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

2011 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Shenzhen International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results and consolidated interim balance sheet of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 (the "Period") together with comparative figures of consolidated results for the corresponding period in 2010 and consolidated balance sheet as of the year end of 2010 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Six months ended 30 June **2011** **(Unaudited)** ***HK$'000***	 2010 (Unaudited) *HK$'000*
Revenue	(5)	**2,742,389**	2,266,006
Cost of sales		**(1,609,716)**	(1,255,509)
Gross profit		**1,132,673**	1,010,497
Other gains – net		**368,075**	379,572
Other income		**80,460**	50,302
Distribution costs		**(15,379)**	(12,331)
Administrative expenses		**(124,817)**	(85,524)
Operating profit	(6)	**1,441,012**	1,342,516
Share of profit of jointly controlled entities		**1,493**	3,869
Share of profit of associates		**287,179**	139,474
Profit before finance costs and tax		**1,729,684**	1,485,859
Finance income	(7)	**14,286**	11,024
Finance costs	(7)	**(299,841)**	(334,576)
Finance costs – net	(7)	**(285,555)**	(323,552)
Profit before income tax		**1,444,129**	1,162,307
Income tax expense	(8)	**(286,613)**	(248,463)
Profit for the period		**1,157,516**	913,844

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (continued)

	Note	Six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
Attributable to:			
Equity holders of the Company		**954,351**	712,337
Non-controlling interests		**203,165**	201,507
		1,157,516	913,844
Earnings per share for the profit attributable to equity holders of the Company during the period (expressed in HK cents per share)			
– Basic	(9)	**5.83**	5.03
– Diluted	(9)	**5.81**	4.79
Dividends	(10)	**–**	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**1,157,516**	913,844
Other comprehensive income:		
Fair value losses on available-for-sale financial assets, net of tax	**(345,604)**	(357,704)
Transfer of fair value gain to income statement upon disposal of available-for-sale financial assets, net of tax	**(251,224)**	(230,374)
Fair value gains/(losses) on derivative financial instruments, net of tax	**16,830**	(17,210)
Share of other comprehensive income of an associate	**(15)**	(1)
Currency translation differences	**487,076**	158,041
Other comprehensive income for the period, net of tax	**(92,937)**	(447,248)
Total comprehensive income for the period	**1,064,579**	466,596
Total comprehensive income attributable to:		
Equity holders of the Company	**721,158**	193,925
Non-controlling interests	**343,421**	272,671
	1,064,579	466,596

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

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

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (continued)

	Note	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**10,866,140**	10,259,423
Derivative financial instruments		**77,522**	83,476
Provision for maintenance/resurfacing obligations		**1,238,596**	1,083,835
Convertible bonds		**1,622,845**	1,549,341
Deferred income tax liabilities		**1,869,008**	2,019,386
		15,674,111	14,995,461
Current liabilities			
Trade and other payables	(13)	**2,416,578**	2,308,267
Income tax payable		**281,650**	296,232
Provision for maintenance/resurfacing obligations		**23,469**	26,877
Borrowings		**2,429,863**	2,140,954
Derivative financial instruments		**4,767**	5,078
		5,156,327	4,777,408
Total liabilities		**20,830,438**	19,772,869
Total equity and liabilities		**38,292,463**	36,796,394
Net current assets		**215,706**	1,376,075
Total assets less current liabilities		**33,136,136**	32,018,986

Note:

(All amounts in HK dollar thousands unless otherwise stated)

(1) General Information

The principal activities of the Group, its associates and jointly controlled entities include the following businesses:

- Toll roads; and
- Logistic business.

(1) General Information (continued)

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

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

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This condensed consolidated interim financial information ("Financial Information") was approved for issue on 16 August 2011 and has not been audited.

Key events

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

(2) Basis of preparation

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

(3) Changes in accounting policies and disclosures

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

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

(3) Changes in accounting policies and disclosures (continued)

(a) Amended standard adopted by the Group

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

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

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

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

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

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

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

(c) Change in accounting estimates and assumptions

The management is required to make judgements, estimates and assumptions concerning the future 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.

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

(4) Segment information

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

- Toll roads; and
- Logistic business.

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

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

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

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

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

(4) Segment information (continued)

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

For the six months ended 30 June 2011

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

(4) Segment information (continued)

For the six months ended 30 June 2010

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

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

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

(5) Revenue

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

(6) Operating profit

The Group's operating profit is arrived after crediting and charging the following:

	Six months ended 30 June	
	2011	2010
Crediting		
Gain on disposals of available-for-sale financial assets	**339,189**	330,544
Gain on re-measurement of the fair value of available-for-sale financial assets	-	29,566
Gain on disposals of property, plant and equipment	-	7,027
Government subsidies	**5,532**	-
Charging		
Depreciation and amortisation	**505,421**	445,684

(7) Finance income and costs

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

(8) Income tax expense

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

The PRC corporate income tax charged to the consolidated income statement was calculated based on the assessable profits of the Group's subsidiaries located in the PRC for the Period at a rate of 24% or 25% (2010 interim: 22%) applicable to the respective companies.

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

(9) Earnings per share

(a) Basic

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

	Six months ended 30 June	
	2011	2010
Profit attributable to equity holders of the Company	**954,351**	712,337
Weighted average number of ordinary shares in issue (thousands)	**16,372,173**	14,156,993
Basic earnings per share (HK cents per share)	**5.83**	5.03

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

(9) Earnings per share (continued)

	Six months ended 30 June	
	2011	2010
Profit attributable to equity holders of the Company	**954,351**	712,337
Interest expense on convertible bonds	**-**	35,721
Profit used to determine diluted earnings per share	**954,351**	748,058
Weighted average number of ordinary shares in issue (thousands)	**16,372,173**	14,156,993
Adjustments – share options (thousands)	**48,770**	4,276
Adjustments – conversion of convertible bonds (thousands)	**-**	1,439,583
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**16,420,943**	15,600,852
Diluted earnings per share (HK cents per share)	**5.81**	4.79

(10) Dividends

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

(11) Available-for-sale financial assets

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

Available-for-sale financial assets include the following:

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

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

(12) Trade and other receivables

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

	As at	
	30 June 2011	31 December 2010
0-90 days	**259,880**	277,694
91-180 days	**38,311**	6,691
181-365 days	**21,685**	8,893
Over 365 days (i)	**168,144**	159,530
	488,020	452,808

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

(13) Trade and other payables

The ageing analysis of the trade payables was as follows:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Review

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

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

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

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

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

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

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

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

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

Logistic Business

During the Period, revenue and profit before finance costs and tax of the logistic business of the Group amounted to approximately HK$374 million (2010: HK$196 million) and HK$88.83 million (2010: HK$32.49 million) respectively, representing increases of 91% and 173% respectively over the same period of the previous year. In addition, profit attributable to shareholders amounted to HK$59.87 million (2010: HK$26.16 million), representing an increase of 129% over the same period of the previous year.

Revenue and Profit attributable to shareholders of each business unit of logistic business

for the period ended 30 June

	Revenue		**Profit attributable to shareholders**	
	2011 ***HK$000***	Change over year 2010	**2011** ***HK$000***	Change over year 2010
Logistic Park Business				
South China Logistic Park	**84,707**	+59%	**26,924**	+105%
Western Logistic Park	**31,739**	+57%	**11,722**	+131%
Nanjing Chemical Industrial Park Logistic Centre	**26,093**	+1%	**2,000**	-35%
Yantai Bonded Logistic Centre	**40,987**	+113%	**854**	+113%
Huatongyuan Logistic Centre	**39,602**	N/A	**7,686**	N/A
SZ Airport Express Center*	**N/A**	N/A	**2,287**	-
Sub-total	**223,128**	+88%	**51,473**	+115%
Logistic Service Business	**114,130**	+57%	**4,631**	+35%
Port Business	**36,934**	+656%	**3,762**	N/A
Total	**374,192**	**+91%**	**59,866**	**+129%**

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

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

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

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

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

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

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

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

Analysis of Operating Performance

Logistic Parks

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

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

Port

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

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

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

Toll Road Business

During the Period, toll revenue and profit before finance costs and tax of the toll road business of the Group amounted to approximately HK$1,926 million (2010: HK$1,703 million) and HK$1,074 million (2010: HK$1,026 million) respectively, representing increases of 13% and 5% respectively over the same period of the previous year. In addition, profit attributable to shareholders amounted to HK$397 million (2010: HK$389 million), representing an increase of 2% over the same period of the previous year.

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

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

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

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

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

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

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

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

Analysis of Operating Performance

Longda Expressway

During the Period, Longda Expressway recorded a toll revenue of HK$285 million (2010: HK$250 million), up 14% over the corresponding period of the previous year. Profit before finance costs and tax amounted to HK$184 million (2010: HK$168 million), up 10% over the corresponding period of the previous year and earnings before interest, tax, depreciation and amortisation ("EBITDA") amounted to HK$232 million (2010: HK$207 million), representing an increase of 12% over the corresponding period of the previous year.

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

Wuhuang Expressway

During the Period, Wuhuang Expressway recorded a toll revenue of HK$244 million (2010: HK$259 million), representing a decrease of 6% over the corresponding period of the previous year. Profit before finance costs and tax amounted to HK$142 million (2010: HK$146 million), representing a decrease of 3% over the corresponding period of the previous year and EBITDA amounted to HK$191 million (2010: HK$192 million), representing a decrease of 1% over the previous year.

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

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

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

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

Other Business

Shenzhen Airlines

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

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

Development Focus and Outlook for the Group

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

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

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

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

Financial Position

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

Change in percentage point

Cash Balance

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

Borrowings

Bank Loans

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

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

Medium Term Notes and Bond

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

Convertible Bond

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

Debt-Asset Ratio

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

The Group's Financial Policy

Locking up Interest Rates, Lowering Financial Risks

Bank borrowings are a major source of interest rate risk of the Group. Bank borrowings bearing floating rate interest expose the Group to interest rate risk. To lower the relevant risk, the management of the Company makes use of interest rate hedging which has the economic effect of converting the bank loans from floating rate loans to fixed rate loans, thereby lowering the impact brought by interest rate volatility. The management regularly reviews the appropriate ratio of fixed rate and floating rate loans. As at 30 June 2011, the Group maintained a loan portfolio with fixed rate bank loans accounting for approximately 52% of the total amount of loans.

Exchange Rate Risk

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

Abundant Capital, Increasing Shareholder Returns

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

Liquidity Risk

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

EVENTS AFTER THE BALANCE SHEET DATE

Issuance of corporate bonds by Shenzhen Expressway

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CG CODE")

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 of directors, sound internal control and the transparency and accountability to all shareholders.

The CG Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange stipulates the principles of good corporate governance and two levels of recommendations: (1) Code Provisions; and (2) Recommended Best Practices. As disclosed in the Corporate Governance Report contained in the Company's 2010 annual report, the Company has applied the principles under the CG Code, and has been in full compliance with all the Code Provisions and certain Recommended Best Practices as set out in the CG Code. Throughout the Period, the Company has been in full compliance with all the Code Provisions and certain Recommended Best Practices as set out in the CG Code.

OTHER INFORMATION

The Company has engaged PricewaterhouseCoopers, the Auditors of the Company, to review the unaudited Financial Information of the Group for the six months ended 30 June 2011.

As at the date of this announcement, a meeting of the Audit Committee has been held with the Auditors of the Company for reviewing the unaudited Financial Information of the Group for the six months ended 30 June 2011. 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 2011 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
Guo Yuan
Chairman

Hong Kong, 16 August 2011

As at the date of this announcement, the Board consists of Messrs. Guo Yuan, Li Jing Qi, Liu Jun and Yang Hai as executive directors, Mr. Wang Dao Hai and Professor Wong Yuk Shan, BBS, JP as non-executive directors and Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing as independent non-executive directors.