Shenzhen International
深國際

Shenzhen International Holdings Limited
深圳國際控股有限公司
(Incorporated in Bermuda with limited liability)
（於百慕達註冊成立之有限公司）

Stock code 股份代號：00152

物流天下
德行天下

Logistics with Ethics
For a Better World

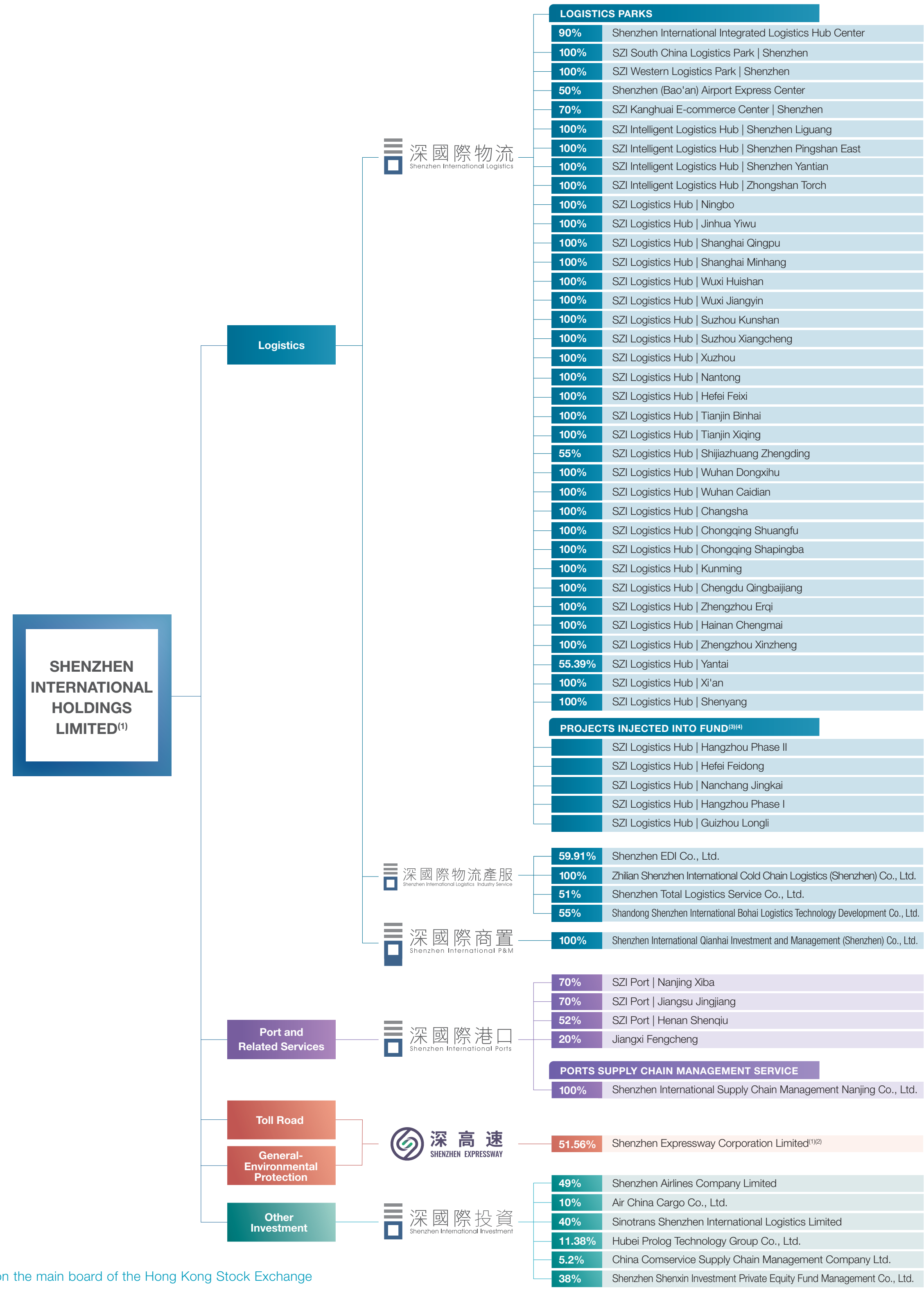
Interim Report
中 期 報 告
2 0 2 4

CONTENTS

CORPORATE PROFILE

The Group perceives the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, the Beijing-Tianjin-Hebei areas and major logistics gateway cities as key strategic regions. Through investment, mergers & acquisitions, restructuring and consolidation, the Group focuses on the investment, construction and operation of logistics infrastructure in the four major areas of "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure" (including inland ports, urban integrated logistics parks, air cargo terminals and railway logistics terminals) and toll roads. The Group provides its customers with value-added logistics services including intelligent warehouse and integrated cold chain warehousing, and also expanded its business segments to include the comprehensive development of land related to the "logistics + commerce" industries as well as the investment in and operation of general-environmental protection business, thereby creating greater value for its shareholders.

Set out below is a simplified corporate structure of the Group as at 30 June 2024 which excludes intermediate holding entities, and the percentages of interests shown represent the percentages for which the Group has effective control.



(1) Listed on the main board of the Hong Kong Stock Exchange

(2) Listed on the Shanghai Stock Exchange

(3) SZI Logistics Hub (Hangzhou Phase II), SZI Logistics Hub (Hefei Feidong) and SZI Logistics Hub (Nanchang Jingkai) are held by Shenshi Smart Logistics Infrastructure Private Equity Partnership (Limited Partnership), a joint venture held by the Group as to 40% equity interest.

(4) SZI Logistics Hub (Hangzhou Phase I) and SZI Logistics Hub (Guizhou Longli) are held by the ChinaAMC-Shenzhen International Warehousing & Logistics Close-end Infrastructure Securities Investment Fund, in which the Group holds 30% of the total units.

(5) The simplified corporate structure of the Group only included corporate entities and projects which are in operation as at 30 June 2024.

In this report, the English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:
Li Haitao *(Chairman)*
Liu Zhengyu *(Chief Executive Officer)*
Wang Peihang
Dai Jingming

Non-Executive Director:
Cai Xiaoping

Independent Non-Executive Directors:
Pan Chaojin
Zeng Zhi
Wang Guowen
Ding Chunyan

AUDIT COMMITTEE

Zeng Zhi *(Chairman)*
Pan Chaojin
Wang Guowen

NOMINATION COMMITTEE

Pan Chaojin *(Chairman)*
Wang Peihang
Ding Chunyan

REMUNERATION AND APPRAISAL COMMITTEE

Pan Chaojin *(Chairman)*
Cai Xiaoping
Wang Guowen

SUSTAINABILITY COMMITTEE

Liu Zhengyu *(Chairman)*
Wang Peihang
Zeng Zhi
Ding Chunyan

JOINT COMPANY SECRETARIES

Liu Wangxin
Lam Yuen Ling, Eva

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 2206-2208, 22nd Floor
Greenfield Tower, Concordia Plaza
No. 1 Science Museum Road
Tsimshatsui East
Kowloon, Hong Kong

SHENZHEN OFFICE

Shenzhen International Building
8045 Hongli West Road
Futian District, Shenzhen

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

COMPANY WEBSITE

www.szihl.com

SHARES

Hong Kong Stock Exchange:
Stock Code: 00152

SECURITIES

Shenzhen Stock Exchange:
RMB Bonds (First Tranche 2021) (Stock Code: 149689)
RMB Bonds (First Tranche 2022) (Stock Code: 149768)
RMB Bonds (First Tranche 2023) (Stock Code: 148372)
RMB Bonds (Second Tranche 2023) (Stock Code: 148398)
RMB Bonds (Fourth Tranche 2023) (Stock Code: 148465)

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

LEGAL ADVISER

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

PRINCIPAL BANKERS

Bank of China
Bank of Communications
Bank of Jiangsu *(PRC Domestic Bank)*
China CITIC Bank
China Construction Bank *(PRC Domestic Bank)*
China Development Bank *(PRC Domestic Bank)*
China Merchants Bank
Chong Hing Bank
DBS Bank
Huaxia Bank
Industrial and Commercial Bank of China
Industrial Bank *(PRC Domestic Bank)*
MUFG Bank, Ltd.
Ping An Bank

PRINCIPAL SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

INVESTOR RELATIONS CONSULTANT

PRChina Limited
17/F, Yat Chau Building
262 Des Voeux Road Central
Sheung Wan, Hong Kong

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

For the six months ended 30 June HK$ million	Revenue		Operating profit/(loss)		Share of profit of associates and joint ventures		Profit before finance costs and tax	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Toll roads and general-environmental protection business								
– Revenue	**3,752**	4,180	**1,339**	1,700	**455**	384	**1,794**	2,084
– Construction service revenue	**311**	453	**–**	–	**–**	–	**–**	–
Toll roads and general-environmental protection business sub-total	**4,063**	4,633	**1,339**	1,700	**455**	384	**1,794**	2,084
Logistics business								
– Logistics parks	**745**	756	**602**	493	**12**	13	**614**	506
– Logistics services	**137**	170	**(32)**	11	**–**	1	**(32)**	12
– Port and related services	**1,602**	1,326	**88**	94	**(2)**	–	**86**	94
– Logistics park transformation and upgrading businesses	**63**	33	**(199)**	(26)	**–**	–	**(199)**	(26)
Logistics business sub-total	**2,547**	2,285	**459**	572	**10**	14	**469**	586
Head office	**–**	–	**(112)**	(157)	**91**	53	**(21)**	(104)
Total	**6,610**	6,918	**1,686**	2,115	**556**	451	**2,242**	2,566
Finance income							**91**	110
Finance costs							**(950)**	(1,556)
Finance costs – net							**(859)**	(1,446)
Profit before income tax							**1,383**	1,120

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2024 HK$ million	2023 HK$ million	Increase/ (Decrease)
Results			
Revenue (excluding construction service revenue)	**6,299**	6,465	(3%)
Operating profit	**1,686**	2,115	(20%)
Profit before income tax	**1,383**	1,120	23%
Profit attributable to shareholders	**653**	92	609%
Basic earnings per share (HK dollar)	**0.27**	0.04	575%
EBITDA to interest expense multiple	**4.12**	2.58	1.54[r]
	30 June 2024 HK$ million	31 December 2023 HK$ million	Increase/ (Decrease)
Financial Position			
Total assets	**127,667**	130,495	(2%)
Total equity	**52,898**	54,976	(4%)
Debt asset ratio (Total liabilities/Total assets)	**59%**	58%	1*
Ratio of Net borrowings to Total equity	**89%**	83%	6*
Ratio of Total borrowings to Total equity	**107%**	101%	6*
Net asset value per share attributable to shareholders (HK dollar)	**12.5**	13.2	(5%)

[r] *Change in multiple*

* *Change in percentage point*

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

Operating Results	For the six months ended 30 June **2024** **HK$'000**	 2023 HK$'000	 Increase/ (Decrease)
Revenue (excluding construction service revenue from toll roads)	**6,299,179**	6,464,913	(3%)
Construction service revenue from toll roads	**311,003**	453,566	(31%)
Total revenue	**6,610,182**	6,918,479	(4%)
Operating profit	**1,685,730**	2,114,900	(20%)
Profit before tax and finance costs	**2,241,817**	2,565,804	(13%)
Profit attributable to shareholders	**652,695**	92,045	609%
Basic earnings per share (HK dollars)	**0.27**	0.04	575%

In the first half of 2024, the complexity, severity and uncertainty of both domestic and international environment increased significantly, with ongoing geopolitical conflicts and persistent domestic structural adjustments introducing new challenges. The Group's various business segments were under pressure, resulting in varying degrees of year-on-year declines in its operating profitability. However, the Group's overall results remained resilient, supported by its solid foundation and diversified business portfolio. Notably, the Group remained steadfast in its strategic determination and continued to focus on its core logistics business. While steadily building its comprehensive "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure + Intelligent and Cold Chain Logistics" logistics ecosystem, the Group made agile adjustments to its investment and development strategies based on the prevailing circumstances, consistently strengthening its risk management, reducing costs and improving efficiency (with a notable reduction in foreign exchange losses). Capitalizing on the Group's unique long and short closed-loop business models, it was able to maintain sustainable high-quality development, endeavour through economic cycles, and deliver stable returns to its shareholders.

For the six months ended 30 June 2024 (the "Period"), the Group recorded a total revenue of approximately HK$6,610 million, representing a decrease of 4% as compared to the corresponding period of the previous year (excluding the impact of exchange rate, maintained at a similar level with that of the previous year). Profit attributable to shareholders increased by 609% to approximately HK$653 million, primarily due to the Group's successful injection of two logistics hub projects into ChinaAMC-Shenzhen International Warehousing & Logistics Close-end Infrastructure Securities Investment Fund ("ChinaAMC-Shenzhen International REIT"), which generated a profit after tax of approximately HK$587 million. In addition, proactive optimization of the domestic and foreign currency structure significantly reduced foreign exchange losses.

During the Period, the Group recorded an operating profit of approximately HK$1,686 million, representing a decrease of 20% as compared to the corresponding period of the previous year. The decline was mainly attributable to fair value losses of approximately HK$209 million in the Group's logistics projects during the Period, coupled with the year-on-year increase in operating costs from certain newly operating logistics hub projects that were still at incubation stage.

During the Period, revenue from the logistics business was approximately HK$882 million, representing a decrease of 5% as compared to the corresponding period of the previous year (excluding the impact of exchange rate, maintained at a similar level with that of the previous year). Profit attributable to shareholders increased by 34% to approximately HK$527 million, mainly attributable to the recognition of profit from the Group's successful injection of Hangzhou Phase I Project and Guizhou Longli Project into the ChinaAMC-Shenzhen International REIT.

As at 30 June 2024, the Group has established its presence in 40 key logistics gateway cities nationwide, managing and operating 40 logistics hub projects with a total operating area of approximately 4.94 million square meters. The Group had obtained operation rights to approximately 8.33 million square meters of land, of which approximately 2.45 million square meters were in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"). In the first half of 2024, the Group's logistics business scale continued to expand, with a new operating area of approximately 250,000 square meters encompassing the Shenzhen Yantian Project, Hainan Chengmai Project and Hainan Yangpu Project. Despite the fierce market competition, the Group remained customer-centric, consistently enhancing its services quality, improving customer loyalty and further strengthening its brand influence.

Meanwhile, the Group steadily advanced its projects under construction or planning. The Group has continuously enhanced its project management capabilities, shortened the construction period by improving the quality and efficiency of the work, and strictly controlled the cost of the projects under construction. During the Period, new projects such as Shenzhen International Integrated Logistics Hub Center and Foshan Gaoming Project successively entered the construction stage. Once these projects are gradually put into operation, the scale of the Group's logistics business is expected to expand, further consolidating and enhancing its leading position in the Greater Bay Area.

In addition, in light of the challenging environment, the Group has adhered to the principles of "Stable Investment" and "Prioritizing Excellence", promptly adjusting its investment strategy and controlling the pace of investment. The Group placed its business focus on quality assets in core regions such as the Greater Bay Area, with a key configuration in logistics hub cities like Shenzhen, building momentum for the Group's long-term development.

During the Period, revenue from the logistics park transformation and upgrading business was approximately HK$63.12 million, representing an increase of 88% as compared to the corresponding period of the previous year. The increase was mainly due to the new revenue contribution from the full operation of SZI South China Digital Valley.

The Group continues to develop its "Investment, Construction, Operation and Transformation" long closed-loop business model. During the Period, the transformation and upgrading work of SZI South China Logistics Park made a series of progress. The park is being transformed into a digital economic park under the overall planning of the Shenzhen Municipal People's Government, with relevant work currently underway in an orderly manner. The successful auction of the first parcel of land reclaimed by the government has provided a reference value for the land reserved for future land consolidation and preparation. The Group strives to sign the first land contract for the reserved land with the relevant government departments in the second half of 2024, in order to unlock the initial land appreciation gains. By affirming the land use right of the reserved land parcels in phases in accordance with the new planned functions, the Group will gradually realize land appreciation gain and development income in the future.

During the Period, the Group's short closed-loop "Investment, Construction, Financing and Operation" business model achieved major breakthroughs, marking a significant milestone in the development of this model. The first logistics and warehousing REIT listed in the PRC in 2024, namely ChinaAMC-Shenzhen International REIT, was successfully launched, with the Group's two mature logistics hub projects in Hangzhou and Guizhou as underlying assets. The total funds raised was RMB1,494 million. The issuance of ChinaAMC-Shenzhen International REIT will not only enable the Group to realize investment returns and accelerate capital recovery, but also retain a 30% equity interest in the spin-off projects to ensure continuous proportional sharing of stable dividends from the projects in the future. In addition, the Group charges management fees for providing operational and management services for the above-mentioned spin-off projects. Going forward, the Group will strategically advance fund-type investments in response to market conditions, facilitating the convergence of industry and capital, and consistently enhancing the "Investment, Construction, Financing and Operation" business model.

The Group's "Port Connection Action" has attained substantial progress, by establishing Nanjing Xiba Port and Jiangsu Jingjiang Port as river-sea transportation hub ports, and Henan Shenqiu Port and Jiangxi Fengcheng Port as distribution ports. This significantly strengthened the core competitiveness and sustainable development of the Group's port segment. Leveraging the Group's abundant port resources, it continuously expanded the port industry chain and enhanced collaboration and synergies among its various projects. During the Period, revenue from the port and related services business amounted to approximately HK$1,602 million, representing an increase of 21% as compared to the corresponding period of the previous year. However, dampened by intense domestic market competition, a declining gross profit margin in port business, and the incubation stage of the new projects, profit attributable to shareholders decreased by 13% as compared to the corresponding period of the previous year to approximately HK$43.67 million.

The Group's toll road business and general-environmental protection business are managed and operated through its listed subsidiary, namely Shenzhen Expressway Corporation Limited ("Shenzhen Expressway"). During the Period, overall revenue of Shenzhen Expressway was approximately HK$4,063 million, representing a decrease of 12% as compared to the corresponding period of the previous year, primarily due to a reduction in revenue from toll roads, construction services, and project management services for commissioned constructions. Shenzhen Expressway recorded a net profit of approximately HK$920 million, representing a decrease of 12% as compared to the corresponding period of the previous year, mainly due to the increase in the impairment of the environmental protection business assets and the increase in the provision for credit impairment losses on accounts receivables. During the Period, the Group's share of profit from Shenzhen Expressway was approximately HK$431 million, representing a decrease of 20% as compared to the corresponding period of the previous year.

To mitigate the impact of exchange rate fluctuations, the Group has proactively taken measures and achieved positive outcome. During the Period, the Group recorded a net foreign exchange loss of approximately HK$26.20 million, representing a decrease of approximately HK$584 million as compared to the corresponding period of the previous year. During the Period, the Group continued to closely monitor the trends of exchange rate changes, optimize debt maturity and currency structure, continuously reduce the amount of foreign currency loans, and secure preferential loan interest rates, further reducing its finance costs.

LOGISTICS BUSINESS

OVERVIEW

The Group has extensive experience in the development, operation and management of logistics parks. Based in Shenzhen, the Group has focused on core areas of economically affluent regions such as the Greater Bay Area, the Yangtze River Delta and the Beijing-Tianjin-Hebei Region. The Group continues to consolidate its logistics assets and expand its operating scale through strategies of self-construction, and merger and acquisition to build a comprehensive "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight" logistics infrastructure network. The Group strives materialize its vision of becoming "the leading first-class comprehensive logistics services provider in China", adopts as its core business functions the development and operation of urban high-end logistics complexes such as high-standard warehouses and intelligent logistics hubs, and meets customer needs in a comprehensive manner by providing integrated logistics services such as intelligent warehousing and storage, cold chain and third-party logistics.

As at 30 June 2024, the Group has a presence in 40 key logistics gateway cities in China, managing and operating a total of 40 logistics projects with a total planned land area of approximately 10.18 million square meters, of which approximately 8.33 million square meters have obtained operation rights, and approximately 4.94 million square meters were in operation with an overall occupancy rate of approximately 88% within mature logistics parks.

In recent years, the Group has further extended the implementation of its "One City, Multiple Logistics Parks" strategy in core cities. This strategy not only enables the Group to enjoy economies of scale and reduce operating costs, facilitating synergies across all logistics parks, but also creates a comprehensive local service network that meets the diverse needs of customers and enhances the quality and efficiency of services, bringing more opportunities and room for the Group's development. In the future, the Group aims to promote high-quality development in its logistics business by continuously adhering to the spirit of open-mindedness, cooperation and innovation.

ANALYSIS OF OPERATING ENVIRONMENT

In the first half of 2024, the growth momentum of global economy remained weak with frequent geopolitical conflicts and international trade frictions, heightening the severity and uncertainty of business environment. Meanwhile, the insufficient domestic demand in the PRC has exerted considerable pressure on enterprises. On a positive note, the effects of macroeconomic policies continued to materialize, with external demand showing signs of improvement. In addition, the accelerated development of high-quality productivity provided new support, leading to a positive trajectory in the national economy. The leasing demand in the logistics and warehousing industry, in which the Group's core business operates is closely linked to macroeconomic developments and the recovery of consumer demand, both of which are currently on a gradual recovery. The overall logistics and warehousing market in the Greater Bay Area, where the Group focuses, remained stable.

To better adapt to emerging trends, the Group actively responded to the changes in the external environment and industry development trends, firmly seizing opportunities arising from the policy of "Shenzhen speeding up the construction of a logistics center with significant global influence", and aiming to build itself into a distinctive first-class industrial conglomerate in the transportation and logistics sector. On the one hand, the Group seeks steady progress while unwaveringly adhering to its high-quality development approach. It will closely monitor the changing trends in customer demand within key industries and focus on core cities and high-quality assets that support incremental demand. On the other hand, the Group will continue to enhance its dual closed-loop business models of "Investment, Construction, Operation and Transformation" and "Investment, Construction, Financing and Operation", proactively seek opportunities to tap into ancillary businesses in logistics parks, while building momentum for its long-term development. In addition, the Group places a strong emphasis on technological innovation and digital transformation, promoting the intelligent and automated upgrading of logistics and warehousing services. This enhances operational efficiency and service levels, enabling better fulfillment of customer needs and addressing the challenges posed by industry changes. Furthermore, the Group made significant strides in implementing various cost reduction and efficiency enhancement measures during the Period, particularly in terms of cost control of major projects. By focusing on improving quality and efficiency, the Group managed to shorten construction period, leading to a notable reduction in construction costs for the Shenzhen Pingshan Project and Shenzhen Yantian Project. The Group is also committed to integrating its ESG principles into business operations and development planning to foster a more sustainable and resilient future. By pursuing green building certifications, optimizing intelligent park systems, promoting solar power generation and charging infrastructure in logistics parks, as well as implementing water conservation measures within the parks, the Group collaborates with its customers to collectively develop green logistics parks.

ANALYSIS OF OPERATING PERFORMANCE

Logistics Park Business

I. Logistics Parks in the Greater Bay Area

Guided by the strategy of "establishing a foothold in Shenzhen and focusing on the Greater Bay Area", the Group has continued to establish its stronghold in Shenzhen while establishing its presence in cities such as Foshan, Zhongshan and Zhaoqing, gradually expanding its business network in the Greater Bay Area. While continuously expanding its investment setting in the Greater Bay Area, the Group has proactively pursued opportunities arising from the development of "Multi-storey Warehouses" and created a new series of offerings, such as the "SZI Intelligent Logistics Hub", in line with the industry's trend towards smart and intelligent development.

During the Period, several projects of the Group located in the Greater Bay Area have made notable progress, with the commencement of construction on Shenzhen International Integrated Logistics Hub Center and Foshan Gaoming Project. Meanwhile, Shenzhen Yantian Project has officially commenced operation. The Group's logistics hub projects spanning across various locations in the Greater Bay Area will collaborate with one another to further enhance the multimodal transport network, improving its logistics services efficiency.

As at 30 June 2024, the Group has established 14 logistics projects across the Greater Bay Area, among which 7 projects (including 6 projects in Shenzhen) are in operation/under management. Currently, 7 projects (including 3 projects in Shenzhen) are under construction. The Group has obtained the operation rights of approximately 2.45 million square meters of land in the Greater Bay Area, of which approximately 810,000 square meters have been put into operation.

Projects in Operation

SZI Intelligent Logistics Hub (SZ Liguang) is located in Longhua District of Shenzhen and has a site area of approximately 45,000 square meters and a gross floor area of approximately 217,000 square meters. It will be built as a logistics park with a high plot ratio, comprising six above-ground floors and two underground floors. With intelligent hardware as its foundation and digital platform as its carrier, the project will leverage cutting-edge information technology such as 5G to become an "ecological, intelligent and innovative" modern benchmark logistics park that integrates multiple industries. It serves as a benchmark project as part of the Group's "Multi-storey Warehouses" strategy. The project is designed to comprise various facilities, including cold storage warehouses, temperature-controlled warehouses, automated stereoscopic warehouses, along with e-commerce incubation and operation centers and ancillary service centers providing comprehensive logistics services encompassing warehousing and storage, trade exhibition, distribution and consolidation, urban delivery and circulation processing. Shenzhen Liguang Project has been put into operation in the second half of 2023, having attracted key customers such as Sinopharm and Yanwen Express, etc., and the Group's market share was further solidified in the logistics sector in Shenzhen. As at 30 June 2024, the overall occupancy rate of the park was approximately 74%, with the occupancy rate of ambient storage reaching 90%.

SZI Intelligent Logistics Hub (SZ Yantian) is located in Yantian District of Shenzhen and has a site area of approximately 32,000 square meters and a gross floor area of approximately 91,000 square meters. The hub is a six-storey stereoscopic warehouse that will serve as one of the Group's demonstration projects for modern and premium-standard "Multi-storey Warehouses" and as a demonstration project for "Bonded Logistics+". Leveraging the policy advantages of Yantian Port, an international hub port, and Yantian Comprehensive Bonded Zone, the project will focus on the development of new forms of bonded business, and offer comprehensive logistics services with high added value such as international distribution, cross-border e-commerce, cold chain logistics and bonded showcase services. The aim is to build it up as a world's leading intelligent bonded logistics complex, featuring digitalization, intelligence and greenization. The project has been selected as one of "Shenzhen's key projects for 2023" and was awarded the honor of "Guangdong Province Green Demonstration Project". Shenzhen Yantian Project has officially commenced operation in the first half of 2024, introducing key customers such as Maersk, East Top and DB Schenker, etc.

SZI Intelligent Logistics Hub (SZ Pingshan East) is located in Pingshan District of Shenzhen and has a total site area of approximately 267,000 square meters and a gross floor area of approximately 94,000 square meters. It currently accommodates prime customers such as Walmart and Xuefeng Cold Chain, etc. The project is adjacent to a number of the Group's other logistics projects, providing an opportunity for coordinated development in the area and is conducive to further expansion of the Group's market influence in Shenzhen and the Greater Bay Area. As at 30 June 2024, the overall occupancy rate of the park reached 100%.

SZI Western Logistics Park is located in Qianhai Pilot Free Trade Zone of Shenzhen, which is a project leased and operated by the Group from the government with an operating area of approximately 91,000 square meters. It provides mainly bonded logistics, warehousing and storage, loading, unloading, distribution and on-site value adding services. The project was listed by the Ministry of Commerce of the PRC in the second batch of Exemplary E-Commerce Bases, designated as a pilot project in the Shenzhen Cross-border E-commerce Center and recognized as an advanced certified enterprise under the Authorized Economic Operator (AEO) Program. As at 30 June 2024, the overall occupancy rate of the park was approximately 95%.

SZI Kanghuai E-commerce Center is located in Longhua District of Shenzhen and has an operating area of approximately 143,000 square meters. It is the first asset-light management service project operated by the Group. The SZI Kanghuai E-commerce Center actively explores the development model of green freight distribution, and has built an "intensive, efficient, green and intelligent" urban freight distribution service system. This project is one of Shenzhen's demonstration projects for the Green Freight Distribution City. The center provides a range of services, including logistics and warehousing services, large-scale data centers, office buildings, dormitories and restaurants, etc. This project also supports interactive sharing and intelligent interchange of data across the park with an intelligent park information management system. The center has achieved stable operations and has successfully attracted a number of branded logistics enterprises such as JD.Com. As at 30 June 2024, the overall occupancy rate of the park was approximately 92%.

SZI Intelligent Logistics Hub (Zhongshan Torch) is located in Zhongshan Torch Hi-tech Industrial Development Zone with a site area of approximately 58,000 square meters and a gross floor area of approximately 66,000 square meters. Zhongshan Torch Project is the first project established by the Group in the Greater Bay Area outside of Shenzhen. The project has attracted renowned enterprises such as China Resources Pharmaceutical and Midea, while providing integrated logistics solutions for the automotive supply chain and other manufacturing enterprises in the surrounding area. The recent opening of Shenzhen-Zhongshan Bridge will not only foster the growth and prosperity of Zhongshan's manufacturing industry, but also enhance the integrated development among cities within the Greater Bay Area, infusing new momentum into the Zhongshan Torch Project. As at 30 June 2024, the overall occupancy rate of the park was approximately 88%.

Projects in Construction

SZI Intelligent Logistics Hub (SZ Pingshan) is located in Pingshan District of Shenzhen and has a site area of approximately 120,000 square meters and a planned gross floor area of approximately 286,000 square meters. The project is positioned as a "demonstration base for deep integration of manufacturing and logistics industries" within Shenzhen's "20+8" strategic emerging industry clusters, while it also acts as a "shared intelligent logistics service center" for "9+2" strategic emerging industries in Pingshan District. Upon completion, it will help address the shortage of high-standard logistics facilities in Pingshan District, and effectively promote the deep integration of manufacturing and logistics industries in Pingshan District. The project has been selected as one of "Shenzhen's key projects for 2024". In June 2024, the Group completed the debt-to-equity swap for the project company Shenzhen JDI Inc. （深圳市坪深國際數字物流港有限公司）, converting the debt in the aggregate principal amount of RMB300 million owed by the project company into equity investment in the project company. The Group's equity interest in the project company thus increased from 70% to 80.92%. The project commenced construction in May 2023 and it is scheduled to be completed and put into operation by the end of 2024.

SZI Western Highway Freight Logistics Hub (SZ Bao'an), located in Bao'an District of Shenzhen with a site area of approximately 75,000 square meters, is one of the seven major gateway-type logistics hubs planned by the Shenzhen Municipal People's Government. The project aims at establishing a cluster of comprehensive, environmentally friendly and intelligent high-standard logistics facilities in an intensive and stereoscopic manner, leveraging Bao'an's well-established advanced manufacturing industry and its prime location on domestic and international transportation routes. With a view to facilitating the integration of high-end manufacturing and logistics industries, the project centers on the construction of core areas such as automated international logistics cloud warehouses, intelligent commercial logistics centers and cold chain centers, integrating existing dispersed freight station functions to foster the collaborative development of advanced manufacturing and logistics industries. The project is the first launched highway logistics hub project under Shenzhen's three-tier "7+30+N" logistics station layout plan and has been successfully listed in "Production and Service-oriented National Logistics Hub in Shenzhen". The project has also been successfully selected for the "Major Project List of Shenzhen 2024" and is currently under construction, with operations expected to commence by the end of 2025.

SZI Intelligent Logistics Hub (Foshan Nanhai), **SZI Intelligent Logistics Hub (Foshan Shunde)** and **SZI Intelligent Logistics Hub (Foshan Gaoming)** are located in Nanhai District, Shunde District and Gaoming District of Foshan, with a planned gross floor area of approximately 93,000 square meters, 337,000 square meters and 185,000 square meters, respectively. With an emphasis on "intensification" and "intelligence" in the overall planning, the Group aims to develop these warehouse projects into modern high-standard logistics parks that integrate warehousing, distribution, freight forwarding, trading, aftersales services, and e-commerce seamlessly. All of these projects are currently undergoing full-scale construction, among which Foshan Nanhai Project is expected to commence operations in 2024, while Foshan Shunde Project and Foshan Gaoming Project are expected to commence operations in 2025.

SZI Intelligent Logistics Hub (Zhaoqing Gaoyao) is located in Gaoyao District of Zhaoqing. With a planned site area of approximately 108,000 square meters, Zhaoqing Gaoyao Project is planned to be developed into a multi-functional supply chain industrial park integrating a supply chain financial center and a trading and clearing center, thereby fostering closer connectivity and synergies with other projects in the Greater Bay Area such as Foshan and Zhongshan and enhancing the Group's strategic layout in the Greater Bay Area. Zhaoqing Gaoyao Project has commenced construction in July 2024 and is expected to be put into operation in 2026.

II. Logistics Parks in Other Regions of the PRC

While focusing on the Greater Bay Area, the Group has optimized the strategic configuration of its nationwide network through its "Prioritizing Excellence" strategy. It also stepped up its investment in key cities of economically affluent regions such as the Yangtze River Delta and the Beijing-Tianjin-Hebei Region, in order to increase its market share, enhance penetration rate and project density in key cities, consolidate the foundation of its high-standard warehouse network, and create synergies on the national level.

As at 30 June 2024, the Group has extended its network of logistics hubs to 36 logistics gateway cities in other regions across China (excluding the Greater Bay Area), among which a total of 33 logistics hub projects with an aggregate operating area of approximately 4.13 million square meters were put into operation. The overall occupancy rate reached 88% within mature logistics parks, demonstrating a stable overall leasing condition.

While continuing to expand its new logistics hub projects, the Group has also been steadily advancing its ongoing and planned projects to ensure that the construction progress aligns with its expectations. In the first half of 2024, Hainan Chengmai Project has commenced operations, contributing an additional operating area of approximately 65,000 square meters. The project, supported by its excellent geographical position, and ample port and railway resources, effectively serves the whole of Hainan and meets the conditions for establishing a distribution center across the province. In the first half of 2024, the Group initiated new construction projects in other regions of China (excluding the Greater Bay Area) with a total planned site area exceeding 250,000 square meters, and the ongoing projects have a planned site area of approximately 990,000 square meters.

SZI Logistics Hub (Shijiazhuang Zhengding), invested in and constructed by the Group, is the first industrial-city complex in China that integrates the two major industries of logistics and commerce. It has a site area of approximately 310,000 square meters and a planned gross floor area of more than 500,000 square meters, among which the logistics park has a site area of approximately 200,000 square meters and is dedicated to becoming an intelligent pharmaceutical cold chain logistics base. Through the integration of storage and logistics, it is intended to establish a logistic operating system of "Channel + Hub + Grid", creating a new "Pharmaceutical Industrial Park + Backbone Cold Chain Base" business model and contributing to the high-quality development and industrial upgrading of the "Northern China Pharmaceutical Capital".

The park is currently promoting the construction of a high-standard backbone cold chain logistics base with a gross floor area of more than 100,000 square meters, continuously building an intelligent pharmaceutical industrial park + e-commerce cold chain industrial park. As at 30 June 2024, the operating area of the park reached approximately 70,000 square meters, among which the pharmaceutical industrial park has a site area of approximately 40,000 square meters. The park has become the key regional warehouse in Hebei serving Shanghai Pharmaceuticals and China Resources Pharmaceuticals, both of which are the Fortune Global 500 enterprises. In the first half of 2024, it successfully attracted several leading national enterprises from the pharmaceutical and food sectors, forming a clustering effect within the pharmaceutical and food cold chain industries. The gross floor area of A1 warehouse in the park is approximately 30,000 square meters, with construction commenced in the first half of 2024. It is expected to further enhance and expand the quality and scale of the pharmaceutical cold chain upon completion. At the same time, the park has joined forces with the China Good Agri-Products Development & Service Association to promote the branding of products stationed in the park, actively supporting the "Internet + Agricultural Products" movement from rural areas to urban markets. Furthermore, the A5 and A7 warehouses of the park have been recognized as "Green Warehouses" by the China Warehousing and Distribution Association and have obtained first-level certification of Green Warehouses. The park has successfully deployed a new generation of intelligent technology and supporting automated equipment, achieving fully intelligent and visualized management throughout processes, which has significantly improved logistics efficiency.

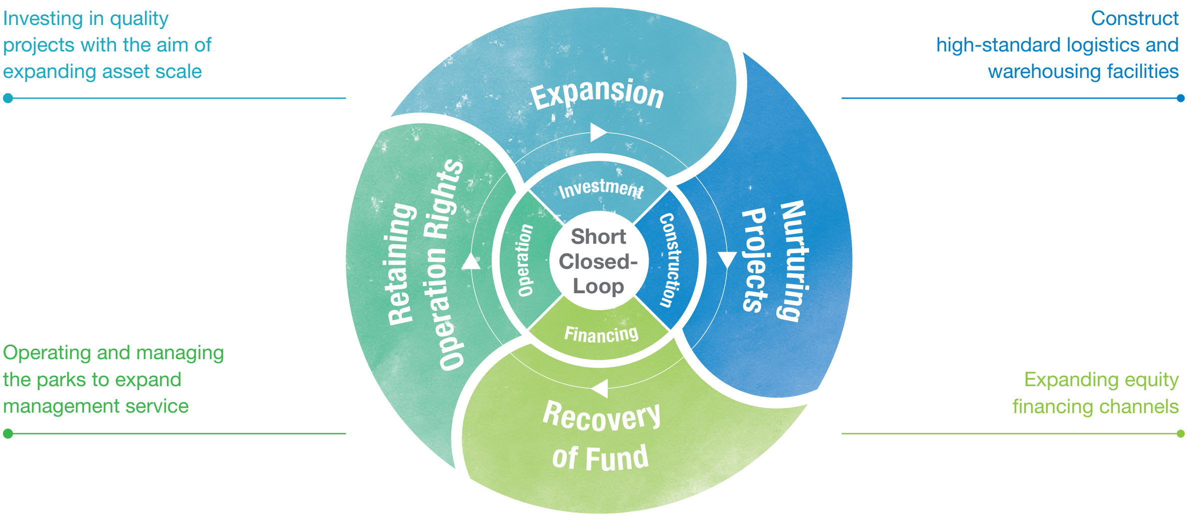
SZI Logistics Hub (Zhengzhou Xinzheng) and **SZI Logistics Hub (Hefei Feixi)**, with an aggregate site area of approximately 919,000 square meters and an operating area of approximately 406,000 square meters, mainly provide services to local industries. Customers of these projects include those in the express delivery industry, third-party logistics industry and customized logistics industry. The Group intends to construct high-standard warehouses on the vacant land of these two projects. The total operating area is expected to exceed 700,000 square meters upon completion, and these projects are expected to become significant logistics hubs in Zhengzhou and Hefei. Construction on the vacant land at Hefei Feixi Project commenced in the first half of 2023. The site has a gross floor area of approximately 134,000 square meters and is expected to commence operation within 2024. The vacant land for Zhengzhou Xinzheng Project is planned to be developed in phases, the phase I has commenced construction in February 2024 and is expected to commence operation in 2025.

Steadily Expanding Management Service Projects

Leveraging its strong brand influence and capability in mature parks operation, the Group has undertaken a number of management service projects across the PRC. Yueyang Project, the Group's first management service project outside Shenzhen, has a gross floor area of approximately 52,000 square meters with its operations commenced in 2020. Hainan Yangpu Project, with a gross floor area of approximately 94,000 square meters, has commenced operations in March 2024. Wuxi Hongdou Project, with a gross floor area of approximately 170,000 square meters, has entered into a project cooperation service agreement in July 2024. Furthermore, the Group has been actively advancing the development of various management service projects, among which: Guangdong Huiyang Project, with a planned gross floor area of approximately 50,000 square meters, is expected to put into operation in 2024; and the phase I of Hubei Macheng Project, with a gross floor area of 53,000 square meters, is expected to be put into operation in 2024.

III. Expanding the Closed-loop "Investment, Construction, Financing and Operation" Business Model of Logistics Hubs

With the development of the logistics and warehousing industry, the resilience of logistics hubs continues to improve. The Group is actively exploring possible channels to securitize the assets of its logistics hubs and implement the short closed-loop "Investment, Construction, Financing and Operation" business development model. The offering of logistics real estate investment funds will not only accelerate the Group's capital recovery, shorten its project turnover time, optimize capital structure and lower its gearing ratio, but also enable the Group to realize asset appreciation returns from the development, construction, incubation and operation of the logistics hubs in advance. This move will effectively enhance the expansion of the Group's logistics hubs business and management scale and drive the expansion of corresponding increase in profit, adding new impetus to the Group's long-term stable development.



The Group continues to optimize its short closed-loop "Investment, Construction, Financing and Operation" business model, maximizing the value through various means of logistics asset securitization. Firstly, the Group is fully committed to promoting the issuance of publicly traded infrastructure REITs with mature logistics hub projects as their underlying assets. With the continuous improvement of the publicly traded infrastructure REITs and the ongoing solidification of the market foundation, along with the increasing diversity and volume of underlying assets, public REITs market in China has entered a phase of expansion and quality enhancement. Taking this opportunity, the Group successfully completed the issuance of the first logistics and warehousing REIT during the Period. In June 2024, the Group successfully transferred the equity of Hangzhou Phase I Project and Guizhou Longli Project ("these Projects") into ChinaAMC-Shenzhen International REIT, and the Group recorded the profit after tax of approximately HK$587 million. On 9 July 2024, ChinaAMC-Shenzhen International REIT was successfully listed on the Shenzhen Stock Exchange with the total fund offering size of RMB1,494 million. The Group has subscribed for 30% of the total units of the ChinaAMC-Shenzhen International REIT. ChinaAMC-Shenzhen International REIT marks the first logistics and warehousing REIT listed on the publicly traded REITs market in the PRC in 2024. Through the issuance of ChinaAMC-Shenzhen International REIT, the Group can effectively revitalize its existing premium logistics park assets, accelerate capital recovery, and enhance its investment capabilities. In addition, the Group is expected to continue benefitting from the performance of these Projects as a unitholder, while also receiving sustainable income by providing operational and management services for these Projects.

Secondly, the Group has been proactively conducting research, seeking to establish new logistics real estate private equity funds to revitalize its quality logistics assets and further unleash their value while retaining the operating rights to the parks as a prerequisite. The Group established Shenshi (Shenzhen) Smart Logistics Infrastructure Private Fund Partnership (Limited Partnership) ("Shenshi Fund") with Goldstone Investment Limited, a subsidiary of CITIC Securities Co., Ltd. in 2021. Shenshi Fund, as the main entity, has acquired the Group's logistics hub projects located in Nanchang, Hefei and Hangzhou through public tenders. The Group has completed the injection of these three projects into Shenshi Fund in 2021 and 2022, and the projects have been running smoothly and delivering a stable operational performance. The Group receives service fees through providing the operational and maintenance services to the abovementioned logistics hub projects which were injected into the fund. The Group is currently actively engaging with potential partners and investors to advance the establishment of a new phase of logistics and warehousing private fund.

In addition, the Group is concurrently engaging in research on development-focused funds and acquisition funds, to ensure alignment with the market conditions and the Group's prudent investment and financial arrangement strategies. It will, subsequently, timely promote fund investments based on market conditions to facilitate the integration of industry and capital, further driving the development of its "Investment, Construction, Financing and Operation" business model.

IV. Railway Integrated Logistics Hub

Shenzhen International Integrated Logistics Hub Center ("Pinghunan Project")

In August 2021, a joint venture company, Shenzhen Municipal Shenzhen International Railway Logistics Development Company Limited, was established by the Group and China Railway Guangzhou Group Co., Ltd. to invest in and develop Pinghunan Project. Pinghunan Project is located in Longgang District of Shenzhen, and has a total site area of approximately 900,000 square meters. In September 2019, the project was selected by the National Development and Reform Commission of the PRC and the Ministry of Transport of the PRC as one of the first batch of 23 national logistics hub projects. It has also been selected as a key construction project in Guangdong Province for 2 consecutive years and as a major project in Shenzhen for 3 consecutive years.

The Group pioneered the model of "obtaining strata titles in multi-level logistics and warehousing development to be constructed over railway freight yard" in Pinghunan Project, optimizing the utilization of railway yard space by vertically expanding and developing modern logistics facilities, thereby achieving an integrated "Rail Transportation + Modern Logistics" development. The Group intends to develop it as a benchmark and showcase it as a "Road, Railway and Water" multimodal transportation center and national-level integrated logistics hub. It aims to meet market demand by integrating international and domestic railway freight services, urban logistics, commercial and trade services, and emergency logistics support. This integration will promote the objective of being a "Railway Yard + Urban Integrated Logistics Hub".

The Group has acquired operation rights of land with a site area of 900,000 square meters in the Pinghunan Project. In June 2023, it successfully secured the land use rights of approximately 334,000 square meters for the space above the overhead floor of the Pinghunan Project for the consideration of RMB1,187 million. On the premise of retaining all the planning functions of the railway yard, an 11-meter overhead floor will be built. The logistics land above the overhead floor will be used to build 850,000 square meters of logistics storage facilities. It represents the first industrial space development built on a railway yard within the PRC and is a relatively rare land resources in Shenzhen for the construction of large-scale logistics facilities. Upon completion, the project will facilitate the expansion of the operating scale of the Group's business and its market share, effectively enhancing the Group's influence in the Greater Bay Area. The Group is currently advancing the construction of Pinghunan Project at full speed, with construction works having commenced in the first half of 2024 and aiming for completion by the end of 2025.

Meanwhile, the Group has successfully rolled out a number of freight express lines and self-operated railway lines leveraging the use of the railway yard of Pinghunan Project, including the "Shenzhen – Shanghai", "Shenzhen – Hunan", "Shenzhen – Ningbo", "Shenzhen – Suzhou" and "Shenzhen – Kashi" multimodal transportation projects, covering major economic regions including Eastern China, Central China, southwestern area and northwestern area of China, thereby materializing a breakthrough in terms of multimodal transportation business. In the first half of 2024, the dispatch volume of domestic train routes reached 27,260 standard containers.

In addition, the Group provides various services including warehousing, port container yard and railway transportation within Pinghunan Project, and the operational railway yard/freight yard covers an area of approximately 170,000 square meters. Leveraging railway freight yards/stacking yards, the Group is advancing the implementation of new business initiatives such as transportation of construction materials and excavation waste. The exploration of an operating model based on its "Leasing + Value-added Services" aims to enhance revenue from existing land through leasing arrangements.

Shenzhen China-Europe/China-Laos Train Route

The Group has established a joint venture with Sinotrans Limited which is responsible for operating the Shenzhen China-Europe/China-Laos train routes, principally engaging in the international cargo agency and international train operation businesses. This has contributed to ensuring the stability of international industry chains and supply chains as well as promoting to the high-quality development of the "Belt and Road Initiative".

Shenzhen China-Europe Train Route is a vital link connecting Shenzhen with the international economic development. Starting from Shenzhen, it is currently one of PRC's longest train routes running between China and Europe. With 19 routes serving 43 countries, it provides stable, reliable international logistics services to more than 6,000 enterprises in Shenzhen and neighboring cities. 96 trips were made in the first half of 2024, and it has made a total of 672 trips since its launch with a trading amount of approximately US$2,200 million. In addition, international train routes running between China and Laos, among China, Laos and Thailand, and premium train routes between China and Europe were opened afterwards. As all routes originate from Pinghunan Project site, they help boost the cargo volume of Pinghunan Project and the efficiency of warehouse usage, strengthening the synergies between the Group's logistics hubs and creating opportunities for the development of value-added services in its logistics business.

Logistics Services Business

I. Intelligent and Cold Chain Business

As technologies relating to artificial intelligence, big data and 5G gradually mature, alongside the combined implementation of new applications including automatic sorting, precise delivery and contactless distribution, the logistics industry has been transforming from a traditional, labor-intensive model into a new stage emphasizing on technological equipment and smart upgrades. Emerging sectors such as intelligent logistics and cold chain logistics have become important trends for the future development of the logistics industry. To establish a new growth engine for its logistics business, the Group continues to explore the development trends in the intelligent warehouse and cold chain industries. This initiative not only expands its self-operated business but also seeks premium benchmark projects within these sectors. By leveraging new technologies to drive the expansion of new business ventures, the Group aims to achieve high-quality development in the industrial supply chain.

The Group's intelligent and cold storage warehouses are located at multiple logistics hub projects in cities such as Shenzhen, Shanghai, Shijiazhuang and Chengdu, serving customers such as food, pharmaceuticals, computer, communication and consumer (3C) electronics. As at 30 June 2024, the Group had a total of 181,900 square meters of intelligent and cold storage warehouse space in operation, and approximately 303,100 square meters are currently under construction, proposed for construction or in the planning process.

In respect of the cold chain business, the Group has continued to make encouraging progress in the planning and construction of cold storage warehouses at its logistics hubs in recent years. Guided by the "Self-exploration of asset-heavy project + Joint operation of asset-light project" business model, the Group jointly established a cold chain operation company with "VX Logistics" （萬緯物流）, a leading company in cold chain logistics industry, to accelerate the development of its cold chain business. As at 30 June 2024, cold storage warehouses located at Shenzhen Liguang Project, Shanghai Minhang Project, Shijiazhuang Zhengding Project, Chengdu Qingbaijiang Project and Tianjin Xiqing Project, covering an area of approximately 181,900 square meters in aggregate, were put into operation, among which, a total area of approximately 33,400 square meters of cold storage warehouses has undergone intelligent transformation and commenced operations, enhancing customers' storage space utilization rates and inventory turnover efficiency while significantly reducing labor costs.

The cold storage warehouse of Shenzhen Liguang Project, currently with an operating area of approximately 58,200 square meters, has commenced operations gradually since the second half of 2023. The project is intended to be developed into an ecological, intelligent, innovative benchmark demonstration project. Currently, the project has successfully attracted restaurant chain and supermarket retail customers such as Walmart, Tyson Foods and Lacesar.

The transformation from a dry warehouse into a cold storage warehouse of Shanghai Minhang Project was completed and passed inspection and acceptance procedures. Commenced operations in December 2023, its cold storage warehouse has an area of approximately 52,000 square meters after the transformation, and has successfully attracted multiple pharmaceutical and logistics customers.

In June 2023, the Group successfully acquired the land parcel for the cold chain project at the airport of Nanjing. The planned cold storage warehouse area is approximately 33,000 square meters, and construction has already commenced. The inspection and acceptance procedures is expected to be completed by the end of 2024.

In 2020, the Group completed the strategic investment in Hubei Prolog Technology Group Co., Ltd. ("Prolog"), a leading enterprise specializing in intelligent warehouse system integration. Prolog's performance in recent years has been growing steadily, and it is currently advancing the relevant works for its IPO application. The Group has been proactively enhancing post-investment synergies by collaborating with Prolog to explore the upgraded application of intelligent logistics technology within the park ecosystem, and jointly seeking the newfound value that technology brings to warehousing and logistics hubs. The Group collaborated with Prolog to complete the intelligent transformation of certain warehouses in Shijiazhuang Zhengding Project, among which, the intelligent pharmaceutical warehouse has achieved real-time visualized control of temperature and humidity, and is being developed as a leading shared intelligent warehouse for the pharmaceutical industry.

In 2021, the Group became the third-largest shareholder of China Comservice Supply Chain Co., Ltd. ("China Comservice"), a subsidiary of China Communications Services Corporation Limited, which ranks first in the domestic telecommunication logistics industry by market share. China Comservice is the only integrated logistics enterprise with a "5A" qualification in China's telecommunications industry. The parties have conducted preliminary studies and researched the feasibility of cooperating on projects in different cities. Looking forward, the companies will complement one another in various respects to achieve win-win results by jointly developing high-end logistics value-added services in emerging industries such as information technology, communications and data centers. In 2023, the Group signed a comprehensive cooperation agreement with China Telecom Corporation Limited, the parent company of China Comservice. With the aim of working towards developing complementary advantages and win-win cooperation, the companies will leverage their respective core competitive advantages and actively seek collaboration in areas such as telecommunications, logistics supply chains, dual-carbon goal and new energy.

To implement its intelligent logistics development strategy, the Group joined hands with Shenzhen Airport Co., Ltd. and Shenzhen Capital Holdings Co., Ltd. to establish the Intelligent Airport Logistics Industry Fund in 2021. As one of the founders of the investment fund, the Group actively promotes its operation and seeks potential high-quality targets in sectors such as cold chain logistics and new energy vehicle logistics and will continuously keep abreast of their relevant developments. As at 30 June 2024, the Group has received an accumulated dividend income of approximately RMB5.05 million from the fund.

II. Marine Container Logistics Integrated Information Service

EDI Co.

Shenzhen EDI Co., Ltd. ("EDI Co."), a subsidiary of the Company, focuses on empowering the container transportation industry with digital technologies, has become a cross-border logistics supply chain digital service platform with the functions of "cargo operation platform + logistics transaction platform + container operation platform". EDI Co. has created the largest container transport SAAS public service platform in Southern China, and has also developed and operated EDI Co.'s network information exchange platform for Shenzhen Port. During the Period, EDI Co. has been continuously advancing both fundamental and innovative maritime businesses. The market share of EDI Co. and EIR maritime fundamental services in Shenzhen remained stable, and EDI Co. successfully secured the bid for the "2024 Shenzhen Port Container Transportation Document Exchange and Port External Yard Container Reservation Service Project". Meanwhile, EDI Co. continues to undertake the operation and maintenance of the China (Shenzhen) International Trade Single Window to provide foreign trade enterprises in Shenzhen with convenient and efficient online import and export customs clearance services.

FINANCIAL ANALYSIS

Revenue

For the six months ended 30 June

	2024 HK$'000	2023 HK$'000	Increase/ (Decrease)
Logistics Parks in Greater Bay Area	**271,190**	270,751	–
Logistics Parks in Other Regions of the PRC	**473,358**	485,015	(2%)
Sub-total of Logistics Park Business	**744,548**	755,766	(1%)
Logistics Services Business	**137,467**	169,613	(19%)
Total	**882,015**	925,379	(5%)

Profit Attributable to Shareholders

For the six months ended 30 June

	2024 HK$'000	2023 HK$'000	Increase/ (Decrease)
Logistic Parks in Greater Bay Area	**(90,757)**	121,755	N/A
Logistics Parks in other Regions of the PRC	**653,453**	268,062	144%
Sub-total of Logistics Parks Business	**562,696**	389,817	44%
Logistics Services Business	**(35,273)**	2,641	N/A
Total	**527,423**	392,458	34%

During the Period, total revenue from the logistics businesses amounted to approximately HK$882 million, representing a decrease of 5% as compared to the corresponding period of the previous year (excluding the impact of exchange rate, maintained at a similar level with that of the previous year). Profit attributable to shareholders increased by 34% as compared to the corresponding period of the previous year to approximately HK$527 million.

During the Period, revenue from the logistics parks business was approximately HK$745 million, which remained relatively stable as compared to the corresponding period of the previous year. During the Period, losses in the fair value of certain logistics hub projects and the fact that certain newly operating logistics hub projects were still at the incubation stage, impacted the growth in profit of the logistics park business. However, benefiting from the Group's completion of transfer of two logistics hub projects to the ChinaAMC-Shenzhen International REIT, profit attributable to shareholders increased by 44% as compared to the corresponding period of the previous year to approximately HK$563 million.

During the Period, revenue from the logistics services business decreased by 19% as compared to the corresponding period of the previous year to approximately HK$137 million, mainly due to the Group's continuous adjustments to the relevant business structure to adapt to changes in the economic environment and to reduce risks. Due to the adjustments in the business structure and the increase in depreciation and amortization expenses caused by the commissioning of new intelligent and cold chain projects, loss attributable to shareholders for the logistics services business was approximately HK$35.27 million.


4 SZI Western Logistics Park (Shenzhen)


5 SZI Kanghuai E-commerce Center (Shenzhen)


6 Shenzhen Liguang Project


7 Shenzhen Pingshan Project

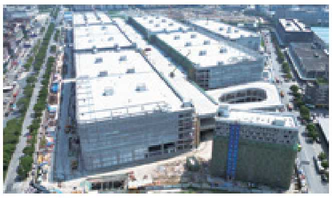

8 Shenzhen Pingshan East Project


9 Shenzhen Yantian Project


10 Zhongshan Torch Project


11 Zhaoqing Gaoyao Project#


12 Foshan Nanhai Project


13 Foshan Shunde Project


14 Foshan Gaoming Project#

Conceptual rendering

As at 30 June 2024, details of the Group's major logistics projects in the Greater Bay Area are shown as follows: *(continued)*

	No.	Project name	Location	Planned site area* (0'000sq.m.)	Acquired site area (0'000sq.m.)	Area in operation (Gross floor area) (0'000sq.m)	Commencement date/Expected commencement date of the operation of the first phase of the project** (year.month)
	4	SZI Western Logistics Park (Shenzhen)▲	Linhai Road, Nanshan District, Shenzhen	N/A	N/A	9.1	2003
	5	SZI Kanghuai E-commerce Center (Shenzhen)▲	Ping'an Road, Guanlan Sub-district, Longhua District, Shenzhen	N/A	N/A	14.3	2018.01
SZI Intelligent Logistics Hubs	6	Shenzhen Liguang	Liguang Village, Guanlan Sub-district, Longhua District, Shenzhen	4.5	4.5	21.7	2023.07
	7	Shenzhen Pingshan	Eastern Lanzhu Road, Longtian Sub-district, Pingshan District, Shenzhen	12	12	–	2024
	8	Shenzhen Pingshan East	Jinhui Road, Kengzi Sub-district, Pingshan District, Shenzhen	26.7	26.7	9.4	2023.09
	9	Shenzhen Yantian	First Phase of Yantian Comprehensive Bonded Zone, Yantian District, Shenzhen	3.2	3.2	9.1	2024.03
	10	Zhongshan Torch	Zhongshan Torch Hi-Tech Industry Development Zone, Zhongshan	5.8	5.8	6.6	2019.09
	11	Zhaoqing Gaoyao	Jinli Town, Gaoyao District, Zhaoqing	10	10	–	2026
	12	Foshan Nanhai	Nanhai District, Foshan	7.6	7.6	–	2024
	13	Foshan Shunde	Shunde District, Foshan	20	20	–	2025
	14	Foshan Gaoming	Gaoming District, Foshan	15.7	15.7	–	2025
		Total		**245.3**	**245.3**	**80.7**	

Notes:
* *Planned site areas represent the site areas as shown in the agreements establishing the projects with local governments. Actual site and gross floor areas are subject to various factors and consequential adjustment.*
** *Expected commencement dates of operation are estimates and are subject to updates according to construction progress.*
@ *the Group has obtained operation rights in respect of land with a site area of 900,000 square meters at Shenzhen International Integrated Logistics Hub Center, and has successfully secured the land use rights of approximately 334,000 square meters for the space above the overhead floor of the project in June 2023.*
^ *the phase I of the SZI South China Logistics Park (Shenzhen) is currently undergoing the transformation into a digital economic park under the overall planning of the Shenzhen Municipal Government, the logistics business has ceased operations in the first half of 2024. As of 30 June 2024, the Group has transferred approximately 173,000 square meters of land. The area in operation listed here does not include the operational area of "SZI South China Digital Valley", the phase II of the SZI South China Logistics Park (Shenzhen).*
▲ *Management service project*


9 Wuxi Jiangyin Project


10 Suzhou Kunshan Project


11 Suzhou Xiangcheng Project


12 Nanjing Jiangning Project#


13 Jurong Project#


14 Xuzhou Project

15 Nantong Project


16 Huai'an Project#


17 Taizhou Project#


18 Hefei Feidong Project


19 Hefei Feixi Project


20 Tianjin Binhai Project


21 Tianjin Xiqing Project


22 Shijiazhuang Zhengding Project


24 Wuhan Dongxihu Project


25 Wuhan Caidian Project


26 Wuhan Huangpi Project#


27 Nanchang Jingkai Project


28 Nanchang Changbei Project#


29 Changsha Project

No project picture for No.23 (Shijiazhuang Yuanshi Project)


30 Xiangtan Project


31 Yueyang Project


32 Guizhou Longli Project


33 Guiyang Xiuwen Project#


34 Chongqing Shuangfu Project


35 Chongqing Shapingba Project


36 Kunming Project


37 Chengdu Qingbaijiang Project

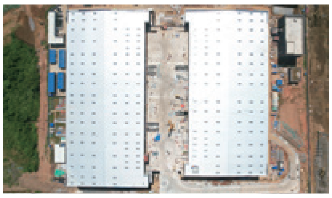

38 Chengdu Wenjiang Project#


39 Nanning Jingkai Project#


40 Zhanjiang Project


41 Hainan Yangpu Project


42 Hainan Chengmai Project


43 Haikou Gaoxin Project


44 Zhengzhou Erqi Project


45 Zhengzhou Xinzheng Project


46 Yantai Project


47 Xi'an Project


48 Taiyuan Project#


49 Shenyang Project

Conceptual rendering

As at 30 June 2024, details of the Group's major logistics projects in other regions of the PRC are shown as follows:

	No.	Project name	Location	Planned site area* (0'000sq.m.)	Acquired site area (0'000sq.m.)	Area in operation (Gross floor area) (0'000sq.m)	Commencement date/Expected commencement date of the operation of the first phase of the project** (year.month)
SZI Logistics Hubs		**Zhejiang Region**					
	1	Hangzhou♦	Hangzhou Dajiangdong Industrial Cluster, Hangzhou	Phase I: N/A Phase II: N/A	Phase I: N/A Phase II: N/A	Phase I: 21.3 Phase II: 24.3	2017.11
	2	Ningbo	Ningnan Trade and Logistics Park, Ningbo	19.4	9.2	5.7	2018.01
	3	Jinhua Yiwu	Yunxi Village under the jurisdiction of Choucheng Sub-district, Yiwu, Jinhua	44	41.7	55.9	2020.12
	4	Jinhua Jingkai	Jinhua Economic and Technological Development Zone, Jinhua	13.6	–	–	–
	5	Wenzhou	Longgang City, Wenzhou	13.9	13.9	–	2025
		Jiangsu and Anhui Region					
	6	Shanghai Qingpu	Huaxin Town, Qingpu District, Shanghai	2.3	2.3	3	2019.09
	7	Shanghai Minhang	Zhuanqiao Town, Minhang District, Shanghai	3.5	3.5	5.2	2021.09
	8	Wuxi Huishan	Huishan District, Wuxi	34.7	24.6	12	2017.01
	9	Wuxi Jiangyin	Jiangyin Lingang Economic and Technological Development Zone, Wuxi	13.3	13.3	11.3	2023.10
	10	Suzhou Kunshan	Lujia Town, Kunshan, Suzhou	11.7	11.7	9.6	2016.06
	11	Suzhou Xiangcheng	International Logistics Park, Wangting Town, Xiangcheng District, Suzhou	3.3	3.3	1.9	2020.12
	12	Nanjing Jiangning	Jiangning District, Nanjing	3.2	3.2	–	2025
	13	Jurong	New North Town, Jurong	40	13.1	–	2026
	14	Xuzhou	Xuzhou National Hi-Tech Industrial Development Zone, Xuzhou	14	13.3	7.2	2021.04
	15	Nantong	Haimen Industrial Park, Nantong	15.2	15.2	12.9	2021.01
	16	Huai'an	Huai'an Economic and Technology Development Zone, Huai'an	11.1	–	–	–
	17	Taizhou	Dasi Town, Gaogang District, Taizhou	8.8	8.8	–	2025
	18	Hefei Feidong♦	Anhui Hefei Commercial and Logistics Development Zone, Feidong County, Hefei	N/A	N/A	9.3	2016.01
	19	Hefei Feixi	Feixi County, Hefei	42.2	42.2	19.1	2022.05
		Beijing-Tianjin-Hebei Region					
	20	Tianjin Binhai	West Wing of Tianjin Development Zone, Tianjin	6	6	3.3	2019.01
	21	Tianjin Xiqing	Yangliuqing Town, Xiqing District, Tianjin	11.6	11.6	7.8	2021.09
	22	Shijiazhuang Zhengding	Zhengding County, Shijiazhuang	46.7	31	7	2017.07
	23	Shijiazhuang Yuanshi	Yuanshi County, Shijiazhuang	14.4	–	–	–

As at 30 June 2024, details of the Group's major logistics projects in other regions of the PRC are shown as follows: *(continued)*

	No.	Project name	Location	Planned site area* (0'000sq.m.)	Acquired site area (0'000sq.m.)	Area in operation (Gross floor area) (0'000sq.m)	Commencement date/Expected commencement date of the operation of the first phase of the project** (year.month)
SZI Logistics Hubs		**Central China**					
	24	Wuhan Dongxihu	Dongxihu District, Wuhan	13.3	12.6	6.3	2016.01
	25	Wuhan Caidian	Changfu Logistics Park, Caidian District, Wuhan	26.7	12.9	11.7	2022.03
	26	Wuhan Huangpi	Huangpi District, Wuhan	6.7	6.8	–	2026
	27	Nanchang Jingkai♦	Nanchang Economic and Technological Development Zone, Nanchang	N/A	N/A	8.7	2017.06
	28	Nanchang Changbei	Nanchang Integrated Bonded Zone	15.7	15.6	–	2025
	29	Changsha	Jinxia Economic Development Zone, Changsha	34.7	29.8	22.7	2018.01
	30	Xiangtan	Yuetang Economic Development Zone, Xiangtan	10.2	10	–	2024
	31	SZI Intelligent Logistics Hub (Yueyang)▲	New Port Area, Chenglingji District, Yueyang	N/A	N/A	5.2	2020.01
		Southwestern Region					
	32	Guizhou Longli♦	Shuanglong Modern Service Industrial Cluster, Guizhou	N/A	N/A	14.2	2018.05
	33	Guiyang Xiuwen	Zhazuo Industrial Park, Xiuwen Economic Development Zone, Guiyang	20	20.6	–	2026
	34	Chongqing Shuangfu	Shuangfu New District, Jiangjin District, Chongqing	15.7	10.4	5.8	2019.12
	35	Chongqing Shapingba	Shapingba District, Chongqing	14.6	14.6	11.6	2021.09
	36	Kunming	Yangzonghai Scenic Area, Kunming	17.2	17.2	11.9	2020.01
	37	Chengdu Qingbaijiang	International Railway Logistics Park, Qingbaijiang District, Chengdu	12.9	12.5	12.6	2021.1
	38	Chengdu Wenjiang	Wenjiang District, Chengdu	6.7	6.7	–	2025
	39	Nanning Jingkai	Nanning Economic and Technological Development Zone	10	10	–	2026
		Southern Region					
	40	Zhanjiang	Mazhang District, Zhanjiang	20	11	–	2024
	41	Hainan Yangpu▲	Yangpu Economic Development Zone, Danzhou City, Hainan Province	N/A	N/A	9.4	2024.03
	42	Hainan Chengmai	Jinma Modern Logistics Center, Chengmai County, Hainan	6.3	6.3	6.5	2024.03
	43	Haikou Gaoxin	Gaoxin District, Haikou	6.7	6.7	–	2025

As at 30 June 2024, details of the Group's major logistics projects in other regions of the PRC are shown as follows: *(continued)*

	No.	Project name	Location	Planned site area* (0'000sq.m.)	Acquired site area (0'000sq.m.)	Area in operation (Gross floor area) (0'000sq.m)	Commencement date/Expected commencement date of the operation of the first phase of the project** (year.month)
SZI Logistics Hubs		**Northern Region**					
	44	Zhengzhou Erqi	Mazhai Industrial Cluster, Erqi District, Zhengzhou	11	11	11.7	2022.12
	45	Zhengzhou Xinzheng	Xinzheng District, Zhengzhou	49.7	49.7	21.5	2022.05
	46	Yantai	Yantai Economic and Technological Development Zone, Yantai	6.9	6.9	2.9	2008.06
	47	Xi'an	Xi'an National Civil Aerospace Industrial Base, Xi'an	12	12	9.3	2020.08
	48	Taiyuan	Xiaohe Industrial Park, Xiaodian District, Taiyuan	12.7	12.7	–	2025
	49	Shenyang	Shenyang International Logistics Park, Yuhong District, Shenyang	70	24.1	24.2	2016.04
		Total		**772.6**	**588.0**	**413.0**	

Notes:

* *Planned site areas represent the site areas as shown in the agreements establishing the projects with local governments. Actual site and gross floor areas are subject to various factors and consequential adjustment.*

** *Expected commencement dates of operation are estimates and are subject to updates according to construction progress.*

◆ *Projects injected into funds:*

(i) SZI Logistics Hub (Nanchang Jingkai), SZI Logistics Hub (Hangzhou Phase II), SZI Logistics Hub (Hefei Feidong): held by Shenshi Fund, a joint venture held by the Group as to 40% equity interest; and

(ii) SZI Logistics Hub (Hangzhou Phase I) and SZI Logistics Hub (Guizhou Longli): held by ChinaAMC-Shenzhen International REIT, in which the Group holds 30% of the total units.

The Group retains the rights to operate and manage the above logistics hubs, providing professional services such as operational maintenance and will continue to charge service fees.

▲ *Management service project*

LOGISTICS PARK TRANSFORMATION AND UPGRADING BUSINESS

OVERVIEW

Seizing the unprecedented opportunities of China's urbanization, the Group is proactively driving the transformation of its logistics park projects in the centers of key cities such as Shenzhen. Through the upgrading, transformation, development and operation of its logistics park projects, the Group is dedicated to implementing a long closed-loop business model of "Investment, Construction, Operation and Transformation". The Group's logistics park transformation and upgrading projects maximize the value of relevant assets and their investment returns, which in turn provide long-term support for the Group's business development and performance, contributing substantial returns to the shareholders of the Company.

The transformation and upgrading of the logistics parks involve certain real estate development projects, which are currently only being carried out in the core area of Shenzhen. "Shenzhen International P&M" is the Group's management platform for its logistics park transformation and upgrading business and its integrated asset development and operation.

ANALYSIS OF OPERATING PERFORMANCE

SZI Qianhai Project ("Qianhai Project")

The Qianhai Project has successfully implemented the long closed-loop "Investment, Construction, Operation and Transformation" development model. As a result of the land consolidation and preparation in Qianhai, the Group was compensated through a land swap from which it received land parcel with a total site area of approximately 120,000 square meters and a total gross floor area of approximately 390,000 square meters (comprising residential area of approximately 190,000 square meters and apartment area of approximately 25,000 square meters), which is valued at RMB8,373 million under the new land use arrangement. The appreciation of the land value represents the initial benefit derived from the land consolidation and preparation in Qianhai. With the gradual development of the swapped land parcels and the release of completed properties to the market, the Qianhai Project generated a profit before tax over six instances at a total of approximately RMB14,219 million over the past few years, supporting the steady growth of the Group's financial performance. The Qianhai Project has provided the Group with valuable experience and laid a solid foundation for the seamless execution of its forthcoming transformation and upgrading initiatives.

The Qianhai Project will be further developed into Shenzhen International Qianhai Industrial-City Complex, integrating an industrial digital economy town with modern and complementary residential amenities that will facilitate the development of Qianhai through the promotion of industrial upgrading, resource aggregation and functional integration, fostering resource integration in industrial and urban areas.

As at 30 June 2024, the profits generated by the Qianhai Project are as follows:

Income Category	Period	Item	Area (square meters)	Profit before tax (RMB million)
Land Appreciation	2017-2020	Land consolidation and preparation	120,200[(1)]	**8,373**
Development Profit	2021	Residential project in the first phase – Parkview Bay	51,000[(2)]	724
	2022	Capital increase of the project company	–	2,487
	2023	Residential project in the second phase – Yicheng Qiwanli	51,000[(3)]	2,635
				5,846
Operating Profit	From the second half of 2021	Office project in the first phase – Yidu Building	35,000[(4)]	rental income

Notes:

(1) 120,200 square meters of swapped land parcels in Qianhai Project.

(2) Residential project in the first phase of Qianhai Project – Parkview Bay has a gross floor area of 51,000 square meters.

(3) Residential project in the second phase of Qianhai Project – Yicheng Qiwanli has a gross floor area of 51,000 square meters.

(4) Office project in the first phase of Qianhai Project – Yidu Building has a gross floor area of 35,000 square meters.

Residential Projects

Yicheng Qiwanli is a residential project developed and operated solely by the Group, with a plot ratio-based gross floor area of approximately 65,000 square meters, comprising a residential gross floor area of approximately 51,000 square meters and a commercial gross floor area of approximately 6,000 square meters. The project was completed and delivered in December 2023.

Yicheng Zhenwanyue is a residential project jointly developed by the Group and a renowned property developer, with the Group holding 50% equity interest. The phase I of the project, encompassing residential area of approximately 40,000 square meters and commercial area of approximately 3,400 square meters, was sold out in 2023 and is expected to be delivered by the end of 2024. The phase II of the project has a plot ratio-based gross floor area of approximately 80,000 square meters, comprising residential area of approximately 50,000 square meters, apartment area of approximately 25,000 square meters and commercial area of approximately 5,000 square meters. The pre-sale of the residential part began in April 2023. As at 30 June 2024, the project was 99% sold out and it is expected to be delivered in 2025.

Commercial and Office Project

As for the commercial part, the Group and SCPG (印力集團) have harnessed their respective strengths to jointly create a unique boutique commercial project known as "Qianhai Yinli" in Mawan area of Qianhai. Qianhai Yinli has a total gross floor area of approximately 25,000 square meters. As a slow-paced, courtyard-style neighborhood of a type rarely found in Qianhai and Shenzhen, the project integrates a digitalized lifestyle with a superior quality of life, culture and arts, and social interactions. The project officially commenced operation in September 2022. As at 30 June 2024, the project had attained an overall occupancy rate of approximately 65%.

As for the office part, the Group jointly managed and operated "SZI Properties (Shenzhen Yidu Building)" with China Center for Information Industry Development ("CCID"), an enterprise directly controlled by the Ministry of Industry and Information Technology. In May 2022, Yidu Building obtained the LEED-CS Platinum certification from the U.S. Green Building Council, signifying the project's status as one of the world's top green office buildings. The total gross floor area of Yidu Building is approximately 35,000 square meters. Capitalizing on the unique geographical location and policy advantages of Qianhai in the Greater Bay Area, the project fully leverages the Group's wealth of expertise in supply chain management and the CCID'S extensive information technology service capabilities. It focuses on the development of supply chain services and intelligent manufacturing services, with the goal of fostering in-depth integration of the digital and real economies in the Greater Bay Area and countries/regions that are part of the "Belt and Road Initiative". Since its launch in July 2021, Yidu Building has positioned itself as an artificial intelligence of things+ (AIoT+) ecological courtyard with industrial operation services, successfully attracting a variety of digital economy enterprises as tenants. As at 30 June 2024, the project had an occupancy rate of approximately 80% with all contracted customers being high-potential digital economy enterprises. This resulted in the creation of an industry cluster with a 100% concentration rate, ranking first in Qianhai in terms of industry concentration for the digital economy and the project has been recognized by the Qianhai Administrative Bureau of Shenzhen Municipality as an industrial carrier for fostering industry agglomeration for two consecutive years.

In addition, the Group owns two separate land parcels in Qianhai, which are designated for office and commercial uses. These land parcels have an aggregate plot ratio-based gross floor area of approximately 92,000 square meters, comprising office gross floor area of approximately 79,000 square meters, commercial gross floor area of approximately 12,000 square meters and community service center with a gross floor area of approximately 1,000 square meters. Given that the two sites are situated within the bonded area, the Group is currently in discussion with relevant departments of the Shenzhen Municipal People's Government regarding related land swap and development issues.

SZI South China Logistics Park Transformation Project

With the advancement of the regional economic integration strategy, the coordinated development of the Greater Bay Area has become more interconnected with metropolitan areas stepping into a fast track of high-quality development. Against this backdrop, Shenzhen, as the core engine city of the Greater Bay Area, has taken the lead in embarking on a phase of significant transformation and upgrading. Pushing forward the high-quality transformation and upgrading of the SZI South China Logistics Park, which is located in the central axis and core node of Shenzhen, and transforming it into a "South China Digital Economy Super Headquarters Base", reflects the Group's steadfast commitment to pursuing high-quality development. This represents a major attempt of the Group in exploring the long closed-loop business model of "Investment, Construction, Operation and Transformation". The Group entered into the "Land Consolidation and Preparation Supervision Agreement" with Shenzhen Longhua City Renewal and Land Development Bureau, Longhua Administration of Planning and Natural Resources Bureau of Shenzhen Municipality, and Shenzhen Longhua Minzhi Subdistrict Office in October 2023 for the consolidation and preparation of approximately 530,000 square meters of land for phase I of SZI South China Logistics Park. The project will be implemented by way of reservation of land and monetary compensation.

In the first half of 2024, the transformation and upgrading of the phase I of SZI South China Logistics Park made a series of progress, with all tasks being carried out in an orderly manner. In particular, the transformation and upgrading efforts of SZI South China Logistics Park have received tremendous government support and are being advanced as one of the first pilot projects for the implementation of land consolidation and preparation reform. The successful auction of the first parcel of land reclaimed by the government through land consolidation and preparation process, and the successful attraction of a number of large scale state-owned enterprises, has provided a reference value for the reserved land of the project. As one of the first key "Concentrated Contiguous Land Projects" in Shenzhen, it has participated in global investment solicitation, anchoring a new position as the "Central International Engineering Design Headquarters Economic Cluster" (中部國際工程設計總部經濟集聚區). In the future, land function of the park will be transformed and upgraded from logistics and warehousing to a comprehensive land parcel focusing on the digital economy industry and supporting high-end commercial and residential functions. The Group will gradually develop, construct, and operate the park by reserving land in phases in accordance with the new planned function, thereby generating profits and contributing to the returns of shareholders.

SZI South China Digital Valley is the Phase II of SZI South China Logistics Park, which covers a site area of approximately 62,000 square meters and a gross floor area of approximately 200,000 square meters. Aligning with Longhua District's "Digital Longhua" development strategy, the project focuses on the digital economy and targets enterprises in four key areas including artificial intelligence, 5G technology, industrial internet and software and information. The project aims at attracting industry leading enterprises to the park, promoting the integration of regional industries and the city, empowering regional development with the digital industry and injecting new momentum into regional economic development.

SZI South China Digital Valley was developed and constructed in two stages. The first stage was put into operation in December 2021 with an occupancy rate of approximately 76% as at 30 June 2024. Meanwhile, the second stage has been officially put into operation in March 2024.

SZI Intelligent Logistics Hub (SZ Pingshan East)

The Shenzhen Pingshan East project covers a site area of approximately 267,000 square meters and is primarily used as Walmart's logistics and distribution center in Shenzhen. In line with the strategy of "developing real economy, strengthening manufacturing industry, striving for new quality productive forces" advocated by the Shenzhen Municipal People's Government, the Group will actively promote the transformation and upgrading of Shenzhen Pingshan East project, taking into account factors such as the project's surroundings, comprehensive land development potential, and transportation capacity, so as to achieve a new model of in-depth integration between the "Multi-storey Logistics" and manufacturing industry. The Group intends to establish an industrial park that integrates "Production, Living and Ecology" as planned, to meet world-class standards, with emphasis on high quality, low costs, excellent services with comprehensive facilities and fully furnished equipment. The Group endeavors to transform the project into a pilot benchmark initiative for "Multi-storey Warehouses + Multi-storey Factories" in Shenzhen.

FINANCIAL ANALYSIS

Revenue and Profit Attributable to Shareholders
For the six months ended 30 June

	2024 HK$'000	2023 HK$'000	Increase/ (Decrease)
Revenue	**63,117**	33,519	88%
(Loss)/Profit attributable to Shareholders	**(138,802)**	(31,206)	345%

During the Period, revenue from the logistics park transformation and upgrading business increased by 88% as compared to the corresponding period of the previous year to approximately HK$63.12 million, primarily due to the full operation of SZI South China Digital Valley, which contributed new revenue. However, due to factors such as fair value losses of certain projects and increased operating expenses, the loss attributable to shareholders amounted to approximately HK$139 million, as compared to approximately HK$31.21 million in the corresponding period of the previous year.

PORT AND RELATED SERVICES BUSINESS

OVERVIEW

The port business is a crucial segment of the Group's "Four Growth Engines" strategic framework which encompasses "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure". Leveraging its "Port Connection Action" strategy, the Group has established two integrated river-sea transportation hub ports (Nanjing Xiba Port and Jiangsu Jingjiang Port), a demonstration project for port-industry-city integration (Henan Shenqiu Port), a regional distribution port (Jiangxi Fengcheng Port) and a port supply chain service platform that facilitates seamless connectivity between light and heavy assets. This strategic layout aims to establish twin-star demonstration ports along the Yangtze River, promote investments and mergers, strengthen inter-regional ports and the supply chain business synergy and cooperation, and achieve a new pattern of differentiated and complementary development.

Adhering to the principle of "mergers and acquisitions as the main focus, and supplemented by new construction", and with the ongoing implementation of its "Port Connection Action" strategy and integration of both asset-light and asset-heavy models, the Group aims to fulfill the spin-off listing requirements for its port segement during its "14th Five-Year" development plan period. The Group will reinforce and enhance the core competitiveness of its port sector with the aim of becoming a competitive port operator by expanding its asset-heavy port project investment, developing its asset-light supply chain business, and promoting the amalgamation of both upstream and downstream resources in the industry chain.

ANALYSIS OF OPERATING PERFORMANCE

In the first half of 2024, the Group made significant strides in its "Port Connection Action" strategy, establishing Nanjing Xiba Port and Jiangsu Jingjiang Port as sea-river transshipment hub ports, with Henan Shenqiu Port and Jiangxi Fengcheng Port serving as distribution ports, further enhancing the core competitiveness and sustainable development of the Group's port segment. Capitalizing on its abundant port resources, the Group continued to extend the industry chain of its port operations, strengthening the synergies and coordinations among its projects. Simultaneously, significant progress has been made in advancing the transformation and upgrading of the port segment towards a modernized ports characterized by green, intelligent, efficient and safe operations through the application of modern technologies.

SZI Port (Nanjing Xiba)

Nanjing Xiba Port, in which the Group holds 70% equity interest, is located in the New Materials Industrial Park in Jiangbei New District, Nanjing. It commenced operation in 2010 and is a key port in Nanjing, which is designed and built for sea-river inter-modal transportation and rail-water multi-modal transportation. It is also the only general bulk cargo terminal in the northern Yangtze River at Nanjing Port for vessels with a tonnage over 10,000 tonnes. With the capability of providing various services such as unloading, loading, lightering, train loading and unloading, and warehousing. The Nanjing Xiba Port currently operates a general bulk cargo terminal with a tonnage of 50,000 tonnes, two general bulk cargo terminals each with a tonnage of 70,000 tonnes, and two general bulk cargo terminals each with a tonnage of 100,000 tonnes. It also has depots with an area of approximately 400,000 square meters that are connected to the port area by a rail link, and has unique regional advantages and suitability for integrated river-sea, rail-water and road-water transportation.

In the first half of 2024, the operation of Nanjing Xiba Port continued to face challenges amidst the market environment of weakened end-demand and heightened competition in the port industry on similar services. Nonetheless, Nanjing Xiba Port persistently improved its on-site management capabilities, extensively catered to the demand of its key customers to boost its volume and efficiency, and has made commendable advancements in business expansion and elevating customer satisfaction. The business volume of the Nanjing Xiba Port continued to rank first among 11 peer ports along the Yangtze River in the first half of 2024. A total of 225 seagoing vessels berthed at Nanjing Xiba Port, with a total throughput of approximately 17.79 million tonnes, of which approximately 2.37 million tonnes were transported onwards by rail.

SZI Port (Jiangsu Jingjiang)

Jiangsu Jingjiang Port, in which the Group holds 70% equity interest, is located in the Economic Development Zone of Jingjiang. With two main berths for vessels of 100,000 tonnes each (with hydraulic structure for vessels of 150,000 tonnes) along the Yangtze River and five lakeside inland berths for vessels of 1,000 tonnes each (with hydraulic structure for vessels of 3,000 tonnes). The Jiangsu Jingjiang Port occupies 1,090 meters of the shoreline and has an annual throughput of 45 million tonnes when fully completed. It primarily handles commodities such as coal, petroleum coke, ore and construction materials, capable of accommodating 50,000-tonne-class vessels for continuous berthing and 100,000-tonne-class vessels for unloading or berthing during strong tides. As a bulk cargo port with relatively large berths along the Yangtze River mainline, Jiangsu Jingjiang Port is committed to becoming a top-notch green, intelligent, efficient and safe sea-river intermodal hub port, serving as an energy storage and distribution center and a comprehensive trading center in the PRC, supporting the realization of the functions of the Jingjiang National Coal Reserve Base.

Being named a "major project of Jiangsu Province" for two consecutive years in 2022 and 2023, the construction of Jiangsu Jingjiang Port is pivotal to increasing the Group's market share in the port segment and developing its high quality "Port Connection Action" strategy. Commenced operation since December 2023, Jiangsu Jingjiang Port consistently enhances its operational efficiency, leveraging its efficient and intelligent management systems and operating processes. In the first half of 2024, a total of 69 vessels berthed at the port, facilitating a throughput of approximately 5.6 million tonnes.

As the flagship initiative for the Group's digital transformation of ports, Jiangsu Jingjiang Port is dedicated to constructing a "Smart Green Port". Through the implementation of intelligent customized systems, fully-enclosed greenhouse yards, comprehensive rooftop photovoltaic systems and advanced shore power systems, Jiangsu Jingjiang Port has successfully achieved its goal of building a "nearly zero-carbon green port". These efforts have significantly enhanced the per capita productivity of the port and strengthened its competitiveness in attracting customers. Furthermore, it has optimized port service quality, facilitated "zero-distance" data exchange with customers, attracted high-value key customers and enhanced customer loyalty, laying a solid foundation for sustainable development. As a benchmark for the digital and intelligent transformation of ports, the successful experience and model of this project will be replicated and promoted, thereby driving the digital transformation of the entire port segment and achieving progressive development.

SZI Port (Henan Shenqiu)

Henan Shenqiu Port, in which the Group holds 52% equity interest, is located along the Shaying River in Shenqiu County, Zhoukou of Henan Province. It enjoys significant waterways advantages and serves as an important water transportation hub on the new sea route from the central plains of China. It is also a supporting project for Henan Angang Zhoukou Iron and Steel Co., Ltd., a steel company with annual production capacity of tens of millions of tonnes. Henan Shenqiu Port will be constructed in three phases. It is planned to construct 26 berths for vessels of 1,000 tonnes each along approximately 1,600 meters of shoreline. The port is expected to increase the Group's annual throughput by 30 million tonnes after all berths are put into full operation. Four general-purpose berths with a designed annual throughput of 4.4 million tonnes in the phase I of the Henan Shenqiu Port has commenced operation in March 2023, representing a major milestone in the advancement of the Group's "Port Connection Action" strategy. In the first half of 2024, Henan Shenqiu Port has handled approximately 800,000 tonnes of throughput.

Phases II and III of the project are planned to construct 22 berths and supporting land yards, and the Group is proactively procuring the relevant approval and construction work. The aim of this project is to create a highly efficient, environmentally friendly and advanced bulk cargo terminal that serves as a demonstration project for "Port-industry-city Integration" that radiates regions of Henan and Anhui provinces, and to become a new hub for comprehensive water-to-land exchange between the western coal-producing areas and end users in the middle and lower reaches of the Yangtze River region.

Jiangxi Fengcheng Port

Jiangxi Fengcheng Port, in which the Group holds 20% equity interest, is designed to have 10 berths for bulk carriers in phases of 1,000 tonnes each (with hydraulic structure for bulk carriers of 3,000 tonnes), among which 6 berths with a designed annual throughput of 6 million tonnes occupying 580 meters of the shoreline in the phase I of the project has officially commenced operation in July 2023. Jiangxi Fengcheng Port is an important distribution node along the Gan River, primarily serving sizeable power plants in the region.

Port Supply Chain Business

As for the port supply chain business, the Group capitalized on the resources of these major ports, continued to diversify the port supply chain business and successfully secured stable business growth notwithstanding challenges such as the weak macro-economic recovery, the continuous implementation of the policy to convert all coal supply contracts into long-term contracts and declining coal prices. Through attracting new customers, exploring new types of cargos and broadening the types of transportation in its logistics business, the Group has effectively coped with the challenges of market downturn. At the same time, it has further strengthened its risk management and ensured the healthy development of its business. Furthermore, it has opened up rail links, thereby extending the coverage of its supply chain service strategy, providing customers with one-stop bulk cargo logistics and supply services, and strengthening its competitive edge in the market. In the first half of 2024, the Group expanded its new coal supply chain business in full swing and made sound progress in the expansion of channels in coal resources and petroleum coke. The port supply chain business sustained a healthy growth momentum, countering the sluggish market with an increase in business volume, and achieved further growth in both revenue and profit.

In addition, the port supply chain business has secured premium upstream and downstream customer resources for the Group's newly commissioned port projects, effectively integrating information flow, logistics flow and business flow. During the Period, the port supply chain business has not only introduced approximately 1.4 million tonnes of business volume for the synergistic operations of the Jiangsu Jingjiang Port, but also cooperated with the Henan Shenqiu Port to successfully open a new rail-water intermodal transportation channel for the Shaying River, facilitating commencement of operation of collaborative heavy and light coal rail-water intermodal transportation business. The port supply chain business has effectively promoted the transformation and upgrading of various asset-heavy ports from single loading/unloading transshipment ports to large-scale comprehensive service hub port platforms. At the same time, it has achieved synergistic development between light and heavy assets in the Group's port business, and has supported the Group in establishing a comprehensive logistics service system to provide its customers with comprehensive logistics services.

FINANCIAL ANALYSIS

Revenue and Profit Attributable to Shareholders

For the six months ended 30 June

	2024 HK$'000	2023 HK$'000	Increase/ (Decrease)
Revenue	**1,601,736**	1,325,926	21%
Profit attributable to Shareholders	**43,669**	50,448	(13%)

During the Period, the revenue from the port and related service businesses increased by 21% as compared to the corresponding period of the previous year to approximately HK$1,602 million, primarily benefiting from the growth of port supply chain services. Profit attributable to shareholders decreased by 13% as compared to the corresponding period of the previous year to approximately HK$43.67 million, primarily due to factors such as the intense domestic market competition, the declining gross profit margin in port business and the fact that new projects were still at the incubation stage.

TOLL ROAD BUSINESS

OVERVIEW

The Group's toll road business is managed and operated by Shenzhen Expressway, a subsidiary in which the Company holds approximately 52% equity interest and whose H shares and A shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively. The Group currently has invested in and operated a total of 16 expressway projects across the PRC, which are mainly located in Shenzhen, the Greater Bay Area, and other economically developed regions, with favorable geographical advantages. The total toll length of the controlling interest in the toll roads operated or invested in by the Group in Shenzhen, other regions in Guangdong Province and other provinces in the PRC were approximately 191 km, 350 km and 72 km, respectively.

ANALYSIS OF OPERATING PERFORMANCE

The operating performances of the toll roads operated or invested in by Shenzhen Expressway during the Period are as follows:

Toll roads	Interests held	Toll length (approx. km)	Average daily mixed traffic volume [(1)]: First half of 2024 ('000 vehicles)	Average daily mixed traffic volume [(1)]: Increase/ (decrease) as compared to the corresponding period of 2023	Average daily toll revenue: First half of 2024 (RMB'000)	Average daily toll revenue: Increase/ (decrease) as compared to the corresponding period of 2023
Shenzhen region:						
Meiguan Expressway	100%	5.4	158	(1.2%)	410	0.4%
Jihe East	100%	23.7	297	(5.0%)	1,750	(3.9%)
Jihe West	100%	21.8	209	(1.9%)	1,419	(2.7%)
Shenzhen Coastal Expressway [(2)(3)]	100%	36.6	180	(1.2%)	1,674	2.3%
Shenzhen Outer Ring Project	100%	76.8	297	0.2%	3,072	(2.2%)
Longda Expressway	89.93%	4.4	165	1.5%	426	3.6%
Shuiguan Expressway	50%	20	253	(4.0%)	1,653	(2.1%)
Shuiguan Extension	40%	6.3	59	(6.6%)	188	(10.4%)
Other regions in Guangdong Province:						
Qinglian Expressway	76.37%	216	48	(4.9%)	1,798	(5.6%)
Guangshen Expressway [(4)]	45%	122.8	604	(3.7%)	7,709	0.3%
GZ West Expressway [(4)]	50%	98	253	(3.2%)	3,425	0.6%
Yangmao Expressway	25%	79.8	55	1.4%	2,103	1.1%
Guangzhou Western Second Ring	25%	40.2	91	5.5%	1,323	3.4%
Other provinces in the PRC:						
Changsha Ring Road	51%	34.7	93	0.8%	700	(0.4%)
Nanjing Third Bridge	35%	15.6	38	(3.3%)	1,481	0.8%
Yichang Expressway [(5)]	40%	78.3	54	(13.4%)	1,031	(13.0%)

Notes:

(1) *Average daily mixed traffic volumes exclude toll-free traffic volumes during statutory holiday season toll-free periods. The revenue in the above table is excluded from tax.*

(2) *Shenzhen Coastal Expressway refers to the Shenzhen section of Guangshen Coastal Expressway (Guangzhou to Shenzhen) which has two phases. Phase I of Shenzhen Coastal Expressway, which was completed and commenced operations at the end of 2013, includes the main line of Shenzhen Coastal Project and related facilities. Phase II of Shenzhen Coastal Expressway comprises two parts, namely the International Exhibition & Convention Center interchange and the connecting line on the Shenzhen side of the Shenzhen-Zhongshan Bridge, the two parts of the project under Phase II were completed and opened to traffic in 2019 and on 30 June 2024, respectively.*

(3) *According to the freight compensation agreement entered into by the Transport Bureau of Shenzhen Municipality, Shenzhen Expressway and Shenzhen Guangshen Coastal Expressway Investment Company Limited ("Coastal Company"), trucks traversing the Shenzhen Coastal Expressway were to be charged 50% of the standard toll rates during the period from 1 January 2021 to 31 December 2024. Such tolls waived by Coastal Company was compensated by the government in a lump sum payment in March of the following year.*

(4) *Shenzhen Expressway indirectly holds approximately 71.83% of the shares in Shenzhen Investment Holdings Bay Area Development Company Limited ("Bay Area Development"), which in turn is indirectly entitled to share 50% and 45% of the profits of GZ West Expressway and Guangshen Expressway, respectively.*

(5) *Shenzhen Expressway's equity interest in the Yichang Expressway has been reduced from 100% to 40% since 21 March 2024.*

During the Period, the Group's toll revenue saw a slight decline as compared to the same period last year, primarily due to multiple rounds of severe weather impacting the regions in central and east China and Guangdong Province, as well as an increase of three days in the number of days during which small passenger vehicles were allowed free passage over the statutory holiday compared to the previous year. Furthermore, the operating performance of the toll road projects continued to be affected by industry policies, changes in peripheral competitive or coordinated road networks, as well as factors associated with the ongoing construction or maintenance of the projects themselves.

The performance of the Group's toll road projects in each region during the Period was as follows:

- Due to persistent rainstorms in Shenzhen and other regions of Guangdong Province, the overall operating performance of the Group's toll road projects in these regions has been affected.

- The connecting line on the Shenzhen side of the Shenzhen-Zhongshan Bridge under Phase II of Shenzhen Coastal Expressway was opened to traffic concurrently with Shenzhen-Zhongshan Bridge on 30 June 2024. Shenzhen-Zhongshan Bridge is a core transportation hub in the Greater Bay Area. The successful launch of the connecting line on the Shenzhen side of the Shenzhen-Zhongshan Bridge facilitates the connectivity between Shenzhen-Zhongshan Bridge, Shenzhen Coastal Expressway, Guangshen Expressway, Shenzhen Bao'an International Airport as well as Jihe Expressway, fostering deep integration of Shenzhen with the eastern and western banks of the Pearl River Estuary. This would have a positive impact on the operating performance of the Shenzhen Coastal Expressway and Jihe Expressway, however it would also result in diverting a certain volume of traffic of Shenzhen Outer Ring Project.

- Qingyuan region and the neighboring Hunan region were affected by multiple rounds of extreme weather including heavy rain, snow and freezing temperatures in early 2024. This led the transport authorities to impose traffic controls on the highways, resulting in certain negative impact on the toll revenue of Qinglian Expressway. In addition, ongoing traffic diversion from the Guanglian Expressway (Guangzhou to Lianzhou), along with the opening of the Longtang-Aotou section of the Foshan-Qingyuan-Conghua Expressway ("Foqingcong Expressway") in early 2024 which is currently offering temporary free passage, have further diverted the traffic volume of Qinglian Expressway. As a result of these combined factors, both the average daily traffic volume and toll revenue of Qinglian Expressway declined during the Period.

- Guangshen Expressway is an important express route between Guangzhou and Shenzhen, while GZ West Expressway is an integral part of the ring road within the Pearl River Delta, linking Guangzhou and Zhuhai. During the Period, the operating performances of Guangshen Expressway and GZ West Expressway remained stable. Nevertheless, the opening of Shenzhen-Zhongshan Bridge is expected to result in diversion of certain traffic volume of Guangshen Expressway.

- Yangmao Expressway has benefited from the synergistic interconnection effect following the consecutive openings of the neighboring highways and the positive impact of various government aiming at boosting the tourism economy, its operating performance has remained stable during the Period.

- Guangzhou Western Second Ring experienced certain traffic diversion due to the opening of the Longtang-Aotou section of Foqingcong Expressway. During the Period, the average daily traffic volume and toll revenue of the Guangzhou Western Second Ring remained at roughly the same level as compared to the corresponding period last year.

- Owing to the impact of rain, snow, and freezing disasters in Hunan and Jiangsu Provinces, along with prolonged heavy rainfall, the transport authorities imposed traffic controls on highways, which negatively affected the operating performance of Yichang Expressway, Changsha Ring Road and Nanjing Third Bridge. In addition, the closure of connecting roads for construction work has also adversely impacted the traffic flow of Nanjing Third Bridge. During the Period, Shenzhen Expressway signed an agreement concerning the transfer of its equity interest in the project company of Yichang Expressway, and the related transaction completed on 21 March 2024. As a result, the Group's equity interest in the Yichang Expressway has been reduced from 100% to 40%.

Key Business Development

Shenzhen Outer Ring Project is an integral component of transportation infrastructure in the Greater Bay Area. Once fully connected, it will establish vital connectivity with ten expressways and eight first-class highways in Shenzhen, serving as a crucial conduit for east-west interconnectivity in the northern part of Shenzhen. The Shenzhen Outer Ring Project is being constructed in three phases, of which Phase I and Phase II were completed and opened to traffic on 29 December 2020 and 1 January 2022, respectively, both achieving a commendable operating performance since their opening. The construction work on several contract sections of Phase III of the Shenzhen Outer Ring Project commenced during the Period. Upon completion, it is expected to enhance the Group's core highway assets and maximize the economic and social benefits of the Shenzhen Outer Ring Project as a whole. It will also contribute to increased traffic flows for other toll roads operated or invested in by Shenzhen Expressway by optimizing the configuration of the road network.

The Phase II of Shenzhen Coastal Expressway mainly includes the construction of the International Convention and Exhibition Center interchange and the connecting line on the Shenzhen side of the Shenzhen-Zhongshan Bridge, of which the interchange of the International Convention and Exhibition Center commenced operations in 2019. On 30 June 2024, the connecting line on the Shenzhen side of the Shenzhen-Zhongshan Bridge was opened to traffic concurrently with the Shenzhen-Zhongshan Bridge. Following the full connectivity of Phase II of Shenzhen Coastal Expressway, the interconnectivity of the primary east-west trunk road framework in Shenzhen has been further strengthened, enhancing the overall traffic capacity of Shenzhen's "Eight Horizontal and Thirteen Vertical" road network, which is of significant importance in promoting the economic growth within the Greater Bay Area.

Shenzhen Expressway has planned to invest approximately RMB19,230 million in the reconstruction and expansion project of the section from He'ao to Shenzhen Airport of Shenyang-Haikou National Expressway ("Jihe Expressway R&E Project"). The three-dimensional composite channel model will be adopted for the Jihe Expressway R&E Project. Construction will be divided into ground-level layer and three-dimensional layer, both of which will be built in the standard of a two-way eight-lane expressway. Upon completion, it is expected that the existing transportation capacity of Jihe Expressway will be effectively enhanced, and will meet the transportation demand of the infrastructure for the Greater Bay Area and the integration of the Pearl River Delta, while Shenzhen Expressway can also expand the scale of its expressway assets, and further consolidate its core competence in the investment, construction and operation of toll roads. Shenzhen Expressway has selected the respective winning bidders of the construction contract sections 1 to 6 of the Jihe Expressway R&E Project through its standard bidding process. Construction contracts were subsequently entered into with the respective winning bidders on 26 July 2024. Please refer to the joint announcements of the Company and Shenzhen Expressway dated 22 May 2024 and 26 July 2024 for further details.

Bay Area Development, in which the Group holds approximately 71.83% equity interest, is indirectly entitled to share 45% of the profits of Guangshen Expressway. Given that the traffic flow of Guangshen Expressway approaches saturation, the Guangdong Provincial Development and Reform Committee has approved the reconstruction and expansion project of the Huocun, Guangzhou to Chang'an, Dongguan section of the Beijing-Hong Kong-Macao Expressway and the Huangcun-Huocun section in Guangzhou of Guangzhou Foshan Expressway. During the Period, bridge pile foundation work was underway regarding the aforementioned reconstruction and expansion project.

Shenzhen Expressway proposed to issue no more than 654,231,097 A Shares (the "Issuance") to no more than 35 (inclusive) specific targets, which meet the criteria required by the China Securities Regulatory Commission including Xin Tong Chan Development (Shenzhen) Co., Ltd. ("XTC Company"), a wholly-owned subsidiary of the Company. On 14 July 2023, XTC Company and Shenzhen Expressway entered into the A Share Subscription Agreement, pursuant to which, XTC Company conditionally agreed to subscribe for A Shares in the total amount of no more than RMB1,510 million. Upon completion of the Issuance, the Group's shareholding in Shenzhen Expressway will be reduced from current 51.56% to no less than 45% (inclusive). The Company is expected to have control over Shenzhen Expressway in accordance with the existing Hong Kong Financial Reporting Standards, Shenzhen Expressway will continue to be accounted for as a subsidiary in the accounts of the Company and its financial results will continue to be consolidated into the financial statements of the Company. The application for the Issuance was accepted by the Shanghai Stock Exchange on 22 May 2024. Given that the validity period of the resolutions and specific mandate granted to its directors as approved by shareholders of Shenzhen Expressway in relation to the Issuance will expire on 20 September 2024, Shenzhen Expressway proposed to further extend the validity period of the resolutions and the specific mandate by 12 months to 20 September 2025. The relevant resolutions require approval from the respective shareholders of the Company and Shenzhen Expressway. In addition, the Issuance has to be reviewed and approved by the Shanghai Stock Exchange along with the registration approval from the China Securities Regulatory Commission. Under the specific mandate approved by the shareholders of Shenzhen Expressway, the board of directors of Shenzhen Expressway agreed on 25 January 2024 to reduce the total proceeds to be raised from the Issuance from not exceeding RMB6,500 million to not exceeding RMB4,900 million.

On 13 March 2024, Shenzhen Expressway transferred its interest in Yichang Expressway to E Fund Shenzhen Expressway Closed-End Infrastructure Securities Investment Fund ("E Fund SZ Expressway REIT") at the consideration of approximately RMB2,046 million, from which the Group recorded a profit after tax of approximately RMB117 million. E Fund SZ Expressway REIT was successfully listed on the Shanghai Stock Exchange on 29 March 2024 (stock code: 508033) with a fund issuance scale of approximately RMB2,047.5 million. SZ Expressway subscribed for 40% of the total issued units issued by E Fund SZ Expressway REIT.

FINANCIAL ANALYSIS

During the Period, revenue and net profit from the toll road business recorded a decline of 10% and 14% to approximately HK$2,633 million and HK$1,065 million, respectively. The decrease was primarily attributed to the impact of several factors, including the adverse weather conditions of heavy rain, snow and freezing temperatures in early 2024, and an increase in the number of free passage days for small passenger vehicles during statutory holidays as compared to the corresponding period of the previous year, as well as results of the project company of Yichang Expressway was no longer consolidated in the financial statements of the Company from 21 March 2024.

GENERAL-ENVIRONMENTAL PROTECTION BUSINESS

OVERVIEW

The Group's general environmental protection business is managed and operated by Shenzhen Expressway. While consolidating and enhancing its principal toll road operations, Shenzhen Expressway has made solid waste treatment and clean energy power generation in the general environmental protection sector as its second core business. Through investment, mergers and acquisitions in recent years, the Group has gradually turned its focus to the fields of solid waste treatment and clean energy power generation businesses, thereby establishing a foothold in the general environmental protection business. As a new entrant in the general environmental protection industry, the Group will further enhance its management consolidation and professional team building, strengthen the management and integration of acquired enterprises, improve quality and augment efficiency, continuously promote the stable development of the general environmental protection industry, and enhance its core competence and profitability.

As at the end of August 2024, the platform companies in which the Group invested in or operated in the general environmental protection business are set out below:

Name of companies*	Interests held
Shenzhen Expressway Environmental Co., Ltd ("Environmental Company")	100%
Shenzhen Expressway New Energy Holdings Co., Ltd ("New Energy Company")	100%
Shenzhen Expressway Infrastructure and Environmental Protection Development Co., Ltd ("Infrastructure and Environmental Protection Company")	100%
Shenzhen Water Planning & Design Institute Co., Ltd. ("Water Planning & Design Institute Company")	11.25%

* *The Group invests in and/or manages certain general environmental protection projects through the Environmental Company, New Energy Company and Infrastructure and Environmental Protection Company.*

ANALYSIS OF OPERATING PERFORMANCE

I. Clean Energy

As at 30 June 2024, grid-connected wind power generation projects invested in and operated by the Group had an accumulated installed capacity of approximately 668 megawatt (MW). Affected by factors such as reduced wind resources and the increase in wind curtailment rates, power supply to the grids and the revenue from wind power generation by Baotou Nanfeng Project recorded a year-on-year decrease during the Period. With an improved overall wind resources as compared to the corresponding period of the previous year, power supply to the grids and the revenue from wind power generation by Xinjiang Mulei Project increased year on year.

Details of the performance of the Group's wind power generation projects during the Period were as follows:

		January – June 2024	
Project	**Interests held**	**Power supply to the grids** (MWh)[1]	**Revenue from wind power projects** (RMB'000)[1]
Baotou Nanfeng Project [2]	100%	305,515.09	94,490.08
Xinjiang Mulei Project [3]	100%	378,454.02	171,371.80
Yongcheng Zhuneng Project [4]	100%	40,323.15	13,485.06
Zhongwei Gantang Project [5]	100%	57,362.09	14,626.63
Zhangshu Gaochuan Project [6]	100%	21,392.45	7,602.20
Huai'an Zhongheng Project [7]	20%	92,554.70	41,404.79

Notes:

(1) Amount of power supply to the grids are calculated based on the settlement cycles of the power grids, while part of the operating revenue includes electricity charges subsidy income based on amount of power supply fed to the grids. Such data is based on the Group's internal information and which has not been audited. There may be differences from the actual information and is for reference only. Investors should use such information with caution.

(2) The wind power generation projects of Baotou Nanfeng Wind Power Technology Co., Ltd

(3) The wind power generation projects of Changji Mulei Laojunmiao Wind Farm in Xinjiang Zhundong New Energy Base.

(4) The 32 MW wind power generation project in Yongcheng City, Shangqiu, Henan Province.

(5) The 49.5 MW wind power generation project in Gantang Town, Zhongwei, Ningxia Province.

(6) The approximate 20 MW wind power generation project in Zhangshu, Jiangxi Province.

(7) The wind power generation project of Huai'an Zhongheng New Energy Co., Ltd.

During the Period, New Energy Company initiated investment feasibility studies for its wind power and photovoltaic projects that obtained the approved indicators. Besides, the integrated photovoltaic, storage and charging project of Shenzhen Expressway's Qiantai Industrial Park developed and constructed by the Group has entered power grid inspection and acceptance procedure, and is expected to be completed and grid-connected in the second half of 2024.

In addition, Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power Company"), a subsidiary in which the Group holds 98.04% equity interest, mainly provided subsequent operation and maintenance services to the wind farms invested in by the Group during the Period. At the same time, it cooperated with New Energy Company to expand into the markets of wind power and photovoltaic projects. Nanjing Wind Power Company continues to focus on the revitalization of its assets and capital recovery, while adjusting its business structure to emphasize its wind farm operation and maintenance businesses, with a goal of enhancing its operational capabilities.

II. Solid Waste Treatment

In view of the support of the China's national environmental protection policies for the organic waste treatment industry, the Group is committed to developing organic waste treatment as a significant segment of the general-environmental protection industry, and actively building itself into a segment leader with industry-leading technology and scale advantages.

As at the end of August 2024, the designed organic waste treatment capacity of the Group's projects is over 6,900 tonnes per day. These projects were mostly concession projects under Build-Operate-Transfer (BOT) and other models that provide governmental customers with organic solid waste and domestic waste harmless treatment services (including catering waste, kitchen waste and garden waste, etc.) and sell the recycled products from the treatment process to downstream customers.

Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd. ("Bioland Environmental Company"), a subsidiary in which the Group holds 92.29% equity interest, is a comprehensive organic waste treatment enterprise. As at the end of August 2024, Bioland Environmental Company has a total of 20 organic waste treatment projects with designed kitchen waste treatment capacities of over 4,800 tonnes per day, amongst which 13 projects have commenced operations with some other projects entered trial operations or commissioning phase. Given that operations were stable during the trial operations and commissioning phase, coupled with an increase in grease sales, Bioland Environmental Company recorded a significant growth in its operating revenue during the Period. Nevertheless, owing to the combined impact of low selling price of grease and productivity slump from insufficient amount of garbage collected and transported in certain projects, Bioland Environmental Company has yet to achieve profitability in the first half of 2024. To enhance its profitability, Bioland Environmental Company will focus on improving the quality and efficiency of its existing projects, promoting technological process improvements and accelerating the production of the recycled products, while strengthening the control over its costs and expenses, and standardizing its management practices.

In addition, the Group invests in and manages two organic waste treatment projects, namely, Guangming Environmental Park Project and Lisai Environmental Project, in Shenzhen, as well as an organic waste treatment project in Shaoyang, Hunan Province. Guangming Environmental Park Project is currently the largest project in scale for monomer kitchen waste treatment in Shenzhen, with a processing capacity of 1,000 tonnes per day for organic waste, 100 tonnes per day for bulky waste (discarded furniture) and 100 tonnes per day for garden waste. It can carry out harmless waste treatment and resource utilization of catering waste and kitchen waste at the same time. Guangming Environmental Park Project has commenced trial operation since May 2024.

Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Co., Ltd. ("Qiantai Company"), a subsidiary in which the Group holds 63.33% equity interest, qualifies for scrapping retired new energy vehicles and providing integrated comprehensive utilization of retired new energy vehicles and their power batteries while also scrapping and recycling petrol-powered vehicle. During the Period, Qiantai Company focused on the development and application of standard battery products for low-power and engineering machinery. With 6 new patents acquired, Qiantai Company successfully obtained certifications for its new energy vehicle power battery cascade products.

III. Other Environmental Protection Businesses

Chongqing Derun Environment Co., Ltd., in which the Group holds 20% equity interest, holds two subsidiaries listed on the Shanghai Stock Exchange, namely Chongqing Water Group Co., Ltd (stock code: 601158) and Chongqing San Feng Environmental Industrial Group Co. Ltd. (stock code: 601827), which are principally engaged in, among other things, water supply and sewage treatment, waste incineration power generation projects and environmental restoration.

Water Planning & Design Institute Company, in which the Group holds 11.25% equity interest, was listed on the ChiNext board of the Shenzhen Stock Exchange (stock code: 301038).

FINANCIAL ANALYSIS

During the Period, revenue from the general-environmental protection business decreased by 7% as compared to the corresponding period of the previous year to HK$790 million, mainly due to the decrease in the revenue from wind power generation. In addition, the increase in the impairment of assets and the provision for credit impairment losses on accounts receivable as compared to the corresponding period of the previous year resulted in a net loss of HK$157 million in the segment (net profit of HK$21.81 million was recorded for the same period last year).

AIR TRANSPORTATION SERVICES

Shenzhen Airlines

In the first half of 2024, the global civil aviation market witnessed a gradual recovery, with the improvement of China's economy driving a sustained resurgence in demand for civil aviation services. This trend contributed to the overall stability in the industry's development landscape. During the Period, Shenzhen Airlines carried approximately 19.03 million passenger rides and recorded a passenger traffic of 30,248 million passenger-km, representing an increases of 20% and 24% respectively, as compared to the corresponding period of the previous year.

Shenzhen Airlines' total revenue for the Period increased by 14% as compared to the corresponding period of the previous year to RMB16,018 million (equivalent to HK$17,328 million) (2023: RMB14,023 million (equivalent to HK$15,753 million)). Passenger revenue increased by 14% to RMB15,024 million (equivalent to HK$16,253 million) (2023: RMB13,166 million (equivalent to HK$14,790 million)). However, Shenzhen Airlines is facing multiple operational pressures, characterized by the intertwining and overlapping traditional risks, emerging risks, and derivative risks. The introduction of aircraft fleet capacity and supply of aviation materials faced uncertainties, while combined factors such as fluctuating and hefty aviation fuel costs, rising airport charges, and competitive pressure from high-speed rail presented new challenges as market competition intensified. During the Period, Shenzhen Airlines recorded a net loss of RMB1,375 million (equivalent to HK$1,487 million) (2023: net loss of RMB1,420 million (equivalent to HK$1,596 million)), representing a decrease of loss in the amount of RMB45 million as compared to the corresponding period of the previous year. Based on the equity method of accounting, as the Group's share of accumulated losses in an associate (Shenzhen Airlines) exceeded its interest in that associate, the Group did not recognize any further losses relating to Shenzhen Airlines during the Period (2023: no recognition of loss).

As at 30 June 2024, Shenzhen Airlines had 230 aircrafts in its fleet, and operated 340 routes comprising 310 domestic routes and 30 international and regional routes.

Looking forward, the civil aviation industry is expected to enter a new phase of continuous healthy development with air passenger traffic demand continuing to rebound, thanks to the enormous domestic market in the PRC. In light of the new development trends and competitive landscape, Shenzhen Airlines will take advantage of its prime location in the core of the Greater Bay Area, pour its resources into the development of its base in Shenzhen, actively expand its market in the Greater Bay Area, spearhead campaigns for safety production, quality operation, operational efficiency, service quality, transformational reform and risk prevention, continue to improve its operation and management standards, and maintain its competitiveness in the market.

Air China Cargo

In 2021, the Group became a strategic shareholder of Air China Cargo Co., Ltd. ("Air China Cargo") by way of a capital injection and a share subscription with an investment of approximately RMB1,565 million, holding a 10% equity interest. So far, the Group has continuously recorded satisfactory dividend returns from this investment. Air China Cargo was approved by the listing review committee of the Shenzhen Stock Exchange to conduct an initial public offering of its shares, and is now carrying out the listing and issuance procedures. Meanwhile, the Group is strengthening its strategic cooperation with Air China Cargo to proactively drive the deployment of air cargo projects in cities including Beijing, aiming to jointly obtain scarce resources and build comprehensive logistics system integrating air logistics, high-standard warehouses, cold chain logistics and other services.

OUTLOOK FOR THE SECOND HALF OF 2024

Looking ahead to the second half of the year, greater emphasis will be shifted towards "sustained and vigorous" macroeconomic policies in China, with additional measures aimed at "expanding domestic demand and stabilizing growth" expected to be further refined and deployed. In the medium to long term, the supply and demand dynamics across various sub-markets are anticipated to return to equilibrium. The logistics industry, serving as the "veins and arteries" of the real economy, not only bridges production and consumption, domestic and international trade, but also closely links to the livelihoods of individuals. It is a crucial component of the modern industrial system and also a key driver for promoting the domestic economic cycle, enjoying favorable conditions for sustainable long-term growth.

Capitalizing on its own capabilities, the Group is dedicated to strengthening the competitiveness of its core businesses. It will carefully assess the current economic and industry landscape and implement comprehensive strategies with a practical approach. The Group will take effective measures to achieve tangible results, manage the pace of investment, consistently pursue cost reduction and efficiency improvement initiatives, and continually enhancing its operational performance. Through these efforts, the Group strives to become a leading industrial group in the transportation and logistics industry.

Seeking Progress while Maintaining Stability
Elevating Core Businesses through Unwavering Quality

Fostering Quality Improvement while Maintaining Stability in Core Logistics Business. In response to the internal and external circumstances, the Group will promptly slow down its incremental investments and shift its work focus to "enhancing operational capabilities and improving operational efficiency". Stepping up its efforts in investment promotion, the Group has implemented a series of proactive and pragmatic measures, such as establishing a strategic customers engagement mechanism and exploring the growing demand in emerging industries, so as to realize the efforts in investment promotion into tangible business outcomes. At the same time, the Group will continue to pursue opportunities that integrate heavy and light assets along with value-added services. The Group will intensify its efforts in asset-light operations, management services projects, cold chain logistics, and distributed photovoltaic applications as its key growth businesses. Additionally, it is committed to enhancing revenue in its core businesses while effectively improving the operational capabilities and efficiency of its assets.

With regard to incremental investments, the Group will be more prudent in executing its "Prioritizing Excellence" strategy by focusing on investments in prominent core districts with sound operational efficiency and strong resilience to risks. In Shenzhen, the Group will focus on the comprehensive layout of Shenzhen Three-tiered Logistics Stations, using the "Public Transportation + Logistics" and "Metro + Logistics" pilot projects as entry points to create exemplary benchmark projects. Meanwhile, the Group will continue to accelerate the construction of Shenzhen International Integrated Logistics Hub Center, leveraging the competitive advantages of the railway yard space as the main operating entities, to strive to augment the volume and revenue of freight train operations. As for the Greater Bay Area (excluding Shenzhen), the Group will continue to optimize the management and operation of its existing projects in Foshan and Zhongshan. It will also speed up the implementation of the projects in Beijing that are under discussion, with the goal of acquiring the land parcels in Fangshan and Shunyi Districts.

Optimizing and Strengthening Port Business. To achieve its long-term goal of spinning off the port segment for listing, the Group will focus on the investment and operations of new projects by refining its business model, amplifying synergies across the segment, and strengthening its core competitiveness. The Group will step up its efforts to promote new projects that have recently commenced operation, such as Phase I of Henan Shenqiu Port and Jiangsu Jingjiang Port with the aim to reach production and achieve operational efficiency, and to enhance the overall productivity while maintaining strict safety control. Following the inspection and acceptance of the construction of the main berth of Phase II of Jiangsu Jingjiang Port, the Group will speed up the completion of the overall construction work and put forward a new phase of operation, which is expected to bring significant growth in its business volume and revenue. Meanwhile, the Group will continue to monitor key regions such as the Greater Bay Area and pursue investment opportunities in a cautious manner.

Dual Closed-loop Business Models Converging for Excellence
Continuously Unleashing Ample Growth Momentum

Striving to Achieve Annual Targets for Long Closed-loop "Investment, Construction, Operation and Transformation" Business Model with Full Commitment. Seizing timely opportunities, the Group will actively promote the transformation of the Phase I of SZI South China Logistics Park and strive to secure the first batch of land transfer contracts within 2024. Apart from this, the Group will make every effort to ensure effective operation and investment promotion of projects, such as Qianhai Yidu Building, Qianhai Yinli, SZI South China Digital Valley and Shijiazhuang Zhengding Project, etc., and strive to achieve a breakthrough on the land swap initiative for the land parcel of Unit 20 under Phase III of Qianhai Project.

Continuously Rolling out Short Closed-loop "Investment, Construction, Financing and Operation" Business Strategy. The successful listing of ChinaAMC-Shenzhen International REIT on 9 July 2024 has enabled the Group to optimize the two asset securitization pathways of "private real estate funds" and "public REITs". Moving forward, the Group will ensure high-quality operations for its first batch of projects being the underlying assets that backed the listing of public funds, so as to achieve its operational targets. To ensure the sustainability of the short closed-loop business model, the Group will continue to adhere to its dual approach of private equity funds and public REITs. On the one hand, it will actively reserve projects for public offerings, while on the other hand, it will continue to study the feasibility and push forward the establishment of new private real estate funds, thereby promoting the securitization of the Group's logistics and warehousing projects.

In addition, the Group will also continue to improve its fund cluster plan, enhance communications with potential partners, and proactively research and promote the development or acquisition-focused logistics and warehousing real estate investment funds in accordance with economic circumstances and the Group's development plans.

Fortifying the Strengths of Toll Road Business
Refining General-environmental Protection Business

Continuously Enhancing Toll Road Infrastructure. The Group will continue leveraging the Shenzhen Expressway to consolidate and develop its toll road business, and steadily enhance the overall returns of expressways. On the one hand, it will prioritize the enhancement of lean operational management and the implementation of digital transformation for toll roads, actively promote the integration of digital technology into production and operation, and enrich intelligent operation and maintenance, strive to reduce operating costs while effectively manage congestion, and improve traffic flow and efficiency. On the other hand, the Group will consistently expand its portfolio of high-quality toll road assets and focus its resources on new construction, and reconstruction and expansion projects, while steadily executing the infrastructure development of the Phase III of Shenzhen Outer Ring Project and Jihe Expressway Reconstruction and Expansion Project.

Enhancing Quality and Optimizing General-Environmental Protection Business. The Group will maintain its focus on the fields of solid waste resource treatment and clean energy power generation by partnering with industry-leading benchmark enterprises to acquire advanced technologies and management expertise. In the clean energy power generation segment, the Group will continuously elevate the lean operational and management control system for its projects, further consolidating and expanding its scale of quality assets. In kitchen waste treatment segment, the Group will focus on improving the quality and efficiency of existing projects, expedite the development of a scientific management system, continue to optimize its business and organization structure, and systematically promote technological upgrading and renovations of selected projects. Meanwhile, the Group will proactively strengthen its cost control and establish a business model that integrates industrial and financial resources and internal collaborations.

Empowering Change, Elevating Governance
Securing Returns, and Fueling Sustainable Growth

Catalyzing Development through Reforms. Sustaining its reform determination and momentum, the Group will grasp the significant historical opportunities arising from Shenzhen's "Dual Zone" initiative, the integration of the "Dual Zone" strategy, as well as the "Dual Reform" demonstration. Centering on its primary responsibilities and core businesses, the Group will further promote the in-depth enhanced reforms to state-owned enterprises, expedite the establishment of its proposition as a world-class enterprise, and proceed a new phase of "Double-Hundred Action". The Group will step up its efforts to elevate its operational management standards and forge its core competitive advantage through a comprehensive set of measures including optimizing its corporate governance structure, reinforcing its financial controls, exercising its risk management as well as improving the brand influence of the Group.

Maintaining Stable Operations while Driving Returns. The Group will proactively address market fluctuations through the comprehensive implementation of its "Stability First" strategy. It will diligently enhance quality and efficiency, emphasize effectiveness through "Addition" while also prioritize "Reduction" to lower costs. This strategy involves optimizing resource allocations, controlling manageable expenses, strictly overseeing non-productive costs, and minimizing financial expenditures. Meanwhile, the Group will focus on amplifying the value of its long and short closed-loop business models, maintaining reasonable, stable, and manageable cash flow and debt-asset ratio to ensure profitability, stable dividends, and shared value, thereby effectively safeguarding the interests of its investors.

Living Up ESG Philosophy. The Group places significant emphasis on building its ESG management capabilities, fully integrating sustainable development into its business operations. It will further promote green and low-carbon business models while exploring the application of photovoltaic clean energy, establishing benchmark park projects that align with these initiatives. Concurrently, the Group will strengthen its management system in key areas such as environmental protection, social responsibility, and corporate governance, intensifying its efforts to drive sustainable development.

In the second half of 2024, upholding the business philosophy of "Building Value, Sharing Future", the Group will continue to solidify its targets, ensure the high-quality completion of development tasks, thereby enhancing its operational efficiency in full swing and creating greater value and returns for all shareholders.

FINANCIAL POSITION

	30 June 2024 HK$ million	31 December 2023 HK$ million	Increase/ (Decrease)
Total Assets	**127,667**	130,495	(2%)
Total Liabilities	**74,769**	75,519	(1%)
Total Equity	**52,898**	54,976	(4%)
Net Asset Value attributable to shareholders	**30,111**	31,582	(5%)
Net Asset Value per share attributable to shareholders (HK dollar)	**12.5**	13.2	(5%)
Cash	**9,538**	9,805	(3%)
Bank borrowings	**34,390**	33,082	4%
Other borrowings	**101**	117	(14%)
Notes and bonds	**22,050**	22,140	–
Total Borrowings	**56,541**	55,339	2%
Net Borrowings	**47,003**	45,534	3%
Debt-asset Ratio (Total Liabilities/Total Assets)	**59%**	58%	1#
Ratio of Total Borrowings to Total Assets	**44%**	42%	2#
Ratio of Net Borrowings to Total Equity	**89%**	83%	6#
Ratio of Total Borrowings to Total Equity	**107%**	101%	6#

Change in percentage points

KEY FINANCIAL INDICATORS

As at 30 June 2024, the Group's total assets and total equity amounted to approximately HK$127,667 million and HK$52,898 million, respectively, while net asset value attributable to shareholders was approximately HK$30,111 million. Net asset value per share was HK$12.5, representing a decrease of 5% as compared to the end of last year, which was mainly due to, among other things, fluctuations in RMB exchange rates. The debt-to-asset ratio was 59%, up by 1 percentage point compared to the end of last year. The gearing ratio (calculated on the basis of net borrowings to total equity) was 89%, representing an increase of 6 percentage points as compared with that at the end of last year. Such increase was primarily due to the borrowings incurred as a result of increased investment activities during the Period.

CASH FLOW AND FINANCIAL RATIOS

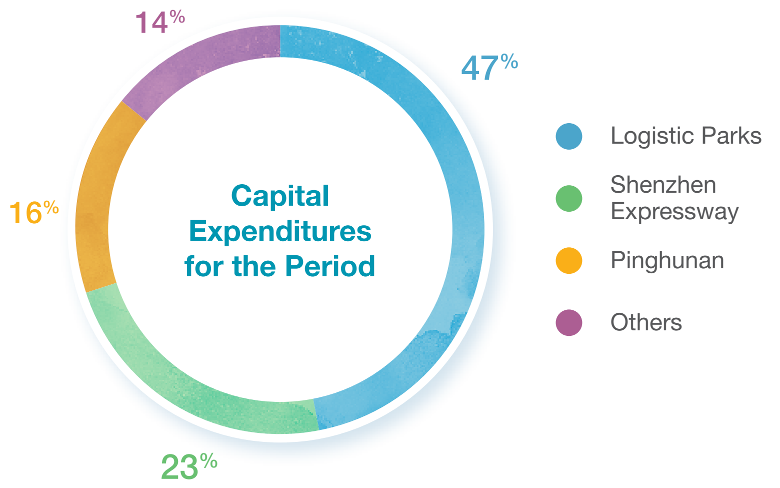
During the Period, net cash generated from operating activities amounted to approximately HK$1,083 million. Net cash used in investing activities amounted to approximately HK$443 million. Net cash used in financing activities amounted to approximately HK$87.70 million. The Group's core businesses maintained a stable cash inflow. The Group closely monitors changes in total borrowings with a view to maintaining its financial ratios at a stable level.

CASH BALANCE

As at 30 June 2024, cash held by the Group amounted to approximately HK$9,538 million (31 December 2023: HK$9,805 million), representing a decrease of 3% as compared to the end of last year. To facilitate the Group's operation and development in the PRC, cash held by the Group is primarily denominated in RMB. The Group maintains an effective treasury policy to manage its cash on hand that centralizes the allocation of funds with the aim of reducing idle funds and achieving higher return on its cash portfolio in order to provide strong support for the development of its business.

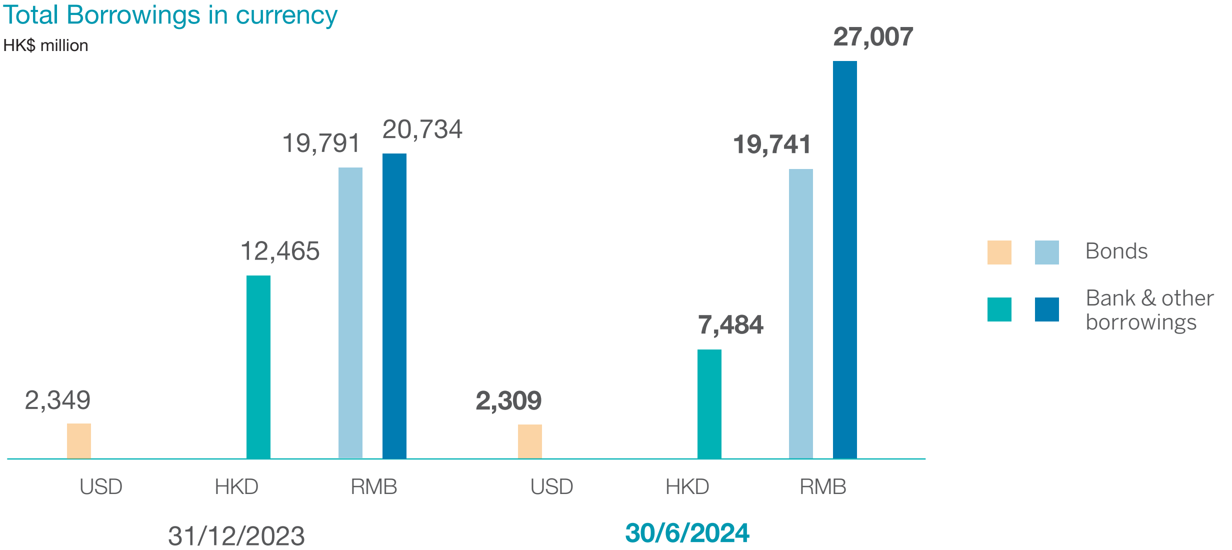
CAPITAL EXPENDITURES

The Group's capital expenditures for the Period amounted to approximately RMB3,900 million (equivalent to HK$4,200 million), primarily comprising investments of approximately RMB1,800 million in the logistics parks projects, investments of approximately RMB900 million in Shenzhen Expressway's projects and investments of approximately RMB600 million in the Pinghunan Project. The Group expects that the capital expenditures for the second half of 2024 will amount to approximately RMB6,500 million (equivalent to HK$7,000 million), including approximately RMB2,100 million for logistics parks projects, approximately RMB2,600 million for Shenzhen Expressway's projects and approximately RMB900 million for the Pinghunan Project.

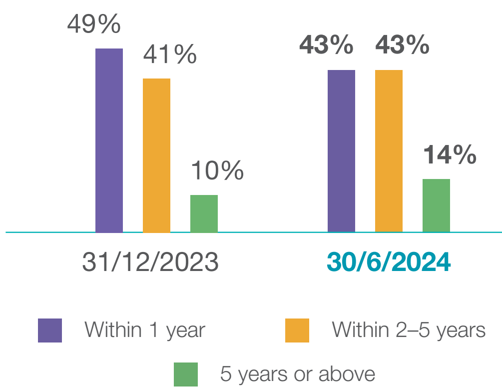


BORROWINGS

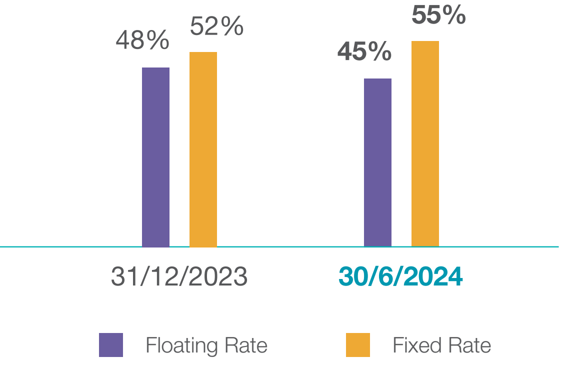
Total Borrowings in currency



Total Borrowings—Repayment Period



Total Borrowings — Analysis of Floating rate/Fixed rate



As at 30 June 2024, the Group's total borrowings amounted to approximately HK$56,541 million, representing a increase of 2% as compared with the end of last year. 43%, 43% and 14% of the Group's total borrowings were due for repayment within 1 year, within 2 to 5 years and after 5 years, respectively.

The Group maintained close business relationships with financial institutions in Hong Kong and the PRC. It seized favorable opportunities in both the Hong Kong and PRC markets by conducting several financing activities to capitalize on the differences in costs. It further optimized its debt portfolio and struck a balance between its interest rate and foreign exchange risks. The Group closely monitored its overall borrowing structure, and effectively maintained funds with high cost efficiency in order to meet its overall capital needs.

THE GROUP'S FINANCIAL POLICY

Except for the updates as stated below, the Group's financial policies were in line with those disclosed in its annual report for 2023 and set out in those statements.

Exchange Rate Risk

The cash flows, cash on hand and assets of the businesses operated by the Group are mainly denominated in RMB, whereas loans are mainly denominated in RMB, HK$ and US$. During the Period, ongoing uncertainties related to geopolitical factors and global economic growth continued to drive substantial fluctuations in the RMB to US$ exchange rate. The Group will continue to monitor the foreign exchange market, adjust the currency structure of its borrowings and utilize hedging instruments as appropriate to manage its exchange rate risk. As at 30 June 2024, the ratio between the Group's borrowings in RMB and other currencies was around 83%:17%.

Liquidity Risk Management

As of 30 June 2024, the Group had cash on hand and standby banking facilities of approximately HK$94,700 million. The Group maintained adequate funds and credit facilities and optimized its capital structure continuously to ensure that it is capable of operating as a going concern while expanding its business, and to mitigate liquidity risk.

CREDIT RATINGS

During the Period, three leading international credit rating agencies, namely Moody's, Standard & Poor's and Fitch Ratings, assigned their investment-grade credit ratings of the Company of Baa2, BBB and BBB, respectively. China Lianhe Credit Rating Co., Ltd, a domestic credit rating agency, assigned an "AAA" credit rating to the Company. These ratings reflected favourable capital market recognition of the Group's financial soundness and solvency, and demonstrated confidence in the Group's ability to realize sustainable and quality growth.

PLEDGE OF ASSETS, GUARANTEES AND CONTINGENCIES

For details of the Group's pledge of assets, guarantees and contingencies as at 30 June 2024, please refer to notes 15 and 26, respectively, of the condensed consolidated financial statements.

HUMAN RESOURCES

HUMAN RESOURCES PHILOSOPHY

Guided by the philosophy of "embracing the dedicated as the foundation", the Group adheres to its enterprise spirit of "Logistics with Ethics, for a Better World", regards human resources strategic planning as the core of its overall strategic framework, and is committed to "providing a platform for honest and virtuous elites to work, and helping diligent and hardworking employees succeed". In recent years, the Group has pursued its core values of "Dedication, Openness, Pragmatism and Collaboration", fostering a team spirit of "Honesty, Tolerance, Mutual assistance and improvement". It has selected and appointed operational and management staff based on the qualities of "selflessness, integrity, capability, motivation and proven performance" in order to build a human resources management platform led by the principles of scientific and rational rigor, thereby creating a fair and harmonious working environment and securing a sustainable supply of talents for the Company's business development.

EMPLOYEES AND POLICIES ON REMUNERATION AND BENEFITS

As at 30 June 2024, the Group had a total of 8,675 (2023: 8,653) employees. During the Period, staff benefit expenses (including directors' remuneration) were approximately HK$789 million (2023: approximately HK$751 million).

On the recommendation of the Shenzhen State-owned Assets Supervision and Administration Commission, the Group was included in Shenzhen's list of key companies to be promoted as top-notch enterprises across the world. The Group was re-elected as one of the "Double-Hundred Benchmark Enterprises" in the PRC (only 25 out of 190 local state-owned enterprises were elected for this award), demonstrating the Group's outstanding image as a forerunner in the reform of state-owned enterprises across the nation. In terms of employee recruitment and policies on remuneration and benefits, the Group implemented a series of innovative improvement measures, established a remuneration management system, a long-term incentive and discipline program, as well as a performance management system, all of which are continuously optimized.

The Group has formulated the "Employment Terms and Contract Management for Management Members" in order to establish a position management model characterized by "defined authorities and responsibilities, clear rewards and penalties, precise performance targets and orderly position deployment" with strict tenure management and performance targets appraisal, thereby building an all-rounded market-oriented professional team of operation and management.

The Group also revised and improved its "Measures for the Administration of Remunerations of the Headquarters" during the Period, with the aims of further optimizing its remuneration structure, enhancing the awareness of responsibilities and diligence among employees at the headquarter, establishing a remuneration distribution system that is competitive and aligns with the market, and ensuring internal fairness and external competitiveness of the remuneration distribution at its headquarters.

Through deepening the reform of its internal distribution system, the Group has established a remuneration distribution mechanism based on performance and contribution, adopted a group-wide performance appraisal mechanism that regularly evaluates the employees' work performance and closely links the evaluation results with salary adjustments, promotions and other measures, and implemented a system under which staff members in the bottom ranks in appraisals will be asked to make improvements, in order to stimulate staff motivation and performance.

At the same time, the Group offers its employees with a comprehensive and competitive welfare system, covering benefits such as health checks, mandatory provident funds, medical insurance and education allowances in order to attract and retain talents.

EMPLOYEE DEVELOPMENT AND TRAINING PROGRAMS

The Group is acutely aware that talents are the core assets in corporate development, attaches great importance to attracting and nurturing talents, continuously improves its talents recruitment and selection processes, and broadens its recruitment channels. During the Period, the Group continued to recruit high-caliber management personnel and professionals in the logistics, port, cold chain and environmental protection sectors, seeking to augment the pool of promising young talents through market-based recruitment and campus recruitment. To attract professional talents with high caliber, the Group proactively participated in various doctoral and post-doctoral recruitment events and applied for the recruitment of overseas doctoral talents through the 2024 national specialist talent (overseas doctorates) recruitment program. In terms of management talent selection and training, the Group has further improved the relevant systems. Recruitments of management personnel at all levels are conducted openly. The recruitment process includes both examinations and daily assessment in addition to interviews and tests, and a large group of talented young staff members were selected.

The Group offers comprehensive training and internal promotion opportunities to its staff. It has set up the "Elite Cadre Development Program" focusing on four aspects, namely, selection, nurturing, deployment and management, to enlarge its talent reserve, ensuring smooth succession and secure a plentiful supply of talented staff in four fields, including investment and operation, development and construction, scientific and technological innovation as well as modern management. Through persistently improving the talent framework, the Group secures human resources that are in line with its development strategy and business needs. In respect of training and retention of staff, the Group formulates annual training programs according to job natures and the gradings of middle and senior management and frontline staff, carries on internal job rotation in different departments within the Group, and conducts different types of training such as practical training, internal training, training of middle-and high-end talent, as well as external professional skills training, in order to boost the overall quality and entrepreneurial vitality of the team and drive the sustainable development of the Company.

SAFETY AND HEALTH

The Group firmly believes that not only can a good work environment safeguard the health and safety of the staff, but it can also improve work efficiency and team morale. The Group is committed to providing its employees with a safe, efficient and comfortable working environment. In recent years, the Group has proactively organized various employee interest group activities to enrich their leisure time, arranged annual health checks, set up medical rooms and maintained health benefits for its staff and ensured that the health conditions of its staff were monitored and care for in a timely manner. It has also organized seminars for new staff to help them quickly adapt to the Group's corporate culture, as well as staff birthday gatherings to which management personnel of the Group were invited so as to enhance the sense of belonging and commitment of the team.

During the Period, the Group continued to organize a number of work safety education training programs and provided work guidelines to its employees. It also conducted fire drills to enhance the employees' abilities to respond to emergencies and to identify and prevent safety risks in the workplace. Meanwhile, the Group also proactively provided various types of health checks and educational materials relating to occupational health with an aim to create a healthy and safe working environment for its employees.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF SHENZHEN INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shenzhen International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 83, which comprise the condensed consolidated balance sheet as of 30 June 2024 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 August 2024

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2024

***(For reference only)* As at 30 June 2024 RMB'000**		NOTES	***As at 30 June 2024 HKD'000 (unaudited)***	*As at 31 December 2023 HKD'000 (audited)*
	ASSETS			
	Non-current assets			
14,635,985	Investment properties	6	**15,724,092**	15,080,718
17,883,354	Property, plant and equipment	6	**19,212,886**	19,780,766
3,714,255	Land use rights	6	**3,990,390**	4,231,866
2,986,753	Construction in progress	6	**3,208,802**	3,104,279
23,928,420	Intangible assets	6	**25,707,370**	29,280,325
493,837	Goodwill		**530,551**	543,515
17,321,407	Interests in associates	7	**18,609,161**	17,493,560
9,912,352	Interests in joint ventures	8	**10,649,282**	10,870,097
1,000,554	Other financial assets	9	**1,074,940**	1,155,711
655,103	Deferred tax assets		**703,806**	638,506
7,313,383	Other non-current assets	10	**7,857,094**	7,871,665
99,845,403			**107,268,374**	110,051,008
	Current assets			
4,435,958	Inventories and other contract costs	11	**4,765,748**	4,815,542
279,926	Contract assets		**300,737**	434,637
727,360	Other financial assets	9	**781,435**	1,065,663
4,517,643	Trade and other receivables	12	**4,853,506**	4,159,636
148,420	Derivative financial instruments		**159,454**	163,350
713,334	Restricted bank deposits		**766,367**	1,088,617
738,930	Deposits in banks with original maturities over three months		**793,865**	1,118,292
7,425,630	Cash and cash equivalents		**7,977,686**	7,597,796
18,987,201			**20,398,798**	20,443,533
118,832,604	**Total assets**		**127,667,172**	130,494,541

At 30 June 2024

(For reference only) As at 30 June 2024 RMB'000		NOTES	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
	EQUITY AND LIABILITIES			
	Equity attributable to ordinary shareholders of the Company			
12,452,648	Share capital and share premium	13	13,378,436	13,257,983
15,574,965	Other reserves and retained earnings	14	16,732,880	18,324,223
28,027,613	**Equity attributable to ordinary shareholders of the Company**		30,111,316	31,582,206
21,209,723	**Non-controlling interests**		22,786,552	23,393,455
49,237,336	**Total equity**		52,897,868	54,975,661
	Liabilities			
	Non-current liabilities			
30,125,567	Borrowings	15	32,365,242	28,360,733
855,306	Lease liabilities		918,893	947,532
2,150,179	Deferred tax liabilities		2,310,033	2,647,398
1,327,757	Other non-current liabilities	16	1,426,469	1,554,144
34,458,809			37,020,637	33,509,807
	Current liabilities			
11,132,798	Trade and other payables	17	11,960,462	12,722,051
223,860	Contract liabilities	18	240,503	165,640
1,212,150	Income tax payable		1,302,267	2,078,714
22,502,674	Borrowings	15	24,175,627	26,977,953
64,977	Lease liabilities		69,808	64,715
35,136,459			37,748,667	42,009,073
69,595,268	**Total liabilities**		74,769,304	75,518,880
118,832,604	**Total equity and liabilities**		127,667,172	130,494,541

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

(For reference only) Six months ended 30 June 2024 RMB'000		NOTES	***Six months ended 30 June*** ***2024 HKD'000 (unaudited)***	*2023 HKD'000 (unaudited)*
6,110,452	Revenue	5, 19	**6,610,182**	6,918,479
(4,457,746)	Cost of sales		**(4,822,313)**	(4,639,827)
1,652,706	**Gross profit**		**1,787,869**	2,278,652
530,204	Other gains – net	20	**573,566**	199,962
60,014	Other income	21	**64,922**	117,255
(47,267)	Distribution costs		**(51,133)**	(68,239)
(503,517)	Administrative expenses		**(544,696)**	(378,042)
(133,851)	Impairment losses on trade receivables and contract assets		**(144,798)**	(34,688)
1,558,289	**Operating profit**		**1,685,730**	2,114,900
203,827	Share of profit of joint ventures	8	**220,496**	95,930
310,220	Share of profit of associates	7	**335,591**	354,974
2,072,336	**Profit before finance costs and income tax**		**2,241,817**	2,565,804
84,420	Finance income	22	**91,325**	110,430
(877,900)	Finance costs	22	**(949,697)**	(1,556,714)
(793,480)	Finance costs – net	22	**(858,372)**	(1,446,284)
1,278,856	**Profit before income tax**		**1,383,445**	1,119,520
(200,920)	Income tax expense	23	**(217,352)**	(493,189)
1,077,936	**Profit for the period**		**1,166,093**	626,331
	Profit for the period attributable to:			
603,351	Ordinary shareholders of the Company		**652,695**	92,045
474,585	Non-controlling interests		**513,398**	534,286
1,077,936			**1,166,093**	626,331
	Earnings per share attributable to ordinary shareholders of the Company (expressed in HK dollars per share)			
	Basic	24	**0.27**	0.04
	Diluted	24	**0.27**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Profit for the period	**1,166,093**	626,331
Other comprehensive (expenses) income:		
Item that may be reclassified to profit or loss:		
Share of other comprehensive (expenses) income of associates and joint ventures	**(759)**	1,707
Exchange difference arising on translation of foreign operations	**(174,881)**	(383,986)
Sub-total	**(175,640)**	(382,279)
Items that will not be reclassified to profit or loss:		
Currency translation differences from functional currency to presentation currency	**(1,411,115)**	(2,156,159)
Fair value loss on equity securities designated at fair value through other comprehensive income, net of tax	**(76)**	(279)
Sub-total	**(1,411,191)**	(2,156,438)
Other comprehensive expenses for the period	**(1,586,831)**	(2,538,717)
Total comprehensive expenses for the period	**(420,738)**	(1,912,386)
Total comprehensive expenses attributable to:		
Ordinary shareholders of the Company	**(633,815)**	(1,348,162)
Non-controlling interests	**213,077**	(564,224)
	(420,738)	(1,912,386)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to ordinary shareholders of the Company					
	Share capital and share premium HKD'000	*Other reserves HKD'000 (note 14)*	*Retained earnings HKD'000 (note 14)*	*Total HKD'000*	*Non-controlling interests HKD'000*	*Total equity HKD'000*
As at 1 January 2023 (audited)	13,218,304	1,694,949	16,334,611	31,247,864	23,951,310	55,199,174
Profit for the period	–	–	92,045	92,045	534,286	626,331
Other comprehensive expenses	–	(1,440,207)	–	(1,440,207)	(1,098,510)	(2,538,717)
Total comprehensive expenses for the six months ended 30 June 2023	–	(1,440,207)	92,045	(1,348,162)	(564,224)	(1,912,386)
Transactions with owners in their capacity as owners						
Transfer to reserve	–	66,342	(66,342)	–	–	–
Dividend relating to 2022 (note 25)	–	–	(613,667)	(613,667)	–	(613,667)
Issue of scrip shares as dividend (note 25)	35,851	–	–	35,851	–	35,851
Dividend paid/payables to non-controlling interests by subsidiaries	–	–	–	–	(653,624)	(653,624)
Share of reserves movement of associates	–	(8,497)	–	(8,497)	–	(8,497)
Capital reductions by non-controlling interests	–	–	–	–	(36,605)	(36,605)
Total transactions with owners	35,851	57,845	(680,009)	(586,313)	(690,229)	(1,276,542)
Balance as at 30 June 2023 (unaudited)	13,254,155	312,587	15,746,647	29,313,389	22,696,857	52,010,246

For the six months ended 30 June 2024

	Attributable to ordinary shareholders of the Company					
	Share capital and share premium HKD'000	Other reserves HKD'000 (note 14)	Retained earnings HKD'000 (note 14)	Total HKD'000	Non-controlling interests HKD'000	Total equity HKD'000
As at 1 January 2024 (audited)	13,257,983	767,241	17,556,982	31,582,206	23,393,455	54,975,661
Profit for the period	–	–	652,695	652,695	513,398	1,166,093
Other comprehensive expenses	–	(1,286,510)	–	(1,286,510)	(300,321)	(1,586,831)
Total comprehensive expenses for the six months ended 30 June 2024	–	(1,286,510)	652,695	(633,815)	213,077	(420,738)
Transactions with owners in their capacity as owners						
Transfer to reserve	–	161,050	(161,050)	–	–	–
Dividend relating to 2023 (note 25)	–	–	(957,260)	(957,260)	–	(957,260)
Issue of scrip shares as dividend (note 25)	109,033	–	–	109,033	–	109,033
Employee share option – recognition share-based payments	11,420	–	–	11,420	–	11,420
Dividend paid/payables to non-controlling interests by subsidiaries	–	–	–	–	(787,084)	(787,084)
Share of reserves movement of associates	–	(268)	–	(268)	–	(268)
Capital reductions by non-controlling interests	–	–	–	–	(32,896)	(32,896)
Total transactions with owners	120,453	160,782	(1,118,310)	(837,075)	(819,980)	(1,657,055)
Balance as at 30 June 2024 (unaudited)	13,378,436	(358,487)	17,091,367	30,111,316	22,786,552	52,897,868

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Cash generated from operations	**2,042,925**	2,253,128
Income tax paid	**(960,417)**	(625,345)
Net cash generated from operating activities	**1,082,508**	1,627,783
Cash flows from investing activities		
Purchase of property, plant and equipment, land use rights, construction in progress, intangible assets and other non-current assets	**(3,536,315)**	(3,740,364)
Proceeds from disposal of property, plant and equipment, and land use rights	**77,897**	228,430
Purchase of structured deposits	**(1,352,228)**	(561,672)
Redemption of structured deposits	**1,644,998**	2,654,637
Purchase of other financial assets	**(50,144)**	(15,327)
Settlement of advances to subsidiaries disposed	**401,118**	–
Disposal of subsidiaries and debt receivables	**3,230,410**	–
Withdrawal of restricted bank deposits and deposits in banks with original maturities over three months	**652,040**	406,819
Placement of restricted bank deposits and deposits in banks with original maturities over three months	**(324,535)**	(1,283,624)
Interest received	**100,296**	109,629
Dividends received	**85,341**	331,597
Increase in interests in associates	**(1,371,592)**	–
Other investing cash flows	**96**	–
Net cash used in investing activities	**(442,618)**	(1,869,875)
Cash flows from financing activities		
Interest paid	**(810,222)**	(874,371)
Proceeds from borrowings	**17,046,596**	13,206,547
Repayments of borrowings and lease liabilities	**(15,368,242)**	(15,502,283)
Repayment to associates	**(29,051)**	–
Advance from an associate	**–**	1,543,908
Dividends paid to the Company's and subsidiaries' shareholders	**(893,887)**	(822,721)
Capital deductions by non-controlling interests	**(32,896)**	(36,605)
Net cash used in financing activities	**(87,702)**	(2,485,525)
Net increase (decrease) in cash and cash equivalents	**552,188**	(2,727,617)
Cash and cash equivalents at the beginning of the period	**7,597,796**	10,829,873
Effect of foreign exchange rates changes	**(172,298)**	(402,599)
Cash and cash equivalents at the end of the period	**7,977,686**	7,699,657

1. GENERAL

The principal activities of Shenzhen International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") include the following businesses:

- Toll roads and general-environmental protection business; and
- Logistics 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 is listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). One of the major subsidiaries of the Company, Shenzhen Expressway Company Limited ("Shenzhen Expressway"), is listed both on the Hong Kong Stock Exchange and Shanghai Stock Exchange.

As at 30 June 2024, Ultrarich International Limited ("Ultrarich") directly owned 1,058,717,983 ordinary shares of the Company, representing approximately 43.94% of the issued share capital of the Company. As Shenzhen Investment Holdings Company Limited ("SIHCL") held the 100% equity interest in Ultrarich, it had an indirect interest of approximately 43.94% of the Company's equity held by Ultrarich. SIHCL directly owned 364,500 ordinary shares of the Company, representing approximately 0.01% of the issued share capital of the Company. SIHCL effectively held approximately 43.95% of the issued share capital of the Company and is the largest shareholder of the Company. SIHCL is supervised and managed by Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission ("Shenzhen SASAC"). The directors of the Company regard Shenzhen SASAC as having control of the Company's relevant activities and is the de facto controller of the Company due to the voting power it held in the Company.

The condensed consolidated financial statements is presented in Hong Kong dollar ("HKD"), unless otherwise stated.

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HKD17,349,869,000 and capital commitments (as disclosed in Note 27) as at 30 June 2024.

In order to improve the Group's financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the Group has been implementing a number of measures. These measures include but not limited to considering usage of existing banking facilities, in which unutilised banking facilities amounted to HKD85,112,127,000 (31 December 2023: HKD91,707,277,000) as at 30 June 2024.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA") as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements should be read in conjunction with the Group annual consolidated financial statements for the year ended 31 December 2023 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and relate amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES

The preparation of the condensed consolidated financial statements 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 these condensed consolidated financial statements, 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 Group's annual consolidated financial statements for the year ended 31 December 2023.

Amortisation of concession intangible assets

The Group applied HK(IFRIC)-Interpretation 12 "Service Concession Arrangements" and recognised concession intangible assets under the service concession arrangements and provides amortisation thereon.

Amortisation of concession intangible assets is provided based on the proportion of actual traffic volume for a particular period over the total projected traffic volume throughout the periods within which the Group is granted the rights operate those roads. Adjustments may need to be made to the carrying amounts of concession intangible assets should there be a material difference between total projected traffic volume and the actual results.

The Group performs periodic assessments of the total projected traffic volume. The Group appoints independent professional traffic consultants to perform independent professional traffic studies and makes appropriate adjustment if there is a material difference between projected traffic volume and actual traffic volume.

Impairment of concession intangible assets

The estimated recoverable amount is taken into account when considering the impairment of concession intangible assets. When conducting impairment test of concession intangible assets, management forecasts future cash flows to determine the recoverable amount. Key assumptions used include the growth rate of traffic flows, toll rate, operating period, maintenance costs, and required rate of return. Given these assumptions, if the Group's management believes the recoverable amount will exceed the carrying amount after a thorough review, then no impairment is provided for concession intangible assets for the current period. The Group will continue to closely review the impairment of concession intangible assets, and make adjustments in the periods where there are indications that the relevant accounting estimates need to be adjusted.

4. CRITICAL ACCOUNTING ESTIMATES *(continued)*

Impairment test of interest in associates

The Group determines at the end of each reporting date whether there is any objective evidence that the interest in the associate is impaired. When conducting impairment test of interest in associate, the Group adopted value in use calculation according to the present value of the future cash flows expected to arise from the associate based on the cash flows from operations, taking into account revenue growth rates, gross margin and long-term growth rate used in the cash flow projections and a suitable discount rate by reference to comparable companies, to assess the recoverable amount. Key assumptions used include the multiples and discount for lack of marketability.

5. SEGMENT INFORMATION

The Group's operations are organised in two main business segments:

- Toll roads and general-environmental protection business; and
- Logistics business.

Head office functions include corporate management functions and investment and financial activities of the Group. It also includes one-off and non-recurring activities of the Group.

The chief operating decision-maker has been identified as the board of directors of the Company (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 and general-environmental protection business includes: (i) development, operation and management of toll highway; and (ii) sales of wind turbine equipment, kitchen waste disposal projects construction, operation and equipment sales, and operations of wind power stations.

Logistics business includes: (i) logistics parks which mainly include the construction, operation and management of logistics centres and integrated logistics hubs; (ii) logistics services which include the provision of third party logistics services, logistics information services and financial services to customers; (iii) port and related services (including sales of material); and (iv) logistics park transformation and upgrading business (including sales of properties).

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

5. SEGMENT INFORMATION *(continued)*

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the board of directors, the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2024 and 2023 are set out below.

For the six months ended 30 June 2024 (unaudited)

		Logistics business						
	Toll roads and general-environmental protection business HKD'000	Logistics parks HKD'000	Logistics services HKD'000	Port and related services HKD'000	Logistics park transformation and upgrading business HKD'000	Sub-total HKD'000	Head office functions HKD'000	Total HKD'000
Revenue from contracts with customers within the scope of HKFRS 15								
– Point in time	3,554,303	271,190	137,467	1,601,736	40,812	2,051,205	–	5,605,508
– Overtime	509,011	–	–	–	–	–	–	509,011
Sub-total	4,063,314	271,190	137,467	1,601,736	40,812	2,051,205	–	6,114,519
Revenue from other sources								
– Leases from logistics parks	–	473,358	–	–	22,305	495,663	–	495,663
Revenue	4,063,314	744,548	137,467	1,601,736	63,117	2,546,868	–	6,610,182
Operating profit (loss)	1,339,331	601,883	(32,411)	87,541	(198,919)	458,094	(111,695)	1,685,730
Share of profit (loss) of joint ventures	207,202	12,215	–	(1,518)	–	10,697	2,597	220,496
Share of profit of associates	247,306	72	262	–	–	334	87,951	335,591
Finance income	46,619	6,619	460	3,004	5,973	16,056	28,650	91,325
Finance costs	(651,388)	(48,682)	(1,471)	(6,334)	(41,695)	(98,182)	(200,127)	(949,697)
Profit (loss) before income tax	1,189,070	572,107	(33,160)	82,693	(234,641)	386,999	(192,624)	1,383,445
Income tax (expense) credit	(268,752)	(4,651)	(2,069)	(20,906)	95,233	67,607	(16,207)	(217,352)
Profit (loss) for the period	920,318	567,456	(35,229)	61,787	(139,408)	454,606	(208,831)	1,166,093
Non-controlling interests	(489,321)	(4,760)	(44)	(18,118)	606	(22,316)	(1,761)	(513,398)
Profit (loss) attributable to ordinary shareholders of the Company	430,997	562,696	(35,273)	43,669	(138,802)	432,290	(210,592)	652,695
Depreciation and amortisation	1,211,450	221,705	12,348	26,116	16,793	276,962	71,521	1,559,933
Capital expenditure								
– Additions in investment properties, property, plant and equipment, construction in progress, land use rights and intangible assets	368,832	1,601,872	70,522	147,744	133,944	1,954,082	907,217	3,230,131
– Additions in interests in associates	885,980	–	757	–	–	757	497,360	1,384,097

5. SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2023 (unaudited)

	Toll roads and general-environmental protection business HKD'000	*Logistics business*						*Head office functions HKD'000*	*Total HKD'000*
		Logistics parks HKD'000	*Logistics services HKD'000*	*Port and related services HKD'000*	*Logistics park transformation and upgrading business HKD'000*	*Sub-total HKD'000*			
Revenue from contracts with customers within the scope of HKFRS 15									
– Point in time	3,895,917	270,751	169,613	1,325,926	33,519	1,799,809		–	5,695,726
– Overtime	737,738	–	–	–	–	–		–	737,738
Sub-total	4,633,655	270,751	169,613	1,325,926	33,519	1,799,809		–	6,433,464
Revenue from other sources									
– Leases from logistics parks	–	485,015	–	–	–	485,015		–	485,015
Revenue	4,633,655	755,766	169,613	1,325,926	33,519	2,284,824		–	6,918,479
Operating profit (loss)	1,699,705	492,635	10,626	94,099	(25,615)	571,745		(156,550)	2,114,900
Share of profit (loss) of joint ventures	84,012	13,265	–	–	–	13,265		(1,347)	95,930
Share of profit (loss) of associates	299,461	(13)	1,123	–	–	1,110		54,403	354,974
Finance income	38,294	6,248	659	652	37	7,596		64,540	110,430
Finance costs	(775,847)	(27,393)	(406)	(3,988)	(6,716)	(38,503)		(742,364)	(1,556,714)
Profit (loss) before income tax	1,345,625	484,742	12,002	90,763	(32,294)	555,213		(781,318)	1,119,520
Income tax (expense) credit	(302,483)	(93,723)	(2,423)	(21,760)	817	(117,089)		(73,617)	(493,189)
Profit (loss) for the period	1,043,142	391,019	9,579	69,003	(31,477)	438,124		(854,935)	626,331
Non-controlling interests	(506,185)	(1,202)	(6,938)	(18,555)	271	(26,424)		(1,677)	(534,286)
Profit (loss) attributable to ordinary shareholders of the Company	536,957	389,817	2,641	50,448	(31,206)	411,700		(856,612)	92,045
Depreciation and amortisation	1,261,339	134,717	6,378	18,674	195	159,964		28,124	1,449,427
Capital expenditure									
– Additions in investment properties, property, plant and equipment, construction in progress, land use rights and intangible assets	497,150	1,942,693	249,099	6,160	147	2,198,099		1,213,944	3,909,193

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

No analysis of the Group's assets and liabilities by reportable and operating segments is disclosed as it is not regularly provided to the chief operating decision-maker for review.

6. INTANGIBLE ASSETS AND OTHER FIXED ASSETS

Intangible assets

	HKD'000
Six months ended 30 June 2024 (unaudited)	
Net book amount as at 1 January 2024	**29,280,325**
Additions	**325,213**
Disposals	**(25,790)**
Disposal of subsidiaries	**(2,263,403)**
Depreciation/amortisation	**(924,401)**
Impairment	**(6,127)**
Exchange difference	**(678,447)**
Net book amount as at 30 June 2024	**25,707,370**
Six months ended 30 June 2023 (unaudited)	
Net book amount as at 1 January 2023	29,941,138
Additions	388,566
Disposals	(28,330)
Depreciation/amortisation	(970,047)
Exchange difference	(1,133,756)
Net book amount as at 30 June 2023	28,197,571

(i) Toll roads

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 1 to 25 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. Amortisation of concession intangible assets has all been charged in the condensed consolidated income statement of within "Cost of sales". The operating rights of certain toll roads were pledged for secured borrowings as disclosed in note 15.

(ii) Kitchen waste disposal project

Concession intangible assets related to kitchen waste disposal project allow the Group to charge the government department kitchen waste disposal fee according to negotiated price, to generate electricity by biogas, and to sell the oil and grease extracted from the kitchen waste in the franchise period.

Other fixed assets

During the six months ended 30 June 2024, there are additions of property, plant and equipment amounted to HKD166,934,000, and transfer of construction in progress amounted to HKD1,225,723,000 to property, plant and equipment.

During the six months ended 30 June 2024, the additions of investment properties are HKD1,219,561,000, the additions of construction in progress are HKD1,405,520,000 and the additions of land use rights are HKD112,903,000.

7. INTERESTS IN ASSOCIATES

	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Beginning of the period	**17,493,560**	17,542,041
Additions (Note (b))	**1,384,097**	–
De-registration	**(240)**	–
Share of profit of associates	**335,591**	354,974
Share of other comprehensive income of associates	**925**	–
Dividends	**(176,663)**	(148,656)
Share of reserves movement of associates	**(268)**	(8,497)
Exchange difference	**(427,841)**	(684,787)
End of the period	**18,609,161**	17,055,075

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
The period-end balance comprises the following:		
Share of net assets, other than goodwill	**16,987,504**	15,832,281
Goodwill on acquisition	**1,621,657**	1,661,279
	18,609,161	17,493,560

Notes:

(a) Based on the assessment made by the directors of the Company, there were no impairment losses for the interests in associates as at 30 June 2024 (31 December 2023: Nil).

(b) The Group subscribed 30% and 40% interest amounted to approximately RMB448 million (equivalent to HKD484 million) and RMB819 million (equivalent to HKD891 million) in ChinaAMC Shenzhen International Warehousing and Logistics Closed-end Infrastructure Securities Investment Fund ("China AMC-Shenzhen International REIT") and Shenzhen Expressway and the E Fund – Shenzhen Expressway Closed-end Infrastructure Investment Fund ("E Fund – Shenzhen Expressway REIT"), respectively. The investments are accounted for as interests in associates as the directors of the Company assessed that the Group has significant influence over the investments through its involvement in their operations and its interest in them.

8. INTERESTS IN JOINT VENTURES

	Six months ended 30 June	
	2024 HKD'000 (unaudited)	2023 HKD'000 (unaudited)
Beginning of the period	**10,870,097**	10,947,559
Share of profit of joint ventures	**220,496**	95,930
Share of other comprehensive (expenses) income of joint ventures	**(1,684)**	1,707
Dividends	**(180,105)**	(12,918)
Exchange difference	**(259,522)**	(426,383)
End of the period	**10,649,282**	10,605,895

Based on the assessment made by the directors of the Company, there were no impairment losses for the interests in joint ventures as at 30 June 2024 (31 December 2023: Nil).

9. OTHER FINANCIAL ASSETS

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
Equity securities designated at FVTOCI		
– Unlisted equity securities	**47,647**	48,915
Financial assets measured at FVTPL		
– Listed securities in the PRC (Note (a))	**287,764**	302,367
– Listed securities in HK (Note (b))	**54,659**	10,219
– Unlisted equity securities (Note (c))	**535,461**	623,319
– Unlisted fund investment (Note (d))	**822,926**	828,924
– Structured deposit	**107,918**	407,630
	1,856,375	2,221,374
Less: non-current portion	**(1,074,940)**	(1,155,711)
Current portion	**781,435**	1,065,663

Notes:

(a) As at 30 June 2024, listed securities investments stated at market price represent 116,609,000 shares (31 December 2023: 116,609,000 shares) of listed real estate investment trust ("REITs") amounting to HKD287,764,000 (31 December 2023: HKD302,367,000).

(b) As at 30 June 2024, listed equity investments stated at market price represent 58,200,000 shares (31 December 2023: 9,000,000 shares) of listed banking services investment amounting to HKD54,659,000 (31 December 2023: HKD10,219,000).

(c) As at 30 June 2024 and 31 December 2023, unlisted equity investments mainly represent the Group's interests in Guangdong United Electronic Services Co., Ltd. and Shenzhen Water Planning and Design Institute Co., Ltd..

(d) As at 30 June 2024 and 31 December 2023, the amount represents investments in the Yuanzhi Credit Suisse Smart Airport Logistics Industry Private Equity Fund and the Group's share in Shenzhen Capital Lingxiu Logistics Facility Phase I Private Investment Fund.

10. OTHER NON-CURRENT ASSETS

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
Contract assets that is expected to be recovered after more than one year	**1,845,294**	2,929,775
Receivables of electricity subsidy	**1,427,894**	1,373,462
Prepayment for non-current assets	**612,501**	493,852
Receivables of financing leases	**1,227,476**	1,076,883
Relocation compensation	**1,179,415**	1,208,232
Receivables of construction projects	**728,174**	–
Others	**836,340**	789,461
	7,857,094	7,871,665

11. INVENTORIES AND OTHER CONTRACT COSTS

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
Land held for future development	**375,624**	385,890
Land and properties under development for sale	**2,796,701**	2,583,156
Completed properties for sale	**772,924**	1,055,653
Others	**1,106,957**	1,056,958
Write-down	**(286,458)**	(266,115)
	4,765,748	4,815,542

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 HKD'000 (unaudited)	*As at 31 December 2023 HKD'000 (audited)*
Trade receivables and bill receivables (Note (a))	**2,204,766**	2,012,311
Less: Loss allowance	**(394,168)**	(304,106)
Trade receivables, net of loss allowance	**1,810,598**	1,708,205
Dividend receivable from associates and joint venture	**500,975**	219,018
Receivables of deposits and guarantees	**205,790**	272,878
Lease receivables	**147,577**	281,050
Amounts due from associates	**147,534**	150,800
Amount due from joint ventures	**1,361**	1,831
Other debtors	**647,169**	577,404
	3,461,004	3,211,186
Deposits and prepayments	**1,392,502**	948,450
	4,853,506	4,159,636

Note:

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

	As at 30 June 2024 HKD'000 (unaudited)	*As at 31 December 2023 HKD'000 (audited)*
0-90 days	**934,794**	763,381
91-180 days	**161,789**	154,753
181-365 days	**167,865**	213,531
Over 365 days	**940,318**	880,646
	2,204,766	2,012,311

13. SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares	***Ordinary share capital*** *HKD'000*	***Share premium*** *HKD'000*	***Total*** *HKD'000*
As at 1 January 2023 (audited)	2,387,809,199	2,387,810	10,830,494	13,218,304
Issue of scrip share as dividend	5,339,689	5,340	30,511	35,851
As at 30 June 2023 (unaudited)	2,393,148,888	2,393,150	10,861,005	13,254,155
As at 1 January 2024 (audited)	**2,393,148,888**	**2,393,150**	**10,864,833**	**13,257,983**
Issue of scrip share as dividend (note 25)	**16,490,162**	**16,490**	**92,543**	**109,033**
Employee share options				
– recognition of share-based payment	**–**	**–**	**11,420**	**11,420**
As at 30 June 2024 (unaudited)	**2,409,639,050**	**2,409,640**	**10,968,796**	**13,378,436**

14. OTHER RESERVES AND RETAINED EARNINGS

	Fair value reserve HKD'000	Reserve funds HKD'000	Capital reserve HKD'000	Goodwill reserve HKD'000	Merger reserve HKD'000	Revaluation surplus HKD'000	Other reserves HKD'000	Translation reserve HKD'000	Contributed surplus HKD'000	Other reserves Sub-total HKD'000	Retained earnings HKD'000	Total HKD'000
As at 1 January 2023 (audited)	5,529	5,081,994	59,723	(159,583)	(734,447)	542,468	2,256,421	(5,370,161)	13,005	1,694,949	16,334,611	18,029,560
Profit attributable to ordinary shareholders of the Company	–	–	–	–	–	–	–	–	–	–	92,045	92,045
Fair value changes on equity securities designated at FVOCI	(279)	–	–	–	–	–	–	–	–	(279)	–	(279)
Share of other comprehensive income of joint ventures	–	–	–	–	–	–	1,707	–	–	1,707	–	1,707
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(197,987)	–	(197,987)	–	(197,987)
Currency translation differences from functional currency to presentation currency	(315)	–	–	–	–	–	–	(1,243,333)	–	(1,243,648)	–	(1,243,648)
Total comprehensive income	(594)	–	–	–	–	–	1,707	(1,441,320)	–	(1,440,207)	92,045	(1,348,162)
Transfer to reserve	–	66,342	–	–	–	–	–	–	–	66,342	(66,342)	–
Share of reserves' movement of associates	–	–	–	–	–	–	(8,497)	–	–	(8,497)	–	(8,497)
Dividend relating to 2022	–	–	–	–	–	–	–	–	–	–	(613,667)	(613,667)
At 30 June 2023 (unaudited)	4,935	5,148,336	59,723	(159,583)	(734,447)	542,468	2,249,631	(6,811,481)	13,005	312,587	15,746,647	16,059,234
As at 1 January 2024 (audited)	**4,973**	**5,147,599**	**59,723**	**(159,583)**	**(734,447)**	**542,468**	**2,293,978**	**(6,400,475)**	**13,005**	**767,241**	**17,556,982**	**18,324,223**
Profit attributable to ordinary shareholders of the Company	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**652,695**	**652,695**
Fair value changes on equity securities designated at FVOCI	**(102)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(102)**	**–**	**(102)**
Deferred taxation relating to revaluation of other financial assets	**26**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**26**	**–**	**26**
Share of other comprehensive loss of associates and joint ventures	**–**	**–**	**–**	**–**	**–**	**–**	**(759)**	**–**	**–**	**(759)**	**–**	**(759)**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(90,170)**	**–**	**(90,170)**	**–**	**(90,170)**
Currency translation differences from functional currency to presentation currency	**(344)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,195,161)**	**–**	**(1,195,505)**	**–**	**(1,195,505)**
Total comprehensive income	**(420)**	**–**	**–**	**–**	**–**	**–**	**(759)**	**(1,285,331)**	**–**	**(1,286,510)**	**652,695**	**(633,815)**
Transfer to reserve	**–**	**161,050**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**161,050**	**(161,050)**	**–**
Share of reserves' movement of associates	**–**	**–**	**–**	**–**	**–**	**–**	**(268)**	**–**	**–**	**(268)**	**–**	**(268)**
Dividend relating to 2023 (note 25)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(957,260)**	**(957,260)**
At 30 June 2024 (unaudited)	**4,553**	**5,308,649**	**59,723**	**(159,583)**	**(734,447)**	**542,468**	**2,292,951**	**(7,685,806)**	**13,005**	**(358,487)**	**17,091,367**	**16,732,880**

15. BORROWINGS

	Notes	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
Secured bank borrowings	(a)	**18,891,589**	16,551,325
Unsecured bank borrowings and other borrowings		**15,498,251**	16,530,131
Medium-term notes	(b)	**2,177,397**	2,229,409
Corporate bonds	(c)	**7,263,116**	7,120,242
Panda bonds	(d)	**10,992,957**	11,125,346
Borrowings from finance lease companies		**101,228**	117,480
Super short-term commercial paper	(e)	**1,616,331**	1,664,753
		56,540,869	55,338,686
Less: Amount due within one year		**(24,175,627)**	(26,977,953)
Amount shown under non-current liabilities		**32,365,242**	28,360,733
Analysis of borrowings due within one year:			
Secured bank borrowings		**7,712,789**	10,312,970
Unsecured bank borrowings and other borrowings		**9,217,120**	9,075,663
Medium-term notes		**30,130**	29,985
Corporate bonds		**91,746**	1,440,396
Panda bonds		**5,481,732**	4,427,704
Borrowings from finance lease companies		**25,779**	26,482
Super short-term commercial paper		**1,616,331**	1,664,753
		24,175,627	26,977,953

Notes:

(a) The Group's borrowings had been secured by the pledge of the Group's assets and carrying amounts of the respective assets are as follows:

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
Other non-current assets	**674,726**	910,674
Intangible assets	**15,474,187**	16,271,226
Shareholder's equity in subsidiaries	**5,913,586**	4,784,088
	22,062,499	21,965,988

15. BORROWINGS *(continued)*

Notes: (continued)

(b) Details of Group's medium-term-notes are as follows:

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
– RMB1,000 million, 2.89%, medium-term notes maturing in 2026	**1,076,932**	1,118,975
– RMB1,000 million, 3.05%, medium-term notes maturing in 2028	**1,100,465**	1,110,434
	2,177,397	2,229,409

(c) Details of Group's Corporate Bonds are as follows:

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
– RMB1,200 million, 3.49%, Corporate Bonds maturing in 2024	**61**	1,351,538
– USD300 million, 1.75%, Corporate Bonds maturing in 2026	**2,309,091**	2,348,816
– RMB1,000 million, 3.35%, Corporate Bonds maturing in 2026	**1,106,547**	1,114,844
– RMB550 million, 2.88%, Corporate Bonds maturing in 2026	**601,898**	607,669
– RMB1,500 million, 3.18%, Corporate Bonds maturing in 2027	**1,631,568**	1,697,375
– RMB550 million, 2.25%, Corporate Bonds maturing in 2027	**591,637**	–
– RMB950 million, 2.70%, Corporate Bonds maturing in 2034	**1,022,314**	–
	7,263,116	7,120,242

(d) Details of Group's panda bonds are as follows:

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
– RMB4,000 million, 3.29%, 6-years panda bonds issued in 2021	**4,392,407**	4,427,704
– RMB1,000 million, 2.95%, 6-years panda bonds issued in 2022	**1,089,325**	1,132,261
– RMB1,500 million, 2.88%, 6-years panda bonds issued in 2023	**1,656,407**	1,673,235
– RMB1,600 million, 2.99%, 5-years panda bonds issued in 2023	**1,766,837**	1,783,825
– RMB1,900 million, 2.95%, 6-years panda bonds issued in 2023	**2,087,981**	2,108,321
	10,992,957	11,125,346

At the end of the third year of these panda bonds, the Company is entitled to adjust the coupon rate of the panda bonds and the investors are entitled to sell back the bonds to the Company.

(e) As at 30 June 2024, there is a super short-term commercial paper of RMB1,500 million (equivalent to HKD1,616 million) issued by Shenzhen Expressway for a term of 180 days bearing interest at 1.79% per annum.

As at 31 December 2023, there was a super short-term commercial paper of RMB1,500 million (equivalent to HKD1,665 million) issued by Shenzhen Expressway for a term of 270 days bearing interest at 2.25% per annum.

16. OTHER NON-CURRENT LIABILITIES

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
Deferred income:		
– Compensations from government regarding operation of toll station (Note (a))	**322,038**	374,053
– Other deferred income (Note (b))	**602,721**	655,239
Long-term employee bonus	**124,248**	127,284
Operating costs in the extended period for toll road compensation	**152,304**	166,853
Others	**225,158**	230,715
	1,426,469	1,554,144

Notes:

(a) The amount mainly represents government compensations amounting to HKD322,038,000 (31 December 2023: HKD374,053,000) for the operation subsidy of toll stations and ramp.

(b) Other deferred income mainly includes government grants amounting to HKD560,199,000 (31 December 2023: HKD601,519,000) which was received from the government for the purpose of subsidising the Group's development, operation and setting up certain integrated logistics hubs.

17. TRADE AND OTHER PAYABLES

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
Trade payables (Note (a))	**3,652,463**	4,337,936
Construction payables	**1,969,246**	2,194,845
Dividend payable	**747,626**	6,202
Other payables and accrued expenses	**2,030,298**	2,507,807
Amounts due to associates (Note (b))	**3,555,497**	3,670,941
	11,955,130	12,717,731
Deferred income	**5,332**	4,320
	11,960,462	12,722,051

17. TRADE AND OTHER PAYABLES *(continued)*

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

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
0-90 days	710,426	1,945,144
91-180 days	402,198	237,290
181-365 days	860,914	499,354
Over 365 days	1,678,925	1,656,148
	3,652,463	4,337,936

(b) Amount is mainly comprised of loan advances from Shenzhen International Qianhai Real Estate (Shenzhen) Co., Ltd. ("Qianhai Real Estate"), Shenzhen International Qianhai Business Development (Shenzhen) Co., Ltd. ("Qianhai Business") and Shenzhen International United Land Co., Ltd. ("United Land Company"), associates of the Group.

	As at 30 June 2024 HKD'000 (unaudited)	As at 31 December 2023 HKD'000 (audited)
Qianhai Real Estate (Note (i))	451,103	456,108
Qianhai Business (Note (ii))	2,270,083	2,182,961
United Land Company (Note (iii))	748,052	907,546
	3,469,238	3,546,615

Notes:

(i) Amounts are unsecured, interest bearing at 3.5% per annum and repayable within one year.

(ii) Amounts are unsecured, interest bearing at 2.9% per annum and repayable on demand.

(ii) Amounts are unsecured, interest-free and expected to be repaid within one year.

18. CONTRACT LIABILITIES

Contract liabilities include sales proceeds received from customers in connection with the Group's pre-sales of properties. Depending on market conditions, the Group requires the customers to pay off the full consideration within an agreed time frame while developments are still ongoing, rather than on delivery of properties to customer. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property development period for the full amount of the contract price. In addition, the contract liabilities will be increased by the amount of interest expense being accrued by the Group to reflect the effect of any significant financing benefit obtained from the customers during the period between the payment date and the completion date of delivery. As this accrual increases the amount of the contract liabilities during the period of development, it therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer.

19. REVENUE

	Six months ended 30 June	
	2024 **HKD'000** **(unaudited)**	2023 HKD'000 (unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Toll roads and general-environmental protection business		
– Toll revenue	**2,632,943**	2,919,511
– Entrusted construction management service and construction consulting service revenue	**126,262**	207,600
– Construction service revenue under service concession arrangements	**311,003**	453,566
– General-environmental protection service	**794,784**	845,211
– Others	**198,322**	207,767
	4,063,314	4,633,655
Logistics business		
– Logistics parks	**271,190**	270,751
– Logistics services	**137,467**	169,613
– Port and related services	**1,601,736**	1,325,926
– Logistics park transformation and upgrading business	**40,812**	33,519
	2,051,205	1,799,809
	6,114,519	6,433,464
Revenue from other sources		
Logistics business		
– Leases from logistics parks	**495,663**	485,015
	6,610,182	6,918,479

20. OTHER GAINS – NET

	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Gain on disposal of subsidiaries	**783,349**	–
Fair value changes of investment properties	**(209,423)**	82,605
Change in fair value of other financial assets	**(71,536)**	55,428
Change in fair value of derivative financial instruments	**25,949**	53,700
Others	**45,227**	8,229
	573,566	199,962

21. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Dividend income	**17,742**	38,967
Rental income	**809**	1,652
Government grants	**46,371**	76,636
	64,922	117,255

22. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Finance income		
Interest income from bank deposits	**(63,039)**	(97,883)
Other interest income	**(28,286)**	(12,547)
Total finance income	**(91,325)**	(110,430)

22. FINANCE INCOME AND COSTS *(continued)*

	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Finance costs		
– Bank borrowings and other borrowings	**623,741**	707,024
– Medium-term notes	**32,383**	163
– Senior notes	**–**	7,086
– Corporate bonds	**113,004**	173,620
– Panda bonds	**165,789**	89,742
– Interest on lease liabilities	**20,817**	22,758
– Borrowings from finance lease companies	**3,694**	49,204
– Other interest costs	**66,565**	32,266
Net foreign exchange losses	**26,198**	610,302
Less: finance costs capitalised on qualified assets	**(102,494)**	(135,451)
Total finance costs	**949,697**	1,556,714
Net finance costs	**858,372**	1,446,284

23. INCOME TAX EXPENSE

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

The PRC Corporate Income Tax charged to the condensed consolidated income statement was calculated based on the assessable profits of the Company's subsidiaries located in the PRC for the period at a rate of 25% (six months ended 30 June 2023: 25%) applicable to the respective companies.

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

	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Current income tax		
– PRC Corporate Income Tax	**305,444**	392,230
– Over provision of LAT in prior year	**(61,706)**	–
Deferred tax	**(26,386)**	100,959
	217,352	493,189

24. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary shareholders of the Company	**652,695**	92,045
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares in issue	**2,394,146**	2,388,104
Basic earnings per share (HKD per share)	**0.27**	0.04

(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 below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary shareholders of the Company	**652,695**	92,045
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares in issue	**2,394,146**	2,388,104
Adjustments – share options	**9,405**	–
Weighted average number of ordinary shares for diluted earnings per share	**2,403,551**	2,388,104
Diluted earnings per share (HKD per share)	**0.27**	N/A

25. DIVIDENDS

The Board has resolved not to declare any interim dividend in respect of the period (six months ended 30 June 2023: Nil). The 2023 final dividend of HKD957,260,000 in aggregate (consisting of HKD0.40 per ordinary share of final dividend) were settled in June 2024.

According to the scrip dividend scheme approved by shareholders in the annual general meeting held on 14 May 2024, 16,490,162 new shares were issued at a price of HKD6.612 per share, amounted to HKD109,033,000 and the remaining dividend of HKD848,227,000 was paid in cash in June 2024.

26. GUARANTEES AND CONTINGENCIES

As at 30 June 2024, the Group is involved in pending litigations related to subsidiaries of the Company, with a total claimed amount of approximately RMB1,037,930,000, including:

(a) Guizhou Guishen Investment Development Company Limited and Guizhou Shenzhen Expressway Property Company Limited (subsidiaries of the Company) being sued by Guizhou Xinhe Lifu Company for losses resulting from reduction of consideration in share transfer agreement, land mis-occupation and related events, totaling approximately RMB486,046,000;

(b) Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power", a subsidiary of the Company) being sued by Xinqing Environmental Technology (Lianyungang) Co., Ltd. ("Xinqing Environment"), for a compensation of approximately RMB150,743,000 due to a contract violation for delay in picking up the goods and payment. According to the first conclusion of the court in 2023, Nanjing Wind Power is requested to compensate Xinqing Environment by RMB53,210,000 while Xinqing Environment is requested to return prepayments to Nanjing Wind Power amounted to RMB49,293,000. Both parties appealed against the first conclusion and logged a second trial which has not been concluded up to 30 June 2024, and the outcome of the litigation and the obligation to compensate (if any) cannot be reliably estimated;

(c) The other shareholders (the "Original Shareholders") of Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd. ("Bioland", a subsidiary of Environmental Company, as defined below) filed an arbitration against Shenzhen Expressway Environmental Co., Ltd. ("Environmental Company", a subsidiary of the Company) in 2023, requesting Environmental Company to return the 22,640,000 shares (the "Transferred Shares") of Bioland which was transferred to Environmental Company in previous year pursuant to a capital injection and share transfer agreement signed between the Original Shareholders and Environmental Company in 2020, or if the Transferred Shares have been transferred or pledged, compensating the Original Shareholders by RMB129,727,000;

(d) Nanjing Wind Power being sued by PowerChina Jiangxi Province Power Construction Co., Ltd. due to failure to deliver goods on time and quality problem, resulting in a loss of approximately RMB109,100,000; and

(e) Other pending litigations totaling approximately RMB162,314,000.

As of 30 June 2024, the above cases are still in process. With the assistance of the attorney representing in the cases, the directors of the Company believes that the outcome of the lawsuit and the compensation obligation (if any) cannot be reliably estimated.

27. COMMITMENTS

Save as disclosed elsewhere in this interim financial report, the Group has the following capital expenditure committed but not yet incurred:

	As at 30 June 2024 HKD'000 (unaudited)	*As at 31 December 2023 HKD'000 (audited)*
Capital commitments – expenditure of property, plant and equipment and concession intangible assets and land premium – Contracted but not provided for	**22,620,675**	10,683,002

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's financial assets and financial liabilities that are measured at fair value.

	As at 30 June 2024 (unaudited)			
	Level 1 HKD'000	**Level 2 HKD'000**	**Level 3 HKD'000**	**Total HKD'000**
Assets				
Equity securities designated at FVTOCI				
– Unlisted equity securities	–	–	47,647	47,647
Financial assets measured at FVTPL				
– Listed securities in the PRC	287,764	–	–	287,764
– Listed securities in HK	54,659	–	–	54,659
– Unlisted equity securities	–	–	535,461	535,461
– Unlisted fund investment	–	–	822,926	822,926
– Structured deposit	–	–	107,918	107,918
Derivative financial instruments	–	–	159,454	159,454

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

	As at 31 December 2023 (audited)			
	Level 1	*Level 2*	*Level 3*	*Total*
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Assets				
Equity securities designated at FVTOCI				
– Unlisted equity securities	–	–	48,915	48,915
Financial assets measured at FVTPL				
– Listed securities in the PRC	302,367	–	–	302,367
– Listed securities in HK	10,219	–	–	10,219
– Unlisted equity securities	–	–	623,319	623,319
– Unlisted fund investment	–	–	828,924	828,924
– Structured deposit	–	–	407,630	407,630
Derivative financial instruments	–	–	163,350	163,350

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

As at 30 June 2024, the fair value of the Group's certain non-listed equity securities in level 3 were estimated using the market method. The management of the Group believes that their fair values and its changes based on valuation techniques are reasonable and are the most appropriate value at 30 June 2024. In addition, the fair value of the Group's certain non-listed equity securities and investment funds in level 3 are estimated using the recent transaction prices and with reference to the fair value of the underlying net assets of the investments. The management of the Group believes that their carrying amounts are not materially different from their fair values as at 30 June 2024.

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

(c) Financial instruments in level 3 *(continued)*

Information about Level 3 fair value measurements

	Valuation techniques	*Significant unobservable inputs*	*Range*
Financial assets measured at FVTPL			
– Unlisted equity securities (Note i)	Market comparable companies	Adjusted P/E multiplier	1.98
		The discount of lack of marketability	32.32%
– Unlisted fund investment (Note ii)	Assets based approach	Annual return rate	1.3% to 4.21%
	Market approach	Industry comparable return	17.6% to 28.09%

(i) The fair value of unlisted equity instruments is determined using the price/earning ratios or price/book value of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2024, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Group's profit by HKD15,369,000.

(ii) The fair value of unlisted fund investment is dependent on the fair value of the underlying properties held by the unlisted fund. The fair value of completed investment properties held by unlisted fund is generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the income and reversionary potential income by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings within the subject properties and the estimated rental incremental observed in other comparable properties.

(iii) The fair value of equity securities designated at FVOCI is determined with reference to the fair value of the underlying net asset value of the investments. As at 30 June 2024 and 31 December 2023, the carrying amount is not materially different from their fair value.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	Six months ended 30 June	
	2024 ***HKD'000*** ***(unaudited)***	*2023* *HKD'000* *(unaudited)*
Unlisted equity securities, fund investments and structured deposits:		
Beginning of the period	**2,072,138**	3,466,256
Changes in fair value recognised in profit or loss during the period	**(58,858)**	130,054
Net unrealised gains or losses recognised in other comprehensive income during the period	**(102)**	(279)
Addition	**1,352,228**	563,020
Redemptions	**(1,644,998)**	(2,654,637)
Exchange difference	**(47,002)**	(61,284)
End of the period	**1,673,406**	1,443,130

29. RELATED PARTY TRANSACTIONS AND BALANCES

As described in Note 1, the Company is de facto controlled by Shenzhen SASAC. The transactions entered into with associates, joint ventures and other state-owned entities are related party transactions. Management considers certain state-owned enterprises have material transactions with the Group in its ordinary course of business, which include but not limited to (1) capital expenditure incurred for service concession projects and construction in progress with stated-owned contractors and the corresponding payable balances due to these contractors and guaranteed deposits; (2) purchase of goods, including use of public utilities; and (3) bank deposits and borrowings. These transactions are mainly carried out on terms comparable to those conducted with third parties or standards promulgated by relevant government authorities and have been reflected in the interim financial report.

Management believes that meaningful information relating to related party transactions has been disclosed.

Apart from the related party transactions and balances already disclosed in other notes to this interim financial report, the following material transactions were carried out with related parties during the period:

(a) On 1 December 2016, Yunji Smart Engineering Co., Ltd. (formerly known as Shenzhen Expressway Engineering Consulting co., Ltd.) ("Yunji Smart") became an associate of Shenzhen Expressway, and Shenzhen Expressway and Yunji Smart entered into a service agreement pursuant to which Yunji Smart provides engineering consulting, management and testing service. During the period, Shenzhen Expressway paid service fee to Yunji Smart amounting to RMB2,375,000 (equivalent to HKD2,569,000) (six months ended 30 June 2023: RMB15,005,000 (equivalent to HKD16,856,000)).

(b) As at 30 June 2024, certain associates of the Group provided a cash advance to the Group, with details disclosed in note 17(b).

30. DISPOSAL OF SUBSIDIARIES

For the six months ended 30 June 2024

In June 2024, the Group and two subsidiaries of China AMC-Shenzhen International REIT (the "AMC Subsidiaries"), a company that became an associate of the Group in June 2024, entered into the transfer agreements pursuant to which the Group agrees to sell and the AMC Subsidiaries agrees to acquire, the entire equity interest in Hangzhou Shenzhen International Integrated Logistics Hub Development Co., Ltd. ("Hangzhou Logistics") and Guizhou Shenzhen International Integrated Logistics Hub Development Co., Ltd. ("Guizhou Logistics") at a total consideration of approximately RMB1,133,787,000 (equivalent to HKD1,224,659,000). The disposal was completed on 28 June 2024 and Hangzhou Logistics and Guizhou Logistics ceased to be subsidiaries of the Company.

In March 2024, the Group, one of its subsidiaries ("Yichang Expressway") and a subsidiary (the "E Fund Subsidiary") of E Fund – Shenzhen Expressway REIT, a Company became an associate of the Group in March 2024, entered into an equity transfer agreement and a creditor's right transfer agreement pursuant to which the E Fund Subsidiary agrees to acquire from the Group the 100% equity interest in and two debt receivables from Yichang Expressway at a consideration of approximately RMB2,045,920,000 (equivalent to HKD2,225,519,000). The disposal was completed on 21 March 2024 and Yichang Expressway ceased to be a subsidiary of the Company.

30. DISPOSAL OF SUBSIDIARIES *(continued)*

For the six months ended 30 June 2024 *(continued)*

The following table summarises the amount of assets and liabilities at the respective derecognition dates:

	Hangzhou Logistics *HKD'000*	***Guizhou Logistics*** *HKD'000*	***Yichang Expressway*** *HKD'000*	***Total*** *HKD'000*
Intangible assets	–	–	2,263,403	2,263,403
Property, plant and equipment	520,358	304,628	41,968	866,954
Land use rights	115,927	69,159	–	185,086
Construction in progress	–	–	415	415
Other non-current assets	2,376	4,756	–	7,132
Trade and other receivables	8,161	3,375	14,039	25,575
Cash and cash equivalents	39,703	20,084	133,589	193,376
Deferred tax liabilities	–	–	(317,748)	(317,748)
Trade and other payables	(229,292)	(241,065)	(71,785)	(542,142)
Tax payable	(8,106)	(6,308)	(808)	(15,222)
Other non-current liabilities	–	–	(705,396)	(705,396)
Net assets derecognised	449,127	154,629	1,357,677	1,961,433
Net assets derecognised	(449,127)	(154,629)	(1,357,677)	(1,961,433)
Debt receivables transferred	–	–	(705,396)	(705,396)
Total consideration	897,932	326,727	2,225,519	3,450,178
Gain on disposal of subsidiaries	448,805	172,098	162,446	783,349
Total consideration received	887,073	319,297	2,217,416	3,423,786
Cash and cash equivalents derecognised	(39,703)	(20,084)	(133,589)	(193,376)
Net cash inflow in the disposal including in the investing activities	847,370	299,213	2,083,827	3,230,410

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

Construction contract of Jihe Expressway Reconstruction and Expansion Project in Shenzhen Expressway

On 26 July 2024, having gone through the project tender related procedures and determined the respective contractors and contract fees, Shenzhen Expressway entered into the construction contract in respect of the reconstruction and expansion project of the section from He'ao to Shenzhen Airport of Shenyang-Haikou National Expressway with the respective contractors, and the total contract fee of the contracts amounted to RMB18,161,000,000. The respective contracts shall become effective upon the Company and Shenzhen Expressway having obtained the approvals from their respective shareholders.

SUPPLEMENTARY INFORMATION

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2024 (the "Period").

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2024, the interests and short positions of the directors (the "Director(s)") and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO, or as otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are set out as follows and in the section headed "SHARE OPTION SCHEME" below:

Long positions in the ordinary shares of the Company

Name of Directors	***Number of shares held***	***Capacity***	***Nature of interest***	***Approximate % of the issued shares of the Company*** *(Note 1)*
Li Haitao	44,751	beneficial owner	personal	0.001%
Liu Zhengyu *(Note 2)*	758,038	beneficial owner and interest of spouse	personal and spouse	0.031%

Notes:

(1) The percentage was calculated based on the total number of shares of the Company in issue as at 30 June 2024 (i.e. 2,409,639,050 shares).

(2) Mr. Liu Zhengyu is deemed to be interested in the long position of 275,728 shares of the Company, which are held by his spouse.

Save as disclosed above and in the section headed "SHARE OPTION SCHEME" below, as at 30 June 2024, none of the Directors nor chief executives of the Company had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

On 16 May 2014, the Company adopted a share option scheme (the "2014 Share Option Scheme"), the 2014 Share Option Scheme aims to reward, encourage and motivate the eligible participants who made contributions to the Group. Eligible participants of the Scheme include (a) any full-time employee(s) of the Group, (b) any director(s) (including executive, non-executive or independent non-executive director(s) of the Group and associate and joint ventures of the Group or (c) any substantial shareholder(s) of the Company.

The 2014 Share Option Scheme was valid for a period of 10 years commencing from 16 May 2014 and has expired on 15 May 2024. However, all outstanding options granted under the Scheme but yet to be exercised remain valid and exercisable.

As at 1 January 2024 and 30 June 2024, the number of options available for grant under the 2014 Share Option Scheme was 89,168,586 shares and nil respectively. Given no share options granted under the Scheme were vested, no shares were issued in respect of such options as at 30 June 2024. During the Period, no options under the 2014 Share Option Scheme were granted, exercised, lapsed or cancelled.

Details of the movements of share options granted, exercised or cancelled/lapsed under the 2014 Share Option Scheme during the Period and outstanding as at 30 June 2024 are as follows:

Name	Date of grant (Note 1)	Exercise period	Exercise price	Number of share options: As at 1 January 2024	Granted during the Period	Adjusted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	As at 30 June 2024 (Approximate % of issued shares of the Company)	Share Price of the Company (Note 2): Immediately before the date of grant	Immediately before the date of exercise
			HK$							HK$	HK$
Directors											
Mr. Li Haitao	1 November 2023	1 November 2025 to 31 October 2028	5.370	1,844,000	–	–	–	–	1,844,000 (0.077%)	5.150	N/A
Mr. Liu Zhengyu	1 November 2023	1 November 2025 to 31 October 2028	5.370	1,752,000	–	–	–	–	1,752,000 (0.073%)	5.150	N/A
Mr. Wang Peihang	1 November 2023	1 November 2025 to 31 October 2028	5.370	1,567,000	–	–	–	–	1,567,000 (0.065%)	5.150	N/A
				5,163,000	–	–	–	–	5,163,000		
Other employees in aggregate	1 November 2023	1 November 2025 to 31 October 2028	5.370	50,291,000	–	–	–	–	50,291,000	5.150	N/A
				55,454,000	**-**	**-**	**-**	**-**	**55,454,000**		

Notes:

(1) *The first 40%, the second 30% and the remaining 30% of these granted share options will be vested on the second, the third and the fourth anniversary from the date of grant respectively. The vesting of these share options is also subject to performance targets that comprise a mixture of attaining satisfactory key performance indicators components (including the business performance and financial performance of the Group and individual performance based on the annual performance assessment results).*

(2) *The share price of the Company immediately before the date of the grant of the share options disclosed herein was the closing price quoted by the Stock Exchange on the trading day immediately prior to the date of the grant of the share options. The share price of the Company immediately before the date of exercise of the share options disclosed herein was the weighted average of the closing price(s) of the shares on the day(s) immediately before the date(s) on which the share options within the disclosure category were exercised.*

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2023, the interests and short positions of the substantial shareholders of the Company and other persons (other than the Directors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO are set out below:

Long positions in the ordinary shares of the Company

Name of shareholders	***Number of shares held***	***Capacity***	***Approximate % of issued shares of the Company*** *(Note 1)*
Shenzhen Investment Holdings Company Limited ("SIHCL") *(Note 2)*	364,500	beneficial owner	0.01%
	1,058,717,983	Interest of controlled corporation	43.94%
Ultrarich International Limited ("Ultrarich") *(Note 2)*	1,058,717,983	beneficial owner	43.94%
UBS Group AG *(Note 3)*	170,298,595	interest of controlled corporation	7.07%

Notes:

(1) The percentage was calculated based on the total number of shares of the Company in issue as at 30 June 2024 (i.e. 2,409,639,050 shares)

(2) Ultrarich was a wholly-owned subsidiary of SIHCL and held 1,058,717,983 shares of the Company. Accordingly, SIHCL was deemed to be interested in the long position of these shares of the Company held by Ultrarich.

(3) UBS Asset Management (Americas) LLC, UBS Asset Management (Hong Kong) Ltd, UBS Asset Management (Singapore) Ltd, UBS Fund Management (Luxembourg) S.A., UBS Fund Management (Switzerland) AG, UBS Asset Management Life Limited, UBS Financial Services Inc., UBS AG, and UBS Switzerland AG are wholly-owned by UBS Group AG. Accordingly, UBS Group AG was deemed to be interested in the long position of an aggregate of 170,298,595 shares of the Company held by these companies.

Save as disclosed above, as at 30 June 2024, the Company was not aware that any other substantial shareholders of the Company or any other persons (other than the Directors or chief executives of the Company) had any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

CORPORATE GOVERNANCE

The board of Directors of the Company (the "Board") is committed to maintaining a high standard of corporate governance in the best interests of the Company's shareholders. The corporate governance principles adopted by the Company emphasize a highly efficient Board, sound internal control and transparency and accountability to the shareholders. During the Period, the Company has complied with the requirements of the code provisions set out in the Corporate Governance Code in Appendix C1 of the Listing Rules.

List of Members of the Board and the Specialized Committees of the Board and Other Committees and their Roles and Functions (as at 29 August 2024)

Board Members	***Audit Committee***	***Nomination Committee***	***Remuneration and Appraisal Committee***	***Sustainability Committee***	***Executive Committee***
Executive Directors					
Li Haitao (Chairman)					**C**
Liu Zhengyu				**C**	M
Wang Peihang		M		M	M
Dai Jingming					M
Non-executive Director					
Cai Xiaoping			M		M
Independent Non-executive Directors					
Pan Chaojin	M	**C**	**C**		
Zeng Zhi	**C**			M	
Wang Guowen	M		M		
Ding Chunyan		M		M	

C: Chairman of the Committee
M: Member of the Committee

Review of Interim Report

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been reviewed by the Auditor. The Auditor's review report is set out on page 51 of this interim report.

This interim report, comprising the unaudited condensed consolidated financial statements, has been reviewed by the Audit Committee.

Model Code for Securities Transactions by Directors and Relevant Employees

The Board adopted a code of conduct (the "Code of Conduct") in respect of securities transactions of the Company by Directors and insiders who has access to inside information of the Group on terms more stringent than those set out in the Model Code under the Listing Rules. Insiders who has access to inside information include any employees of the Company or directors or employees of subsidiaries of the Company who, by virtue of their office or employment, are likely to be in possession of inside information in relation to the Group.

In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the standards set out in the Model Code and the Code of Conduct at all times throughout the Period.

Changes in Directors' Information Required to be Reported under Rule 13.51B(1) of the Listing Rules

- With effect from 26 July 2024, Mr. Cai Xiaoping has been appointed as a non-executive Director and a member of the Remuneration and Appraisal Committee; and Mr. Li Haitao has ceased to act as a member of the Remuneration and Appraisal Committee; and

- With effect from 26 July 2024, Professor Ding Chunyan has been appointed as a member of the Nomination Committee; and Dr. Zeng Zhi has ceased to act as a member of the Nomination Committee.

Shenzhen International
深國際

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