned by Ultrarich.*

(2) *Messrs. Guo Yuan, Li Jing Qi and Liu Jun are the 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.*

Save as disclosed above, as at 30 June 2011, the Company had not been notified by any substantial shareholders, other than the 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 2011, the interests and short positions of other persons in the shares and underlying shares of the Company, which are known to the Company or 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	1,213,286,000	investment manager	7.41%

Save as disclosed above, as at 30 June 2011, 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 which are known to the Company or 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 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, 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 2010 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 comprises nine directors, including four executive directors and five non-executive directors, three of whom are independent non-executive directors.

The Board held four meetings and discussed the following major issues during the Period:

(1) to consider and approve 2010 annual results;

(2) to review the results and business development of the first quarter of 2011;

(3) to consider and approve the development strategies plan of the Group for 2011-2015;

(4) to consider and approve the acquisition of 24% equity interests in Shenzhen Airlines Company Limited;

(5) to consider and approve the entering into of new service contracts with non-executive directors and independent non-executive directors by the Company; and

(6) to consider and approve the appointment of Professor Wong Yuk Shan as a non-executive director of the Company.

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 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 to discuss and review the following major issues together with the management and the auditor of the Company (the "Auditor") during the Period:

(1) to review the 2010 financial statements and to consider the related disclosure in the financial statements was complete, accurate and fair and to submit the same to the Board for approval;

(2) to approve the Auditor's fees for the audit of 2010 financial statements;

(3) to re-appoint the 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 to review the unaudited 2011 condensed consolidated interim financial information of the Group. As at the date of approval of the condensed consolidated interim financial information by the Board, a meeting of the Audit Committee had been held with the Auditor for reviewing the unaudited condensed interim financial information of the Group for the six months ended 30 June 2011. The Auditor's review report is set out on page 26 of this report.

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 two meetings and discussed the following major issues during the Period:

(1) evaluation and recommendation as to the performance of the directors who were subject to retirement by rotation and re-election at the 2011 annual general meeting; and

(2) to consider the appointment of Professor Wong Yuk Shan as a non-executive director of the Company and make recommendation to the Board.

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 two meetings and discussed the following major issues during the Period:

(1) to consider the appropriation of the bonus of senior management for the year 2010;

(2) to consider the entering into of a service contract with the non-executive director candidate, Professor Wong Yuk Shan, and his remuneration;

(3) to approve the entering into of a new service contract with an executive director and a senior management staff respectively; and

(4) to consider the entering into of a new service contract with a non-executive director.

Attendance of the Board and the specialised committees of the Board

Details of the director's attendance at the meetings of the Board and respective specialised committee meetings during the Period are set out in the following table:–

		Number of Meetings Attended/ Number of Meetings Held		
Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**
Executive directors				
Mr. Guo Yuan *(Chairman)*	**3**/4			
Mr. Li Jing Qi *(Chief Executive Officer)*	**4**/4		**2**/2	**2**/2
Mr. Liu Jun *(Vice President)*	**4**/4			
Mr. Yang Hai	**3**/4			
Non-executive directors				
Mr. To Chi Keung, Simon *(retired on 18 May 2011)*	**1**/3			
Mr. Wang Dao Hai	**3**/4			
Professor Wong Yuk Shan *(appointed on 13 June 2011)*	N/A#			
Independent non-executive directors				
Mr. Leung Ming Yuen, Simon	**4**/4	**2**/2	**2**/2	**2**/2
Mr. Ding Xun	**4**/4	**2**/2	**2**/2	**2**/2
Mr. Nip Yun Wing	**3**/4	**2**/2		

The Company did not convene any Board meeting during the period from 13 June 2011 to 30 June 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Board 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

The following information is disclosed pursuant to rules 13.18 and 13.21 of Chapter 13 of the Listing Rules.

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 Loan Agreement shall have a maturity of 5 years.

Pursuant to the Loan Agreement, the Company undertakes to procure that the controlling shareholder of the Company, namely Shenzhen Municipal State-owned Assets Supervision and Administration Commission (formerly known as "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.

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