Shenzhen International Holdings Limited
深圳國際控股有限公司
(incorporated in Bermuda with limited liability)
(Stock Code: 00152)

2020 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Shenzhen International Holdings Limited (the "Company") is pleased to announce the unaudited interim consolidated results and interim consolidated balance sheet of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2020 (the "Period") together with comparative figures of consolidated results for the corresponding period in 2019 and consolidated balance sheet as of the year end of 2019 as follows:

INTERIM CONSOLIDATED INCOME STATEMENT-UNAUDITED

		Six months ended 30 June	
		2020	2019
	Note	***HK$'000***	*HK$'000*
Revenue	(4), (5)	**4,402,036**	5,711,592
Cost of sales		**(3,835,327)**	(3,825,185)
Gross profit		**566,709**	1,886,407
Other gains – net		**3,930,775**	387,760
Other income		**73,387**	48,151
Distribution costs		**(51,234)**	(53,261)
Administrative expenses		**(320,470)**	(288,950)
Impairment losses on trade receivables and contract assets		**(12,552)**	(46,335)
Operating profit	(6)	**4,186,615**	1,933,772
Share of profit of joint ventures		**6,123**	5,979
Share of (loss)/profit of associates	(12)	**(1,068,474)**	618,104
Profit before finance costs and income tax		**3,124,264**	2,557,855
Finance income	(7)	**120,514**	113,157
Finance costs	(7)	**(484,560)**	(446,463)
Finance costs – net	(7)	**(364,046)**	(333,306)
Profit before income tax		**2,760,218**	2,224,549
Income tax (expense)/benefit	(8)	**(1,014,819)**	137,823
Profit for the period		**1,745,399**	2,362,372

INTERIM CONSOLIDATED INCOME STATEMENT-UNAUDITED (continued)

	Note	Six months ended 30 June 2020 HK$'000	2019 HK$'000
Attributable to:			
Ordinary shareholders of the Company		**1,713,233**	1,238,971
Perpetual securities holders of the Company		**45,931**	46,511
Non-controlling interests		**(13,765)**	1,076,890
		1,745,399	2,362,372
Earnings per share attributable to ordinary shareholders of the Company			
(expressed in HK dollars per share)			
– Basic	(9(a))	**0.79**	0.58
– Diluted	(9(b))	**0.79**	0.58

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME-UNAUDITED

	Six months ended 30 June 2020 HK$'000	2019 HK$'000
Profit for the period	**1,745,399**	2,362,372
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Share of other comprehensive income of associates	**78,370**	(17,362)
Items that will not be reclassified to profit or loss:		
Currency translation differences	**(953,985)**	(218,141)
Net movement in fair value reserve on other financial assets (non-recycling)	**(134)**	(13)
Sub-total	**(954,119)**	(218,154)
Other comprehensive income for the period, net of tax	**(875,749)**	(235,516)
Total comprehensive income for the period	**869,650**	2,126,856
Total comprehensive income attributable to:		
Ordinary shareholders of the Company	**1,073,668**	1,070,773
Perpetual securities holders of the Company	**45,931**	46,511
Non-controlling interests	**(249,949)**	1,009,572
	869,650	2,126,856

INTERIM CONSOLIDATED BALANCE SHEET - UNAUDITED

	Note	As at **30 June 2020** *HK$'000*	As at 31 December 2019 *HK$'000*
ASSETS			
Non-current assets			
Investment properties		**554,829**	576,796
Property, plant and equipment		**10,139,907**	10,029,717
Land use rights		**3,247,106**	3,393,684
Construction in progress		**2,317,502**	1,846,436
Intangible assets	(11)	**28,113,740**	26,260,742
Goodwill		**257,538**	262,427
Interests in associates	(12)	**13,259,481**	14,527,280
Interests in joint ventures		**79,940**	64,074
Other financial assets	(13)	**545,158**	538,016
Deferred tax assets		**1,473,196**	1,247,740
Other non-current assets	(14)	**1,156,479**	1,035,957
		61,144,876	59,782,869
Current assets			
Inventories and other contract costs	(15)	**14,643,115**	10,111,605
Contract assets		**754,709**	503,509
Other financial assets	(13)	**763,451**	219,160
Trade and other receivables	(16)	**6,493,502**	5,662,296
Derivative financial instruments		**102,463**	70,005
Restricted bank deposits		**2,365,979**	2,056,827
Deposits in banks with original maturities over 3 months		**118,385**	791,378
Cash and cash equivalents		**10,869,355**	11,931,764
Disposal group held for sale		**274,111**	279,315
		36,385,070	31,625,859
Total assets		**97,529,946**	91,408,728
EQUITY AND LIABILITIES			
Equity attributable to ordinary shareholders of the Company			
Share capital and share premium		**11,515,550**	11,098,877
Other reserves and retained earnings		**17,730,959**	19,186,158
Equity attributable to ordinary shareholders of the Company		**29,246,509**	30,285,035
Perpetual securities		**2,330,939**	2,330,939
Non-controlling interests		**14,011,917**	14,725,298
Total equity		**45,589,365**	47,341,272

INTERIM CONSOLIDATED BALANCE SHEET – UNAUDITED (continued)

	Note	As at 30 June 2020 HK$'000	As at 31 December 2019 HK$'000
Liabilities			
Non-current liabilities			
Borrowings		**26,308,432**	25,179,181
Lease liabilities		**694,634**	722,274
Deferred tax liabilities		**1,762,700**	1,773,633
Other non-current liabilities		**1,259,148**	1,272,743
		30,024,914	28,947,831
Current liabilities			
Trade and other payables	(17)	**9,445,817**	7,432,917
Contract liabilities		**5,823,593**	4,612,724
Income tax payable		**1,546,772**	1,659,449
Borrowings		**4,962,932**	1,314,083
Lease liabilities		**136,553**	100,452
		21,915,667	15,119,625
Total liabilities		**51,940,581**	44,067,456
Total equity and liabilities		**97,529,946**	91,408,728

Notes:

(1) General and major development

(a) General Information

The principal activities of 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.

(1) General and major development (continued)

(a) General Information (continued)

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

As at 30 June 2020, Ultrarich International Limited ("Ultrarich") directly owned 952,010,090 ordinary shares of the Company, representing approximately 43.39% of the issued share capital of the Company. As Shenzhen Investment Holdings Company Limited ("SIHCL") held 100% equity interest in Ultrarich, it had a deemed interest in 43.39% 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 Shenzhen SASAC as having control of the Company's relevant activities and is the de facto controller of the Company due to the voting power it held in the Company.

This unaudited interim financial information was authorised for issue on 25 August 2020 and has been reviewed by KPMG 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 Certified Public Accountants ("HKICPA").

(b) Land development in Qianhai, Shenzhen for the Group

On 30 June 2020, two wholly-owned subsidiaries of the Group entered into three separate land use right transfer agreements (collectively defined as the "Land Transfer Agreements") with the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen (the "Qianhai Authority") in respect of total land area of approximately 41,200 square meters, with plot ratio-based gross floor area of approximately 172,500 square meters. The total price for the land use right transfer is approximately RMB3,652 million (equivalent to HKD4,041 million).

The above three land use rights (the "Third Phase of Qianhai Project") represent the land use right swap contemplated in the Land Consolidation and Preparation Agreement among the Group, the Urban Planning Land and Natural Resources Bureau of the Shenzhen Municipality and the Qianhai Authority.

According to the Land Consolidation and Preparation Agreement, no contractual land prices (including land use right assignment fees, land development funds and municipal ancillary facility funds) were charged for the above three land use rights which were transferred in 2020 upon signing of the Land Transfer Agreements. As a result, the Group has completed the Third Phase of Qianhai Project land consolidation and preparation and recognised other net gain of HKD3,905,586,000 in the consolidated income statement for the period ended 30 June 2020 (See Note 6).

(2) Basis of preparation

This interim financial information for the six months ended 30 June 2020 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the HKICPA. This interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019 ("2019 Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

(3) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*

- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(4) 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. It also includes one-off and non-recurring 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 which mainly include the construction, operation and management of logistic centres and integrated logistics hubs; (ii) logistic services which include the provision of third party logistic services, logistic information services and financial services to customers; and (iii) port and related services.

The Board assesses the performance of the operating segments based on a measure of profit for the period.

(4) Segment information (continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the board of directors, the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance for the period ended 30 June 2020 and 2019 is set out below.

For the six months ended 30 June 2020

	Toll roads	*Logistic business*				*Head office functions*	*Total*
		Logistic parks	*Logistic services*	*Port and related services*	*Subtotal*		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15							
— Point in time	**1,549,249**	**98,459**	**598,681**	**640,881**	**1,338,021**	**-**	**2,887,270**
— Over time	**1,223,770**	**-**	**-**	**-**	**-**	**-**	**1,223,770**
Subtotal	**2,773,019**	**98,459**	**598,681**	**640,881**	**1,338,021**	**-**	**4,111,040**
Revenue from other sources	**-**	**290,996**	**-**	**-**	**290,996**	**-**	**290,996**
Revenue	**2,773,019**	**389,455**	**598,681**	**640,881**	**1,629,017**	**-**	**4,402,036**
Operating profit	**174,966**	**102,971**	**17,369**	**88,967**	**209,307**	**3,802,342**	**4,186,615**
Share of profit of joint ventures	**-**	**5,814**	**-**	**-**	**5,814**	**309**	**6,123**
Share of profit/(loss) of associates	**155,045**	**(60)**	**-**	**-**	**(60)**	**(1,223,459)**	**(1,068,474)**
Finance income	**32,213**	**1,608**	**476**	**56**	**2,140**	**86,161**	**120,514**
Finance costs	**(342,552)**	**(9,798)**	**(747)**	**(15)**	**(10,560)**	**(131,448)**	**(484,560)**
Profit before income tax	**19,672**	**100,535**	**17,098**	**89,008**	**206,641**	**2,533,905**	**2,760,218**
Income tax benefit/(expense)	**15,605**	**(22,431)**	**(2,273)**	**(21,064)**	**(45,768)**	**(984,656)**	**(1,014,819)**
Profit for the period	**35,277**	**78,104**	**14,825**	**67,944**	**160,873**	**1,549,249**	**1,745,399**
Non-controlling interests	**23,831**	**1,792**	**(2,600)**	**(18,133)**	**(18,941)**	**8,875**	**13,765**
Subtotal	**59,108**	**79,896**	**12,225**	**49,811**	**141,932**	**1,558,124**	**1,759,164**
Profit attributable to perpetual securities holders	**-**	**-**	**-**	**-**	**-**	**(45,931)**	**(45,931)**
Profit attributable to ordinary shareholders of the Company	**59,108**	**79,896**	**12,225**	**49,811**	**141,932**	**1,512,193**	**1,713,233**
Depreciation and amortisation	**859,773**	**141,152**	**19,905**	**19,225**	**180,282**	**35,301**	**1,075,356**
Capital expenditure							
– Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	**1,116,041**	**363,243**	**25,918**	**10,402**	**399,563**	**719,878**	**2,235,482**
– Additions in property, plant and equipment, construction in progress, land use rights and intangible assets arising from acquisition of a subsidiary	**2,120,203**	**-**	**-**	**-**	**-**	**-**	**2,120,203**
– Additions in interests in associates	**195,502**	**-**	**-**	**-**	**-**	**-**	**195,502**

(4) Segment information (continued)

For the six months ended 30 June 2019

	Toll roads	*Logistic business*				*Head office functions*	*Total*
		Logistic parks	*Logistic services*	*Port and related services*	*Subtotal*		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15							
— Point in time	3,102,783	129,852	369,225	897,681	1,396,758	-	4,499,541
— Over time	908,365	-	-	-	-	-	908,365
Subtotal	4,011,148	129,852	369,225	897,681	1,396,758	-	5,407,906
Revenue from other sources	-	303,686	-	-	303,686	-	303,686
Revenue	4,011,148	433,538	369,225	897,681	1,700,444	-	5,711,592
Operating profit/(loss)	1,805,689	105,352	18,796	112,858	237,006	(108,923)	1,933,772
Share of profit of joint ventures	-	5,710	-	-	5,710	269	5,979
Share of profit of associates	359,642	97	-	-	97	258,365	618,104
Finance income	28,661	2,402	7,502	118	10,022	74,474	113,157
Finance costs	(333,324)	(3,591)	(591)	(1,647)	(5,829)	(107,310)	(446,463)
Profit before income tax	1,860,668	109,970	25,707	111,329	247,006	116,875	2,224,549
Income tax benefit/(expense)	185,377	(12,126)	(5,311)	(21,145)	(38,582)	(8,972)	137,823
Profit for the period	2,046,045	97,844	20,396	90,184	208,424	107,903	2,362,372
Non-controlling interests	(1,043,360)	(2,241)	(4,917)	(25,210)	(32,368)	(1,162)	(1,076,890)
Subtotal	1,002,685	95,603	15,479	64,974	176,056	106,741	1,285,482
Profit attributable to perpetual securities holders	-	-	-	-	-	(46,511)	(46,511)
Profit attributable to ordinary shareholders of the Company	1,002,685	95,603	15,479	64,974	176,056	60,230	1,238,971
Depreciation and amortisation	858,375	113,912	8,920	30,993	153,825	14,455	1,026,655
Capital expenditure							
– Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	911,047	764,044	10,574	20,455	795,073	437,156	2,143,276
– Additions in property, plant and equipment and intangible assets arising from acquisition of a subsidiary	101,200	-	-	-	-	-	101,200
– Additions in interests in associates	66,636	-	-	-	-	-	66,636

(a) All revenues are derived from external customers located in the PRC. The Group's non-current assets, other than financial instruments and related deferred tax assets, are mainly located in the PRC. Revenues derived from and value of non-current assets located in other countries and regions are not material.

(5) Revenue

	Six months ended 30 June	
	2020	*2019*
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Toll Roads		
- Toll revenue	**1,182,944**	2,659,878
- Entrusted construction management service and construction consulting service revenue	**135,031**	94,129
- Construction service revenue under Service Concession	**867,680**	782,539
- Environmental protection service	**465,476**	-
- Others	**121,888**	474,602
	2,773,019	4,011,148
Logistic Business		
- Logistic parks	**98,459**	129,852
- Logistic services	**598,681**	369,225
- Port and related services	**640,881**	897,681
	1,338,021	1,396,758
	4,111,040	5,407,906
Revenue from other sources		
Logistic Business		
- Logistic parks	**290,996**	303,686
	4,402,036	5,711,592

(6) Operating profit

The Group's operating profit is mainly arrived after charging / (crediting) the following:

	Six months ended 30 June	
	2020	*2019*
	HK$'000	*HK$'000*
Gain on replacement of land (Note 1)	**(3,905,586)**	-
Fair value changes on investment properties	**13,071**	(47,426)
Change in fair value of other financial assets	**(30,754)**	(24,184)
Dividend income	**(17,313)**	(34,605)
Government grants	**(51,179)**	(10,874)
Gain on disposal of subsidiaries	**-**	(309,625)
Gains on disposals of other financial assets	**-**	(6,790)
Depreciation and amortisation	**1,075,356**	1,026,655

(7) Finance income and costs

	Six months ended 30 June	
	2020	*2019*
	HK$'000	*HK$'000*
Finance income		
Interest income from bank deposits	**(115,273)**	(112,467)
Other interest income	**(5,241)**	(690)
Total finance income	**(120,514)**	(113,157)
Finance costs		
Interest expenses		
- Bank borrowings	**359,576**	340,896
- Medium-term notes	**43,392**	45,682
- Corporate bonds	**82,473**	63,779
- Panda bonds	**115,213**	119,500
- Senior notes	**14,593**	14,069
- Interest on contract liabilities	**19,105**	19,199
- Interest on lease liabilities	**17,830**	16,710
- Interest costs for other financial liabilities	**24,287**	33,149
- Borrowings from financial institutions	**45,263**	-
Net foreign exchange losses/(gains)	**25,519**	(29,042)
Gains on derivative financial instruments directly attributable to borrowings	**(33,885)**	(17,220)
Less: finance costs capitalised on qualified assets	**(228,806)**	(160,259)
Total finance costs	**484,560**	446,463
Net finance costs	**364,046**	333,306

(8) Income tax (expense)/benefit

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the period.

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% (six months ended 30 June 2019: 25%) applicable to the respective companies.

PRC Land Appreciation Tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortization of land use rights, borrowing costs and all property development expenditures.

	Six months ended 30 June	
	2020	*2019*
	HK$'000	*HK$'000*
Current income tax		
- PRC Corporate Income Tax	**(1,345,898)**	(510,934)
- Land appreciation tax	**-**	(14,736)
Deferred tax	**331,079**	663,493
	(1,014,819)	137,823

(9) Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2020	*2019*
Profit attributable to ordinary shareholders of the Company (HK$'000)	**1,713,233**	1,238,971
Weighted average number of ordinary shares in issue (thousands)	**2,164,118**	2,125,371
Basic earnings per share (HK dollars per share)	**0.79**	0.58

(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	
	2020	*2019*
Profit attributable to ordinary shareholders of the Company (HK$'000)	**1,713,233**	1,238,971
Profit used in the calculation of diluted earnings per share (HK$'000)	**1,713,233**	1,238,971
Weighted average number of ordinary shares in issue (thousands)	**2,164,118**	2,125,371
Adjustments - share options (thousands)	**7,860**	8,999
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**2,171,978**	2,134,370
Diluted earnings per share (HK dollars per share)	**0.79**	0.58

(10) Dividends

The board of directors has resolved not to declare any interim dividend in respect of the period (six months ended 30 June 2019: Nil). The 2019 final dividend and special dividend totaling HKD2,530,140,000 (HKD0.53 per ordinary share of final dividend and HKD0.64 per ordinary share of special dividend respectively) were settled in June 2020. According to the scrip dividend scheme approved by shareholders in the annual general meeting held on 15 May 2020, 31,715,000 new shares were issued at a price of approximately HKD12.768 per share, totaling HKD404,935,000. The remaining dividend totaling HKD2,125,205,000 was paid in cash in June 2020.

(11) Intangible assets

	Six months ended 30 June	
	2020	*2019*
	HK$'000	*HK$'000*
Opening net book amount	**26,260,742**	27,020,690
Acquisition of a subsidiary	**2,050,783**	93,225
Additions	**1,053,841**	809,238
Disposals	**(713)**	(11,559)
Amortisation	**(696,104)**	(778,709)
Exchange difference	**(554,809)**	(116,512)
Closing net book value	**28,113,740**	27,016,373

Concession intangible assets represent the rights to operate the respective toll roads granted by the relevant local government authorities in the PRC to the Group. The remaining periods of rights to operate the respective toll roads are from 2 to 18 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.

(12) Interests in associates

	Six months ended 30 June	
	2020	*2019*
	HK$'000	*HK$'000*
Beginning of the period	**14,527,280**	13,811,104
Additions	**195,502**	66,636
Share of (loss)/profit of associates	**(1,068,474)**	618,104
Share of other comprehensive income of associates	**78,370**	(17,362)
Dividends	**(206,170)**	(332,303)
Exchange difference	**(267,027)**	(64,459)
End of the period	**13,259,481**	14,081,720

The ending balance comprises the following:

	As at	
	30 June 2020	*31 December 2019*
	HK$'000	*HK$'000*
Unlisted investments		
Share of net assets, other than goodwill	**10,725,219**	11,944,907
Goodwill on acquisition	**2,534,262**	2,582,373
	13,259,481	14,527,280

Based on the assessment made by the directors of the Company, there were no impairment losses for the interests in associates as at 30 June 2020 (31 December 2019:Nil).

(13) Other financial assets

	As at	
	30 June 2020 HK$'000	*31 December 2019 HK$'000*
Financial assets measured at amortised cost		
- Debt security (Note (a))	**547,944**	-
Equity securities designated at FVOCI (non-recycling)		
- Unlisted equity securities	**52,485**	53,662
Financial assets measured at FVPL		
- Listed securities in the PRC (Note (b))	**215,506**	219,160
- Unlisted equity securities	**252,828**	243,371
- Unlisted fund investments (Note (c))	**239,846**	240,983
	1,308,609	757,176
Less: non-current portion	**(545,158)**	(538,016)
Current portion	**763,451**	219,160

(a) Debt security with principal amount of RMB 500 million at the rate of 4.3% per annum will be matured on 7 April 2021, which was issued by Wanhe Securities Co.,Ltd (an indirect subsidiary of Shenzhen SASAC) and guaranteed by Shenzhen Capital Holdings Co., Ltd (a direct subsidiary of Shenzhen SASAC).

(b) As at 30 June 2020, listed equity investments stated at market price represent 39,173,196 shares (31 December 2019: 39,173,196 shares) the Group held in CSG Holding Co., Ltd ("CSG"). During the period, the Group did not dispose of any shares in CSG (six months ended 30 June 2019: Nil).

(c) As at 30 June 2020, the Group has share of Shenzhen Capital Lingxiu Logistics Facility Phase I Private Investment Fund. It was classified as financial assets measured at FVPL and measured at fair value at period end.

(14) Other non-current assets

As at 30 June 2020, other non-current assets mainly represented: (i) prepaid construction cost of HKD387,975,000 (31 December 2019: HKD397,501,000); (ii) receivables of electricity charges subsidy of HKD267,054,000 (31 December 2019: HKD205,741,000); and (iii) lease receivables of HKD85,099,000 (31 December 2019: HKD114,303,000).

(15) Inventories and other contract costs

	As at	
	30 June 2020 HK$'000	*31 December 2019 HK$'000*
Land held for future development	**6,712,752**	2,760,347
Land and properties under development for sale	**7,056,035**	6,707,856
Completed properties for sale	**591,764**	342,505
Others	**517,528**	541,352
Impairment	**(234,964)**	(240,455)
	14,643,115	10,111,605

(16) Trade and other receivables

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 due within 120 days from the date of billing. The ageing analysis of the trade receivables of the Group based on revenue recognition date was as follows:

	As at	
	30 June 2020 HK$'000	*31 December 2019 HK$'000*
0 - 90 days	**1,136,383**	1,249,205
91 - 180 days	**179,777**	110,368
181 - 365 days	**439,029**	74,341
Over 365 days	**222,969**	154,434
	1,978,158	1,588,348

(17) Trade and other payables

The ageing analysis of the trade payables based on the date of invoices was as follows:

	As at	
	30 June 2020 HK$'000	*31 December 2019 HK$'000*
0 - 90 days	**286,423**	264,972
91 - 180 days	**12,156**	29,448
181 - 365 days	**58,469**	25,230
Over 365 days	**176,851**	177,482
	533,899	497,132

(18) Business combination

In January 2020, Shenzhen Expressway Environmental Company Limited ("Environmental Company"), a wholly-owned subsidiary of Shenzhen Expressway, entered into a capital increase and share transfer agreement with Bioland Environmental Technologies Corp., Ltd. ("Bioland Environmental") and its original shareholders. According to the agreement, the transaction took place in two stages. In the first phase, Environmental Company acquired a total of 125,000,000 shares (53.21% of the total share capital of the Bioland Environmental after the issuance of additional shares) by acquiring 40,000,000 shares from the original shareholders of Bioland Environmental and subscribing for newly issued 85,000,000 shares of Bioland Environmental. In the second phase, Environmental Company acquired additional 31,150,000 shares of Bioland Environmental from the original shareholders of Bioland Environmental. Consequently, Environmental Company owned 156,150,000 shares of Bioland Environmental which represents 66.46% equity interest in Bioland Environmental at a total consideration of RMB790,095,000 (equivalent to HKD893,874,000).

The following table summarises the consideration paid for Bioland Environmental, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

Recognised amounts of identifiable assets acquired and liabilities assumed at the date of acquisition	
Cash and cash equivalents	478,044
Restricted bank deposits	38,487
Trade and other receivables	198,855
Inventories and other contract costs	31,336
Contract assets	167,190
Property, plant and equipment	12,559
Land use rights	25,644
Construction in progress	31,217
Intangibles assets	2,050,783
Other financial assets	2,538
Deferred tax assets	16,372
Other non-current assets	41,349
Trade and other payables	(635,341)
Contract liabilities	(4,784)
Borrowings	(874,346)
Lease liabilities	(41)
Other non-current liabilities	(55,193)
Deferred tax liabilities	(128,548)
Non-controlling interest	(502,247)
Net assets acquired attributable to the Group	893,874
Total consideration	893,874
Less: consideration payables as at 30 June 2020	(170,216)
Cash paid during six months ended 30 June 2020	723,658
Cash and cash equivalent acquired	(478,044)
Net cash outflow in the acquisition including in the investing activities	245,614

The revenue included in the consolidated income statement since the acquisition date contributed by Bioland Environmental was HKD214,532,000. Bioland Environmental also contributed loss of HKD18,196,000 over the same period.

Had Bioland Environmental been consolidated from 1 January 2020, the consolidated income statement for the period would show pro-forma revenue of HKD4,445,969,000 and a profit of HKD1,746,086,000.

(19) Impacts of COVID-19 pandemic (the "Pandemic")

In the first half of 2020, different aspects of the operations of the Group were inevitably impacted by the outbreak of the Pandemic. The Group's toll road and airline segments suffered the hardest hit. For the six months ended 30 June 2020, the revenue of the Group decreased by 23% as compared to the corresponding period of the previous year. During the Period, total revenue and profit before finance costs and tax from the Group's toll road business respectively decreased by 41% and 85% to HKD1,905 million and HKD330 million, as compared to the corresponding period of the previous year. This was mainly due to the waiver of tolls on the Group's toll road projects from 0:00 a.m. on 17 February 2020 to 0:00 a.m. on 6 May 2020 in compliance with the order of the transportation authority in China. Shenzhen Airlines Company Limited ("Shenzhen Airlines"), an associate in which the Group holds a 49% equity interest, drastically reduced its capacity and recorded a loss for the Period. Shenzhen Airlines brought a loss of HKD1,223 million (for the six months ended 30 June 2019: profit of HKD231 million) to the Group during the Period.

The Group responded proactively to the tough operating environment and keen market competition to minimize the impact of the Pandemic on its business through, among other things, stepping up its marketing efforts, controlling its operating costs and speeding up its investments in quality projects.

As various operations of the Group gradually recover whilst the Pandemic situation in China continues to improve, the Group expects the operating performance of its business to gradually improve in the second half of the year. The Group began collecting toll charges on its toll roads from 6 May 2020 and both the traffic flow and toll revenue are gradually bouncing back. In the aspect of airline transport, the domestic airline industry is gradually recovering as the Pandemic situation in China continues to improve, while the demand for international air transport is recovering at a slower place. Shenzhen Airlines has a gradual growth in passenger transport volume and revenue. Nevertheless, the Group expects such impact to be temporary and believes that it will not affect the Group's long-term expectations on future development.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

Operating Results	For the six months ended 30 June **2020** **HK$'000**	 2019 HK$'000	 Increase/ (Decrease)
Revenue (excluding construction service revenue from toll roads)	**3,534,356**	4,929,053	(28%)
Construction service revenue from toll roads	**867,680**	782,539	11%
Total revenue	**4,402,036**	5,711,592	(23%)
Operating profit	**4,186,615**	1,933,772	116%
Profit before finance costs and tax	**3,124,264**	2,557,855	22%
Profit attributable to shareholders	**1,713,233**	1,238,971	38%
Basic earnings per share (HK dollars)	**0.79**	0.58	36%

In the first half of 2020, different aspects of the operations of the Group were inevitably impacted by the outbreak of the novel coronavirus pandemic (the "Pandemic") as well as the complicated and ever-changing domestic and international environment, and the Group's toll road and airline segments suffered the hardest hit. The Group responded proactively to the tough operating environment and keen market competition to minimize the impact of the Pandemic on its business through, among other things, stepping up its marketing efforts, controlling its operating costs and speeding up its investments in quality projects. At the same time, the Group actively fulfilled its corporate social responsibility. Since the outbreak of the Pandemic, the Group has waived two months' rent in favor of around 600 tenants of its logistics parks across the country to ease their burden. Even though the rent relief program temporarily reduced the Group's revenue, it had the effect of enhancing the Group's image and appeal for tenants. With respect to the toll road business, the Group adhered by the national toll-free policy, thereby demonstrating its reliability as a state-owned enterprise and contributing to the fight against the Pandemic and the restoration of social and economic orders.

In recent years, the Group has strived to seize the ample opportunity brought by the land use adjustments for logistics parks across Shenzhen by increasing its efforts to transform and upgrade logistics parks. In order to finalize the remaining land consolidation and preparation compensation of the Qianhai Project, the Group actively negotiated with the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen (深圳市前海深港現代服務業合作區管理局)(the "Qianhai Authority") and other relevant government authorities in the first half of 2020 and entered into the land use right transfer agreements with the Qianhai Authority in respect of three land parcels (the "Third Phase of Qianhai Project") on 30 June 2020. The Third Phase of Qianhai Project has a total land area of approximately 41,200 square meters and a plot ratio-based gross floor area of approximately 172,500 square meters. As the land parcels for the Third Phase of Qianhai Project are acquired under the land swap contemplated under the land consolidation and preparation agreement, the Group need not pay any contractual land prices to the Qianhai Authority. As a result, the Group recognized a one-off profit before taxation of approximately HK$3,906 million (equivalent to approximately RMB3,551 million) and profit attributable to shareholders of approximately HK$2,929 million (equivalent to approximately RMB2,663 million) during the six months ended 30 June 2020 (the "Period"). Benefitting from the above, the Group recorded increases in operating profit and profit attributable to shareholders for the Period by 116% and 38% to HK$4,187 million and HK$1,713 million, respectively, as compared to the corresponding period of the previous year.

During the Period, the Group continued to step up the development of its logistics business and to achieve sustainable and stable development of its core logistics operations. As at 30 June 2020, the Group has a presence of 28 key logistics gateway cities across the country (including its logistics parks in Shenzhen). The number of projects in operation increased to 20, with a total operating area of 2.14 million square meters and a stable overall occupancy rate of approximately 85%. As a result of the Pandemic and the rent relief program, total revenue and profit attributable to shareholders from the logistics business decreased by 4% and 19% to HK$1,629 million and HK$142 million, respectively, as compared to the corresponding period of the previous year.

During the Period, total revenue and profit before finance costs and tax from the Group's toll road business decreased by 41% and 85% to HK$1,905 million and HK$330 million, respectively, as compared to the corresponding period of the previous year. This was mainly due to the waiver of tolls on the Group's toll road projects from 00:00 a.m. on 17 February 2020 to 00:00 a.m. on 6 May 2020 in compliance with the order of the transportation authority in China. As the Pandemic gradually becomes under control and production resumes at full speed in China, the Group resumed tolls on its toll roads on 6 May 2020 and traffic volume has resumed normal and even exceeded that of the corresponding period of the previous year. Furthermore, the Group is actively negotiating with the government authorities in hope of securing reasonable compensation.

In the first half of 2020, the airline industry suffered a heavy blow from the continuous worldwide spread of the Pandemic and the resultant plunge in demand for air transport. During the Period, Shenzhen Airlines Company Limited ("Shenzhen Airlines"), an associate in which the Group holds a 49% equity interest, drastically reduced its capacity and recorded a drop in total revenue of 57% to RMB6,641 million (equivalent to HK$7,304 million), as compared to the corresponding period of the previous year, and a loss for the Period. Shenzhen Airlines brought a loss of approximately HK$1,223 million (2019: profit of HK$231 million) to the Group during the Period. Moving on to the second half of the year, the demand for domestic air transport is recovering at speed as the Pandemic situation in China continues to improve, while the demand for international air transport is gradually recovering. In June 2020, the average passenger load factor of Shenzhen Airlines has bounced back to 68.5%. Pursuing the "seek progress through stability" strategy, Shenzhen Airlines will bolster its competitiveness by further strengthening its cost control, allocating its capacity reasonably and seizing the revival of market demand subsequent to the Pandemic.

LOGISTICS BUSINESS

Analysis of Operating Performance

Logistics Park Business

I. Integrated Logistics Hubs Business

The Group is committed to establishing a large-scale network of logistics parks, growing its logistics assets and enlarging the scale of its operations through construction and acquisitions, with the aim of increasing its share in the logistics market. As at the end of June 2020, the Group operated integrated logistics hubs in a total of 27 key logistics gateway cities across the country (excluding Shenzhen) and had entered into investment agreements with relevant government departments in respect of a total planned site area of approximately 6.84 million square meters. In the first half of 2020, the Group focused on identifying projects in economically affluent regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta and Beijing-Tianjin-Hebei areas with the aim of strengthening its presence in key cities, focusing on key central cities and the layout of the network inside the Greater Bay Area. In the first half of the year, the Group completed the investment plans of integrated logistics hub projects in Erqi District, Zhengzhou and Zhuzhou, Hunan.

During the Period, the Kunming Project was put into operation, which resulted in an increase in operating area of approximately 120,000 square meters as compared with the previous year. As at the end of June 2020, the Group had a total of 17 integrated logistics hub projects with a total operating area of approximately 1.57 million square meters. As at the end of June 2020, the overall occupancy rate of the integrated logistics hubs was approximately 83%, which was a satisfactory occupancy rate.

In the first half of 2020, the Group made good progress in land acquisition and successively obtained land use rights for the projects in Erqi District, Zhengzhou, and Jiangyin, Wuxi. The total area of newly obtained land parcels amounted to approximately 240,000 square meters. As at the end of June 2020, the Group has obtained land with a total site area of over 4.45 million square meters.

During the Period, construction works of the Qingbaijiang Project in Chengdu, the Caidian Project in Wuhan, the second phase of the Hangzhou Project and Xuzhou Project have begun as planned. Several projects are expected to be completed and put into operation in the remainder of 2020 and 2021. While the Group continues to explore developing new projects, the Group is also actively progressing its projects under construction or at planning stage to meet the prospective schedules. The Group is also actively preparing for marketing of these projects.

II. Shenzhen Logistics Park Business

As at the end of June 2020, the Group managed and operated a total of three logistics projects in Shenzhen. Together with the Liguang Project, the construction of which has officially commenced at the end of 2019, the logistics projects of the Group in Shenzhen had a total land area of approximately 650,000 square meters and an operating area of approximately 570,000 square meters. As at the end of June 2020, the overall occupancy rate of the projects in operation in Shenzhen was approximately 90%.

In view of the tough economic conditions, South China Logistics Park has actively explored the potential of increasing its revenue and profits with its existing resources during the Period. It also actively expanded the high value-added bond business by conducting intelligent upgrade at its supervised warehouses, developing new customer relationships, strengthening the stickiness of existing customers, fostering collaboration with tenants of the park and maintaining good operation environment.

The Group has been actively driving the planning and construction of the second phase of South China Logistics Park. With a site area of 77,000 square meters, the second phase of the park will be developed and constructed in two stages, and the construction of the first stage has already commenced. During the Period, the construction schedule was adjusted as a result of the Pandemic, and the construction work is now steadily progressing based on the revised schedule. Taking advantage of the positioning of Shenzhen where the park is located, and in order to seize the significant opportunities arising in the industry, the second phase of South China Logistics Park will develop as a global procurement and supply chain management platform, corporate headquarters as well as e-commerce and logistics financing platform. The second phase of South China Logistics Park will be developed into a comprehensive cluster zone for modern logistics and supply-chain service industries.

Shenzhen International Kanghuai E-commerce Center is the Group’s first asset-light project operated by way of leasing with an operating area of approximately 138,000 square meters. At present, business services provided in the park include warehouse services, large data center, office buildings, dormitories, restaurants and supermarket, etc. The park has supported interactive sharing and smart interchange of data across the park after establishing a smart park information management system in 2019. It has also achieved satisfactory operating results and successfully attracted a number of branded logistics enterprises. The overall occupancy rate of the project reached 90% at the end of June 2020.

At the end of 2018, the Group successfully acquired the land use right for the Liguang Project with a site area of approximately 45,000 square meters located in Longhua New District, Shenzhen. Officially commenced in December 2019, the construction of the Liguang Project is currently in steady progress and is expected to be completed within 2022. Upon completion of the project, the Group will further strengthen its presence in the logistics market in Shenzhen. The Liguang Project is expected to be a high-standard, multi-level and eco-intelligent logistics park providing comprehensive services including transfer distribution, storage and ancillary services, with inter-city distribution as its core, with a focus on the cold chain, supermarket and e-commerce sectors thereby building a pioneering benchmark project for the Group.

During the Period, the Group and China Railway Guangzhou Group Co., Ltd. (中國鐵路廣州局集團有限公司) entered into a cooperation agreement, pursuant to which the parties agreed to jointly invest and establish a joint venture to upgrade and transform the Pinghunan Railway Freight Yard into a comprehensive logistics hub. The first phase of the project will engage in warehouse storage, port container depot and rail container depot services. The second phase of the project involves the construction of a modern logistics park over the railway freight yard. The implementation of the project will allow the Group to accumulate high-quality long-term assets, enlarge the scale of the Group's logistics operations and network coverage, and enhance its market position in the Guangdong-Hong Kong-Macao Greater Bay Area, which is in line with the Group's business development strategy and plan. The Group is actively driving the establishment of the joint venture.

On 18 August 2020, the Bay Area Express (灣區號), the first freight train running from Shenzhen, China to Europe, was launched. It departed from the Shenzhen Pinghunan Railway Station to Duisburg, Germany. Following the development of the route initiated by the Shenzhen Municipal Government, this freight train between Shenzhen and Europe is operated and managed by a joint venture set up by the Group and Sinotrans Limited. The Group owns a 40% equity interest in this joint venture. The launch of this train helped to establish a new international land transportation route linking the Guangdong-Hong Kong-Macao Greater Bay Area, Central Asia, Eastern Europe and Western Europe. It offers a safer, greener and more stable means of transport, thereby facilitating the development of the foreign trade demonstration pilot zone in Shenzhen.

Logistics Service Business

Through investment in quality asset-light projects and innovation in business model, the Group conducted business development that embraces both asset-light and asset-heavy business models and actively explored value-added logistics services. Such services include comprehensive logistics services for Evergrande Agri-Husbandry (恒大農牧) and comprehensive global logistics services for Globalegrow E-commerce (環球易購), the development of which is all in steady progress. In the first half of 2020, a trunk transport operation was established in collaboration with Best Logistics (百世物流), and 39 out of 58 planned routes in this project have already been put into operation.

Furthermore, the Group actively explores establishing smart warehouse projects and formulated a sub-strategy for the development of smart warehouse business at the end of 2019 and strives to establish demonstrative and pilot smart warehouses at its logistics parks. In the first half of 2020, the intelligent warehouse for Huawei processed a total of 380,000 cubic meters of goods and realized operating revenue of approximately RMB15 million. In addition, this project further increased income by filling its storage spaces through developing new businesses such as the delivery of masks. In addition, Hangzhou Integrated Logistics Hub also signed on with Ruhnn, one of the top e-commerce brands in China, for providing smart storage services equipped with WhaleHouse's PSS (Picking Spider System), which can enhance the overall operating efficiency and storage capacity of warehouses. This system is currently under construction.

Port and Related Services Business

In the first half of 2020, the operation of the port business faced immense pressure as a lot of upstream and downstream industries delayed resuming work and many electricity companies reduced their capacity due to the Pandemic and macro-economic downturn. A total of 307 seagoing vessels berthed at Nanjing Xiba Port with a total throughput of 17.39 million tonnes, representing a year-on-year decrease of 22.6%, in the first half of 2020.

Despite the innumerable challenges, Nanjing Xiba Port maintained normal operation and minimized the impact of the Pandemic by upgrading its services, strengthening the stickiness of its customers and taking other effective measures. During the Period, the Group renewed the goods handling service contracts with several key customers and raised prices up in a reasonable manner. The Group also continued to develop port-related supply chain management service business, thereby further diversifying its port business.

To facilitate the construction of a key municipal construction plan of Nanjing City, namely Xianxin Road Cross-river Channel Development Plan (仙新路過江通道), the Group completed the stage one of the property transfer for the second phase of Nanjing Xiba Port in 2019. Stage two of the property transfer will be completed in the second half of 2020. In view of the expropriation of the second phase of Nanjing Xiba Port and the resultant reduction in capacity, the Group is negotiating with the local government to accelerate the leaseback of the second phase of the port in order to resume operation and realize smooth transition of the business. Furthermore, Nanjing Xiba Port is enhancing the loading and unloading capacity of the first phase by accelerating the digitalization of its port and the expansion of its depots. Meanwhile, the Group is actively exploring investment opportunities with strategic value and has entered into an investment cooperation framework agreement for the "Shenzhen International Fengcheng Rail-water Intermodal Transport Logistics Base (深國際•豐城水鐵聯運物流基地)" in July 2020 and the project is progressing in an orderly manner.

Logistics Park Transformation and Upgrading Business

The Group has actively seized the opportunities brought about by land function adjustment of logistics parks arising from the urbanization process and vigorously progressed the transformation and upgrade of logistics parks in Shenzhen, in the hope of maximizing the value of the Group's assets and in turn value for its shareholders.

I. Qianhai Project

The Group has maintained amicable coordination and communication with the Qianhai Authority and relevant government authorities for the land consolidation and preparation work of the Qianhai Project. On 30 June 2020, the Group entered into three land use right transfer agreements with the Qianhai Authority in respect of three land parcels with a total area of approximately 41,200 square meters in relation to the compensation for the remaining land consolidation and preparation work in Qianhai. As the land parcels for the Third Phase of Qianhai Project are acquired under the land swap contemplated under the land consolidation and preparation agreement, the Group was not required to pay contractual land prices of approximately RMB3,652 million in total to the Qianhai Authority. As a result, the Group recognized a profit before taxation of approximately RMB3,551 million (equivalent to approximately HK$3,906 million).

The land consolidation and preparation work for the Qianhai Project has progressed for years. The execution of the land use right transfer agreements in respect of the Third Phase of Qianhai Project marked the successful completion of the Group's land consolidation and preparation work in Qianhai. Through such land consolidation and preparation work in Qianhai, the Group acquired land with a total area of approximately 120,000 square meters and a gross floor area of approximately 390,000 square meters (comprising residential area of approximately 190,000 square meters and apartment area of 25,000 square meters, which are available for sale) under the new land use arrangements. As the swapped land parcels are gradually developed and released into the market, it will promote the comprehensive development of the Group's logistics-related land which would in turn and continuously boost the Company's performance.

The first phase of the Qianhai Project has a total gross floor area of approximately 110,000 square meters, comprising 51,000 square meters of residential project, 35,000 square meters of office project and 25,000 square meters of commercial project. Project design, application and construction are being carried out in an orderly manner and it is expected that inspection and acceptance of the completed property will be completed by the end of 2020. For the first phase of the Qianhai Project, the residential project which was being jointly developed by the Group and Shum Yip Land Company Limited was launched for pre-sale in October 2019. The pre-sale of this project went beyond expectations and all 367 units had been sold out in the first half of 2020. For the office project, which was positioned as the information port for the "Belt and Road Initiative", it was jointly constructed and developed by the Group and China Center for Information Industry Development (中國電子信息產業發展研究院) ("CCID") and is included in the "3-Year Action Plan of Shenzhen to Participate in the Construction of the Belt and Road (2019-2021) (深圳市參與「一帶一路」建設三年行動方案 (2019年－2021年))". Capitalizing on Qianhai's special position and policy advantage in the Guangdong-Hong Kong-Macao Greater Bay Area, the project will benefit from the Group's extensive supply chain management experience and CCID's strong information technology service capacity and will focus on the development of supply chain services and smart manufacturing services as well as promoting the comprehensive integration of the digital and real economies across the Guangdong-Hong Kong-Macao Greater Bay Area and countries/regions along the Belt and Road. Furthermore, the Group is conducting in-depth study to devise a development and operation plan with SCPG (印力集團) for the commercial project.

The second phase of Qianhai Project has a plot ratio-based gross floor area of approximately 110,000 square meters (comprising residential area of approximately 91,000 square meters). An international tender for the design of the second phase of Qianhai Project is currently underway. Considering the overall planning of and the shortage of pure residential projects in the Qianhai area, it is expected that the construction and sale of the project will enhance the value of the Group's resources in the Qianhai area.

The Third Phase of Qianhai Project has a plot ratio-based gross floor area of 172,000 square meters, comprising residential area of approximately 50,000 square meters and apartment area of 25,000 square meters available for sale. It also comprises office buildings with a floor area of 79,000 square meters as well as commercial floor area of 17,000 square meters, which are available for sale. To promote the comprehensive development of the Group's logistics-related land, the Group plans to conduct an in-depth cooperation with the Qianhai Authority to establish a bonded R&D center, an international logistics distribution center, a Shenzhen-Hong Kong distribution center and a bonded exhibition and exchange center, which are all in the interests of the Group and its shareholders as a whole.

II. Meilin Checkpoint Project

The Meilin Checkpoint Project is developed and constructed in three phases: the first phase includes residential properties with a saleable area of approximately 75,000 square meters and indemnificatory housing (保障房) of approximately 42,000 square meters; the second phase is expected to provide residential properties with a saleable area of approximately 68,000 square meters, and the third phase is expected to provide residential properties with a saleable area of approximately 63,000 square meters and office and business apartment complexes of approximately 190,000 square meters. It is expected that the project will also have commercial ancillary properties of approximately 34,500 square meters.

All residential units of the first phase of the Meilin Checkpoint Project, namely He Feng Xuan (和風軒), have been sold out. Inspection and acceptance of the finished units were completed in November 2019 whilst internal decoration of the residential units is currently underway. Pre-sale of He Ya Xuan (和雅軒), which is the second phase of the Meilin Checkpoint Project, has commenced in October 2019. As of July 2020, the units of three residential buildings with pre-sale permits were sold out and proceeds have been received. Inspection and acceptance of these completed units are expected to be completed by the end of the year. The third phase of the project, named He Song Xuan (和頌軒), is going through construction applications and preliminary infrastructure construction work.

Financial Analysis

During the Period, revenue and profit attributable to shareholders from the logistics business decreased by 4% and 19% to HK$1,629 million and HK$142 million, respectively, as compared to the corresponding period of the previous year. It was mainly due to the Pandemic and the rent relief program implemented at the beginning of the year. As all operations are gradually recovering following the continued improvement in the Pandemic situation in China, the Group expects the operating performance of the logistics business to gradually improve in the second half of the year.

Revenue and Profit attributable to shareholders of each business unit of the logistics business

For the six months ended 30 June

	Revenue		**Profit attributable to shareholders**	
	2020 *HK$'000*	Change over Year 2019 *Increase/ (decrease)*	**2020** *HK$'000*	Change over Year 2019 *Increase/ (decrease)*
Logistics Park Business	**389,455**	(10%)	**79,896***	(16%)
Logistics Service Business	**598,681**	62%	**12,225**	(21%)
Port and Related Services Business	**640,881**	(29%)	**49,811**	(23%)
Total	**1,629,017**	(4%)	**141,932**	(19%)

* *Include Shenzhen Airport Express Center which is a joint venture and is accounted for using the equity accounting method*

During the Period, revenue from the logistics park business decreased by 10% to HK$389 million as compared to the corresponding period of the previous year, which was mainly due to the Pandemic and the rent relief program implemented at the beginning of the year, coupled with an increase in operating costs. As a result, profit attributable to shareholders decreased by 16% to HK$79.90 million as compared to the corresponding period of the previous year.

During the Period, revenue and profit attributable to shareholders from the port and related services business decreased by 29% and 23% to HK$641 million and HK$49.81 million, respectively, as compared to the corresponding period of the previous year due to the control measures in respect of the Pandemic and a drop in demand for coal.

During the Period, revenue from the logistics service business increased by 62% to HK$599 million as compared to the corresponding period of the previous year, which was mainly attributable to the newly commenced cross-border e-commerce business. However, profit attributable to shareholders decreased by 21% to HK$12.23 million as compared to the corresponding period of the previous year as the relevant projects have relatively low profit margin during their early development stages while operating costs rocketed as a result of the Pandemic and offset the growth in revenue.

TOLL ROAD BUSINESS

Analysis of Operating Performance

The operating performance of each of the Group's expressway projects is affected to varying degrees, by factors including changes in policy as well as changes in competitive (or complementary) nearby road networks. Furthermore, construction or renovation of the expressway project itself may also affect its own operating performance during the period in which the construction or renovation was conducted. In particular:

- Being an important gateway for diverting port traffic from Shenzhen's western port area, the Shenzhen Coastal Project witnessed a rapid rebound in terms of traffic volume as businesses are resuming at full speed after stringent Pandemic control measures are lifted. During the Period, the number of trucks using Coastal Expressway exhibited exceptional growth as several infrastructure projects near Qianhai and the Exhibition & Convention Center in Shenzhen progressed at full steam to meet their schedules.

  During the Period, about 59% of the construction of the second phase of the Shenzhen Coastal Project has been completed. In particular, the Shenzhen World Exhibition & Convention Center interchange has been open to traffic since early November 2019 to link up the exhibition and convention center. The toll station of Coastal Expressway at the Shenzhen World Exhibition & Convention Center interchange has also commenced operation and become a major transportation hub that facilitates modern logistics, business, trade, exhibitions and conventions as well as regional economic co-operation and the development of nearby urban areas. In addition, the airport interchange and the connection line on the Shenzhen end of the Shenzhen-Zhongshan Bridge of Shenzhen Coastal Phase II are also under construction. As such, the future operating performance of the Shenzhen Coastal Project will be enhanced by the continuous improvement in the surrounding road network.

- Xuguang Expressway, an expressway between Xuchang in Henan and Guangzhou in Guangdong, comprising Guangqing, Qinglian, Yuelin, Suiyue, Lintong and Lannan expressways, has been fully connected and significantly increased the traffic volume of Qinglian Expressway. The Qingyun section of Shanzhan Expressway, which was formally open to traffic on 1 January 2020, also stimulated the traffic volume of Qinglian Expressway. In addition, Qingyuan Bridge re-opened in mid-June 2020. Since part of its traffic takes Qinglian Expressway to access the bridge, this in turn boosts the operating results of Qinglian Expressway. As economic activities in the region along the expressway resumed and the surrounding road network continued to improve, Qinglian Expressway recorded satisfactory operating performance after resuming tolls.

- Located at the epicenter of the Pandemic, Wuhuang Expressway took a relatively hard blow to its operating performance during the Period. As the Pandemic came under control and production and business activities gradually resumed in Wuhan, the traffic volume of Wuhuang Expressway was gradually bouncing back.

- As at the end of June 2020, the other toll roads operated and invested by the Group have resumed normal operating performance as business activities and production resumed at full speed.

Financial Analysis

The Group's total revenue from the toll road business for the Period was HK$1,905 million (2019: HK$3,229 million), representing a decrease of 41% as compared to the corresponding period of the previous year. Profit before finance costs and tax was HK$330 million (2019: HK$2,165 million), representing a decrease of 85% as compared to the corresponding period of the previous year. Profit attributable to shareholders was HK$59.11 million (2019: HK$1,003 million), representing a decrease of 94% as compared to the corresponding period of the previous year.

The decrease in the Group's total revenue from the toll road business for the Period was mainly due to the loss of toll revenue as the Ministry of Transport of the PRC ordered the waiver of tolls for all cars lawfully passing through toll roads during the Pandemic between 00:00 a.m. on 17 February 2020 and 00:00 a.m. on 6 May 2020 (the "Toll-Free Policy during the Pandemic"). Since the Pandemic in China came under effective control and business activities and production resumed at full speed, expressways have resumed tolls on 6 May 2020 and traffic volume has resumed normal and even exceeded that of the corresponding period of the previous year.

Longda Expressway

The Group owns the fee entitlement right of the 4.4-km toll section of Longda Expressway, which generated toll revenue for the Period of HK$32.49 million (2019: HK$85.38 million). Profit before finance costs and tax and profit before interest, tax, depreciation and amortization were HK$24.61 million (2019: HK$66.31 million) and HK$33.30 million (2019: HK$75.35 million), respectively.

Shenzhen Expressway Company Limited ("Shenzhen Expressway") and its expressway projects

During the Period, toll revenue of Shenzhen Expressway decreased by 55% to HK$1,150 million (2019: HK$2,555 million) as compared to the corresponding period of the previous year due to the Toll-Free Policy during the Pandemic. Therefore, total revenue of Shenzhen Expressway for the Period decreased by 41% to HK$1,851 million (2019: HK$3,123 million) as compared to the corresponding period of the previous year. As a result of the drop in revenue, coupled with the necessary recurring operating costs of toll roads, Shenzhen Expressway recorded a plunge in net profit of 99% to HK$23.41 million (2019: HK$2,020 million). Accordingly, the Group's share of profit from Shenzhen Expressway dropped by 95% to HK$48.44 million (2019: HK$980 million) as compared to the corresponding period of the previous year.

Development of the Environmental Protection Business of Shenzhen Expressway

While strengthening the core toll road business, Shenzhen Expressway actively explored investment prospects and opportunities in the environmental protection sectors such as solid waste treatment, hazardous waste treatment and clean energy during the Period.

Results of Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power Company"), Baotou Nanfeng Wind Power Technology Co., Ltd. ("Baotou Nanfeng Company") and Bioland Environmental Technologies Corp., Ltd. ("Bioland Environmental Company") have been consolidated into Shenzhen Expressway's financial statements since April 2019, September 2019 and January 2020, respectively and they contributed wind power generation equipment sales revenue, wind power generation revenue and solid and hazardous waste treatment revenue of RMB121 million, RMB108 million and RMB195 million, respectively, to the results of Shenzhen Expressway during the Period. In addition, Chongqing Derun Environment Company Limited ("Derun Company"), in which Shenzhen Expressway owns a 20% equity interest, recorded satisfactory revenue and contributed investment income of RMB93.25 million during the Period.

During the Period, Derun Company continued to focus on consolidating markets in Chongqing and its surrounding regions, and actively carried out its projects such as the environmental treatment, management and maintenance project for the landfill in Changshengqiao, Chongqing, and the water environment treatment project for Wuhou District, Chengdu.

Shenzhen Expressway holds a 51% equity interest in Nanjing Wind Power Company. Since the acquisition of Nanjing Wind Power Company in 2019, Shenzhen Expressway has implemented a series of measures to strengthen the internal management, market expansion, supply chain development and technological research and development of this subsidiary, thereby significantly improving its operation and management and comprehensively and expanded its whole-machine manufacturing and production capacity. Nanjing Wind Power Company commenced the construction of a new production base in Wuhu at the end of April 2020 and it also completed the technical development of two new models. Nanjing Wind Power Company will pursue its established annual targets by stepping up its marketing effort, diversifying its supply chain and reserving new technologies and products for future market expansion.

In addition, Shenzhen Expressway holds a 67% equity interest in Baotou Nanfeng Company, which is principally engaged in the investment, operation and management of five wind power generation farms in Inner Mongolia Autonomous Region of China. Baotou Nanfeng Company has rich wind power resources and enjoys synergies with its subsidiary, Nanjing Wind Power Company, by forming an industry chain. During the Period, Baotou Nanfeng Company continued to strengthen the operation and management quality of its wind farms and maintained normal overall production amid the Pandemic. Baotou Nanfeng Company fed 321,208 megawatts per hour of electricity to the grid, thereby exceeding its established half-year operating target.

As at the date of this announcement, Shenzhen Expressway completed the acquisition of approximately 67.14% equity interest in Bioland Environmental Company, which is one of the key providers of comprehensive organic waste treatment, construction and operation services in China. This acquisition is conducive to Shenzhen Expressway's rapid expansion in the sub-industry of organic waste treatment, generates synergies in the entire industrial chain of organic waste treatment, and facilitate the development on its business scale in the organic waste treatment business. During the Period, Bioland Environmental Company experienced a relatively large reduction in kitchen waste shipment due to the Pandemic, although the kitchen waste treatment business maintained a stable handling volume. It is expected that the waste treatment business of Bioland Environmental Company will grow steadily as consumption power rebounds after the Pandemic comes under control and the enforcement of waste sorting regulations tightens. On the other hand, both the engineering, procurement and construction (EPC) business and the equipment business recorded substantial year-on-year revenue growth. Furthermore, Bioland Environmental Company actively pursued technological research and development during the Period and achieved significant progress in the development of innovative technologies such as high-efficiency kitchen waste sorting and pulping equipment.

OTHER INVESTMENTS

Shenzhen Airlines

The airline industry suffered a heavy blow from a plunge in demand for air transport resulting from the Pandemic in the first half of 2020. During the Period, passenger transport volume of Shenzhen Airlines decreased significantly and total revenue dropped by 57% to RMB6,641 million (equivalent to HK$7,304 million)(2019: RMB15,610 million (equivalent to HK$18,090 million)) as compared to the corresponding period of the previous year. In addition, an exchange loss of RMB259 million (2019: an exchange gain of RMB8.03 million) was recorded due to the fluctuation in exchange rates. As a result, Shenzhen Airlines recorded a net loss amounted to RMB2,227 million (equivalent to HK$2,451 million) (2019: net profit of RMB463 million (equivalent to HK$536 million)). Shenzhen Airlines brought a loss of approximately HK$1,223 million (2019: profit of HK$231 million) to the Group during the Period.

OUTLOOK FOR THE SECOND HALF OF 2020

Moving on to the second half of 2020, although the Pandemic situation around the world is not yet under control, the situation in China gradually becomes under control and the Chinese economy is basically back to normal. As a demonstration pilot zone full of vitality, Shenzhen is speeding up its economic rebound with a year-on-year positive growth in GDP for the first half of the year. In fact, the fundamentals and growth momentum of the Chinese economy remain unchanged. The protracted Pandemic situation has encouraged the habit of shopping online among the Chinese. As a result of the online shopping trend, the demand for contactless delivery for online purchases will stimulate demand for smart storage, cold chain, real-time logistics and intercity distribution. Market demand for high-standard warehouses will continue to be strong.

The management of the Group believes that with each challenge comes an opportunity. As such, the Company will remain vigilant and regularly review the Group's development strategies and risk control systems in order to respond flexibly to market dynamics. Capitalizing on the edge of its nationwide network, the Group will collaborate with its partners to achieve growth. The Group will also continue to improve its performance through exploring new potentials, cost control, expansion to increase revenue and speeding up its investment, merger and acquisition projects. With respect to the toll road business and airline segment, the Group will actively negotiate with the relevant government authorities for the timely roll-out of compensations for Pandemic control and relief measures implemented during the Epidemic. Despite the complex and ever-changing business environment, the Group will strive to progress the work in different aspects of its operations in hope of achieving stable performance.

In the second half of 2020, the Group will continue to seize the strategic opportunities brought about by, among other things, the Belt and Road Initiative, the Guangdong-Hong Kong-Macao Greater Bay Area, the Shenzhen demonstration pilot zone and the Yangtze River Economic Belt, and strengthen its presence in logistic infrastructure and related industries, expand its integrated logistics hub network across the country, particularly in prosperous regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and the Pan-Bohai Rim. It is expected the aforesaid will enable the Group to continue accumulate sustainable and high-quality assets for its long-term development whilst also expanding the scale of the Group's assets in order to achieve economies of scale. The Group will continue to strengthen the business promotion, operation and management capabilities of its logistics hub projects in operation, strictly control its operating costs, introduce more value-added services, enhance the production capacity of its warehouse storage area and improve its profitability. The Group will strive to explore the businesses of smart warehousing and cold chain and investment opportunities in both the upstream and downstream parts of the logistics value chain in a proactive manner.

The Group will actively explore a closed-loop business model for integrated logistics hubs, comprising investment, construction, management and divestment, in order to achieve development on a rolling and sustainable basis and realize land appreciation gains from its logistics hubs. As China officially launches the pilot scheme for public real estate investment trusts (REITs) in respect of infrastructures, the Group will also proactively explore the possibility of offering REITs.

The Group will continue to consolidate its leading position in the logistics park market in Shenzhen, seize the major opportunity brought about by the logistics hub layout planning of Shenzhen, actively participate in the construction of government logistics hub projects and speed up the development and construction of key projects in Shenzhen, bolster its investment, merger and acquisition of quality logistics assets in Shenzhen and surrounding cities.

The Group will also continue its efforts to transform its logistics parks in order to seize the significant opportunity brought by adjustments to the land use of logistics parks across Shenzhen. During the Period, the land consolidation and preparation work of the Qianhai Project had been completed. The Group will focus its efforts towards the operations of its commercial properties while progressing the development and sales of the Meilin Checkpoint Project and the Qianhai Project with the expectation of unlocking their value over the next few years. Pre-sale of He Ya Xuan (和雅軒), which is the second phase of the Meilin Checkpoint Project, commenced in October 2019. As of July 2020, all units in the three residential buildings with pre-sale permits have been sold and proceeds have been received. Completion inspection and filing procedures of the buildings are expected to be completed by the end of the year.

As China's economic development and urbanization grow rapidly, the limited land supply in the Greater Bay Area, particularly land resources in its core regions, becomes increasingly scarce. Given the high intrinsic value of the land parcels of the Group's logistics parks, the intensity of development efforts and innovation in business model in the future will be key to extracting such value. The Group will seize opportunities arising from urban development and renewal, and accelerate the transformation and upgrade of South China Logistics Park with the aim of increasing the economic value of the land parcels of its logistics parks, realizing the commercial value of the existing resources of the Group in a timely manner and enhancing the overall profitability of the Group. Situated in the core region of Longhua with a site area of approximately 600,000 square meters, the Group's South China Logistics Park is situated at a prime location with an excellent transportation network. It is expected that upon successful transformation, South China Logistics Park will contribute considerable economic returns to the Group.

In the second half of 2020, the Group will accelerate the construction progress of its toll road projects under development. In particular, the Group will work to ensure the punctual completion of the major works of the Shenzhen Outer Ring Project and the second phase of the Shenzhen Coastal Project which are currently under development. Meanwhile, smart collection and integration will be applied to key projects, beginning with the reconstruction and expansion of Jihe Expressway in order to enhance overall operating performance by lowering labor costs and management fees through higher degrees of smart operation and management. The Group will continue to consolidate and boost its toll road business by actively exploring merger, acquisition and restructuring opportunities and investing in toll road and bridge projects with great potential.

As to the environmental protection industry, the Group will focus on pursuing suitable investment opportunities in organic waste disposal, hazardous industrial waste treatment, clean energy generation and other segments in order to derive synergies with existing operations as well as better consolidate and coordinate resources of the Group. At the same time, the Group seeks to build a professional team by attracting external and nurturing in-house talents, enhancing research and development on environmental technologies, bolstering its operational capability and mustering core competitive strengths.

FINANCIAL POSITION

	30 June 2020 *HK$ million*	31 December 2019 *HK$ million*	**Increase/ (Decrease)**
Total Assets	**97,530**	91,409	**7%**
Total Liabilities	**51,941**	44,068	**18%**
Total Equity	**45,589**	47,341	**(4%)**
Net Asset Value attributable to shareholders	**29,247**	30,285	**(3%)**
Net Asset Value per share attributable to shareholders (HK dollar)	**13.3**	14.0	**(5%)**
Cash	**13,354**	14,780	**(10%)**
Bank borrowings	**16,711**	14,182	**18%**
Other borrowings	**519**	737	**(30%)**
Notes and bonds	**14,041**	11,574	**21%**
Total Borrowings	**31,271**	26,493	**18%**
Net Borrowings	**17,917**	11,713	**53%**
Debt-asset Ratio (Total Liabilities/Total Assets)	**53%**	48%	**5** #
Ratio of Total Borrowings to Total Assets	**32%**	29%	**3** #
Ratio of Net Borrowings to Total Equity	**39%**	25%	**14** #
Ratio of Total Borrowings to Total Equity	**69%**	56%	**13** #

Change in percentage points

Key Financial Indicators

As at 30 June 2020, the Group's total assets and total equity amounted to approximately HK$97,530 million and HK$45,589 million, respectively, while the net asset value attributable to shareholders was approximately HK$29,247 million. Net asset value per share was HK$13.3, representing a decrease of 5% as compared to the end of last year. The debt-asset ratio was 53%, representing an increase of 5 percentage points as compared to the end of last year. The ratio of total borrowings to total equity was 69%, representing an increase of 13 percentage points as compared to the end of last year. The financial position of the Group remained healthy and stable.

Cash Flow and Financial Ratios

During the Period, net cash used in operating activities amounted to approximately HK$1,368 million. Net cash used in investing activities amounted to approximately HK$1,133 million. Net cash generated from financing activities amounted to approximately HK$1,433 million. The Group's cash flow generated from operations declined mainly due to the waiver of all toll charges on the Group's toll road projects during the Period in connection with the Pandemic.

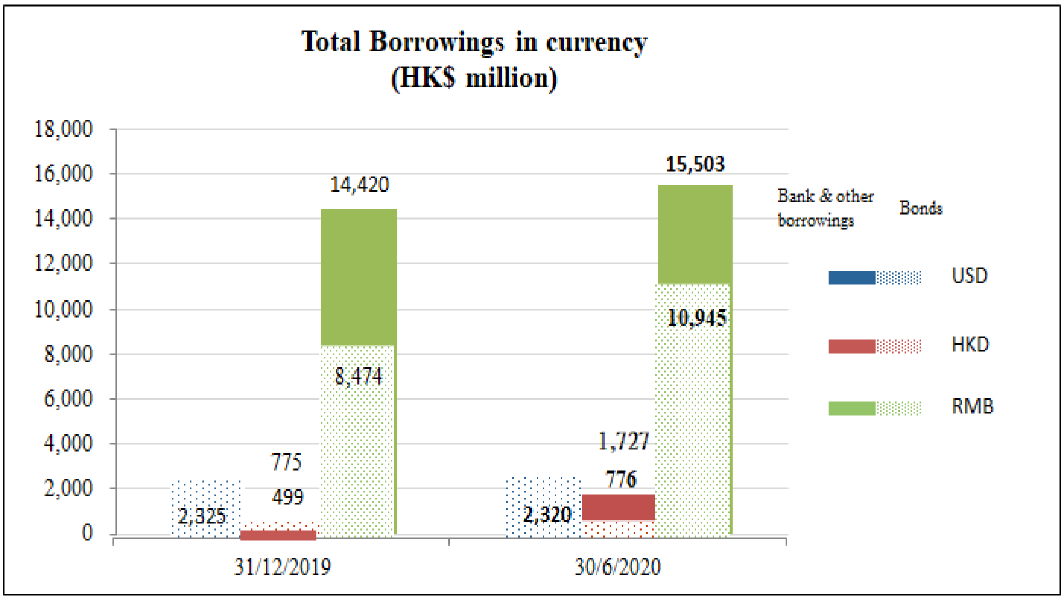
Cash Balance

As at 30 June 2020, cash held by the Group amounted to approximately HK$13,354 million (31 December 2019: HK$14,780 million), representing a decrease of 10% as compared to the end of last year, which was mainly due to investment in its projects and the distribution of dividend for the year 2019 during the Period. To facilitate the Group's operation and development in the PRC, cash held by the Group is primarily denominated in RMB. The Group maintains a prudent treasury policy that centralizes the allocation of funds with the aims of reducing idle funds and achieving higher return on its cash portfolio to provide strong support for the development of its business.

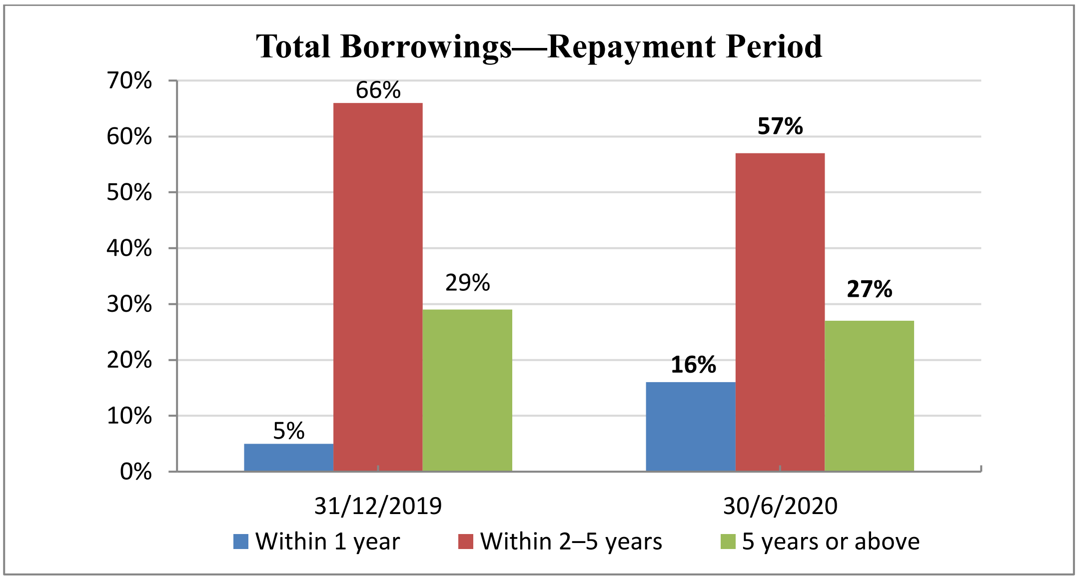
Capital Expenditures

The Group's capital expenditures for the Period amounted to approximately RMB2,246 million (equivalent to HK$2,462 million), primarily comprising investments in the construction of "Integrated Logistics Hub" projects of approximately RMB980 million and investments in Shenzhen Expressway's projects of approximately RMB840 million. The Group expects the capital expenditures for the second half of 2020 to be approximately RMB6,100 million (equivalent to HK$6,700 million), including approximately RMB1,900 million for the "Integrated Logistics Hub" projects, approximately RMB2,400 million for Shenzhen Expressway's projects and approximately RMB600 million for United Land Company's projects.

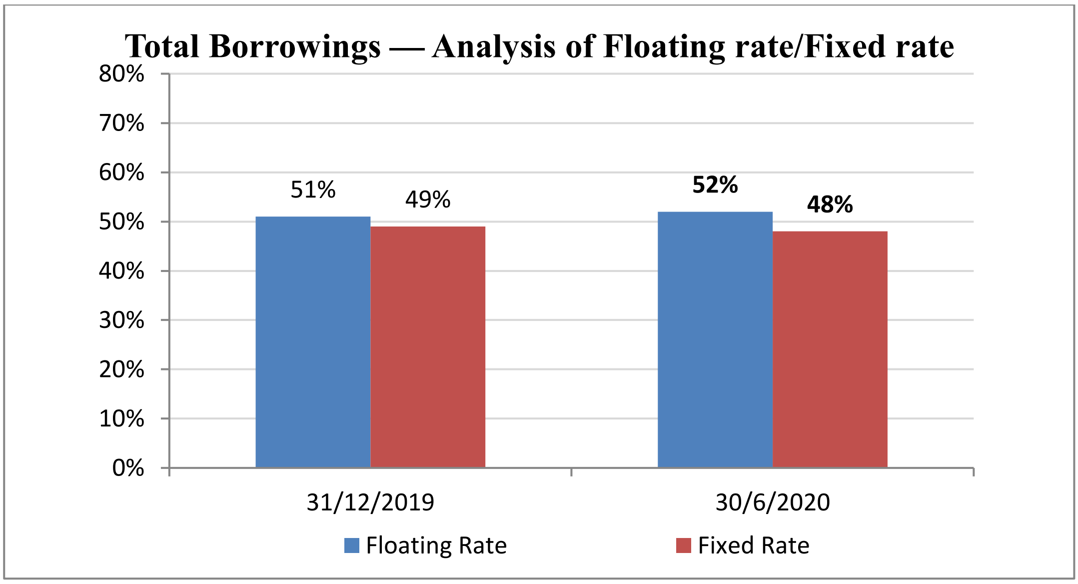
Borrowings



Total Borrowings in currency
(HK$ million)
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
14,420
8,474
775
499
2,325
15,503
10,945
1,727
776
2,320
31/12/2019
30/6/2020
Bank & other borrowings
Bonds
USD
HKD
RMB



Total Borrowings—Repayment Period
70%
60%
50%
40%
30%
20%
10%
0%
66%
29%
5%
57%
27%
16%
31/12/2019
30/6/2020
Within 1 year
Within 2–5 years
5 years or above



Total Borrowings — Analysis of Floating rate/Fixed rate
80%
70%
60%
50%
40%
30%
20%
10%
0%
51%
49%
52%
48%
31/12/2019
30/6/2020
Floating Rate
Fixed Rate

As at 30 June 2020, the Group's total borrowings amounted to approximately HK$31,271 million, representing an increase of 18% as compared with the end of last year. During the Period, Shenzhen Expressway, a subsidiary of the Group, issued the first tranche of 5-year corporate bonds (epidemic prevention and control bonds) of RMB1,400 million and 180-day short-term bond of RMB1,000 million. 16%, 57% and 27% of the Group's total borrowings were due for repayment within 1 year, within 2 to 5 years and after 5 years, respectively.

The Group constantly improves its financial management and optimizes its borrowing structure. It has conducted several onshore and offshore financing activities with the aims of capitalizing on the financing platforms in China and Hong Kong and striking a balance between lower interest rates and lower foreign exchange risk to make appropriate financing decisions.

The Group's Financial Policy

Except for the updates as stated below, the Group's financial policies were in line with those disclosed in its annual report for 2019 and set out in those statements.

Exchange Rate Risk

The cash flows, cash on hand and assets of the businesses operated by the Group are mainly denominated in RMB, whereas loans are mainly denominated in RMB, HK$ and US$. During the Period, the foreign exchange market continued to fluctuate due to the China-US trade conflicts. RMB to US$ exchange rates exhibited significant fluctuations during the Period, from appreciation to depreciation and then the exchange rates stabilized. The management of the Group has been closely monitoring the trend and movement of RMB exchange rates. During the Period, the Group incurred an exchange loss of approximately HK$25.52 million. As RMB is expected to continue two-way fluctuations, the Group will adjust the currency structure of its borrowings and utilize hedging instruments as appropriate to manage exchange rate risk and reduce the impact of fluctuation in the exchange rates of RMB. As at 30 June 2020, the ratio between the Group's borrowings in RMB and other currencies was around 85%:15%.

Liquidity Risk Management

The Group maintains adequate funds and credit facilities to prepare itself for the macro-economic and geopolitical uncertainties. The Group currently has cash on hand and standby banking facilities of approximately HK$65,600 million. The Group regularly monitors its cash flow forecasts on a rolling basis to ensure that it is capable of operating as a going concern while expanding its business, and to mitigate liquidity risk.

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 Period.

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 emphasize a highly efficient Board, sound internal control and 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 Rules Governing the Listing of Securities on the Stock Exchange.

OTHER INFORMATION

The Company has engaged KPMG, the Auditor of the Company, to review the unaudited Interim Financial Report of the Group for the six months ended 30 June 2020.

A meeting of the Audit Committee has been held with the Auditor of the Company for reviewing the unaudited interim financial report of the Group for the six months ended 30 June 2020. The review report will be included in the interim report to be despatched to the shareholders of the Company.

This announcement and other related information of the Company's 2020 interim results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.szihl.com).

By Order of the Board
Shenzhen International Holdings Limited
Li Hai Tao
Chairman

Hong Kong, 25 August 2020

As at the date of this announcement, the board of directors of the Company consists of Messrs. Li Hai Tao, Zhong Shan Qun, Liu Jun and Hu Wei as executive directors, Mr. Liu Xiao Dong as non-executive director and Professor Cheng Tai Chiu, Edwin, Messrs. Pan Chao Jin and Chan King Chung as independent non-executive directors.