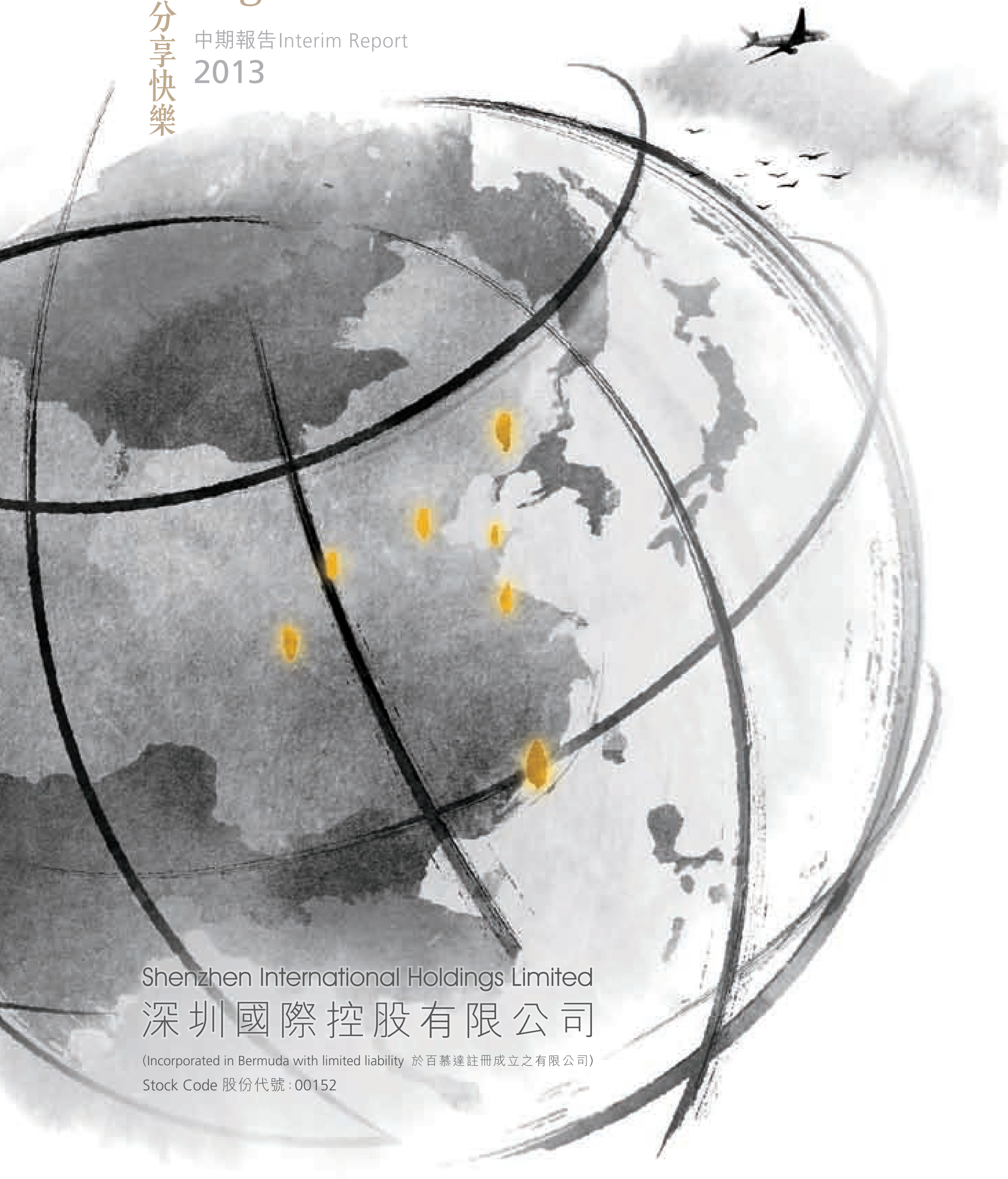
Shenzhen International
深國際

共同進步 分享快樂

Advancing Together, Harvesting Together

中期報告Interim Report
2013



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

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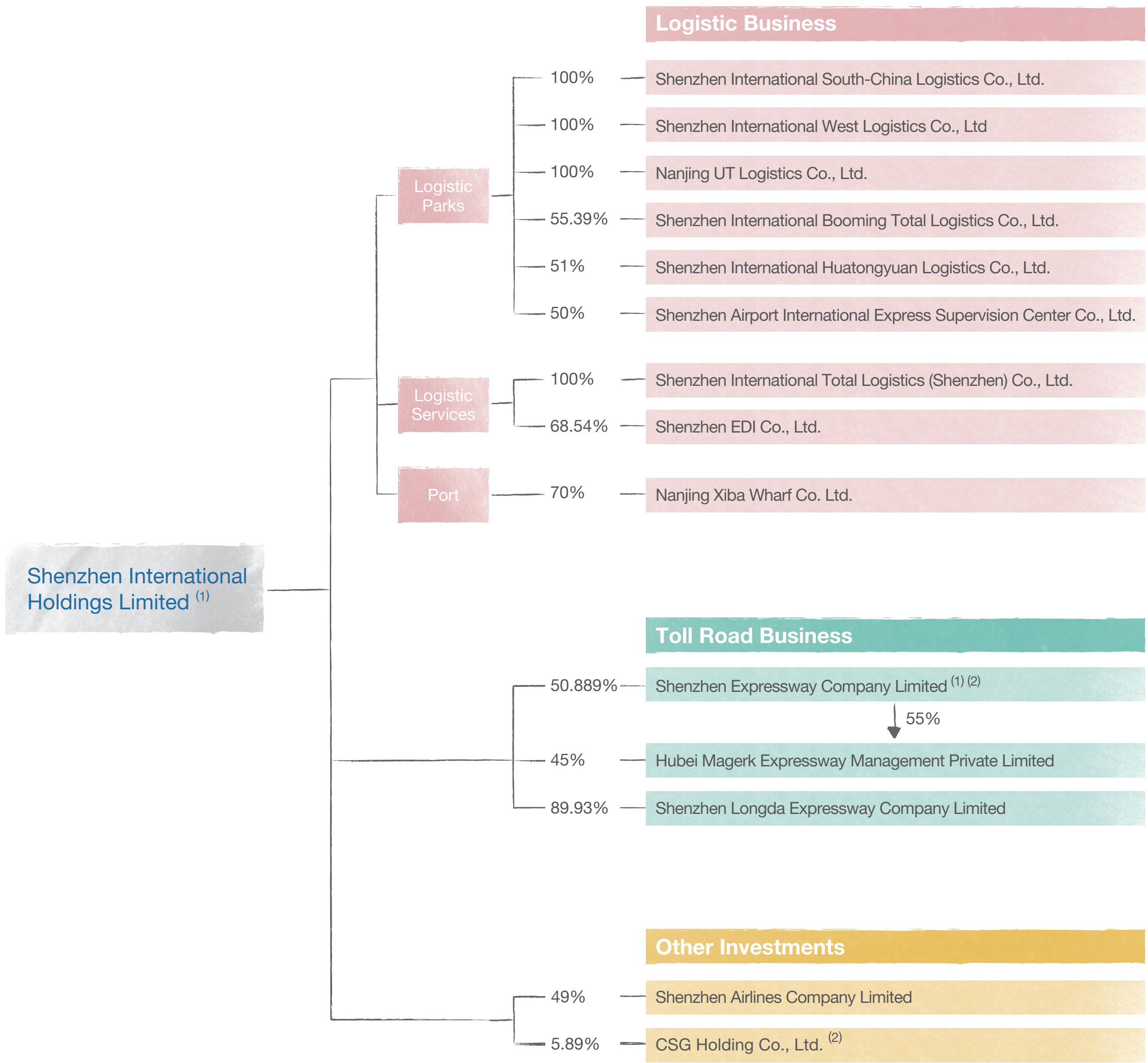
CORPORATE PROFILE

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 and information services platform.

Shenzhen Investment Holdings Company Limited, the controlling shareholder of the Company, is a corporation wholly-owned by Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission and, as at the date of this report holds approximately 48.20% 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Gao Lei *(Chairman)*
Li Jing Qi *(Chief Executive Officer)*
Li Lu Ning
Liu Jun *(Vice President)*
Yang Hai

Non-Executive Director:

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 Lu Ning

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

Shares	:	00152
Senior Notes	:	04542 (SZ INTL N1704)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

LEGAL ADVISERS

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

PRINCIPAL BANKERS

Bank of China
Bank of Communications
Bank of Jiangsu *(PRC Domestic Bank)*
The Bank of Tokyo-Mitsubishi UFJ,
Hong Kong Branch
China Everbright Bank *(PRC Domestic Bank)*
China Merchants Bank
DBS Bank
Hang Seng Bank
HSBC
Industrial Bank
ING Bank N.V.
Shanghai Pudong Development Bank
(PRC Domestic Bank)
Ping An Bank *(PRC Domestic Bank)*
Standard Chartered Bank
Taipei Fubon Commercial Bank, Hong Kong Branch
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

Hill+Knowlton Strategies Asia
36th Floor, PCCW Tower, Taikoo Place
979 King's Road, Quarry Bay, Hong Kong

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

For the six months ended 30 June *(HK$ Million)*	Revenue		Operating profit		Share of profit of associates and joint ventures		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Toll roads								
– Toll revenue	**2,142**	2,198	**1,110**	1,216	**112**	84	**1,222**	1,300
– Construction service revenue	**168**	205	**–**	–	**–**	–	**–**	–
Toll roads sub-total	**2,310**	2,403	**1,110**	1,216	**112**	84	**1,222**	1,300
Logistic business								
– Logistic parks	**234**	234	**95**	86	**7**	5	**102**	91
– Logistic services	**181**	163	**9**	4	**1**	–	**10**	4
– Port	**72**	57	**31**	20	**–**	–	**31**	20
Logistic business sub-total	**487**	454	**135**	110	**8**	5	**143**	115
Head office	**–**	–	**303**	–	**131**	369	**434**	369
Profit before finance costs and tax	**2,797**	2,857	**1,548**	1,326	**251**	458	**1,799**	1,784
Finance income							**41**	35
Finance costs							**(406)**	(508)
Finance costs – net							**(365)**	(473)
Profit before income tax							**1,434**	1,311

	For the six months ended 30 June		
	2013 HK$ million	2012 HK$ million	**Increase/ (Decrease)**
Results			
Revenue	**2,797**	2,857	(2%)
Operating profit	**1,548**	1,326	17%
Profit before income tax	**1,434**	1,311	9%
Profit attributable to shareholders	**857**	805	7%
Basic earnings per share (HK cents)	**5.21**	4.91	6%
EBITDA to interest expense multiple	**6.07 times**	4.60 times	1.47 times$^{\Delta}$

	30 June 2013 HK$ million	31 December 2012 HK$ million	**Increase/ (Decrease)**
Financial Position			
Total assets	**42,673**	42,383	1%
Total equity	**20,685**	19,988	3%
Debt asset ratio (Total liabilities/Total assets)	**52%**	53%	(1%)*
Ratio of Net borrowings to Total equity	**62%**	66%	(4%)*
Ratio of Total borrowings to Total equity	**86%**	90%	(4%)*
Net asset value per share attributable to shareholders (HK dollar)	**0.79**	0.77	3%

$^{\Delta}$ *Change in multiple*

* *Change in percentage point*

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

Operating Results	For the six months ended 30 June 2013 HK$'000	2012 HK$'000	Increase/ (decrease)
Revenue (excluding construction service revenue from toll roads)	**2,628,666**	2,651,720	(1%)
Construction service revenue from toll roads	**168,459**	204,923	(18%)
Total Revenue	**2,797,125**	2,856,643	(2%)
Operating profit	**1,548,452**	1,326,045	17%
Profit before finance costs and tax	**1,799,275**	1,784,074	1%
Profit attributable to shareholders	**857,356**	804,656	7%
Basic earnings per share (HK cents)	**5.21**	4.91	6%

In the first half of 2013, China experienced sluggish economic growth, along with rising operating costs and the policy adjustments in the toll road business posed pressure on the Group's core business operations to a certain extent. In response to these challenging market conditions, the Group adapted to changes in market trends and focused on enhancing operational efficiency and cost controls. As a result, the Group achieved its operating target for the first half of the year on the whole. During the six months' ended 30 June 2013 (the "Period"), the overall performance of the Group's core business remained resilient, with revenue and profit before finance costs and tax amounted to HK$2,629 million and HK$1,799 million respectively, remained at levels similar to those of the corresponding period of the previous year. Profit attributable to shareholders rose 7% over the corresponding period of the previous year to HK$857 million.

The Group's logistic business maintained stable revenue growth in the first half of 2013, with an increase of 7% as compared to the corresponding period of the previous year to HK$487 million, which was primarily attributable to the stable average occupancy rate and revenue of logistic park business, as well as the significant increases in cargo loading and unloading volume of the port business and business volume of the logistic service business. Benefitted from the economies of scale and effective cost controls, the logistic business recorded a growth in overall gross profit, which led to an increase in profit attributable to shareholders of 28% to HK$90.79 million as compared to the corresponding period of the previous year.

During the Period, the Group's toll revenue inevitably declined due to the continuing impact brought by policy adjustments in the toll road business, including the implementation of the unified standardisation of toll fees for all expressways in Guangdong Province (the "Standardisation Scheme") since 1 June 2012 and the toll-free policy for passenger cars in key holiday periods (the "Holiday Toll-Free Scheme") in the second half of 2012. Nevertheless, the growth in automobile ownership, as well as the proactive marketing campaign carried out by the Group based on the competitive edge and features of each of its expressway projects boosted the traffic volume of most of the expressway projects to grow faster than expected, which helped to partly offset the negative impact brought by the policy adjustments mentioned above. As a result, the impact of these adjustments in toll policies on the Group's overall performance during the Period were lower than expected. Toll revenue from the Group's toll road business declined by 3% to HK$2,142 million while net profit decreased by 4% to HK$429 million as compared to the corresponding period of the previous year.

Shenzhen Airlines

New Logistic Centre at South China Logistic Park

Qinglian Expressway

In the first half of 2013, slow growth in the domestic aviation market and intensifying industry competition have made it more difficult for the operators in the civil aviation industry to operate, which led to a transportation loss in the industry as a whole. During the Period, Shenzhen Airlines Company Limited ("Shenzhen Airlines"), an associate in which the Group holds a 49% equity interest, took an initiative to face market changes through strengthened marketing efforts and stringent cost controls, recorded a 4% increase in operating revenue as compared to the corresponding period of the previous year, with its average passenger load factor reaching 82.4% (2012: 80.8%). However, due to heavy competition, its average airfares declined by 4% as compared to the corresponding period of the previous year, along with the rising operating costs, transportation profit of Shenzhen Airlines amounted to RMB152 million (2012: RMB347 million). Despite the decline in profit, performance of Shenzhen Airlines is outstanding among its peers. During the Period, Shenzhen Airlines contributed a profit of HK$101 million (2012: HK$341 million) to the Group.

During the Period, the Group grasped the opportunity in the capital market to dispose of approximately 10.87 million A shares of CSG Holding Co., Ltd. ("CSG") at an average selling price of RMB11.18 (HK$14.01) per share to realise a gain after tax of approximately HK$101 million (2012: nil). In addition, in order to focus its resources on the logistic business, the Group disposed of its 2.3338% equity interest in Shenzhen Capital Group Co., Ltd. ("SZ Capital") during the Period and recorded a gain after tax of approximately HK$129 million.

The Group has a solid financial position and sufficient cash flow. During the Period, net cash inflow generated from operations rose 11% to HK$1,233 million as compared to the corresponding period of the previous year. At the same time, the Group is committed to reducing its total borrowings, and recorded net cash outflow for debt repayment of HK$508 million during the Period (first half of 2012: net cash inflow from borrowings of HK$1,575 million). In the second half of 2013, the Group will continue to reduce the total borrowings so as to further reduce its gearing ratio with the aim of building a solid foundation on which it will achieve sustainable development while guarding against the risks arising in the capital market.

Progress of the Qianhai Area Development Plan

In the first half of 2013, significant progress was made in the development of the Qianhai Cooperation Zone. Among the 22 pilot policies approved by the State Council in 2012, 19 have been put into practice or will be implemented soon. The Shenzhen Municipal Government officially approved the "Consolidated Plan on Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone" (前海深港現代服務業合作區綜合規劃) in June 2013, which is a key milestone in Qianhai development. With a total land area of 1,492 hectares and a total construction area of around 26 to 30 million square metres, the Qianhai area will focus on developing the financial, information services, modern logistics and technology services industries. Infrastructure construction at Qianhai is scheduled for completion in 2015, and the Qianhai area is expected to achieve a total GDP of RMB150,000 million by 2020. According to the Consolidated Plan, sites currently designated for industrial or storage use will be converted to commercial, office and residential uses, and that the original land users can apply to the Urban Planning Land and Resources Department of Shenzhen Municipality for change in land usage if their new land rezoning development is in line with the overall Qianhai development plan. This Consolidated Plan demonstrates policy support for the Group's land rezoning preparation in Qianhai.

On 25 June 2013, the Qianhai Management Bureau announced an "Interim Guidance for Land Supply in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen" (深圳市前海深港現代服務業合作區土地供應暫行辦法), and released three pieces of land in the Guiwan Area for public auction. The three pieces of land comprise a total land area of 170,000 square metres with plot ratios between 6.5 and 8.1 times, with a gross floor area reaching 1,270,000 square metres. On 26 July 2013, the first two pieces of land, with a gross floor area of 770,000 square metres, were sold at a total consideration of RMB12,370 million. On 16 August 2013, the third piece of land was sold at a consideration of RMB10,900 million, 62% higher than the reserve price.

The Group has been closely monitoring the progress of development of the Qianhai area, and will maintain sound communications with the Qianhai Management Bureau and Urban Planning Land and Resources Department of Shenzhen Municipality in preparation for the Group's land rezoning development in Qianhai area. To achieve this, the Group has been active in establishing a project company for the Qianhai project, setting up a professional team, and developing the project in cooperation with large and experienced enterprises. The Group has signed strategic collaboration MOUs with several renowned large-scale enterprises, and has signed Qianhai cross-border bilateral Renminbi loan agreements with an aggregate facility amount of RMB200 million with banks in Hong Kong that work closely with the Company. The Group is prepared for the future construction, business development and operation of its Qianhai project.

LOGISTIC BUSINESS

Overview

The Group owns various well-equipped logistic parks in major cities of China, including Shenzhen, Nanjing and Yantai. Currently, the Group owns a land area and an operating area of approximately 1.30 million and 0.54 million square metres respectively. The Group's port business is equipped with 2 general bulk cargo terminals with a 70,000-tonnage capacity and a site area of 400,000 square metres in phase 1 of Nanjing Xiba Port. The port has the capability of providing services including ship loading and unloading, lightering, train loading and automobile loading, and has a storage capacity of over 1 million tonnes.

Analysis of Operating Performance

According to the statistics of the General Administration of Customs of China, China's total import and export value in the first half of 2013 rose by 8.6%, the continued slowdown in growth momentum and the escalating inflation brought challenges to the sustainable and steady development of logistic enterprises. Facing the unfavourable economic environment, the Group has fully utilised the competitive advantages of its resources and enhanced its business development through optimisation of its resource allocation and strengthened cost controls. As a result, the overall performance of the Group's logistic business in the first half of 2013 met expectations.

Logistic Parks

Given the Group's enhanced marketing efforts and maintained a long term relationship with its major customers, the performance of the Group's logistic park business remained stable with the overall average occupancy rate maintained at 94% to 95% in the first half of 2013.

The Group continued to focus on investing in and developing logistic infrastructure facilities in order to expand the scale of its operations and support future revenue growth momentum. During the Period, construction of the new logistic centre and exhibition centre at South China Logistic Park progressed as scheduled, and is slated for completion and launch for operation in the second half of the year. Meanwhile, the Group is also pushing forward marketing work for the project. Upon completion of construction, the operating area of the Group's logistic parks will increase by approximately 24% from 540,000 square metres to 670,000 square metres.

China Urban Integrated Logistics Hub

"China Urban Integrated Logistics Hub" is an enhanced business model of the Group's logistic business. It is a service platform focusing on highway transport logistic centres which also integrates the functions of warehousing, transfer, distribution and logistic information centre. With a logistic information platform established on the basis of logistic infrastructure facilities, it delivers highly efficient one-stop services to customers and business partners. In order to fully utilise the advantages of its network, the Group intends to build up a logistic network by setting up logistic hubs and nodes spread across the eastern, southern, central, northern, northeastern, southwestern and northwestern areas of China from 2013 to 2017, and aims to expand its network nationwide gradually.

At the end of 2012, the Group launched the investment in and construction of the "Shenzhen International Shenyang Modern Integrated Logistic Hub", signifying that the Group is stepping up efforts to implement its "China Urban Integrated Logistics Hub" development plan. In the first half of 2013, the Group actively pushed forward preparation work for the implementation of the plan, and targets to complete the planning for the first phase of the project in the second half of the year.

During the Period, the Group has explored opportunities for expansion with local government departments and enterprises in various cities in China, including Tianjin, Chengdu, Xi'an, Wuxi, Guangzhou and Changsha. More project investment agreements are expected to be entered into in the second half of 2013. With the ongoing urbanisation and continuous development of the Chinese economy, demand for integrated logistic hub is expected to increase rapidly and the business model of "China Urban Integrated Logistics Hub" has tremendous development potential. The Group actively continues its development in "China Urban Integrated Logistics Hub" which is expected to contribute to the revenue of the logistic business and the sustainable development of the Group.

Port Business

With berthing capacity increased to 70,000-tonnage since May last year, there has been a growing number of large vessels being berthed at Nanjing Xiba Port. In the first half of 2013, a total of 111 vessels berthed at Nanjing Xiba Port, of which 56 vessels were of over 40,000 tonnes, doubles the number in the corresponding period of the previous year. During the Period, the total throughput of Nanjing Xiba Port reached 6.35 million tonnes, representing an increase of 20% over the corresponding period of the previous year.

In addition, Nanjing Xiba Port has obtained berthing permission for international vessels since June 2012, providing favourable conditions for expansion into the international vessel market. In the first half of 2013, Nanjing Xiba Port successfully unloaded 18 international vessels, driving the business volume and profitability to increase.

Logistic Service Business

By capitalising on its existing logistic infrastructure facilities, the Group has actively explored supply chain management, value chain integration and modern value-added logistic service by fully utilising its competitive advantages in resources and capital in a transformation from a traditional logistic business.

In the first half of 2013, benefitted from the rising production volume of its existing key customers as well as its active and strengthened efforts in business expansion, the Group was able to offset the adverse impact of the weak economic environment on the revenue of the logistic service business. In order to continuously strengthen the competitive edge of its logistic service business and the overall profitability, the Group is committed to cost controls, enhancing operating efficiency and optimising its customer mix.

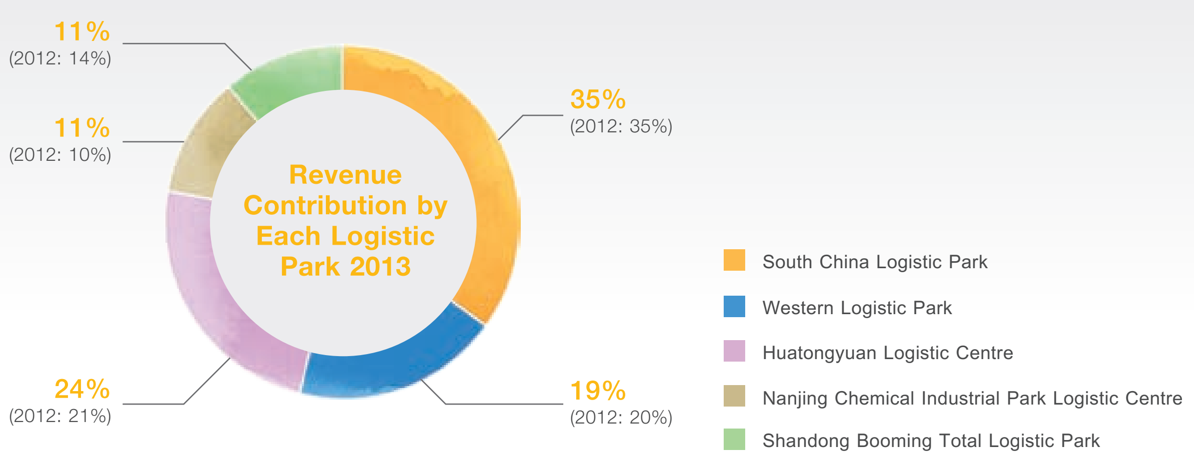
Financial Analysis

During the Period, the logistic business continued to record a steady growth in revenue and profit before finance costs and tax which amounted to HK$487 million and HK$143 million, representing increases of 7% and 24% respectively over the corresponding period of the previous year. Profit attributable to shareholders increased by 28% to HK$90.79 million, which was mainly attributable to the rise in business volume of the logistic service business and the loading and unloading volume of the Nanjing Xiba Port. Improved economies of scale and effective operating cost controls also contributed to the steady growth in gross profit and net profit.

Revenue of each logistic business unit

For the six months ended 30 June

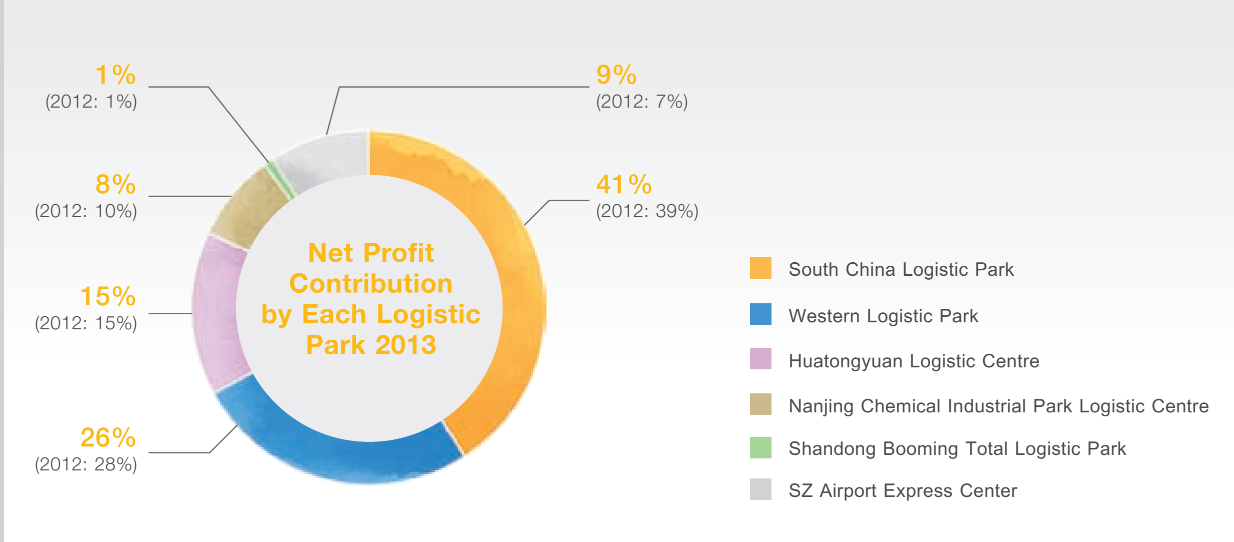
	2013 HK$'000	2012 HK$'000	**Increase/ (decrease)**
Logistic Park Business			
South China Logistic Park	**82,145**	81,076	1%
Western Logistic Park	**45,463**	46,401	(2%)
Huatongyuan Logistic Centre	**54,889**	49,159	12%
Nanjing Chemical Industrial Park Logistic Centre	**24,747**	23,606	5%
Shandong Booming Total Logistic Park	**26,840**	34,136	(21%)
Sub-total	**234,084**	234,378	–
Logistic Service Business	**180,583**	162,084	11%
Port Business	**71,992**	57,170	26%
Total	**486,659**	453,632	7%



Profit attributable to shareholders of each logistic business unit

For the six months ended 30 June

	2013 HK$'000	2012 HK$'000	**Increase/ (decrease)**
Logistic Park Business			
South China Logistic Park	**28,924**	24,347	19%
Western Logistic Park	**18,693**	17,491	7%
Huatongyuan Logistic Centre	**10,516**	8,979	17%
Nanjing Chemical Industrial Park Logistic Centre	**5,659**	6,039	(6%)
Shandong Booming Total Logistic Park	**487**	824	(41%)
SZ Airport Express Center*	**6,359**	4,566	39%
Sub-total	**70,638**	62,246	13%
Logistic Service Business	**7,181**	2,855	152%
Port Business	**12,972**	5,714	127%
Total	**90,791**	70,815	28%



* *SZ Airport Express Center is a joint venture and is accounted for using the equity accounting method.*

During the Period, resulted from enhanced marketing and business development efforts, the average occupancy rate of logistic park business remained stable. The logistic park business recorded a revenue of HK$234 million, which is at a similar level as that of the corresponding period of the previous year. In addition, benefitted from the economies of scale and effective control of operating costs, profit attributable to shareholders of the logistic park business was driven to increase by 13% to reach HK$70.64 million.

During the Period, revenue and profit from the port business increased by 26% to HK$71.99 million and 1.3 times to HK$12.97 million respectively, as compared to the corresponding period of the previous year. This was mainly attributable to the increase in berthing capacity of Nanjing Xiba Port to 70,000-tonnage since mid-2012 which led to an increase in loading and unloading volume and the successful expansion into international vessel market with higher profitability.

Revenue from the logistic service business for the Period amounted to HK$181 million, representing an increase of 11% over the corresponding period of the previous year, while profit attributable to shareholders increased by 1.5 times to HK$7.18 million. This was mainly driven by an increase in business volume of major customers, which boosted growth in revenue as well as the effective control over operating costs.

Outlook for the Second Half of 2013

The global market conditions is expected to turn more stable in the second half of 2013, although uncertainty will remain a challenge. The Group will be active in taking the appropriate measures and focusing on strengthening its business and operations.

The Group will speed up the investment in and construction of logistic projects, and it is expected that in the second half of the year:

- the construction and marketing work of the new logistic centres and exhibition centre at South China Logistic Park will be completed;
- the preparation work will be implemented for the “Shenzhen International Shenyang Modern Integrated Logistic Hub”; and
- the development plan for phase 2 of Nanjing Xiba Port will be implemented, and the preparation work for the construction of 3 cargo terminals with a 50,000-70,000 tonnage capacity and relevant depots will commence.

The Group is positive towards the growth potential in the logistic industry, and will continue to seek for investment opportunities for “China Urban Integrated Logistics Hub” to expand its logistic network. More upcoming logistic projects are expected to be implemented gradually. The Group will strive to build its logistic business to make it become the key driver for its future growth.

Locations of Logistic Parks and Nanjing Xiba Port

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: 28,000 square metres
Operating area: 28,000 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. Shandong Booming Total Logistic Park
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

Overview

The Group's toll road operations span across the Shenzhen region, other regions in Guangdong Province and other provinces in China. The Group holds or controls a total of 17 expressway projects with total mileage of toll roads by toll amounting to approximately 179 kilometres, 268 kilometres and 92 kilometres in the Shenzhen region, other regions in Guangdong Province and other provinces in China, respectively. The Group operates the toll road business mainly through Shenzhen Expressway Company Limited ("Shenzhen Expressway"), in which the Group holds a 50.889% equity interest. Shenzhen Expressway's H shares and A shares are listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange, respectively. In addition, the Group directly holds a 89.93% equity interest in Longda Expressway and a 45% equity interest in Wuhuang Expressway (with the remaining 55% equity interest owned by Shenzhen Expressway).

Analysis of Operating Performance

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

				Average Daily Traffic Volume (Note 1)		Average Daily Toll Revenue	
Toll roads	**Interest held by the Group**	**Concession period**	**Length by toll (approximate km)**	**First Half of 2013 (Vehicle/ Thousands)**	**Increase/ (decrease) as compared to the same period of 2012**	**First Half of 2013 (HK$'000)**	**Increase/ (decrease) as compared to the same period of 2012**
Shenzhen region:							
Longda Expressway	89.93%	2005.10 – 2027.10	28	82	3%	1,590	(1%)
Meiguan Expressway	100%	1995.05 – 2027.03	19.2	123	3%	958	(15%)
Jihe East	100%	1997.10 – 2027.03	23.7	136	9%	1,528	(8%)
Jihe West	100%	1999.05 – 2027.03	21.8	115	14%	1,235	(14%)
Yanpai Expressway	100%	2006.05 – 2027.03	15.6	45	15%	609	–
Yanba Expressway (Notes 2 and 3)	100%	Note 4	29.1	28	3%	504	11%
Nanguang Expressway	100%	2008.01 – 2033.01	31	68	24%	893	26%
Shuiguan Expressway	40%	2002.02 – 2025.12	20	146	13%	1,532	11%
Shuiguan Extension	40%	2005.10 – 2025.12	6.3	33	20%	194	(1%)
Other regions in Guangdong Province:							
Qinglian Expressway (Note 2)	76.37%	2009.07 – 2034.07	216	27	12%	2,373	23%
Yangmao Expressway (Note 2)	25%	2004.11 – 2027.07	79.8	31	12%	1,850	10%
Guangwu Project (Note 2)	30%	2004.12 – 2027.11	37.9	26	(4%)	881	(3%)
Jiangzhong Project	25%	2005.11 – 2027.08	39.6	85	(8%)	1,121	(5%)
Guangzhou Western Second Ring (Note 5)	25%	2006.12 – 2030.12	40.2	39	15%	958	10%
Other provinces in China:							
Wuhuang Expressway (Note 2)	100%	1997.09 – 2022.09	70.3	39	(4%)	1,329	(7%)
Changsha Ring Road	51%	1999.11 – 2029.10	34.7	13	6%	158	18%
Nanjing Third Bridge (Notes 2 and 6)	25%	2005.10 – 2030.10	15.6	30	15%	1,398	27%

Notes:
(1) Average daily traffic volume excludes traffic volume recorded during major festivals and holidays when the Holiday Toll-Free Scheme applies.
(2) Projects for which toll-by-weight policy has been implemented.
(3) To facilitate travel by Shenzhen residents to the east coast for leisure and vacation, the government has made collective payment to Shenzhen Expressway for all vehicles travelling to and from Yantian and Dameisha ramp based on the agreed standards and methods since February 2007. The agreed toll for the government to incur during 2013 to 2017 is RMB19 million per annum, and is to be recorded into Yanba Expressway's toll revenue on a monthly basis. The arrangement beyond 2017 shall be negotiated and agreed upon by both parties before the expiry of the agreement.
(4) Sections A, B and C of Yanba opened and commenced operation in April 2001, June 2003 and March 2010, respectively; concession period of the entire Yanba Expressway is to be approved.
(5) As approved by Guangdong Provincial Government, the concession period of Guangzhou Western Second Ring was approved to be 24 years, from December 2006 to December 2030.
(6) Pursuant to a notice issued by Jiangsu Provincial Government, the concession period of Nanjing Third Bridge was re-approved to be 25 years.

During the Period, the Group's toll road business continued to be affected by policy adjustments. Nevertheless, the growth in automobile ownership, as well as the proactive marketing campaign carried out by the Group based on the competitive edge and features of each of its expressway projects, boosted the traffic volume of most of the expressway projects to grow faster than expected, which helped to partly offset the negative impact brought by the policy adjustments mentioned above.

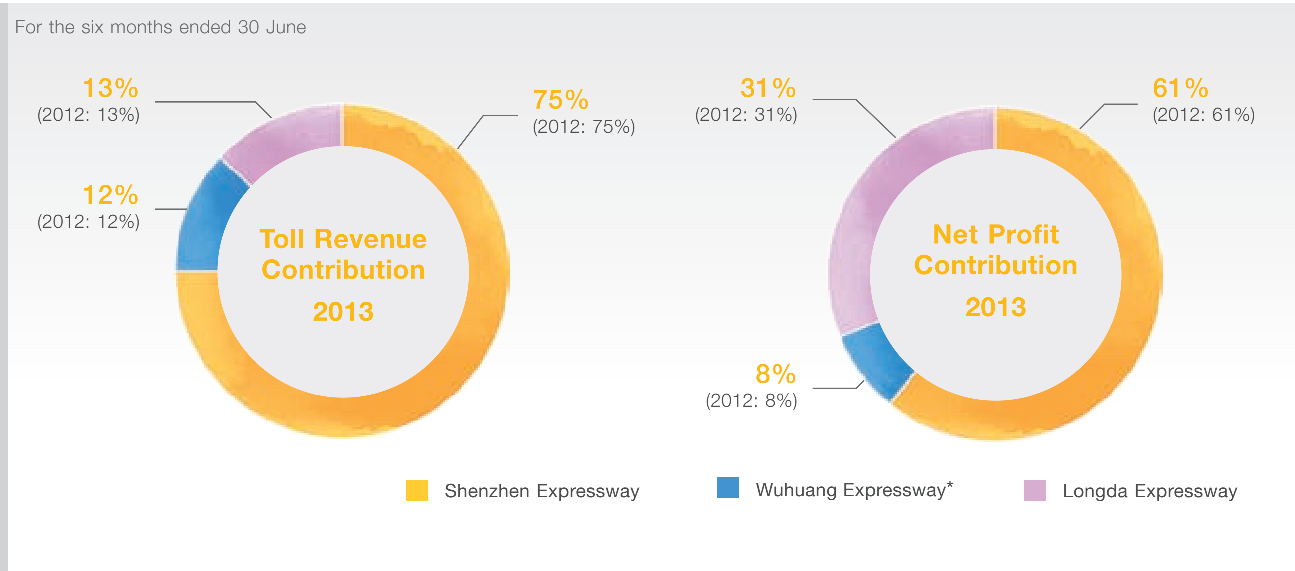
During the Period, the operating performance of each expressway project of the Group was influenced to varying degrees by the economic environment, policy environment, as well as the conditions of the projects and surrounding road network:

- the implementation of the Standardisation Scheme had a greater negative impact on the operating performance of Jihe Expressway, Meiguan Expressway and Yanpai Expressway;
- most of the expressway projects saw a significant decline in toll revenue during the implementation period of the Holiday Toll-Free Scheme as compared to the corresponding period of the previous year;
- at the end of 2012, with various expressways commenced operation in Hunan Province, including Yonglan Expressway and Hengwu Expressway, Qinglian Expressway saw new growth in traffic volume as there has been further improvement in the connecting road network. As major maintenance work has been carried out on Leiyi Section of G4 National Expressway (Leiyang to Yizhang in Hunan) since late May 2013, the related traffic diversion measures led to a rapid increase in traffic volume and toll revenue of Qinglian Expressway as compared to the corresponding period of the previous year. However, as the measure to restrict the passage of large vehicles is still being implemented for Guangqing Expressway (Guangzhou to Qingyuan), which connects to the southern end of Qinglian Expressway, growth in traffic volume of Qinglian Expressway will continue to be affected for a certain period of time;
- extension work on the northern section of Meiguan Expressway and maintenance and resurfacing work on Jihe West brought adverse impact on the traffic conditions and operating performance of both projects and their connecting roads; and
- marketing activities carried out in the respective projects contributed to the increase in traffic volume of Nanguang Expressway, Yanpai Expressway and Qinglian Expressway.

Financial Analysis

During the Period, toll revenue of the Group's toll road business amounted to HK$2,142 million (2012: HK$2,198 million), representing a decrease of 3% over the corresponding period of the previous year; profit before finance costs and tax amounted to HK$1,222 million (2012: HK$1,300 million), representing a decrease of 6% over the corresponding period of the previous year. Net profit was HK$429 million (2012: HK$446 million), representing a decrease of 4% year-on-year.

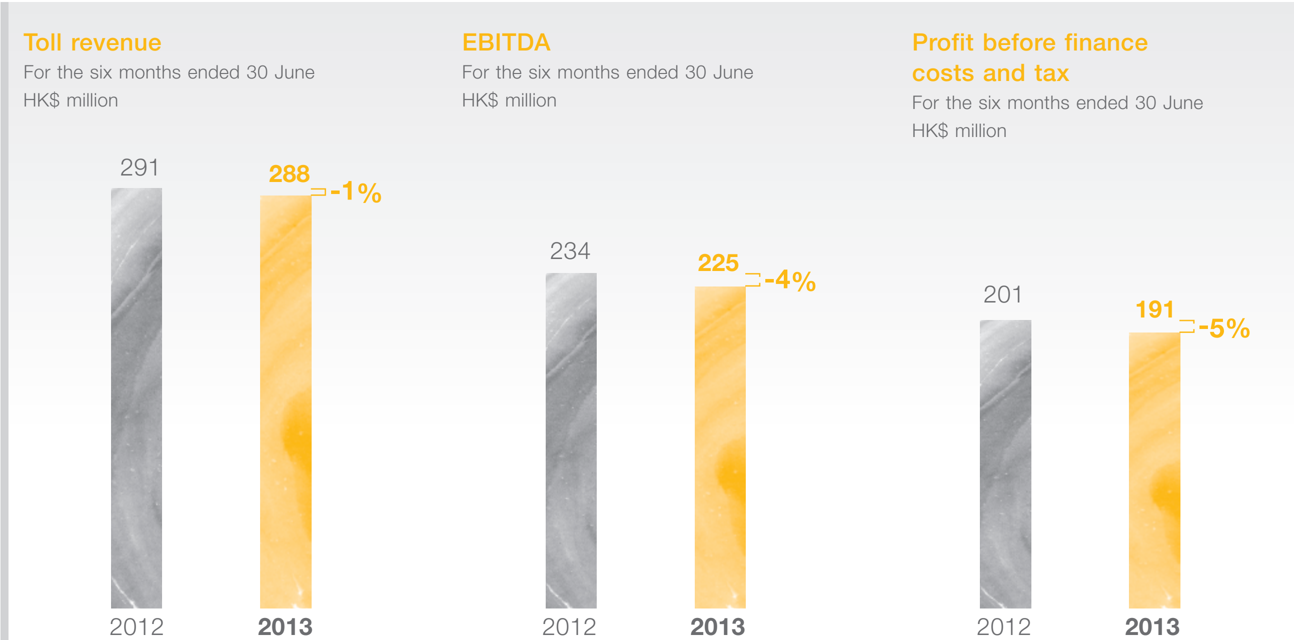
Although affected by various factors including toll policy adjustments and the 38% year-on-year decrease in revenue from the entrusted construction management services recognised for the Period, traffic volume of most of the expressway projects of the Group grew faster than expected, which helped to partly offset the negative impact brought by the toll policy adjustments and led to a lower than expected decrease in toll revenue and net profit of the Group during the Period.

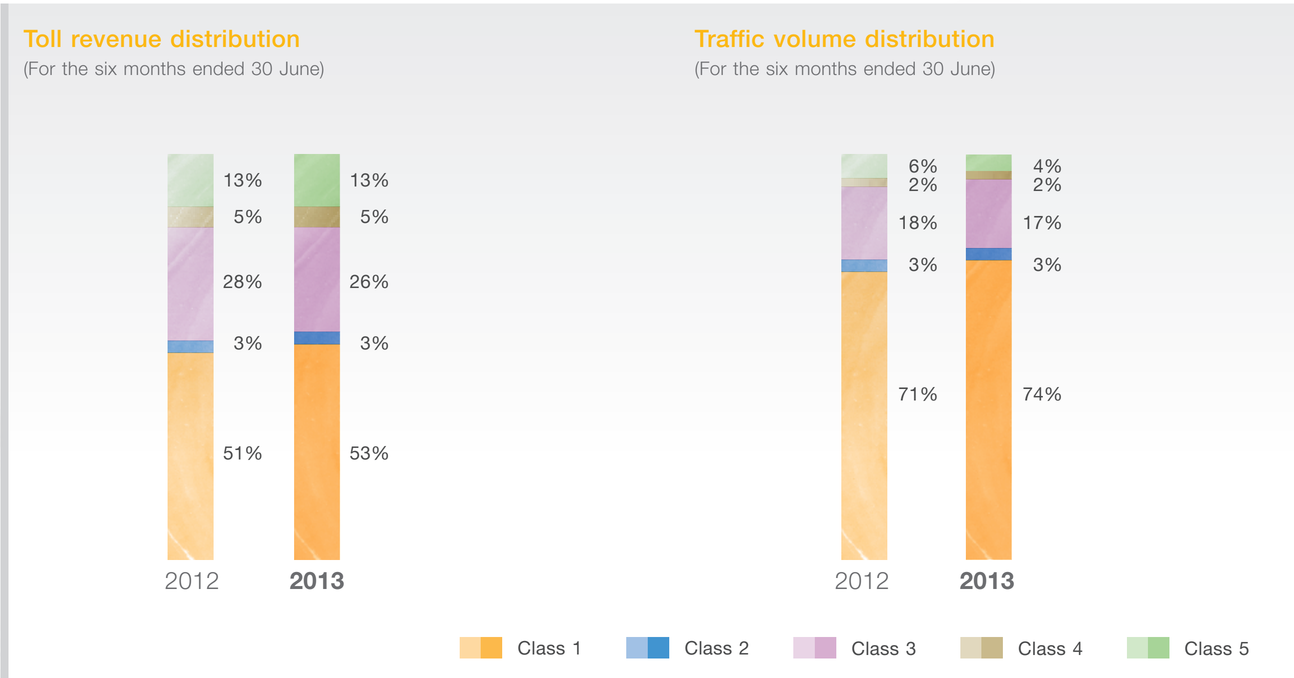


* *Included only net profit attributable to the 45% equity interest in Wuhuang Expressway directly held by the Company.*

Longda Expressway

Despite the increase in traffic volume of Longda Expressway during the Period, the implementation of the Standardisation Scheme and Holiday Toll-Free Scheme led to a decrease in toll revenue. In addition, as provision for road maintenance/resurfacing obligations increased significantly during the Period, EBITDA declined by 4% year-on-year as compared to the corresponding period of the previous year, together with an increase in the amount of depreciation and amortisation due to the increased traffic volume during the Period, profit before finance costs and tax declined by 5% year-on-year as compared to the corresponding period of the previous year. Going forward, Longda Expressway will carry out marketing activities in order to increase its traffic volume.



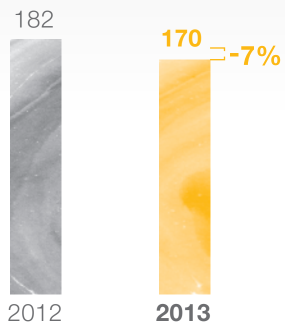


Wuhuang Expressway

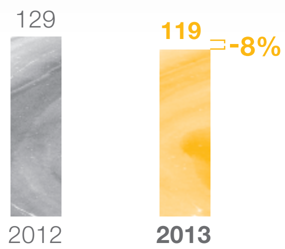
Although the opening of the southern section of Daguang Expressway (Huangshi to Tongshan, Hubei) in May 2012 drove toll revenue of Wuhuang Expressway to increase, the Holiday Toll-Free Scheme and Green Passage Toll-Free Policy posed greater downward pressure on toll revenue of Wuhuang Expressway during the Period. Meanwhile, the opening of Han'e Expressway (Wuhan to Ezhou, which is basically adjacent to Wuhuang Expressway) at the end of last year as well as the tightening of restrictions on trucks by Wuhan Third Ring Road since early March 2013, posed negative effects on traffic volume and further reduced toll revenue of Wuhuang Expressway to a certain extent. Wuhuang Expressway will add more road signs and increase its marketing efforts in order to increase its traffic volume in the future.

Toll revenue
For the six months ended 30 June
HK$ million

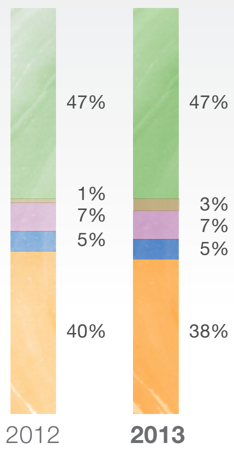
EBITDA
For the six months ended 30 June
HK$ million



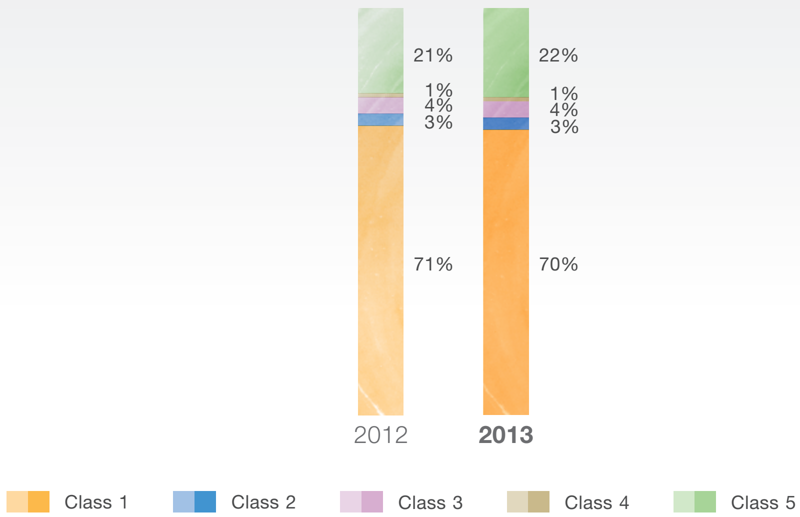
Profit before finance costs and tax
For the six months ended 30 June
HK$ million



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



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



Shenzhen Expressway and its expressway projects

Traffic volume of most of Shenzhen Expressway's expressway projects continued to grow during the Period. However, as affected by the implementation of toll policies including the Standardisation Scheme and the Holiday Toll-Free Scheme and changes in traffic distribution in the road network during the Period, toll revenue decreased slightly as compared to the corresponding period of the previous year. That, together with the decrease in revenue from the entrusted construction management services recognised for the Period as compared with the same period last year, Shenzhen Expressway recorded a toll revenue of HK$1,613 million (2012: HK$1,649 million), representing a year-on-year decrease of 2%. Profit before finance costs and tax amounted to HK$912 million (2012: HK$970 million), representing a decrease of 6% over the corresponding period of the previous year. The Group's share of profit in Shenzhen Expressway amounted to HK$261 million (2012: HK$272 million), representing a decrease of 4% over the corresponding period of the previous year.

Fuyong Interchange to Hong Kong-Shenzhen Western Corridor section of Coastal Expressway (Shenzhen Section), one of the projects of which construction management services were provided by Shenzhen Expressway, was completed and had undergone acceptance checks. The project is expected to open for traffic in the second half of 2013. During the Period, Coastal Expressway (Shenzhen Section) contributed a profit after tax of HK$18.16 million to Shenzhen Expressway. Details for provision of the entrusted management services during the concession period of Coastal Expressway (Shenzhen Section) are still under negotiation and it is expected that the project will continue to make profit contributions to Shenzhen Expressway in the second half of 2013 and onwards.

Outlook for the Second Half of 2013

Policies governing the toll road industry in China is tightening these years. Recently, pursuant to a notice issued by the Communication Department of Guangdong Province, toll collection on some highways in Guangdong Province, including Qinglian Class II Road, was cancelled with effect from 24:00 on 30 June 2013. Toll collection for Qinglian Class II Road had been suspended since the road was closed for maintenance in late September 2010. Therefore, the income of Qinglian Class II Road for the period from October 2010 to date is zero. Shenzhen Expressway is now coordinating with the relevant government departments to finalise the arrangements involved in the cancellation of toll collection and is assessing the impacts of such cancellation on its operating and financial positions. Furthermore, Hubei Province Price Bureau recently issued a notice which includes a plan to conduct a pricing hearing to lower the toll fees of expressway projects in Hubei Province, including Wuhuang Expressway, so as to further regulate the toll collection periods and toll fees of toll roads in the province.

To date, the arrangements for the cancellation of toll collection for Qinglian Class II Road and the pricing hearing of Wuhuang Expressway are yet to be confirmed, and the impacts of these issues on the Group are therefore uncertain and cannot be reliably estimated. The Group will continue to take an initiative to follow through with these issues, to actively facilitate communication and collaboration work, and make its best efforts to maintain the interests of the Company and its shareholders.

Although the results of the Group for the second half of 2013 will still be affected by the implementation of the Standardisation Scheme and Holiday Toll-Free Scheme, powered by urbanisation and the transformation and upgrading of regional economies in China as well as the increase in automobile ownership, growth in traffic demand in China is expected to remain steady. Therefore, the impact of the abovementioned policy adjustments is expected to be lower than that originally estimated at the beginning of the year. The Group will continue to reinforce promotion on its road network and increase efforts to attract traffic volume, take marketing measures which are tailor-made for specific expressway projects and strengthen the management of construction projects, striving to enhance efficiency in road traffic and traffic capacity.

OTHER INVESTMENTS

Shenzhen Airlines

In the first half of 2013, slow growth in the domestic aviation market and intensifying industry competition have made it more difficult for the operators in the civil aviation industry to operate, which led to a transportation loss in the industry as a whole. During the Period, Shenzhen Airlines, an associate in which the Group holds a 49% equity interest, took an initiative to face market changes through strengthened marketing efforts and stringent cost controls, recorded a 4% increase in operating revenue as compared to the corresponding period of the previous year. However, due to heavy competition, its average airfares declined by 4% as compared to the corresponding period of the previous year. Together with the significant increase in operating costs, including remuneration and depreciation, Shenzhen Airlines' transportation profit amounted to RMB152 million (2012: RMB347 million). Despite the decline in profit, performance of Shenzhen Airlines is outstanding among its peers. During the Period, Shenzhen Airlines contributed a profit of HK$101 million (2012: HK$341 million) to the Group.

Shenzhen Airlines recorded growth in passenger transport volume during the Period, with its average passenger load factor reaching 82.4% (2012: 80.8%). Passenger traffic reached 15,292 million passenger-km (2012: 13,933 million passenger-km), representing an increase of 10% as compared to the corresponding period of the previous year. The airlines carried 10.22 million passenger rides (2012: 9.53 million passenger rides), up 7% over the corresponding period of the previous year. Passenger revenue increased by 3% over the same period of the previous year.

As at 30 June 2013, Shenzhen Airlines operated a total of 121 passenger aircraft. At present, Shenzhen Airlines operates 159 domestic and international routes, of which 148 are domestic routes, 5 are international routes and 6 serve the Hong Kong, Macau and Taiwan regions.

Aviation oil costs represent a significant cost in the civil aviation industry. Shenzhen Airlines will continue to enhance operation efficiency by optimising airway and fleet structure as well as strengthening the compatibility of routes with aircraft so as to reduce the impact brought by aviation oil costs.

Looking forward to the second half of 2013, competition in the civil aviation industry will be intensified. Nevertheless, the State Council issued the "Outline to promote the development of the civil aviation industry" in July last year offered an advantageous political environment for the long-term development of the industry. Civil Aviation Administration of China has pushed forward management measures including reforms in the air transport price and optimising the airspace structure, which helped to lower costs for airline companies. Accordingly, China's civil aviation industry is still expected to maintain its growth momentum. Shenzhen Airlines will continue to implement its strategic plans involving stringent cost controls and risk prevention and control so as to grasp opportunities in the peak seasons and to enhance its core strengths and profitability.

Shenzhen Airlines has fully offset its accumulated loss in 2012 and declared dividend to its shareholders. The Group received a cash dividend for the year ended 2012 of RMB113 million (HK$141 million) during the Period. The Group believes that its strategic investment in Shenzhen Airlines will bring increasing returns to its shareholders.

CSG

According to the Group's business development, capital needs and internal resources coordination, coupled with capital market conditions, the Group adjusts the volume of the shares of CSG to be disposed of so as to maximise the profits of the Company and its shareholders.

During the Period, the Group disposed of approximately 10.87 million A shares of CSG at an average selling price of RMB11.18 (HK$14.01) per share and realised a gain after tax of approximately HK$101 million (2012: nil). As at the date of this report, the Group beneficially owned a total of 122,298,813 A shares of CSG, representing approximately 5.89% in the total issued share capital of CSG. All A shares of CSG held by the Group are freely tradable on the Shenzhen Stock Exchange.

FINANCIAL POSITION

	30 June 2013 HK$ million	31 December 2012 HK$ million	Increase/ (Decrease)
Total Assets	**42,673**	42,383	1%
Total Liabilities	**21,988**	22,395	(2%)
Total Equity	**20,685**	19,988	3%
Net Asset Value attributable to shareholders	**13,122**	12,645	4%
Net Asset Value per share attributable to shareholders (HK dollar)	**0.79**	0.77	3%
Cash	**4,971**	4,868	2%
Bank borrowings	**9,669**	9,154	6%
Notes and bonds	**8,096**	8,816	(8%)
Total Borrowings	**17,765**	17,970	(1%)
Net Borrowings	**12,794**	13,102	(2%)
Debt-asset Ratio (Total Liabilities/Total Assets)	**52%**	53%	(1%)#
Ratio of Total Borrowings to Total Assets	**42%**	42%	–
Ratio of Net Borrowings to Total Equity	**62%**	66%	(4%)#
Ratio of Total Borrowings to Total Equity	**86%**	90%	(4%)#

 # Change in percentage points

Debt-Asset Ratio

The Group's debt-asset ratio as at 30 June 2013 was 52%, which decreased slightly by 1 percentage point as compared to that at the end of 2012. The Group is committed to reducing its total borrowings, which decreased 1% as compared to that at the end of last year. In addition, the disposal of a portion of A shares of CSG and the equity interest in SZ Capital increased cash in hand, and the increase in profit boosted total assets, thus bringing the ratio of net borrowings to total equity to drop by 4 percentage points to 62%.

Cash Flow and Financial Ratios

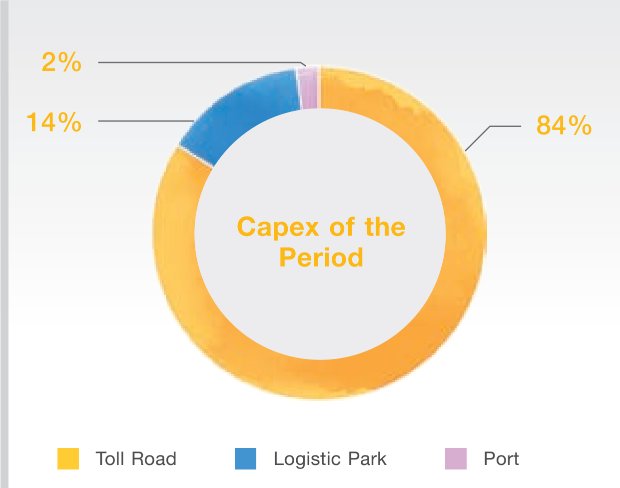
During the Period, net cash inflow generated from operations rose 11% to reach HK$1,233 million, while net cash inflow for investment activities reached HK$106 million, with net cash outflow generated from financing activities amounted to HK$1,237 million. The Group's core business consistently generates stable cash flow. According to changes in the external environment and capital market conditions during the Period, the Group made a timely disposal of a portion of its available-for-sale financial assets. To reduce the total borrowings, net cash outflow from debt repayment amounted to HK$508 million during the Period (first half of 2012: net cash inflow from borrowings of HK$1,575 million), thereby bringing down the ratio of net borrowings to total equity and ratio of total borrowings to total equity as compared to those at the end of 2012.

Cash Balance

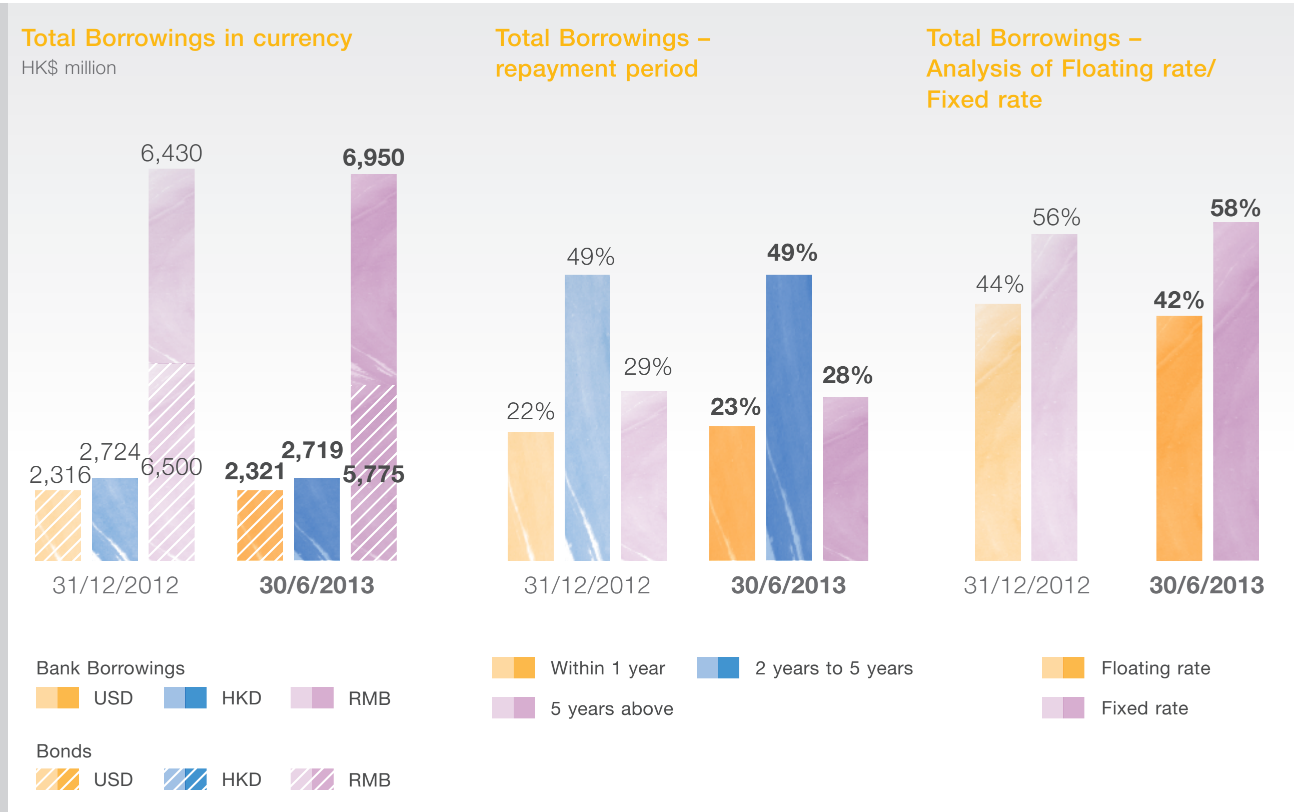
The Group maintained a stable cash position during the Period. As at 30 June 2013, the cash balance held by the Group amounted to HK$4,971 million (31 December 2012: HK$4,868 million), representing an increase of 2% as compared to that at the end of last year. Of the cash held by the Group, almost all was denominated in Renminbi. With sufficient cash on hand and adequate standby banking facilities, the Group is able to meet future debt repayment requirements and support its long term business development.

Capital Expenditures

During the Period, the Group's capital expenditures amounted to HK$598 million (RMB474 million), of which approximately RMB65 million was used to pay for construction of the logistic park and RMB398 million was used to pay for construction work of the Qinglian Expressway as well as the expansion of the Meiguan Expressway. Capital expenditures for the second half of 2013 are expected to amount to HK$1,163 million (RMB920 million).



Borrowings



Bank Loans

As at 30 June 2013, the Group's total bank loans amounted to approximately HK$9,700 million (31 December 2012: HK$9,200 million), representing an increase of 6% as compared to that at the end of last year. In this current low interest rate environment of Hong Kong dollar loans, the Group obtained Hong Kong dollar bank loans to satisfy its capital needs, which provided cost effective capital.

Notes and Bonds

As at 30 June 2013, the total carrying value of the Group's notes and bonds was approximately HK$8,100 million (31 December 2012: HK$8,800 million), representing a decline of 8% as compared to that at the end of last year. This was mainly due to the repayment of approximately RMB699 million (HK$870 million) upon the maturity of medium-term notes issued by Shenzhen Expressway, the Group's subsidiary, in March 2013.

The management closely monitors the trend of the interest rate market. With the aim of reducing financing risk and interest rate risk, and optimising its debt structure, the Group will continue to explore different financing channels, diversify its sources of capital and maintain its debt portfolio, which consists of short-term and long-term debts.

The Group's Financial Policy

Interest Rate Risk Management

In order to reduce its total borrowing costs and risks brought by fluctuating interest rates, the Group will utilise interest rate swaps when appropriate in order to manage its interest rate risk. Borrowings are a major source of interest rate risk for the Group. The interest rate swap agreements which the Group has entered into with financial institutions are all hedged to transform loans with floating rates into fixed rates. In this current low interest rate environment, the Group manages the ratio of fixed rate and floating rate bank loans, striking a balance between minimising interest expenses and volatility in interest rate hedging. The management regularly reviews the appropriate ratio of fixed rate and floating rate risks. For further details on the Group's hedging activities, please refer to note 17 of the condensed consolidated interim financial information.

Exchange Rate Risk

Assets, cash flows and cash held for businesses operated by the Group are primarily denominated in Renminbi. Cash outflow, which mainly comprises cash dividend payments to shareholders, as well as interest and related expenses on bank loans and senior notes, are denominated in Hong Kong dollars and US dollars. Renminbi continues to appreciate during the Period, bringing to the Group a foreign exchange gain of HK$76.60 million. The Group closely monitors trends in the Renminbi exchange rate, and takes measures to minimise exchange rate risks in a timely manner according to market conditions.

Liquidity Risk Management

The Group is prudent in managing its cash flow and strives to maintain sufficient cash and standby banking facilities so as to consolidate the Group's capital reserves, secure sufficient funds for business expansion and provide flexibility to the Group to seize market opportunities. The Group's management procedures for its cash flow involve regular rolling cash flow forecasts and carrying out financing activities in a timely manner in order to prevent cash flow risk and to ensure that the Group has the capacity to carry out ongoing operations and business expansion so as to enhance shareholder value.

The Group currently has cash on hand and standby banking facilities of approximately HK$38,800 million. The Group has signed agreements with major banks in Hong Kong and mainland China in order to secure debt financing for its projects. The Group will pay close attention to conditions in the capital market and will continue to broaden its financing channels through different financing methods so as to minimise the adverse impact brought by fluctuations in the capital market on the costs of debt and liquidity.

Credit Rating

During the Period, the Company was maintained a credit rating of BBB by Standard & Poor's, a Baa3 rating by Moody's and a BBB rating by Fitch. With high quality assets, a steady and healthy financial position, strong cash flows and good financial leverage, the Group strives to adhere the long-term goal of maintaining its investment grading. The recognition from the three ratings institutions enables the Group to explore different financing channels which have helped the Group further optimise its capital structure and lower its financing costs.

Pledge of Assets, Guarantees and Contingent Liabilities

For details of the Group's pledge of assets, guarantees and contingent liabilities as at 30 June 2013, please refer to notes 16 and 26 respectively of the condensed consolidated interim financial information.

HUMAN RESOURCES

The Group always considers talents as a valuable resource and considers its human resources management strategy to be an important component of its business strategy.

The Group places emphasis on the recruitment and training of talent. During the Period, to cater for the needs of its business development, the Group continued to recruit management talent and logistic professionals in order to strengthen its management and professional teams. As at 30 June 2013, the Group had a total of 4,700 staff.

The Group also places emphasis on staff training, which includes running an EMBA program and other professional training to improve the professional quality of staff.

The Group has established a comprehensive remuneration incentive scheme under which staff remuneration is determined according to position values, capabilities and work performance of the staff with reference to market trends. To promote its long-term development, the Group has implemented the share option scheme, and granted share options to its management, its subsidiaries' senior management and certain key staff members. The granting of share options is an initiative which promotes the staff's proactiveness and helps to retain talent, which facilitates the achievement of the Group's strategic goals.

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 24 to 50, which comprises the consolidated interim balance sheet of Shenzhen International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related consolidated interim income statement, consolidated interim statement of comprehensive income, 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, 22 August 2013

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in HK dollar thousands unless otherwise stated)

		As at	
	Note	**30 June 2013 (Unaudited)**	31 December 2012 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	**3,775,140**	3,829,067
Investment properties	7	**76,600**	72,000
Land use rights	7	**654,135**	651,750
Construction in progress	7	**489,859**	398,468
Intangible assets	7	**24,263,371**	24,188,532
Investments in associates	8	**5,059,318**	5,021,531
Investments in joint ventures		**314,888**	317,382
Available-for-sale financial assets	10	**101,404**	37,511
Deferred income tax assets		**90,465**	96,842
Other non-current assets	9	**125,846**	81,144
		34,951,026	34,694,227
Current assets			
Inventories	11	**413,440**	8,636
Available-for-sale financial assets	10	**1,433,987**	1,646,963
Trade and other receivables	12	**903,238**	1,165,060
Restricted bank deposits		**2,347**	2,302
Cash and cash equivalents		**4,969,126**	4,866,080
		7,722,138	7,689,041
Total assets		**42,673,164**	42,383,268
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital and share premium	13	**5,058,674**	4,952,487
Other reserves	14	**765,668**	637,250
Retained earnings			
– Proposed dividends		**–**	612,349
– Others		**7,297,513**	6,443,120
		13,121,855	12,645,206
Non-controlling interests		**7,563,313**	7,342,934
Total equity		**20,685,168**	19,988,140

(All amounts in HK dollar thousands unless otherwise stated)

	Note	As at 30 June 2013 (Unaudited)	As at 31 December 2012 (Audited)
Liabilities			
Non-current liabilities			
Borrowings	16	**13,710,429**	14,072,020
Derivative financial instruments	17	**33,900**	36,003
Provision for maintenance/resurfacing obligations	18	**270,489**	243,556
Deferred income tax liabilities		**1,537,589**	1,547,673
		15,552,407	15,899,252
Current liabilities			
Trade and other payables	15	**1,916,822**	2,082,289
Income tax payable		**207,923**	123,412
Provision for maintenance/resurfacing obligations	18	**249,472**	377,447
Borrowings	16	**4,054,157**	3,897,663
Derivative financial instruments	17	**7,215**	15,065
		6,435,589	6,495,876
Total liabilities		**21,987,996**	22,395,128
Total equity and liabilities		**42,673,164**	42,383,268
Net current assets		**1,286,549**	1,193,165
Total assets less current liabilities		**36,237,575**	35,887,392

The notes on pages 30 to 50 form an integral part of this unaudited condensed consolidated interim financial information.

CONSOLIDATED INTERIM INCOME STATEMENT

(All amounts in HK dollar thousands unless otherwise stated)

	Note	Six months ended 30 June 2013 (Unaudited)	2012 (Unaudited)
Revenue	6, 19	**2,797,125**	2,856,643
Cost of sales		**(1,456,472)**	(1,436,136)
Gross profit		**1,340,653**	1,420,507
Other gains – net	20	**315,452**	7,647
Other income	21	**49,379**	53,244
Distribution costs		**(25,001)**	(18,640)
Administrative expenses		**(132,031)**	(136,713)
Operating profit		**1,548,452**	1,326,045
Share of profit of joint ventures		**11,288**	7,681
Share of profit of associates	8	**239,535**	450,348
Profit before finance costs and tax		**1,799,275**	1,784,074
Finance income	22	**40,716**	35,031
Finance costs	22	**(405,558)**	(508,513)
Finance costs – net	22	**(364,842)**	(473,482)
Profit before income tax		**1,434,433**	1,310,592
Income tax expense	23	**(324,858)**	(247,530)
Profit for the period		**1,109,575**	1,063,062
Attributable to:			
Equity holders of the Company		**857,356**	804,656
Non-controlling interests		**252,219**	258,406
		1,109,575	1,063,062
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share)			
– Basic	24	**5.21**	4.91
– Diluted	24	**5.19**	4.91
Dividends	25	**–**	–

The notes on pages 30 to 50 form an integral part of this unaudited condensed consolidated interim financial information.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in HK dollar thousands unless otherwise stated)

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Profit for the period	**1,109,575**	1,063,062
Other comprehensive income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on available-for-sale financial assets, net of tax	**113,566**	(4,591)
Transfer of fair value gain to income statement upon disposal of available-for-sale financial assets, net of tax	**(225,064)**	–
Fair value gains on derivative financial instruments, net of tax	**17,136**	2,117
Derecognition of cash flow hedges, net of tax	**–**	1,503
Share of other comprehensive (loss)/income of an associate	**(43)**	6
Currency translation differences	**352,287**	(123,907)
Other comprehensive income/(loss) for the period, net of tax	**257,882**	(124,872)
Total comprehensive income for the period	**1,367,457**	938,190
Total comprehensive income attributable to:		
Equity holders of the Company	**985,774**	735,342
Non-controlling interests	**381,683**	202,848
	1,367,457	938,190

The notes on pages 30 to 50 form an integral part of this unaudited condensed consolidated interim financial information.

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 2012	**4,937,120**	**474,490**	**5,802,591**	**11,214,201**	**6,934,105**	**18,148,306**
Total comprehensive income for the six months ended 30 June 2012	**–**	**(69,314)**	**804,656**	**735,342**	**202,848**	**938,190**
Transactions with owners in their capacity as owners						
Employee share options						
– value of employee services	8,716	–	–	8,716	–	8,716
Dividend relating to 2011	–	–	(540,281)	(540,281)	–	(540,281)
Dividend paid to non-controlling interests by subsidiaries	–	–	–	–	(230,874)	(230,874)
Injection by non-controlling interests	–	–	–	–	64,533	64,533
Total transactions with owners	**8,716**	**–**	**(540,281)**	**(531,565)**	**(166,341)**	**(697,906)**
Balance as at 30 June 2012	**4,945,836**	**405,176**	**6,066,966**	**11,417,978**	**6,970,612**	**18,388,590**
Balance as at 1 January 2013	**4,952,487**	**637,250**	**7,055,469**	**12,645,206**	**7,342,934**	**19,988,140**
Total comprehensive income for the six months ended 30 June 2013	**–**	**128,418**	**857,356**	**985,774**	**381,683**	**1,367,457**
Transactions with owners in their capacity as owners						
Employee share options						
– proceeds from shares issued	45,968	–	–	45,968	–	45,968
– value of employee services	4,634	–	–	4,634	–	4,634
Dividend relating to 2012	–	–	(615,312)	(615,312)	–	(615,312)
Issue of scrip shares as dividend	55,585	–	–	55,585	–	55,585
Dividend paid to non-controlling interests by subsidiaries	–	–	–	–	(193,179)	(193,179)
Injection by non-controlling interests	–	–	–	–	31,875	31,875
Total transactions with owners	**106,187**	**–**	**(615,312)**	**(509,125)**	**(161,304)**	**(670,429)**
Balance as at 30 June 2013	**5,058,674**	**765,668**	**7,297,513**	**13,121,855**	**7,563,313**	**20,685,168**

The notes on pages 30 to 50 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	
	2013	2012
	(Unaudited)	(Unaudited)
Cash generated from operations	**1,788,916**	1,867,750
Interest paid	**(327,413)**	(373,661)
Income tax paid	**(228,540)**	(385,091)
Net cash inflows from operating activities	**1,232,963**	1,108,998
Net cash inflows/(outflows) from investing activities	**106,113**	(745,697)
Net cash (outflows)/inflows from financing activities	**(1,236,517)**	831,637
Net increase in cash and cash equivalents	**102,559**	1,194,938
Cash and cash equivalents at beginning of period	**4,866,080**	3,723,557
Exchange gains/(losses)	**487**	(6,835)
Cash and cash equivalents at end of period	**4,969,126**	4,911,660

Non-cash transactions

The major non-cash transaction for the six months ended 30 June 2013 represented the issue of scrip shares as dividend (Note 25) (2012 interim: Nil).

The notes on pages 30 to 50 form an integral part of this unaudited condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

1. GENERAL INFORMATION

The principal activities of Shenzhen International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), and its associates and joint ventures 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 "Stock Exchange"). One of the major subsidiaries of the Company, Shenzhen Expressway Company Limited ("Shenzhen Expressway") is listed on Stock Exchange and Shanghai Stock Exchange.

As at 30 June 2013, Ultrarich International Limited ("Ultrarich") owns 7,955,216,814 ordinary shares of the Company directly, representing approximately 48.20% of the issued share capital of the Company. As Shenzhen Investment Holdings Company Limited ("SIHCL") held the 100% equity interests in Ultrarich, it has a deemed interest in 48.20% 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 People's Government State-owned Assets Supervision and Administration Commission ("Shenzhen SASAC"). The directors of the Company regard that Shenzhen SASAC controls the financial and operating policies of the Company and is the de facto controller of the Company.

This condensed consolidated interim financial information ("Interim Financial Information") is presented in Hong Kong dollar ("HKD"), unless otherwise stated.

This Interim Financial Information was approved for issue on 22 August 2013 and has not been audited.

Key events

On 7 June 2013, Xin Tong Chan Development (Shenzhen) Co., Ltd. ("Xin Tong Chan"), a subsidiary of the Group, entered into an agreement with Shenzhen Energy Group Co., Ltd. ("SZ Energy"). According to the agreement, Xin Tong Chan disposed of its 2.3338% equity interest in Shenzhen Capital Group Co., Ltd. ("SZ Capital") to SZ Energy at a consideration of RMB200,000,000, which was satisfied in the form of cash. The above equity disposal was completed in June 2013. The excess of the consideration over the cost of investment in SZ Capital, amounting to HKD172,134,000, was recognised within 'other gains – net' (Note 10) in the income statement.

2. BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2013 (the "Period") has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by Hong Kong Institute of Certified Public Accountants. This Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2012 ("2012 Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. ACCOUNTING POLICIES

Except for described below, the accounting policies applied are consistent with those of the 2012 Financial Statements, as described therein.

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

(All amounts in HK dollar thousands unless otherwise stated)

3. ACCOUNTING POLICIES (continued)

Property under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2013 have no material impact on the Group or are not currently relevant to the Group.

(b) The following new standards and amendments to standards that are relevant to the Group have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendment to HKAS 32	Financial Instruments: Presentation on assets and liabilities offsetting	1 January 2014
Amendment to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities	1 January 2014
HKFRS 9	Financial instruments	1 January 2015
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date and transition disclosures	1 January 2015

The Group has assessed the impact of the above new and revised standards, and amendments to existing standards and based on the preliminary results of assessment, the Group currently does not expect the adoption of these standards and amendments would have a significant impact on the Group's results of operations and financial position.

4. ESTIMATES

The preparation of the Interim 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 Interim 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 2012 Financial Statements except for the followings:

The Department of Transport of Guangdong Province recently published a notice that the toll collection period should be a maximum of 20 years for those toll roads transferred from government-financed nature to profit-basis nature pursuant to the requirement by 'About Accelerating the Special Rectification on Toll Roads of the Province' (Yue Jiao Ming Dian (2013) No. 56). According to the notice, the toll collection on National Highway No. 107 (Qinglian Section) owned by Guangdong Qinglian Highway Development Company Limited ("Qinglian Company"), a subsidiary of the Group, has been cancelled with effect from 30 June 2013. The originally approved toll collection period for National Highway No. 107 (Qinglian Section) will end in February 2028. As at 30 June 2013, the net book value of the related concession intangible assets and property, plant and equipment of National Highway No. 107 (Qinglian Section) were HKD313,597,000 and HKD183,000 respectively. Since the toll collection right of National Highway No. 107 (Qinglian Section) was obtained by Qinglian Company through authorised investment and with formal approvals, the Group has started to negotiate with the relevant government authorities regarding to the Group's legal rights and potential compensation as a result of the cancellation of the toll collection on National Highway No. 107 (Qinglian Section). Based on the preliminary communication with the relevant government authorities, the directors of the Company considered that no accounting treatment relating to this issue was necessary to make in this Interim Financial Information.

(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.

This Interim 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 2012 Financial Statements.

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

5.2 Liquidity risk

Compared to year end, there were no significant changes in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2013:

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Available-for-sale financial assets	**1,433,987**	**–**	**63,243**	**1,497,230**
Liabilities				
Derivatives	**–**	**41,115**	**–**	**41,115**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2012:

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	1,365,974	–	280,989	1,646,963
Liabilities				
Derivatives	–	51,068	–	51,068

During the Period, there were no transfers among levels 1, 2 and 3.

5.4 Valuation techniques used to derive Level 2 fair values

Level 2 hedging derivatives comprise cross currency and interest swap and interest rate swaps. These cross currency and interest swap has been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

There were no changes in valuation techniques during the Period.

(All amounts in HK dollar thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT (continued)

5.5 Fair value measurements using significant unobservable inputs (Level 3)

	Available-for-sale financial assets
Opening balance at 1 January 2013	280,989
Additions	63,243
Disposals	(280,989)
Closing balance at 30 June 2013	63,243
Recognised gains for the Period included in the income statement under "other gains – net" (Note 10(b))	172,134

5.6 Fair value of financial assets and liabilities measured at amortised cost

The fair value of borrowings is as follows:

	As at 30 June 2013	As at 31 December 2012
Non-current	**14,683,474**	14,077,247
Current	**4,054,157**	3,897,663
	18,737,631	17,974,910

The fair values of the following financial assets and liabilities approximate their respective carrying amounts:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

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.

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

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)

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 2013

	Toll roads	Logistic business				Head office functions	Total
		Logistic parks	Logistic services	Port	Subtotal		
Revenue	2,310,466[a]	234,084	180,583	71,992	486,659	–	2,797,125
Operating profit	1,109,998	94,703	9,294	31,177	135,174	303,280	1,548,452
Share of profit of joint ventures	4,090	6,999	199	–	7,198	–	11,288
Share of profit of associates	107,808	–	675	–	675	131,052	239,535
Finance income	23,652	723	602	74	1,399	15,665	40,716
Finance costs	(385,944)	(6,752)	(194)	(10,067)	(17,013)	(2,601)	(405,558)
Profit before income tax	859,604	95,673	10,576	21,184	127,433	447,396	1,434,433
Income tax expense	(189,510)	(20,616)	(2,667)	(2,649)	(25,932)	(109,416)	(324,858)
Profit for the period	670,094	75,057	7,909	18,535	101,501	337,980	1,109,575
Non-controlling interests	(241,509)	(4,419)	(728)	(5,563)	(10,710)	–	(252,219)
Profit attributable to equity holders of the Company	428,585	70,638	7,181	12,972	90,791	337,980	857,356
Depreciation and amortisation	589,806	39,243	5,970	18,554	63,767	7,037	660,610
Capital expenditure							
– Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	178,106	84,489	8,839	14,538	107,866	8,516	294,488

(All amounts in HK dollar thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

For the six months ended 30 June 2012

	Toll roads	Logistic business				Head office functions	Total
		Logistic parks	Logistic services	Port	Subtotal		
Revenue	2,403,011[(a)]	234,378	162,084	57,170	453,632	–	2,856,643
Operating profit	1,215,805	86,068	3,863	20,372	110,303	(63)	1,326,045
Share of profit/(loss) of joint ventures	2,696	5,190	(205)	–	4,985	–	7,681
Share of profit of associates	81,434	–	282	–	282	368,632	450,348
Finance income	24,616	710	460	290	1,460	8,955	35,031
Finance costs	(404,826)	(7,279)	(70)	(12,503)	(19,852)	(83,835)	(508,513)
Profit before income tax	919,725	84,689	4,330	8,159	97,178	293,689	1,310,592
Income tax expense	(221,320)	(18,574)	(1,554)	–	(20,128)	(6,082)	(247,530)
Profit for the period	698,405	66,115	2,776	8,159	77,050	287,607	1,063,062
Non-controlling interests	(252,171)	(3,869)	79	(2,445)	(6,235)	–	(258,406)
Profit attributable to equity holders of the Company	446,234	62,246	2,855	5,714	70,815	287,607	804,656
Depreciation and amortisation	485,631	32,620	5,705	18,026	56,351	11,661	553,643
Capital expenditure							
– Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	222,357	118,921	18,008	4,404	141,333	7,258	370,948
– Additions in investments in associates	–	–	–	–	–	97,266	97,266

(a) The revenue from toll roads included construction service revenue under service concession arrangements of HKD168,459,000 (2012 interim: HKD204,923,000) for the Period.

(b) The Group has a number of customers. Revenue of approximately HKD123,263,000 (2012 interim: HKD99,816,000) was derived from a single external customer. The related revenue was attributable to construction service revenue.

(c) The Group's non-current assets are mainly located in the PRC.

(All amounts in HK dollar thousands unless otherwise stated)

7. CAPITAL EXPENDITURE

	Intangible assets – concession intangible assets	Investment properties	Property, plant and equipment	Land use rights	Construction in progress
Six months ended 30 June 2013					
Net book amount as at 1 January 2013	**24,188,532**	**72,000**	**3,829,067**	**651,750**	**398,468**
Fair value gain	**–**	**4,600**	**–**	**–**	**–**
Additions	**170,079**	**–**	**23,172**	**–**	**101,237**
Disposals	**–**	**–**	**(10,833)**	**–**	**–**
Transfers	**–**	**–**	**14,779**	**–**	**(14,779)**
Exchange difference	**412,364**	**–**	**63,137**	**11,209**	**4,933**
Depreciation/amortisation	**(507,604)**	**–**	**(144,182)**	**(8,824)**	**–**
Net book amount as at 30 June 2013	**24,263,371**	**76,600**	**3,775,140**	**654,135**	**489,859**
Six months ended 30 June 2012					
Net book amount as at 1 January 2012	24,386,045	62,900	4,024,897	663,930	181,415
Fair value gain	–	6,400	–	–	–
Additions	196,983	–	21,461	–	152,504
Disposals	–	–	(8,367)	–	–
Transfers	7,038	–	12,278	–	(19,316)
Exchange difference	(175,244)	–	(30,045)	(5,162)	(1,260)
Depreciation/amortisation	(403,858)	–	(141,150)	(8,635)	–
Net book amount as at 30 June 2012	24,010,964	69,300	3,879,074	650,133	313,343

Concession intangible assets represent the rights to operate the respective toll roads granted by the relevant local government authorities in the PRC to the Group. The remaining periods of rights to operate the respective toll roads are from 9 to 21 years. According to the relevant governments' approval documents and the relevant regulations, the Group is responsible for the construction of the toll roads and the acquisition of the related facilities and equipment. It is also responsible for the operations and management, maintenance and overhaul of the toll roads during the approved operating periods. The toll fees collected and collectible during the operating periods are attributable to the Group. The relevant toll roads assets are required to be returned to the local government authorities when the operating rights periods expire without any considerations payable to the Group. According to the relevant regulations, these operating rights are not renewable and the Group does not have any termination options.

(All amounts in HK dollar thousands unless otherwise stated)

8. INVESTMENTS IN ASSOCIATES

	Six months ended 30 June	
	2013	2012
Beginning of the period	**5,021,531**	2,829,232
Transfer from other non-current assets	**–**	875,394
Additions	**–**	97,266
Share of post-tax profits of associates	**239,535**	450,348
Share of other comprehensive (loss)/income of associates	**(43)**	6
Dividends received	**(288,253)**	(48,654)
Exchange difference	**86,548**	(31,333)
End of the period	**5,059,318**	4,172,259

The ending balance comprises the following:

	As at	
	30 June 2013	31 December 2012
Unlisted investments, at cost		
Share of net assets other than goodwill	**3,984,342**	3,964,866
Goodwill on acquisition	**1,074,976**	1,056,665
	5,059,318	5,021,531

(a) Based on the assessment made by the directors of the Company, there were no impairment losses for the goodwill as at 30 June 2013.

9. OTHER NON-CURRENT ASSETS

As at 30 June 2013, other non-current assets mainly include certain leased assets and the prepayment for construction.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended 30 June	
	2013	2012
Beginning of the period	**1,684,474**	1,734,940
Additions (Note (a))	**63,243**	–
Net fair value gains/(losses)	**157,785**	(9,778)
Disposals (Note (b))	**(394,432)**	–
Exchange differences	**24,321**	(13,586)
End of the period	**1,535,391**	1,711,576
Less: non-current portion	**(101,404)**	(244,946)
Current portion	**1,433,987**	1,466,630

(All amounts in HK dollar thousands unless otherwise stated)

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Available-for-sale financial assets, all denominated in RMB, include the following:

	As at	
	30 June 2013	31 December 2012
Listed securities in the PRC, at fair value (Note (c) and Note 5.3)	**1,433,987**	1,365,974
Unlisted equity investments:		
at fair value (Note 5.3)	**63,243**	280,989
at cost less impairment		
– Cost	**62,256**	61,606
– Provision for impairment	**(24,095)**	(24,095)
	38,161	37,511
	101,404	318,500
	1,535,391	1,684,474

(a) On 17 January 2013, Shenzhen Shen Guang Hui Highway Development Company ("SZ SGH Highway"), a subsidiary of the Group, together with ten other companies including SIHCL, established Kashi Shenzhen City Company Limited ("Kashi SZ City") to expand the Group's logistics business to Kashi, Xinjiang. Accordingly, SZ SGH Highway made a capital contribution of RMB50,000,000 (approximately HKD63,243,000) in cash for the investment in Kashi SZ City, representing approximately 7.58% of the total registered capital of Kashi SZ City. As at 30 June 2013, the fair value of the investment in Kashi SZ City approximates its carrying value.

(b) On 7 June 2013, Xin Tong Chan, a subsidiary of the Group, entered into an agreement with SZ Energy. According to the agreement, Xin Tong Chan disposed of its 2.3338% equity interest in SZ Capital to SZ Energy at a consideration of RMB200,000,000, which was satisfied in the form of cash. The above equity disposal was completed in June 2013. The excess of the consideration over the cost of investment in SZ Capital, amounting to HKD172,134,000, was recognised within 'other gains – net' in the income statement.

(c) As at 30 June 2013, listed equity investments stated at market price represent 5.89% interest (equivalent to 122,298,813 shares) in CSG Holding Co., Ltd. ("CSG"). During the Period, the Group disposed of 10,871,187 shares in CSG and recorded a gain of approximately HKD135,718,000.

11. INVENTORIES

As at 30 June 2013, inventories mainly represent a piece of land held for development purpose which is classified as properties under development.

(All amounts in HK dollar thousands unless otherwise stated)

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2013	As at 31 December 2012
Trade receivables	**670,334**	652,323
Less: Provision for impairment	**(4,910)**	(4,826)
Trade receivables – net	**665,424**	647,497
Other receivables and prepayments	**237,814**	517,563
	903,238	1,165,060

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 revenue recognition date is as follows:

	As at 30 June 2013	As at 31 December 2012
0-90 days	**332,459**	413,009
91-180 days	**49,006**	19,564
181-365 days	**138,514**	117,495
Over 365 days (i)	**150,355**	102,255
	670,334	652,323

(i) Trade receivables due over 365 days mainly comprised the amount of HKD144,197,000 (31 December 2012: HKD97,532,000) arising from the Group's development and management of certain toll road projects administrated for Shenzhen Traffic and Transportation Committee.

13. SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares (share)	Ordinary shares	Share premium	Total
As at 1 January 2012	16,372,173,064	1,637,217	3,299,903	4,937,120
Employee share option scheme				
– value of employee services	–	–	8,716	8,716
As at 30 June 2012	16,372,173,064	1,637,217	3,308,619	4,945,836
As at 1 January 2013	**16,372,973,064**	**1,637,297**	**3,315,190**	**4,952,487**
Employee share option scheme				
– proceeds from shares issued	**79,255,000**	**7,926**	**38,042**	**45,968**
– value of employee services	**–**	**–**	**4,634**	**4,634**
Issue of scrip share as dividend	**53,549,881**	**5,355**	**50,230**	**55,585**
As at 30 June 2013	**16,505,777,945**	**1,650,578**	**3,408,096**	**5,058,674**

13. SHARE CAPITAL AND SHARE PREMIUM (continued)

i) Authorised and issued

The total authorised number of ordinary shares is 20,000 million shares (31 December 2012: 20,000 million shares) with par value of HKD0.1 per share (31 December 2012: 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 2013		Six months ended 30 June 2012	
	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	**0.580**	**271,959**	0.574	308,800
Granted	**0.910**	**19,810**	–	–
Forfeited	**0.580**	**(960)**	–	–
Lapsed (Note(a))	**–**	**–**	0.532	(35,000)
Exercised	**0.580**	**(79,255)**	–	–
End of the period	**0.611**	**211,554**	0.580	273,800

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)** **30 June 2013**	31 December 2012
27 September 2015 (Note (b))	0.580	**191,744**	271,959
27 September 2015 (Note (c))	0.910	**19,810**	–
		211,554	271,959

(a) 35,000,000 share options granted to certain directors and employees on 6 February 2007 were lapsed during 2012.

(b) On 28 September 2010, 286,600,000 share options (the "2010 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 2010 Share Options in 2010 was 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 2010 Share Options has been vested on the date which is 24 months after the grant date; another 30% of the 2010 Share Options granted will be vested on the date which is 36 months after the grant date, and the remaining 30% of the 2010 Share Options will be vested on the date which is 48 months after the grant date. The vesting of the 2010 Share Options is conditional, subject to the individual performance of respective grantees and the achievement of certain performance targets of the Group. During the Period, 960,000 share options were forfeited (2012 interim: Nil) and 79,255,000 share options was exercised (2012 interim: Nil).

(All amounts in HK dollar thousands unless otherwise stated)

13. SHARE CAPITAL AND SHARE PREMIUM (continued)

ii) Share option (continued)

(c) On 18 January 2013, 19,810,000 share options (the "2013 Share Options") with an exercise price of HKD0.91 per share were granted to certain directors of the Company and to the selected employees of the Group. The exercise price of the 2013 Share Options is equal to the market price of the shares on the grant date. The options will expire on 27 September 2015 and will be vested on 28 September 2014. The vesting of the 2013 Share Options is conditional, subject to the individual performance of respective grantees and the achievement of certain performance targets of the Group.

The fair value of the 2013 Share Options granted during the Period was determined using the Binomial Model was HKD0.160 per option. The significant inputs used in the model were share price of HKD0.91 per share at the grant date, exercise price shown above, volatility of 34.709%, dividend yield of 3.63%, an expected option life of 2.7 years and an annual risk-free interest rate of 0.162%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the past 2.7 years.

14. OTHER RESERVES

	Equity component of convertible bond	Fair value reserve	Reserve funds	Capital reserve	Goodwill reserve	Hedging reserve	Merger reserve	Revaluation surplus	Other reserves	Currency translation reserve	Contributed surplus	Total
At 1 January 2012	133,978	1,062,192	1,619,317	59,723	(159,583)	(33,199)	(4,082,110)	507,216	(165,047)	1,518,998	13,005	474,490
Fair value losses on available-for-sale financial assets, net of tax	-	(4,591)	-	-	-	-	-	-	-	-	-	(4,591)
Fair value gains on derivative financial instruments, net of tax	-	-	-	-	-	3,539	-	-	-	-	-	3,539
Derecognition of cash flow hedges, net of tax	-	-	-	-	-	1,503	-	-	-	-	-	1,503
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-	6	-	-	6
Currency translation differences	-	(11,654)	-	-	-	-	-	-	-	(58,117)	-	(69,771)
At 30 June 2012	133,978	1,045,947	1,619,317	59,723	(159,583)	(28,157)	(4,082,110)	507,216	(165,041)	1,460,881	13,005	405,176
At 1 January 2013	**133,978**	**1,044,836**	**1,704,470**	**59,723**	**(159,583)**	**(19,267)**	**(4,082,110)**	**507,216**	**(165,051)**	**1,600,033**	**13,005**	**637,250**
Fair value gains on available-for-sale financial assets, net of tax	**-**	**113,566**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**113,566**
Transfer of fair value gain to income statements upon disposal of available-for-sale financial assets, net of tax	**-**	**(225,064)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(225,064)**
Fair value gains on derivative financial instruments, net of tax	**-**	**-**	**-**	**-**	**-**	**15,774**	**-**	**-**	**-**	**-**	**-**	**15,774**
Share of other comprehensive loss of an associate	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(43)**	**-**	**-**	**(43)**
Currency translation differences	**-**	**21,430**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**202,755**	**-**	**224,185**
At 30 June 2013	**133,978**	**954,768**	**1,704,470**	**59,723**	**(159,583)**	**(3,493)**	**(4,082,110)**	**507,216**	**(165,094)**	**1,802,788**	**13,005**	**765,668**

(All amounts in HK dollar thousands unless otherwise stated)

15. TRADE AND OTHER PAYABLES

	As at 30 June 2013	As at 31 December 2012
Trade payables (Note (a))	**78,982**	78,674
Payables relating to construction projects	**874,389**	1,152,976
Advances from associates (Note (b))	**85,166**	77,305
Other payables and accrued expenses	**878,285**	773,334
	1,916,822	2,082,289

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

	As at 30 June 2013	As at 31 December 2012
0-90 days	**77,154**	77,375
91-180 days	**1,261**	741
181-365 days	**189**	128
Over 365 days	**378**	430
	78,982	78,674

(b) The advances from associates represent HKD42,406,000 (31 December 2012: HKD49,167,000), HKD28,459,000 (31 December 2012: HKD27,975,000), HKD14,214,000 (31 December 2012: HKD163,000), HKD74,000 (31 December 2012: Nil) and HKD13,000 (31 December 2012: Nil) from Nanjing Yangzi River Third Bridge Company Limited, Guangzhou Western Second Ring Expressway Company Limited, Shenzhen Expressway Engineering Consulting Company Limited ("Consulting Company"), Shenzhen Qinglong Expressway Company Limited ("Qinglong Company") and Shenzhen Huayu Expressway Investment Company Limited respectively. These advances are interest-free, unsecured and repayable on demand.

(All amounts in HK dollar thousands unless otherwise stated)

16. BORROWINGS

	As at 30 June 2013	As at 31 December 2012
Non-current		
Bank borrowings (Note (b))	**8,859,120**	9,100,931
Convertible bonds (Note (c))	**1,873,032**	1,798,390
Medium-term notes (Note (d))	**–**	869,730
Senior notes	**2,320,583**	2,316,109
Corporate bonds (Note (e))	**2,892,750**	2,839,089
Private placement notes	**1,009,655**	992,418
	16,955,140	17,916,667
Less: Current portion	**(3,244,711)**	(3,844,647)
	13,710,429	14,072,020
Current		
Bank borrowings	**2,181,125**	1,229,543
Convertible bonds (Note (c))	**1,873,032**	1,798,390
Medium-term notes (Note (d))	**–**	869,730
	4,054,157	3,897,663
Total borrowings	**17,764,586**	17,969,683

Interest expense on borrowings for the Period was HKD484,560,000 (2012 interim: HKD470,597,000).

Movement in borrowings is analysed as follows:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Opening balance as at 1 January	**17,969,683**	16,733,954
Proceeds from borrowings	**1,303,823**	2,557,143
Repayments of borrowings	**(1,811,526)**	(982,144)
Exchange differences	**302,606**	(129,587)
Closing balance as at 30 June	**17,764,586**	18,179,366

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

	As at 30 June 2013	As at 31 December 2012
Floating rate		
– Expiring within one year	**7,686,507**	3,198,279
– Expiring beyond one year	**26,141,101**	13,897,800
	33,827,608	17,096,079

(All amounts in HK dollar thousands unless otherwise stated)

16. BORROWINGS (continued)

(b) Including in bank borrowings, HKD41,110,000 (31 December 2012: HKD170,000,000) are secured by the Group's 55% equity interest in Jade Emperor Limited, a wholly owned subsidiary, of which HKD37,800,000 (31 December 2012: Nil) was current portion of the non-current bank borrowings. In addition, bank borrowings of HKD5,428,819,000 (RMB4,292,024,000) (31 December 2012: HKD5,398,016,000 (RMB4,341,624,000)) is secured by a pledge of the operating rights of Qinglian Class I Highway, Qinglian Class II Highway and Qinglian Expressway of Qinglian Company, of which HKD139,514,000 (RMB110,300,000) (31 December 2012: HKD123,337,000 (RMB99,200,000)) was current portion of the non-current bank borrowings. HKD714,647,000 (RMB565,000,000) (31 December 2012: HKD702,474,000 (RMB565,000,000)) is secured by a pledge of the 40% equity interest in Qinglong Company, an associate of the Group. Besides, bank borrowings of HKD42,986,000 (RMB33,985,000) (31 December 2012: Nil) were guaranteed jointly by Shenzhen Expressway and the other shareholder of Guizhou Guishen Investment and Development Company limited, CCCC-SHB Fifth Engineering Co., Ltd., of which HKD6,742,000 (RMB5,330,000) (31 December 2012: Nil) was current portion of the non-current bank borrowings.

(c) The convertible bonds with the face value of RMB1,500,000,000 were issued in October 2007 by Shenzhen Expressway. The bonds bear face interest of 1% per annum and mature in 6 years from the issue date. The movement during the Period is as follows:

	Liability component
At 1 January 2012	1,701,659
Interest expense	41,015
Exchange differences	(13,507)
At 30 June 2012	1,729,167
At 1 January 2013	**1,798,390**
Interest expense	**43,064**
Exchange differences	**31,578**
At 30 June 2013	**1,873,032**

The full amount of the principal and related interests of the bonds is guaranteed by the Shenzhen Branch of the Agricultural Bank of China Corporation, which is in turn secured by the 47.30% of the operating rights of Nanguang Expressway. The bonds are attached with warrants subscription rights which entitle the holders of the bonds to subscribe for newly issued A shares of Shenzhen Expressway at the rate of 7.2 shares per bond. The rights have expired in 2009.

(d) The medium-term notes with principal amount of RMB700 million (31 December 2012: RMB700 million) have a term of three years and bear floating rate interest. The medium-term notes matured in March 2013.

(e) Shenzhen Expressway issued corporate bonds of RMB800 million ("Corporate Bond A") and RMB1,500 million in August 2007 and August 2011 respectively. The full amount of principal and interest of the Corporate Bond A 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.

(All amounts in HK dollar thousands unless otherwise stated)

17. DERIVATIVE FINANCIAL INSTRUMENTS

	As at	
	30 June 2013	31 December 2012
Interest rate swaps		
– non-current liabilities – cash flow hedges (Note (a))	**9,884**	16,022
– current liabilities – cash flow hedges (Note (a))	**7,215**	15,065
Cross currency and interest rate swap		
– non-current liabilities – cash flow hedges (Note (b))	**24,016**	19,981
	41,115	51,068

During the Period, the fair value change of derivative financial instruments recognised in other reserve and income statement amounted to HKD15,774,000 (2012 interim: HKD3,539,000) and nil (2012 interim: HKD1,503,000) respectively.

(a) Interest rate swaps

At 30 June 2013, the fixed interest rates of interest rate swap contracts vary from 1.29% to 2.9% (31 December 2012: 1.29% 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 14) on interest rate swap contracts as of 30 June 2013 will be continuously released to the income statement until the full repayment of the bank borrowings.

As at 30 June 2013, the aggregate notional amount of the interest rate swaps for cash flow hedge purpose amounted to HKD1,086,250,000 (31 December 2012: HKD1,211,875,000).

Outstanding notional principal amount HKD	**30 June 2013 balance of the derivative financial instruments** HKD	**Maturity date**
586,250,000	7,215,000	31 July 2013
400,000,000	8,529,000	28 October 2016
100,000,000	1,355,000	28 October 2016
1,086,250,000	17,099,000	

(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 2013 was HKD357,000,000 (31 December 2012: HKD357,000,000). Through this arrangement, the Group pays an annually fixed interest at 1.8% and the principal at a fixed HKD/RMB exchange rate agreed in the contract while the original annual floating interest expense (3-month HIBOR+1.5%) and the floating principal payments (HKD/RMB exchange spot rate) attached in the loan is offset by the receivable leg of the cross currency and interest rate swap. Such a swap is settled on a quarterly basis from June 2010 to September 2014.

(All amounts in HK dollar thousands unless otherwise stated)

18. PROVISION FOR MAINTENANCE/RESURFACING OBLIGATIONS

	Six months ended 30 June	
	2013	2012
Opening net book amount	**621,003**	877,992
Charged to the income statement:		
Additions	**10,927**	6,207
Increase due to passage of time (Note 22)	**15,953**	22,925
Utilised	**(137,619)**	(33,099)
Exchange differences	**9,697**	(6,858)
Closing net book amount	**519,961**	867,167
Less: Current portion	**(249,472)**	(408,094)
Non-current portion	**270,489**	459,073

19. REVENUE

	Six months ended 30 June	
	2013	2012
Toll roads		
– Toll revenue	**2,142,007**	2,198,088
– Construction service revenue under concession arrangements	**168,459**	204,923
Logistic business		
– Logistic parks	**234,084**	234,378
– Logistic services	**180,583**	162,084
– Port	**71,992**	57,170
	2,797,125	2,856,643

20. OTHER GAINS – NET

	Six months ended 30 June	
	2013	2012
Gain on disposals of available-for-sale financial assets (Note 10)	**307,852**	–
Others	**7,600**	7,647
	315,452	7,647

21. OTHER INCOME

	Six months ended 30 June	
	2013	2012
Dividend income	**34,475**	40,226
Rental income	**11,925**	11,484
Government subsidies	**2,979**	1,534
	49,379	53,244

(All amounts in HK dollar thousands unless otherwise stated)

22. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2013	2012
Interest income from bank deposits	**(40,716)**	(35,031)
Interest expenses		
– Bank borrowings wholly repayable within 5 years	**94,202**	104,152
– Bank borrowings wholly repayable after 5 years	**166,679**	187,811
– Convertible bond wholly repayable within 5 years	**43,064**	41,015
– Medium-term notes wholly repayable within 5 years	**10,024**	21,568
– Corporate bond and other notes wholly repayable within 5 years	**90,776**	67,176
– Corporate bond wholly repayable after 5 years	**27,981**	28,730
– Senior notes wholly repayable within 5 years	**51,834**	20,145
– Others interest expense (Note 18)	**15,953**	22,925
Net foreign exchange (gains)/losses directly attributable to borrowings	**(76,609)**	27,872
Less: interest expenses capitalised in construction in progress	**(18,346)**	(12,881)
	405,558	508,513
Net finance costs	**364,842**	473,482

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 25% (2012 interim: 25%) applicable to the respective companies.

	Six months ended 30 June	
	2013	2012
Current income tax		
– PRC corporate income tax	**313,051**	296,466
Deferred income tax	**11,807**	(48,936)
	324,858	247,530

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	
	2013	2012
Profit attributable to equity holders of the Company	**857,356**	804,656
Weighted average number of ordinary shares in issue (thousands)	**16,442,156**	16,372,173
Basic earnings per share (HK cents)	**5.21**	4.91

(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	
	2013	2012
Profit attributable to equity holders of the Company	**857,356**	804,656
Profit used to determine diluted earnings per share	**857,356**	804,656
Weighted average number of ordinary shares in issue (thousands)	**16,442,156**	16,372,173
Adjustments – share options (thousands)	**82,149**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**16,524,305**	16,372,173
Diluted earnings per share (HK cents)	**5.19**	4.91

(All amounts in HK dollar thousands unless otherwise stated)

25. DIVIDENDS

The board of directors has resolved not to declare an interim dividend in respect of the Period (2012 interim: Nil). The 2012 final dividend of HKD615,312,000 (HK cents 3.74 per ordinary share) was paid on 26 June 2013. According to the approved scrip dividend scheme in the annual general meeting held on 20 May 2013, 53,549,881 new shares were issued at a price of HKD1.038 per share, totalling HKD55,585,000. The remaining dividend totalling HKD559,727,000 was paid in cash.

26. GUARANTEES AND CONTINGENCIES

Except for described below, there have been no material changes to the Group's guarantees and contingencies since 31 December 2012.

(a) In 2007, Shenzhen Expressway signed a construction management service contract with Shenzhen Traffic and Transportation Committee who represents the Shenzhen government, entrusted to manage the construction of Nanping (Phase II) Project. According to the contract, Shenzhen Expressway had arranged with bank to issue irrevocable performance guarantees to Shenzhen Traffic and Transportation Committee amounting to HKD31,622,000 (RMB25,000,000).

27. COMMITMENTS

(a) Capital commitments

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

	As at	
	30 June 2013	31 December 2012
Capital commitments – expenditure of property, plant and equipment and concession intangible assets		
– Contracted but not provided for	**892,840**	998,657
– Authorised but not contracted for	**249,547**	324,512
	1,142,387	1,323,169
Investment commitments		
– Authorised but not contracted for	**53,630**	52,717
	1,196,017	1,375,886

28. RELATED-PARTY TRANSACTIONS

As described in Note 1, the Company is de facto controlled by Shenzhen SASAC. Apart from the related party transactions and balances already disclosed in other notes to this Interim Financial Information, the following material transactions were carried out with related parties during the Period:

(a) During the six months ended 30 June 2013 and 2012, 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 2013 and 2012 and payable balances due to state-owned contractors for construction projects and guaranteed deposits as of 30 June 2013 and 31 December 2012.

(c) Shenzhen Expressway entered into project management service contracts with 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 HKD268,456,000. During the Period, Shenzhen Expressway paid a management fee of approximately HKD18,514,000 (2012 interim: HKD4,970,000) to Consulting Company. The cumulative management fee paid by Shenzhen Expressway to Consulting Company amounted to approximately HKD220,411,000 up to 30 June 2013.

(d) Shenzhen Expressway provides project management services for construction, operation and maintenance of Guangshen Coastal Expressway (Shenzhen Section) Project ("Coastal Project") for the Shenzhen Municipal Government. The Coastal Project is owned by Shenzhen Guangshen Coastal Expressway Investment Co., Ltd., ("Coastal Company") which is wholly owned by SIHCL. The management service revenue is 1.5% of the construction budget. On 9 September 2011, Shenzhen Expressway and Coastal Company entered into the entrusted construction management agreement to formalize the terms of these arrangements. During the Period, Shenzhen Expressway has recognised construction management service revenue amounting to RMB21,356,000 (HKD26,755,000) (2012 interim: RMB10,027,000 (HKD12,324,000)).

(e) Details of the disposal of the equity interest in SZ Capital to SZ Energy are set out in Note 10.

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 2013 (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 2013, 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 corporations (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	8,288,246	beneficial owner	personal	0.05%
Liu Jun	9,000,000	beneficial owner	personal	0.05%

Save as disclosed above and in the section headed "**SHARE OPTION SCHEME**" below, as at 30 June 2013, 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 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 (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:

Name and category of participants	Date of grant of share options	Exercise period of share options	Exercise price of share options (*Note 3*) HK$	Number of unlisted share options (physically settled equity derivatives): As at 1 January 2013	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	As at 30 June 2013	Share price of the Company (*Note 4*): As at the date of grant of share options HK$	As at the date of exercise of share options HK$
Directors										
Mr. Gao Lei	18 January 2013 (*Note 1*)	28 September 2014 to 27 September 2015	0.910	–	6,560,000	–	–	6,560,000	0.880	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. Li Lu Ning	18 January 2013 (*Note 1*)	28 September 2014 to 27 September 2015	0.910	–	5,250,000	–	–	5,250,000	0.880	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	–	5,720,000	–	8,580,000	0.590	0.900
				45,600,000	11,810,000	5,720,000	–	51,690,000		
Other employees										
In aggregate	18 January 2013 (*Note 1*)	28 September 2014 to 27 September 2015	0.910	–	8,000,000	–	–	8,000,000	0.880	N/A
	28 September 2010 (*Note 2*)	28 September 2012 to 27 September 2015	0.580	226,359,200	–	73,535,000	960,000	151,864,200	0.590	0.987
				226,359,200	8,000,000	73,535,000	960,000	159,864,200		
				271,959,200	19,810,000	79,255,000	960,000	211,554,200		

Notes:

(1) *These share options granted will be vested on 28 September 2014. However, vesting of these share options is subject to the individual performance of the respective grantees and the achievement of certain performance targets of the Group.*

(2) *40% of these share options granted has been 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 the respective grantees and the achievement of certain performance targets of the Group.*

(3) *The exercise price of the share options was subject to adjustment in the event 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.*

The Group is in compliance with the requirements as stipulated in Hong Kong Financial Reporting Standard 2 "Share-based Payment". During the Period, provisions amounting to HK$4,634,000 were made for the cost of share options granted by the Company, and was already recognised in the Consolidated Interim Income Statement. Upon exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Share options which lapse or are cancelled prior to the expiration of their exercise date are deleted from the register of outstanding share options.

Details on the model and major assumptions in estimation of the fair value of the share options granted by the Company to eligible participants during the Period are set out in note 13 to the Condensed Consolidated Interim Financial Information. The pricing model of the share options is subject to certain subjective data assumptions. Any changes in the subjective data assumptions will have a significant impact on the fair value estimation of the share options.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2013, 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 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	48.20%
Ultrarich International Limited ("Ultrarich") – *Note (2)*	7,955,216,814	beneficial owner	48.20%

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. Gao Lei, Li Jing Qi, Li Lu Ning and Liu Jun are the directors of Ultrarich which has an interest in the shares of the Company which are required to be disclosed under Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 30 June 2013, 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 SECURITIES

As at 30 June 2013, the interests and short positions of other persons in the shares and underlying shares of the Company, which are required to be recorded in the register kept by the Company under section 336 of Part XV of the SFO are set out below:

Name of shareholders	**Number of ordinary shares held** *Note (1)*	**Capacity**	**Approximate % of issued share capital of the Company**
UBS AG	20,796,550 (L)	beneficial owner	0.126%
	13,430,000 (S)	beneficial owner	0.081%
	325,027,500 (L)	person having a security interest in shares	1.97%
	514,825,000 (L) *Note (2)*	interest of controlled corporation	3.11%
UBS Global Asset Management (Hong Kong) Limited	70,937,500 (L)	beneficial owner	0.43%
UBS Fund Services (Luxembourg) S.A.	418,210,000 (L)	beneficial owner	2.53%
UBS Global Asset Management (Singapore) Ltd	25,577,500 (L)	beneficial owner	0.15%
UBS Financial Services Inc.	100,000 (L)	beneficial owner	0.0006%

Notes:

(1) "L" represents other persons' long position in underlying securities, "S" represents other persons' short position in underlying securities.

(2) Each of UBS Global Asset Management (Hong Kong) Limited, UBS Fund Services (Luxembourg) S.A., UBS Global Asset Management (Singapore) Ltd and UBS Financial Services Inc. is a wholly-owned subsidiary of UBS AG. Accordingly, UBS AG is deemed to be interested in the aggregate of 514,825,000 ordinary shares of the Company held by these companies as disclosed above.

Save as disclosed above, as at 30 June 2013, 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 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 maintaining 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.

During the Period, the Company has complied with the "Corporate Governance Code and Corporate Governance Report" as set out in Appendix 14 of the Listing Rules save that two executive directors and an independent non-executive director of the Company who had to handle business outside Hong Kong, were unable to attend the annual general meeting of the Company held on 20 May 2013.

Board of Directors

As of the date of this report, the Board comprises nine directors, including five executive directors and four non-executive directors, three of whom are independent non-executive directors.

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

(1) considering and approving the 2012 annual results;

(2) reviewing the results and business development of the first quarter of 2013;

(3) approving the appointment of Mr. Li Lu Ning as a member of the Remuneration Committee and the resignation of Mr. Li Jing Qi as a member of the Remuneration Committee.

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) reviewing the 2012 financial statements and considering the completeness, accuracy and fairness of relevant disclosure in the financial statements and submitting the same to the Board for approval;

(2) approving the Auditor's fees for the audit of 2012 financial statements;

(3) reviewing the re-appointment of the Auditor; and

(4) reviewing the relevant procedures in relation to internal control and risk management of the Company.

The Company has engaged PricewaterhouseCoopers, the Auditor, to review the unaudited 2013 condensed consolidated interim financial information of the Group. Before 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 to review the unaudited condensed interim financial information of the Group for the six months ended 30 June 2013. The Auditor's Review Report is set out on page 23 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 one meeting and discussed and reviewed the following major issues during the Period:

(1) evaluating and making recommendations as to the performance of the directors who were subject to retirement by rotation and re-election at the 2013 annual general meeting;

(2) assessing the independence of the independent non-executive directors; and

(3) reviewing the structure, size and composition of 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 Lu Ning (Mr. Li was appointed on 28 March 2013). Mr. Li Jing Qi resigned from the Remuneration Committee on 28 March 2013.

The Remuneration Committee held two meetings during the Period to consider the following major issues:

(1) considering bonus payments for 2012 for the senior management;

(2) approving the grant of share options to the executive directors and senior management of the Company; and

(3) approving the appointment of Mr. Li Lu Ning as a member of the Remuneration Committee and the resignation of Mr. Li Jing Qi from the Remuneration Committee.

Executive Board Committee

Members of the Executive Board Committee are appointed by the Board. The Committee consists of five executive directors, namely Mr. Gao Lei, Mr. Li Jing Qi, Mr. Li Lu Ning, Mr. Liu Jun and Mr. Yang Hai.

During the Period, the Executive Board Committee convened 9 meetings at which the committee discussed and considered the Company's annual results, business development and bonus plans and provided recommendations thereon to the Board. Such meetings were also an opportunity to discuss the grant of the Company's share options to eligible participants; the business development plans, capital expenditures and loans, and changes in the senior management of the Group's subsidiaries. The committee also considered and approved the issue and allotment of scrip shares under the Company's scrip dividend scheme, the plans for bank financing and the change in authorised signatures of bank accounts.

Attendance of the Board and the specialised committees of the Board

Details of the directors' attendance at the meetings of the Board and 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 Board Committee**
Executive directors					
Mr. Gao Lei (Chairman)	**2**/2	N/A	N/A	N/A	**9**/9
Mr. Li Jing Qi – *Note (1)*	**2**/2	N/A	**1**/1	**2**/2	**9**/9
Mr. Li Lu Ning – *Note (2)*	**2**/2	N/A	N/A	N/A	**9**/9
Mr. Liu Jun	**2**/2	N/A	N/A	N/A	**7**/9
Mr. Yang Hai	**2**/2	N/A	N/A	N/A	**7**/9
Non-executive director					
Professor Wong Yuk Shan	**1**/2	N/A	N/A	N/A	N/A
Independent Non-executive directors					
Mr. Leung Ming Yuen, Simon	**2**/2	**2**/2	**1**/1	**2**/2	N/A
Mr. Ding Xun	**2**/2	**2**/2	**1**/1	**2**/2	N/A
Mr. Nip Yun Wing	**2**/2	**2**/2	N/A	N/A	N/A

Notes:

(1) Mr. Li Jing Qi resigned from the Remuneration Committee on 28 March 2013.

(2) Mr. Li Lu Ning was appointed as a member of Remuneration Committee on 28 March 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Board adopted a code of conduct ("Code of Conduct") in respect of securities transactions of the Company by the 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, are likely to be in possession of inside information in relation to the Group.

The Company, having made specific enquiries to all directors of the Company, confirms that all directors of the Company have complied with the standards set out in the Model Code and the Code of Conduct at all times during 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").

Pursuant to the Loan Agreement, the Company undertakes to ensure that the controlling shareholder of the Company, namely Shenzhen Municipal People's Government 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. In the event of default under the Loan Agreement, the Lenders may declare that the outstanding loan, accrued interest and other sums payable to be immediately due and payable; and/or declare that the facility under the Loan Agreement be terminated.

The Company has already repaid the loan in full to the Lenders under the Loan Agreement on 31 July 2013.

Shenzhen International Holdings Limited

深圳國際控股有限公司