



Shenzhen International
深國際

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

共同進步
分享快樂

Advancing
Together,
Harvesting
Together

Interim Report
中期報告 2015



Contents

Corporate Profile	2
Corporate Information	4
Financial Highlights	5
Management Discussion and Analysis	
Overall Review	6
Logistic Business	9
Toll Road Business	15
Other Investments	21
Financial Position	22
Outlook for the Second Half of 2015	25
Human Resources	26
Auditor's Review Report	27
Interim Consolidated Balance Sheet	28
Interim Consolidated Income Statement	30
Interim Consolidated Statement of Comprehensive Income	31
Interim Consolidated Statement of Changes in Equity	32
Interim Consolidated Statement of Cash Flows	33
Notes to the Interim Condensed Consolidated Financial Information	34
Supplementary Information	56



CORPORATE PROFILE

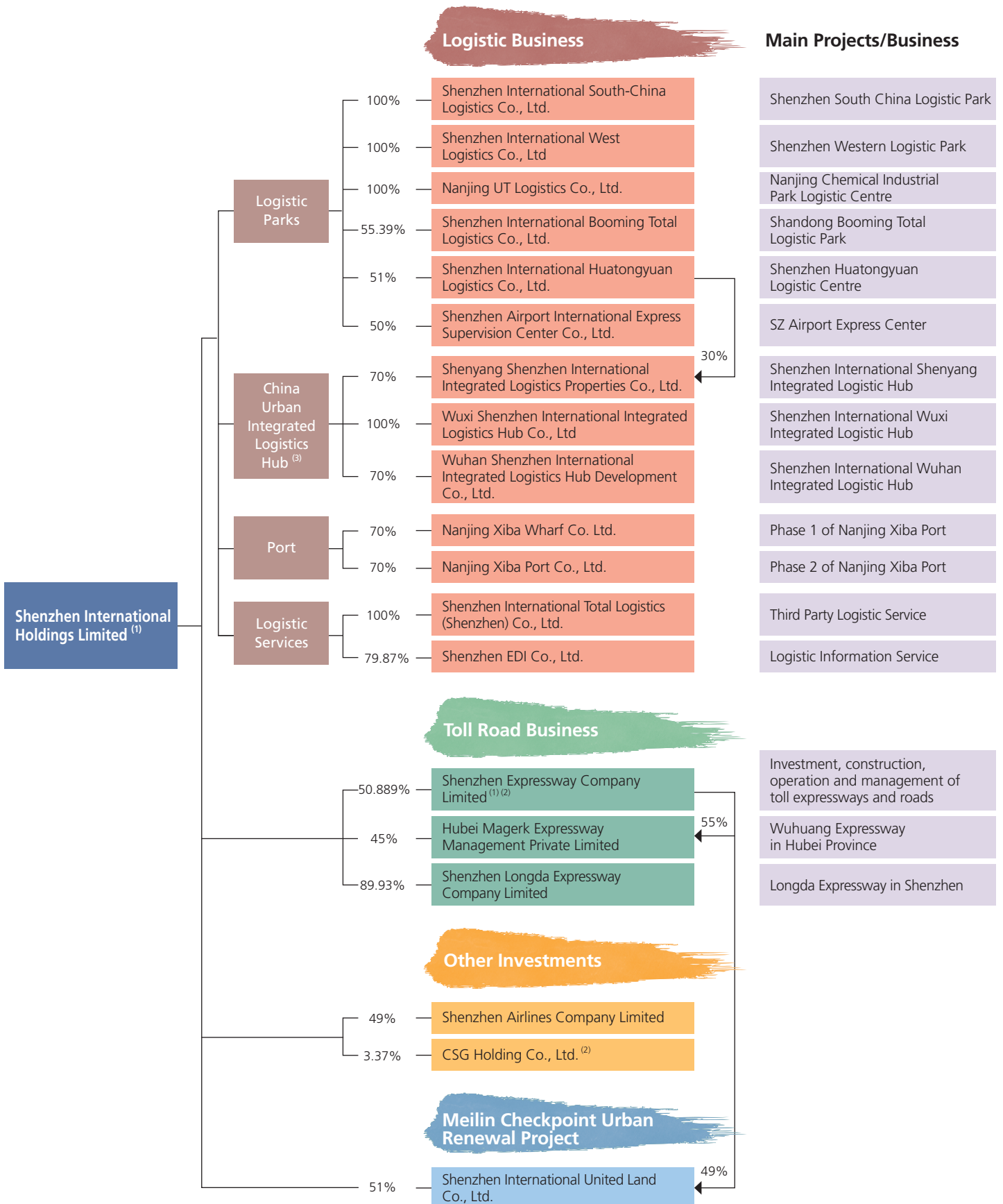
Shenzhen International Holdings Limited is a company incorporated in Bermuda with limited liability and is listed on the main board of the Stock Exchange of Hong Kong. The Group is principally engaged in the investment, construction and operation of logistic infrastructure facilities, as well as providing 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 43.77% of the issued share capital of the Company.

The Group defines the Pearl River Delta, the Yangtze River Delta and the Pan-Bohai Rim in the PRC as strategic regions, through investment, mergers and acquisitions, restructuring and integration, the Group endeavours to design, construct and operate logistic infrastructure projects including China Urban Integrated Logistics Hub 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.



CORPORATE PROFILE



(1) Listed company in Hong Kong

(2) Listed company in the PRC

(3) Only project companies with land use rights of project sites acquired are included

The above is a simplified corporate structure of the Group and does not include intermediate holding entities.

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*)
Zhong Shan Qun
Liu Jun (*Vice President*)
Li Lu Ning (*Vice President*)

Non-Executive Director:

Yim Fung

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
Zhong Shan Qun

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 Advisers*)

PRINCIPAL BANKERS

Bank of China
Bank of Communications
Bank of Jiangsu (*PRC Domestic Bank*)
The Bank of Tokyo-Mitsubishi UFJ, Hong Kong Branch
China Guangfa 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*)
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
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

INVESTOR RELATIONS CONSULTANT

Wonderful Sky Financial Group
6/F, Nexxus Building
41 Connaught Road Central, Hong Kong

FINANCIAL HIGHLIGHTS

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

For the six months ended 30 June (HK\$ million)	Revenue		Operating profit/(loss)		Share of profit/(loss) of associates and joint ventures		Profit/(loss) before finance costs and tax	
	2015	2014	2015	2014	2015	2014	2015	2014
	Toll roads							
— Revenue	2,154	2,706	1,103	1,354	168	136	1,271	1,490
— Gains on disposal of Meiguan Expressway's toll free section	—	—	—	1,926	—	—	—	1,926
— Construction service revenue	1	13	—	—	—	—	—	—
Toll roads sub-total	2,155	2,719	1,103	3,280	168	136	1,271	3,416
Logistic business								
— Logistic parks	319	282	124	133	11	8	135	141
— Logistic services	361	185	13	14	2	1	15	15
— Port	96	85	42	39	—	—	42	39
Logistic business sub-total	776	552	179	186	13	9	192	195
Head office	—	—	655	(7)	326	(1)	981	(8)
Total	2,931	3,271	1,937	3,459	507	144	2,444	3,603
Finance income							157	76
Finance costs							(387)	(580)
Finance costs — net							(230)	(504)
Profit before income tax							2,214	3,099

	For the six months ended 30 June		
	2015 HK\$ million	2014 HK\$ million	Increase/ (Decrease)
Results			
Revenue	2,931	3,271	(10%)
Operating profit	1,937	3,459	(44%)
Profit before income tax	2,214	3,099	(29%)
Profit attributable to shareholders	1,369	1,191	15%
Basic earnings per share (HK dollar)	0.72	0.72	—
EBITDA to interest expense multiple	7.92 times	7.47 times	0.45 times ^Δ

	30 June 2015 31 December 2014		Increase
	30 June 2015 HK\$ million	31 December 2014 HK\$ million	
Financial Position			
Total assets	48,168	47,363	2%
Total equity	27,060	26,728	1%
Debt asset ratio (Total liabilities/Total assets)	44%	44%	—
Ratio of Net borrowings to Total equity	36%	30%	6*
Ratio of Total borrowings to Total equity	61%	59%	2*
Net asset value per share attributable to shareholders (HK dollar)	9.6	9.4	2%

^Δ Change in multiple

* Change in percentage point

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

For the six months ended 30 June

	2015 HK\$'000	2014 HK\$'000	One-off effect of toll adjustment and compensatory arrangements of Meiguan Expressway in 2014 (Note) HK\$'000	Adjusted operating results for 2014 (Note) HK\$'000	Increase/ (Decrease) versus the adjusted operating results of 2014 (Note)
Operating Results					
Revenue	2,930,596	3,271,077	69,260	3,201,817	(8%)
Operating profit	1,936,632	3,458,884	1,925,655	1,533,229	26%
Profit before finance costs and tax	2,444,090	3,603,136	1,925,655	1,677,481	46%
Profit attributable to shareholders	1,368,708	1,190,573	730,386	460,187	197%
Basic earnings per share (HK dollars)	0.72	0.72	0.44	0.28	157%

Note: Pursuant to the terms relating to the compensatory arrangements for future revenue and cost of the relevant road section as set out in the agreement entered into between the Group and the relevant government authorities in Shenzhen in January 2014 (the "Adjustment Agreement") in relation to toll adjustment for a section with a mileage of 13.8 kilometres of Meiguan Expressway owned by the Group and the transfer of related assets, the Group recorded a one-off gain of approximately HK\$1,926 million during the first half of 2014, which contributed approximately HK\$730 million to the Group's profit attributable to shareholders. The road section has also become a toll-free passage with effect from 1 April 2014. As the Adjustment Agreement had a material impact on the results of the Group for the first half of 2014, the board of directors of the Company is of the view that comparison with the adjusted operating results for the first half of 2014 excluding the aforesaid effect will provide the shareholders with a better understanding of the Group's operating performance in the first half of 2015.

During the first half of 2015, the slowdown in China's economic growth continued and competition in the market intensified. The Group actively responded to the challenging economic and market conditions and it further enhanced profitability through enhancement of operating efficiency, network expansion and stringent cost control.

During the six months ended 30 June 2015 (the "Period"), the Group's operating profit and profit before finance costs and tax increased by 26%[^] and 46%[^] to HK\$1,937 million and HK\$2,444 million, respectively, as compared to those of the corresponding period of the previous year. Profit attributable to shareholders for the Period increased by 197%[^] to HK\$1,369 million as compared to that of the corresponding period of the previous year.

For the first half of 2015, the average occupancy rate of the Group's logistic parks maintained at a stable level of 94%. Benefitting from effective marketing and increased customer demand for value-added logistic services, coupled with effective enhancement of operating efficiency and stringent cost control, revenue of the Group's logistic business increased by 41% to HK\$776 million and profit attributable to shareholders increased by 6% to HK\$135 million, as compared to the corresponding period of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS



▼ Jihe Expressway



▼ The Outlets-8th at South China Logistic Park

In respect of the toll road business, most of the toll road projects of the Group reported stable growth in toll revenue and traffic volume during the Period. Nevertheless, toll revenue growth for certain toll road projects were affected by the diversion of road network. The entrusted construction management service projects, which reported considerable revenue and profit contribution in 2014, were specific projects by nature with related works completed and most revenue and profit recognised in 2014. As a result, the Group recorded a substantial decrease of approximately HK\$448 million and HK\$91.49 million respectively, in revenue and profit contributions from entrusted construction management services during the Period, as compared to the corresponding period of the previous year. Consequently, total revenue and net profit from the toll road business decreased by 20% and 12% to HK\$2,154 million and HK\$504 million respectively, as compared to the corresponding period of the previous year, resulting in a decrease in total revenue of the Group by 8%[^] to HK\$2,930 million, as compared to that of the corresponding period of the previous year.

During the Period, Shenzhen Airlines Company Limited (“Shenzhen Airlines”), an associate in which the Group holds a 49% equity interest, benefitting from the steady growth in passenger transport volume, recorded a total revenue of RMB11,295 million (HK\$14,082 million), representing an increase of 4% over the corresponding period of the previous year. The substantial decrease in aviation oil costs by approximately 30% during the Period as a result of the sharp reduction in aviation oil price has driven prominent growth in the net profit of Shenzhen Airlines. During the Period, Shenzhen Airlines contributed a profit of approximately HK\$302 million to the Group (2014: loss of HK\$27.08 million).

During the first half of 2015, A share market in China was active, the Group grasped the opportunity to dispose of approximately 45.90 million A shares of CSG Holding Co., Ltd. (“CSG”) at an average selling price of RMB13.38 (HK\$16.68) per share, realising a gain after tax of approximately HK\$514 million (2014: Nil).

[^] The percentage change in year-on-year comparisons were based on the adjusted operating results for the first half of 2014 (i.e. excluding the one-off effect of toll adjustment and compensatory arrangements of Meiguan Expressway in accordance with the Adjustment Agreement).

MANAGEMENT DISCUSSION AND ANALYSIS

Updates on the Progress of the Meilin Checkpoint Urban Renewal Project

The Group entered into the land transfer agreements with Longhua Management Bureau under Urban Planning Land and Resources Commission of the Shenzhen Municipal (深圳市規劃和國土資源委員會龍華管理局) in respect of the Meilin Checkpoint Urban Renewal Project by the end of June 2015 as scheduled, and paid the first instalment of 30% of the land premium of RMB1,070 million, thereby the Group successfully acquired the land use rights in the Meilin Checkpoint land parcels.

The Meilin Checkpoint Urban Renewal Project is adjacent to the Futian District in downtown Shenzhen as a functional development area in the city centre and a key development zone of the city. It is situated at a geographically advantageous location with good investment value and appreciation potential. The Meilin Checkpoint land parcels have been re-designated as a comprehensive development project with a total gross floor area of approximately 486,000 square metres, comprising properties for residential, commercial, office, business apartments and public and ancillary uses, etc. In the second half of 2015, the Group will actively advance the relevant demolition work, strive to seize the opportunity of urban development, renewal and reconstruction and timely realise the commercial value of the Meilin Checkpoint land parcels.

The acquisition of the Meilin Checkpoint land parcels will create higher economic value for the land owned by the Group, and thereby contribute towards the improvement of the Group's overall corporate performance and shareholders' returns.

MANAGEMENT DISCUSSION AND ANALYSIS

LOGISTIC BUSINESS

Overview

The Group owns various well-equipped logistic parks in major cities of China, including Shenzhen, Nanjing and Yantai. The Group has also signed investment agreements in relation to the “China Urban Integrated Logistics Hub” projects which spread across 10 major logistic gateway cities, including Shenyang, Wuxi, Wuhan, Tianjin, Shijiazhuang, Changsha, Nanchang, Hefei, Ningbo and Hangzhou. The aggregate site area of the above projects is 4.44 million square metres (1.81 million square metres of which are currently owned by the Group). The operating area of the logistic parks is 0.67 million square metres, while the site area of the “China Urban Integrated Logistics Hub” projects currently under construction is 0.24 million square metres.

The Group’s port business comprises five bulk cargo terminals at Nanjing Xiba Port, with capacity between 50,000 to 70,000 tonnage. Phase 1 of Nanjing Xiba Port has two 70,000-tonnage general bulk cargo terminal berths and a 400,000-square metre depot. It has the capability of providing a wide range of services, such as loading and unloading, lightering, train loading and automobile loading, and with a planned annual throughput of 8 million tonnage and a storage capacity of over 1 million tonnage. The construction work of a 50,000-tonne general bulk cargo terminal and two 70,000-tonne general bulk cargo terminals for Phase 2 of Nanjing Xiba port were completed at the end of 2014. After completion of Phase 2 of the project, the planned annual throughput of Nanjing Xiba Port will be over 25 million tonnage.

Analysis of Operating Performance

Logistic Parks

The Group is committed to improving the operational and management efficiency of its existing businesses and has strived to expand and develop the logistic business. The Group continued its effort to retain existing customers and focused on marketing activities as well as stepped up the transformation and upgrades of existing logistic parks. The Group also endeavoured to enhance its quality of services and explored the markets in a proactive manner. During the Period, the logistic parks of the Group reported stable performance with an average occupancy rate of 94%. The results of the logistic park business are in line with expectations, benefitting from effective marketing strategies and increased customer demand for value-added logistic services coupled with effective enhancement of operating efficiency and stringent cost control.

While retaining its traditional logistic business, South China Logistic Park has been seeking integration with other industries to facilitate synergistic development. “Longhua Luxury Cars Mall (龍華名車廣場)” and “The Outlets-8th (8號倉奧特萊斯)” have successively moved into the park and commenced operation in May 2014 and early 2015, respectively. These two projects are operating well and provide a strong foundation for the transformation and upgrade of the logistic park.

Leveraging the geographic advantage of its close proximity to Hong Kong and its robust export and import businesses, Shenzhen has become China’s most dynamic city in cross-border e-commerce. Following the nomination of South China Logistic Park and Western Logistic Park as pilot enterprises for the cross-border e-commerce export and import programme of Shenzhen in 2014, Western Logistic Park was granted as a “National Exemplary e-Commerce Base” by the Ministry of Commerce in June 2015. As the only exemplary base of China focusing on cross-border e-commerce, laying a solid foundation for the Group’s development in e-commerce logistics.

MANAGEMENT DISCUSSION AND ANALYSIS

China Urban Integrated Logistics Hub

The Group has been focusing on “China Urban Integrated Logistics Hub”, which engages in inter-city highway transport logistic centres with full-spectrum functions including warehousing, transfer, distribution, e-commerce, trade exhibition and logistic information centre and provide commercial and financing value-added services. As a logistic information platform established on the basis of logistic infrastructure facilities, it delivers highly efficient, multi-functional and onestop services platform to customers and business partners as well as providing quality and efficient services to numerous logistic companies, producers and manufacturers, and laying a solid foundation for the Group’s sustainable development.

During the first half of 2015, the Group entered into various investment agreements in respect of “China Urban Integrated Logistics Hub” projects with relevant government authorities of Hefei, Ningbo and Hangzhou, respectively. These projects will further bolster the Group’s network development in Eastern China.

While continuing with the development of new projects, the Group was also steadily driving the construction and planning of the “China Urban Integrated Logistics Hub” projects so as to ensure progress is in line with schedule and to actively prepare for the commencement of marketing activities. The construction work for Phase 1 of the “Shenzhen International Shenyang Integrated Logistic Hub” project with a site area of 240,000 square metres was progressing as scheduled and close to completion, and is expected to put into operation by the end of 2015. The “China Urban Integrated Logistics Hub” projects in Wuxi, Wuhan and Shijiazhuang are expected to enter into construction stage in the third and fourth quarter of 2015 and commence operation in 2016. It is expected that the Group will acquire land use rights for project sites in Nanchang, Changsha, Shijiazhuang and Guiyang in the second half of 2015 and construction work for the relevant projects will commence.

Details of the “China Urban Integrated Logistics Hub” projects as at the date of this report are listed below:

Project Name	Location	Planned Site Area (Square Metres)
Shenzhen International Shenyang Integrated Logistic Hub	Yuhong District of Shenyang	700,000
Shenzhen International Tianjin Integrated Logistic Hub	Tianjin Binhai New Area	295,000
Shenzhen International Wuxi Integrated Logistic Hub	Huishan District of Wuxi	346,000
Shenzhen International Wuhan Integrated Logistic Hub	Dongxihu District of Wuhan	126,000
Shenzhen International Shijiazhuang Integrated Logistic Hub	Zhengding District of Shijiazhuang	333,000
Shenzhen International Changsha Integrated Logistic Hub	Changsha Jinxia Economic Development Zone	346,000
Shenzhen International Nanchang Integrated Logistic Hub	Nanchang Economic and Technical Development Zone	267,000
Shenzhen International Hefei Integrated Logistic Hub	Anhui Hefei Commercial and Logistics Development Zone of Feidong County, Hefei City	137,000
Shenzhen International Ningbo Integrated Logistic Hub	Ningnan Trade and Logistics Zone, Ningbo City	194,000
Shenzhen International Hangzhou Smart Integrated Logistic Hub	Hangzhou Da Jiangdong Industrial Cluster, Hangzhou City	400,000
Total Planned Site Area		3,144,000

MANAGEMENT DISCUSSION AND ANALYSIS

Port Business

For the first half of 2015, despite the challenging economic and business conditions, Nanjing Xiba Port reported stable growth in business volume and profit by retaining existing major customers and effective market expansion. During the Period, a total of 125 vessels berthed at Nanjing Xiba Port and the total throughput of Nanjing Xiba Port reached 7.70 million tonnes, maintaining at a similar level to that of the corresponding period of 2014.

Completion of the construction of three new general bulk cargo terminal berths of Phase 2 of Nanjing Xiba Port took place in late 2014, comprising a berth with a 50,000-tonnage capacity and two berths each with a 70,000-tonnage capacity. The new berths started trial operation in April 2015 and commenced loading and lightering operations. With the commencement of operation of Phase 2, Nanjing Xiba Port will become one of the largest and most influential general bulk cargo terminals along the middle and lower reaches of Yangtze River, and its overall handling capacity and efficiency will further enhance in a steady manner. In the second half of 2015, the Group will actively procure land acquisition for and construction of the land depots of the terminals.

Logistic Service Business

Relying on its existing logistic infrastructure facilities, the Group has gradually transformed from traditional logistic business and actively explored supply chain management, value chain integration and modern value-added logistic services by fully utilising its competitive advantages in resources and capital.

During the Period, by providing a wide range of value-added logistic services, proactive marketing, cost control measures and efforts to enhance operating efficiency, the Group's logistic service business has continued to achieve satisfactory results.

The Group has strengthened its focus on innovation, service enhancement and customer relationships in order to enhance profitability and competitiveness of the logistic service business.

MANAGEMENT DISCUSSION AND ANALYSIS

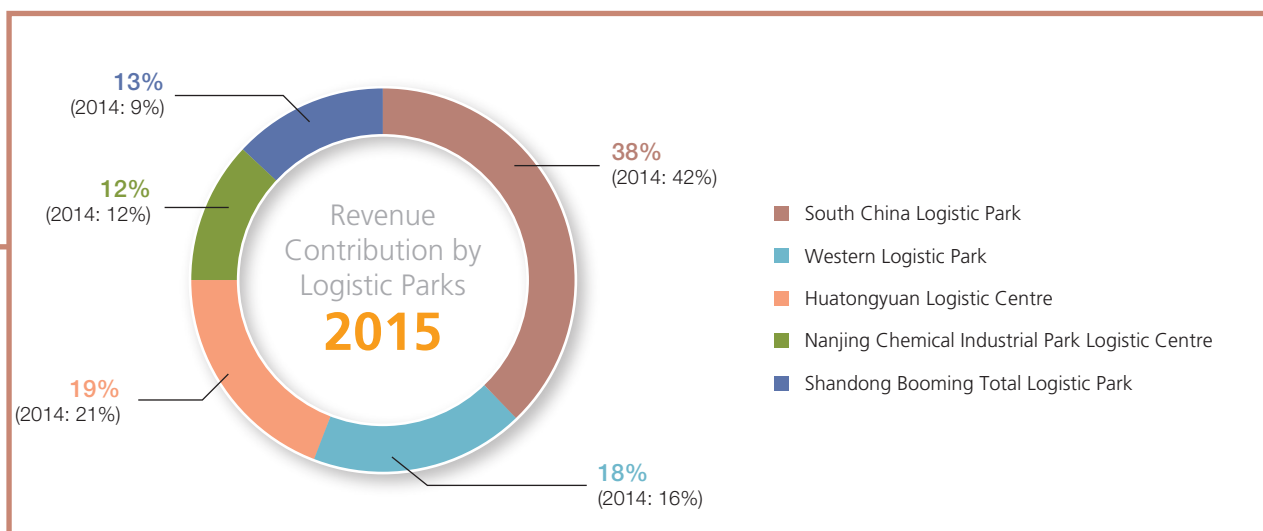
Financial Analysis

During the Period, revenue from the logistic business increased by 41% to HK\$776 million (2014: HK\$552 million) as compared to the corresponding period of the previous year and it was mainly attributable to the increased customer demand for value-added logistic services. Profit attributable to shareholders increased by 6% to HK\$135 million (2014: HK\$128 million) as compared to the corresponding period of the previous year.

Revenue of each logistic business unit

For the six months ended 30 June

	2015 HK\$'000	2014 HK\$'000	Increase
Logistic Park Business			
South China Logistic Park	120,952	118,097	2%
Western Logistic Park	56,739	45,058	26%
Huatongyuan Logistic Centre	60,713	59,770	2%
Nanjing Chemical Industrial Park Logistic Centre	38,252	33,074	16%
Shandong Booming Total Logistic Park	42,137	26,331	60%
Sub-total	318,793	282,330	13%
Port Business	96,017	84,880	13%
Logistic Service Business	361,530	184,291	96%
Total	776,340	551,501	41%

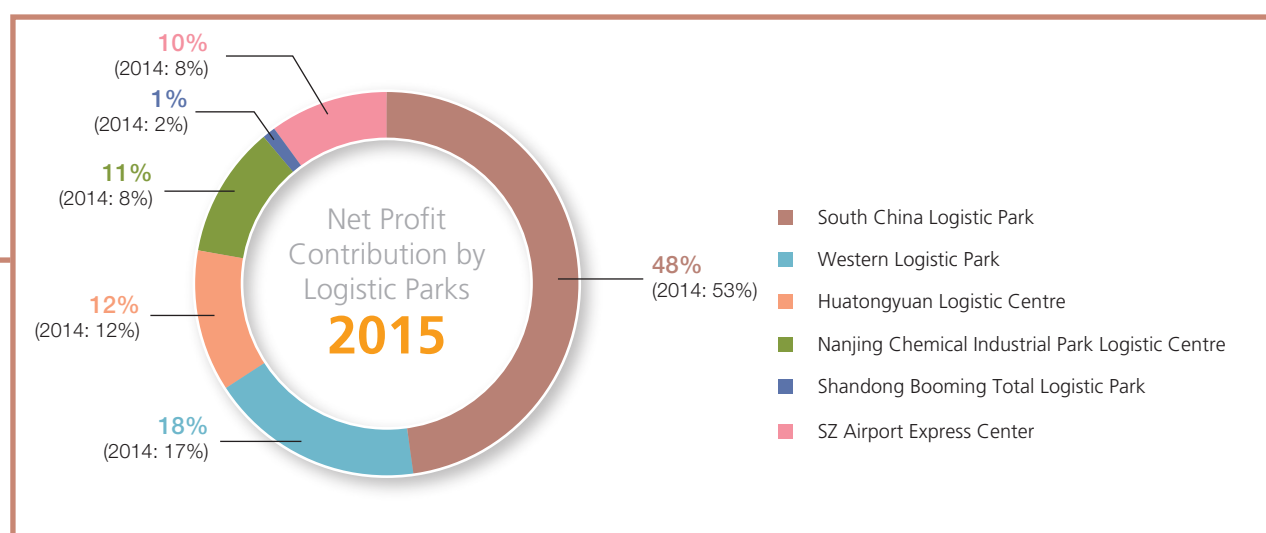


MANAGEMENT DISCUSSION AND ANALYSIS

Profit Attributable to Shareholders of each logistic business unit

For the six months ended 30 June

	2015 HK\$'000	2014 HK\$'000	Increase/ (Decrease)
Logistic Park Business			
South China Logistic Park	48,055	51,718	(7%)
Western Logistic Park	17,940	16,147	11%
Huatongyuan Logistic Centre	12,182	11,849	3%
Nanjing Chemical Industrial Park Logistic Centre	10,673	7,968	34%
Shandong Booming Total Logistic Park	754	1,613	(53%)
SZ Airport Express Center*	9,841	7,548	30%
Sub-total	99,445	96,843	3%
Port Business	22,783	19,078	19%
Logistic Service Business	12,504	11,605	8%
Total	134,732	127,526	6%



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

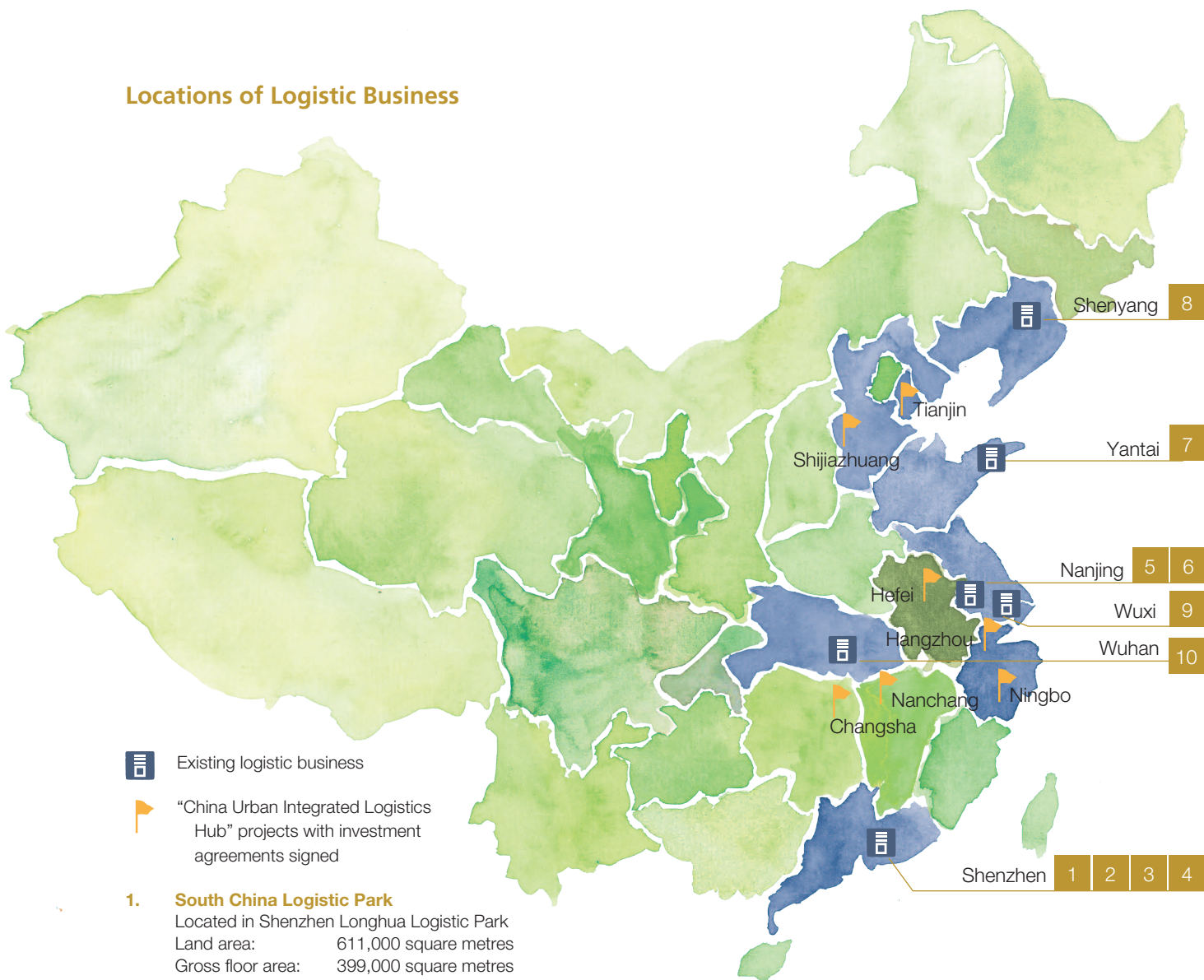
During the Period, the average occupancy rate of the Group's logistic parks remained stable, as a result of the active efforts to expand value-added services, revenue and profit from the logistic park business amounted to HK\$319 million and HK\$99.45 million, representing an increase of 13% and 3% respectively as compared to the corresponding period of the previous year.

The port business recorded a revenue of HK\$96.02 million during the Period, up 13% as compared to the corresponding period of the previous year, and a profit of approximately HK\$22.78 million, representing an increase of 19% as compared to the corresponding period of the previous year. The growth was attributable to continuous efforts to retain existing major customers, effective marketing initiatives and cost control measures of Nanjing Xiba Port.

The logistic service business recorded a revenue of HK\$362 million for the Period, representing an increase of 96% as compared to the corresponding period of the previous year. This was primarily attributable to effective marketing and increased demand from customers for value-added services. Profit attributable to shareholders amounted to HK\$12.50 million, representing an increase of 8% as compared to the corresponding period of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

Locations of Logistic Business



-  Existing logistic business
-  "China Urban Integrated Logistics Hub" projects with investment agreements signed

- 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: 322,000 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
- 8. Shenzhen International Shenyang Integrated Logistic Hub**
 Located in Shenyang International Logistic Park in Yuhong District of Shenyang City
 Land area for the first phase: 240,000 square metres
- 9. Shenzhen International Wuxi Integrated Logistic Hub**
 Located in Huishan District of Wuxi City
 Land area for the first phase: 148,000 square metres
- 10. Shenzhen International Wuhan Integrated Logistic Hub**
 Located in Dongxihu District of Wuhan City
 Land area: 126,000 square metres

MANAGEMENT DISCUSSION AND ANALYSIS

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 165 kilometres, 268 kilometres and 92 kilometres in the Shenzhen region, other regions in Guangdong Province and other provinces in China, respectively as at the date of this report. 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 Hong Kong Stock Exchange 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:

Toll roads (Note 1)	Interest held by the Group	Concession Period	Length by toll (approximate km)	Average Daily Traffic Volume (Note 2)		Average Daily Toll Revenue		
				First Half of 2015 (Vehicle/Thousands)	Increase/(Decrease) compared to the same period of 2014	First Half of 2015 (HK\$'000)	Increase/(Decrease) compared to the same period of 2014	
Shenzhen region:								
Longda Expressway	89.93%	2005.10–2027.10	28	139	7%	1,632	(1%)	
Meiguan Expressway (Note 3)	100%	1995.05–2027.03	5.4	70	N/A	328	N/A	
Jihe East	100%	1997.10–2027.03	23.7	204	20%	2,068	13%	
Jihe West	100%	1999.05–2027.03	21.8	165	23%	1,720	21%	
Yanpai Expressway	100%	2006.05–2027.03	15.6	52	(2%)	524	(22%)	
Yanba Expressway (Note 4)	100%	Section A: 2001.04–2026.04 Section B: 2003.06–2028.07 Section C: 2010.03–2035.03	29.1	33	6%	562	(2%)	
Nanguang Expressway	100%	2008.01–2033.01	31	91	14%	1,046	6%	
Shuiguan Expressway	40%	2002.02–2025.12	20	176	12%	1,775	9%	
Shuiguan Extension	40%	2005.10–2025.12	6.3	67	21%	286	8%	
Other regions in Guangdong Province:								
Qinglian Expressway	76.37%	2009.07–2034.07	216	34	2%	2,252	(20%)	
Yangmao Expressway	25%	2004.11–2027.07	79.8	39	14%	2,042	5%	
Guangwu Project	30%	2004.12–2027.11	37.9	35	5%	1,065	9%	
Jiangzhong Project	25%	2005.11–2027.08	39.6	104	8%	1,294	6%	
Guangzhou Western Second Ring	25%	2006.12–2030.12	40.2	45	2%	1,097	3%	
Other provinces in China:								
Wuhuang Expressway	100%	1997.09–2022.09	70.3	41	1%	1,109	(5%)	
Changsha Ring Road	51%	1999.11–2029.10	34.7	18	15%	242	25%	
Nanjing Third Bridge	25%	2005.10–2030.10	15.6	28	(5%)	1,299	(9%)	

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) All projects have implemented the toll-by-weight policy except for Changsha Ring Road.
- (2) Average daily traffic volume excludes traffic volume which is toll-free during holidays.
- (3) Meilin to Guanlan section of Meiguan Expressway with a mileage of approximately 13.8 km has become toll-free from 1 April 2014, but the toll of Shenzhen-Dongguan border to Guanlan section of Meiguan Expressway with a mileage of 5.4 km remains unchanged. As there is a substantial change in toll mileage, the year-on-year change is not provided.
- (4) 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 the Yantian and Dameisha ramp based on the agreed standards and methods since February 2007. The agreed toll paid by the government during 2013 to 2017 is RMB19 million per annum, and is recorded as Yanba Expressway's toll revenue on a monthly basis. The arrangement beyond 2017 will be negotiated and agreed upon by both parties before the expiry of the agreement.

During the Period, the operating performance of the expressway projects of the Group were affected in varying degrees by changes in surrounding road network, the level of economic activity along the routes, as well as the conditions of each individual project. In particular:

- both the traffic capacity and efficiency of Jihe Expressway and Meiguan Expressway have been enhanced after the completion of maintenance and resurfacing works of Jihe Expressway and reconstruction and expansion works of Meiguan Expressway in recent years. Since the implementation of toll adjustment in relation to Meiguan Expressway with effect from 1 April 2014, there had been rapid growth in traffic volume of its toll free section, which had boosted the operating performance of the remaining toll section held by the Group and of Jihe Expressway (which connects to Meiguan Expressway);
- benefitting from the rapid development of Longhua New Area and Guangming New Area, Longda Expressway recorded satisfactory growth in traffic volume during the Period. However, as affected by the concessionary application of a lower-tier toll rate for empty trucks under the toll-by-weight policy, toll revenue of Longda Expressway for the Period slightly decreased as compared to the corresponding period of the previous year;
- a significant amount of truck traffic on Yanpai Expressway had been diverted to Yantian'ao Tunnel in Shenzhen since the tunnel became a toll-free passage on 1 February 2015, resulting in a negative impact on the operating performance of Yanpai Expressway to a certain extent; and
- Guangle Expressway (Guangzhou to Lechang) and Erguang Expressway (Lianzhou to Huaiji section in Guangdong) became operational in late September and late December 2014, respectively. As the routes of these expressways are located near Qinglian Expressway, diversion effect had been created in respect of Qinglian Expressway to a certain extent. Nevertheless, the conversion and expansion works of Guangqing Expressway (Guangzhou to Qingyuan in Guangdong, which connects to the southern end of Qinglian Expressway) and the construction works of the connecting lanes between Guangqing Expressway and Qinglian Expressway are scheduled for completion in late 2016 and late 2017, respectively. Such project works, when completed, are expected to improve the traffic efficiency of the entire passage to bring into full play its function as the artery of Hunan-Guangdong traffic major passage, thereby enhancing the competitiveness and operating performance of Qinglian Expressway.

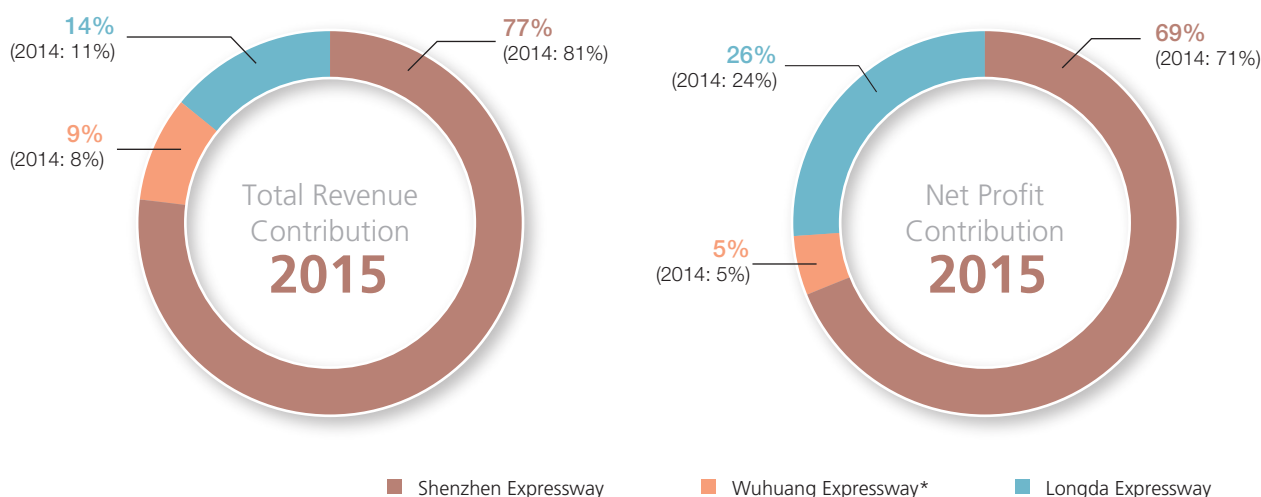
MANAGEMENT DISCUSSION AND ANALYSIS

Financial Analysis

Most of the Group's toll road projects reported stable growth in toll revenue and traffic volume for the Period. Nevertheless, as a result of the toll adjustment of Meiguan Expressway with effect from April 2014 and the rather substantial impact of road network diversion on certain toll road projects, the Group's toll revenue for the Period decreased by 5% to HK\$2,097 million (2014: HK\$2,202 million). The entrusted construction management service projects, which reported considerable revenue and profit contribution in 2014, were specific projects by nature with related works completed and most revenue and profit recognised in 2014. As a result, the Group recorded a substantial decrease of approximately HK\$448 million and HK\$91.49 million respectively, in revenue and profit contributions from entrusted construction management services during the Period, as compared to the corresponding period of the previous year. Consequently, total revenue of the Group's toll road business for the Period decreased by 20% to HK\$2,154 million (2014: HK\$2,706 million), profit before finance costs and tax decreased by 15% to HK\$1,271 million (2014: HK\$1,490 million) and net profit decreased by 12% to HK\$504 million (2014: HK\$570 million), respectively, as compared to the corresponding period of the previous year.

The management period for an entrusted construction management service project is normally over three years, during which relevant revenues and costs recognised for various years might be subject to significant fluctuations according to changes in a number of factors including project scale, progress of completion for the period, outcome of government audit and progress of settlement of project works, etc.

For the six months ended 30 June

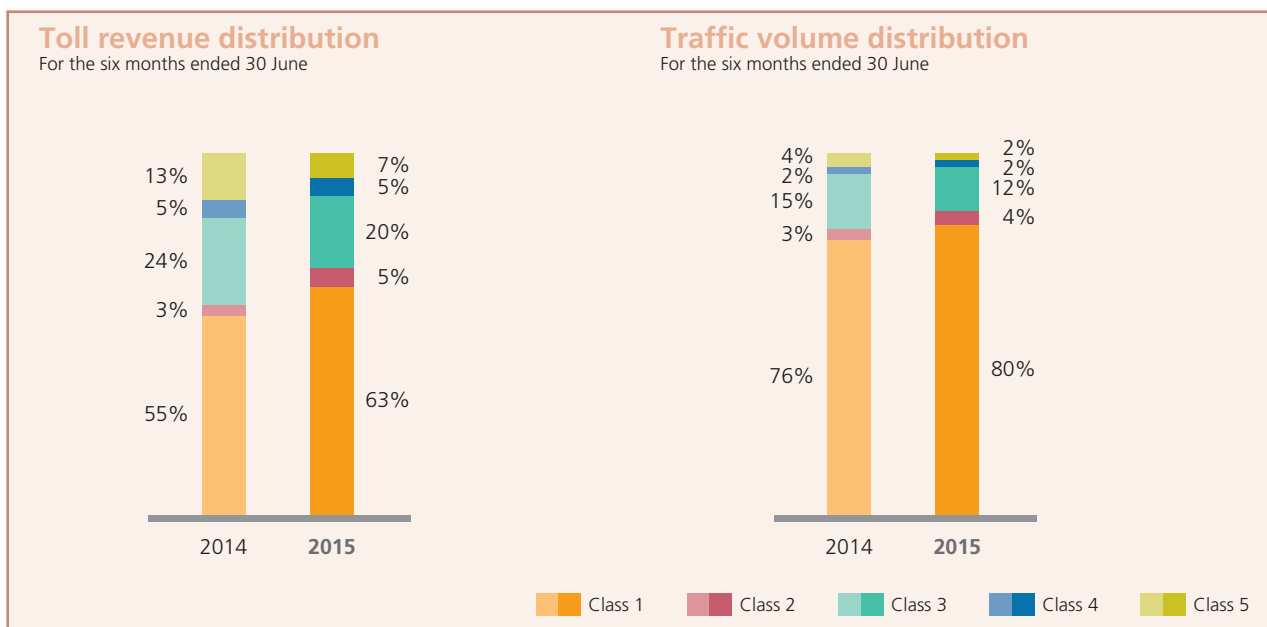
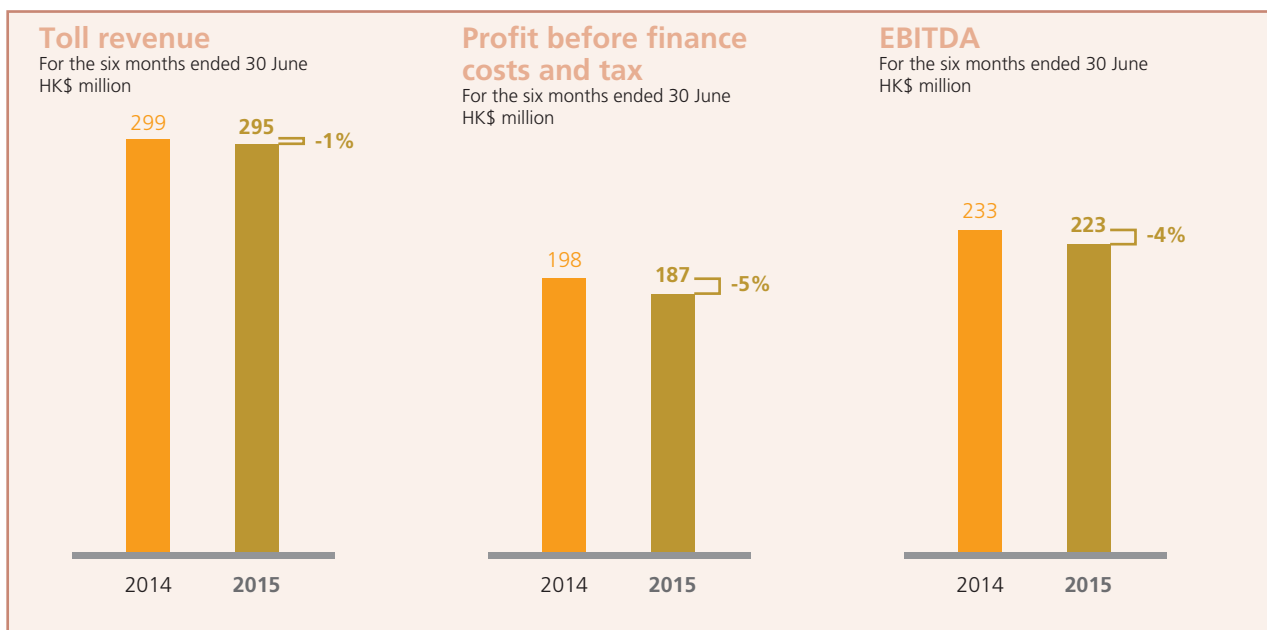


* Included only net profit attributable to the 45% equity interest in Wuhuang Expressway directly held by the Company

MANAGEMENT DISCUSSION AND ANALYSIS

Longda Expressway

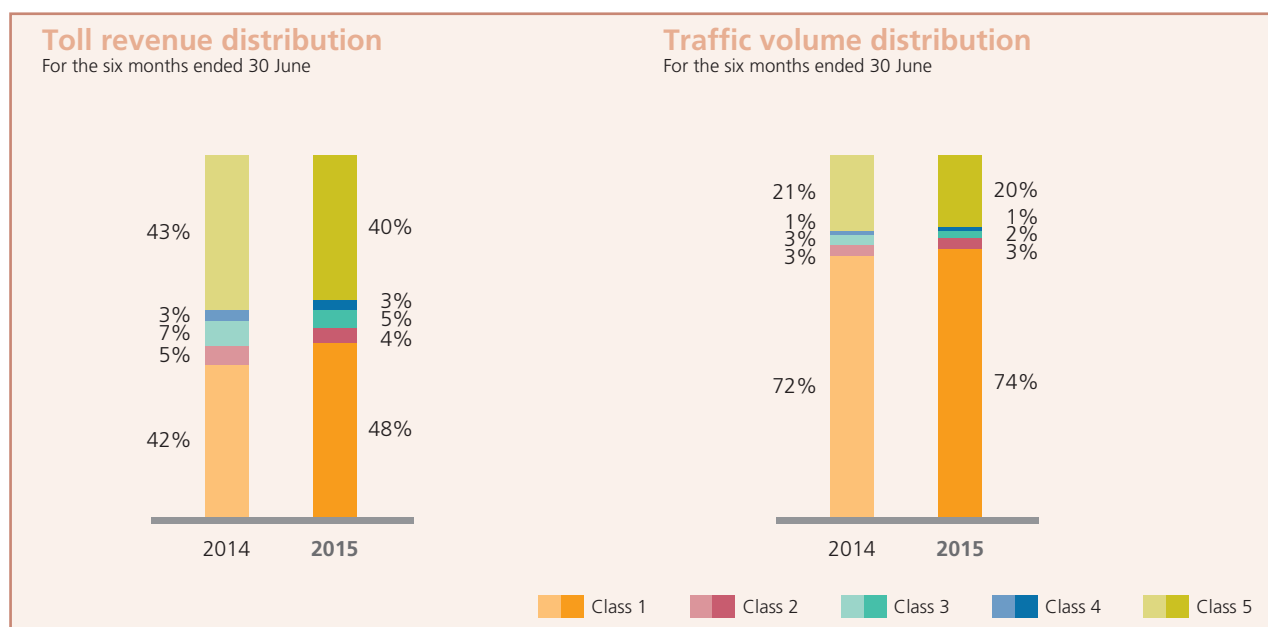
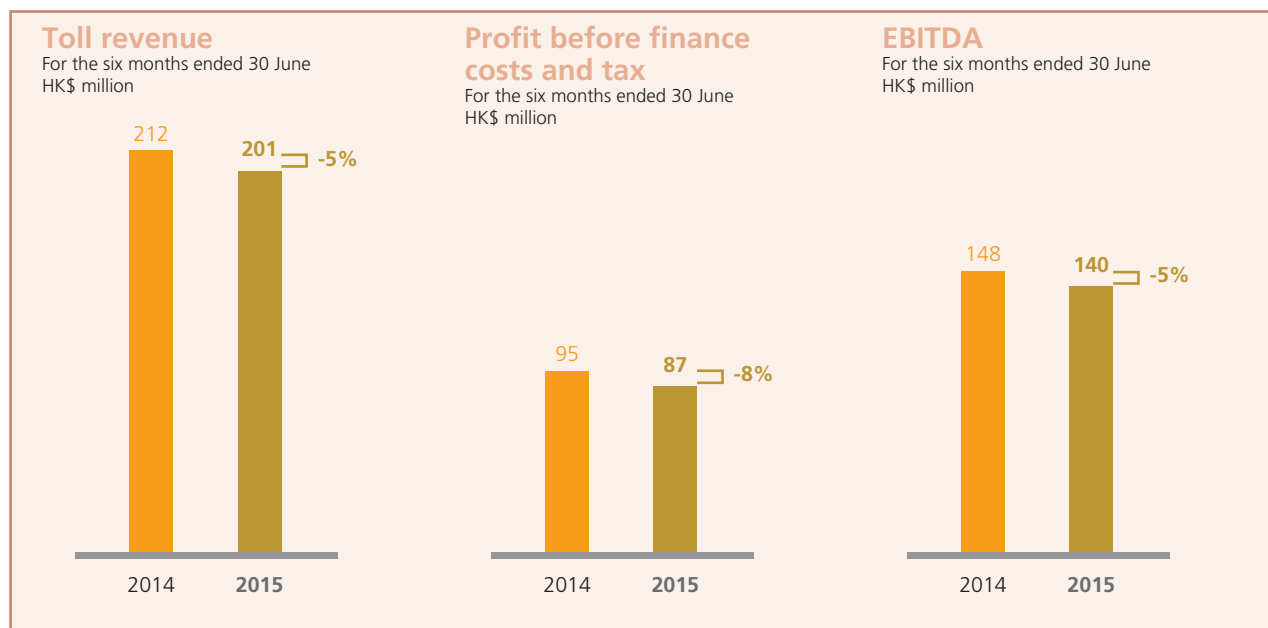
Affected by the concessionary application of a lower-tier toll rate for empty trucks under the toll-by-weight policy since late June 2014, there was a notable decline in toll revenue from Class 3 and Class 5 vehicles as compared with the corresponding period of the previous year, offsetting the positive effect of the increased traffic volume on toll revenue and resulting in a slight decrease in toll revenue of Longda Expressway for the Period, as compared with the corresponding period of the previous year.



MANAGEMENT DISCUSSION AND ANALYSIS

Wu Huang Expressway

Toll revenue of Wu Huang Expressway for the Period decreased as compared with the corresponding period of the previous year as it was continuously affected by the diversion effect brought by the opening of the parallel Han'e Expressway (Wuhan to Ezhou), as well as the implementation of traffic control measures to facilitate the commencement of conversion works at the eastern section of Wuhan Third Ring Road (which connects Wu Huang Expressway). Wu Huang Expressway will conduct further research on road network data to commence corresponding and target-specific marketing work.



MANAGEMENT DISCUSSION AND ANALYSIS

Shenzhen Expressway and its expressway projects

During the Period, Shenzhen Expressway recorded a toll revenue of HK\$1,601 million (2014: HK\$1,691 million), representing a decrease of 5% as compared to the corresponding period of the previous year. It was mainly attributable to the toll adjustment of Meiguan Expressway with effect from April 2014 and the impact on toll revenue for certain toll road projects such as Qinglian Expressway and Yanpai Expressway as a result of road network diversion. In addition, revenue from entrusted construction management services for the Period decreased significantly by approximately HK\$448 million. As a result, total revenue of Shenzhen Expressway decreased by 24% to HK\$1,658 million (2014: HK\$2,195 million) as compared to the corresponding period of the previous year; profit before finance costs and tax amounted to HK\$997 million (2014: HK\$1,197 million), representing a decrease of 17% as compared to the corresponding period of the previous year. The Group's share of profit from Shenzhen Expressway amounted to HK\$348 million (2014: HK\$405 million), representing a decrease of 14% as compared to the corresponding period of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INVESTMENTS

Shenzhen Airlines

The passenger transport volume of Shenzhen Airlines continued to grow during the Period, as it reported passenger traffic of 18,751 million passenger-km (2014: 16,654 million passenger-km) and its airlines carried 12.24 million passenger rides (2014: 10.99 million passenger rides), representing an increase of 12% and 11% respectively as compared with the corresponding period of the previous year. Despite the decline in average airfares of Shenzhen Airlines by 6% as compared with the corresponding period of the previous year as a result of the substantial reduction in fuel surcharges, total revenue of Shenzhen Airlines for the Period recorded a year-on-year increase of 4% to RMB11,295 million (HK\$14,082 million) (2014: RMB10,812 million (HK\$13,566 million)), of which passenger revenue increased by 4% to RMB9,657 million (2014: RMB9,256 million).

Moreover, as a result of the substantial decrease in aviation oil costs by approximately 30% as compared to the corresponding period in 2014 owing to significantly lower aviation oil price during the Period, coupled with the year-on-year decrease in foreign exchange loss for Shenzhen Airlines given stable Renminbi exchange rate during the Period, Shenzhen Airlines recorded a net profit of RMB560 million (HK\$698 million) (2014: RMB9.91 million (HK\$12.43 million)), representing a considerable increase over the corresponding period of the previous year. During the Period, Shenzhen Airlines contributed a profit of approximately HK\$302 million to the Group (2014: loss of HK\$27.08 million).

As at 30 June 2015, Shenzhen Airlines operated a total of 159 passenger aircraft. As at the date of this report, Shenzhen Airlines operates 185 domestic and international routes, of which 167 are domestic routes, 12 are international routes and 6 serve the Hong Kong, Macau and Taiwan regions.

Looking to the second half of 2015, Shenzhen Airlines will capture opportunities presented by the implementation of national development strategies including “One Belt, One Road”, as well as the development of the outbound tourism market. It will further optimise its air route network and introduce new international routes, which will drive the healthy business development of Shenzhen Airlines.

CSG

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

During the Period, the Group disposed of 45.90 million A shares of CSG at an average selling price of RMB13.38 (HK\$16.68) per share and realised a gain after tax of approximately HK\$514 million (2014: Nil). As at the date of this report, the Group beneficially owned a total of 70 million A shares of CSG, representing approximately 3.37% in the total issued share capital of CSG.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

	30 June 2015 HK\$ million	31 December 2014 HK\$ million	Increase/ (Decrease)
Total Assets	48,168	47,363	2%
Total Liabilities	21,108	20,635	2%
Total Equity	27,060	26,728	1%
Net Asset Value attributable to shareholders	18,280	17,702	3%
Net Asset Value per share attributable to shareholders (HK dollar)	9.6	9.4	2%
Cash	6,831	7,635	(11%)
Bank borrowings	9,036	8,307	9%
Notes and bonds	7,446	7,440	–
Total Borrowings	16,482	15,747	5%
Net Borrowings	9,651	8,112	19%
Debt-asset Ratio (Total Liabilities/Total Assets)	44%	44%	–
Ratio of Total Borrowings to Total Assets	34%	33%	1#
Ratio of Net Borrowings to Total Equity	36%	30%	6#
Ratio of Total Borrowings to Total Equity	61%	59%	2#

Change in percentage points

Key Financial Indicators

As at 30 June 2015, the net asset value attributable to shareholders increased by 3% to HK\$18,280 million, while the net asset value per share amounted to HK\$9.6, representing an increase of 2% as compared to that at the end of last year. The debt-asset ratio remained at 44%, reflecting that the Group maintained a healthy and stable financial position.

Cash Flow and Financial Ratios

During the Period, the Group maintained stable growth in its ability to generate cash flow from operations. Net cash inflow generated from operating activities recorded a year-on-year increase of 7% to HK\$1,304 million; net cash outflow from investing activities amounted to HK\$1,765 million, with net cash outflow from financing activities amounting to HK\$88.40 million. The Group's core businesses continued to generate stable cash inflow, while the Group closely monitored changes in total borrowings to ensure a healthy level of financial ratios was maintained. As at 30 June 2015, the Group's ratio of total borrowings to total equity and the ratio of net borrowings to total equity were 61% and 36%, respectively.

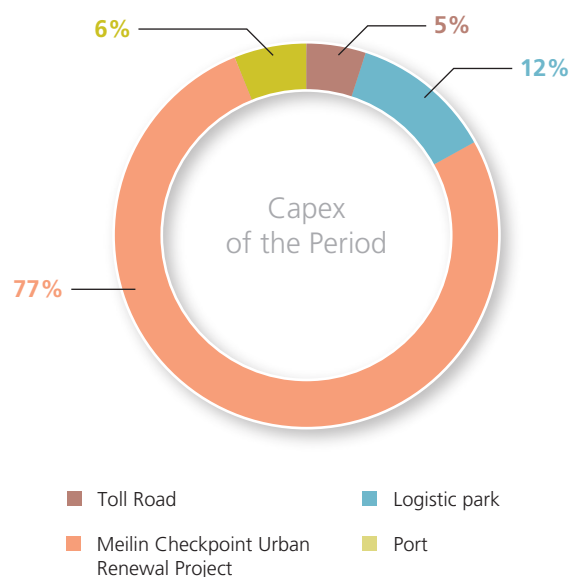
MANAGEMENT DISCUSSION AND ANALYSIS

Cash Balance

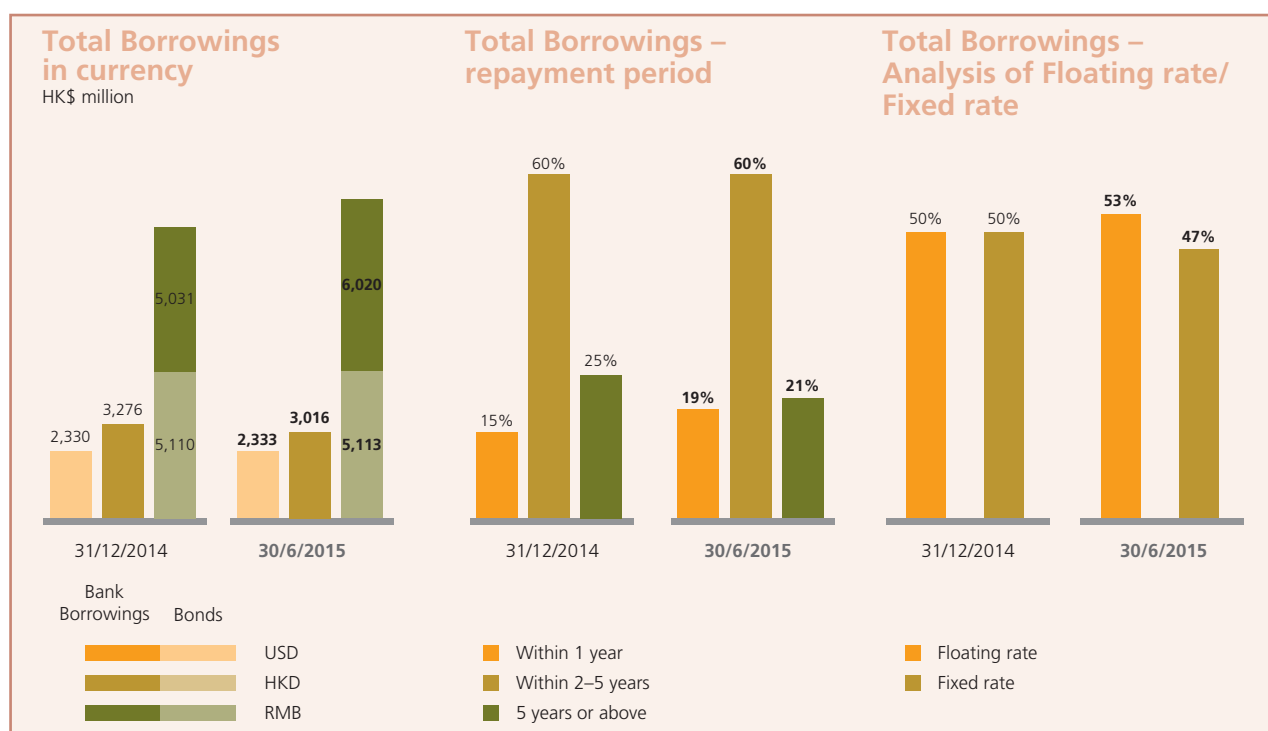
As at 30 June 2015, the cash balance held by the Group amounted to HK\$6,831 million (31 December 2014: HK\$7,635 million), representing a reduction of approximately HK\$800 million as compared to that at the end of last year. During the Period, the Group paid income tax relating to gains on disposal of Meiguan Expressway's toll free section related assets in 2014 which amounted to approximately RMB424 million, as well as the first payment of 30% of the land premium for the land parcels of the Meilin Checkpoint Urban Renewal Project which amounted to RMB1,070 million, and the aggregate amount was approximately RMB1,494 million (approximately HK\$1,867 million). Of the cash held by the Group, almost all was denominated in Renminbi. The Group currently has sufficient cash on hand and adequate standby banking facilities to support its sustainable business development, in particular the "China Urban Integrated Logistics Hub" projects.

Capital Expenditures

During the Period, the Group's capital expenditures amounted to HK\$1,750 million (RMB1,400 million), of which RMB1,070 million was utilised for the payment of 30% of the land premium for the land parcels of the Meilin Checkpoint Urban Renewal Project, RMB167 million was utilised for the construction work and land acquisition in respect of the China Urban Integrated Logistics Hub, RMB80 million was utilised for paying the construction of Phase 2 of Nanjing Xiba Port and approximately RMB67 million was utilised for paying balances of construction costs of Nanguang Expressway. The Group expects the capital expenditures for the second half of 2015 to be approximately HK\$2,600 million (RMB2,040 million).



Borrowings



MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2015, the Group's total borrowings amounted to HK\$16,482 million, representing an increase of 5% as compared with that at the end of last year. The ratio of borrowings with repayment within one year to the Group's total borrowings increased by 4 percentage points, as the Group utilised revolving banking facilities to enhance its working capital at an opportune timing. The Group will further optimise its financial structure, lower overall capital costs and maintain a satisfactory credit standing.

The Group's Financial Policy

Save for those revised content as set out below, the Group's financial policy remains consistent with those as disclosed in the 2014 Annual Report, details of which are set out in the 2014 Financial Statements.

Exchange Rate Risk

Operating cash flows, cash on hand and assets for businesses operated by the Group are primarily denominated in Renminbi, whereas borrowings are mainly denominated in Renminbi, Hong Kong dollars and US dollars. The Group strives to reduce the impact of exchange rate fluctuations on its overall financial performance and mitigate its financial risks. During the Period, the RMB exchange rate was generally stable and did not have any major impact on the exchange gain or loss of the Group. The management of the Group has been closely monitoring the fluctuations and movements of Renminbi exchange rate during the Period and has implemented various management measures to address the impact of RMB exchange rate fluctuations.

Liquidity Risk Management

The Group currently has cash on hand and standby banking facilities of approximately HK\$33,800 million. The Group has signed agreements with major banks in Hong Kong and the PRC in order to secure debt financing for the Group. The Group regularly monitors cash flow forecast on a dynamic basis and makes appropriate financing arrangements to ensure its ability to continue its business operation and to expand its businesses, thereby enhancing shareholders' value.

Credit Ratings

During the Period, three major international credit rating agencies, Standard & Poor's, Moody's and Fitch Ratings, continued to assign investment grade credit ratings of BBB, Baa3 and BBB respectively to the Company. Standard & Poor's and Moody's have both revised the Company's rating outlook from "Stable" to "Positive," reflecting recognition of the Group's high quality assets, stable financial position, adequate cash flow and strong credit standing. The recognition from these three credit rating agencies shall facilitate the Group in further expanding its financing channels so as to optimise its capital structure and reduce 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 2015, please refer to notes 16 and 26 respectively of the interim condensed consolidated financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK FOR THE SECOND HALF OF 2015

Looking to the second half of 2015, the business environment is expected to be more complicated, as uncertainties will persist in the global economy while economic growth in China will remain subject to the pressure of a downturn. Nevertheless, the wide range of new policies launched by the PRC government, including the “One Belt, One Road”, “Free Trade Zone Development” and the “Internet Plus” strategies are set to drive the long-term growth of the Chinese economy, and should create enormous opportunities and growth potential for the Group’s business development. Emboldened by the macro-economic policies described above, the Group endeavours to continue to expand its scale of operations and increase its efforts in development in a vigorous move to advance investments in logistic businesses in major cities in the PRC according to prescribed strategies.

The Group will accelerate the investment in and construction of the “China Urban Integrated Logistics Hub” projects, as well as making vigorous efforts to drive upgrades and improvements at its existing logistic parks. In the second half of 2015, the key tasks of the Group will include endeavours to invest in Zhengzhou, Guiyang, Chongqing, Chengdu, Guangzhou, Xi’an and Yantai for the “China Urban Integrated Logistics Hub” projects, and to acquire land use rights for the Liguang land parcels in Longhua New Area in Shenzhen and commence preparatory work for project construction. The Liguang land parcels will be developed into a logistic park with a gross floor area of 250,000 square metres to serve as a local node in Shenzhen of the “China Urban Integrated Logistics Hub”, which is expected to further consolidate our market share in the logistics market of Shenzhen.

In the meantime, the Group is actively liaising with relevant government authorities to drive the execution of a framework agreement in relation to the land consolidation and preparation (土地整備框架協議) of the Qianhai project, striving to commence development of “Shenzhen International Qianhai Intelligent Hub” as a start-up project in the second half of the year.

The rapid growth of cross-border e-commerce will present opportunities as well as challenges to the Group. In June 2015, the “Qianhai (Global) Cross-border e-Commerce Industry Park” (前海(全球)跨境電子商務產業園) planned by the Group was granted the status of a “National Exemplary e-Commerce Base” by the Ministry of Commerce. With this advantage, the Group will be engaged in active development of a smart cross-border e-commerce industry park, based on the logistic park and supported by modern logistic services, which will offer ancillary e-commerce and supply-chain management services in a safe, efficient, low-carbon and environmentally-friendly setting and thereby facilitating the ongoing development of the Group with a new driving force. Moreover, the Group will actively identify suitable opportunities in Hong Kong for development and acquisition to link up its logistic business in the PRC and Hong Kong.

The Group will continue to monitor closely any changes in toll road policies, conduct in-depth researches on changes in road network and vehicle flows, adopt target-specific promotion and marketing strategies for its road network and pursue active development of new entrusted construction business, in a bid to enhance the operating performance of its toll road business.

The Group will seek to achieve long-term business development and sustainable growth by seizing opportunities in an active approach to keep pace with market developments, while seeking to enhance its operating efficiency, expand its network coverage and identify suitable targets for acquisition through diligent implementation of its development strategies.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

The Group always considers talents as important resources for enterprises and considers the strategy for the management of human resources an integrated component of its business strategy.

The Group puts a strong emphasis on the recruitment and nurturing of talents. During the first half of 2015, the Group continued to recruit management personnel and professionals in the logistics sector based on its development strategies and business development requirements, in a bid to strengthen its management and professional teams and optimise its staff mix. The Group also places a strong emphasis on the training and appointment of internal staff, whereby crucial employees who deliver outstanding performance at work and show potential for development are promoted to key positions of the Group. As of 30 June 2015, the Group had a total of 4,991 staff members (2014: 5,035 staff members).

The Group places a strong emphasis on staff training, and encourages staff to enhance their abilities through continuous training, so as to build a high-calibre team of management personnel and professionals compatible with the Group's business development.

The Group has established a comprehensive remuneration incentive scheme and performance appraisal regime, under which staff remuneration is determined according to position values, capabilities and work performance taking into account of market trends. Performance of employees is assessed in an appropriate manner and the appraisal results are linked with their remuneration and promotion. In addition, to facilitate its long-term development, the Group has developed a long-term incentive regime with the implementation of the share option scheme, under which share options are granted to its management, its subsidiaries' senior management and certain key staff members, with a view to enhancing staff motivation and retaining the right talents.

AUDITOR'S REVIEW REPORT



羅兵咸永道

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

INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 28 to 55, which comprises the interim consolidated balance sheet of Shenzhen International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). 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 the Interim Financial Information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the 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, 27 August 2015

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

INTERIM CONSOLIDATED BALANCE SHEET

(All amounts in HK dollar thousands unless otherwise stated)

	Note	As at	
		30 June 2015 (Unaudited)	31 December 2014 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	4,243,792	4,085,841
Investment properties	7	81,260	81,240
Land use rights	7	1,038,242	1,038,290
Construction in progress	7	404,926	442,257
Intangible assets	7	20,613,285	21,066,291
Investments in associates	8	6,148,828	5,845,699
Investments in joint ventures		322,906	314,092
Available-for-sale financial assets	10	100,200	100,187
Deferred income tax assets		60,763	61,049
Other non-current assets	9	2,139,187	1,969,046
		35,153,389	35,003,992
Current assets			
Inventories	11	743,631	673,728
Available-for-sale financial assets	10	1,168,773	1,288,524
Trade and other receivables	12	4,271,020	2,761,811
Restricted bank deposits		219,415	473,812
Cash and cash equivalents		6,611,736	7,161,184
		13,014,575	12,359,059
Total assets		48,167,964	47,363,051
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital and share premium	13	7,598,454	7,522,535
Other reserves	14	794,997	792,092
Retained earnings			
— Proposed dividends		—	860,834
— Others		9,886,617	8,526,634
		18,280,068	17,702,095
Non-controlling interests		8,780,011	9,026,150
Total equity		27,060,079	26,728,245

INTERIM CONSOLIDATED BALANCE SHEET

(All amounts in HK dollar thousands unless otherwise stated)

	Note	As at	
		30 June 2015 (Unaudited)	31 December 2014 (Audited)
Liabilities			
Non-current liabilities			
Borrowings	16	13,444,534	13,355,254
Derivative financial instruments		3,557	4,920
Provision for maintenance/resurfacing obligations	17	112,379	110,905
Deferred income tax liabilities		1,390,579	1,371,915
Other non-current liabilities	18	321,860	278,335
		15,272,909	15,121,329
Current liabilities			
Trade and other payables	15	2,284,781	2,249,290
Income tax payable		324,614	683,785
Provision for maintenance/resurfacing obligations	17	188,084	188,211
Borrowings	16	3,037,497	2,392,191
		5,834,976	5,513,477
Total liabilities		21,107,885	20,634,806
Total equity and liabilities		48,167,964	47,363,051
Net current assets		7,179,599	6,845,582
Total assets less current liabilities		42,332,988	41,849,574

The notes on pages 34 to 55 form an integral part of this unaudited interim condensed consolidated financial information.

INTERIM CONSOLIDATED INCOME STATEMENT

(All amounts in HK dollar thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Revenue	6, 19	2,930,596	3,271,077
Cost of sales		(1,531,164)	(1,646,899)
Gross profit		1,399,432	1,624,178
Other gains — net	20	683,378	1,937,940
Other income	21	61,858	76,730
Distribution costs		(34,231)	(29,983)
Administrative expenses		(173,805)	(149,981)
Operating profit		1,936,632	3,458,884
Share of profits of joint ventures		19,973	14,252
Share of profits of associates	8	487,485	130,000
Profit before finance costs and tax		2,444,090	3,603,136
Finance income	22	156,828	76,714
Finance costs	22	(387,268)	(580,358)
Finance costs — net	22	(230,440)	(503,644)
Profit before income tax		2,213,650	3,099,492
Income tax expense	23	(489,292)	(787,230)
Profit for the period		1,724,358	2,312,262
Attributable to:			
Equity holders of the Company		1,368,708	1,190,573
Non-controlling interests		355,650	1,121,689
		1,724,358	2,312,262
Earnings per share attributable to equity holders of the Company (expressed in HK dollars per share)			
— Basic	24	0.72	0.72
— Diluted	24	0.72	0.72
Dividends	25	—	—

The notes on pages 34 to 55 form an integral part of this unaudited interim condensed consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in HK dollar thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Profit for the period		1,724,358	2,312,262
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Fair value gains/(losses) on available-for-sale financial assets, net of tax	14	292,391	(149,578)
Reclassification of fair value gains to income statement upon disposal of available-for-sale financial assets, net of tax	14	(337,187)	–
Fair value gains on derivative financial instruments, net of tax		1,365	1,921
Share of other comprehensive income of an associate	8	23,560	31
Currency translation differences		13,793	(570,110)
Other comprehensive loss for the period, net of tax		(6,078)	(717,736)
Total comprehensive income for the period		1,718,280	1,594,526
Total comprehensive income attributable to:			
Equity holders of the Company		1,363,379	685,771
Non-controlling interests		354,901	908,755
		1,718,280	1,594,526

The notes on pages 34 to 55 form an integral part of this unaudited interim condensed consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in HK dollar thousands unless otherwise stated)

	(Unaudited)					
	Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Share capital and share premium	Other reserves	Retained earnings	Total		
Balance as at 1 January 2014	5,100,212	895,044	7,994,483	13,989,739	7,918,366	21,908,105
Total comprehensive (loss)/income for the six months ended 30 June 2014	–	(504,802)	1,190,573	685,771	908,755	1,594,526
Transactions with owners in their capacity as owners						
Employee share option scheme						
— proceeds from shares issued	11,362	–	–	11,362	–	11,362
— value of employee services	14,765	–	–	14,765	–	14,765
Transfer to reserve	–	28,700	(28,700)	–	–	–
Dividend relating to 2013	–	–	(620,488)	(620,488)	–	(620,488)
Issue of scrip shares as dividend	445,713	–	–	445,713	–	445,713
Unclaimed dividend forfeited	–	–	686	686	–	686
Dividend paid to non-controlling interests by subsidiaries	–	–	–	–	(238,736)	(238,736)
Non-controlling interest arising on business combination	–	–	–	–	26,718	26,718
Injection by non-controlling interests	–	–	–	–	104,368	104,368
Total transactions with owners	471,840	28,700	(648,502)	(147,962)	(107,650)	(255,612)
Balance as at 30 June 2014	5,572,052	418,942	8,536,554	14,527,548	8,719,471	23,247,019
Balance as at 1 January 2015	7,522,535	792,092	9,387,468	17,702,095	9,026,150	26,728,245
Total comprehensive (loss)/income for the six months ended 30 June 2015	–	(5,329)	1,368,708	1,363,379	354,901	1,718,280
Transactions with owners in their capacity as owners						
Employee share option scheme						
— proceeds from shares issued	7,054	–	–	7,054	–	7,054
— value of employee services	14,956	–	–	14,956	–	14,956
Transfer to reserve	–	8,234	(8,234)	–	–	–
Dividend relating to 2014 (Note 25)	–	–	(861,325)	(861,325)	–	(861,325)
Issue of scrip shares as dividend (Note 25)	53,909	–	–	53,909	–	53,909
Dividend paid to non-controlling interests by subsidiaries	–	–	–	–	(623,537)	(623,537)
Injection by non-controlling interests	–	–	–	–	22,497	22,497
Total transactions with owners	75,919	8,234	(869,559)	(785,406)	(601,040)	(1,386,446)
Balance as at 30 June 2015	7,598,454	794,997	9,886,617	18,280,068	8,780,011	27,060,079

The notes on pages 34 to 55 form an integral part of this unaudited interim condensed consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in HK dollar thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		1,860,321	1,816,122
Interest paid		(274,915)	(287,561)
Income tax paid		(281,190)	(303,994)
Net cash generated from operating activities		1,304,216	1,224,567
Cash flows from investing activities			
Purchase of property, plant and equipment, land use rights, construction in progress, intangible assets and other non-current assets		(814,142)	(836,618)
Prepayment for land use rights		(1,532,880)	–
Increase in investments in associates	8	(2,625)	(3,744)
Proceeds from disposal of property, plant and equipment		3,729	23,535
(Income tax payment relating to)/net proceeds from disposal of Meiguan Expressway's toll-free section related assets		(529,934)	940,823
Proceeds from disposal of other intangible assets		2,330	1,881
Acquisition of a subsidiary, net of cash acquired		–	12,681
Proceeds from disposal of available-for-sale financial assets, net of tax		748,751	–
Interest received		82,452	35,082
Dividends received		277,153	239,351
Net cash (used in)/generated from investing activities		(1,765,166)	412,991
Cash flows from financing activities			
Capital contribution by non-controlling interests		22,497	104,368
Proceeds from borrowings		1,451,173	1,953,304
Proceeds from issuance of ordinary shares		7,054	11,362
Repayments of borrowings	16	(744,838)	(1,075,704)
Payment for deposits for redemption of corporate bonds		–	(376,412)
Decrease/(increase) in restricted bank deposits		254,397	(74,558)
Dividends paid to the Company and subsidiaries' shareholders		(1,078,696)	(412,825)
Net cash (used in)/generated from financing activities		(88,413)	129,535
Net (decrease)/increase in cash and cash equivalents		(549,363)	1,767,093
Cash and cash equivalents at the beginning of period		7,161,184	4,950,409
Exchange (losses)/gains		(85)	72
Cash and cash equivalents at the end of period		6,611,736	6,717,574
Cash and cash equivalents comprises:			
Cash and bank deposits		6,611,736	6,717,574

Non-cash transactions

The major non-cash transaction for the six months ended 30 June 2015 represented the issue of scrip shares as dividend (Note 25).

The notes on pages 34 to 55 form an integral part of this unaudited interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED 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”), its associates and joint ventures include the following businesses:

- Toll roads; and
- Logistic business.

The Group’s operations are mainly in the People’s Republic of China (the “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 2015, Ultrarich International Limited (“Ultrarich”) owns 830,409,709 ordinary shares of the Company directly, representing approximately 43.77% 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 43.77% 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 can control the Company’s relevant activities due to its voting power held and is the de facto controller of the Company.

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

This Interim Financial Information was approved for issue on 27 August 2015 and has been reviewed, not audited.

Key events

During the period, the Group disposed of certain shares in CSG Holding Co., Ltd. (“CSG”) and recorded a gain of approximately HKD689,165,000.

2. BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2015 (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 2014 (“2014 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2014 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.

- (a) New and revised standards, amendments and interpretations to the existing standards that are mandatory for the first time for the financial year beginning on 1 January 2015 had no impact on or are currently not relevant to the Group.
- (b) New and revised standards, amendments and interpretations have been issued and are relevant to the Group but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operation	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to HKAS 1	Disclosure initiative	1 January 2016
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Annual improvements 2014	Changes from the 2012–2014 cycle of the annual improvements project	1 July 2016
HKFRS15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018

The Group is in the process of assessing the impact of the above new standards and amendments to existing standards.

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 the 2014 Financial Statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED 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 2014 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 table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2015:

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	1,168,773	–	62,492	1,231,265
Liabilities				
Derivative financial instruments	–	3,557	–	3,557

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014:

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	1,288,524	–	62,484	1,351,008
Liabilities				
Derivative financial instruments	–	4,920	–	4,920

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

There were no changes in valuation techniques during the Period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT *(continued)*

5.4 Valuation techniques used to derive Level 2 fair values

Level 2 hedging derivatives comprise interest rate swaps. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.

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

	Available-for-sale financial assets	
	Six months ended 30 June	
	2015	2014
Opening balance at 1 January	62,484	64,078
Exchange difference	8	(1,679)
Closing balance at 30 June	62,492	62,399
Recognised gains for the Period included in the income statement under "Other gains — net"	—	—

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

The fair value of non-current borrowings is as follows:

	As at	
	30 June 2015	31 December 2014
Non-current	13,610,702	13,105,691

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

6. SEGMENT INFORMATION

The Group's operations are 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 profit for the Period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(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 2015

	Toll roads	Logistic business			Subtotal	Head office functions	Total
		Logistic parks	Logistic services	Port			
Revenue	2,154,256 ^(a)	318,793	361,530	96,017	776,340	–	2,930,596
Operating profit	1,103,291	123,713	13,646	41,604	178,963	654,378	1,936,632
Share of profit of joint ventures	8,542	10,530	901	–	11,431	–	19,973
Share of profit of associates	159,383	–	1,501	–	1,501	326,601	487,485
Finance income	101,843	2,132	1,052	251	3,435	51,550	156,828
Finance costs	(300,548)	(6,732)	(40)	(5,225)	(11,997)	(74,723)	(387,268)
Profit before income tax	1,072,511	129,643	17,060	36,630	183,333	957,806	2,213,650
Income tax expense	(226,501)	(26,392)	(3,090)	(4,084)	(33,566)	(229,225)	(489,292)
Profit for the Period	846,010	103,251	13,970	32,546	149,767	728,581	1,724,358
Non-controlling interests	(341,668)	(3,806)	(1,466)	(9,763)	(15,035)	1,053	(355,650)
Profit attributable to equity holders of the Company	504,342	99,445	12,504	22,783	134,732	729,634	1,368,708
Depreciation and amortisation	539,844	45,368	4,572	21,964	71,904	11,756	623,504
Capital expenditure							
— Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	63,960	130,191	7,214	105,466	242,871	13,002	319,833
— Additions in investments in associates	–	2,625	–	–	2,625	–	2,625

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

For the six months ended 30 June 2014

	Toll roads	Logistic business			Subtotal	Head office functions	Total
		Logistic parks	Logistic services	Port			
Revenue	2,719,576 ^(a)	282,330	184,291	84,880	551,501	–	3,271,077
Operating profit/(loss)	3,279,895	132,698	13,855	39,612	186,165	(7,176)	3,458,884
Share of profit of joint ventures	5,598	8,201	453	–	8,654	–	14,252
Share of profit/(loss) of associates	130,288	–	1,098	–	1,098	(1,386)	130,000
Finance income	52,811	563	708	150	1,421	22,482	76,714
Finance costs	(350,496)	(8,315)	–	(8,608)	(16,923)	(212,939)	(580,358)
Profit/(loss) before income tax	3,118,096	133,147	16,114	31,154	180,415	(199,019)	3,099,492
Income tax expense	(712,333)	(29,695)	(3,094)	(3,902)	(36,691)	(38,206)	(787,230)
Profit/(loss) for the Period	2,405,763	103,452	13,020	27,252	143,724	(237,225)	2,312,262
Non-controlling interests	(1,105,491)	(6,609)	(1,415)	(8,174)	(16,198)	–	(1,121,689)
Profit/(loss) attributable to equity holders of the Company	1,300,272	96,843	11,605	19,078	127,526	(237,225)	1,190,573
Depreciation and amortisation	651,271	44,289	4,886	18,967	68,142	10,207	729,620
Capital expenditure							
— Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	64,961	335,969	7,672	100,734	444,375	2,262	511,598
— Additions in investments in associates	–	–	–	–	–	3,744	3,744

- (a) The revenue from toll roads included construction service revenue under service concession arrangements of HKD515,000 (2014 interim: HKD13,154,000) for the Period.
- (b) The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.
- (c) All revenue are derived from external customers located in the PRC. The Group's non-current assets, other than financial instruments and deferred income tax assets, are mainly located in the PRC. Revenue derived from and value of non-current assets located in other countries and regions are not material.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(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 2015					
Net book amount as at 1 January 2015	21,066,291	81,240	4,085,841	1,038,290	442,257
Fair value gains	–	20	–	–	–
Transfer from other non-current assets	–	–	–	36,245	–
Additions	516	–	142,875	31,612	144,830
Disposals	(5,360)	–	(6,506)	–	–
Transfers	–	–	182,333	(55,180)	(182,333)
Exchange difference	1,511	–	88	267	172
Depreciation/amortisation	(449,673)	–	(160,839)	(12,992)	–
Net book amount as at 30 June 2015	20,613,285	81,260	4,243,792	1,038,242	404,926
Six months ended 30 June 2014					
Net book amount as at 1 January 2014	23,617,718	77,700	4,404,108	653,711	121,917
Fair value gains	–	1,900	–	–	–
Additions	13,083	–	51,783	287,741	158,991
Disposal of Meiguan Expressway's toll free section related assets	(945,589)	–	(46,769)	–	(3,281)
Other disposals	(100)	–	(18,693)	–	–
Transfers	–	–	82,776	–	(82,776)
Exchange difference	(592,680)	–	(110,920)	(18,622)	(3,813)
Depreciation/amortisation	(561,508)	–	(158,045)	(10,067)	–
Net book amount as at 30 June 2014	21,530,924	79,600	4,204,240	912,763	191,038

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 range from 7 to 20 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 consideration payable to the Group. According to the relevant regulations, these operating rights are not renewable and the Group does not have any termination options.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

8. INVESTMENTS IN ASSOCIATES

	Six months ended 30 June	
	2015	2014
Beginning of the period	5,845,699	5,505,921
Additions	2,625	3,744
Share of profits of associates	487,485	130,000
Share of other comprehensive income of an associate	23,560	31
Dividends received	(211,957)	(193,493)
Exchange difference	1,416	(143,959)
End of the period	6,148,828	5,302,244

The ending balance comprises the following:

	As at	
	30 June 2015	31 December 2014
Unlisted investments, at cost		
Share of net assets other than goodwill	5,086,615	4,783,620
Goodwill on acquisition	1,062,213	1,062,079
	6,148,828	5,845,699

- (a) Based on the assessment made by the directors of the Company, there were no impairment losses for the goodwill as at 30 June 2015 (31 December 2014: Nil).

9. OTHER NON-CURRENT ASSETS

As at 30 June 2015, other non-current assets mainly include long-term receivables from Shenzhen Municipal People's Government amounting to HKD1,542,666,000 (RMB1,234,287,000) for the related compensation on Meiguan Expressway's toll free section, which is expected to be settled before 31 December 2016.

Interests are charged on the long-term receivables based on prevailing borrowing rates promulgated by the People's Bank of China and an interest income of HKD81,523,000 was recognised during the Period (2014 interim: HKD40,350,000) (Note 22).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended 30 June	
	2015	2014
Beginning of the period	1,388,711	1,373,677
Net change in fair value	389,883	(199,176)
Disposals (Note (a))	(509,795)	–
Exchange differences	174	(36,001)
End of the period	1,268,973	1,138,500
Less: non-current portion	(100,200)	(100,050)
Current portion	1,168,773	1,038,450

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

	As at	
	30 June 2015	31 December 2014
Listed securities in the PRC, at fair value (Note (a) and Note 5.3)	1,168,773	1,288,524
Unlisted equity investments:		
at fair value (Note 5.3)	62,492	62,484
at cost less impairment		
— Cost	61,803	61,798
— Provision for impairment	(24,095)	(24,095)
	37,708	37,703
	100,200	100,187
	1,268,973	1,388,711

(a) As at 30 June 2015, listed equity investments stated at market price represent 3.37% (31 December 2014: 5.59%) equity interest in CSG. During the Period, the Group disposed of certain shares in CSG and recorded a gain of approximately HKD689,165,000 (2014 interim: Nil).

11. INVENTORIES

As at 30 June 2015, inventories mainly represent land use rights held for development purpose which is classified as properties under development.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

12. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2015	31 December 2014
Trade receivables (Note (a))	1,145,760	1,192,845
Less: Provision for impairment	(429)	(3,678)
Trade receivables — net	1,145,331	1,189,167
Prepayment for land use rights (Note (b))	1,337,345	—
Other receivables and prepayments (Note (c))	1,788,344	1,572,644
	4,271,020	2,761,811

- (a) The settlement period of the toll revenue from toll road operations is normally within a month due to the implementation of unified toll collection policy on expressways of the Group in the PRC. Trade receivables other than toll revenue generally have credit terms of 30 to 120 days. The ageing analysis of the trade receivables of the Group based on revenue recognition date was as follows:

	As at	
	30 June 2015	31 December 2014
0–90 days	495,356	719,387
91–180 days	69,874	23,916
181–365 days	102,262	142,759
Over 365 days (i)	478,268	306,783
	1,145,760	1,192,845

- (i) Trade receivables due over 365 days mainly comprised the amount of HKD468,909,000 (31 December 2014: HKD296,357,000) arising from the Group's development and management of certain toll road projects administrated for Shenzhen Traffic and Transportation Committee (the "SZ Transportation Committee") and entrusted construction management services of Guangshen Coastal Expressway (Shenzhen Section) Project ("Coastal Project").
- (b) In June 2015, Shenzhen International United Land Co., Ltd. ("United Land Company"), a subsidiary of the Group, entered into various land transfer agreements (the "Land Transfer Agreements") with Longhua Management Bureau under Urban Planning Land and Resources Commission of the Shenzhen Municipal to acquire the land use rights of the Meilin checkpoint land parcels at a total consideration of RMB3,566,700,000 (equivalent to HKD4,457,818,000). Pursuant to the Land Transfer Agreements, United Land Company has paid 30% of the total land premium by 30 June 2015 and the remaining land premium is required to be paid by June 2016.
- (c) Other receivables and prepayments mainly include HKD999,875,000 (31 December 2014: HKD999,750,000) of the current portion of receivables from Shenzhen Municipal People's Government for the related compensation on Meiguan Expressway's toll free section, and certain prepayment for land use rights held for property development purpose.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

13. SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares (share)	Ordinary shares	Share premium	Total
As at 1 January 2014	16,570,986,945	1,657,098	3,443,114	5,100,212
Share consolidation	(14,913,888,251)	–	–	–
Employee share option scheme				
— proceeds from shares issued	1,959,001	1,959	9,403	11,362
— value of employee services	–	–	14,765	14,765
Issue of scrip share as dividend	52,264,132	52,264	393,449	445,713
As at 30 June 2014	1,711,321,827	1,711,321	3,860,731	5,572,052
As at 1 January 2015	1,891,942,887	1,891,942	5,630,593	7,522,535
Employee share option scheme				
— proceeds from shares issued	1,108,663	1,109	5,945	7,054
— value of employee services	–	–	14,956	14,956
Issue of scrip share as dividend (Note 25)	3,906,050	3,906	50,003	53,909
As at 30 June 2015	1,896,957,600	1,896,957	5,701,497	7,598,454

(a) Authorised and issued

As at 31 December 2014, the total authorised number of ordinary shares was 2,000 million shares with par value of HKD1.00 per share. According to the approved increase in authorised share capital in the annual general meeting held on 15 May 2015, the total authorised number of ordinary shares increased to 3,000 million shares with par value of HKD1.00 per share. All issued shares are fully paid.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

13. SHARE CAPITAL AND SHARE PREMIUM (continued)

(b) Share options

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

	Six months ended 30 June 2015		Six months ended 30 June 2014	
	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	9.56	39,797	6.25	14,634
Granted	–	–	10.40	32,880
Forfeited	10.40	(200)	5.80	(537)
Exercised	6.36	(1,109)	5.80	(1,959)
End of the period	9.65	38,488	9.31	45,018

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 2015	31 December 2014
27 September 2015 (Note (i))	5.80	6,202	7,122
27 September 2015 (Note (ii))	9.10	206	395
28 January 2019 (Note (iii))	10.40	32,080	32,280
		38,488	39,797

- (i) On 28 September 2010, 28,660,000 share options (the "2010 Share Options") with an exercise price of HKD5.80 per share were granted to certain directors of the Company and to selected employees of the Group. During the Period, none (2014 interim: 537,000) of the 2010 Share Options were forfeited and 919,663 (2014 interim: 1,959,001) of the 2010 Share Options were exercised.
- (ii) On 18 January 2013, 1,981,000 share options (the "2013 Share Options") with an exercise price of HKD9.10 per share were granted to certain directors of the Company and to the selected employees of the Group. During the Period, none (2014 interim: None) of the 2013 Share Options were forfeited and 189,000 (2014 interim: None) of the 2013 Share Options were exercised.
- (iii) On 29 January 2014, 32,880,000 share options (the "2014 Share Options") with an exercise price of HKD10.40 per share were granted to certain directors of the Company and to selected employees of the Group. During the Period, 200,000 (2014 interim: None) of the 2014 Share Options were forfeited.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

14. OTHER RESERVES

	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 2014	833,448	1,791,181	59,723	(159,583)	1,256	(4,082,110)	507,216	(31,149)	1,962,057	13,005	895,044
Transfer from retained earnings	-	28,700	-	-	-	-	-	-	-	-	28,700
Fair value losses on available-for-sale financial assets, net of tax	(149,578)	-	-	-	-	-	-	-	-	-	(149,578)
Fair value gains on derivative financial instruments, net of tax	-	-	-	-	1,788	-	-	-	-	-	1,788
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	31	-	-	31
Currency translation differences	(25,813)	-	-	-	-	-	-	-	(331,230)	-	(357,043)
At 30 June 2014	658,057	1,819,881	59,723	(159,583)	3,044	(4,082,110)	507,216	(31,118)	1,630,827	13,005	418,942
At 1 January 2015	851,424	2,007,792	59,723	(159,583)	(4,405)	(4,082,110)	507,216	(13,227)	1,612,257	13,005	792,092
Transfer from retained earnings	-	8,234	-	-	-	-	-	-	-	-	8,234
Fair value gains on available-for-sale financial assets, net of tax	292,391	-	-	-	-	-	-	-	-	-	292,391
Reclassification of fair value gains to income statement upon disposal of available-for-sale financial assets, net of tax	(337,187)	-	-	-	-	-	-	-	-	-	(337,187)
Fair value gains on derivative financial instruments, net of tax	-	-	-	-	1,365	-	-	-	-	-	1,365
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	23,560	-	-	23,560
Currency translation differences	161	-	-	-	-	-	-	-	14,381	-	14,542
At 30 June 2015	806,789	2,016,026	59,723	(159,583)	(3,040)	(4,082,110)	507,216	10,333	1,626,638	13,005	794,997

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

15. TRADE AND OTHER PAYABLES

	As at	
	30 June 2015	31 December 2014
Trade payables (Note (a))	142,357	71,822
Payables relating to construction projects	730,570	1,081,786
Advances from associates (Note (b))	92,768	95,710
Other payables and accrued expenses (Note (c))	1,319,086	999,972
	2,284,781	2,249,290

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

	As at	
	30 June 2015	31 December 2014
0–90 days	141,035	70,306
91–180 days	521	592
181–365 days	297	251
Over 365 days	504	673
	142,357	71,822

(b) These advances are interest-free, unsecured and repayable on demand.

(c) Other payables and accrued expenses mainly include payables for entrusted service costs, interest expenses, dividends and employee benefit expenses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

16. BORROWINGS

	As at	
	30 June 2015	31 December 2014
Non-current		
Bank borrowings (Note (b))	7,745,966	7,358,639
Medium-term notes	1,245,319	1,244,010
Senior notes	2,332,853	2,330,716
Corporate bonds (Note (c))	2,868,721	2,867,946
Private placement notes	998,833	997,664
	15,191,692	14,798,975
Less: Current portion	(1,747,158)	(1,443,721)
	13,444,534	13,355,254
Current		
Bank borrowings	2,038,664	1,394,527
Private placement notes	998,833	997,664
	3,037,497	2,392,191
Total borrowings	16,482,031	15,747,445

Movement in borrowings is analysed as follows:

	Six months ended 30 June	
	2015	2014
Opening balance as at 1 January	15,747,445	17,321,614
Additions	1,477,862	1,981,905
Repayments	(744,838)	(1,075,704)
Exchange differences	1,562	(365,293)
Closing balance as at 30 June	16,482,031	17,862,522

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

16. BORROWINGS (continued)

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

	As at	
	30 June 2015	31 December 2014
Floating rate		
— Expiring within one year	21,582,231	13,359,298
— Expiring beyond one year	5,405,396	19,421,483
	26,987,627	32,780,781

(b) Bank borrowings of HKD4,904,167,000 (RMB3,923,824,000) (31 December 2014: HKD4,919,050,000 (RMB3,936,224,000)) were secured by a pledge of the operating rights of Qinglian Expressway of Guangdong Qinglian Highway Development Company Limited, of which HKD218,410,000 (RMB174,750,000) (31 December 2014: HKD46,688,000 (RMB37,360,000)) were current portion of the non-current bank borrowings.

(c) 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.

17. PROVISION FOR MAINTENANCE/RESURFACING OBLIGATIONS

	Six months ended 30 June	
	2015	2014
Opening net book amount	299,116	429,426
Charged to the income statement:		
Additions	16,165	15,242
Increase due to passage of time (Note 22)	5,310	6,813
Utilised	(20,168)	(89,280)
Exchange differences	40	(10,892)
Closing net book amount	300,463	351,309
Less: Current portion	(188,084)	(89,420)
Non-current portion	112,379	261,889

18. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities mainly represented the compensation received from the government for the operating costs of the new ramp and the related taxes and surcharges on the compensation relating to Meiguan Expressway's toll free section.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

19. REVENUE

	Six months ended 30 June	
	2015	2014
Toll roads		
— Toll revenue	2,097,029	2,202,037
— Entrusted construction management service revenue	56,712	504,385
— Construction service revenue under concession arrangements	515	13,154
	2,154,256	2,719,576
Logistic business		
— Logistic parks	318,793	282,330
— Logistic services	361,530	184,291
— Port	96,017	84,880
	776,340	551,501
	2,930,596	3,271,077

20. OTHER GAINS — NET

	Six months ended 30 June	
	2015	2014
Gain on disposals of available-for-sale financial assets (Note 10(a))	689,165	–
(Losses)/gains on disposals of property, plant and equipment	(2,777)	4,842
Losses on disposal of intangible assets	(3,030)	–
Gains on disposal of Meiguan Expressway's toll free section related assets	–	1,925,655
Goodwill written-off	–	(2,192)
Others	20	9,635
	683,378	1,937,940

21. OTHER INCOME

	Six months ended 30 June	
	2015	2014
Dividend income	53,975	45,858
Rental income	2,770	14,164
Government subsidies	1,165	12,356
Others	3,948	4,352
	61,858	76,730

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

22. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2015	2014
Interest income from bank deposits	(75,305)	(36,364)
Interest income from long-term receivables (Note 9)	(81,523)	(40,350)
Total finance income	(156,828)	(76,714)
Interest expenses		
— Bank borrowings wholly repayable within 5 years	48,061	84,594
— Bank borrowings wholly repayable after 5 years	144,138	177,480
— Medium-term notes wholly repayable within 5 years	35,468	10,607
— Corporate bond and other notes wholly repayable within 5 years	86,569	91,129
— Corporate bond wholly repayable after 5 years	27,845	28,023
— Senior notes wholly repayable within 5 years	51,851	51,608
— Other interest expenses (Note 17)	5,310	6,813
Net foreign exchange losses directly attributable to borrowings	3,220	132,267
Less: interest expenses capitalised	(15,194)	(2,163)
Total finance costs	387,268	580,358
Net finance costs	230,440	503,644

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% (2014 interim: 25%) applicable to the respective companies.

	Six months ended 30 June	
	2015	2014
Current income tax		
— PRC corporate income tax	455,358	806,606
Deferred income tax	33,934	(19,376)
	489,292	787,230

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

24. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is 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	
	2015	2014
Profit attributable to equity holders of the Company	1,368,708	1,190,573
Weighted average number of ordinary shares in issue (thousands)	1,892,613	1,660,159
Basic earnings per share (HKD per share)	0.72	0.72

(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	
	2015	2014
Profit attributable to equity holders of the Company	1,368,708	1,190,573
Profit used to determine diluted earnings per share	1,368,708	1,190,573
Weighted average number of ordinary shares in issue (thousands)	1,892,613	1,660,159
Adjustments — share options (thousands)	7,192	4,228
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,899,805	1,664,387
Diluted earnings per share (HKD per share)	0.72	0.72

25. DIVIDENDS

The board of directors has resolved not to declare an interim dividend in respect of the Period (2014 interim: Nil). The 2014 final dividend of HKD497,865,000 (HKD0.263 per ordinary share) and special dividend of HKD363,460,000 (HKD0.192 per ordinary share) were settled in June 2015. According to the approved scrip dividend scheme for final dividend and special dividend in the annual general meeting held on 15 May 2015, 3,906,050 new shares were issued at a price of approximately HKD13.80 per share, totalling HKD53,909,000. The remaining dividend totalling HKD807,416,000 was paid in cash in June 2015.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

26. GUARANTEES AND CONTINGENCIES

Except for described below, there have been no significant changes to the Group's guarantees and contingencies since 31 December 2014.

Shenzhen Expressway had construction management contracts and arranged with bank to issue irrevocable performance guarantees amounting to HKD18,748,000, HKD2,500,000 and HKD44,807,000 on its behalf to SZ Transportation Committee, Shenzhen Traffic Public Facilities Construction Center and Shenzhen Longhua New Area Construction Service Management Center respectively.

27. 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 2015	31 December 2014
Capital commitments — expenditure of property, plant and equipment and concession intangible assets		
— Contracted but not provided for (Note (i))	4,362,043	505,709
— Authorised but not contracted for (Note (i))	184,486	4,623,789
	4,546,529	5,129,498
Investment commitments		
— Contracted but not provided for	152,231	139,170
	4,698,760	5,268,668

- (i) The amount included the remaining balance of RMB2,496,690,000 (equivalent to HKD3,120,472,000) of land premium for the land use right related to the Land Transfer Agreements (Note 12(b)), which was included in commitment of authorised but not contracted for the year ended 2014.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

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 2015 and 2014, 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 2015 and 2014 and payable balances due to state-owned contractors for construction projects and guaranteed deposits as of 30 June 2015 and 31 December 2014.
- (c) Shenzhen Expressway entered into project management service contracts with Shenzhen Expressway Engineering Consulting Company Limited (“Consulting Company”), an associate of Shenzhen Expressway, under which Consulting Company assumes the management of the reconstruction project of Shenzhen Expressway. During the Period, Shenzhen Expressway paid a management fee of approximately RMB2,747,000 (HKD3,425,000) (2014 interim: RMB8,643,000 (HKD10,844,000)) to Consulting Company.
- (d) Shenzhen Expressway provides project management services for construction, operation and maintenance of Coastal Project for the Shenzhen Municipal People’s Government. The Coastal Project is owned by Shenzhen Guangshen Coastal Expressway Investment Co., Ltd. (“Coastal Company”) which is wholly owned by SIHCL. The project management service revenue is calculated at 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 RMB16,301,000 (HKD20,323,000) (2014 interim: RMB226,187,000 (HKD283,799,000)).

SUPPLEMENTARY INFORMATION

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2015 (the "Period").

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2015, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of The Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to The Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were set out as follows and in the section headed "**SHARE OPTION SCHEME**" below:

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
Gao Lei	130,000	beneficial owner	personal	0.01%
Li Jing Qi	864,840	beneficial owner	personal	0.05%
Liu Jun	900,000	beneficial owner	personal	0.05%
Li Lu Ning	130,000	beneficial owner	personal	0.01%

Save as disclosed above and in the section headed "**SHARE OPTION SCHEME**" below, as at 30 June 2015, none of the directors or chief executives of the Company had any interests or short positions in the 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 had operated a share option scheme (the "Expired Scheme") for 10 years from 30 April 2004 to 29 April 2014 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 Expired 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 joint ventures of the Group or (c) any substantial shareholder of the Company.

SUPPLEMENTARY INFORMATION

The following table lists the details of the outstanding share options which were granted under the Expired Scheme and their movements during the Period (Note 1):

Name and category of participants	Date of grant of share options	Exercise period of share options	Exercise price of share options (Note 6) HK\$	Number of unlisted share options (physically settled equity derivatives)				Share price of the Company (Note 7)		
				As at 1 January 2015	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	As at 30 June 2015	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 2)	28 September 2014 to 27 September 2015	9.10	120,000	–	–	–	120,000	8.800	N/A
	29 January 2014 (Note 3)	29 January 2016 to 28 January 2019	10.40	1,400,000	–	–	–	1,400,000	9.700	N/A
Mr. Li Jing Qi	28 September 2010 (Note 4)	28 September 2012 to 27 September 2015	5.80	510,000	–	–	–	510,000	5.900	N/A
	29 January 2014 (Note 3)	29 January 2016 to 28 January 2019	10.40	1,330,000	–	–	–	1,330,000	9.700	N/A
Mr. Zhong Shan Qun (Note 5)	28 September 2010 (Note 4)	28 September 2012 to 27 September 2015	5.80	473,250	–	–	–	473,250	5.900	N/A
	29 January 2014 (Note 3)	29 January 2016 to 28 January 2019	10.40	1,050,000	–	–	–	1,050,000	9.700	N/A
Mr. Liu Jun	28 September 2010 (Note 4)	28 September 2012 to 27 September 2015	5.80	429,000	–	–	–	429,000	5.900	N/A
	29 January 2014 (Note 3)	29 January 2016 to 28 January 2019	10.40	1,050,000	–	–	–	1,050,000	9.700	N/A
Mr. Li Lu Ning	29 January 2014 (Note 3)	29 January 2016 to 28 January 2019	10.40	1,050,000	–	–	–	1,050,000	9.700	N/A
				7,412,250	–	–	–	7,412,250		
Other employees										
In aggregate	28 September 2010 (Note 4)	28 September 2012 to 27 September 2015	5.80	5,710,209	–	919,663	–	4,790,546	5.900	12.521
	18 January 2013 (Note 2)	28 September 2014 to 27 September 2015	9.10	275,000	–	189,000	–	86,000	8.800	13.613
	29 January 2014 (Note 3)	29 January 2016 to 28 January 2019	10.40	26,400,000	–	–	200,000	26,200,000	9.700	N/A
				32,385,209	–	1,108,663	200,000	31,076,546		
				39,797,459	–	1,108,663	200,000	38,488,796		

SUPPLEMENTARY INFORMATION

Notes:

- (1) *As the consolidation of every 10 shares of the Company with a nominal value of HK\$0.10 each into 1 consolidated share of the Company with a nominal value of HK\$1.00 each (the "Share Consolidation") became effective on 13 February 2014, the information regarding the share options (including exercise price, number and share price of the Company) was disclosed on the basis of the information after the Share Consolidation became effective.*
- (2) *These share options granted have been vested on 28 September 2014.*
- (3) *40% of these share options granted will be vested on the date which is 24 months after 29 January 2014 (the "Date of Grant of 2014 Share Options"); another 30% of these share options granted will be vested on the date which is 36 months after the Date of Grant of 2014 Share Options; and the remaining 30% of these share options will be vested on the date which is 48 months after the Date of Grant of 2014 Share Options. Vesting of these share options is conditional upon the achievement of certain performance targets by the individual grantees and the Group.*
- (4) *40% of these share options granted has been vested on the date which is 24 months after 28 September 2010 (the "Date of Grant of 2010 Share Options"); another 30% of these share options granted has been vested on the date which is 36 months after the Date of Grant of 2010 Share Options; and the remaining 30% of these share options has been vested on the date which is 48 months after the Date of Grant of 2010 Share Options.*
- (5) *Mr. Zhong Shan Qun was appointed as an executive director of the Company on 15 January 2015.*
- (6) *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.*
- (7) *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(s) on which the share options with the disclosure category were exercised.*

Upon the expiration of the Expired Scheme on 29 April 2014, a new share option scheme (the "New Scheme") was approved and adopted by the shareholders of the Company at the annual general meeting held on 16 May 2014. The New Scheme will be operated for 10 years from 16 May 2014 and is established to recognise, motivate and provide incentives to the eligible participants who make contributions to the Group.

Eligible participants of the New 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 joint ventures of the Group or (c) any substantial shareholder of the Company, to be determined by the board of directors of the Company (the "Board").

No share option was granted during the Period under the New Scheme.

SUPPLEMENTARY INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2015, 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)	830,409,709	interest of controlled corporations	43.77%
Ultrarich International Limited ("Ultrarich") — Note (2)	830,409,709	beneficial owner	43.77%

Notes:

- (1) Ultrarich holds an aggregate of 830,409,709 shares of the Company and is a wholly-owned subsidiary of SIHCL. Accordingly, SIHCL is deemed to be interested in the 830,409,709 shares of the Company owned by Ultrarich.
- (2) Messrs. Gao Lei, Li Jing Qi, Liu Jun and Li Lu Ning 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 2015, the Company had not been notified by any substantial shareholders or other persons, other than the directors or 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 2015, the interests and short positions of other persons in the shares and underlying shares of the Company, which are required to be recorded in the register kept by the Company under section 336 of Part XV of the SFO are set out below:

Long positions in ordinary shares of the Company

Name of shareholder	Number of ordinary shares held	Capacity	Approximate % of issued share capital of the Company
HSBC Global Asset Management (Hong Kong) Limited	96,241,250	investment manager	5.07%

Save as disclosed above, as at 30 June 2015, 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.

SUPPLEMENTARY INFORMATION

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 as well as transparency and accountability to all shareholders. During the Period, the Company has complied with the code provisions set out in “Corporate Governance Code and Corporate Governance Report” of Appendix 14 of the Listing Rules.

Board of Directors

As of the date of this report, the Board comprises nine directors, including five executive directors, namely Mr. Gao Lei, Mr. Li Jing Qi, Mr. Zhong Shan Qun (appointed on 15 January 2015), Mr. Liu Jun and Mr. Li Lu Ning; a non-executive director, namely Dr. Yim Fung and three independent non-executive directors, namely Mr. Leung Ming Yuen, Simon, Mr. Ding Xun and Mr. Nip Yun Wing.

The Board discussed the following major issues during the Period:

- (1) approving and considering the 2014 annual results and the payment of dividend;
- (2) reviewing the results and business operations of the first quarter of 2015;
- (3) discussing the increase in the authorised share capital of the Company;
- (4) approving the appointment of Mr. Zhong Shan Qun as an executive director of the Company; and
- (5) approving the appointment of Mr. Zhong Shan Qun as a member of the Nomination Committee and the resignation of Mr. Li Jing Qi as a member of the Nomination Committee.

Audit Committee

The Audit Committee was established in 1995. Currently, 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 discussed and reviewed the following major issues together with the management and the auditor of the Company (the “Auditor”) during the Period:

- (1) reviewing the 2014 annual results and confirmed that the related disclosures in the financial statements were complete, accurate and fair and recommended the same to the Board for approval;
- (2) approving the Auditor’s fees for the audit of the 2014 financial statements;
- (3) making recommendation on the re-appointment of the Auditor;
- (4) reviewing the adequacy of the resources, qualifications and experience of the staff responsible for the Group’s accounting and financial reporting and their training programme and related budget; and
- (5) reviewing the relevant internal control and risk management procedures.

SUPPLEMENTARY INFORMATION

The Company has engaged PricewaterhouseCoopers, the Auditor, to review the unaudited 2015 interim condensed consolidated financial information of the Group. Before the date of approval of the interim condensed consolidated financial information by the Board, a meeting of the Audit Committee had been held with the Auditor to review the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2015. The Auditor's Review Report is set out on page 27 of this report.

Nomination Committee

The Nomination Committee was established in December 2003 and consists of three members, two of whom are independent non-executive directors. Currently, Mr. Ding Xun (Chairman), Mr. Leung Ming Yuen, Simon and Mr. Zhong Shan Qun are the members of the Nomination Committee. Mr. Zhong Shan Qun was appointed a member of Nomination Committee in place of Mr. Li Jing Qi with effect from 27 March 2015.

The Nomination Committee discussed and reviewed the following major issues during the Period:

- (1) making recommendation to the Board on the appointment of Mr. Zhong Shan Qun as an executive director of the Company;
- (2) approving the appointment of Mr. Zhong Shan Qun as a member of the Nomination Committee and the resignation of Mr. Li Jing Qi as a member of the Nomination Committee;
- (3) reviewing and confirmed the independence of the 3 independent non-executive directors;
- (4) reviewing the structure, composition and diversity of the Board; and
- (5) evaluating and making recommendation as to the performance of the directors of the Company who were subject to retirement by rotation and re-election at the 2015 annual general meeting.

Remuneration Committee

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

The Remuneration Committee discussed and reviewed the following major issues during the Period:

- (1) considering and approving the entering into of the service contract with Mr. Zhong Shan Qun, an executive director of the Company; and
- (2) approving bonus payments for 2014 to the senior management.

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. Zhong Shan Qun (appointed on 15 January 2015), Mr. Liu Jun and Mr. Li Lu Ning.

During the Period, the major issues that the Executive Board Committee discussed and reviewed include: discussing and considering the Company's annual results, business development, dividend proposal, increase in the authorised share capital and making recommendation to the Board, considering the budgets for the year 2015, the plans for bank financing and the opening and closing of bank accounts, etc.. The Committee also discussed and considered the business development plans, capital expenditures and loans, and changes in the senior management of the Company's subsidiaries.

SUPPLEMENTARY INFORMATION

The attendance records of the Board meetings and Committee meetings

Details of the directors' attendance at the Board meetings and Committee meetings during the Period are set out in the following table:

Directors	Number of Meetings Attended/Number of Meetings Held				
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Executive Board Committee
Executive directors					
Mr. Gao Lei (<i>Chairman</i>)	2/2	N/A	N/A	N/A	11/11
Mr. Li Jing Qi ⁽¹⁾	2/2	N/A	1/1	N/A	10/11
Mr. Zhong Shan Qun ⁽²⁾	2/2	N/A	N/A ⁽³⁾	N/A	10/10
Mr. Liu Jun	2/2	N/A	N/A	N/A	4/11
Mr. Li Lu Ning	2/2	N/A	N/A	1/1	9/11
Non-executive director					
Dr. Yim Fung	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	1/1	N/A
Mr. Ding Xun	2/2	2/2	1/1	1/1	N/A
Mr. Nip Yun Wing	2/2	2/2	N/A	N/A	N/A

Notes:

(1) Mr. Li Jing Qi resigned as a member of the Nomination Committee on 27 March 2015.

(2) Mr. Zhong Shan Qun was appointed as an executive director and a member of the Nomination Committee of the Company on 15 January 2015 and 27 March 2015 respectively.

(3) The Company did not convene any Nomination Committee meeting after the appointment of Mr. Zhong Shan Qun as a member of the Nomination Committee until 30 June 2015.

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.

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