SHENZHEN INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 152)

2007 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Shenzhen International Holdings Limited (the "Company") is pleased to announce the audited consolidated income statement and consolidated balance sheet of the Company, its subsidiaries and jointly controlled entities (the "Group") for the year ended 31 December 2007 (the "Year") together with comparative figures for the year ended 31 December 2006 as follows:

Consolidated Income Statement:

	Note	**Year ended 31 December** **2007** *HK$'000*	**2006** *HK$'000* (restated)
Turnover	(2)	853,985	536,549
Cost of sales		(478,565)	(342,358)
Gross profit		375,420	194,191
Other gains – net	(3)	2,252,016	133,923
Distribution costs	(4)	(19,824)	(23,801)
Administrative expenses	(4)	(144,401)	(118,473)
Other operating expenses	(4)	(21,122)	(3,050)
Operating profit		2,442,089	182,790
Share of profit of associates		246,737	250,412
Profit before finance costs and tax		2,688,826	433,202
Finance income	(5)	42,422	28,607
Finance costs	(5)	(97,245)	(129,004)
Fair value loss on derivative liability of convertible bonds	(5)	(196,173)	(82,449)
Finance costs – net	(5)	(250,996)	(182,846)
Profit before income tax		2,437,830	250,356
Income tax expense	(6)	(387,608)	(11,667)
Profit for the Year		2,050,222	238,689
Attributable to:			
Equity holders of the Company		2,033,555	230,794
Minority interest		16,667	7,895
		2,050,222	238,689
Earnings per share for profit attributable to equity holders of the Company during the Year			
(expressed in HK cents per share)			
– Basic	(7)	15.03	2.00
– Diluted		14.26	1.94
Dividends		639,818	72,525

CONSOLIDATED BALANCE SHEET:

		As at 31 December	
		2007	**2006**
		HK$'000	*HK$'000*
			(restated)
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		1,695,488	1,484,109
Investment properties		32,580	19,710
Leasehold land and land use rights		433,502	415,033
Construction in progress		224,358	113,412
Intangible assets		601,360	648,829
Investments in associates		2,545,463	2,857,068
Available-for-sale financial assets		222,652	115,683
Other non-current assets		839,548	491
		6,594,951	5,654,335
Current assets			
Held-to-maturity financial assets		-	118,217
Available-for-sale financial assets		854,228	-
Financial assets at fair value through profit or loss		591,069	-
Non-current assets held for sale		13,632	183,606
Trade and other receivables	(8)	200,644	182,749
Pledged bank deposits		591	3,221
Cash and cash equivalents		2,768,979	956,637
		4,429,143	1,444,430
Total assets		11,024,094	7,098,765
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		3,043,104	1,952,662
Other reserves		365,833	35,626
Retained earnings			
– Proposed dividends		639,818	72,525
– Others		3,154,665	1,978,883
		7,203,420	4,039,696
Minority interest		273,986	251,592
Total equity		7,477,406	4,291,288

CONSOLIDATED BALANCE SHEET (CONTINUED):

	Note	As at 31 December 2007 HK$'000	2006 HK$'000 (restated)
LIABILITIES			
Non-current liabilities			
Borrowings		236,063	1,242,226
Derivative financial instruments		1,869	1,758
Convertible bonds		1,517,977	322,007
Deferred income tax liabilities		342,510	73,755
Deferred income		65,805	95,628
Amount due to a minority shareholder		-	19,231
		2,164,224	1,754,605
Current liabilities			
Trade and other payables	(9)	328,926	267,873
Convertible note		-	322,917
Derivative liability of convertible bonds		-	140,160
Income tax payable		93,053	13,902
Borrowings		960,485	308,020
		1,382,464	1,052,872
Total liabilities		3,546,688	2,807,477
Total equity and liabilities		11,024,094	7,098,765
Net current assets		3,046,679	391,558
Total assets less current liabilities		9,641,630	6,045,893

Notes：

(1) Basic of preparation and accounting policies

These consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS")、Hong Kong Accounting Standards ("HKAS") and Hong Kong Interpretations ("HK(IFRIC) - Int"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, available-for-sale financial assets, where appropriate, financial assets at fair value through profit or loss, derivative financial instruments and investment properties.

(a) Merger accounting

The Company and Shenzhen Investment Holdings Company Limited ("SIHCL") are both under the control of Shenzhen Municipal State-owned Assets Supervision and Administration Commission ("Shenzhen SASAC"), and thus regarded as different entities under common control. These consolidated financial statements have been prepared using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 ‘‘Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), assuming that the current structure of the Group has been in existence since Shenzhen SASAC and its controller controlled the Company and the original controlling shareholders of the subsidiaries acquired.

(1) Basic of preparation and accounting policies (CONTINUED)

The 2006 comparative amounts of consolidated financial statements have been restated, it assumed that the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

(b) Standards, amendments and interpretations effective in 2007 but not relevant for the Group's operations

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2007 but are not relevant to the Group's operations:

- HK(IFRIC)-Int 7, 'Applying the Restatement Approach under HKAS 29'; and
- HK(IFRIC)-Int 8, 'Scope of HKFRS 2'.

(2) Segment information

Turnover represents income generated from provision of logistic services and dividend income, net of business tax and surcharges.

An analysis of the audited turnover and results by principal activities is as follows:

Year ended 31 December 2007

	Turnover	Operating Profit	Share of Profit/(loss) of associates	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Logistic business				
Toll road	451,888	226,089	215,081	441,170
Logistic parks	125,517	47,534	(623)	46,911
Logistic service business	231,928	1,021	1,228	2,249
Investment holding	44,652	2,167,445	(620)	2,166,825
Manufacturing business	-	-	31,671	31,671
	853,985	2,442,089	246,737	2,688,826

Profit before finance costs and tax	2,688,826
Finance income	42,422
Finance costs	(97,245)
Fair value loss on derivative liability of convertible bonds	(196,173)
Finance costs – net	(250,996)
Profit before income tax	2,437,830

(2) Segment information (CONTINUED)

Year ended 31 December 2006 (restated)

	Turnover	**Operating Profit**	**Share of Profit/(loss) of associates**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Logistic business				
Toll road	211,548	110,206	174,364	284,570
Logistic parks	103,789	37,350	(2,225)	35,125
Logistic service business	214,543	1,782	910	2,692
Investment holding	6,669	33,452	(12,669)	20,783
Manufacturing business	-	-	90,032	90,032
	536,549	182,790	250,412	433,202

Profit before finance costs and tax	433,202
Finance income	28,607
Finance costs	(129,004)
Fair value loss on derivative liability of convertible bonds	(82,449)
Finance costs – net	(182,846)
Profit before income tax	250,356

(3) Other gains - net

	2007	**2006**
	HK$'000	*HK$'000* (restated)
Gain on disposal of financial assets at fair value through profit or loss	1,531,111	-
Fair value gains on financial assets at fair value through profit or loss	532,806	-
Gain/(loss) on disposal of interest in associates	80,583	(2,642)
Gain on disposal of non-current assets held for sale	18,343	-
Deferred income recognised in the income statement	29,052	27,680
Rental income	25,441	26,003
Fair value gains on investment properties	12,870	480
Reversal of impairment on leasehold land and land use rights	7,000	7,549
(Loss)/gain on disposal of available-for-sale financial assets	(22,569)	43,739
Others	37,379	31,114
	2,252,016	133,923

(4) Expenses by nature

Expenses included in cost of sales, distribution costs, administrative expenses and other operating expenses are analysed as follows:

	2007	**2006**
	HK$'000	*HK$'000*
		(restated)
Depreciation, amortisation and impairment losses	151,184	84,950
Employee benefit expenses	70,461	70,113
Transportation costs	215,822	179,857
Rental charges	8,726	6,527
Other tax expenses	21,221	13,890
Commission and management fee for toll road	53,832	44,301
Auditors' remuneration	4,581	3,873
Legal and professional fees	22,057	3,429

(5) Finance income and costs

	2007	**2006**
	HK$'000	*HK$'000*
		(restated)
Interest expense		
– Bank borrowings	90,152	79,688
– Convertible note*	4,711	11,882
– Convertible bonds*	2,382	37,434
	97,245	129,004
Fair value loss on derivative liability of convertible bonds	196,173	82,449
Interest income from money market fund and bank deposits	(42,422)	(28,607)
Finance costs – net	250,996	182,846

* The nominal interest expense on the convertible note and convertible bonds are calculated by applying the effective interest method to the liability components. The interest expense does not have any cash flow impact.

(6) 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 Year. Taxes on overseas profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007	**2006**
	HK$'000	*HK$'000*
		(restated)
Current income tax		
– The People's Republic of China (the "PRC") enterprise income tax	260,837	16,798
Deferred income tax	126,771	(5,131)
	387,608	11,667

(7) Earning per share

Basic

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

	2007 HK$'000	**2006** HK$'000 (restated)
Profit attributable to equity holders of the Company	2,033,555	230,794
Weighted average number of ordinary shares in issue (thousands)	13,531,091	11,518,221
Basic earnings per share (HK cents per share)	15.03	2.00

Diluted

	2007 HK$'000	**2006** HK$'000 (restated)
Profit attributable to equity holders of the Company	2,033,555	230,794
Interest expense on convertible note	7,093	11,882
Profit used to determine diluted earnings per share	2,040,648	242,676
Weighted average number of ordinary shares in issue (thousands)	13,531,091	11,518,221
Adjustments – share options (thousands)	168,053	76,395
Adjustments – conversion of convertible note (thousands)	263,134	904,110
Adjustments – conversion of convertible bonds (thousands)	351,736	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	14,314,014	12,498,726
Diluted earnings per share (HK cents per share)	14.26	1.94

(8) Trade and other receivables

Trade receivables generally have credit terms of 30 to 120 days. As of 31 December 2007 and 31 December 2006, the ageing analysis of the trade receivables is as follows:

	2007 *HK$'000*	**2006** *HK$'000* (restated)
0-90 days	71,488	51,860
91-180 days	15,343	8,876
181-365 days	2,045	4,644
Over 365 days	1,390	11,308
	90,266	76,688

(9) Trade and other payable

As of 31 December 2007 and 31 December 2006, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) is as follows:

	2007	2006
	HK$'000	*HK$'000*
		(restated)
0-90 days	31,248	23,008
91-180 days	1,438	1,756
181-365 days	652	794
Over 365 days	480	802
	33,818	26,360

FINAL DIVIDEND, SPECIAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board recommended a final dividend of HK 1.0 cent (2006: HK 0.6 cent) per share and a special dividend of HK 3.5 cents (2006: Nil) for the year ended 31 December 2007. Total payment of dividend was HK 4.5 cents per share, totalling approximately HK$640 million (2006: HK$72.53 million) in cash. The final dividend and the special dividend will be paid on 10 June 2008 to shareholders whose names appear on the Register of Members of the Company on 22 May 2008.

The register of members of the Company will be closed from 20 May 2008 to 22 May 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend and special dividend, all transfer documents accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 19 May 2008. Subject to the approval of the final dividend and special dividend by shareholders at the forthcoming annual general meeting, the relevant dividend warrant will be despatched to shareholders on 10 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS AND MAJOR EVENTS OF THE YEAR

1. Profit attributable to shareholders reached a historic high of HK$2,034 million

For the Year, turnover of the Group amounted to HK$854 million (2006: HK$537 million), representing an increase of 59% over the previous year. Profit attributable to shareholders amounted to HK$2,034 million (2006: HK$231 million), a 7.8 times' increase over the previous year and reaching a historic high for the Group. Basic earnings per share amounted to HK 15.03 cents (2006: HK 2 cents), a 6.5 times' increase over the previous year.

The cash dividend of the Company for the Year is HK4.5 cents per share and the total amount of cash dividend is HK$640 million (2006: HK$72.53 million), representing an increase of 7.8 times and is a historic high for the Company as well. The Company has been actively enhancing shareholder return through its tireless efforts.

Recurring profit increased by 37%, with satisfactory growth for core businesses

The recurring profit attributable to shareholders for the Year amounted to HK$428 million (2006: HK$313 million), representing an increase of 37% over that in 2006. The operating results of core businesses reported satisfactory growth, with the turnovers from the logistic park business and the toll road business recording increases of 20% and 1.1 times, respectively, year-on-year, while their respective profits before tax and finance costs increased by 33% and 55% respectively year-on-year. Such increases were mainly attributable to the satisfactory growth of Shenzhen South-China International Logistics Co., Ltd. ("South China Logistics")'s business during the Year and the completion of the Group's acquisition of Longda Expressway in December 2007.

Non-recurring items including gain on divestment of non-core business totalling HK$1,606 million

With a view to further concentrating resources on the core logistic business, the Group is gradually reducing its investments in non-core businesses and is actively seeking opportunities for divestment of the equity interests in CSG Holding Co., Ltd. ("CSG"). Profit attributable to shareholders has significantly increased by 7.8 times over the corresponding period of 2006. This included the approximately HK$80.55 million profit after tax from the disposal of the CSG B shares held and the approximately HK$1,304 million of profit after tax from the disposal of approximately 75.16 million CSG A shares. The remaining 26.39 million tradable CSG A shares held were re-classified from an associate to financial assets through profit or loss, and booked at CSG's A share prices in accordance with applicable accounting standards. Accordingly, a profit after tax amounted to HK$435 million was resulted from the change in fair value. In addition, during the Year, the Group has disposed of its 25% equity interest in Tianjin CSG Architectural Glass Company Limited to a subsidiary of CSG for a consideration of RMB92.15 million, realising a profit after tax of HK$18 million as a result. Proceeds from the above disposals of non-core businesses will be invested in logistic infrastructure projects which will add value to the shareholders.

During the Year, due to the continued increase in the share price of the Company, the fair value of the derivative liability of the convertible bonds with an aggregate principal amount of HK$600 million issued in February 2006 recorded a corresponding increase. A book loss of approximately HK$196 million arising from the change in fair value was resulted accordingly. The recognition of such book loss does not affect the Group's operating results or cashflow. During the Year, the outstanding principal amount of HK$370.5 million of the convertible bonds was fully converted into ordinary shares of the Company.

Effective from 1 January 2008, PRC adopts a new income tax rate. The corporate income tax rate for most of the Group's businesses will be gradually increased from 15% to 25% over the next five years. During the Year, an adjustment was made to deferred tax liabilities in light of the future tax rate changes, and tax expenses increased by approximately HK$36 million accordingly.

2. **Convertible bonds fully converted, thereby introducing more international institutional investors; earnings per share and net asset value per share increased by 6.5 times and 48% respectively**

During the Year, the two convertible bonds issued by the Company in the previous years were fully converted into shares of the Company by bondholders. As a result, the Company has introduced more large international institutional investors and the Company's controlling shareholder, Shenzhen Investment Holding Corporation, has increased its shareholding in the Company, thereby highlighting the confidence of various shareholders in the Group. The issued share capital of the Company increased by approximately 2,130 million shares (17.6%) during the Year accordingly. However, with the Group's profit attributable to shareholders having increased by 7.8 times and equity attributable to shareholders having increased by 74% during the Year, the earnings per share and net asset value of the Company did not decrease as a result of the share capital increase, but increased instead by 6.5 times and 48% respectively year-on-year.

3. **Successfully acquired and increased interests in several quality logistic infrastructure projects with total assets more than HK$16,200 million**

During the past year, the Group has clarified and strengthened the role of logistic infrastructures as the core business, through a series of resource integration moves such as equity interest acquisitions, disposals of non-core business and business structure realignments. The Group aggressively pushed forward, and successfully achieved, the acquisitions and increases of equity interests in several logistic infrastructure projects of good quality, involving an acquisition amount totalling HK$4,900 million and total assets amounting to more than HK$16,200 million. Such activities strengthened the Group's control over its core assets and changed the previous mode of passive investment, gradually transform into an enterprise with full control of its assets and investments. The business of the Group has undergone substantial changes, thereby laying a solid foundation for further enhancement in operating efficiency and reinforcement of internal management.

The Group acquired a 40% equity interest in Shenzhen Western Logistics Co., Ltd. ("Shenzhen Western Logistics") at a consideration of RMB230 million in December 2006. The acquisition was completed in May 2007 and Shenzhen Western Logistics has become a 60%-owned subsidiary of the Group. Meanwhile, with the full support of Shenzhen SASAC and the Shenzhen Municipal Government, the Group aggressively capitalised on an opportunity, entering into an acquisition agreement with Shenzhen SASAC in July 2007 in relation to the acquisition of a 33.33% equity interest in South China Logistics at a consideration of RMB140 million. The acquisition was completed in November 2007 and South China Logistics has become a wholly-owned subsidiary of the Group. In addition, the Group acquired a further 39% equity interest in Shenzhen EDI Co., Ltd. ("Shenzhen EDI") at a consideration of RMB13 million. The acquisition was completed in October 2007 and Shenzhen EDI became a 78%-owned subsidiary of the Group.

On 16 October 2007, the Group entered into two agreements with Shenzhen SASAC to acquire a 100% equity interest in Shenzhen Bao Tong Highway Construction and Development Limited ("Bao Tong Company") at a consideration of RMB1,671 million (approximately HK$1,727 million) and a 100% equity interest in Shenzhen Shen Guang Hui Highway Development Company ("SGH Company") at a consideration of RMB2,661 million.

The sole major asset of Bao Tong Company is an 89.93% shareholding in Shenzhen Longda Expressway Company Limited ("Longda Company"), which is principally engaged in the operation and management of Longda Expressway located in Shenzhen. The acquisition was completed by the end of December 2007, and the Company issued, on the same date, a three-year zero coupon convertible bond in the principal amount of HK$1,727 million to SIHCL, a wholly-owned subsidiary of Shenzhen SASAC, as the consideration for the acquisition.

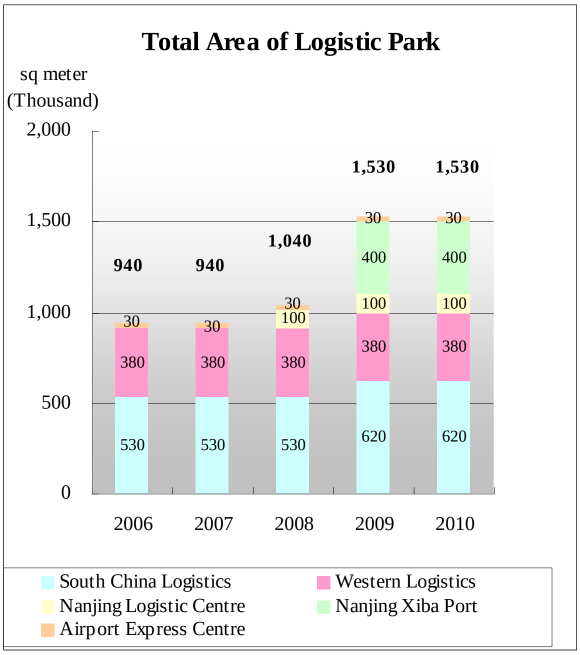
Meanwhile, the sole major asset of SGH Company is its 411 million shares (18.868%) in Shenzhen Expressway Company Limited ("Shenzhen Expressway"). Upon completion of the acquisition, the Group's shareholding in Shenzhen Expressway will increase from 31.153% to 50.021% and Shenzhen Expressway will change from an associate to a subsidiary of the Company. The acquisition of SGH Company has received the necessary approvals from the Hong Kong regulatory authority, the shareholders and the Shenzhen Municipal Government. Currently, the Group is engaged in the relevant application and approval procedures with the relevant PRC government authorities (including the State-owned Assets Supervision and Administration Commission of the State Council, Ministry of Commerce of the PRC and the China Securities Regulatory Commission) regarding the above acquisition, and the transaction is expected to be completed within 2008. By then, the full-year results of Shenzhen Expressway will be reflected in the 2008 results of the Group.

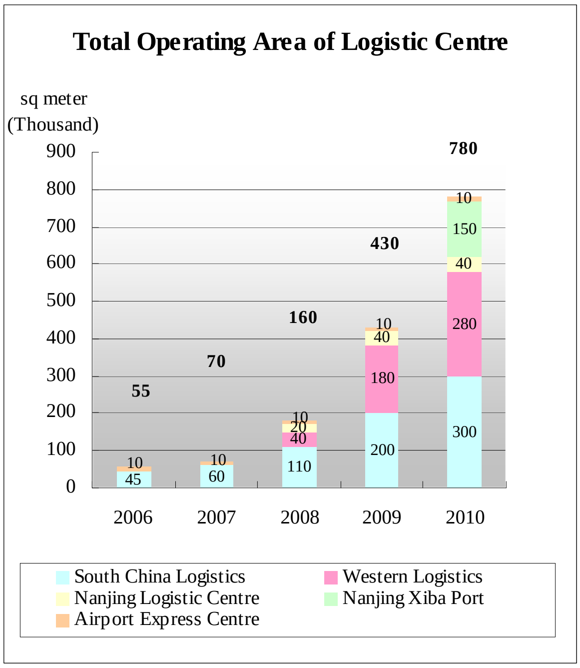
ANALYSIS OF MAJOR BUSINESS OPERATIONS

Logistic Park Business

Logistic park business reported satisfactory development and gradually increasing profit contribution to the Group, with operating area of logistic centres increase ten-fold in next three years

During the Year, the Group's logistic park business recorded a turnover of approximately HK$125 million (2006: HK$104 million) and a profit before finance costs and tax amounting to approximately HK$48 million (2006: HK$36 million), representing respective increases of 20% and 33% respectively over 2006. The overall logistic park business developed satisfactorily with all businesses reporting stable growth. The total site area of logistic parks currently owned by the Group is 940,000 square metres and the operating area of logistic centres of the Group is 70,000 square metres. With the expansion of the existing businesses and newly acquired investments, the logistic park business of the Group will enter a stage of rapid growth in the next three years; by 2009, the total site area of the Group's logistic parks will increase to 1,530,000 square metres, representing an increase of more than 60% as compared to the current area. The area of newly constructed logistic centers between 2008 and 2010 is estimated at 710,000 square metres. By 2010, the operating area of logistic centre will increase by over 10 times as compared to 2007.





South China Logistics

During the Year, turnover for South China Logistics amounted to HK$75.80 million (2006: HK$53.78 million), representing an increase of 41% over 2006. The gross profit margin was 47% (2006: 46%), and profit before finance costs and tax amounted to HK$23.50 million (2006: HK$11 million), an increase of 1.1 times over 2006.

Year 2007 was the second year since South China Logistics had commenced its full integration of its operations. During the Year, the revenue from its core business increased substantially by approximately 41% over 2006, whereas revenues from the logistic centre business and the cross-border cargo transfer business increased by 62% and 1 time respectively, highlighting satisfactory growth in operating results. With the commencement of operation of a new logistic centre of approximately 15,000 square metres in April 2007, the total area of logistic centres amounted to approximately 60,000 square metres as at present. Meanwhile, the construction of two 2-storey logistic centres with an aggregate area of 52,000 square metres was completed in December 2007 and the logistic centres will officially commence operation in the first quarter of 2008. Accordingly, it is anticipated that the operation of South China Logistics' logistic centre business will develop even more rapidly.

After the relocation of all cross-border cargo transfer functions from the Huanggang Checkpoint to South China Logistics, South China Logistics has commenced the cross-border cargo transfer business. The transit system has been gradually improving after one year of operation and operating efficiency has been significantly enhanced. The new transit yard at South China Logistics officially commenced operation in May 2007, with a capacity being 4 times that of the old one. Accordingly, the transition operation capability has been significantly enhanced and the operating efficiency has doubled. It is expected that the transiting business will continue to expand the operation scale of South China Logistics and bring considerable revenue. The "Green Lane" business which provides customs transferring and transition services to cross-border container trucks between Shenzhen and Hong Kong gradually commenced operation in the fourth quarter of 2007 and recorded an operating revenue of approximately HK$1 million. The "Green Lane" business is now developing steadily.

Looking ahead towards the coming year, South China Logistics will accelerate the development progress of the two new logistic centres. The current total site area of South China Logistics is approximately 530,000 square metres and the area of completed logistic centres is approximately 112,000 square metres. According to the original designated plot ratio of 0.26, approximately 81% of the gross area available has been completed. South China Logistics is now applying to double the plot ratio to 0.52 and the approval procedures are expected to be completed within 2008. Meanwhile, South China Logistics is currently applying for the approval of the second phase’s land use planning, with a view to increasing the land area by approximately 87,000 square metres. Approval for the planning is expected to be granted in 2009 and the site area of South China Logistics will increase to 620,000 square metres as a result, and the logistic centre area available will be increased to 370,000 square metres.

Shenzhen Western Logistics

During the Year, Shenzhen Western Logistics recorded a turnover of HK$27.38 million (2006: HK$23.35 million), and profit before finance costs and tax amounted to approximately HK$15 million (2006: HK$13.90 million). Income was mainly derived from rental income of the empty-container depot business.

The major tasks for Shenzhen Western Logistics during the Year were operating and managing the leasing business of existing empty-container depots, as well as actively conducting business promotion efforts for the new logistic centre and drafting operation proposals to attract new customers.

Shenzhen Western Logistics had completed all the procedures by the end of 2006 for acquiring the land with an area of 400,000 square metres in the Western Logistics Park. It has been actively engaged in the planning for constructing of the major logistic projects in the logistic park. The first phase of the logistic centre is to build a 2-storey logistic centre with a gross floor area of approximately 37,000 square metres. Construction work was completed by the end of 2007 and operation was commenced in March 2008. The function of the logistic centre is to act as a customs bonded logistic centre which provides customer services such as leasing, customs declaration and loading/unloading. The commencement of the new logistic centre is expected to bring greater business opportunities and considerable revenue for Shenzhen Western Logistics.

Looking forward to the coming year, Shenzhen Western Logistics will continue various construction works, and will be actively engaged in the expansion of its customer base and pre-operation arrangements for the new logistic centre, as well as adjusting the marketing and sales strategies so as to capitalise on the market opportunities. The total area of Shenzhen Western Logistics’ logistic centre will increase to 180,000 square metres by 2009, representing a 4 times increase as compared to 2008.

Logistic Centre at Nanjing Chemical Industrial Park

During the Year, the Group invested RMB88 million to build a logistic centre at Nanjing Chemical Industrial Park (“Nanjing Chemical Industrial Park Logistics Centre”). The centre has a site area of approximately 95,000 square metres, upon which chemical product warehouses and dangerous goods warehouses will be built to provide logistic consultation, solution planning and integrated logistic services to large chemical enterprises in the park and the nearby regions.

After a year of effort, Nanjing Chemical Industrial Park Logistics Centre reported impressive progress in both construction works and business development. The construction of the first phase was completed as scheduled and has been gradually entering operation, with various types of warehouses occupying an area of 21,000 square metres in total. Cooperation agreements have been signed successively with several domestic and foreign enterprises on the usage of the completed warehouses, and business promotion efforts for the warehouse were basically completed. In addition, active negotiations are currently underway with chemical enterprises inside and outside the park area regarding cooperation to develop dangerous goods storage business.

Toll Road Business

Toll road business contributed strong profit and cashflow during the Year. Mileage in operation will double in coming year

During the Year, the toll road business of the Group reported a turnover of approximately HK$452 million (2006: HK$212 million) and profit before finance costs and tax of amounted to HK$441 million (2006: HK$284 million), representing increases of 1.1 times and 55% respectively over 2006. The major reason for such increases was the Group's completion of the Longda Expressway acquisition during the Year with the latter's full-year turnover and profit consolidated under the applicable accounting standards, thereby leading to substantial increases in traffic volume and toll revenue over 2006 for the overall toll road business. Currently, the mileage of toll roads in operation held by the Group is 132 kilometres. Upon completion of the acquisition of the 18.868% equity interest in Shenzhen Expressway and completion of Shenzhen Expressway's construction of its new toll road projects, the operating mileage of toll highways held by the Group will double to 266 kilometres by the end of 2008.

Wuhuang Expressway

During the Year, the revenue and profit before finance costs and tax of Wuhuang Expressway were HK$393 million (2006: HK$316 million) and HK$188 million (2006: HK$133 million) respectively, representing increases of 24% and 41% respectively over 2006. The Group's share of turnover and profit before finance costs and tax were HK$177 million and HK$84 million respectively.

Benefiting from the continued economic growth of the country and Hubei Province and the further enhancement of Hubei Province's expressway network, Wuhuang Expressway reported satisfactory growth in both toll revenue and traffic volume for the Year. Total toll revenue and total traffic volume increased by 24% and 18% respectively over 2006, and Wuhuang Expressway continued to provide strong profit and cashflow contributions to the Group.

Looking forward to 2008, on the promising premise of accelerated economic development in Hubei Province, Wuhuang Expressway is expected to enjoy an elevated stage of growth in traffic volume and toll revenue. Meanwhile, other expressways in Wuhan Municipality will be gradually completed and opened to traffic. Most roads and bridges that will soon be completed will drive up the traffic volume of Wuhuang Expressway to a certain extent, thereby bringing more revenue to the Group.

Longda Expressway

During the Year, Longda Expressway recorded a turnover of HK$275 million (2006: HK$69.29 million), representing an increase of 2.9 times over 2006. Profit before finance costs and tax amounted to HK$151 million (2006: HK$42.46 million) .

Since the Dongguan Section of Longda Expressway opened to traffic in January 2007, there has been a substantial traffic volume travelling to Dongguan, Guangzhou and other locations through Longda Expressway. This highlighted the significant diversion effect of Longda

Expressway in the road network, and the section's traffic volume has increased substantially. During the Year, Longda Expressway recorded substantial growth in both toll revenue and traffic volume, with the full-year average daily toll revenue and average daily traffic volume having increased by almost 3 times and 2.7 times respectively over 2006.

In December 2007, Fulong Freeway in Shenzhen was completed and opened to traffic. Its opening resulted in the connection of Longda Expressway to Changhu Expressway at its end and to Futian downtown in Shenzhen Municipality at its start. Accordingly, the route advantage of Longda Expressway is further highlighted and this will have a significant facilitating impact on attracting traffic volume and increasing toll revenue. In January 2008, the average daily toll revenue of Longda Expressway has already surpassed HK$1 million while the average daily traffic volume was 51,100 vehicles, both representing increases of 33% over the averages in 2006.

Following the completion and opening of Fulong Freeway in Shenzhen and the completion of the expansion project of Luotian Tolling Station at the Dongguan Section of Longda Expressway at the end of March 2008, the expressway's traffic capacity will be further expanded and traffic congestion will be greatly alleviated, thereby allowing even smoother traffic on Longda Expressway. This is expected to bring considerable growth to its traffic volume and toll revenue.

Shenzhen Expressway

During the Year, Shenzhen Expressway recorded a turnover of RMB1,103 million (2006: RMB769 million), representing an increase of 43% over 2006. Profit attributable to shareholders amounted to RMB674 million (2006: RMB579 million), an increase of 16% over 2006, and the profit attributable to the Group amounted to HK$215 million (2006: HK$174 million). During the Year, benefiting from the continued boom of China's economy and the formation and enhancement of the highway network, traffic volumes and revenues of all major toll highways of Shenzhen Expressway continued to maintain steady growth, the average daily mixed traffic volume and average daily toll revenue of the toll highways operated and invested in by Shenzhen Expressway in Shenzhen increased by 22% and 21.8% respectively over 2006. However, with both operating costs and finance costs having increased as compared to 2006 and that provisions had to be made for deferred tax under the new tax rate, the profit growth of Shenzhen Expressway was slightly lower than the growth in turnover.

It is expected that in 2008, Shenzhen Expressway's toll highway construction or re-construction projects, which include Nanguang Expressway's connecting section between its southern end and the municipal roads in Shenzhen, Yanba C and the reconstruction of Qinglian Class 1 Highway, which is located at the northern part of Guangdong Province, into an expressway, will be successively completed and commencing operation, thereby substantially expanding Shenzhen Expressway's operation scale and facilitating revenue growth for Shenzhen Expressway.

Meanwhile, Shenzhen Expressway has been granted the development rights for Shenzhen Outer Ring Expressway. Currently, the surveying and design work and other preliminary work are underway, and the project's investment mode and development plan will be determined. The project will help to reinforce and expand Shenzhen Expressway's share of the toll highway sector in Shenzhen whilst building up project resources for the long-term steady development of Shenzhen Expressway.

Logistic Service Business

The Group's logistic service business mainly includes the provision of third party logistic and logistic information services to customers.

During the Year, the Group's logistic service business recorded a turnover of approximately HK$232 million (2006: HK$214 million) and profit before finance costs and tax of approximately HK$2 million (2006: HK$3 million), representing an increase of 8% and a decrease of 33% respectively over 2006. The major reason for such results was that intense market competition in the businesses of third party logistic and transportation ancillary services, together with the pressure from rising operating costs, led to a decline in the overall profit margin.

Investment Holding

During the Year, the Group received cash dividend of HK$35 million (2006: nil) for the financial year of 2006 from Shenzhen Airlines Co., Ltd.

DEVELOPMENT FOCUS AND OUTLOOK OF THE GROUP

Striving to fully complete the investment and construction of logistic businesses in Shenzhen and the Pearl River Delta, while capitalising on the opportune timing to expand into the Yangtze River Delta and the Pan-Bohai Rim

Presently, the Group has formulated the initial development planning for its core logistic business over the next three to five years. The Group will focus on acquiring capital-intensive assets of scarce resources to complement new construction and investments of resource projects, so as to boost the logistic business through expansion and development. The Group will strive to fully complete the investment, construction, acquisition and integration tasks of the existing logistic business in Shenzhen Municipality and the Pearl River Delta in the short-to-medium term, as well as taking advantage of the opportune timing to expand into the Yangtze River Delta and the Pan-Bohai Rim. On this basis, the Group will gradually develop logistic infrastructures and the relevant value-added services, thereby building up the core competitiveness of the logistic business.

While the global economic outlook is clouded by factors such as the sub-prime mortgage crisis, it is believed that the stable and positive trend of China's economy will continue over a considerable period in future. As the major resources owned by the Group are located in economically developed regions of China and the logistic infrastructure business that we are engaged in is an industry with abundant development potentials, there should be positive support for the Group's development.

2008 capital expenditure near RMB2,000 million for investment in new quality logistic infrastructure projects and expand existing businesses to create greater returns for shareholders

Looking ahead to 2008, the Group will, on the one hand, improve the overall management standard by further improving the functional departments and enhancing the management system. On the other hand, the Group will strengthen the development of the two major businesses of toll roads and logistic parks with a continued focus on the strategic objective of developing the core businesses, enhancing the profitability of assets through various methods such as internal resource integration and external introduction of resources.

In addition, in order to further concentrate its resources in the core logistic business, the Group will continue to seek the right opportunities to dispose of its non-core business, and the proceeds will be invested in quality logistic infrastructure projects which will add value for shareholders. The capital expenditure for the Group in 2008 is estimated at approximately RMB2,000 million, mainly for investments in new logistic infrastructure projects of good quality, such as ports, logistic centres, as well as the expansion and construction of existing logistic parks and toll road assets. It is expected that such investments will create even greater returns for shareholders.

FINANCIAL POSITION

	31 December		
	2007	**2006**	
	HK$ million	***HK$ million***	**Increase/**
		(Restated)	**(Decrease)**
Total Assets	11,024	7,099	55%
Total Liabilities	3,547	2,808	26%
Shareholders' Equity	7,477	4,291	74%
Cash and Cash Equivalents	2,769	957	189%
Total Borrowings			
Short Term Bank Loans	903	268	237%
Long Term Bank Loans due for repayment within one year	57	40	43%
Long Term Bank Loans	237	1,243	(81%)
Total Borrowings	1,197	1,551	(23%)
Net Cash/(Net Borrowings)	1,572	(594)	N/A
Debt Instruments#	1,518	785	93%
Debt Asset Ratio	32%	40%	(8%)##
Ratio of Total Borrowings to Total Assets	11%	22%	(11%)##
Ratio of Net Cash/(Net Borrowings) to Shareholders' Equity	21%	(14%)	N/A

Debt instruments represents the liabilities component of HK$1,727 million zero coupon convertible bond

Change in percentage point

As at 31 December 2007, cash and cash equivalents of the Group amounted to HK$2,769 million (31 December 2006: HK$957 million), representing an increase of 1.9 times over 2006. The increase was mainly attributable to the Group's disposal of non-core business in CSG A shares during 2007 and the net cash inflow from current businesses. At this stage, the Group possesses sufficient cash and a low gearing ratio, with a very solid financial position and has ample resources to invest in logistic infrastructure projects to further enhance shareholders' value.

As at 31 December 2007, total bank loans of the Group amounted to approximately HK$1,200 million (2006: HK$1,600 million), of which 80.3%, 6.3% and 13.4% were due for repayment within one year, the second year and the third year or after respectively. Of such loans, approximately HK$250 million are repayable in Hong Kong dollars, HK$7 million are repayable in US dollars and the remaining balances of approximately HK$940 million are borrowings from banks in the PRC repayable in Renminbi. During the Year, the amount of loans denominated in Renminbi increased by approximately HK$900 million, mainly due to the acquisition of Longda Expressway. As at the date of this announcement, such Renminbi loans were fully repaid.

The Group's cash inflow is primarily denominated in Renminbi, and cash outflow denominated in Hong Kong dollars mainly comprises cash dividend payment to shareholders and scheduled repayments of bank loans. As the borrowing costs of Hong Kong dollars is lower than that of Renminbi and it is anticipated that Renminbi has appreciation potential, the financing strategy of the Group is to borrow in Hong Kong dollar and invest in Renminbi-denominated assets in the PRC, thereby reducing the Group's overall borrowing costs on the one hand and benefiting from the Renminbi appreciation on the other. Renminbi appreciated by approximately 6% in 2007, and the Group's net asset value increased by approximately HK$200 million accordingly, given the cash and assets held by the Group were primarily denominated in Reminbi. In the short run, the risk of exchange rate between Renminbi and Hong Kong dollars will be at a low level. The Group will review and monitor from time to time the risks relating to foreign exchanges.

Currently, the Group has cash in hand and standing banking facilities of HK$6,000 million and the utilised banking facilities amount to HK$1,200 million. The Group has entered into an interest rate swap contract in respect of a syndicated loan granted so as to reduce the risk arising from increasing interest rates. The Group currently has sufficient financial resources and sound financing capability and will make full use of this advantage to continue to identify quality investment opportunities. It will also review its existing capital structure from time to time and consider plans to lower its funding costs, as well as further increasing the overall returns for its shareholders through channels such as cash payments to shareholders and share repurchases.

POST BALANCE SHEET EVENTS

1. Disposal of CSG A Shares

From 1 January 2008 to the date of this announcement, the Group has disposed of a total of 8,990,902 CSG A shares at Shenzhen Stock Exchange. The average selling price was RMB23.17 per share, giving a total consideration of approximately RMB208 million. As at the date of this announcement, the Group holds a total of 17,399,098 CSG tradable A shares at the Shenzhen Stock Exchange (representing 13% of the Group's interests in CSG); the non-tradable shares totalled 117,588,589 shares, of which 101,546,312 shares (representing approximately 75% of the Group's shareholding) and 16,042,277 shares (representing approximately 12% of the Group's shareholding) will become tradable shares effective from 24 May 2008 and 24 May 2009 respectively.

2. Impact of the PRC's January 2008 Snowstorm on the Group's Business

In early 2008, the PRC suffered from a disaster of freezing weather and snowstorms which led to massive losses for the social economy. Transportation and logistic delivery were immensely affected as well, with the delivery efficiency and economic gains of many logistic enterprises taking a hit as a result. Most of the Group's assets are located in the Pearl River Delta of the PRC and were, therefore, less affected by the snowstorm. Wuhuang Expressway in Hubei Province, which is jointly held by the Group and Shenzhen Expressway, is located in the snowstorm-hit region and had to be closed for certain periods in three days during the snowstorm. However, compared to other expressways in the same province, the closure period of Wuhuang Expressway was relatively short. The January and February toll revenues for Wuhuang Expressway only decreased by approximately 2% over the same period of 2007. As the Group actively cooperated with the government in the disaster aid and rescue efforts and proactively took initiatives to introduce alleviating measures, economic loss was effectively reduced and our corporate image was protected, while the Group's risk management capability was reinforced as well. The impact of the snowstorm on Wuhuang Expressway was short-lived, and operation gradually returned to normal after the Lunar New Year. Accordingly, the impact on the Group's overall 2008 results is expected to be moderate.

3. Investment in, Construction and Operation of Wharf and Logistic Centre at Xiba Port of Nanjing Chemical Industrial Park

On 13 March 2008, the Group entered into an agreement pursuant to which the Group, Nanjing Port Authority and Nanjing Chemical Industry Park Co., Ltd. ("Nanjing Chemical Industry Park Co") establish a joint-venture company (of which the Group, Nanjing Port Authority and Nanjing Chemical Industry Park Co. holding interests of 70%, 15% and 15% respectively) to construct and operate the project which comprises five deep-water terminals for 50,000-ton vessels and logistic centres at Xiba Port of Nanjing Chemical Industrial Park. The Nanjing Xiba Port project will be constructed in two phases. The total investment for the first phase of the project is RMB800 million, involving the construction and operation of two dry bulk and general terminals for 50,000-ton vessels and a logistic centre with a site area of 400,000 square metres. The first phase is expected to be completed and commence operation by the end of 2009. The second phase will be developed into three general solid dry bulk terminals for 50,000-ton vessels and a logistic centre, and is expected to commence its construction within four years after the completion and commencement of the first phase's terminals and logistic centre. The terminals will occupy a site area of 800,000 square metres and the logistic centre will have a site area of 700,000 square metres. The terminals and logistic centres will be mainly engaged in logistic transition and related businesses such as loading/unloading and storage of thermal coal, raw material coal and solid chemical raw materials for enterprises within Nanjing Chemical Industrial Park and in nearby areas.

The Nanjing Xiba Port project commands an excellent geographical location, and by investing in the project the Company will further expand the coverage of its logistic infrastructures resources and will strengthen its continuous development in the industry, as well as facilitating the formation of a logistic infrastructure resource network in the country's major economic powerhouses such as the Bohai Rim, the Yangtze River Delta and the Pearl River Delta.

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 Year.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Year, the Group has been in full compliance with all the Code Provisions and certain Recommended Best Practices as set out in the Code on Corporate Governance Practices, Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The corporate governance principles adopted by the Company emphases a highly efficient board of directors, sound internal control and the transparency and accountability to all shareholders. Details of the corporate governance practices adopted by the Group will be set out in the Corporate Governance Report contained in the 2007 Annual Report, which will be dispatched to shareholders of the Company.

OTHER INFORMATION

Before the date of this announcement, a meeting of the Audit Committee of the Company has been held with the Company's auditors for reviewing the annual consolidated financial statements of the Group for the year ended 31 December 2007.

The figures set out in the annual results announcement of the Group for the year ended 31 December 2007 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this regard did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the annual results announcement.

This announcement and other related information of the Company's 2007 annual results will be published on the websites of the Stock Exchange (www.hkexnews.com.hk) and the Company (www.szihl.com).

As at the date of this announcement, the Board consists of Messrs. Guo Yuan, Li Jing Qi, Liu Jun and Yang Hai as executive directors, Messrs. To Chi Keung, Simon, Zhang Hua Qiao and Wang Hang Jun as non-executive directors and Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing as independent non-executive directors.

By Order of the Board
Shenzhen International Holdings Limited
Guo Yuan
Chairman

Hong Kong, 2 April 2008