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

2019 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Shenzhen International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group"), and its joint ventures and associates for the year ended 31 December 2019 (the "Year") together with comparative figures for the year ended 31 December 2018 as follows:

Consolidated Income Statement:

		Year ended 31 December	
	Note	**2019 HK$'000**	2018 HK$'000
Revenue	(3), (4)	**16,820,326**	11,581,036
Cost of sales	(6)	**(10,121,072)**	(7,005,626)
Gross profit		**6,699,254**	4,575,410
Other income		**86,393**	45,790
Other gains - net	(5)	**2,859,553**	4,703,184
Distribution costs	(6)	**(150,949)**	(87,234)
Administrative expenses	(6)	**(869,504)**	(592,761)
Operating profit		**8,624,747**	8,644,389
Share of profit of joint ventures		**13,513**	14,708
Share of profit of associates	(12)	**1,246,797**	1,126,361
Profit before finance costs and income tax		**9,885,057**	9,785,458
Finance income	(7)	**278,094**	116,860
Finance costs	(7)	**(1,015,645)**	(1,540,393)
Finance costs - net	(7)	**(737,551)**	(1,423,533)
Profit before income tax		**9,147,506**	8,361,925
Income tax expense	(8)	**(2,037,965)**	(1,835,228)
Profit for the year		**7,109,541**	6,526,697

Consolidated Income Statement (continued):

	Note	Year ended 31 December	
		2019	2018
		HK$'000	HK$'000
Attributable to:			
Ordinary shareholders of the Company		**5,020,594**	4,212,652
Perpetual securities holders of the Company		**92,951**	92,969
Non-controlling interests		**1,995,996**	2,221,076
		7,109,541	6,526,697
Earnings per share attributable to ordinary shareholders of the Company during the Year (expressed in HK dollars per share)			
- Basic	(9(a))	**2.34**	2.03
- Diluted	(9(b))	**2.33**	2.02

Consolidated Statement of Comprehensive Income:

	Year ended 31 December	
	2019	2018
	HK$'000	HK$'000
Profit for the year	**7,109,541**	6,526,697
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Share of other comprehensive income of associates	**38,527**	(19,845)
Items that will not be reclassified to profit or loss:		
Currency translation differences	**(961,937)**	(1,901,022)
Net movement in the fair value reserve on other financial assets (Non-recycling)	**(1,505)**	(141)
Sub-total	**(963,442)**	(1,901,163)
Other comprehensive income for the year , net of tax	**(924,915)**	(1,921,008)
Total comprehensive income for the year	**6,184,626**	4,605,689

Consolidated Statement of Comprehensive Income (continued):

	Note	Year ended 31 December 2019 HK$'000	2018 HK$'000
Total comprehensive income attributable to:			
Ordinary shareholders of the Company		**4,404,564**	2,894,098
Perpetual securities holders of the Company		**92,951**	92,969
Non-controlling interests		**1,687,111**	1,618,622
Total comprehensive income for the year		**6,184,626**	4,605,689

Consolidated Balance Sheet:

	Note	As at 31 December 2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Investment properties		**576,796**	93,930
Property, plant and equipment		**10,029,717**	5,273,283
Land use rights		**3,393,684**	2,932,326
Construction in progress		**1,846,436**	2,424,315
Intangible assets	(11)	**26,260,742**	27,020,690
Goodwill		**262,427**	11,324
Interests in associates	(12)	**14,527,280**	14,244,696
Interests in joint ventures		**64,074**	75,304
Other financial assets	(13)	**538,016**	485,949
Deferred tax assets		**1,247,740**	787,782
Other non-current assets	(14)	**1,035,957**	1,224,961
		59,782,869	54,574,560
Current assets			
Inventories and other contract costs	(15)	**10,111,605**	8,055,405
Contract assets		**503,509**	190,481
Other financial assets	(13)	**219,160**	550,396
Trade and other receivables	(16)	**5,662,296**	3,976,525
Derivative financial instruments		**70,005**	51,494
Restricted bank deposits		**2,056,827**	2,088,989
Deposits in banks with original maturities over 3 months		**791,378**	874,168
Cash and cash equivalents		**11,931,764**	13,663,906
Disposal group held for sale	(18)	**279,315**	338,670
		31,625,859	29,790,034
Total assets		**91,408,728**	84,364,594

Consolidated Balance Sheet (continued):

	Note	As at 31 December 2019 HK$'000	2018 HK$'000
EQUITY AND LIABILITIES			
Share capital and share premium		**11,098,877**	10,552,228
Other reserves and retained earnings		**19,186,158**	17,445,704
Equity attributable to ordinary shareholders of the Company		**30,285,035**	27,997,932
Perpetual securities		**2,330,939**	2,330,939
Non-controlling interests		**14,725,298**	14,030,974
Total equity		**47,341,272**	44,359,845
Liabilities			
Non-current liabilities			
Borrowings		**25,179,181**	24,474,131
Lease liabilities		**722,274**	-
Deferred tax liabilities		**1,773,633**	1,808,509
Other non-current liabilities		**1,272,743**	1,298,862
		28,947,831	27,581,502
Current liabilities			
Trade and other payables	(17)	**7,432,917**	6,097,906
Contract liabilities		**4,612,724**	1,825,004
Income tax payable		**1,659,449**	2,362,608
Borrowings		**1,314,083**	2,137,729
Lease liabilities		**100,452**	-
		15,119,625	12,423,247
Total liabilities		**44,067,456**	40,004,749
Total equity and liabilities		**91,408,728**	84,364,594

Notes：

(1) General and major development

(a) General information

The principal activities of the Group include the following businesses:

- Toll roads; and
- Logistic business.

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

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

(1) General and major development (continued)

(a) General information (continued)

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

As at 31 December 2019, Ultrarich International Limited ("Ultrarich") directly owned 952,010,090 ordinary shares of the Company, representing approximately 44.04% of the issued share capital of the Company. As Shenzhen Investment Holdings Company Limited ("SIHCL") held 100% equity interest in Ultrarich, it had a deemed interest in the 44.04% of the equity in the Company held by Ultrarich and was the largest shareholder of the Company. SIHCL is supervised and managed by Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission ("Shenzhen SASAC"). The directors of the Company regard Shenzhen SASAC as having control of the Company's relevant activities and is the de facto controller of the Company due to the voting power it held in the Company.

(b) Statement of compliance and basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institution of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost basis, as modified by the revaluation of other financial assets, derivative financial instruments and investment properties, which are carried at fair value.

Non-current assets held for sale are stated at the lower of their carrying amount and fair value less cost to sell.

(c) The Group's land development in Qianhai, Shenzhen

On 29 September 2019, the Urban Planning Land and Natural Resources Bureau of the Shenzhen Municipality and the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen (the "Qianhai Authority") entered into a land consolidation and preparation agreement (the "Land Consolidation and Preparation Agreement") in respect of the land consolidation and preparation plan of the Group's five land parcels with an aggregate site area of approximately 380,000 square meters in Qianhai, whereby specific arrangements for the land consolidation and preparation plan, the assessment principles, compensation and land transfer arrangement were finalised.

During the year ended 31 December 2019, two wholly-owned subsidiaries of the Group entered into two land use right transfer agreements separately (the "Land Transfer Agreements") with the Qianhai Authority in respect of total land area of approximately 41,200 square meters, with plot ratio-based gross floor area of approximately 110,000 square meters (mainly residential use area). The total consideration for the land transfer is approximately HKD2,511,838,000.

(1) General and major development (continued)

(c) The Group's land development in Qianhai, Shenzhen (continued)

According to the Land Consolidation and Preparation Agreement, no contractual land prices (including land use right assignment fees, land development funds and municipal ancillary facility funds) will be charged separately for the above two land parcels (the "Second Phase of Qianhai Project"). As a result, the Group recognised other net gain of HKD2,457,559,000 in the consolidated income statement for the year ended 31 December 2019 (See note 5).

(2) Changes in accounting policies and disclosures

The accounting policies applied are consistent with those of the 2018 Financial Statements as described therein, except for the accounting policy that is first effective for the current accounting period of the Group.

New and amended standards adopted by the Group

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group measured the right-of-use assets on a lease-by-lease basis, using either of the following two methods:

- Method 1: as if HKFRS 16 had always been applied since the commencement date of the lease (other than discounting using the relevant incremental borrowing rate at the date of initial application of HKFRS 16); or

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

New and amended standards adopted by the Group (continued)

- Method 2: at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised in the consolidated balance sheet immediately before the date of initial application.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated balance sheet:

	Carrying amount at 31 December 2018	*Capitalisation of operating lease contracts*	*Carrying amount at 1 January 2019*
Line items in the consolidated balance sheet impacted by the adoption of HKFRS 16:			
Investment properties	93,930	237,049	330,979
Property, plant and equipment	5,273,283	523,342	5,796,625
Interests in associates	14,244,696	(433,592)	13,811,104
Total non-current assets	**54,574,560**	**326,799**	**54,901,359**
Lease liabilities (current)	-	67,350	67,350
Total current liabilities	**12,423,247**	**67,350**	**12,490,597**
Net current assets	**17,366,787**	**(67,350)**	**17,299,437**
Total assets less current liabilities	**71,941,347**	**259,449**	**72,200,796**
Lease liabilities (non-current)	-	652,728	652,728
Total non-current liabilities	**27,581,502**	**652,728**	**28,234,230**
Net assets	**44,359,845**	**(393,279)**	**43,966,566**
Other reserves and retained earnings	17,445,704	(411,918)	17,033,786
Equity attributable to ordinary shareholders of the Company	**27,997,932**	**(411,918)**	**27,586,014**
Non-controlling interests	**14,030,974**	**18,639**	**14,049,613**
Total equity	**44,359,845**	**(393,279)**	**43,966,566**

(3) Segment information

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

- Toll roads; and
- Logistic business.

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

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

Toll roads include development, operation and management of toll highway; logistic business includes: (i) logistic parks which mainly include the construction, operation and management of logistic centres and integrated logistics hubs; (ii) logistic services which include the provision of third party logistic services, logistic information services and financial services to customers; (iii) port and related services; and (iv) logistic park transformation and upgrading services.

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

(3) 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 years ended 31 December 2019 and 2018 are set out below:

For the year ended 31 December 2019

	Toll roads	*Logistic business*					*Head Office functions*	*Total*
		Logistic parks	*Logistic services*	*Port and related service*	*Logistic park transformation and upgrading services*	*Sub-total*		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15								
- Point in time	**6,567,874**	**72,777**	**878,422**	**1,564,412**	**4,569,316**	**7,084,927**	**-**	**13,652,801**
- Over time	**2,407,676**	**-**	**-**	**-**	**-**	**-**	**-**	**2,407,676**
Subtotal	**8,975,550**	**72,777**	**878,422**	**1,564,412**	**4,569,316**	**7,084,927**	**-**	**16,060,477**
Revenue from other sources	**-**	**759,849**	**-**	**-**	**-**	**759,849**	**-**	**759,849**
Revenue	**8,975,550**	**832,626**	**878,422**	**1,564,412**	**4,569,316**	**7,844,776**	**-**	**16,820,326**
Operating profit	**2,500,521**	**194,682**	**53,425**	**192,679**	**2,820,291**	**3,261,077**	**2,863,149**	**8,624,747**
Share of profit/(loss) of joint ventures	**-**	**13,857**	**-**	**-**	**-**	**13,857**	**(344)**	**13,513**
Share of profit/(loss) of associates	**616,099**	**(182)**	**-**	**(491)**	**-**	**(673)**	**631,371**	**1,246,797**
Finance income	**57,189**	**5,856**	**12,051**	**172**	**36,979**	**55,058**	**165,847**	**278,094**
Finance costs	**(678,980)**	**(13,493)**	**(3,658)**	**(559)**	**(26,028)**	**(43,738)**	**(292,927)**	**(1,015,645)**
Profit before income tax	**2,494,829**	**200,720**	**61,818**	**191,801**	**2,831,242**	**3,285,581**	**3,367,096**	**9,147,506**
Income tax benefit/(expense)	**50,319**	**(28,133)**	**(13,892)**	**(34,698)**	**(974,761)**	**(1,051,484)**	**(1,036,800)**	**(2,037,965)**
Profit for the year	**2,545,148**	**172,587**	**47,926**	**157,103**	**1,856,481**	**2,234,097**	**2,330,296**	**7,109,541**
Non-controlling interests	**(1,253,879)**	**(6,665)**	**(22,397)**	**(40,804)**	**(542,072)**	**(611,938)**	**(130,179)**	**(1,995,996)**
Subtotal	**1,291,269**	**165,922**	**25,529**	**116,299**	**1,314,409**	**1,622,159**	**2,200,117**	**5,113,545**
Profit attributable to perpetual securities holders	**-**	**-**	**-**	**-**	**-**	**-**	**(92,951)**	**(92,951)**
Profit attributable to ordinary shareholders of the Company	**1,291,269**	**165,922**	**25,529**	**116,299**	**1,314,409**	**1,622,159**	**2,107,166**	**5,020,594**
Depreciation and amortisation	**1,722,143**	**243,619**	**37,123**	**58,696**	**3,820**	**343,258**	**48,493**	**2,113,894**
Capital expenditure								
- Additions in investment properties, property, plant and equipment, construction in progress, land use rights and intangible assets	**2,520,849**	**1,485,458**	**120,442**	**38,365**	**7,968**	**1,652,233**	**1,171,749**	**5,344,831**
- Additions in property, plant and equipment, construction in progress, land use rights, and intangible assets arising from acquisition of subsidiaries	**2,034,948**	**387,641**	**-**	**-**	**-**	**387,641**	**-**	**2,422,589**
- Additions in interests in associates	**314,340**	**-**	**-**	**-**	**-**	**-**	**-**	**314,340**

(3) Segment information (continued)

For the year ended 31 December 2018

	Toll roads	*Logistic business*				*Head Office functions*	*Total*
		Logistic parks	*Logistic services*	*Port and related service*	*Sub-total*		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15							
- Point in time	7,185,367	143,387	801,530	1,318,457	2,263,374	-	9,448,741
- Over time	1,617,986	-	-	-	-	-	1,617,986
Subtotal	8,803,353	143,387	801,530	1,318,457	2,263,374	-	11,066,727
Revenue from other sources	-	514,309	-	-	514,309	-	514,309
Revenue	8,803,353	657,696	801,530	1,318,457	2,777,683	-	11,581,036
Operating profit/(loss)	8,570,452	167,413	67,879	165,813	401,105	(327,168)	8,644,389
Share of profit/(loss) of joint ventures	-	14,733	-	-	14,733	(25)	14,708
Share of profit/(loss) of associates	611,524	(145)	1,028	(532)	351	514,486	1,126,361
Finance income	47,762	7,733	3,816	779	12,328	56,770	116,860
Finance costs	(1,365,788)	(15,857)	(1,420)	(5,393)	(22,670)	(151,935)	(1,540,393)
Profit before income tax	7,863,950	173,877	71,303	160,667	405,847	92,128	8,361,925
Income tax (expense)/benefit	(1,783,540)	(31,525)	(15,463)	(26,421)	(73,409)	21,721	(1,835,228)
Profit for the year	6,080,410	142,352	55,840	134,246	332,438	113,849	6,526,697
Non-controlling interests	(2,184,341)	14,499	(16,484)	(37,072)	(39,057)	2,322	(2,221,076)
Subtotal	3,896,069	156,851	39,356	97,174	293,381	116,171	4,305,621
Profit attributable to perpetual securities holders	-	-	-	-	-	(92,969)	(92,969)
Profit attributable to ordinary shareholders of the Company	3,896,069	156,851	39,356	97,174	293,381	23,202	4,212,652
Depreciation and amortisation	2,035,212	178,756	13,163	61,857	253,776	22,271	2,311,259
Capital expenditure							
- Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	1,359,195	870,854	42,687	33,011	946,552	1,654,389	3,960,136
- Additions in interests in associates	67,743	-	-	-	-	-	67,743

(a) The revenue from toll roads included construction service revenue under service concession arrangements in amount of HKD1,834,102,000 for the year (2018: HKD1,234,194,000).

(b) The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

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

(4) Revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2019	*2018*
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Toll Roads		
- Toll revenue	**5,305,292**	6,712,430
- Entrusted construction management service and construction consulting service revenue	**403,748**	273,430
- Construction service revenue under Service Concession	**1,834,102**	1,234,194
- Environmental protection service	**672,922**	-
- Others	**759,486**	583,299
	8,975,550	8,803,353
Logistic Business		
- Logistic parks	**72,777**	143,387
- Logistic services	**878,422**	801,530
- Port and related services	**1,564,412**	1,318,457
- Logistic park transformation and upgrading service	**4,569,316**	-
	7,084,927	2,263,374
	16,060,477	11,066,727
Revenue from other sources		
Logistic Business		
- Gross rentals from logistic parks		
- Lease payments that are fixed or depend on an index or a rate	**759,849**	514,309
	16,820,326	11,581,036

(5) Other gains - net

	2019	*2018*
	HK$'000	HK$'000
Gain on replacement of land (Note 1 (c))	**2,457,559**	-
Gain on disposal assets of Nanjing Xiba Port Co., Ltd. (Note 18)	**578,624**	-
Loss on impairment of concession intangible assets	**(620,155)**	-
Gain on adjustment of contingent consideration of Shuiguan Expressway	**29,210**	-
Gain on disposal of subsidiaries	**294,582**	84,680
Change in fair value of other financial assets	**86,851**	(100,596)
Gain/(loss) on disposal of derivative financial instruments	**30,176**	(58,600)
Loss on impairment of trade receivables and contract assets	**(31,505)**	(6,012)
Loss on impairment of lease receivables	**(4,145)**	(7,224)
Gain on disposal of other financial assets	**1,620**	12,877
Gain on disposal of 4 Toll Roads	**-**	4,721,977
Gain on bargain acquisition of a subsidiary	**-**	8,056
Gains on land compensation	**-**	26,267
Others	**36,736**	21,759
	2,859,553	4,703,184

(6) Expenses by nature

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

	2019	*2018*
	HK$'000	HK$'000
Construction services cost under Service Concession	**1,834,102**	1,234,194
Provision for maintenance/resurfacing obligations - net	**-**	(189,396)
Depreciation and amortisation	**2,113,894**	2,311,259
Employee benefit expenses	**1,408,480**	1,181,513
Transportation expenses and contractors' costs	**572,624**	466,635
Rental charges	**122,526**	107,101
Other tax expenses	**122,130**	80,496
Commission, management fee and maintenance expenses for toll roads	**420,638**	431,691
Entrusted construction management service costs	**264,255**	167,423
Auditors' remuneration		
- Audit services	**6,547**	7,340
- Non-audit services	**4,337**	5,475
Legal and consultancy fees	**64,259**	43,593
Cost of inventory sold	**3,505,654**	1,208,673
Others	**702,079**	629,624
	11,141,525	7,685,621

(7) Finance income and costs

	2019	*2018*
	HK$'000	HK$'000
Finance income		
Interest income from bank deposits	**(273,087)**	(92,036)
Interest income from other receivables	**-**	(10,141)
Other interest income	**(5,007)**	(14,683)
Total finance income	**(278,094)**	(116,860)
Finance costs		
Interest expense		
- Bank borrowings	**628,602**	790,818
- Medium-term notes	**88,606**	62,800
- Senior notes	**28,627**	23,793
- Corporate bonds	**125,751**	129,047
- Panda bonds	**235,083**	49,073
- Borrowings from Financial Leasing Company	**14,662**	-
- Interest on contract liabilities	**41,259**	34,523
- Interest on lease liabilities	**45,678**	-
- Other interest costs	**38,999**	71,322
- Interest costs for other financial liabilities	**-**	468,024
Net foreign exchange losses	**35,955**	288,965
Gains on derivative financial instruments directly attributable to borrowings	**(19,758)**	(137,223)
Less: finance costs capitalised on qualified assets	**(247,819)**	(240,749)
Total finance costs	**1,015,645**	1,540,393
Net finance costs	**737,551**	1,423,533

(8) Income tax expense

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

The PRC Corporate Income Tax charged to the consolidated income statement was calculated based on the assessable profits of the Company's subsidiaries located in the PRC of the year at a rate of 25% (2018: 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.

	2019	*2018*
	HK$'000	HK$'000
Current income tax		
- PRC Corporate Income Tax	**1,983,298**	2,583,655
- Land appreciation tax	**397,157**	18,619
Withholding income tax on dividends	**226,548**	147,633
Deferred tax	**(569,038)**	(914,679)
	2,037,965	1,835,228

(9) Earnings per share

(a) Basic

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

	2019	*2018*
	HK$'000	HK$'000
Profit attributable to ordinary shareholders of the Company	**5,020,594**	4,212,652
Weighted average number of ordinary shares in issue (thousands)	**2,141,500**	2,074,843
Basic earnings per share (HK$ per share)	**2.34**	2.03

(b) Diluted

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

(9) Earnings per share (continued)

(b) Diluted (continued)

	2019	*2018*
	HK$'000	HK$'000
Profit attributable to ordinary shareholders of the Company	**5,020,594**	4,212,652
Weighted average number of ordinary shares in issue (thousands)	**2,141,500**	2,074,843
Adjustments - share options (thousands)	**9,285**	15,576
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**2,150,785**	2,090,419
Diluted earnings per share (HK$ per share)	**2.33**	2.02

(10) Dividends

At the board meeting on 20 March 2020, the board recommended the payment of final dividend and special dividend for the year of 2019 of HKD0.53 per ordinary share and HKD0.64 per ordinary share respectively. Such dividends are to be approved by the shareholders at the forthcoming annual general meeting of the Company in 2020 ("Annual General Meeting"). These consolidated financial statements do not reflect this as dividend payable.

	2019	*2018*
	HK$'000	HK$'000
Proposed final and total dividend of HKD0.53 (2018: HKD0.36) per ordinary share	**1,145,776**	763,154
Proposed special dividend of HKD0.64 (2018: HKD0.70) per ordinary share	**1,383,579**	1,483,911
	2,529,355	2,247,065

The board recommended that the final dividend be satisfied wholly in the form of an allotment of scrip shares. Shareholders will be given the option of receiving the final dividend wholly in cash in lieu of such allotment, or partly in cash and partly in the form of scrip shares. The arrangement is subject to: (1) the approval of proposed final dividend at the forthcoming Annual General Meeting; and (2) the Stock Exchange's granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

(11) Intangible assets

Concession intangible assets

	2019	*2018*
	HK$'000	HK$'000
Cost	**38,120,004**	36,980,113
Accumulated amortisation and impairment	**(11,859,262)**	(9,959,423)
Net book value	**26,260,742**	27,020,690

(11) Intangible assets (continued)

	2019	*2018*
	HK$'000	HK$'000
Net book value as at 1 January	**27,020,690**	33,624,346
Acquisition of subsidiaries	**93,225**	-
Additions	**1,871,444**	1,232,400
Disposals	**-**	(4,699,456)
Amortisation	**(1,510,517)**	(1,830,222)
Impairment (Note (a))	**(620,155)**	-
Exchange difference	**(593,945)**	(1,306,378)
Net book value as at 31 December	**26,260,742**	27,020,690

Concession intangible assets represent the rights to operate the respective toll roads granted by the relevant local governmental authorities in the PRC to the Group. The remaining periods of rights to operate the respective toll roads are from 3 to 18 years. According to the relevant government 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 collectable 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 considerations 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 consolidated income statement within "Cost of sales".

(a) During the year, due to the shortening of the expected concession period of Shuiguan Expressway, the key assumptions of future cash flow application have changed. Based on the impairment assessment, the Group considered that the recoverable amount of the concession intangible assets of Shuiguan Expressway was lower than its carrying value, and an impairment provision amounting to HKD620,155,000 was made accordingly.

(12) Interests in associates

	2019	*2018*
	HK$'000	HK$'000
Beginning of the year	**14,244,696**	14,311,220
Impact on initial application of HKFRS 16	**(433,592)**	-
Adjusted balance at beginning of the year	**13,811,104**	14,311,220
Additions	**314,340**	67,743
Disposal	**-**	(18,576)
Share of profit of associates	**1,246,797**	1,126,361
Share of other comprehensive income of associates	**38,527**	(19,845)
Dividends received	**(575,023)**	(578,573)
Exchange difference	**(308,465)**	(643,634)
End of the year	**14,527,280**	14,244,696

(13) Other financial assets

	2019	*2018*
	HK$'000	HK$'000
Equity securities designated at FVOCI (non-recycling)		
- Unlisted equity securities	**53,662**	56,902
Financial assets measured at FVPL		
- Wealth management products	**-**	388,172
- Listed securities in the PRC (Note (a))	**219,160**	162,224
- Unlisted equity securities	**243,371**	206,004
- Unlisted fund investment (Note (b))	**240,983**	223,043
	757,176	1,036,345
Less: non-current portion	**(538,016)**	(485,949)
Current portion	**219,160**	550,396

(a) As at 31 December 2019, listed equity investments stated at market price represent 1.26% (31 December 2018: 1.24%) equity interest in CSG Holding Co., Ltd ("CSG"). During the year, the Group did not dispose of any shares in CSG (2018 : Nil).

(b) As at 31 December 2019, the Group has share of Shenzhen Capital Lingxiu Logistics Facility Phase I Private Investment Fund. It was classified as financial assets measured at FVPL and measured at fair value at year end.

(14) Other non-current assets

As at 31 December 2019, other non-current assets mainly represented: (i) prepaid construction cost of HKD397,501,000 (2018: HKD419,181,000); (ii) receivables of electricity subsidy of HKD205,741,000 (2018: Nil); and (iii) lease receivables of HKD114,303,000 (2018: HKD138,489,000).

(15) Inventories and other contract costs

	2019	*2018*
	HK$'000	HK$'000
Land held for future development	**2,760,347**	1,815,644
Land and properties under development for sale	**6,707,856**	5,556,197
Completed properties for sale	**342,505**	891,031
Others	**541,352**	40,726
Impairment	**(240,455)**	(248,193)
	10,111,605	8,055,405

(16) Trade and other receivables

The settlement period of the toll revenue from toll road operations is normally within a month due to the implementation of unified toll collection policy on expressways of the Group in the PRC. Trade receivables are due within 120 days from the date of billing. As at 31 December 2019 and 2018, the ageing analysis of the trade receivables of the Group based on revenue recognition date was as follows:

	2019	*2018*
	HK$'000	HK$'000
0 - 90 days	**1,249,205**	859,044
91 - 180 days	**110,368**	60,217
181 - 365 days	**74,341**	73,260
Over 365 days	**154,434**	79,559
	1,588,348	1,072,080

(17) Trade and other payables

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

	2019	*2018*
	HK$'000	HK$'000
0-90 days	**264,972**	221,591
91-180 days	**29,448**	2,023
181-365 days	**25,230**	2,417
Over 365 days	**177,482**	3,221
	497,132	229,252

(18) Disposal group held for sale

On 9 August 2019, Nanjing Xiba Port Co., Ltd. ("Nanjing Xiba Port", a subsidiary of the Group) and the Management Committee of Nanjing Jiangbei District entered into an agreement on compensation for Nanjing Xiba Port assets expropriation with total consideration of RMB1,500,000,000. Pursuant to the agreement, Nanjing Xiba Port completed the first phase of assets transfer in the year ended 31 December 2019, and recognised other gain-net in the amount of HKD578,624,000 in the consolidated income statement. Nanjing Xiba Port had received HKD502,513,000 from the government by 31 December 2019 and recorded the remaining receivable from government amounting to HKD394,400,000 in the consolidated balance sheet as at 31 December 2019. The second phase of assets transfer is expected to be completed within one year according to the agreement. As a result, the underlying assets related to the assets expropriation agreement are reclassified from property, plant and equipment to assets held for sale. The net book value as at 31 December 2019 is HKD279,315,000.

During the year ended 31 December 2019, the Group completed the disposal of subsidiary, which was recognised as assets held for sale in 2018 and recognised HKD294,582,000 as other gains-net in the consolidated income statement.

(19) Business combination

In September 2019, the Group entered into an agreement for the acquisition of 67% equity interests in Baotou Nanfeng Wind Power Technology Co., Ltd ("Baotou Nanfeng") at a consideration of RMB0.67 (approximately HKD0.74).

The following table summarises the consideration paid for Baotou Nanfeng, the fair value of assets acquired, liabilities assumed at the acquisition date:

Recognised amounts of identifiable assets acquired and liabilities assumed at the date of acquisition

Cash and cash equivalents	445
Trade and other receivables	84,337
Property, plant and equipment	1,847,231
Land use rights	59,086
Other non-current assets	180,439
Trade and other payables	(503,857)
Borrowings	(190,097)
Lease liabilities	(1,467,565)
Deferred tax liabilities	(10,019)
Total identifiable net assets	-
Total consideration	-
Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities	-
Fair value of identifiable net assets	-
Goodwill	-
Total consideration	
Cash paid	-
Cash and cash equivalent acquired	(445)
Net cash inflow in the acquisition including in the investing activities	(445)

The revenue included in the consolidated income statement since the acquisition date contributed by Baotou Nanfeng was HKD103,450,000. Baotou Nanfeng also contributed profit of HKD43,555,000 over the same period.

Had Baotou Nanfeng been consolidated from 1 January 2019, the consolidated income statement for the year would show pro-forma revenue of HKD16,962,743,000 and a profit for the year of HKD7,000,129,000.

(19) Business combination (continued)

In August 2019 and October 2019, the Group entered into agreements for the acquisition of 100% equity interests in Shanghai Taipeng Electronic Co., Ltd ("Shanghai Taipeng") and Zhongshan Xietiao Warehouse Co., Ltd ("Zhongsghan Xietiao") at a consideration of RMB170,656,000 (approximately HKD191,726,000) and RMB207,810,000 (approximately HKD233,468,000) respectively.

The following table summarises the consideration paid for Shanghai Taipeng and Zhongshan Xietiao, the fair value of assets acquired, liabilities assumed at the acquisition date:

Recognised amounts of identifiable assets acquired and liabilities assumed at the date of acquisition

Cash and cash equivalents	5,680
Trade and other receivables	185,974
Property, plant and equipment	415,072
Trade and other payables	(66,084)
Borrowings	(115,601)
Deferred tax liabilities	(71,810)
Total identifiable net assets	353,231
Total consideration	425,195
Fair value of identifiable net assets	(353,231)
Goodwill	71,964
Total consideration	
Cash paid	425,195
Cash and cash equivalent acquired	(5,680)
Net cash outflow in the acquisition including in the investing activities	419,515

The revenue included in the consolidated income statement since the acquisition date contributed by Shanghai Taipeng and Zhongshan Xietiao was HKD4,435,000. Shanghai Taipeng and Zhongshan Xietiao also contributed loss of HKD4,784,000 over the same period.

Had Shanghai Taipeng and Zhongshan Xietiao been consolidated from 1 January 2019, the consolidated income statement for the year would show pro-forma revenue of HKD16,843,913,000 and a profit for the year of HKD7,090,302,000.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

Operating Results	***2019*** *HK$'000*	*2018* *HK$'000*	Increase/ (Decrease)
Revenue (excluding construction service revenue from toll roads)	**14,986,224**	10,346,842	45%
Construction service revenue from toll roads	**1,834,102**	1,234,194	49%
Total revenue	**16,820,326**	11,581,036	45%
Operating profit	**8,624,747**	8,644,389	-
Attributable to core businesses	**5,588,670**	3,922,412	42%
Profit before finance costs and tax	**9,885,057**	9,785,458	1%
Attributable to core businesses	**6,848,980**	5,063,481	35%
Profit attributable to shareholders	**5,020,594**	4,212,652	19%
Attributable to core businesses	**2,873,726**	1,889,521	52%
Basic earnings per share (HK dollars)	**2.34**	2.03	15%
Dividend per share (HK dollars) (in aggregate)	**1.17**	1.06	10%
– Final dividend (HK dollars)	**0.53**	0.36	47%
– Special dividend (HK dollars)	**0.64**	0.70	(9%)

In 2019, the Group rose to the challenges brought by the ever changing global economy as well as the US-China trade disputes by seizing growth opportunities and stepping up its investment in and the development of its logistics business. The Group has also proactively boosted the efficiency and strictly controlled the costs of its projects in operation. As such, the Group was able to maintain its growth momentum and recorded a historically high revenue and operating profit from its core businesses for the year ended 31 December 2019 (the "Year") of HK$14,986 million and HK$5,589 million, representing increases of 45% and 42%, respectively, as compared to the corresponding period of the previous year.

Revenue and profit attributable to shareholders for the Year from the logistics business increased significantly by 1.8 times and 4.5 times, to HK$7,845 million and HK$1,622 million, respectively, as compared to the corresponding period of the previous year. Such increases were mainly attributable to the outstanding sales performance of the first phase of the Meilin Checkpoint Project, where inspection of the building construction was completed in the fourth quarter of 2019 and the project has, for the first time, contributed new revenue and profit attributable to shareholders of HK$4,569 million and HK$1,314 million, respectively, to the Group. Coupled with the satisfactory growth of the port business and economies of scale became apparent along with the year-by-year increase in the operating area of integrated logistics hubs.

As at 31 December 2019, the Group has a presence in 27 key logistics gateway cities across the country (including its logistics parks in Shenzhen) with a total planned site area of 7.28 million square meters, among which the land use right of an area of approximately 4.87 million square meters has been acquired. The number of projects in operation increased to 19 with a total operating area of 2.01 million square meters and overall occupancy rate of approximately 85%.

During the Year, total revenue and profit before finance costs and tax from toll road business decreased by 6% and 30% to HK$7,141 million and HK$3,117 million, respectively, as compared to the corresponding period of the previous year. This was mainly due to the decrease in toll revenue resulting from the fact that the Group no longer owned the fee entitlement rights of Nanguang Expressway, Yanpai Expressway, Yanba Expressway and the 23.8 km section of Longda Expressway (collectively, the "Four Expressways") since 2019. Furthermore, a provision for impairment of assets of HK$620 million was made for the Shuiguan Expressway project. Nevertheless, attributable to the recognition of deferred income tax asset of HK$481 million arising from tax losses and impairment provision for toll road assets carried forward from prior years by the project company of the Shenzhen Coastal Project ("Coastal Company") as well as a significant year-on-year reduction in finance costs, profit attributable to shareholders of the toll road business only dropped slightly by 3% to HK$1,291 million.

During the Year, Shenzhen Airlines Company Limited ("Shenzhen Airlines"), an associate in which the Group holds a 49% equity interest, maintained growth in passenger transport volume and recorded a total revenue of RMB31,955 million (equivalent to HK$35,900 million), representing an increase of 3% as compared to the corresponding period of the previous year. Attributable to, among other factors, a drop in the prices of aviation fuel and a year-on-year decrease in foreign exchange loss, Shenzhen Airlines realized an increase in net profit for the Year by 30% to RMB1,194 million as compared to the corresponding period of the previous year, and contributed an economic profit of HK$593 million (2018: HK$469 million) to the Group, representing an increase of 26% as compared to the corresponding period of the previous year.

In 2019, the Group achieved a breakthrough in the land consolidation and preparation work in Qianhai. In September, the Group entered into a land consolidation and preparation agreement with the Urban Planning Land and Natural Resources Bureau of the Shenzhen Municipality（深圳市規劃和自然資源局）("Shenzhen UPNRB") and the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen（深圳市前海深港現代服務業合作區管理局）(the "Qianhai Authority") which clarified the aggregate value of the land sites under the new land use arrangements in Qianhai to which the Group is entitled to compensation amounted to approximately RMB8,373 million. Subsequently, the Group entered into two land use right transfer agreements with the Qianhai Authority for two land parcels (the "Second Phase of Qianhai Project") at the end of 2019. These two land parcels have a total land area of approximately 41,200 square meters, with plot ratio-based gross floor area of approximately 110,000 square meters. The two land parcels of the Second Phase of Qianhai Project represented the land swap contemplated in the land consolidation and preparation agreement and no contractual land prices were payable to the Qianhai Authority. As a result, the Group recognized a one-off profit before taxation of HK$2,457 million (equivalent to RMB2,187 million) and profit attributable to shareholders of HK$1,843 million during the Year.

Furthermore, the Group has completed the stage one transfer of the properties in accordance with an agreement in relation to the expropriation of certain properties of the second phase of Nanjing Xiba Port by the Nanjing Jiangbei New District Management Committee（南京市江北新區管理委員會）(the "Jiangbei Committee") and received cash compensation of RMB450 million (equivalent to HK$503 million) during the Year. As a result, the Group recognized a one-off gain from the disposal of assets and profit attributable to shareholders of HK$579 million and HK$304 million, respectively, during the Year.

Attributable to the satisfactory sales performance of the Meilin Checkpoint Project and the aforementioned one-off gains, profit attributable to shareholders of the Group for the Year increased by 19% to HK$5,021 million as compared to the corresponding period of the previous year.

Dividend

The board of directors of the Company (the "Board") is committed to maintaining a stable dividend policy and brings sustained returns to the shareholders of the Company. Having considered the composition of the profit and cash flows of the Group, the Board recommended a final dividend of HK$0.53 per share for the Year. The Board also proposed the payment of a special dividend of HK$0.64 per share to the shareholders for its one-off gains for the Year. The total dividend per share is HK$1.17 (2018: final dividend of HK$0.36; special dividend of HK$0.70), representing an increase of 10%, as compared to the previous year. Total dividend amounted to HK$2,529 million (2018: HK$2,247 million), representing an increase of 13%, as compared to the previous year. The Board is committed to maintaining a stable dividend policy of the Company and shares most of its one-off gains with the shareholders.

The Board recommended that the final dividend and special dividend be satisfied wholly in the form of an allotment of scrip shares. Shareholders will be given the option of receiving the final dividend and special dividend wholly in cash in lieu of such allotment, or partly in cash and partly in the form of scrip shares (the "Scrip Dividend Scheme"). The Scrip Dividend Scheme is subject to: (1) the approval of the proposed final dividend and special dividend at the forthcoming Annual General Meeting; and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

LOGISTICS BUSINESS

Analysis of Operating Performance

Logistics Park Business

I. Integrated Logistics Hub Business

The Group has many years of experience in the development, operation and management of logistics parks. Since 2013, the Group has fully adopted the "Integrated Logistics Hubs" development strategy with a view to building a modern intelligent logistics platform with "large-scale logistics parks network + high-end integrated logistics services" as its core competitive edge.

The Group is committed to expanding the network and infrastructure for its logistics business, enhancing its logistics assets and enlarging the scale of its operation through constructions and acquisitions, and increasing its share in the logistics market. In 2019, the Group entered into investment agreements for integrated logistics hub projects including Wuxi Jiangyin, Jiangsu Nantong and Guangdong Zhanjiang, and completed the acquisitions of the Tianjin Zhonglong, Zhongshan Torch and Shanghai Qingpu projects. In particular, the acquisition of the Zhongshan Torch project represented a breakthrough in "Integrated Logistics Hubs" business layout in the Guangdong-Hong Kong-Macao Greater Bay Area. By the end of December 2019, the Group operated integrated logistics hubs in a total of 26 key logistics gateway cities across the country (excluding Shenzhen) and had entered into investment agreements with relevant government departments in respect of a total planned site area of approximately 6.63 million square meters. In the future, the Group will continue to optimize its presence in the national logistics network and to expand and strengthen the Group's presence in key regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta and Beijing-Tianjin-Hebei area.

In 2019, the second phase of the Guizhou Project, the Chongqing Project and Phase 1B and 2 of the Wuxi Project were successively completed and put into operation, together with the Tianjin Zhonglong, Zhongshan Torch and Shanghai Qingpu projects, which resulted in an increase of operating area of over 400,000 square meters as compared with the previous year. As at the end of December 2019, the Group had a total of 16 integrated logistics hub projects in operation with a total operating area of approximately 1.44 million square meters. The overall occupancy rate of the integrated logistics hubs as at the end of December 2019 was approximately 85%, demonstrating a satisfactory occupancy rate.

In 2019, the Group made good progress in land acquisition and successively obtained land use rights for the second phase of the Hangzhou Project, the Qingbaijiang Project in Chengdu, the first phase of the Caidian Project in Wuhan, Phase 1B and 2 of the Changsha Project as well as the Nantong Project in Jiangsu. Together with the newly acquired Tianjin Zhonglong, Zhongshan Torch and Shanghai Qingpu projects, the total area of newly obtained land parcels amounted to approximately 1.018 million square meters during the Year. As at the end of December 2019, the Group obtained land with a total site area of approximately 4.21 million square meters.

Construction of the Xi'an Project, the Qingbaijiang Project in Chengdu, the Caidian Project in Wuhan, the Phase 2 of the Hangzhou Project and the Nantong Project in Jiangsu has begun as planned. Several projects are expected to be completed and put into operation in 2020 and 2021. While continuing with its efforts in acquiring new projects, the Group has also accelerated its projects under construction or at the planning stage in a steady pace to ensure compliance with work schedules. It is also actively preparing for marketing of these projects.

II. Shenzhen Logistics Park Business

As at the end of December 2019, the Group managed and operated a total of 3 logistics projects in Shenzhen. Coupled with the newly-added Liguang Project, the construction of which has officially commenced in December 2019, logistics projects of the Group in Shenzhen had a total land area of approximately 650,000 square meters and an operating area of approximately 570,000 square meters. The overall occupancy rate of the projects in operation in Shenzhen was approximately 84%.

South China Logistics Park has actively explored the potential of its existing resources to increase its revenue and profits, with properties leased out at a significantly higher rent. The operation of other transformation and upgrade projects, such as "No. 8 Warehouse Outlets", have become mature and generated stable income to the park. Furthermore, the Group has been actively developing the supply chain for wine, diligently exploring the possibility of entering into the cross-border e-commerce export business, and continuously expanding its value-added logistics business with satisfactory performance.

The Group has been actively driving the planning and construction of the second phase of South China Logistics Park. With a site area of 77,000 square meters, the second phase of the park will be developed and constructed in two stages, and the construction of the first stage is in progress and topping-out of the main structure was completed in December 2019. Capitalizing on the role of Shenzhen to the country and in order to seize the significant opportunities arising in the industry, the second phase of South China Logistics Park will be developed into a comprehensive cluster zone for modern logistics and supply-chain service industries and will serve as a major global procurement and supply chain management platform, corporate headquarters as well as e-commerce and logistics financing platform.

Shenzhen International Kanghuai E-commerce Center is the Group's first asset-light project operated by way of leasing with an operating area of approximately 138,000 square meters. It was officially put into operation in January 2018. At present, business services provided in the park include warehouse services, large data center, office buildings, dormitories, restaurants and supermarket, etc. The park has implemented smooth interactive sharing and smart interchange of data across the park by establishing a smart park information management system in 2019. It has also achieved satisfactory operating results and successfully attracted a number of branded logistics enterprises. The overall occupancy rate of this project reached 90% at the end of December 2019.

At the end of 2018, the Group successfully acquired the land use right of the Liguang Project with a site area of approximately 45,000 square meters located in Longhua New District, Shenzhen. Construction officially commenced in December 2019. Upon completion of this project, the Group will further consolidate its share in the logistics market in Shenzhen. The Liguang Project is expected to be a high-standard, multi-level and eco-intelligent logistics park providing comprehensive services including transfer distribution, storage and ancillary services focusing on the cold chain, supermarket and e-commerce sectors with inter-city distribution as its core, thereby building a model project for the Group.

In 2019, the Group was engaged in a new park management project whereby it will provide park management services for the smart commercial and trading park in the Chenglingji District of Yueyang City in Hunan Province (湖南岳陽城陵磯智慧商貿園區項目). The project has a gross floor area of 250,000 square meters. The first phase of the project will comprise storage facilities and the second phase will offer commercial auxiliary facilities. Upon completion, the project will become the first integrated smart commercial and trading logistics park featuring commercial, trading, storage and e-commerce showroom functions in Yueyang City. It will expedite local economic development and industrial planning and facilitate the development of the logistics industry in Yueyang City as well as the whole Hunan Province.

Logistics Service Business

The Group affirms its core strategies of developing integrated logistics hubs and advocating development that embraces both asset light and asset heavy models in the course of the "13th Five-Year" Strategic Plan. Therefore, building on its network of integrated logistics hubs, the Group effectively strengthened its competitiveness in the logistics industry by increasing its efforts in the development of value-added logistics service and a logistics ecosystem.

Through investment in quality asset light projects and innovation in business model, the Group vigorously carried out development that embraces both asset light and asset heavy business models and actively explored value-added logistics services, which included partnering with DHL to provide intelligent warehouse construction and operation services for Huawei, setting up a joint venture with Evergrande Agri-Husbandry Group Co., Ltd（恒大農牧集團有限公司） to provide the latter with comprehensive supply chain management services, providing Shenzhen Globalegrow E-commerce Co., Ltd（深圳市環球易購電子商務有限公司） with comprehensive global logistics services, establishing drop and pull connection services for the Yantai-Dalian shipping line, developing a paperless shipping project across the ports of Shenzhen, and expanding seaport business in Nansha of Guangzhou and Tianjin.

In order to promote development that embraces both asset light and asset heavy models and extend its logistics chain, the Group continued to lay out its logistics financial business and explore logistics financial service models such as small loans and finance lease, and developed financial services such as "Pengyibao （鵬易寶）" and finance lease for forklifts, which achieved excellent synergy with the Group's core logistics business.

Port and Related Service Business

In 2019, Nanjing Xiba Port continued to optimize its customer mix, stepped up its marketing efforts to further strengthen its relationships with quality customers, explored new potential development strategies for its customer services and optimized its production layout, thereby the loading and unloading volumes at the port terminal remained stable. Furthermore, the Group proactively implemented the expansion and revamp of the Phase 1 project of Nanjing Xiba Port, the digitalization and automation of port operations and the establishment of a "Green Smart Port". A total of 748 seagoing vessels berthed at Nanjing Xiba Port with a total throughput of 43.18 million tonnes in 2019.

By continuing to participate actively in the integration of port supply chain resources through its port platform, the Group maintained satisfactory operation in value-added services including supply chain management and financial services in 2019, thereby sustaining the stable performance and optimizing the capacity of the port business.

Nanjing Xianxin Road Cross-river Channel Development Plan（南京市仙新路過江通道）is a key municipal construction plan of Nanjing City, under which the construction is to be undertaken in the area of the depots of the Phase 2 project of Nanjing Xiba Port. To co-operate with the local government of Nanjing City in the implementation of the infrastructure development plan and after negotiation, the Group entered into an expropriation and compensation agreement with the Jiangbei Committee on 9 August 2019. Pursuant to the agreement, Jiangbei Committee will expropriate certain properties of Phase 2 project of Nanjing Xiba Port for a total compensation amount of RMB1,500 million. The Group has completed the stage one transfer of the properties in accordance with the agreement and received cash compensation of RMB450 million. The scope of the expropriation is limited to Phase 2 project of Nanjing Xiba Port, and does not concern Phase 1 project of Nanjing Xiba Port. The Group will negotiate with the local government to accelerate the proposal to leaseback Phase 2 project of the port to maintain stability of the port business during the transition, and also pursue acquisition and investment opportunities for new ports in the middle and lower stream of the Yangtze River.

In December 2019, the Group entered into an investment cooperation framework agreement with the Management Committee of the Jingjiang Economic and Technological Development Zone（靖江經濟技術開發區管委會）to jointly implement the Jingjiang Port Project, which upon its completion will provide collection and distribution and freight transfer functions in place of the current Phase 2 project of Nanjing Xiba Port. Furthermore, the preliminary works for the "Shenzhen International Fengcheng Rail-water Intermodal Transport Logistics Base" project (深國際•豐城水鐵聯運物流基地) are under progress. Despite some setbacks in the progress of this project due to the impact on resources alignment among ports in Jiangxi Province, the Group is negotiating the mode of collaboration with the relevant government authorities in order to protect and maximize the interest of the Group.

Logistics Park Transformation and Upgrading Business

The Group has actively seized the opportunities of land function adjustment of logistics parks arising from the urbanization process. The Group vigorously promoted the transformation and upgrading of logistics parks in Shenzhen, thereby maximizing the value of the Group's assets and in turn value for its shareholders.

Qianhai Project

The Group has always maintained amicable coordination and communication with the Qianhai Authority and relevant government authorities for the land consolidation and preparation work of the Qianhai Project. On 29 September 2019, the Group entered into a land consolidation and preparation agreement (the "Land Consolidation and Preparation Agreement") with the Shenzhen UPNRB and Qianhai Authority in respect of the land consolidation and preparation plan of the Group's five land parcels which have an aggregate area of approximately 380,000 square meters in Qianhai (the "Qianhai Project"). This agreement signifies a major breakthrough in the land consolidation and preparation plan of the Group's Qianhai Project. It clarified the value of the Group's land use rights in Qianhai. Pursuant to the agreement, the total compensation for the Group's land in Qianhai was RMB8,373 million (inclusive of the land of the First Phase of the Qianhai Project with an area of 38,800 square meters). The Group will be compensated with land sites under the new land use arrangement in Qianhai by way of land swap in equivalent value adopting 1 January 2015 as the benchmark date for assessing land price.

The Group has already recognized a profit before taxation of RMB2,440 million for the first phase of the Qianhai Project in 2017. Two land use right transfer agreements for the Second Phase of Qianhai Project were entered into by the Group and the Qianhai Authority in December 2019. These two land parcels have a total land area of approximately 41,200 square meters. The Second Phase of Qianhai Project represented the land swap contemplated in the Land Consolidation and Preparation Agreement. The Group obtained the land use rights to the Second Phase of Qianhai Project through land swap in equivalent values, and was not required to pay the total land prices of approximately RMB2,249 million (equivalent to approximately HK$2,512 million) to the Qianhai Authority, thereby contributed a profit before taxation of approximately HK$2,457 million to the Group's 2019 annual results.

The Second Phase of Qianhai Project has a plot ratio-based gross floor area of approximately 110,000 square meters (comprised mainly residential use area of approximately 91,000 square meters). Given the overall planning for Qianhai and the shortage of pure residential projects in Qianhai, it is expected that with such project's construction and sale, it will help enhancing the value of the Group's resources in the Qianhai area.

The Group will continue to negotiate with the Qianhai Authority and relevant government departments on the implementation of the Group's remaining land consolidation and preparation compensation in Qianhai of approximately RMB3,652 million and will follow the overall planning of the Qianhai Authority and strive to obtain the remaining land preparation compensation in Qianhai within 2020 and recognize the corresponding profit . With the gradual development of the land swap resources and the gradual realization of its value in the future, it will help further promote the continuous growth of the Company and its performance.

The first phase of the Qianhai Project has a total gross floor area of approximately 110,000 square meters comprising 51,400 square meters of residential project, 35,000 square meters of office project and 25,000 square meters of commercial project. Project design, application and construction are being carried out in an orderly manner. For the first phase of the Qianhai Project, the residential project which was being jointly developed by the Group and Shum Yip Land Company Limited was launched for pre-sale in October 2019. The pre-sale of this project was overwhelming with an accumulated selling rate of approximately 90% as of December 2019. For the office project which was positioned as the information port for the "Belt and Road Initiative", it was jointly constructed and developed by the Group and China Center for Information Industry Development （中國電子信息產業發展研究院）("CCID") and is included in the 3-Year Action Plan of Shenzhen to Participate in the Construction of the Belt and Road (2019 - 2021) （深圳市參與「一帶一路」建設三年行動方案（2019年-2021年））. Capitalizing on Qianhai's special position and policy advantage in the Guangdong-Hong Kong-Macao Greater Bay Area, the project will make full use of the Group's extensive supply chain management experience and CCID's strong information technology service capacity. It will focus on the development of supply chain services and smart manufacturing services as well as promoting the comprehensive integration of the digital and real economies across the Guangdong-Hong Kong-Macao Greater Bay Area and countries/regions along the Belt and Road. Furthermore, the Group is conducting in-depth study to devise a plan for the commercial project.

Meilin Checkpoint Project

The Meilin Checkpoint Project is located at a site where Huatongyuan Logistics Centre was formerly situated. The Group successfully obtained the land parcel under new land use arrangement, the Group transformed and upgraded it into a comprehensive development project when the historic occasion of implementation of the then urban renewal plan of Meilin Checkpoint by the Shenzhen Municipal Government arised. The project is adjacent to Futian District in downtown Shenzhen, and is a functional development area in the city center and a key development zone of the city. It is situated at an advantageous geographical location with good investment value and appreciation potential. The land parcels of the Meilin Checkpoint Project have been re-designated as a comprehensive development with a total gross floor area of approximately 486,000 square meters comprising residential, commercial, office, business apartment, public and ancillary uses.

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

At present, construction of the Meilin Checkpoint Project is fully underway. Pre-sale of the first phase, namely He Feng Xuan (和風軒), has commenced at the end of 2018. As at the end of December 2019, all residential units of the first phase have been sold out with total proceeds of RMB4,647 million (equivalent to HK$5,221 million). Inspection and acceptance of the completed properties of the first phase was completed in November 2019. Pre-sale of the second phase, namely He Ya Xuan (和雅軒), has commenced in October 2019. As of December 2019, sales performance of the second-phase project has been satisfactory with a selling rate of approximately 87% and is expected to generate remarkable revenue and profit to the Group. The third phase of the project is undergoing relevant application for construction and initial preparation work.

Financial Analysis

During the Year, revenue and profit attributable to shareholders from the logistics business surged 1.8 times and 4.5 times to HK$7,845 million and HK$1,622 million, respectively, as compared to the corresponding period of the previous year. It was mainly driven by the outstanding sales performance of the first phase of the Meilin Checkpoint Project, where inspection of the building construction was completed in the fourth quarter of 2019 and the project has, for the first time, contributed new revenue and profit to the Group in 2019, coupled with the satisfactory growth of the port business and economies of scale became apparent along with the year-by-year increase in the operating area of new integrated logistics hubs.

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

For the year ended 31 December

	Revenue		Profit attributable to shareholders	
	2019 ***HK$'000***	Change over Year 2018 Increase/ (decrease)	**2019** ***HK$'000***	Change over Year 2018 Increase/ (decrease)
Logistics Park Business	**832,626**	27%	**165,922** *	6%
Logistics Service Business	**878,422**	10%	**25,529**	(35%)
Port and Related Service Business	**1,564,412**	19%	**116,299**	20%
Logistics Park Transformation and Upgrading Business	**4,569,316**	N/A	**1,314,409**	N/A
Total	**7,844,776**	182%	**1,622,159**	453%

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

During the Year, revenue and profit attributable to shareholders of the logistics park business increased by 27% and 6% to HK$833 million and HK$166 million, respectively, as compared to the corresponding period of the previous year, which was mainly attributable to new revenue and profit streams contributed by the year-by-year increase in the operating area of integrated logistics hubs and effective marketing. As at the end of December 2019, the total operating area of the integrated logistics hubs has increased by over 0.40 million square meters to approximately 1.44 million square meters as compared with the corresponding period of the previous year. Benefitting from effective marketing, all projects recorded satisfactory operating results. During the Year, the integrated logistics hubs contributed revenue and profit of HK$407 million and HK$43.28 million, respectively, to the Group, representing increases of 100% and 11%, respectively, as compared to the corresponding period of the previous year.

Revenue from the port and related service business increased by 19% to HK$1,564 million during the Year as compared to the corresponding period of the previous year. Profit contribution increased by 20% to HK$116 million as compared to the corresponding period of the previous year. The increases were driven by the growth of the port and supply chain management businesses as well as an increase in services fees.

Revenue of the logistics service business for the Year also increased by 10% to HK$878 million as compared to the corresponding period of the previous year. However, profit attributable to shareholders decreased by 35% to HK$25.53 million as compared to the corresponding period of the previous year due to the fact that new projects were still in their incubation stages.

As for the logistics park transformation and upgrading business, the first phase of the Meilin Checkpoint Project, namely He Feng Xuan (和風軒), recorded satisfactory sales performance. As of December 2019, all residential units of the first phase were sold out and delivered to buyers on schedule, contributed new revenue and profit contribution of HK$4,569 million and HK$1,314 million, respectively, to the Group during the Year.

TOLL ROAD BUSINESS

Analysis of Operating Performance

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

- The opening of the Dongguan section of Congguan Expressway (Conghua to Dongguan) at the beginning of 2019 boosted the traffic volume and therefore the toll revenue of Meiguan Expressway.

- Being an important gateway for diverting port traffic from Shenzhen's western port area, the Shenzhen Coastal Project is increasingly well known among drivers. In addition, a truck toll adjustment agreement was signed with the Shenzhen Municipal Government in 2018 to reduce the standard toll of all types of trucks passing through the Shenzhen Coastal Project by half between 1 March 2018 and 31 December 2020. As such, the number of trucks using the Shenzhen Coastal Project is gradually increasing, thereby stimulating steady growth in the operating performance of the project as demonstrated by the strong year-on-year increase in both traffic volume and toll revenue for the Year.

  During the Year, about 40% of the construction of Shenzhen Coastal Project Phase II has been completed. In particular, the Shenzhen World Exhibition & Convention Center interchange has been opened to traffic since early November 2019 to link up the exhibition and convention center. The toll station of the coastal expressway at the Shenzhen World Exhibition & Convention Center interchange has also commenced operation and become a major transportation hub that facilitates modern logistics, business, trade, exhibitions and conventions as well as regional economic co-operation and the development of nearby urban areas. In addition, the airport interchange and the connection line on the Shenzhen side of the Shenzhen-Zhongshan Bridge of Shenzhen Coastal Project Phase II are also under construction. As such, the future operating performance of Shenzhen Coastal Project will be enhanced by the continuous improvement in the surrounding road network.

- Xuguang Expressway, an expressway between Xuchang in Henan and Guangzhou in Guangdong, comprises Guangqing, Qinglian, Yuelin, Suiyue, Lintong and Lannan expressways, was fully connected in September 2018. The significant improvement in connectivity has promoted the operating performance of Qinglian Expressway. Furthermore, the road traffic control on Qingyuan Bridge and the opening of Longhuai Section (Longchuan to Huaiji) of Shankun Expressway (Shantou to Kunming) at the end of 2018 have both boosted the operating performance of Qinglian Expressway. As such, the traffic volume and toll revenue of Qinglian Expressway for the Year recorded satisfactory year-on-year improvement.

- Yangmao Expressway suffered year-on-year decrease in both traffic volume and toll revenue for the Year due to a number of negative factors such as the opening of various nearby roads, the renovation and expansion work of several sections of Yangmao Expressway itself and the enforcement of policies against speeding and overloading.

- Yichang Expressway suffered year-on-year decrease in both traffic volume and toll revenue for the Year due to a number of negative factors such as the continuous diversion by nearby newly-opened Ma'an Expressway (Majitang to Anhua) and Dehan Avenue (Changde Municipal Road), road traffic control and the enforcement of policies against speeding and overloading.

Financial Analysis

The loss of fee entitlement rights and thus toll revenue of the Four Expressways since 00:00 on 1 January 2019 impacted on the growth in revenue of the toll road business to a certain extent. The Group's total revenue from the toll road business for the Year was HK$7,141 million (2018: HK$7,569 million), representing a decrease of 6% as compared to the corresponding period of the previous year. Profit before finance costs and tax was HK$3,117 million (2018: HK$4,460 million), representing a decrease of 30% as compared to the corresponding period of the previous year, and was mainly due to the decrease in toll revenue and the provision for the impairment of the intangible asset, namely the concession right of Shuiguan Expressway, of HK$619 million.

During the Year, Coastal Company recognized deferred income tax asset of HK$481 million in respect of tax losses and impairment provision for toll road assets carried forward from prior years, coupled with a significant year-on-year decrease in finance costs of 53%, so profit attributable to shareholders only dipped slightly by 3% to HK$1,291 million (2018: HK$1,325 million) as compared to the corresponding period of the previous year.

Longda Expressway

The Group no longer has the fee entitlement right of the 23.8-km toll-free section of Longda Expressway since 00:00 on 1 January 2019. The toll revenue generated from the remaining 4.4-km toll section for the Year was HK$172 million (equivalent to RMB153 million) (2018: HK$179 million (equivalent to RMB152 million)). By excluding the impact of exchange rate fluctuation, toll revenue for the Year maintained at a similar level to that of the corresponding period of the previous year. Profit before finance costs and tax and earnings before interest, tax, depreciation and amortization for the Year were HK$124 million and HK$139 million, respectively.

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

During the Year, as a result of the return of fee entitlement rights of Nanguang Expressway, Yanpai Expressway and Yanba Expressway to the Shenzhen Municipal Government, decision of which was notified in the fourth quarter of 2018, toll revenue of Shenzhen Expressway amounted to HK$5,134 million (2018: HK$5,969 million), representing a decrease of 14% as compared to the corresponding period of the previous year. However, the consolidation of Nanjing Wind Power Company and Baotou Nanfeng Company during the Year has brought in new revenue to Shenzhen Expressway. Therefore, total revenue of Shenzhen Expressway for the Year was HK$6,930 million (2018: HK$6,826 million), representing an increase of 2% as compared to the corresponding period of the previous year. Attributable to, among other factors, the decreases in finance costs and tax expenses, net profit of Shenzhen Expressway for the Year was HK$2,466 million (2018: HK$2,158 million), representing an increase of 14% as compared to the corresponding period of the previous year. Accordingly, the Group's share of profit from Shenzhen Expressway increased by 18% to HK$1,220 million (2018: HK$1,037 million) as compared to the corresponding period of the previous year.

Development of the Environmental Protection Business of Shenzhen Expressway

While strengthening the core toll road business, Shenzhen Expressway was steadily promoting its environmental protection business in recent years and profit contributed by the environmental protection business has been rising gradually. In particular, Chongqing Derun Environment Company Limited ("Derun Company", in which Shenzhen Expressway owns a 20% equity interest) recorded a satisfactory contribution of investment income of RMB193 million (2018: RMB162 million) during the Year, representing an increase of 19% as compared to the corresponding period of the previous year.

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

Shenzhen Water Planning & Design Institute Company Limited, in which Shenzhen Expressway owns a 15% equity interest, secured 5 new sewage treatment facility projects in the Guangdong-Hong Kong-Macao Greater Bay Area and nearby provinces and cities with a year-on-year increase of 50% in new contract amount during the Year. The number of purchase orders was satisfactory and market share has been on the rise. Furthermore, the construction of the Nanmen River Comprehensive Treatment Project in Shenzhen-Shanwei Special Cooperation Zone, which is invested, constructed and managed by Shenzhen Expressway, is currently in progress. About 72% of the construction work has been completed.

During the Year, Shenzhen Expressway acquired 51% equity interest in Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power Company") by way of share transfer and capital injection. These transactions were completed during the Year. As a result, Nanjing Wind Power Company has been consolidated into Shenzhen Expressway's financial statements since early April 2019. With the technological capacity to conduct research, develop and produce large-scale wind power generating units by its own and the experience and capacity to develop, construct, operate and manage wind farms, Nanjing Wind Power Company is operating in a promising market. In spite of the tight supply capacity caused by its limited production scale, Nanjing Wind Power Company enjoys unprecedented market opportunities brought by the national policy regarding wind power generation and market supply and demand. To grasp such historic opportunity, Shenzhen Expressway will take advantage of its strengths and resources, and strive to achieve the target results it set at the acquisition of Nanjing Wind Power Company. During the Year, Nanjing Wind Power Company achieved all of its operating targets and was successfully listed by various large-scale wind power generation companies as their suppliers for it's well recognized comprehensive strengths such as technology research and development ability and production capacity among domestic wind power companies.

In addition, Shenzhen Expressway acquired a 67% equity interest in Baotou Nanfeng Wind Power Technology Co., Ltd. ("Baotou Nanfeng Company") by way of share transfer in mid-September 2019. The transaction was completed and Baotou Nanfeng Company has been consolidated into Shenzhen Expressway 's financial statements since September 2019. Baotou Nanfeng Company is principally engaged in the investment, operation and management of five wind power generation farms in Inner Mongolia Autonomous Region of China. Baotou Nanfeng Company has rich wind power resources and forms an industry chain with its subsidiary, Nanjing Wind Power Company. The acquisition of Baotou Nanfeng Company will create synergies with Nanjing Wind Power Company and will help Shenzhen Expressway to rapidly expand into the wind power industry and lay the foundation for further growth by providing it with the advantage of having a comprehensive industry chain spanning from wind power generation, production of wind power generation equipment to the construction, investment and operation of wind farms.

In October 2019, a consortium led by Shenzhen Expressway won the bid for Shenzhen Guangming Environmental Park PPP (Public-Private Partnership) Project (the "Guangming Project"). The Guangming Project will include the construction of a new large-scale treatment plant with a processing capacity of 1,000 tons/day of kitchen waste, large pieces waste (waste furniture) and garden waste under a BOT (Build-Operate-Transfer) contract. As at the date of this announcement, preparation work for the Guangming Project is in steady and orderly progress. Shenzhen Expressway will hold a controlling shareholding of 65% in equity interest in the project company to be formed.

OTHER INVESTMENTS

Shenzhen Airlines

During the Year, passenger transport volume of Shenzhen Airlines continued to grow, total revenue for the Year increased by 3% to RMB31,955 million (equivalent to HK$35,900 million) (2018: RMB31,119 million (equivalent to HK$36,662 million)) as compared to the corresponding period of the previous year. Attributable to a drop in the prices of aviation fuel, the cost of aviation fuel of Shenzhen Airlines decreased as compared to the corresponding period of the previous year. Furthermore, Shenzhen Airlines further optimized the currency profile of its debts to minimize the impact of the fluctuation in exchange rates by closely monitoring the trend of foreign exchange rates during the Year. Therefore, exchange loss for the Year decreased by 67% to RMB264 million (2018: exchange loss of RMB795 million) as compared to the corresponding period of the previous year. Benefitting from the above factors, net profit of Shenzhen Airlines for the Year increased by 30% to RMB1,194 million (equivalent to HK$1,341 million) (2018: RMB919 million (equivalent to HK$1,082 million)) as compared to the corresponding period of the previous year. Shenzhen Airlines contributed an economic profit of HK$593 million (2018: HK$469 million) to the Group, representing an increase of 26% as compared to the corresponding period of the previous year.

OUTLOOK FOR 2020

Looking forward to 2020, due to the impact of the novel coronavirus epidemic and the internal and external economic environment, the Group will encounter an even more challenging business environment. But with each challenge comes opportunity. The Group's management is confident that the impact of the epidemic on the domestic economy will be transient and temporary. In fact, the epidemic in China is already under effective control. On the one hand, once the epidemic comes to an end, consumption, investment and external trade of China will recover and rebound. On the other hand, the epidemic has stimulated innovative retail modes and sped up the development of the online shopping, express delivery, storage and distribution industries. The Group will seize opportunities in this structural growth and speed up the Group's development in these industries.

Capitalizing on the strategic opportunities arising from the development of, among other things, the Belt and Road Initiatives, the Guangdong-Hong Kong-Macao Greater Bay Area, the Shenzhen demonstration pilot zone and the Yangtze River Economic Belt, the Group will continue to penetrate logistic infrastructure and related industries, expand the layout of its integrated logistics hub network across the country, particularly in economically affluent regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and the Pan-Bohai Rim, continue to acquire sustainable and high-quality assets for its long-term development, and further expand the scale of its assets in order to achieve economies of scale in 2020. The Group will continue to strengthen the business promotion, operation and management of its logistics hub projects in operation, strictly control its operating costs, introduce more value-added services, enhance the productivity of its storage area, and improve its profitability.

The Group will actively study a closed-loop business model for integrated logistics hubs, which comprises investment, construction, management and divestment, in order to achieve sustainable growth on a rolling basis. It will also foster the integration and collective development of integrated logistics hubs, supply chain service platforms and financial business, and combine asset-light and asset-heavy models.

The Group will continue to consolidate its leadership position in the logistics park market in Shenzhen, speed up the investment in and merger and acquisition of quality port projects, and step up its search for smart logistics and cold chain businesses, thereby strengthening the core logistics business and expanding the profit stream of this segment.

The Group will enhance its efforts to transform logistics parks by seizing the ample opportunity brought by the new land use arrangements for logistics parks across Shenzhen. On one hand, the Group will speed up the negotiation with the Qianhai Authority and other relevant government authorities to facilitate the signing of the remaining land use right transfer agreements for the Qianhai Project. On the other hand, the development and sales of the Meilin Checkpoint Project and the Qianhai Project will be stepped up with the aim of unleashing their values over the next few years.

In 2020, the progress of expressway projects under construction will be accelerated. In particular, the Group will ensure the punctual completion of the major works of the on-going Shenzhen Outer Ring Project and the second phase of the Shenzhen Coastal Project scheduled for the year. It will also accelerate the preparation for key projects such as the reconstruction and expansion of Jihe Expressway. In addition, it will grasp the opportunities brought by the implementation of the nation-wide non-stop Electronic Toll Collection (ETC) network by enhancing overall operating performance through increasing the overall efficiency and lowering the labor costs and management fees of its toll road network with higher degrees of smart operation and management.

In 2020, the Group will continue to consolidate and boost the toll road business, especially the network development in the Guangdong-Hong Kong-Macao Greater Bay Area, by actively identifying more merger, acquisition and restructuring opportunities and investing in toll road and bridge projects with great potential. As to the development in the environmental protection industry, it will focus on pursuing more suitable investment opportunities in organic waste disposal, hazardous industrial waste treatment, clean energy generation and other segments while building a professional team by attracting external talents and nurturing in-house professionals, fostering research and development of environmental technologies, bolstering its operational capacity and mustering core competitive strengths.

Analysis of and Response to the Impact of Novel Coronavirus Pneumonia Epidemic

The outbreak of the novel coronavirus epidemic in early 2020 has a material adverse effect on the economy of China as well as the whole world. The Group's logistics, toll road, port, airline and environmental protection segments suffer various degrees of impact, and particularly for the policy to waive toll charges. The central government has not yet announced compensation mechanism for such policy. Since the outbreak of the epidemic, the Group has worked towards the greater good of the society by actively shouldering all its social responsibilities as a responsible listed company in spite of the current difficulties.

In respect of the logistics business, the Group took the initiative to waive two-months rent of approximately RMB100 million in aggregate for around 600 tenants of its logistics parks across the country so as to ease the burden of its customers. With respect to the toll road business, the Group stringently followed the national policy to waive all toll charges. Furthermore, the Group donated over RMB10 million to the affected areas in Hubei for its fight against coronavirus in a timely manner. It also spares no effort and makes full use of the facilities and service capacity of its logistics and toll road businesses to ensure the smooth delivery and transportation of disease control materials among local cities, thereby winning the praise from the public and improving its corporate image in the society.

As of the date hereof, the epidemic in China is already under effective control. The society and the economy are getting back on track. For example, the transportation industry of Shenzhen resumed 97% of its capacity on 11 March. The central government is also bolstering the economy and minimizing the impact by combining monetary, financial and other policies in addition to relieve measures implemented by various local governments. The Group is of the opinion that the impact of the epidemic on China is diminishing and the Chinese economy is rapidly recovering. Being a demonstration pilot zone full of vitality, Shenzhen will exhibit stronger and faster economic rebound. In fact, the fundamentals and growth momentum of the Chinese economy remain stable. Nevertheless, this epidemic will escalate the structural change in the Chinese economy and foster new business modes such as e-commerce, new retail, express delivery and online services. As the toll road and logistics park businesses of the Group are under particularly intense pressure during the fight against coronavirus, it is anticipated that the results of the Group for 2020 will be adversely affected. Nevertheless, the future forecast of the Group in the long run remains unchanged. The Group will take effective measures to minimize the impact of the epidemic on its business and achieve its established business targets for 2020 by improving its results and making up lost ground through unleashing potential, cutting costs, expanding capacity, increasing revenue and conducting mergers and acquisitions.

With respect to the toll road and airline businesses, the Group will proactively liaise with relevant government authorities on compensation policies for the disease control measures with the aim of procuring the speedy implementation thereof and minimizing the impact of the epidemic. In respect of the logistics and storage businesses, the Group will actively prepare itself for faster business development, better identification of potential revenue streams, stronger cost cutting and efficiency improvement measures and tighter control over expenses with the aim of combining organic growth and merger and acquisition, thereby achieving sustainable business growth after the epidemic. In addition, it will increase its efforts in terms of merger and acquisition by searching for target companies with excellent performance while fostering the cold chain and smart storage businesses as the new engines of its business growth. As for the logistics park transformation and upgrading business, the Group will speed up the disposal of its inventory in an orderly way and seize new transformation and upgrading opportunities and lay the business foundation for its development in the coming years. All in all, the Group will continue to identify quality sustainable assets to generate speedy returns for its investors while paving the way for its future growth.

The Group will continue to assess the impact of the epidemic on its operations and financial performance and provide updates on any material development to the shareholders and potential investors in a timely manner.

FINANCIAL POSITION

	31 December 2019 *HK$ million*	31 December 2018 *HK$ million*	**Increase/ (Decrease)**
Total Assets	**91,409**	84,365	**8%**
Total Liabilities	**44,068**	40,005	**10%**
Total Equity	**47,341**	44,360	**7%**
Net Asset Value attributable to shareholders	**30,285**	27,998	**8%**
Net Asset Value per share attributable to shareholders (HK dollar)	**14.0**	13.2	**6%**
Cash	**14,780**	16,627	**(11%)**
Bank borrowings	**14,182**	14,848	**(4%)**
Other borrowings	**737**	-	**N/A**
Notes and bonds	**11,574**	11,764	**(2%)**
Total Borrowings	**26,493**	26,612	**-**
Net Borrowings	**11,713**	9,985	**17%**
Debt-asset Ratio (Total Liabilities/Total Assets)	**48%**	47%	**1** #
Ratio of Total Borrowings to Total Assets	**29%**	32%	**(3)** #
Ratio of Net Borrowings to Total Equity	**25%**	23%	**2** #
Ratio of Total Borrowings to Total Equity	**56%**	60%	**(4)** #

Change in percentage points

Key Financial Indicators

As at 31 December 2019, the Group's total assets and total equity amounted to approximately HK$91,409 million and HK$47,341 million, respectively, while the net asset value attributable to shareholders was approximately HK$30,285 million. Net asset per share was HK$14.0, representing an increase of 6% as compared to the end of last year. The debt-asset ratio was 48%, representing an increase of 1 percentage point as compared to the end of last year. The ratio of total borrowings to total equity was 56%, representing a decrease of 4 percentage points as compared to the end of last year. The financial position of the Group remained healthy and stable.

Cash Flow and Financial Ratios

During the Year, the Group's cash flow generated from operations remained stable. Net cash inflow generated from operating activities amounted to approximately HK$7,344 million. Net cash used in investing activities amounted to approximately HK$2,710 million. Net cash used in financing activities amounted to approximately HK$6,378 million. The Group's core businesses continued to contribute stable cash inflows while the Group closely monitors changes in total borrowings with a view to maintaining its financial ratios at a healthy level.

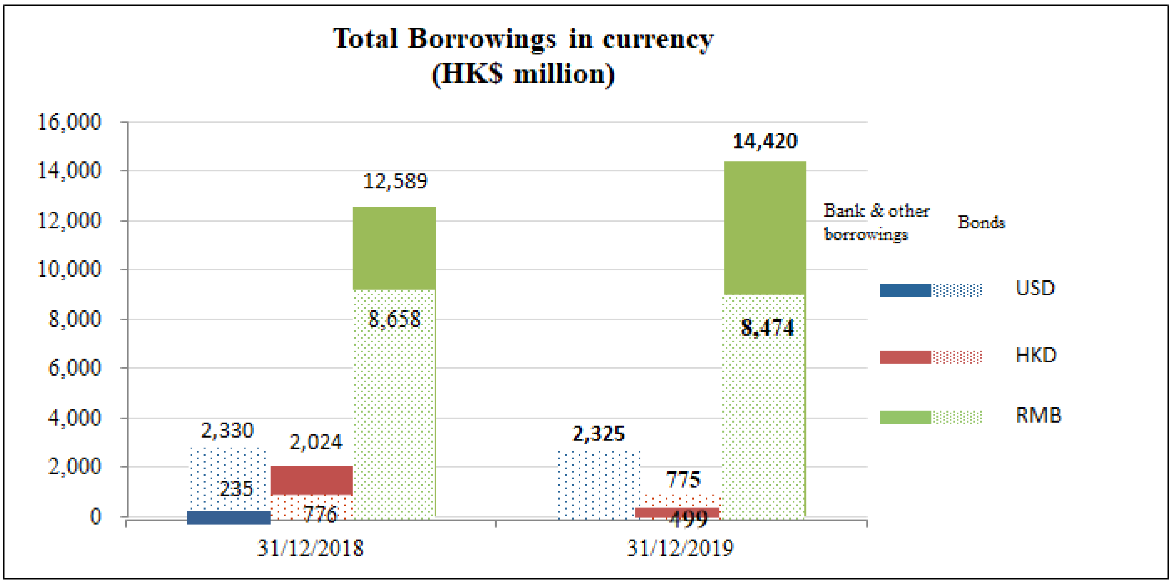
Cash Balance

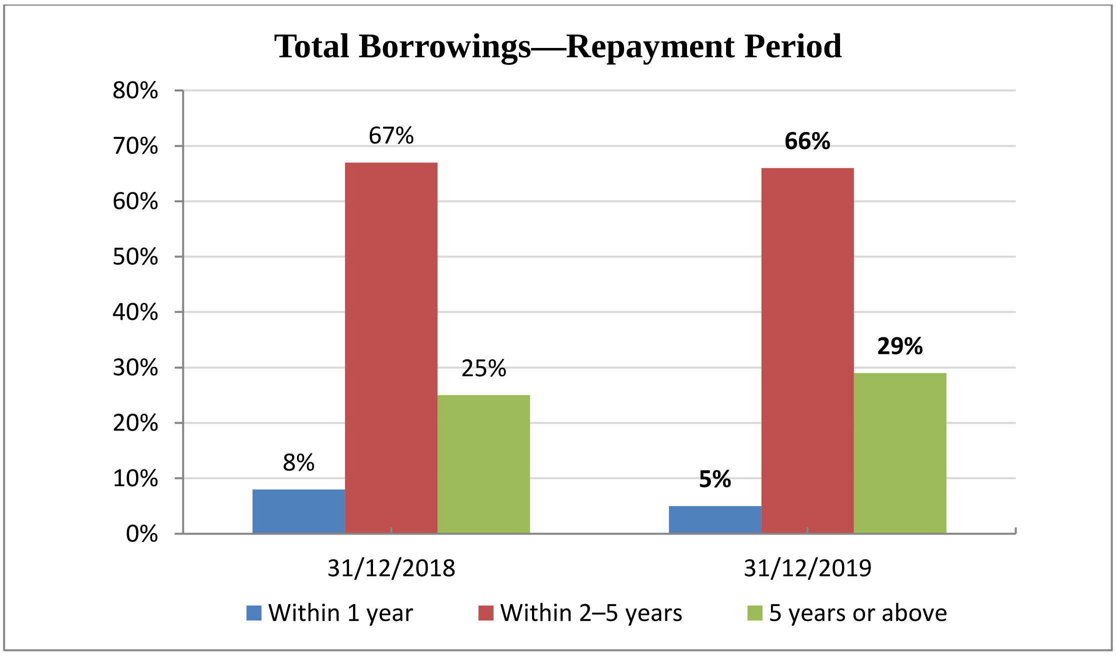
As at 31 December 2019, cash held by the Group amounted to approximately HK$14,780 million (31 December 2018: HK$16,627 million), representing a decrease of 11% as compared to the end of last year, mainly due to the payment of consideration for the acquisition of Nanjing Wind Power Company and repayment of loans during the Year. To facilitate the Group's operation and development in the PRC, cash held by the Group is primarily denominated in RMB. In accordance to a prudent treasury policy, the Group will strengthen its fund management with the aim of achieving higher return on its cash portfolio which would provide strong support for the development of its business.

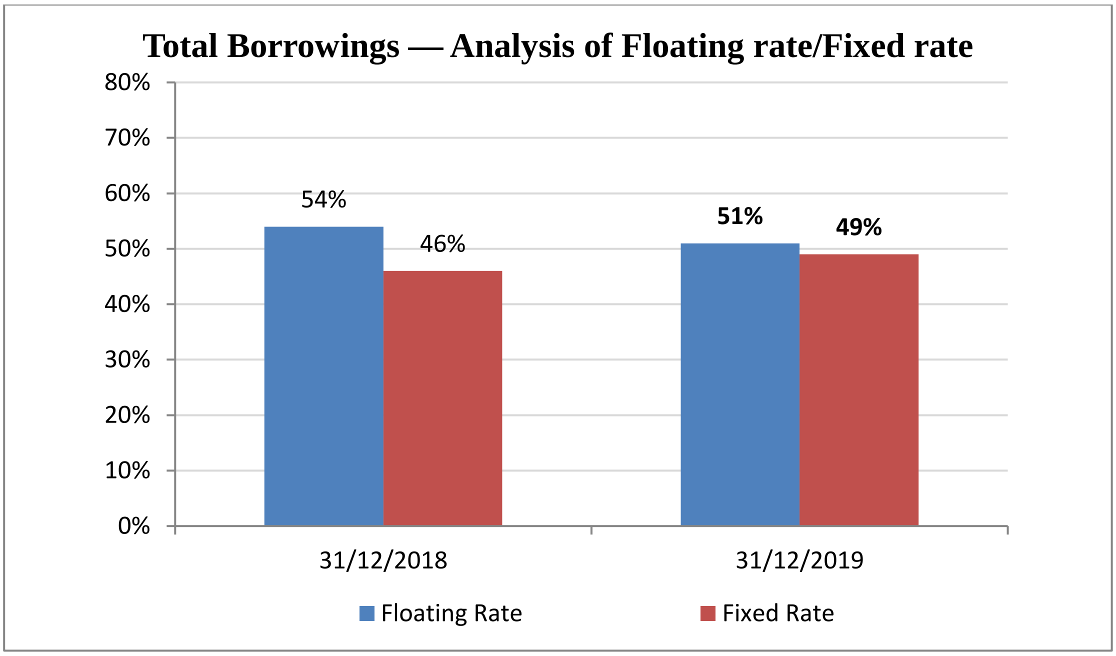
Capital Expenditures

The Group's capital expenditures for the Year amounted to approximately RMB5,740 million (HK$6,410 million), primarily included investments in the construction of "Integrated Logistics Hub" projects of approximately RMB2,060 million, the payment for the Outer Ring Expressway Project of approximately RMB1,350 million, in aggregate as well as United Land Company's projects and Qianhai Project of approximately RMB1,610 million. The Group expects the capital expenditures for 2020 to be approximately RMB8,300 million (HK$9,300 million), including approximately RMB2,500 million for the "Integrated Logistics Hub" projects, RMB3,400 million for Shenzhen Expressway's projects, RMB350 million for the Liguang Project and RMB1,600 million for United Land Company's projects and Qianhai Project.

Borrowings







As at 31 December 2019, the Group's total borrowings amounted to approximately HK$26,493 million, similar to the end of last year. 5%, 66% and 29% 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 focuses on securing abundant cash reserve and diversified financing channels, and making appropriate financing decisions with balanced borrowing levels and costs. To mitigate the impact of future changes in the capital market, it capitalizes on both onshore and offshore financing platforms in order to optimize its borrowing structure and maintain reasonable cash and borrowing levels.

The Group's Financial Policy

Interest Rate Risk Management

The Group's interest rate risks arise primarily from floating-rate bank borrowings. The management manages interest rate risks and limits such risks to a reasonable level by closely tracking changes in the macro-economic environment and monitoring changes in current and projected interest rates on a regular basis, taking into account conditions in the domestic and international markets. The management also regularly reviews the ratio of fixed-rate to floating-rate borrowings and seeks to manage and control the Group's interest rate risks by entering into fixed-rate borrowings or interest rate swap contracts for hedging purposes on a timely manner according to size and maturities of its borrowings.

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$. In 2019, the foreign exchange market continued to fluctuate due to the China-US trade conflicts and Brexit. The management of the Group has been closely monitoring the trend and movement of RMB exchange rates. During the Year, the Group generated an exchange loss of approximately HK$35.96 million. As RMB is expected to continue two-way fluctuations, the Group will adjust the currency structure of its borrowings and utilize hedging instruments when appropriate to manage exchange rate risk and reduce the impact of fluctuation in the exchange rates of RMB. As at 31 December 2019, the ratio between the Group's borrowings in RMB and other currencies was around 86% : 14%.

Liquidity Risk Management

The Group maintains adequate funds and credit facilities to prepare itself for the macro-economic and geopolitical uncertainties. The Group currently has cash on hand and standby banking facilities of approximately HK$71,400 million. The Group regularly monitors its cash flow forecasts on a rolling basis to ensure that it is capable of operating as a going concern while expanding its business, and to mitigate liquidity risk.

Credit Ratings

During the Year, three leading international credit rating agencies, namely Moody's, Standard & Poor's and Fitch Ratings, maintained their investment-grade credit ratings of the Company of Baa2, BBB and BBB, respectively. United Credit Ratings Co., Ltd. and CSCI Pengyuan Credit Rating Co., Ltd, two domestic credit rating agencies, assigned "AAA" ratings to the Company. These ratings reflected high capital market recognition of the Group's financial soundness and solvency, and demonstrated the Group's confidence in realizing sustainable and quality growth.

EVENTS AFTER THE BALANCE SHEET DATE

(a) Assessment of the Impact of the Coronavirus

Since the outbreak of Coronavirus 2019 ("COVID-19") in early 2020, there is an impact on investment, consumption and exports, among which, the consumer retail and transportation industries which are closely related to the logistics industry have been greatly affected. In order to reduce the burden on private logistics enterprises, the Group exempted nationwide logistics parks tenants from rent and management fees for two months. For toll road business, according to the Ministry of Transport notification, the Group's toll roads became toll-free from 00:00 on February 17 to the end of COVID-19 epidemic. The Group expects that relevant preventative policies will be announced separately by the Government, and the implementation of these policies will reduce the Group's revenue on toll road business during the epidemic prevention period.

The Group will continuously monitor the situation of the COVID-19, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of the announcement, the assessment is still in progress.

(b) Acquisition of Bioland Environmental Technologies Co., Ltd. ("Bioland Environmental")

On 8 January 2020, Shenzhen Expressway Environmental Company Limited ("Environmental Company", a wholly-owned subsidiary of Shenzhen Expressway), Bioland Environmental Technologies Co., Ltd. ("Bioland Environmental") and its original shareholders jointly signed a capital increase and share transfer agreement. According to the agreement, the transaction will take place in two stages. In the first phase, Environmental Company will acquire a total of 125,000,000 shares (53.2067% of the total share capital of the Bioland Environmental after the issuance of additional shares) by acquiring 40,000,000 shares held by the seller and subscribing to the newly issued 85,000,000 shares of Bioland Environmental. In the second phase, the original shareholder shall transfer not more than 35,000,000 shares of Bioland Environmental to the Environmental Company (subject to the number of shares transferred) no later than 25 April 2020 according to their actual situation. Upon completion of the transaction, Environmental Company will eventually receive up to 160,000,000 shares of Bioland Environmental, with a total consideration of up to RMB809,600,000 and a shareholding of up to 68.1045%. On 20 January 2020, Environmental Company acquired 125,000,000 shares of Bioland Environmental and held 53.2067% equity interest in Bioland Environmental. Bioland Environmental has become a subsidiary of Shenzhen Expressway.

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

During the Year, the Company has complied with the code provisions set out in "Corporate Governance Code and Corporate Governance Report" of Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange. The Company aims to continually enhance its corporate governance practices, thereby laying a good foundation for promoting the Company's sustainability and enhancing value for its shareholders.

CLOSURE OF REGISTER OF MEMBERS

To ensure the eligibility to attend and vote at the 2020 Annual General Meeting and the entitlement to the proposed final dividend and special dividend, the register of members of the Company will be closed on the following dates:

For ascertaining shareholders' right to attend and vote at the 2020 Annual General Meeting:

Latest time to lodge transfers	4:30 p.m. on Monday, 11 May 2020
Book closure dates	Tuesday, 12 May 2020 to Friday, 15 May 2020 (both days inclusive)
Record date	Friday, 15 May 2020

For ascertaining shareholders' entitlement to the proposed final dividend and special dividend:

Latest time to lodge transfers	4:30 p.m. on Wednesday, 20 May 2020
Book closure dates	Thursday, 21 May 2020 to Friday, 22 May 2020 (both days inclusive)
Record date	Friday, 22 May 2020
Payment date of the final dividend and special dividend	on or about Friday, 19 June 2020

To be eligible to attend and vote at the 2020 Annual General Meeting and 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

OTHER INFORMATION

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2019. A meeting of the Audit Committee of the Company has also been held with the Company's auditor in connection with the review of the annual results of the Group for the year ended 31 December 2019.

The figures in respect of the announcement of the Group's results for the year ended 31 December 2019 have been agreed with KPMG. The work performed by KPMG in this respect 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 KPMG on this announcement.

This announcement and other information including those of the Company's 2019 annual results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.szihl.com).

By Order of the Board
Shenzhen International Holdings Limited
Gao Lei
Chairman

20 March 2020

As at the date of this announcement, the board of directors of the Company consists of Messrs. Gao Lei, Li Hai Tao, Zhong Shan Qun, Liu Jun and Hu Wei as executive directors, Messrs. Xie Chu Dao and Liu Xiao Dong as non-executive directors and Messrs. Ding Xun, Nip Yun Wing, Dr. Yim Fung, JP and Professor Cheng Tai Chiu, Edwin as independent non-executive directors.