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

2013 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 2013 (the "Year") together with comparative figures for the year ended 31 December 2012 as follows:

Consolidated Income Statement:

		Year ended 31 December	
		2013	2012
	Note	***HK$'000***	*HK$'000*
Revenue	(3), (4)	**5,962,765**	5,739,514
Cost of sales	(7)	**(3,025,297)**	(3,101,685)
Gross profit		**2,937,468**	2,637,829
Other losses - net	(5)	**(30,723)**	(2,638)
Other income	(6)	**72,461**	82,841
Distribution costs	(7)	**(64,198)**	(42,607)
Administrative expenses	(7)	**(330,661)**	(336,758)
Operating profit		**2,584,347**	2,338,667
Share of profit of joint ventures		**32,441**	15,223
Share of profit of associates	(13)	**759,420**	1,275,655
Profit before finance costs and tax		**3,376,208**	3,629,545
Finance income	(8)	**77,276**	73,277
Finance costs	(8)	**(816,292)**	(927,843)
Finance costs - net	(8)	**(739,016)**	(854,566)
Profit before income tax		**2,637,192**	2,774,979
Income tax expense	(9)	**(530,894)**	(479,409)
Profit for the Year		**2,106,298**	2,295,570
Attributable to:			
Equity holders of the Company		**1,641,038**	1,878,312
Non-controlling interests		**465,260**	417,258
		2,106,298	2,295,570

Consolidated Income Statement (continued):

	Note	Year ended 31 December **2013** *HK$'000*	2012 *HK$'000*
Earnings per share attributable to equity holders of the Company during the Year (expressed in HK dollars per share)			
– Basic	(10a)	**1.00**	1.15
– Diluted	(10b)	**0.99**	1.15
Dividends			
Proposed final dividend of HK dollars 0.374 (2012: HK dollars 0.374) per ordinary share	(11)	**619,755**	612,349

Consolidated Statement of Comprehensive Income:

	Year ended 31 December **2013** *HK$'000*	2012 *HK$'000*
Profit for the Year	**2,106,298**	2,295,570
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Fair value losses on available-for-sale financial assets, net of tax	**(13,133)**	(31,623)
Reclassification of fair value gains to income statement upon disposal of available-for-sale financial assets, net of tax	**(229,842)**	-
Fair value gains on derivative financial instruments, net of tax	**21,162**	10,268
Reclassification of fair value losses to income statement upon derecognition of cash flow hedges, net of tax	**458**	1,506
Share of other comprehensive loss of an associate	**(76)**	(4)
Currency translation differences	**622,113**	153,243
Other comprehensive income for the year, net of tax	**400,682**	133,390
Total comprehensive income for the year	**2,506,980**	2,428,960
Total comprehensive income attributable to:		
Equity holders of the Company	**1,812,121**	1,955,919
Non-controlling interests	**694,859**	473,041
Total comprehensive income for the year	**2,506,980**	2,428,960

Consolidated Balance Sheet:

	Note	As at 31 December **2013** *HK$'000*	2012 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**4,404,108**	3,829,067
Investment properties		**77,700**	72,000
Land use rights		**653,711**	651,750
Construction in progress		**121,917**	398,468
Intangible assets	(12)	**23,617,718**	24,188,532
Investments in associates	(13)	**5,505,921**	5,021,531
Investments in joint ventures		**335,905**	317,382
Available-for-sale financial assets	(14)	**102,743**	37,511
Deferred income tax assets		**78,474**	96,842
Other non-current assets		**310,914**	81,144
		35,209,111	34,694,227
Current assets			
Inventories		**446,740**	8,636
Available-for-sale financial assets	(14)	**1,270,934**	1,646,963
Trade and other receivables	(15)	**1,339,532**	1,165,060
Restricted bank deposits		**6,613**	2,302
Cash and cash equivalents		**4,950,409**	4,866,080
		8,014,228	7,689,041
Total assets		**43,223,339**	42,383,268
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital and share premium		**5,100,212**	4,952,487
Other reserves		**895,044**	637,250
Retained earnings			
– Proposed dividends	(11)	**619,755**	612,349
– Others		**7,374,728**	6,443,120
		13,989,739	12,645,206
Non-controlling interests		**7,918,366**	7,342,934
Total equity		**21,908,105**	19,988,140

Consolidated Balance Sheet (continued):

	Note	As at 31 December 2013 *HK$'000*	2012 *HK$'000*
Liabilities			
Non-current liabilities			
Borrowings		**15,024,790**	14,072,020
Derivative financial instruments		**9,134**	36,003
Provision for maintenance/resurfacing obligations		**294,430**	243,556
Deferred income tax liabilities		**1,431,702**	1,547,673
		16,760,056	15,899,252
Current liabilities			
Trade and other payables	(16)	**1,918,239**	2,082,289
Income tax payable		**173,495**	123,412
Provision for maintenance/resurfacing obligations		**134,996**	377,447
Borrowings		**2,296,824**	3,897,663
Derivative financial instruments		**31,624**	15,065
		4,555,178	6,495,876
Total liabilities		**21,315,234**	22,395,128
Total equity and liabilities		**43,223,339**	42,383,268
Net current assets		**3,459,050**	1,193,165
Total assets less current liabilities		**38,668,161**	35,887,392

Notes:

(1) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of the available-for-sale financial assets, derivative financial instruments and investment properties, which are carried at fair value.

(2) Changes in accounting policies and disclosures

(a) The following new standards and amendments to existing standards have been adopted by the Group for the first time for the financial year beginning 1 January 2013:

- Amendment to Hong Kong Accounting Standards ("HKAS") 1, 'Financial statements presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

- HKFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

- HKFRS 11 'Joint arrangements' is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Before 1 January 2013, the Group's interests in its jointly controlled entities were accounted for using the equity method. Under HKFRS 11, the jointly controlled entities have been assessed to be joint ventures and are still accounted for using the equity method.

- HKFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

Other new and revised standards, amendments and interpretations to the existing standards that are mandatory for the first time for the financial year beginning 1 January 2013 had no impact on or are currently not relevant to the Group.

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

(b) New and revised standards, amendments and interpretations have been issued and are relevant to the Group, but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendment to HKAS 32	Financial Instruments: Presentation on assets and liabilities offsetting	1 January 2014
Amendment to HKFRS 10, HKFRS 12 and HKAS 27	Consolidation for investment entities	1 January 2014
Amendments to HKAS 36	‘Impairment of assets’ on recoverable amount disclosures	1 January 2014
Amendments to HKAS 39	Financial instruments: Recognition and Measurement – Novation of derivatives	1 January 2014
Annual improvements 2012	Changes from the 2010-2012 cycle of the annual improvements project	1 January 2014
Annual improvements 2013	Changes from the 2011-2013 cycle of the annual improvements project	1 January 2014
HKFRS 9	Financial instruments	The mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

The Group has assessed the impact of the above new standards and amendments to existing standards and based on the preliminary results of assessment, the Group currently does not expect the adoption of these standards and amendments would have a significant impact on its results of operations and financial position.

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

(c) Critical accounting estimates and assumptions changed during the Year:

Change in accounting estimates - Amortisation of concession intangible assets

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

Amortisation of concession intangible assets is provided under the traffic flow amortisation method. Material adjustments may need to be made to the carrying amounts of concession intangible assets should there be a material difference between total projected traffic volume and the actual results.

The directors of the Company performed a periodic assessment of the total projected traffic volume. The Group will appoint independent professional traffic consultants to perform independent professional traffic studies and make appropriate adjustment if there is a material difference. The Group appointed an independent professional traffic consultant to reassess the aggregate future traffic volume of Nanguang Expressway, Yanba Expressway and Qinglian Expressway. The Group has adjusted the amortization unit for the related concession intangible assets according to the revised total projected traffic volume since 1 July 2013 on a prospective basis. Such change in accounting estimate has resulted in increase in profit attributable to shareholder of HK$7,803,000 for the year ended 31 December 2013 and will affect the amortization charges of the Group in the future.

(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.

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

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

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

(3) Segment information (continued)

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

For the year ended 31 December 2013

	Toll roads	Logistic business				Head office functions	Total
		Logistic parks	Logistic services	Port	Subtotal		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	4,933,609 [(a)]	517,924	365,267	145,965	1,029,156	-	5,962,765
Operating profit	2,103,233	211,937	19,169	56,006	287,112	194,002	2,584,347
Share of profit of joint ventures	16,472	14,973	996	-	15,969	-	32,441
Share of profit of associates	217,968	-	2,986	-	2,986	538,466	759,420
Finance income	40,128	1,455	1,297	260	3,012	34,136	77,276
Finance costs	(765,093)	(14,722)	(236)	(19,915)	(34,873)	(16,326)	(816,292)
Profit before income tax	1,612,708	213,643	24,212	36,351	274,206	750,278	2,637,192
Income tax expense	(332,753)	(46,725)	(3,046)	(4,543)	(54,314)	(143,827)	(530,894)
Profit for the year	1,279,955	166,918	21,166	31,808	219,892	606,451	2,106,298
Non-controlling interests	(444,224)	(9,505)	(2,004)	(9,527)	(21,036)	-	(465,260)
Profit attributable to equity holders of the Company	835,731	157,413	19,162	22,281	198,856	606,451	1,641,038
Depreciation and amortisation	1,229,187	84,534	10,926	37,130	132,590	14,120	1,375,897
Capital expenditure							
- Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	590,700	234,310	13,748	46,694	294,752	22,600	908,052
- Additions in investments in associates	20,825	-	-	-	-	-	20,825
- Additions in investments in joint ventures	-	-	1,538	-	1,538	-	1,538

(3) Segment information (continued)

For the year ended 31 December 2012

	Toll roads	Logistic business				Head office functions	Total
		Logistic parks	Logistic services	Port	Subtotal		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	4,817,383 [(a)]	494,199	310,984	116,948	922,131	-	5,739,514
Operating profit	2,173,546	174,134	4,686	42,020	220,840	(55,719)	2,338,667
Share of profit of joint ventures	3,626	11,323	274	-	11,597	-	15,223
Share of profit of associates	154,810	-	2,009	-	2,009	1,118,836	1,275,655
Finance income	47,514	1,746	1,014	661	3,421	22,342	73,277
Finance costs	(801,323)	(14,172)	(112)	(24,320)	(38,604)	(87,916)	(927,843)
Profit before income tax	1,578,173	173,031	7,871	18,361	199,263	997,543	2,774,979
Income tax expense	(380,716)	(39,134)	(2,638)	-	(41,772)	(56,921)	(479,409)
Profit for the year	1,197,457	133,897	5,233	18,361	157,491	940,622	2,295,570
Non-controlling interests	(402,257)	(9,244)	(259)	(5,498)	(15,001)	-	(417,258)
Profit attributable to equity holders of the Company	795,200	124,653	4,974	12,863	142,490	940,622	1,878,312
Depreciation and amortisation	1,022,980	73,112	12,746	36,040	121,898	12,354	1,157,232
Capital expenditure							
- Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	527,690	238,378	29,330	15,281	282,989	18,177	828,856
- Additions in investments in associates	-	-	-	-	-	97,266	97,266

(a) The revenue from toll roads includes construction service revenue under service concession arrangements of HK$190,743,000 (2012: HK$411,389,000) for the Year.

(b) The Group has a number of customers. Revenues of approximately HK$156,229,000 (2012: HK$187,782,000) are derived from a single external customer. These revenues are attributable to entrusted construction revenue (2012: construction service revenue).

(c) The Group's non-current assets are mainly located in the People's Republic of China (the "PRC").

(4) Revenue

	2013 *HK$'000*	2012 *HK$'000*
Toll Road		
- Toll revenue	**4,742,866**	4,405,994
- Construction service revenue under Service Concession	**190,743**	411,389
Logistic Business		
- Logistic parks	**517,924**	494,199
- Logistic services	**365,267**	310,984
- Port	**145,965**	116,948
	5,962,765	5,739,514

(5) Other losses – net

	2013 *HK$'000*	2012 *HK$'000*
Gains on disposal of available-for-sale financial assets	**315,582**	-
Fair value losses on derivative financial instruments	**(458)**	(1,506)
Gains/(losses) on disposal of property, plant and equipment	**967**	(5,447)
Losses on write-off of property, plant and equipment	**(44,586)**	-
Losses on disposal of concession intangible assets	**(303,661)**	-
Others	**1,433**	4,315
	(30,723)	(2,638)

(6) Other income

	2013 *HK$'000*	2012 *HK$'000*
Dividend income	**34,745**	40,304
Rental income	**23,721**	25,984
Government grants	**7,312**	5,276
Others	**6,683**	11,277
	72,461	82,841

(7) Expenses by nature

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

	2013	2012
	HK$'000	*HK$'000*
Construction cost under Service Concession	**190,743**	411,389
Provision for maintenance/resurfacing obligations - net	**28,744**	6,281
Depreciation and amortisation	**1,375,897**	1,157,232
Employee benefit expenses	**586,964**	508,822
Transportation expenses and contractors' costs	**332,933**	309,346
Rental charges	**32,764**	29,609
Other tax expenses	**194,386**	192,215
Commission, management fee and maintenance expenses for toll roads	**155,854**	179,077
Auditors' remuneration		
- Audit services	**7,670**	6,509
- Non-audit services	**2,250**	3,562
Legal and consultancy fees	**26,369**	24,036
Others	**485,582**	652,972
	3,420,156	3,481,050

(8) Finance income and costs

	2013	2012
	HK$'000	*HK$'000*
Interest income from bank deposits	**(77,276)**	(73,277)
Interest expense		
- Bank borrowings wholly repayable within 5 years	**147,671**	202,161
- Bank borrowings wholly repayable after 5 years	**375,446**	381,294
- Convertible bonds wholly repayable within 5 years	**67,620**	82,192
- Medium-term notes wholly repayable within 5 years	**10,102**	44,507
- Senior notes wholly repayable within 5 years	**103,804**	72,020
- Corporate bonds and other notes wholly repayable within 5 years	**198,036**	120,322
- Corporate bonds wholly repayable after 5 years	**56,399**	55,046
- Other interest expense	**30,938**	45,435
Net foreign exchange gains directly attributable to borrowings	**(138,871)**	(45,181)
Less: interest expense capitalised in construction in progress	**(34,853)**	(29,953)
	816,292	927,843
Net finance costs	**739,016**	854,566

(9) Income tax expense

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

The PRC corporate income tax charged to the 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% (2012: 25%) applicable to the respective companies.

	2013	2012
	HK$'000	*HK$'000*
Current income tax		
PRC corporate income tax	**585,792**	454,665
Deferred income tax	**(54,898)**	24,744
	530,894	479,409

(10) Earnings per share

(a) Basic

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

	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	**1,641,038**	1,878,312
Weighted average number of ordinary shares in issue (thousands)	**1,648,339**	1,637,221
Basic earnings per share (HK dollars per share)	**1.00**	1.15

The weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2013 and 2012 have been adjusted to reflect the effect of share consolidation. See Events after the balance sheet date for the details.

(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.

(10) Earnings per share (continued)

(b) Diluted (continued)

	2013	2012
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**1,641,038**	1,878,312
Profit used to determine diluted earnings per share	**1,641,038**	1,878,312
Weighted average number of ordinary shares in issue (thousands)	**1,648,339**	1,637,221
Adjustments – share options (thousands)	**7,768**	1,363
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,656,107**	1,638,584
Diluted earnings per share (HK dollars per share)	**0.99**	1.15

(11) Dividends

At the meeting on 31 March 2014, the Board recommended the payment of final dividend for the year of 2013 of HK dollars 0.374 per ordinary share. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this as dividend payable.

	2013	2012
	HK$'000	*HK$'000*
Proposed final dividend of HK dollars 0.374 (2012: HK dollars 0.374) per ordinary share	**619,755**	612,349

The above dividend per ordinary share information has been adjusted to reflect the effect of share consolidation. See Events after the balance sheet date for the details.

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 of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

(12) Intangible assets

	Concession intangible assets	
	2013	2012
	HK$'000	*HK$'000*
Opening net book amount	**24,188,532**	24,386,045
Additions	**486,604**	452,174
Adjustments to cost due to final settlement in current year [(a)]	**(400,115)**	-
Disposals	**(309,021)**	-
Exchange difference	**710,049**	201,183
Amortisation	**(1,058,331)**	(850,870)
Closing net book amount	**23,617,718**	24,188,532

[(a)] It represented the adjustments to cost of certain concession intangible assets as a result of the final settlement of the related construction costs.

Concession intangible assets represent the rights to operate the respective toll roads granted by the relevant local government authorities in the PRC to the Group. The remaining periods of rights to operate the respective toll roads are from 9 to 21 years. According to the relevant governments' approval documents and the relevant regulations, the Group is responsible for the construction of the toll roads and the acquisition of the related facilities and equipment. It is also responsible for the operations and management, maintenance and overhaul of the toll roads during the approved operating periods. The toll fees collected and collectible during the operating periods are attributable to the Group. The relevant toll roads assets are required to be returned to the local government authorities when the operating rights periods expire without any 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.

(13) Investments in associates

	2013	2012
	HK$'000	*HK$'000*
Beginning of year	**5,021,531**	2,829,232
Transfer from other non-current assets	**-**	875,394
Additions	**20,825**	97,266
Share of profit of associates	**759,420**	1,275,655
Share of other comprehensive loss of an associate	**(76)**	(4)
Dividends received	**(454,796)**	(98,011)
Exchange difference	**159,017**	41,999
End of year	**5,505,921**	5,021,531

(14) Available-for-sale financial assets

	2013	2012
	HK$'000	*HK$'000*
Beginning of year	**1,684,474**	1,734,940
Additions[a]	**64,078**	-
Net change in fair value	**(17,175)**	(64,488)
Disposals[b], [c]	**(400,868)**	-
Exchange difference	**43,168**	14,022
End of year	**1,373,677**	1,684,474
Less: non-current portion	**(102,743)**	(37,511)
Current portion	**1,270,934**	1,646,963

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

Listed securities in the PRC, at fair value[c]	**1,270,934**	1,365,974
Unlisted equity investments:		
at fair value	**64,078**	280,989
at cost less impairment		
– Cost	**62,760**	61,606
– Provision for impairment	**(24,095)**	(24,095)
	38,665	37,511
	102,743	318,500
	1,373,677	1,684,474

(a) On 17 January 2013, Shenzhen Shen Guang Hui Highway Development Company ("SZ SGH Highway"), a subsidiary of the Group, together with ten other companies including Shenzhen Investment Holdings Company Limited established Kashi Shenzhen City Company Limited ("Kashi SZ City") to expand the Group's logistics business to Kashi, Xinjiang. Accordingly, SZ SGH Highway made a capital contribution of RMB50,000,000 (approximately HK$64,078,000) in cash for the investment in Kashi SZ City, representing approximately 7.58% of the total registered capital of Kashi SZ City. As at 31 December 2013, the fair value of the investment in Kashi SZ City approximated its carrying value, which was determined with reference to the Group's share of the net asset value of Kashi SZ City.

(b) On 7 June 2013, Xin Tong Chan Development (Shenzhen) Co., Ltd. ("Xin Tong Chan"), a subsidiary of the Group, entered into an agreement with Shenzhen Energy Investment Company Limited ("SZ Energy"). According to the agreement, Xin Tong Chan disposed of its 2.3338% equity interest in Shenzhen Capital Group Co. Ltd. ("SZ Capital") to SZ Energy at a consideration of RMB200,000,000, which was satisfied in the form of cash. The above equity disposal was completed in June 2013. The excess of the consideration over the cost of investment in SZ Capital, amounting to HK$173,481,000, was recognised within 'other gains/(losses) – net' in the income statement.

(c) As at 31 December 2013, listed equity investments stated at market price represent 5.87% interest (equivalent to 121,831,658 shares) in CSG Holding Co., Ltd. ("CSG"). During the year, the Group disposed of 11,338,342 shares in CSG and recorded a gain of approximately HK$142,101,000.

(15) Trade and other receivables

The income from toll road operations is mainly received in cash and it usually does not maintain any trade receivable balances related to toll road operations. Accordingly, the Group does not have any specified credit period for its customers related to toll road operations. Trade receivables other than toll road income generally have credit terms of 30 to 120 days. As at 31 December 2013 and 2012, the ageing analysis of the trade receivables of the Group based on revenue recognition date was as follows:

	2013	2012
	HK$'000	*HK$'000*
0-90 days	**504,878**	413,009
91-180 days	**15,380**	19,564
181-365 days	**73,411**	117,495
Over 365 days (i)	**263,079**	102,255
	856,748	652,323

(i) Trade receivables due over 365 days mainly comprised the amount of HK$259,381,000 (2012: HK$97,532,000) arising from the Group's development and management of certain toll road projects administrated for Shenzhen Traffic and Transportation Committee (the "SZ Transportation Committee").

(16) Trade and other payables

As at 31 December 2013 and 2012, the ageing analysis of the trade payables of the Group was as follows:

	2013	2012
	HK$'000	*HK$'000*
0-90 days	**79,487**	77,375
91-180 days	**376**	741
181-365 days	**106**	128
Over 365 days	**141**	430
	80,110	78,674

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Review

Operating Results	2013 *HK$'000*	2012 *HK$'000*	Increase/ (Decrease)
Revenue (excluding construction service revenue from toll roads)	**5,772,022**	5,328,125	8%
Construction service revenue from toll roads	**190,743**	411,389	(54%)
Total Revenue	**5,962,765**	5,739,514	4%
Operating profit	**2,584,347**	2,338,667	11%
Profit before finance costs and tax	**3,376,208**	3,629,545	(7%)
Profit attributable to shareholders	**1,641,038**	1,878,312	(13%)
Basic earnings per share (HK dollar) #	**1.00**	1.15	(13%)
Final Dividend per share (HK dollar)#	**0.374**	0.374	-

The weighted average number of ordinary shares in 2013 and 2012 have been retrospectively adjusted to reflect the effect of share consolidation, which came into effect on 13 February 2014.

The global economy began to stabilise in 2013. The U.S. economy recovered gradually while the EU countries began to recover from its debt crisis and the economic performance in China was in line with expectations. However, the Group's operations faced challenges arising from policy adjustments in toll road business and rising operating costs. In response to these challenging market conditions and with full awareness of changes in market trends, the Group focused on enhancing operational efficiency and cost controls. As a result, the Group continued to deliver a solid performance in 2013. For the year ended 31 December 2013, the Group's core business continued to maintain relatively stable revenue growth, with revenue and operating profit increasing by 8% to HK$5,772 million and 11% to HK$2,584 million respectively as compared to the previous year. However, due to the write back of asset impairment for Shenzhen Airlines Company Limited ("Shenzhen Airlines"), a 49%-owned associate of the Group, in 2012 and the asset write-off for Qinglian Class II Road during the Year, profit before finance costs and tax and profit attributable to shareholders for the Year decreased by 7% to HK$3,376 million and 13% to HK$1,641 million respectively over the corresponding period of the previous year.

During the Year, the logistic business achieved satisfactory results, with revenue increasing by 12% to HK$1,029 million as compared to the previous year. The increase was mainly attributable to the increased operating area of the logistic parks and the significant increases in the operating volume of the port business and business volume of the logistic service business, which led to a growth in revenue of the logistic business. Moreover, benefitting from economies of scale and effective cost controls, the logistic business recorded a growth in gross profit, which led to an increase in profit attributable to shareholders from the logistic business by 40% to HK$199 million as compared to the previous year.

During the Year, as a result of the toll policy adjustments, the Group's overall revenue reduced by about 11% which was largely in line with the management'sforecast. However, the growth in automobile ownership and the proactive marketing campaign carried out by the Group based on the competitive edge and features of each of its expressway projects boosted the overall traffic volume of the Group's toll road business, and had offset the negative impact brought by the toll policy adjustments during the Year. Toll revenue from the Group's toll road business for the Year increased by 8% to HK$4,743 million while net profit rose by 5% to HK$836 million as compared to the corresponding period of the previous year. The results have accounted for a loss arising from an asset write-off for Qinglian Class II Road during the Year which reduced net profit attributable to the Group by approximately HK$88.79 million.

During the Year, intensified competition in the domestic aviation market exacerbated the difficult operating environment for operators in the domestic airline industry. Shenzhen Airlines took an initiative to face market changes through strengthened marketing efforts, and its passenger transport volume recorded a steady growth during the Year as compared to the corresponding period of the previous year. Average passenger load factor reached 81.6% (2012: 80.55%) and passenger traffic was up by 10% over the corresponding period of the previous year to 31,772 million passenger-km (2012: 28,989 million passenger-km). However, negative impacts, including lower average airfares due to changes in market supply and demand and a change of the tax policy from business tax to value-added tax, resulted in a decline in the operating revenue of Shenzhen Airlines. Together with the one-off gain of approximately RMB800 million arising from write back of asset impairment during the corresponding period of the previous year, as well as the increase in operating costs including remuneration and depreciation during the Year, Shenzhen Airlines contributed a profit of HK$480 million (2012: HK$1,061 million) to the Group during the Year, representing a decrease of 55% as compared to the corresponding period last year.

During the Year, the Group grasped a rare opportunity in the market to dispose of approximately 11.34 million A shares of CSG at an average selling price of RMB11.14 (HK$14.07) per share to realise a gain after tax of approximately HK$106 million (2012: nil). In addition, in order to focus its resources on the logistic business, the Group disposed of its 2.3338% equity interest in SZ Capital during the Year, recording a gain after tax of approximately HK$130 million.

The Group is in a solid and healthy financial position and has sufficient cash flow. During the Year, net cash inflow generated from operations rose 21% to HK$2,336 million as compared to the corresponding period of the previous year. At the same time, the Group is committed to reducing its total borrowings, and recorded net cash outflow for debt repayment of HK$1,229 million during the Year (2012: net cash inflow from borrowings of HK$957 million). The Group will continue to reduce the total borrowings so as to further reduce its gearing ratio with the aim of building a solid foundation on which it will achieve sustainable development.

Dividend

The Board is committed to maintaining a stable dividend policy to ensure sustainable and steady returns for the Company's shareholders. The Board recommended a final dividend of HK$0.374 (2012: HK$0.374) per share, the same as in the previous year. The total dividend for the Year amounted to HK$620 million (2012: HK$612 million).

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 "Scrip Share Scheme"). The Scrip Share Scheme is subject to: (1) the approval of the proposed final dividend at the forthcoming Annual General Meeting; and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto. Details of the Scrip Share Scheme and the election form will be sent to shareholders of the Company on or about 27 May 2014.

Progress of the Qianhai Area Development Plan

In 2013, significant progress was made in the development of the Qianhai area. In respect of policies, major policies were adopted pursuant to the "Consolidated Plan on Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone" (前海深港現代服務業合作區綜合規劃) and "Interim Guidance for Land Supply in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen" (前海深港現代服務業合作區土地供應暫行辦法). Most of the 22 pilot policies were successfully implemented. In respect of attracting business and investment, there were approximately 3,000 registered enterprises in the Qianhai Area as at the end of 2013, with registered capital totalling over RMB200 billion. In respect of land development, five parcels of land in Qianhai were sold for RMB27.3 billion in 2013 through auction with an average price of RMB20,000 per square metre. In addition, ten innovative trading platforms, including Qianhai Equity Exchange, Qianhai Insurance Exchange (前海保險交易中心) and Qianhai Agricultural Product Exchange (前海農產品交易所), were established, with the securing of over RMB15 billion cross-border Renminbi loan facilities and the implementation of a pilot scheme for 17 foreign equity investment enterprises. All the above indicate that Qianhai is poised for a take-off.

In 2013, the Group maintained sound communication with the Qianhai Management Bureau and other government authorities, and relevant work programmes were endorsed by various parties. In line with the planning and progress of the overall development of Qianhai, the Group focused on pushing forward the first phase of the land project in Qianhai during the Year. The Group has established a project company to manage the Qianhai project, set up a professional team and developed the project in cooperation with large and experienced enterprises, and is carrying out preparatory work for building design and business planning. The Group has entered into strategic collaboration MOUs with several renowned large-scale enterprises, and has entered into Qianhai cross-border bilateral Renminbi loan agreements with an aggregate facility amount of RMB700 million with banks that work closely with the Company. The Group is prepared for the future construction, business development and operation of its Qianhai project.

Looking forward to 2014, Qianhai is expected to witness breakthroughs in respect of financial innovation, Shenzhen-Hong Kong cooperation and economic system improvement. Land rezoning development in Qianhai area is also expected to accelerate. The Group will continue to closely monitor the development of Qianhai and will be vigorous in making progress in the relevant work as it strives to achieve substantial progress in the first phase of the Group's land project in Qianhai.

Logistic Business

Analysis of Operating Performance

Logistic Parks

During the Year, the business volume and rental income of all logistic parks remained stable. The average occupancy rate of Huatongyuan Logistic Centre in 2013 maintained at 99%. Driven by the increase in rental charges for certain customers in the logistic centre and adjustment of tenant mix, the revenue and profit of Huatongyuan Logistic Centre recorded satisfactory growth.

The Group continues to focus on investment and development of logistic infrastructure facilities in order to expand the scale of its operations and support future revenue growth. In August 2013, the operating area of South China Logistic Park increased by 125,000 square metres, and that of the Group's logistic parks increased by approximately 24% to 670,000 square metres. All additional operating area was leased out, bringing new revenue to the Group.

China Urban Integrated Logistics Hub

The Group was dedicated to the development of its "China Urban Integrated Logistics Hub" business model and had signed investment letters of intent with more than 10 key logistic gateway cities in China. Since November 2012, the Group successively signed investment agreements for "China Urban Integrated Logistics Hub" projects in Shenyang in northeast China, Wuxi in eastern China, Wuhan in central China and Tianjin in northern China. In early 2014, the Group signed an agreement with the government of the Zhengding District of Shijiazhuang City involving investment in "China Urban Integrated Logistics Hub" project. The total planned land area for the aforesaid 5 projects reached an aggregate of approximately 1.80 million square metres.

The "Shenzhen International Shenyang Integrated Logistic Hub", the Group's first "China Urban Integrated Logistics Hub" project, completed the acquisition of 240,000 square metres of land for its first phase of development. Building design and preliminary business promotion activities were carried out as scheduled. Construction of the first phase of the "Shenzhen International Shenyang Integrated Logistic Hub" project will commence in the second quarter of 2014 and is expected to commence operation in 2015.

Port Business

Despite the complicated economic environment in 2013, Nanjing Xiba Port, taking advantage of its 70,000-tonnage berthing capacity and its efficiency in loading and unloading, saw a growing number of large vessels berthing at the port. During the Year, a total of 226 vessels berthed at Nanjing Xiba Port, of which 119 vessels were over 40,000 tonnes, accounting for 53% of the total number of vessels. During the Year, the total throughput of Nanjing Xiba Port reached 13.10 million tonnes, representing an increase of 24% over the corresponding period of the previous year. The operating performance of Nanjing Xiba Port showed significant growth.

Through the consolidation of existing major coal customers and effective marketing, Nanjing Xiba Port recorded satisfactory growth in business volume during the Year. In addition, since obtaining berthing permission for international vessels, Nanjing Xiba Port has focused on the loading and unloading of international vessels. With an increase in the number of international vessels, Nanjing Xiba Port saw a boost in revenue and profit as a result.

Financial Analysis

In 2013, the logistic business maintained a steady growth in revenue and profit before finance costs and tax which amounted to HK$1,029 million (2012: HK$922 million) and HK$306 million (2012: HK$234 million), representing increases of 12% and 31% respectively over those of the previous year, which was mainly attributable to the increase in operating area of the logistic parks and business volume of the logistic service business, as well as an increase in cargo loading and unloading volume of the port business. Meanwhile, profit attributable to shareholders increased by 40% to HK$199 million (2012: HK$142 million), resulting from economies of scale and effective operating cost controls.

Revenue and Profit attributable to shareholders of each logistic business unit

For the year ended 31 December

	Revenue		Profit attributable to shareholders	
	2013 ***HK$'000***	Change Over Year 2012	**2013** ***HK$'000***	Change Over Year 2012
Logistic Park Business				
South China Logistic Park	**198,871**	18%	**75,645**	45%
Western Logistic Park	**90,298**	-	**34,083**	10%
Huatongyuan Logistic Centre	**117,051**	12%	**22,012**	11%
Nanjing Chemical Industrial Park Logistic Centre	**50,487**	8%	**11,373**	10%
Shandong Booming Total Logistic Park	**61,217**	(27%)	**539**	(69%)
SZ Airport Express Center*	**N/A**	N/A	**13,761**	39%
Sub-total	**517,924**	5%	**157,413**	26%
Port Business	**145,965**	25%	**22,281**	73%
Logistic Service Business	**365,267**	17%	**19,162**	285%
Total	**1,029,156**	12%	**198,856**	40%

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

The logistic park business achieved stable growth in revenue and profit in 2013. This was mainly attributable to the growing maturity in business development of the logistic centres at logistic parks, new logistic centres coming into operation and increase in rental charges for customers as well as strict control of operating costs. Revenue from the logistic park business increased by 5% to reach HK$518 million and profit attributable to shareholders increased by 26% to reach HK$157 million as compared to the previous year.

During the Year, the port business recorded a revenue of HK$146 million, up 25% as compared to the previous year, and a profit of HK$22.28 million, representing an increase of 73% as compared to the previous year. The increase was attributable to the significant growth in loading and unloading volume and successful opening of a more profitable business by providing loading and unloading services for international vessels. As a result, the revenue and profit contribution generated from the port business achieved significant growth.

Revenue from the logistic service business for the Year amounted to HK$365 million, representing an increase of 17% as compared to the previous year, which was mainly driven by the growth in business volume resulting from an increase in demand for logistic services of major customers. Profit attributable to shareholders increased by 2.9 times year-on-year to HK$19.16 million, reflecting an increase in revenue and effective control of operating costs.

Toll Road Business

Analysis of Operating Performance

During the Year, toll revenue of the Group's toll road business continued to be affected by policy adjustments, particularly in the first half of the Year. Nevertheless, this was partly offset by the satisfactory growth in the overall traffic volume of the Group's expressway projects which was brought by the continuing growth momentum in automobile ownership in China as well as proactive marketing campaign carried out by the Group based on the competitive edge and features of each of its expressway projects. Growth in toll revenue returned to a satisfactory level in the second half of the Year.

During the Year, the operating performance of each expressway project of the Group was influenced to varying degrees by the economic environment, policy environment, as well as the conditions of each individual project and its surrounding road network:

- with Yonglan Expressway and Hengwu Expressway (which connect to Qinglian Expressway) commenced operation at the end of 2012 to further improve the connecting road network, together with an effort in marketing promotion and management work of Qinglian Expressway, including the enhancement of traffic diversions, Qinglian Expressway saw a growth in traffic volume. Furthermore, as major maintenance work has been carried out on Leiyi Section of G4 National Expressway (Leiyang to Yizhang in Hunan) since late May 2013, the related traffic diversion measures continued and led to a rapid increase in traffic volume and toll revenue of Qinglian Expressway as compared to the corresponding period of the previous year. However, the measure to restrict the passage of large vehicles is still being implemented for Guangqing Expressway (Guangzhou to Qingyuan, which connects to the southern end of Qinglian Expressway) due to its reconstruction and expansion work, the growth in traffic volume of Qinglian Expressway will continue to be affected for a certain period of time;

- extension work on the northern section of Meiguan Expressway and maintenance and resurfacing work on Jihe West brought adverse impact on the traffic conditions and operating performance of these projects and their connecting roads; and

- with certain sections of the connected Nanping (Phase 2) commenced operation gradually since the second half of 2012 as well as the marketing promotion and management work of Nanguang Expressway, such as the design of route guidance, the growth in traffic volume of Nanguang Expressway was boosted.

Financial Analysis

During the Year, toll revenue of the Group's toll road business amounted to HK$4,743 million (2012: HK$4,406 million), representing an increase of 8% over the previous year; profit before finance costs and tax amounted to HK$2,338 million (2012: HK$2,332 million), similar to the same period last year. Net profit was HK$836 million (2012: HK$795 million), representing an increase of 5% year-on-year.

Despite the impact of various factors including policy adjustments in the toll road business, traffic volume of the Group's expressway projects achieved growth in general, with lower net finance cost and income tax expenses as compared to the same period last year, toll revenue and net profit of the Group's toll road business recorded increases during the Year.

According to the notice issued by the Communication Department of Guangdong Province, toll collection for Qinglian Class II Road was cancelled with effect from 24:00 on 30 June 2013. Toll collection for Qinglian Class II Road had been suspended since the road was closed for maintenance in late September 2010. Therefore, income from Qinglian Class II Road for the period from October 2010 to date is zero. During the Year, the Group has made a one-off asset write-off for Qinglian Class II Road pursuant to the relevant accounting standards and net profit attributable to the Group was hence reduced by approximately HK$88.79 million.

Longda Expressway

During the Year, Longda Expressway recorded a toll revenue of HK$625 million (2012: HK$580 million), representing an increase of 8% as compared to the previous year. Profit before finance costs and tax amounted to HK$414 million (2012: HK$393 million), up 5% over the previous year. Earnings before interest, tax, depreciation and amortisation ("EBITDA") amounted to HK$481 million (2012: HK$461 million), representing an increase of 4% as compared to the previous year.

Longda Expressway achieved satisfactory growth in traffic volume during the Year. In addition, by carrying out marketing activities to boost its traffic volume and applying different measures to enhance its traffic capability, both helped to facilitate the growth in toll revenue of Longda Expressway.

Wuhuang Expressway

During the Year, Wuhuang Expressway recorded a toll revenue of HK$480 million (2012: HK$566 million), representing a decrease of 15% as compared to the previous year. Profit before finance costs and tax amounted to HK$233 million (2012: HK$294 million) and EBITDA amounted to HK$336 million (2012: HK$399 million), representing decreases of 21% and 16% respectively over the previous year.

The opening of the southern section of Daguang Expressway (Huangshi to Tongshan, Hubei) in May 2012 drove toll revenue of Wuhuang Expressway to increase. However, being affected by negative factors including the diversion of Han'e Expressway (Wuhan to Ezhou), the opening of Hurong Trunk of National Highway (Shanghai to Chengdu, Sichuan) as well as the tightening of restrictions imposed in Wuhan area and the implementation of the toll-free policy for passenger cars during key holiday periods, both traffic volume and toll revenue of Wuhuang Expressway decreased as compared to the same period last year. Going forward, Wuhuang Expressway will continue to focus on and analyse the impact brought by road network diversion, and will try to offset the impact by attracting traffic through increasing marketing efforts and adding more road signs.

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

Despite the negative impact brought by the implementation of policy adjustments in the toll road business and the one-off asset write-off for Qinglian Class II Road, Shenzhen Expressway recorded increases in both toll revenue and profit for the Year riding on the improving road network, growth in regional traffic volume, as well as the effective measures adopted on increasing revenue and reducing expenses. Toll revenue of Shenzhen Expressway for the Year amounted to HK$3,638 million (2012: HK$3,260 million), representing a year-on-year increase of 12%. Profit before finance costs and tax amounted to HK$1,691 million (2012: HK$1,645 million), representing a year-on-year increase of 3%. The Group's share of profit in Shenzhen Expressway amounted to HK$483 million (2012: HK$439 million), representing an increase of 10% over the corresponding period of the previous year.

Coastal Expressway (Shenzhen Section) has opened for traffic on a trial basis since the end of November 2013. The provision of entrusted construction services to Coastal Expressway (Shenzhen Section) contributed a profit after tax of HK$32.18 million to Shenzhen Expressway during the Year. In addition, details for provision of the entrusted management services during the concession period of Coastal Expressway (Shenzhen Section) are still under negotiation and it is expected that the project will continue to make profit contributions to Shenzhen Expressway in the future.

Other Investments

During the Year, intensified competition in the domestic aviation market due to the negative impact in market demand and the entry of budget airlines exacerbated the difficult operating environment for operators in the domestic airline industry. Average airfares declined by 3% as compared to the corresponding period of the previous year. Together with the change in tax policy from business tax to value-added tax, Shenzhen Airlines recorded a total revenue of RMB21,638 million (HK$27,321 million) (2012: RMB22,225 million (HK$27,371 million)), representing a decrease of 3% as compared to the corresponding period of the previous year. Net profit amounted to RMB902 million (HK$1,139 million) (2012: RMB1,851 million (HK$2,280 million)), representing a decrease of 51% as compared to the corresponding period of the previous year. This was mainly due to the one-off gain of approximately RMB800 million arising from write back of asset impairment during the previous year, as well as the increase in operating costs including remuneration and depreciation during the Year. Shenzhen Airlines contributed a profit of HK$480 million (2012: HK$1,061 million) to the Group during the Year, representing a decrease of 55% as compared to the corresponding period of last year. By excluding the impact of the write back of asset impairment last year, net profit of Shenzhen Airlines and its profit contributed to the Group decreased by 14% and 17% year-on-year respectively.

Development Focus and Outlook for the Group

The Group believes that, with the accelerated urbanisation in China and the continuing development in the economy, there will be strong potential for demand for high quality logistic services and hence huge potential for the future development of the Group. The Group will proactively explore and seize opportunities, and will invest and expand with a view to enhancing efficiency, thereby achieving quality growth and sustainable development.

Looking forward, traditional industries are facing challenges brought by new technologies and new ideas, including e-commerce, mobile internet and innovation of financial services. Cross-sector integration and supply chain integration are expected to further boost the improvement and innovation of commercial practices and business modes. Moreover, the advancement of internet technology and shortening of supply chain contribute to the flourishing business development and convenient commodity trading, and also boost the demand for logistic infrastructure facilities, which bring challenges and opportunities to the logistic industry and the Group. The Group will further strengthen its industrial positioning, with full confidence in its future development.

In 2014, the Group will continue to push forward the upgrade and improvement of its existing logistic parks, accelerating the investment and development progress of its key projects, including "China Urban Integrated Logistics Hub" and the Qianhai project. Moreover, the Group will enhance communication with different parties to ensure the effectiveness of its measures and to secure sufficient resources for the development of the Group in a timely manner.

FINANCIAL POSITION

	31 December 2013 HK$ million	31 December 2012 HK$ million	Increase/ (Decrease)	
Total Assets	**43,223**	42,383	**2%**	
Total Liabilities	**21,315**	22,395	**(5%)**	
Total Equity	**21,908**	19,988	**10%**	
Net Asset Value attributable to shareholders	**13,990**	12,645	**11%**	
Net Asset Value per share attributable to shareholders (HK dollar)*	**8.40**	7.70	**9%**	
Cash	**4,957**	4,868	**2%**	
Bank borrowings	**11,040**	9,154	**21%**	
Notes and bonds	**6,282**	8,816	**(29%)**	
Total Borrowings	**17,322**	17,970	**(4%)**	
Net Borrowings	**12,365**	13,102	**(6%)**	
Debt-asset Ratio (Total Liabilities/Total Assets)	**49%**	53%	**(4%)**	#
Ratio of Total Borrowings to Total Assets	**40%**	42%	**(2%)**	#
Ratio of Net Borrowings to Total Equity	**56%**	66%	**(10%)**	#
Ratio of Total Borrowings to Total Equity	**79%**	90%	**(11%)**	#

Change in percentage points

* *The weighted average number of ordinary shares in the previous financial year have been retrospectively adjusted to reflect the effect of share consolidation, which came into effect on 13 February 2014.*

Key Financial Indicators

As at 31 December 2013, the net asset value and net asset value per share attributable to shareholders increased by 11% and 9% to HK$13,990 million and HK$8.40 respectively. With debt-asset ratio lowered by 4 percentage points to 49%, the Group's financial position remains healthy and stable. During the Year, the Group strived to reduce total borrowings and brought it down by 4%. Meanwhile, the Group's cash on hand increased due to the disposal of part of its non-core assets, which together with the increase in its cash flow generated from operations, contributed to the boost in the Group's total assets and the 10 percentage points reduction in the ratio of net borrowings to total equity to 56%.

Cash Flow and Financial Ratios

During the Year, cash inflow generated from operations rose 21% to HK$2,336 million as compared to the same period of last year, while net cash outflow for investment activities and net cash outflow generated from financing activities amounted to HK$425 million and HK$1,828 million respectively. The Group's core business consistently generates stable cash flow. Following changes in the external environment and capital market conditions during the Year, the Group timely disposed part of its non-core assets and reduced its total borrowings. The net cash outflow for repayment of borrowings during the Year was HK$1,229 million (2012: net cash inflow from borrowings was HK$957 million). Both the ratio of net borrowings to total equity and the ratio of total borrowings to total equity declined significantly as compared to those as at the end of 2012.

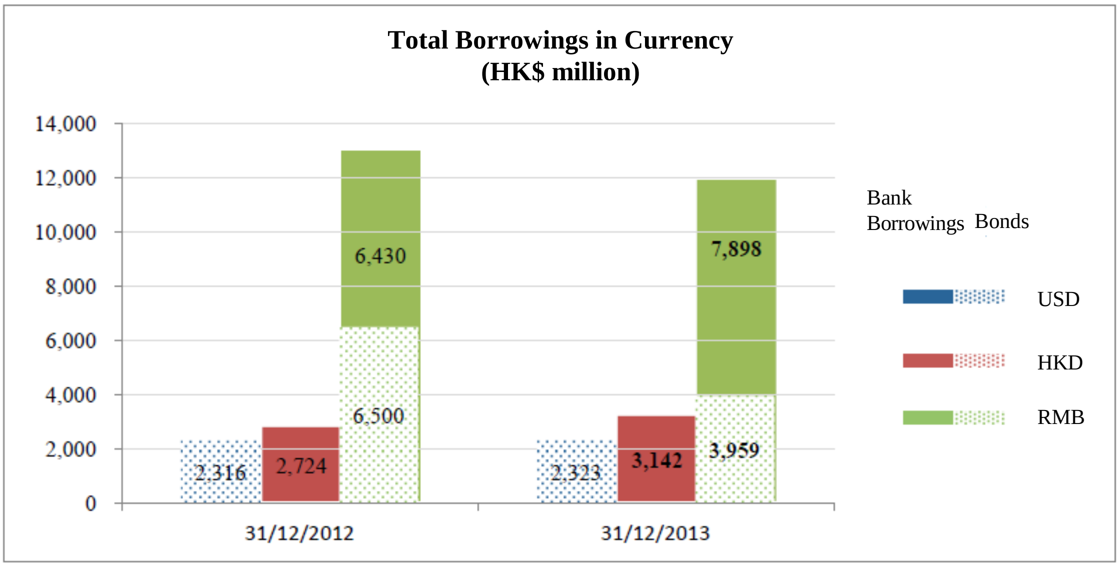
Cash Balance

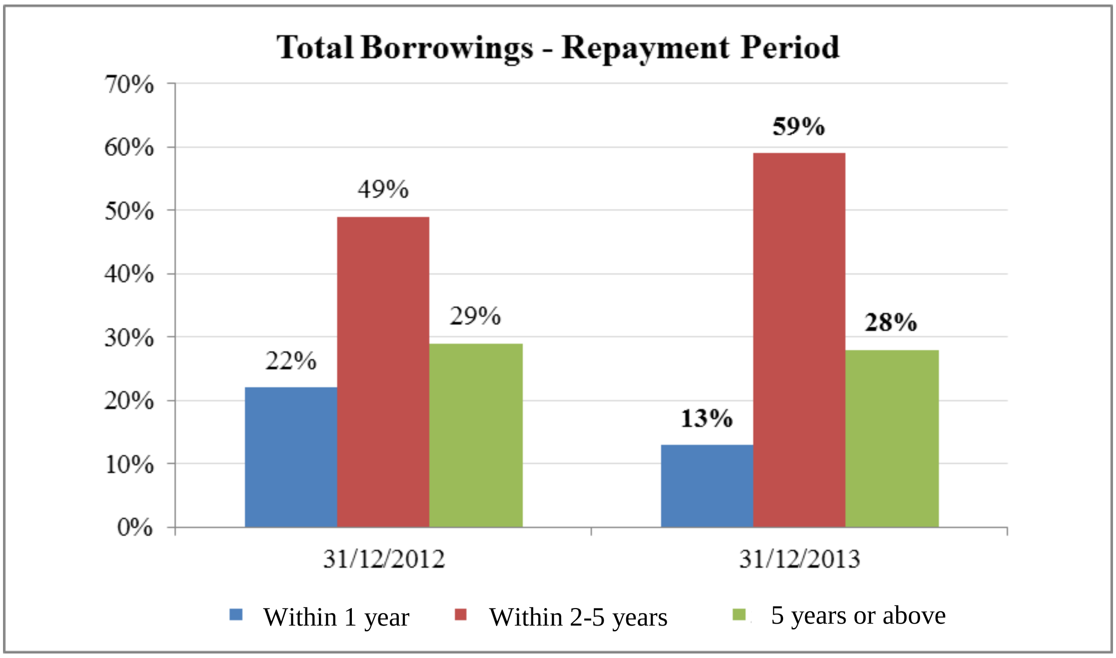
Cash flow generated from operations of the Group remained stable. As at 31 December 2013, the cash balance held by the Group amounted to HK$4,957 million (31 December 2012: HK$4,868 million), representing an increase of 2% over last year. Of the cash held by the Group, almost all was denominated in Renminbi. The Group continues to maintain sufficient cash and adequate standby banking facilities to provide sufficient funds for its business development and operations and to support the sustainable development of the Group.

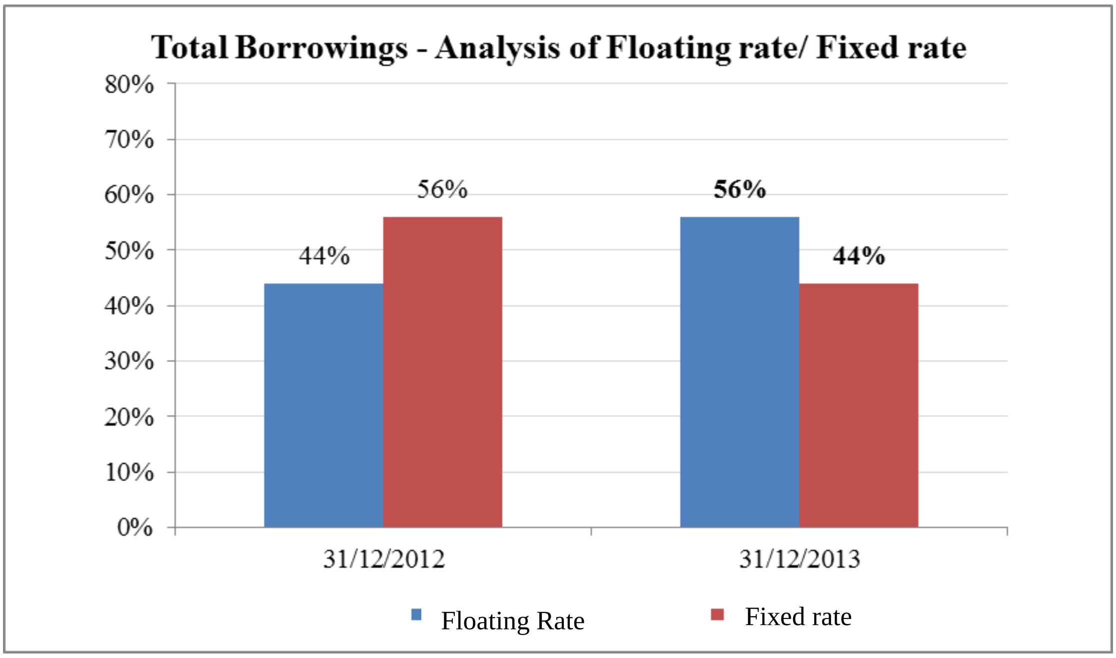
Capital Expenditures

During the Year, the Group's capital expenditures amounted to HK$1,458 million (RMB1,138 million), of which approximately RMB290 million was utilised for construction of logistic parks and land acquisition and RMB488 million was utilised for construction work of the Qinglian Expressway as well as the expansion of the Meiguan Expressway. Capital expenditures for 2014 are estimated to be approximately HK$2,400 million (RMB1,900 million).

Borrowings


Total Borrowings in Currency
(HK$ million)
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
6,430
6,500
2,316
2,724
7,898
3,959
2,323
3,142
31/12/2012
31/12/2013
Bank
Borrowings
Bonds
USD
HKD
RMB


Total Borrowings - Repayment Period
70%
60%
50%
40%
30%
20%
10%
0%
22%
49%
29%
13%
59%
28%
31/12/2012
31/12/2013
Within 1 year
Within 2-5 years
5 years or above



As at 31 December 2013, the Group's total borrowings amounted to approximately HK$17,300 million, a decline of 4% as compared with the end of last year. The Group repaid part of its notes and bonds which were nearing maturity, thus effectively reducing the level of short-term borrowings. The ratio of borrowings with repayment within one year to the Group's total borrowings was reduced from 22% in 2012 to 13% in 2013, while the ratio for borrowings with repayment within 2-5 years and that over 5 years or above were 59% and 28% respectively. The Group will continue to optimise its financial structure and maintain a satisfactory credit standing.

As at 31 December 2013, the Group has 69%, 18% and 13% of its total borrowings denominated in Renminbi, Hong Kong dollars and US dollars respectively. In this current low interest rate level of Hong Kong dollar bank loans, as well as the interest rate was lower than that of last year, the Group increased its bank borrowings denominated in Hong Kong dollars to satisfy its capital needs and to enhance the effectiveness of its financing.

The business cycle of the Group's investment projects often takes time from the stage of capital injection to operations. To meet the Group's business needs, the Group has ensured that the majority of its borrowings are medium to long term. The Group will continue to satisfy the funding needs with its financing strategy that involves different channels, which include issuing notes in the capital market and bank borrowings, in order to diversify the sources of funding and to make adjustments according to the changes in the financial market and interest rate levels. The management will closely monitor the Group's overall debt level on a regular basis and examine its financing costs and repayment schedules to better prepare for re-financing.

The Group's Financial Policy

Interest Rate Risk Management

In order to reduce its overall finance costs and the risk of interest rate fluctuation, the Group has adopted interest rate swap as a hedging tool according to the size and periods of its borrowings. Floating rate bank loans are major interest rate risk factors of the Group. The Group entered into interest rate swaps agreements with financial institutions for hedging purposes to achieve greater economic efficiency in the conversion of bank loans from floating rate loans to fixed rate loans, thereby controlling interest rate risk. Under the current low interest rate environment, the Group manages the ratio of fixed rate and floating rate bank loans, striking a balance between minimising interest expenses and volatility in interest rate hedging.

Exchange Rate Risk

Assets, cash flows and cash held for businesses operated by the Group are primarily denominated in Renminbi, whereas borrowings are mainly denominated in Renminbi, Hong Kong dollars and US dollars. The Group strives to reduce the impact of exchange rate fluctuations on its overall financial performance and financial risks. During the Year, the Renminbi exchange rate continued to rise, bringing to the Group a foreign exchange gain of HK$139 million. The Group closely monitors the trend of the Renminbi exchange rate and takes measures to minimise exchange rate risks in a timely manner according to market conditions. The management of the Group is aware of the fluctuation and changes in the Renminbi exchange rate since early 2014 and will manage the risks in a timely manner through the adjustment of loan structure in currency and by using exchange rate swaps and futures contracts.

Liquidity Risk Management

Through prudent liquidity risk management, the Group continues to maintain sufficient cash and adequate standby banking facilities to strengthen its reserves and secure sufficient funds for its business development in order to seize market opportunities in a flexible manner. The Group manages its liquidity risks through regular rolling cash flow forecasts and adopts the appropriate financing arrangements in a timely manner in order to reduce the liquidity risk and ensure that the Group has the ability to sustain its operations and expand its business, as well as to enhance shareholder value.

The Group currently has cash on hand and standby banking facilities of approximately HK$39,500 million. It had entered into agreements with various major banks in Hong Kong and China to obtain credit facilities. The Group will closely monitor the capital market, continue to examine various financial tools and optimise its financial structure in order to minimise the adverse impact of fluctuations in the capital market on the financing costs and liquidity.

Credit Ratings

During the Year, three major international credit rating agencies, Standard & Poor's, Moody's and Fitch Ratings, continued to assign investment grade credit ratings of BBB, Baa3 and BBB respectively to the Company. With its high quality assets, stable financial position, adequate cash flow and strong credit standing, the Group has the long-term goal of maintaining these investment grade credit ratings. The recognition from these three major international credit rating agencies shall facilitate the Group to further expand its financing channels so as to optimise its capital structure and reduce its financing costs.

EVENTS AFTER THE BALANCE SHEET DATE

(a) On 27 January 2014, the Group's subsidiaries, Shenzhen Expressway and Shenzhen Meiguan Expressway Company Limited, entered into the "Agreement on the compensation in respect of the Toll Adjustment of Meiguan Expressway and Transfer of Related Assets" (the "Adjustment Agreement") with the SZ Transportation Committee and Shenzhen Longhua New Area Administrative Committee, both of which were on behalf of Shenzhen Municipal People's Government.

Pursuant to the Adjustment Agreement, Shenzhen Expressway has agreed to implement toll-free passage for the Meilin to Guanlan section of Meiguan Expressway with a mileage of approximately 13.8 km ("Toll Free Section") from 24:00 on 31 March 2014. The toll of Shenzhen-Dongguan border to Guanlan section of Meiguan Expressway with a mileage of 5.4 km will remain unchanged. The Shenzhen Municipal People's Government agreed to make cash compensation covering the present value of future income from the Toll Free Section for approximately RMB1,598 million and other costs and/expenses for approximately RMB1,102 million (which is a preliminary figure, subject to the actual amount or audit figure of the relevant government audit department). As at 31 December 2013, Shenzhen Expressway estimated the net book value of concession intangible assets, property, plant and equipment, and construction in progress relating to the Toll Free Section was approximately RMB863 million. The completion of the Adjustment Agreement shall be subject to the satisfaction of certain condition precedents. The details were set out in the Company and Shenzhen Expressway's joint announcement dated 27 January 2014.

(b) Pursuant to a resolution passed in the special general meeting held on 12 February 2014, every ten shares of the Company's issued and unissued shares with par value of HK$0.10 per share have been consolidated into one share with par value of HK$1.00 with effect from 13 February 2014.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Year, the 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 (the "Listing Rules") on the Stock Exchange save that two executive directors of the Company and an independent non-executive director of the Company who had to handle business outside Hong Kong were unable to attend the annual general meeting of the Company held on 20 May 2013. The Company aims to continually enhance its corporate governance practices, thereby laying a good foundation for driving the Company's development and maximising value for its shareholders.

CLOSURE OF REGISTER OF MEMBERS

To ensure the eligibility to attend and vote at the 2014 annual general meeting (the "2014 AGM") and the entitlement to the proposed final 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 2014 AGM:

Latest time to lodge transfers	by 4:30 p.m. on Monday, 12 May 2014
Book close dates	Tuesday, 13 May 2014 to Friday, 16 May 2014 (both days inclusive)
Record date	Friday, 16 May 2014

For ascertaining shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfers	by 4:30 p.m. on Wednesday, 21 May 2014
Book close dates	Thursday, 22 May 2014 to Monday, 26 May 2014 (both days inclusive)
Record date	Monday, 26 May 2014
Final dividend payment date	on or about Tuesday, 24 June 2014

To be eligible to attend and vote at the 2014 AGM and qualify for the final 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

OTHER INFORMATION

Before the date of this announcement, the Audit Committee of the Company reviewed the annual results of the Group for the year ended 31 December 2013. A meeting of the Audit Committee of the Company has also been held with the Company's auditors in connection with the review of the annual results of the Group for the year ended 31 December 2013.

The figures in respect of the announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on this announcement.

This announcement and other related information of the Company's 2013 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

Hong Kong, 31 March 2014

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