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

2015 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “Board”) of Shenzhen International Holdings Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated results and interim consolidated balance sheet of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015 (the “Period”) together with comparative figures of consolidated results for the corresponding period in 2014 and consolidated balance sheet as of the year end of 2014 as follows:

INTERIM CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	(4), (5)	2,930,596	3,271,077
Cost of sales		(1,531,164)	(1,646,899)
Gross profit		1,399,432	1,624,178
Other gains – net		683,378	1,937,940
Other income		61,858	76,730
Distribution costs		(34,231)	(29,983)
Administrative expenses		(173,805)	(149,981)
Operating profit	(6)	1,936,632	3,458,884
Share of profits of joint ventures		19,973	14,252
Share of profits of associates	(12)	487,485	130,000
Profit before finance costs and tax		2,444,090	3,603,136
Finance income	(7)	156,828	76,714
Finance costs	(7)	(387,268)	(580,358)
Finance costs – net	(7)	(230,440)	(503,644)
Profit before income tax		2,213,650	3,099,492
Income tax expense	(8)	(489,292)	(787,230)
Profit for the period		1,724,358	2,312,262

INTERIM CONSOLIDATED INCOME STATEMENT (continued)

		<u>Six months ended 30 June</u>	
		2015	2014
		(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
	Note		
Attributable to:			
Equity holders of the Company		1,368,708	1,190,573
Non-controlling interests		355,650	1,121,689
		<u>1,724,358</u>	<u>2,312,262</u>
Earnings per share attributable to equity holders of the Company (expressed in HK dollars per share)			
– Basic	(9)	<u>0.72</u>	<u>0.72</u>
– Diluted	(9)	<u>0.72</u>	<u>0.72</u>
Dividends	(10)	<u>—</u>	<u>—</u>

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<u>Six months ended 30 June</u>	
		2015	2014
		(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period		1,724,358	2,312,262
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Fair value gains/(losses) on available-for-sale financial assets, net of tax		292,391	(149,578)
Reclassification of fair value gains to income statement upon disposal of available-for-sale financial assets, net of tax		(337,187)	-
Fair value gains on derivative financial instruments, net of tax		1,365	1,921
Share of other comprehensive income of an associate		23,560	31
Currency translation differences		13,793	(570,110)
Other comprehensive loss for the period, net of tax		<u>(6,078)</u>	<u>(717,736)</u>
Total comprehensive income for the period		<u>1,718,280</u>	<u>1,594,526</u>
Total comprehensive income attributable to:			
Equity holders of the Company		1,363,379	685,771
Non-controlling interests		354,901	908,755
		<u>1,718,280</u>	<u>1,594,526</u>

INTERIM CONSOLIDATED BALANCE SHEET

		As at	
		30 June 2015 (Unaudited) <i>HK\$'000</i>	31 December 2014 (Audited) <i>HK\$'000</i>
	Note	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		4,243,792	4,085,841
Investment properties		81,260	81,240
Land use rights		1,038,242	1,038,290
Construction in progress		404,926	442,257
Intangible assets	(11)	20,613,285	21,066,291
Investments in associates	(12)	6,148,828	5,845,699
Investments in joint ventures		322,906	314,092
Available-for-sale financial assets	(13)	100,200	100,187
Deferred income tax assets		60,763	61,049
Other non-current assets		2,139,187	1,969,046
		35,153,389	35,003,992
Current assets			
Inventories		743,631	673,728
Available-for-sale financial assets	(13)	1,168,773	1,288,524
Trade and other receivables	(14)	4,271,020	2,761,811
Restricted bank deposits		219,415	473,812
Cash and cash equivalents		6,611,736	7,161,184
		13,014,575	12,359,059
Total assets		48,167,964	47,363,051
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital and share premium		7,598,454	7,522,535
Other reserves		794,997	792,092
Retained earnings			
- Proposed dividends		-	860,834
- Others		9,886,617	8,526,634
		18,280,068	17,702,095
Non-controlling interests		8,780,011	9,026,150
Total equity		27,060,079	26,728,245

INTERIM CONSOLIDATED BALANCE SHEET (continued)

	Note	As at	
		30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Liabilities			
Non-current liabilities			
Borrowings		13,444,534	13,355,254
Derivative financial instruments		3,557	4,920
Provision for maintenance/resurfacing obligations		112,379	110,905
Deferred income tax liabilities		1,390,579	1,371,915
Other non-current liabilities		321,860	278,335
		<u>15,272,909</u>	<u>15,121,329</u>
Current liabilities			
Trade and other payables	(15)	2,284,781	2,249,290
Income tax payable		324,614	683,785
Provision for maintenance/resurfacing obligations		188,084	188,211
Borrowings		3,037,497	2,392,191
		<u>5,834,976</u>	<u>5,513,477</u>
Total liabilities		<u>21,107,885</u>	<u>20,634,806</u>
Total equity and liabilities		<u>48,167,964</u>	<u>47,363,051</u>
Net current assets		<u>7,179,599</u>	<u>6,845,582</u>
Total assets less current liabilities		<u>42,332,988</u>	<u>41,849,574</u>

Notes:

(All amounts in HK dollar thousands unless otherwise stated)

(1) 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.

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

(1) General Information (continued)

This interim condensed consolidated financial information (“Interim Financial Information”) was approved for issue on 27 August 2015 and has been reviewed, not audited.

Key events

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

(2) Basis of preparation

This Interim Financial Information for the Period has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by Hong Kong Institute of Certified Public Accountants. This Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2014 (“2014 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

(3) Changes in accounting policies and disclosures

The accounting policies applied are consistent with those of the 2014 Financial Statements, as described therein.

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

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

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

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

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

(c) Estimates

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

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2014 Financial Statements.

(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.

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

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

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

The segment revenue and results presented to the Board, the chief operating decision-maker, are as follows:

For the six months ended 30 June 2015

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

(4) Segment information (continued)

For the six months ended 30 June 2014

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

- (a) The revenue from toll roads included construction service revenue under service concession arrangements of HKD515,000 (2014 interim: HKD13,154,000) for the Period.
- (b) The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.
- (c) All revenues are derived from external customers located in the PRC. The Group's non-current assets, other than financial instruments and deferred income tax assets, are mainly located in the PRC. 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	
	2015	2014
Toll roads		
— Toll revenue	2,097,029	2,202,037
— Entrusted construction management service revenue	56,712	504,385
— Construction service revenue under concession arrangements	515	13,154
	2,154,256	2,719,576
Logistic business		
— Logistic parks	318,793	282,330
— Logistic services	361,530	184,291
— Port	96,017	84,880
	776,340	551,501
	2,930,596	3,271,077

(6) Operating profit

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

	Six months ended 30 June	
	2015	2014
<u>Crediting</u>		
Gain on disposals of available-for-sale financial assets	689,165	-
Gain on disposal of Meiguan Expressway's toll free section related assets	-	1,925,655
Government subsidies	1,165	12,356
<u>Charging</u>		
Depreciation and amortisation	623,504	729,620

(7) Finance income and costs

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

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

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

(9) Earnings per share

(a) Basic

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

	<u>Six months ended 30 June</u>	
	<u>2015</u>	2014
Profit attributable to equity holders of the Company	1,368,708	1,190,573
Weighted average number of ordinary shares in issue (thousands)	1,892,613	1,660,159
Basic earnings per share (HKD per share)	0.72	0.72

(b) Diluted

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

	<u>Six months ended 30 June</u>	
	<u>2015</u>	2014
Profit attributable to equity holders of the Company	1,368,708	1,190,573
Profit used to determine diluted earnings per share	1,368,708	1,190,573
Weighted average number of ordinary shares in issue (thousands)	1,892,613	1,660,159
Adjustments – share options (thousands)	7,192	4,228
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,899,805	1,664,387
Diluted earnings per share (HKD per share)	0.72	0.72

(10) Dividends

The Board has resolved not to declare an interim dividend in respect of the Period (2014 interim: Nil). The 2014 final dividend of HKD497,865,000 (HKD 0.263 per ordinary share) and special dividend of HKD363,460,000 (HKD 0.192 per ordinary share) were settled in June 2015. According to the approved scrip dividend scheme for final dividend and special dividend in the annual general meeting held on 15 May 2015, 3,906,050 new shares were issued at a price of approximately HKD13.80 per share, totalling HKD53,909,000. The remaining dividend totalling HKD807,416,000 was paid in cash in June 2015.

(11) Intangible assets

	Intangible assets – concession intangible assets
Six months ended 30 June 2015	
Net book amount as at 1 January 2015	21,066,291
Additions	516
Disposals	(5,360)
Exchange difference	1,511
Amortisation	(449,673)
Net book amount as at 30 June 2015	<u>20,613,285</u>
Six months ended 30 June 2014	
Net book amount as at 1 January 2014	23,617,718
Additions	13,083
Disposal of Meiguan Expressway's toll free section related assets	(945,589)
Other disposals	(100)
Exchange difference	(592,680)
Amortisation	(561,508)
Net book amount as at 30 June 2014	<u>21,530,924</u>

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 7 to 20 years. According to the relevant governments' approval documents and the relevant regulations, the Group is responsible for the construction of the toll roads and the acquisition of the related facilities and equipment. It is also responsible for the operations and management, maintenance and overhaul of the toll roads during the approved operating periods. The toll fees collected and collectible during the operating periods are attributable to the Group. The relevant toll roads assets are required to be returned to the local government authorities when the operating rights periods expire without any consideration payable to the Group. According to the relevant regulations, these operating rights are not renewable and the Group does not have any termination options.

(12) Investments in associates

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

(12) Investments in associates (continued)

The ending balance comprises the following:

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

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

(13) Available-for-sale financial assets

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

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

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

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

(14) 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 have credit terms of 30 to 120 days. The ageing analysis of the trade receivables of the Group based on revenue recognition date was as follows:

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

(a) Trade receivables due over 365 days mainly comprised the amount of HKD468,909,000 (31 December 2014: HKD296,357,000) arising from the Group's development and management of certain toll road projects administrated for Shenzhen Traffic and Transportation Committee and entrusted construction management services of Guangshen Coastal Expressway (Shenzhen Section) Project.

(15) Trade and other payables

The ageing analysis of the trade payables was as follows:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Review

For the six months ended 30 June

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

Note:

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

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

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

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

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

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

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

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

Updates on the Progress of the Meilin Checkpoint Urban Renewal Project

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

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

Logistic Business

Analysis of Operating Performance

Logistic Parks

During the Period, the logistic parks of the Group reported stable performance with an average occupancy rate of 94%. The results of the logistic business are in line with expectations, benefitting from effective marketing strategies and increased customer demand for value-added logistic services coupled with effective enhancement of operating efficiency and stringent cost control.

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

China Urban Integrated Logistics Hub

During the first half of 2015, the Group entered into various investment agreements in respect of “China Urban Integrated Logistics Hub” projects with relevant government authorities of Hefei, Ningbo and Hangzhou, respectively. These projects will further bolster the Group’s network development in Eastern China. As at the date of this announcement, the Group has signed investment agreements in respect of “China Urban Integrated Logistics Hub” projects in ten cities which are all key logistical nodes, namely, Shenyang, Wuxi, Wuhan, Tianjin, Shijiazhuang, Changsha, Nanchang, Hefei, Ningbo and Hangzhou covering a site area of approximately 3.14 million square metres in aggregate.

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

Port Business

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

Completion of the construction of three new general bulk cargo terminal berths of Phase 2 of Nanjing Xiba Port took place in late 2014, comprising a berth with a 50,000-tonnage capacity and two berths each with a 70,000-tonnage capacity. The new berths started trial operation in April 2015 and commenced loading and lightering operations.

Financial Analysis

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

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

For the six months ended 30 June

	Revenue		Profit attributable to shareholders	
	2015 HK\$'000	Change over Year 2014	2015 HK\$'000	Change over Year 2014
Logistic Park Business				
South China Logistic Park	120,952	+2%	48,055	-7%
Western Logistic Park	56,739	+26%	17,940	+11%
Huatongyuan Logistic Centre	60,713	+2%	12,182	+3%
Nanjing Chemical Industrial Park Logistic Centre	38,252	+16%	10,673	+34%
Shandong Booming Total Logistic Park	42,137	+60%	754	-53%
SZ Airport Express Center*	N/A	N/A	9,841	+30%
Sub-total	318,793	+13%	99,445	+3%
Port Business	96,017	+13%	22,783	+19%
Logistic Service Business	361,530	+96%	12,504	+8%
Total	776,340	+41%	134,732	+6%

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

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

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

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

Toll Road Business

Analysis of Operating Performance

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

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

Financial Analysis

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

Longda Expressway

During the Period, Longda Expressway recorded a toll revenue of HK\$295 million (2014: HK\$299 million), representing a slight decrease of 1% as compared to the corresponding period of the previous year. Profit before finance costs and tax amounted to HK\$187 million (2014: HK\$198 million), representing a year-on-year decrease of 5% and earnings before interest, tax, depreciation and amortisation (“EBITDA”) amounted to HK\$223 million (2014: HK\$233 million), representing a decrease of 4% as compared to the corresponding period of the previous year.

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

Wuhuang Expressway

During the Period, Wuhuang Expressway recorded a toll revenue of HK\$201 million (2014: HK\$212 million), representing a decrease of 5% as compared to the corresponding period of the previous year. Profit before finance costs and tax amounted to HK\$87 million (2014: HK\$95 million), representing a year-on-year decrease of 8% and EBITDA amounted to HK\$140 million (2014: HK\$148 million), representing a decrease of 5% as compared to the corresponding period of the previous year.

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

Shenzhen Expressway Company Limited (“Shenzhen Expressway”) and its expressway projects

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

Other Investments

Shenzhen Airlines

The passenger transport volume of Shenzhen Airlines continued to grow during the Period. Despite the decline in average airfares of Shenzhen Airlines by 6% as compared with the corresponding period of the previous year as a result of the substantial reduction in fuel surcharges, total revenue of Shenzhen Airlines for the Period recorded a year-on-year increase of 4% to RMB11,295 million (HK\$14,082 million) (2014: RMB10,812 million (HK\$13,566 million)). Moreover, as a result of the substantial decrease in aviation oil costs by approximately 30% as compared to the corresponding period in 2014 owing to significantly lower aviation oil price during the Period, coupled with the year-on-year decrease in foreign exchange loss for Shenzhen Airlines given stable Renminbi exchange rate during the Period, Shenzhen Airlines recorded a net profit of RMB560 million (HK\$698 million) (2014: RMB9.91 million (HK\$12.43 million)), representing a considerable increase over the corresponding period of the previous year. During the Period, Shenzhen Airlines contributed a profit of approximately HK\$302 million to the Group (2014: loss of HK\$27.08 million).

Development Focus and Outlook for the Group

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

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

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

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

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

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

Financial Position

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

Change in percentage points

Key Financial Indicators

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

Cash Flow and Financial Ratios

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

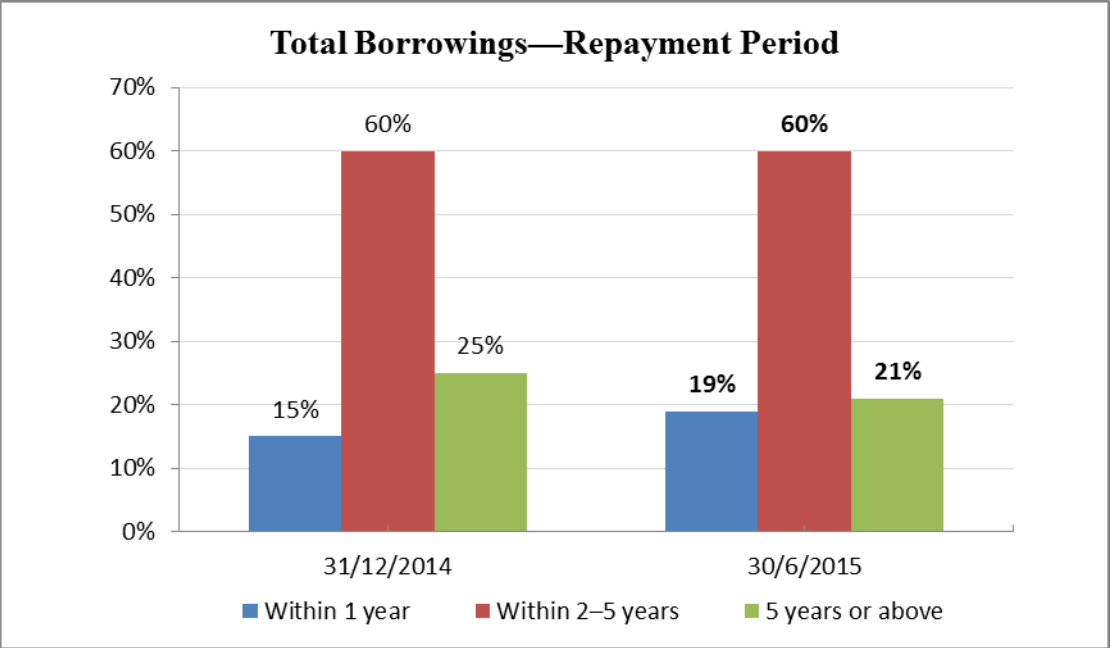
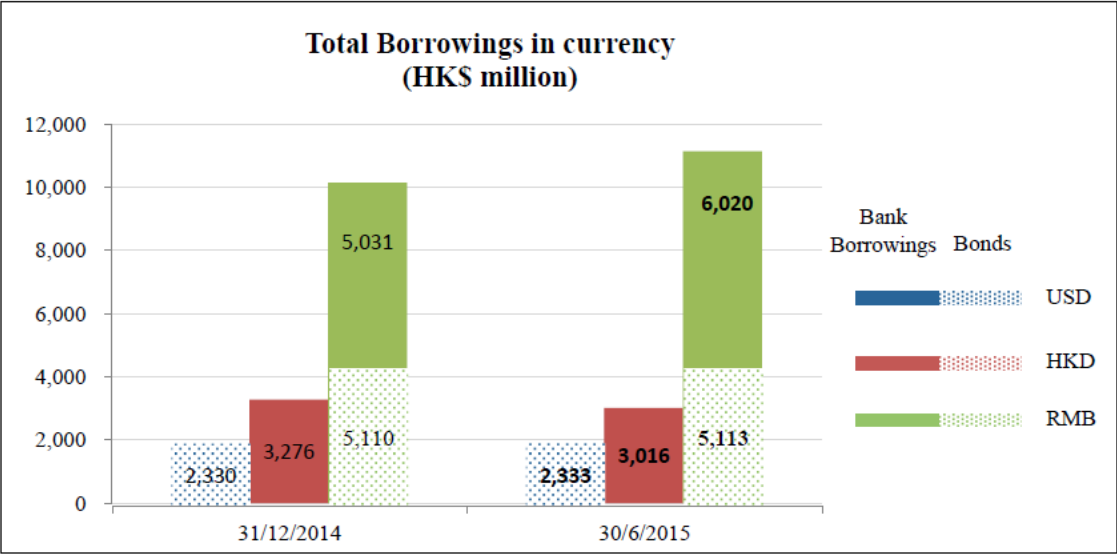
Cash Balance

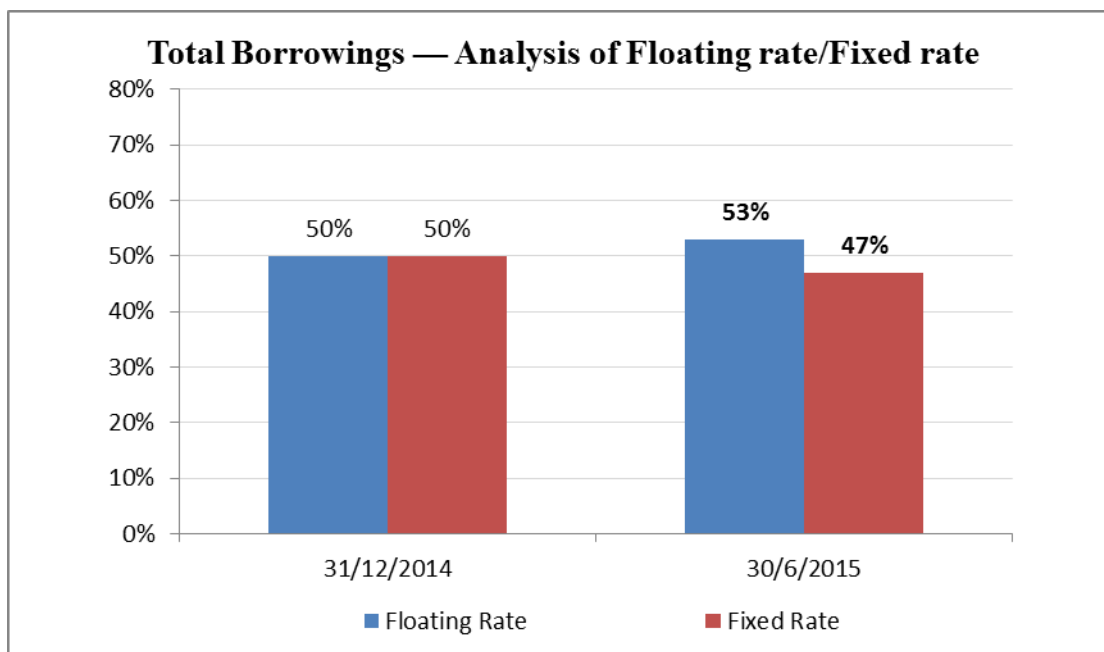
As at 30 June 2015, the cash balance held by the Group amounted to HK\$6,831 million (31 December 2014: HK\$7,635 million), representing a reduction of approximately HK\$800 million as compared to that at the end of last year. During the Period, the Group paid income tax relating to gains on disposal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

Capital Expenditures

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

Borrowings





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

The Group’s Financial Policy

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

Exchange Rate Risk

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

Liquidity Risk Management

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

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 emphasise a highly efficient Board, sound internal control and the transparency and accountability to all shareholders.

During the Period, the Company has complied with the 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 PricewaterhouseCoopers, the Auditor of the Company, to review the unaudited Interim Financial Information of the Group for the six months ended 30 June 2015.

Before the date of this announcement, a meeting of the Audit Committee has been held with the Auditor of the Company for reviewing the unaudited Interim Financial Information of the Group for the six months ended 30 June 2015. 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 2015 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
Gao Lei
Chairman

Hong Kong, 27 August 2015

As at the date of this announcement, the Board consists of Messrs. Gao Lei, Li Jing Qi, Zhong Shan Qun, Liu Jun and Li Lu Ning as executive directors, Dr. Yim Fung, JP as non-executive director and Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing as independent non-executive directors.