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

2014 ANNUAL RESULTS ANNOUNCEMENT AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

2014 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 2014 (the "Year") together with comparative figures for the year ended 31 December 2013 as follows:

Consolidated Income Statement:

		Year ended 31 December	
		2014	2013
	Note	***HK$'000***	*HK$'000*
Revenue	(3), (4)	**6,370,230**	5,962,765
Cost of sales	(7)	**(3,228,450)**	(3,025,297)
Gross profit		**3,141,780**	2,937,468
Other gains/(losses) – net	(5)	**1,999,142**	(30,723)
Other income	(6)	**124,726**	72,461
Distribution costs	(7)	**(57,139)**	(64,198)
Administrative expenses	(7)	**(396,886)**	(330,661)
Operating profit		**4,811,623**	2,584,347
Share of (loss)/profit of joint ventures		**(12,471)**	32,441
Share of profit of associates	(13)	**726,455**	759,420
Profit before finance costs and tax		**5,525,607**	3,376,208
Finance income	(8)	**208,384**	77,276
Finance costs	(8)	**(978,187)**	(816,292)
Finance costs - net	(8)	**(769,803)**	(739,016)
Profit before income tax		**4,755,804**	2,637,192
Income tax expense	(9)	**(1,068,622)**	(530,894)
Profit for the Year		**3,687,182**	2,106,298
Attributable to:			
Equity holders of the Company		**2,229,254**	1,641,038
Non-controlling interests		**1,457,928**	465,260
		3,687,182	2,106,298

Consolidated Income Statement (continued):

	Note	Year ended 31 December 2014 HK$'000	2013 HK$'000
Earnings per share attributable to equity holders of the Company during the Year (expressed in HK dollars per share)			
– Basic	(10(a))	**1.30**	1.00
– Diluted	(10(b))	**1.30**	0.99
Dividends			
Proposed final dividend of HK dollars 0.263 (2013: HK dollars 0.374) per ordinary share	(11)	**497,581**	619,755
Proposed special dividend of HK dollars 0.192 (2013: Nil) per ordinary share	(11)	**363,253**	-
Total dividend of HK dollars 0.455 (2013: HK dollars 0.374) per ordinary share	(11)	**860,834**	619,755

Consolidated Statement of Comprehensive Income:

	Year ended 31 December 2014 HK$'000	2013 HK$'000
Profit for the Year	**3,687,182**	2,106,298
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Fair value gains/(losses) on available-for-sale financial assets, net of tax	**81,361**	(13,133)
Reclassification of fair value gains to income statement upon disposal of available-for-sale financial assets, net of tax	**(38,539)**	(229,842)
Fair value (losses)/gains on derivative financial instruments, net of tax	**(15,001)**	21,162
Reclassification of fair value losses to income statement upon derecognition of cash flow hedges, net of tax	**-**	458
Share of other comprehensive income/(loss) of an associate	**19,235**	(76)
Currency translation differences	**(578,344)**	622,113
Other comprehensive (loss)/income for the Year, net of tax	**(531,288)**	400,682
Total comprehensive income for the Year	**3,155,894**	2,506,980
Total comprehensive income attributable to:		
Equity holders of the Company	**1,911,004**	1,812,121
Non-controlling interests	**1,244,890**	694,859
Total comprehensive income for the Year	**3,155,894**	2,506,980

Consolidated Balance Sheet:

	Note	As at 31 December 2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4,085,841**	4,404,108
Investment properties		**81,240**	77,700
Land use rights		**1,038,290**	653,711
Construction in progress		**442,257**	121,917
Intangible assets	(12)	**21,066,291**	23,617,718
Investments in associates	(13)	**5,845,699**	5,505,921
Investments in joint ventures		**314,092**	335,905
Available-for-sale financial assets	(14)	**100,187**	102,743
Deferred income tax assets		**61,049**	78,474
Other non-current assets		**1,969,046**	310,914
		35,003,992	35,209,111
Current assets			
Inventories		**673,728**	446,740
Available-for-sale financial assets	(14)	**1,288,524**	1,270,934
Trade and other receivables	(15)	**2,761,811**	1,339,532
Restricted bank deposits		**473,812**	6,613
Cash and cash equivalents		**7,161,184**	4,950,409
		12,359,059	8,014,228
Total assets		**47,363,051**	43,223,339
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital and share premium		**7,522,535**	5,100,212
Other reserves		**792,092**	895,044
Retained earnings			
– Proposed dividends	(11)	**860,834**	619,755
– Others		**8,526,634**	7,374,728
		17,702,095	13,989,739
Non-controlling interests		**9,026,150**	7,918,366
Total equity		**26,728,245**	21,908,105

Consolidated Balance Sheet (continued):

	Note	As at 31 December 2014 HK$'000	2013 HK$'000
Liabilities			
Non-current liabilities			
Borrowings		**13,355,254**	15,024,790
Derivative financial instruments		**4,920**	9,134
Provision for maintenance/resurfacing obligations		**110,905**	294,430
Deferred income tax liabilities		**1,371,915**	1,431,702
Other non-current liabilities		**278,335**	-
		15,121,329	16,760,056
Current liabilities			
Trade and other payables	(16)	**2,249,290**	1,918,239
Income tax payable		**683,785**	173,495
Provision for maintenance/resurfacing obligations		**188,211**	134,996
Borrowings		**2,392,191**	2,296,824
Derivative financial instruments		**-**	31,624
		5,513,477	4,555,178
Total liabilities		**20,634,806**	21,315,234
Total equity and liabilities		**47,363,051**	43,223,339
Net current assets		**6,845,582**	3,459,050
Total assets less current liabilities		**41,849,574**	38,668,161

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.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for this financial year and the comparative period.

(2) Changes in accounting policies and disclosures

(a) The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014:

Amendment to HKAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group's financial statements.

Amendment to HKAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in HKAS 36 by the issue of HKFRS 13.The amendment did not have a significant effect on the Group's financial statements.

Amendment to HKAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group's financial statements.

Other new and revised standards, amendments and interpretations to the existing standards that are mandatory for the first time for the financial year beginning on 1 January 2014 had no impact on or are currently not relevant to the Group.

(b) In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and expected that the presentation and the disclosure of information in the consolidated financial statements will be affected.

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

(c) 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 2014 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendment to HKAS19	Defined benefit plans: employee contributions	1 July 2014
Annual improvements 2012	Changes from the 2010-2012 cycle of the annual improvements project	1 July 2014
Annual improvements 2013	Changes from the 2011-2013 cycle of the annual improvements project	1 July 2014
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	Changes from the 2012-2014 cycle of the annual improvements project	1 July 2016
HKFRS15	Revenue from Contracts with Customers	1 January 2017
HKFRS9	Financial Instruments	1 January 2018

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

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

(d) 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. During the Year, the Group appointed an independent professional traffic consultant to reassess the aggregate future traffic volume of Meiguan Expressway, Shenzhen Airport-Heao Expressway (Western Section) and Shenzhen Airport-Heao Expressway (Eastern Section). The Group has adjusted the amortisation unit for the related concession intangible assets according to the revised total projected traffic volume since 1 October 2014 on a prospective basis. Such change in accounting estimate has resulted in increase in profit attributable to equity holders of the Company of HK$12,768,000 for the year ended 31 December 2014 and will affect the amortisation 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. 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; (ii) logistic services which include the provision of third party logistic and logistic information services to customers; and (iii) port which includes construction, operation and management of wharf and logistic centres at Xiba Port in Nanjing.

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

(3) Segment information (continued)

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

For the year ended 31 December 2014

	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	5,178,288 [a]	597,532	425,668	168,742	1,191,942	-	6,370,230
Operating profit	4,490,810	270,562	27,008	68,686	366,256	(45,443)	4,811,623
Share of (loss)/profit of joint ventures	(31,738)	17,965	1,302	-	19,267	-	(12,471)
Share of profit of associates	268,115	-	3,215	-	3,215	455,125	726,455
Finance income	150,272	1,179	1,853	317	3,349	54,763	208,384
Finance costs	(664,336)	(16,291)	42	(15,774)	(32,023)	(281,828)	(978,187)
Profit before income tax	4,213,123	273,415	33,420	53,229	360,064	182,617	4,755,804
Income tax expense	(993,014)	(51,900)	(6,198)	(6,662)	(64,760)	(10,848)	(1,068,622)
Profit for the year	3,220,109	221,515	27,222	46,567	295,304	171,769	3,687,182
Non-controlling interests	(1,425,580)	(14,614)	(4,289)	(13,970)	(32,873)	525	(1,457,928)
Profit attributable to equity holders of the Company	1,794,529	206,901	22,933	32,597	262,431	172,294	2,229,254
Depreciation and amortisation	1,262,099	93,438	7,442	39,053	139,933	18,757	1,420,789
Capital expenditure							
- Additions in property, plant and equipment, construction in progress, land use rights and intangible assets	156,284	436,504	7,815	220,538	664,857	11,185	832,326
- Additions in investments in associates	-	-	-	-	-	3,749	3,749

(3) Segment information (continued)

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

(a) The revenue from toll roads includes construction service revenue under service concession arrangements of HK$16,402,000 (2013: HK$190,743,000) for the Year.

(b) The Group has a number of customers. Revenue of approximately HK$295,669,000 (2013: HK$156,229,000) was derived from a single external customer. The related revenue was attributable to entrusted construction management services revenue.

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

(4) Revenue

	2014	2013
	HK$'000	*HK$'000*
Toll Roads		
- Toll revenue	**4,551,275**	4,428,907
- Entrusted construction management services revenue	**610,611**	313,959
- Construction service revenue under service concession	**16,402**	190,743
	5,178,288	4,933,609
Logistic Business		
- Logistic parks	**597,532**	517,924
- Logistic services	**425,668**	365,267
- Port	**168,742**	145,965
	1,191,942	1,029,156
	6,370,230	5,962,765

(5) Other gains/(losses) – net

	2014	2013
	HK$'000	*HK$'000*
Gain on disposal of Meiguan Expressway's toll free section related assets (Note (a))	**1,926,332**	-
Gains on disposal of available-for-sale financial assets (Note 14(a))	**57,425**	315,582
Fair value losses on derivative financial instruments	**-**	(458)
Gains on disposal of property, plant and equipment	**4,270**	967
Losses on write-off of property, plant and equipment	**-**	(44,586)
Gains/(losses) on disposal of concession intangible assets	**1,786**	(303,661)
Goodwill written-off	**(2,195)**	-
Others	**11,524**	1,433
	1,999,142	(30,723)

(a) On 27 January 2014, the Group's subsidiaries, Shenzhen Expressway Company Limited ("Shenzhen Expressway") and its wholly-owned subsidiary Shenzhen Meiguan Expressway Company Limited ("Meiguan Company") 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 Shenzhen Traffic and Transportation Committee (the "SZ Transportation Committee") and Shenzhen Longhua New Area Administrative Committee. Pursuant to the Adjustment Agreement, Shenzhen Expressway and Meiguan Company had agreed to implement toll-free passage for 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 Shenzhen government authorities agreed to make cash compensation to Shenzhen Expressway and Meiguan Company. The total consideration includes the compensation for the present value of future income of the Toll Free Section of approximately HK$1,996,938,000 (RMB1,597,950,000) and other relevant costs/expenses of approximately HK$1,377,618,000 (RMB1,102,370,000) (preliminary figures, subject to the actual amounts or audited figures of the relevant governmental audit department).

(5) Other gains/(losses) – net (continued)

The Adjustment Agreement was approved at an extraordinary general meeting of Shenzhen Expressway held on 28 March 2014. On 31 March 2014, Shenzhen Expressway received a notice from SZ Transportation Committee that the matters contemplated under the Adjustment Agreement have been approved and authorised by Shenzhen Municipal People's Government.

Given that the ownership of Meiguan Expressway's Toll Free Section related assets was transferred to Shenzhen Municipal People's Government, the Group disposed of Meiguan Expressway's Toll Free Section related assets on book value and recorded a disposal gain of HK$1,926,332,000, which was recognised within 'other gains/(losses) - net' in the income statement. As at 31 December 2014, the Group has received the first payment of the compensation amounting to HK$999,750,000 (RMB800,000,000). Another amount of HK$999,750,000 (RMB800,000,000) and the remaining balance and related interests are expected to be received before 31 August 2015 and 31 December 2016 respectively.

(6) Other income

	2014	2013
	HK$'000	*HK$'000*
Dividend income	**45,974**	34,745
Rental income	**24,586**	23,721
Government grants	**41,405**	7,312
Others	**12,761**	6,683
	124,726	72,461

(7) Expenses by nature

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

	2014	2013
	HK$'000	*HK$'000*
Construction cost under service concession	**16,402**	190,743
Provision for maintenance/resurfacing obligations - net	**30,562**	28,744
Depreciation and amortisation	**1,420,789**	1,375,897
Employee benefit expenses	**635,244**	586,964
Transportation expenses and contractors' costs	**282,941**	332,933
Rental charges	**33,964**	32,764
Other tax expenses	**216,840**	194,386
Commission, management fee and maintenance expenses for toll roads	**338,337**	276,923
Entrusted construction management service cost	**161,606**	23,871
Auditors' remuneration		
- Audit services	**8,012**	7,670
- Non-audit services	**3,410**	2,250
Legal and consultancy fees	**25,372**	26,369
Others	**508,996**	340,642
	3,682,475	3,420,156

(8) Finance income and costs

	2014	2013
	HK$'000	*HK$'000*
Interest income from bank deposits	**(94,971)**	(77,276)
Interest income from long-term receivables	**(113,413)**	-
Total finance income	**(208,384)**	(77,276)
Interest expense		
- Bank borrowings wholly repayable within 5 years	**164,738**	147,671
- Bank borrowings wholly repayable after 5 years	**311,221**	375,446
- Convertible bonds wholly repayable within 5 years	**-**	67,620
- Medium-term notes wholly repayable within 5 years	**47,685**	10,102
- Senior notes wholly repayable within 5 years	**103,487**	103,804
- Corporate bonds and other notes wholly repayable within 5 years	**179,365**	198,036
- Corporate bonds wholly repayable after 5 years	**57,193**	56,399
- Other interest expense	**10,987**	30,938
Net foreign exchange losses/(gains) directly attributable to borrowings	**114,361**	(138,871)
Less: interest expense capitalised in construction in progress	**(10,850)**	(34,853)
Total finance costs	**978,187**	816,292
Net finance costs	**769,803**	739,016

(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% (2013: 25%) applicable to the respective companies.

	2014	2013
	HK$'000	*HK$'000*
Current income tax		
PRC corporate income tax	**1,097,168**	585,792
Deferred income tax	**(28,546)**	(54,898)
	1,068,622	530,894

(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.

	2014	2013
Profit attributable to equity holders of the Company (HK$'000)	**2,229,254**	1,641,038
Weighted average number of ordinary shares in issue (thousands)	**1,709,474**	1,648,339
Basic earnings per share (HK dollars per share)	**1.30**	1.00

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 ("Share Consolidation").

The weighted average number of ordinary shares and the earnings per share for the year ended 31 December 2013 have been adjusted to reflect the effect of Share Consolidation.

(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)

	2014	2013
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**2,229,254**	1,641,038
Profit used to determine diluted earnings per share	**2,229,254**	1,641,038
Weighted average number of ordinary shares in issue (thousands)	**1,709,474**	1,648,339
Adjustments – share options (thousands)	**4,779**	7,768
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,714,253**	1,656,107
Diluted earnings per share (HK dollars per share)	**1.30**	0.99

(11) Dividends

At the Board meeting on 27 March 2015, the Board recommended the payment of final dividend and special dividend for the year of 2014 of HK dollars 0.263 per ordinary share and HK dollars 0.192 per ordinary share respectively. Such dividends are to be approved by the shareholders at the forthcoming annual general meeting of the Company in 2015 ("Annual General Meeting"). These financial statements do not reflect this as dividend payable.

	2014	2013
	HK$'000	*HK$'000*
Proposed final dividend of HK dollars 0.263 (2013: HK dollars 0.374) per ordinary share	**497,581**	619,755
Proposed special dividend of HK dollars 0.192 (2013: Nil) per ordinary share	**363,253**	-
Total dividend of HK dollars 0.455 (2013: HK dollars 0.374) per ordinary share	**860,834**	619,755

The above dividend per ordinary share information has been adjusted to reflect the effect of Share Consolidation (Note 10).

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 arrangement is subject to: (1) the approval of proposed final dividend and special dividend at the forthcoming Annual General Meeting; and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange")'s granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

(12) Intangible assets

	Concession intangible assets	
	2014	2013
	HK$'000	*HK$'000*
Opening net book amount	**23,617,718**	24,188,532
Additions	**41,932**	486,604
Disposal of Meiguan Expressway's Toll Free Section related assets (Note 5(a))	**(945,477)**	-
Adjustments to cost due to final settlement	**-**	(400,115)
Disposals	**(101)**	(309,021)
Exchange difference	**(567,016)**	710,049
Amortisation	**(1,080,765)**	(1,058,331)
Closing net book amount	**21,066,291**	23,617,718

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 8 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. Amortisation of concession intangible assets has all been charged in the income statement within 'Cost of sales'.

(13) Investments in associates

	2014	2013
	HK$'000	*HK$'000*
Beginning of year	**5,505,921**	5,021,531
Additions	**3,749**	20,825
Share of profit of associates	**726,455**	759,420
Share of other comprehensive income/(loss) of an associate	**19,235**	(76)
Dividends received	**(269,766)**	(454,796)
Exchange difference	**(139,895)**	159,017
End of year	**5,845,699**	5,505,921

(14) Available-for-sale financial assets

	2014	2013
	HK$'000	*HK$'000*
Beginning of year	**1,373,677**	1,684,474
Additions	**-**	64,078
Net change in fair value	**108,706**	(17,175)
Disposals (Note (a))	**(59,509)**	(400,868)
Exchange difference	**(34,163)**	43,168
End of year	**1,388,711**	1,373,677
Less: non-current portion	**(100,187)**	(102,743)
Current portion	**1,288,524**	1,270,934

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

Listed securities in the PRC, at fair value (Note (a))	**1,288,524**	1,270,934
Unlisted equity investments:		
at fair value	**62,484**	64,078
at cost less impairment		
- Cost	**61,798**	62,760
- Provision for impairment	**(24,095)**	(24,095)
	37,703	38,665
	100,187	102,743
	1,388,711	1,373,677

(a) As at 31 December 2014, listed equity investments stated at market price represented 5.59% interest (equivalent to 115,981,658 shares) in CSG Holding Co., Ltd. ("CSG"). During the Year, the Group disposed of 5,850,000 shares in CSG and recorded a gain of approximately HK$57,425,000.

(15) Trade and other receivables

The toll revenue 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 revenue generally have credit terms of 30 to 120 days. As at 31 December 2014 and 2013, the ageing analysis of the trade receivables of the Group based on revenue recognition date was as follows:

	2014	2013
	HK$'000	*HK$'000*
0-90 days	**719,387**	504,878
91-180 days	**23,916**	15,380
181-365 days	**142,759**	73,411
Over 365 days (Note (a))	**306,783**	263,079
	1,192,845	856,748

(a) Trade receivables due over 365 days mainly comprised the amount of HK$296,357,000 (2013: HK$259,381,000) arising from the Group's development and management of certain toll road projects administrated for the SZ Transportation Committee and entrusted construction management services of Guangshen Coastal Expressway (Shenzhen section) Project.

(16) Trade and other payables

As at 31 December 2014 and 2013, the ageing analysis of the trade payables of the Group was as follows:

	2014	2013
	HK$'000	*HK$'000*
0-90 days	**70,306**	79,487
91-180 days	**592**	376
181-365 days	**251**	106
Over 365 days	**673**	141
	71,822	80,110

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

Operating Results	**2014** ***HK$'000***	2013 *HK$'000*	Increase/ (Decrease)
Revenue (excluding construction service revenue from toll roads)	**6,353,828**	5,772,022	10%
Construction service revenue from toll roads	**16,402**	190,743	(91%)
Total Revenue	**6,370,230**	5,962,765	7%
Operating profit	**4,811,623**	2,584,347	86%
Profit before finance costs and tax	**5,525,607**	3,376,208	64%
Profit attributable to shareholders	**2,229,254**	1,641,038	36%
Basic earnings per share (HK dollars)#	**1.30**	1.00	30%
Dividend per share (HK dollar)# (in aggregate)	**0.455**	0.374	22%
- Final dividend (HK dollar)	**0.263**	0.374	(30%)
- Special dividend (HK dollar)	**0.192**	-	N/A

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

The global economic performance was uneven in 2014. China's economy grew at a slower pace with an annual GDP growth of 7.4%. Amid challenging economic and market conditions, the Group stepped up its effort to develop business, strictly controlled costs and expenses and enhanced profitability. The Group achieved satisfactory results in 2014, continuing the trend of enduring growth over the past few years. During the Year, the Group recorded revenue of HK$6,354 million, representing a growth of 10% as compared to the previous year. This is primarily due to the satisfactory income growth from the logistic business and toll road business, being the Group's two core businesses.

The Group's operating profit for the Year amounted to HK$4,812 million, representing a growth of 86% as compared to the previous year. Profit before finance cost and tax and profit attributable to shareholders for the Year increased by 64% to HK$5,526 million and 36% to HK$2,229 million respectively over the corresponding period of the previous year.

During the Year, the logistic business achieved satisfactory results, with revenue increasing by 16% to HK$1,192 million as compared to the previous year. The increase was mainly attributable to a full year income contribution from newly-built logistic centre and exhibition centre and the increase in business volume of the logistic parks as well as the increase in operating volume of the port business. Meanwhile, benefitting from the further enhanced economies of scale and effective cost control, the Group recorded a growth in gross profit of its logistic park business, which led to an increase in profit attributable to shareholders of the logistic business by 32% to HK$262 million.

During the Year, the Group's toll revenue from the toll road business recorded a year-on-year increase of 3% to HK$4,551 million, which was attributable to the increasing traffic volume of its toll road projects and proactive implementation of marketing activities. In addition, revenue from the entrusted construction management services for the Year increased by 94% to HK$611 million as compared to the corresponding period of the previous year, which has further contributed to the respective increase in the overall revenue and net profit from the toll road business by 9% and 27% to HK$5,162 million and HK$1,064 million as compared to the corresponding period of the previous year.

The Group and the relevant government authorities in Shenzhen entered into the Adjustment Agreement in January 2014 in relation to toll adjustment for a section with a mileage of 13.8 kilometres of Meiguan Expressway owned by the Group and the transfer of related assets. Pursuant to the terms of the agreement, the government authorities shall make cash compensation for the future income and costs in respect of the Toll Free Section. As a result, the Group recorded a profit before finance costs and tax of approximately HK$1,926 million. This one-off gain contributed approximately HK$730 million to the Group's profit attributable to shareholders during the Year.

During the Year, Shenzhen Airlines Company Limited ("Shenzhen Airlines"), an associate in which the Group holds a 49% equity interest, recorded a revenue of RMB22,891 million (HK$28,794 million), representing an increase of 6% as compared to the previous year. However, competition remained intense in the domestic aviation market and average airfares of Shenzhen Airlines declined by 2% when compared to the corresponding period of the previous year. Together with an increase in operating costs including remuneration and depreciation as a result of fleet expansion, Shenzhen Airlines contributed a profit of HK$405 million (2013: HK$480 million) to the Group during the Year, representing a decrease of 16% as compared to the previous year.

During the Year, the Group disposed of 5.85 million A shares of CSG at an average selling price of RMB9.02 (HK$11.35) per share to realise a gain after tax of approximately HK$42.67 million (2013: HK$106 million).

The Company successfully completed the placement of 176,000,000 shares at a price of HK$11 per share in November 2014. The net proceeds from the placement amounted to approximately HK$1,900 million and will be applied towards the expansion of logistic business of the Group, in particular the "China Urban Integrated Logistics Hub" projects, as well as for general corporate purposes of the Group. The share placement further equipped the Group to achieve its strategic objective in expanding its logistic business.

Dividend

The Board is committed to maintaining a stable dividend policy to ensure sustainable business growth and steady returns for the Company's shareholders. The Group's profit for the Year included a one-off gain on disposal of the Toll Free Section of Meiguan Expressway. After considering the composition of the profit and cash flows of the Group, the Board recommended a final dividend of HK$0.263 per share. The Board also recommended the payment of a special dividend of HK$0.192 per share from the one-off disposal gain of the Toll Free Section, representing a 50% distribution of the total profit realised from such disposal. Total dividend per share for the Year was HK$0.455 (2013: HK$0.374) per share, representing a 22% increase as compared to the previous year while total dividend amounted to HK$861 million (2013: HK$620 million), payout ratio is approximately 39%.

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 Share Scheme"). The Scrip Share 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 granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

Progress of the Meilin Checkpoint Urban Renewal Project

According to the latest development plans of the Shenzhen Municipal Government in respect of the Longhua New Area in Shenzhen, the planned use of the sites held by the Group on which Huatongyuan Logistic Centre is located and to the west of the Meilin toll station (collectively, the "Meilin Checkpoint Land Parcels") will be modified. In the second half of 2014, the Group established a project company to effect the land acquisition and related works, and entered into an agreement with Shenzhen Longhua New Area Administrative Committee in September 2014 to record agreement on certain arrangements in relation to the timing of entering into of the relevant land transfer agreement and payment of land premium for the Meilin Checkpoint Land Parcels. The agreement and the transactions contemplated thereunder have been approved by the shareholders of the Company at a special general meeting held on 7 November 2014. Given the smooth progress of the early stage work of the Meilin Checkpoint Urban Renewal Project, it is expected that the relevant land transfer agreement can be entered into with the Urban Planning Land and Resources Commission of the Shenzhen Municipal (深圳市規劃和國土資源委員會) by the end of June 2015 as scheduled.

In addition, with the Group's strong efforts and communication with the Shenzhen Municipal Government, the approval for the use of the land parcel located at Guanlan Street, Longhua New Area in the west side of the terminal point of Meiguan Expressway as the Group's logistic centre to relocate Huatongyuan Logistic Centre (the "Liguang Project") was obtained. The Group is actively negotiating with the relevant authorities of the Shenzhen government for the land transfer agreement of the land parcel of Liguang Project and is preparing for the relocation of Huatongyuan Logistic Centre.

The Group will actively communicate with the relevant authorities of the Shenzhen government and strive to enhance the economic value of the land parcels held by the Group at Qianhai, South China Logistic Park and Huatongyuan Logistic Centre. In addition, by seizing the opportunity of urban development, renewal and reconstruction, the Group will strive to realise the commercial values of the resources currently held in a timely manner and to enhance the overall profitability of the Group.

LOGISTIC BUSINESS

Analysis of Operating Performance

Logistic Parks

During the Year, by stepping up marketing efforts and building a long-term cooperation relationship with key customers, the average occupancy rate of logistic parks as a whole maintained at 96%.

The logistic centre and the exhibition centre with a total operating area of 125,000 square metres at South China Logistic Park, which were newly built in August 2013, contributed a full year revenue to the Group in 2014. While retaining the traditional logistic business, South China Logistic Park has been promoting the synergistic development by gradually integrating its existing business with other industries, laying a foundation for the overall transformation and upgrade of the park. "Longhua Luxury Cars Mall (龍華名車廣場)" and "The Outlets-8th (奧特萊斯)", the two pilot projects, have moved into the exhibition centre and the newly-built logistic centre, and have commenced operation in May 2014 and early 2015 respectively. These two projects are operating well.

China Urban Integrated Logistics Hub

The Group are dedicated to the development of its "China Urban Integrated Logistics Hub" business model and strive to seek the expansion and development of its logistic business operations. During the Year, the Group successively entered into investment agreements with the government authorities of Shijiazhuang, Changsha and Nanchang in relation to the China Urban Integrated Logistics Hub projects. At the beginning of 2015, the Group signed another investment agreement with the People's Government of Feidong County, Hefei City, Anhui Province in relation to the China Urban Integrated Logistics Hub project, which further reinforced the logistic networks of the Group in Eastern China.

During the Year, while continuously developing the new projects, the Group steadily pushed ahead with the construction of the "China Urban Integrated Logistics Hub" projects so as to ensure the progress of these projects was in line with schedule and preparation work of marketing activities was carried out. Part of the construction works of Phase 1 of the "Shenzhen International Shenyang Integrated Logistic Hub" project with a site area of 240,000 square metres were completed at the end of 2014 and the project is expected to put into operation by the end of 2015. It is expected that the "China Urban Integrated Logistics Hub" projects in Wuxi, Wuhan and Shijiazhuang will enter into construction stage soon and commence operations in 2016.

Port Business

In 2014, taking advantage of its 70,000-tonnage berthing capacity and its high efficiency in loading and unloading, as well as consolidating its relationship with existing major customers and effective market expansion, Nanjing Xiba Port recorded an encouraging operating performance. During the Year, a total of 250 vessels berthed at Nanjing Xiba Port and the total throughput of Nanjing Xiba Port reached 14.90 million tonnes, representing an increase of 14% over the corresponding period of the previous year.

The opening ceremony of Phase 2 of Nanjing Xiba Port took place at the end of 2014 marked the completion of the construction of the new berths. Phase 2 of Nanjing Xiba Port is equipped with a berth with a 50,000-tonnage capacity and two berths each with a 70,000-tonnage capacity and with a berth length of 780 metres. The Group will proactively promote the land acquisition and construction work of the depots in 2015.

Financial Analysis

During the Year, revenue and profit before finance costs and tax from the logistic business maintained a steady growth and amounted to HK$1,192 million (2013: HK$1,029 million) and HK$390 million (2013: HK$306 million), representing an increase of 16% and 27% respectively over those of the corresponding period in the previous year. The growth was mainly attributable to a full year income contribution from the newly-built logistic centre and exhibition centre and increase in business volume of the logistic parks, as well as the considerable increase in loading and unloading volume of the port business during the Year. Meanwhile, profit attributable to shareholders increased by 32% to HK$262 million (2013: HK$199 million), benefitted from economies of scale and effective cost control.

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

For the year ended 31 December

	Revenue		**Profit attributable to shareholders**	
	2014 ***HK$'000***	Change over Year 2013	**2014** ***HK$'000***	Change over Year 2013
Logistic Park Business				
South China Logistic Park	**239,716**	21%	**118,860**	57%
Western Logistic Park	**94,603**	5%	**28,896**	(15%)
Huatongyuan Logistic Centre	**128,911**	10%	**26,271**	19%
Nanjing Chemical Industrial Park Logistic Centre	**67,775**	34%	**13,832**	22%
Shandong Booming Total Logistic Park	**66,527**	9%	**2,338**	334%
SZ Airport Express Center*	**N/A**	N/A	**16,704**	21%
Sub-total	**597,532**	15%	**206,901**	31%
Port Business	**168,742**	16%	**32,597**	46%
Logistic Service Business	**425,668**	17%	**22,933**	20%
Total	**1,191,942**	16%	**262,431**	32%

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

During the Year, the average occupancy rate of the logistic parks remained stable, with the newly-built logistic centre and exhibition centre contributed a full year income to the Group for the first time. Coupled with effective cost control, revenue and profit from the logistic park business recorded satisfactory growth.

During the Year, the port business recorded a revenue of HK$169 million, up 16% as compared to the corresponding period of the previous year, and a profit of approximately HK$32.60 million, representing an increase of 46% as compared to the corresponding period of the previous year. The increase was mainly attributable to a year-on-year growth in loading and unloading volume and stringent cost control.

Revenue from the logistic service business for the Year amounted to HK$426 million, representing a growth of 17% as compared to the corresponding period of the previous year, which was mainly attributable to increase in business volume as a result of business expansion and successful introduction of new customers. Profit attributable to shareholders was HK$22.93 million, representing an increase of 20% as compared to the previous year. This was attributable to the income growth and effective control of operating costs.

TOLL ROAD BUSINESS

Analysis of Operating Performance

During the Year, the operating performance of each expressway project of the Group was influenced in varying degrees by the conditions of surrounding road network, changes in surrounding competitive or synergistic road network, renovation work of connected or parallel roads, and construction or maintenance work of each individual project:

- with the gradual improvement of surrounding road network and continuous implementation of measures of marketing, overall performance of Qinglian Expressway was good during the Year;

- the opening of Qingping Expressway (Phase 2) in September 2013 stimulated the traffic volume of Jihe East;

- maintenance and resurfacing work of Jihe East and Jihe West as well as reconstruction and expansion work of Meiguan Expressway have been completed successively from 2013 to mid-2014, gradually eliminating the impact of the construction work on the traffic conditions of these projects, operating performance of which were further improved by the enhanced traffic capacity and efficiency;

- the opening of the new terminal of Shenzhen Airport in November 2013 drove the increase of traffic volume of both Jihe Expressway and Nanguang Expressway;

- since the implementation of toll adjustment in relation to Meiguan Expressway in April 2014, the rapid increase in traffic volume of the Toll Free Section not only boosted the traffic volume of the remaining toll section held by the Group, but also the operating performance of Jihe Expressway (which connects to Meiguan Expressway).

Financial Analysis

During the Year, total revenue of the Group's toll road business amounted to HK$5,162 million (2013: HK$4,743 million), representing an increase of 9% over the corresponding period of the previous year; profit before finance costs and tax amounted to HK$2,801 million (2013: HK$2,338 million), representing an increase of 20% over the corresponding period of the previous year. Net profit was HK$1,064 million (2013: HK$836 million), representing an increase of 27% year-on-year. By excluding the one-off asset write-off for Qinglian Class II Road pursuant to the relevant accounting standards made in the previous year which amounted to approximately HK$88.79 million, net profit of the toll road business recorded a year-on-year increase of 15%.

During the Year, benefitting from the organic growth in traffic volume, road network improvement and active marketing campaign, toll revenue was up 3% as compared to the corresponding period of the previous year to HK$4,551 million (2013: HK$4,429 million). In addition, revenue recognised for the Year from the entrusted construction management services for entrusted construction projects, including Coastal Expressway (Shenzhen Section), amounted to HK$611 million (2013: HK$314 million), which almost doubled the amount of the corresponding period of the previous year. Both of the above contributed significantly to the overall revenue growth of the toll road business.

Pursuant to the terms of the Adjustment Agreement signed between the Group and the relevant government authorities in Shenzhen in January 2014, a section of Meiguan Expressway with a mileage of approximately 13.8 kilometres became toll-free from 1 April 2014. The Group also transferred the related assets in accordance with the terms of the Adjustment Agreement. The relevant government authorities in Shenzhen agreed to make cash compensation, including approximately RMB1,598 million for the then present value of future income of the Toll Free Section and approximately RMB1,102 million for other related costs and expenses (tentative figure, part of it is subject to the audited figures of the relevant government authorities or the actual amount incurred). Up to 31 December 2014, the Group has received the first instalment of the compensation amounting to RMB800 million. It is expected that another RMB800 million will be received by 31 August 2015 and the remaining balance together with the related interests will be received by 31 December 2016.

During the Year, the Group recorded a one-off gain of profit before finance costs and tax of approximately HK$1,926 million on the disposal of Meiguan Expressway's Toll Free Section. Although this section no longer contributed to the Group's toll revenue, it is expected that there will not be any material impact on the overall revenue and operating performance of the Group. The compensation income received by the Group can be used to repay the Group's debts and as working capital in the future, and will correspondingly reduce the Group's interest expenses or increase its interest income, improve its financial position so as to further enhance the capacity and room of sustainable development in the future.

Longda Expressway

During the Year, Longda Expressway recorded a toll revenue of HK$631 million (2013: HK$625 million), representing an increase of 1% as compared to the previous year. Profit before finance costs and tax amounted to HK$408 million (2013: HK$414 million), representing a decrease of 1% over the previous year. Earnings before interest, tax, depreciation and amortisation ("EBITDA") amounted to HK$484 million (2013: HK$481 million), representing an increase of 1% as compared to the previous year.

Benefitting from the positive impact of the development of adjacent new development zones, Longhua New Area and Guangming New Area, as well as the stable growth in automobile ownership, Longda Expressway recorded a relatively high year-on-year growth in traffic volume for Class 1 vehicles. However, Class 3 and Class 5 vehicles which were charged with higher toll recorded a decrease in traffic volume, led to a slight overall increase in toll revenue as compared to the previous year.

Wuhuang Expressway

During the Year, Wuhuang Expressway recorded a toll revenue of HK$409 million (2013: HK$480 million), representing a decrease of 15% as compared to the previous year. Profit before finance costs and tax amounted to HK$181 million (2013: HK$233 million) and EBITDA amounted to HK$284 million (2013: HK$336 million), representing decreases of 22% and 15% respectively over the previous year.

During the Year, toll revenue of Wuhuang Expressway decreased as compared with that of last year as it was continuously affected by the diversion effect brought by the opening of the basically parallel Han'e Expressway (Wuhan to Ezhou) and the opening of the whole Hurong Trunk of National Highway (Shanghai to Chengdu, Sichuan), as well as the implementation of traffic control measures in Wuhan region. Wuhuang Expressway will launch a new round of marketing campaign to boost the traffic volume and to cope with the impact of diversion.

Shenzhen Expressway and its expressway projects

As driven by the improvement of road network, organic growth in the overall traffic volume as well as proactive implementation of marketing activities, toll revenue of Shenzhen Expressway increased by 6% year-on-year to HK$3,511 million (2013: HK$3,324 million). By including the increase in revenue from entrusted construction management service during the Year, total revenue of Shenzhen Expressway increased by 13% year-on-year to HK$4,122 million (2013: HK$3,638 million); profit before finance costs and tax increased by 31% over the same period in last year to HK$2,212 million (2013: HK$1,691 million). The Group's share of profit from Shenzhen Expressway increased by 50% over the corresponding period of the previous year to HK$726 million (2013: HK$483 million). By excluding the one-off asset write-off for Qinglian Class II Road pursuant to the relevant accounting standards made in the previous year which amounted to approximately HK$88.79 million, net profit increased by 27% year-on-year.

Coastal Expressway (Shenzhen Section) was put into trial operation at the end of November 2013. During the Year, the provision of entrusted construction services to Coastal Expressway (Shenzhen Section) contributed a profit after tax of HK$67.55 million (2013: HK$32.18 million) to Shenzhen Expressway. In addition, negotiations are still underway on details for provision of the entrusted management services during the concession period of Coastal Expressway (Shenzhen Section) and it is expected that the project will continue to make profit contributions to Shenzhen Expressway in the future.

OTHER INVESTMENTS

During the Year, competition remained intense in the domestic aviation market and average airfares of Shenzhen Airlines declined by 2% when compared to the corresponding period of the previous year. Yet benefitting from the increasing demand in the aviation market, Shenzhen Airlines recorded a total revenue of RMB22,891 million (HK$28,794 million) (2013: RMB21,638 million (HK$27,321 million)), representing an increase of 6% as compared to the corresponding period of the previous year. However, due to an increase in operating costs including remuneration and depreciation as a result of fleet expansion, Shenzhen Airlines recorded a net profit of RMB780 million (HK$981 million) (2013: RMB902 million (HK$1,139 million)), representing a year-on-year decrease of 14%. During the Year, Shenzhen Airlines contributed a profit of approximately HK$405 million (2013: HK$480 million) to the Group, representing a year-on-year decrease of 16%.

DEVELOPMENT FOCUS AND OUTLOOK FOR THE GROUP

The Group believe that, with the accelerated urbanisation in China along with the continuing economic development and the increasing popularity of e-commerce in particular, there will be a strong potential for growth in demand for logistic infrastructure facilities and quality logistic services, thereby provides a huge potential for the future development of the Group. The Group will proactively explore and seize opportunities, and step up its efforts to expand the "China Urban Integrated Logistics Hub" network throughout China to ensure its sustainable development.

The strong demand and shortage of warehouse space in China supported the logistic enterprises with a strong growth momentum. In 2014, the PRC government has introduced a series of favourable policies that support the development of the logistic industry. In addition, the State Council issued the "Middle-and Long-term Planning of the Logistics Development (2014-2020)" (《物流業發展中長期規劃（2014－2020 年）》), highlighting the importance of the construction of logistic infrastructure network and encouraging integration of logistic facilities and promoting the development of the logistic parks with higher efficiency. These measures will benefit to the Group's development in long run, and therefore the Group will adhere to the strategy of developing the "China Urban Integrated Logistics Hub" network which is in line with the policy direction relating to the development of the logistic business by the government.

The Group will continue the expansion and development of the "China Urban Integrated Logistics Hub" projects. In 2015 and the coming years, the Group will develop "China Urban Integrated Logistics Hub" projects in Dalian and Yantai in the Pan-Bohai Rim, Harbin in northeastern area, Nanning, Chongqing, Chengdu and Guiyang in southwestern area, Zhengzhou in central area, Fuzhou, Xiamen, Quanzhou, Suzhou, Nanjing and Hangzhou in eastern area, Guangzhou and Dongguan in southern area and Xian and Lanzhou in northwestern area of China. The Group aims to expand the network to cover all parts of China, in an effort to build a network-based modern urban public integrated logistic service platform with IT application and standard operation, providing quality and efficient services to numerous logistic companies, producers and manufacturers, and laying a solid foundation for the Group's sustainable development.

The Group will on one hand continue to increase the investment in logistic business and to expand the scale of operations and enhance the efficiency of its existing logistic business through resources integration. On the other hand, the Group will proactively promote the transformation and upgrade of its logistic parks and continue to seek development and acquisition opportunities to expand its logistic network and bring new source of revenue.

Benefiting from the State Council's accelerated efforts to promote the operation model of Shanghai Free Trade Zone and the dramatic growth in e-commerce market, cross-border e-commerce has become the fastest growing business of foreign trades in China. Leveraging on its geographical advantage of neighbouring Hong Kong and robust export and import business, Shenzhen has become the most dynamic city in terms of cross-border e-commerce in China. In 2014, the Western Logistic Park and the South China Logistic Park were nominated as pilot enterprises for the cross-border e-commerce export and import programme of Shenzhen. Leveraging on such advantage, the Group will further step up its efforts in exploration of the cross-border e-commerce business, with an aim to develop into a model base for advanced cross-border e-commerce industrial park in China.

Successive implementation of policies such as restriction on purchase of small passengers' vehicles imposed by the Shenzhen government, the expected further slowdown of economic growth in China, and with the advancement of urbanisation process, expressway projects in economically developed regions or their neighbouring areas may face pressure of buybacks by the government, all these will bring new challenges for the Group's expressway projects. However, new urbanisation will generate great demand for construction or upgrades of infrastructure facilities as well as demand for maintenance and management once such infrastructure facilities are put into use, thereby creating more business opportunities for the Group. The Group will pay close attention to the impact of new policies, continue to strengthen its marketing efforts, take effective measures to attract traffic flow and proactively explore new entrusted construction business, in order to enhance the operating performance of the toll road business.

2015 marks the last year of the previous "Five-Year Strategic Plan" of the Group with initial achievement. The Group will review and conclude the experience and lessons from the last five years and produce a new blueprint for the next Five-Year Strategic Plan for steady growth and innovation, accelerating the "China Urban Integrated Logistics Hub" projects and the transformation and upgrades of the existing logistic parks with an aim to develop Shenzhen International into "the designer of modern logistic concept, the constructor of high-end logistic facilities and the creator of advanced operating model".

FINANCIAL POSITION

	31 December 2014 HK$ million	31 December 2013 HK$ million	Increase/ (Decrease)
Total Assets	**47,363**	43,223	**10%**
Total Liabilities	**20,635**	21,315	**(3%)**
Total Equity	**26,728**	21,908	**22%**
Net Asset Value attributable to shareholders	**17,702**	13,990	**27%**
Net Asset Value per share attributable to shareholders (HK dollar)	**9.4**	8.4	**12%**
Cash	**7,635**	4,957	**54%**
Bank borrowings	**8,307**	11,040	**(25%)**
Notes and bonds	**7,440**	6,282	**18%**
Total Borrowings	**15,747**	17,322	**(9%)**
Net Borrowings	**8,112**	12,365	**(34%)**
Debt-asset Ratio (Total Liabilities/Total Assets)	**44%**	49%	**(5)** #
Ratio of Total Borrowings to Total Assets	**33%**	40%	**(7)** #
Ratio of Net Borrowings to Total Equity	**30%**	56%	**(26)** #
Ratio of Total Borrowings to Total Equity	**59%**	79%	**(20)** #

Change in percentage points

Key Financial Indicators

As at 31 December 2014, the net asset value attributable to shareholders increased by 27% to HK$17,702 million, while the net asset value per share amounted to HK$9.4, representing an increase of 12% as compared to the same period of last year. The debt-asset ratio was 44%, which was 5 percentage points lowered than that recorded at the end of last year, reflecting that the Group maintained a healthy and stable financial position.

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 recorded a year-on-year increase of 3% to HK$2,410 million; net cash outflow generated from recurring investment activities amounted to HK$836 million, with net cash outflow generated from financing activities amounting to HK$273 million. The Group's core businesses maintained a stable cash inflow, while the Group kept observing changes to total borrowings for the purposes of maintaining a healthy level of financial ratios of the Group. During the Year, the Group continued to optimise its borrowing structure and reduce its total borrowings, therefore the ratio of total borrowings to total equity and the ratio of net borrowings to total equity decreased by 20 percentage points and 26 percentage points to 59% and 30%, respectively.

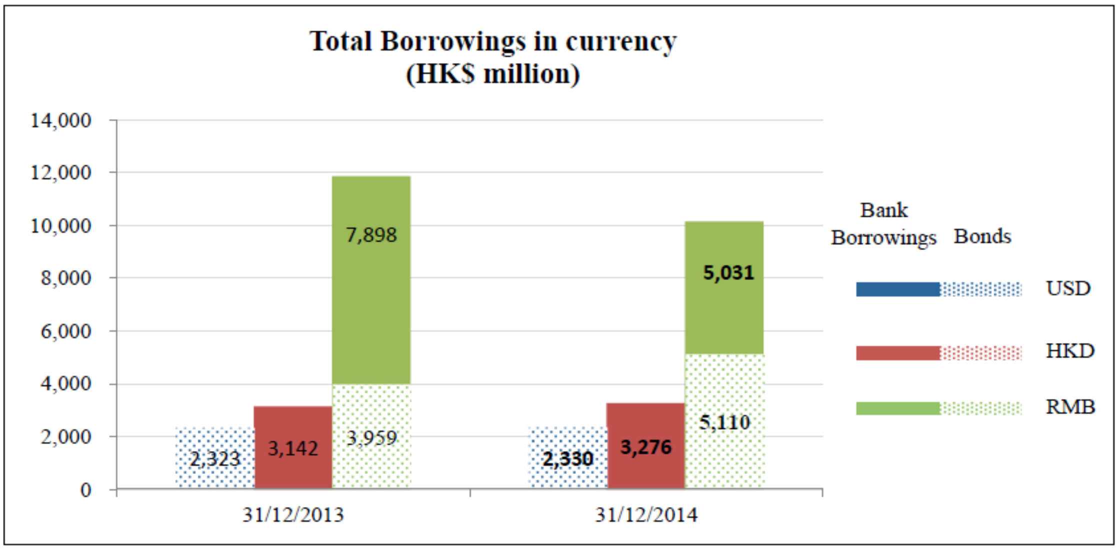
Cash Balance

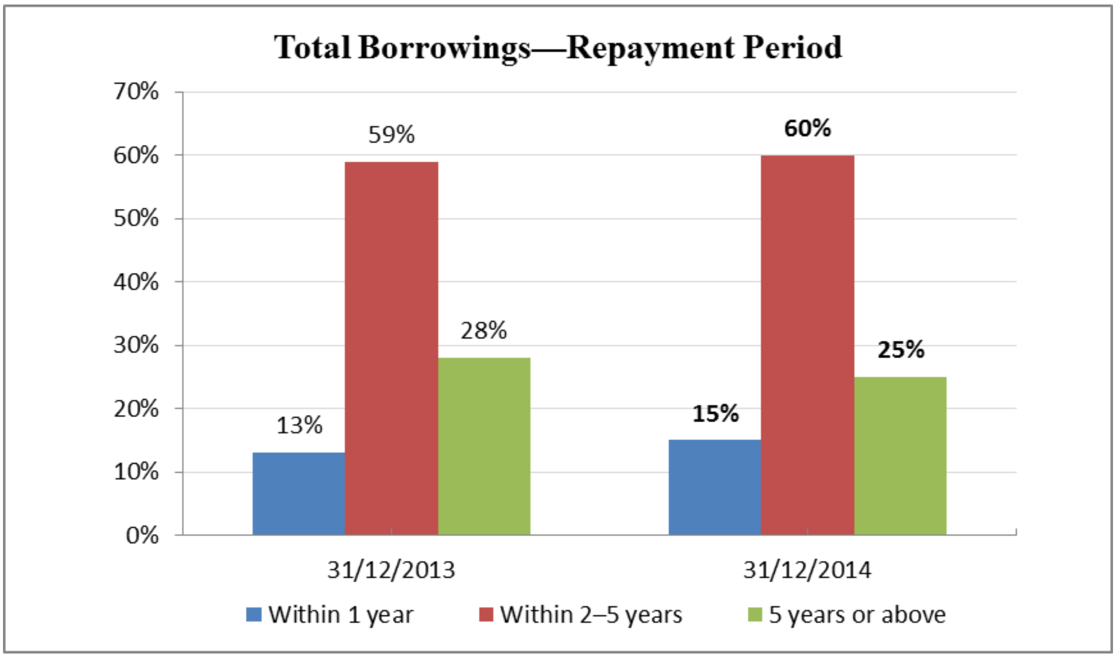
As at 31 December 2014, the cash balance held by the Group amounted to HK$7,635 million (31 December 2013: HK$4,957 million), representing a significant increase of 54% as compared to that at the end of last year. Such increase was mainly attributable to the consistent and stable cash flow generated from the core businesses of the Group, first instalment amount of RMB800 million received for compensation of toll-free passage of certain sections on Meiguan Expressway during the Year and the net proceeds of approximately HK$1,900 million raised by placement of 176,000,000 new shares by the Company at the price of HK$11 per share during the Year. The cash held by the Group will be mainly used to expand the Group's logistics business, in particular the "China Urban Integrated Logistics Hub" projects. Of the cash held by the Group, almost all was denominated in Renminbi. With sufficient cash on hand and adequate standby banking facilities, the Group is able to meet the funding requirements for its operations and support its sustainable business development.

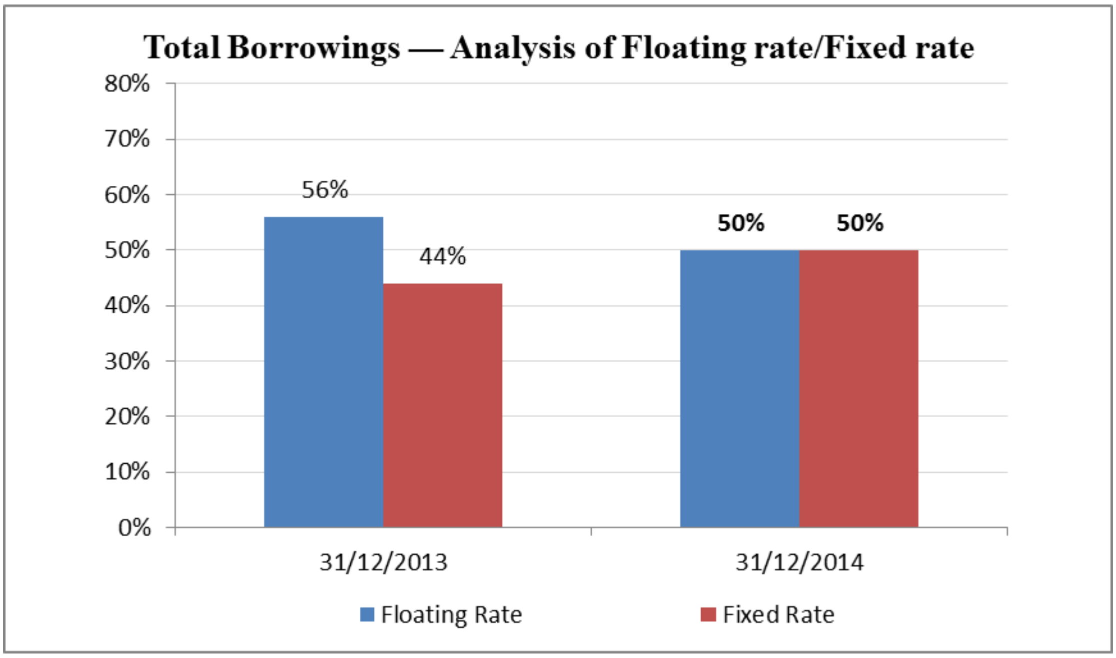
Capital Expenditures

During the Year, the Group's capital expenditures amounted to HK$2,334 million (RMB1,868 million), of which RMB1,147 million was utilised for the construction work and land acquisition in respect of China Urban Integrated Logistics Hub, RMB313 million was used to pay for the construction of Phase 2 of Nanjing Xiba Port and approximately RMB183 million was used to pay for balances of construction costs of Qinglian Expressway as well as the expansion of Meiguan Expressway. The Group expects the capital expenditures for the year 2015 to be approximately HK$4,300 million (RMB3,440 million).

Borrowings


Total Borrowings in currency
(HK$ million)
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
7,898
2,323
3,142
3,959
5,031
5,110
2,330
3,276
31/12/2013
31/12/2014
Bank Borrowings
Bonds
USD
HKD
RMB


Total Borrowings—Repayment Period
70%
60%
50%
40%
30%
20%
10%
0%
13%
59%
28%
15%
60%
25%
31/12/2013
31/12/2014
Within 1 year
Within 2–5 years
5 years or above



As at 31 December 2014, the Group's total borrowings amounted to HK$15,747 million, representing a decrease of 9% as compared to the same period of last year. Such decrease was attributable to the Group's efforts to optimise its financial structure, reduce the overall funding cost and maintain a satisfactory credit standing as well as early repayment of certain long-term borrowings during the Year. In addition, with an aim to mitigate exposure to short-term interest rate volatility, Shenzhen Expressway, the Group's subsidiary, issued a three-year medium term note of RMB1,000 million during the Year to re-finance matured loans, thus the ratio of the Group's fixed rate borrowings increased by 6 percentage points to 50%.

The Group's Financial Policy

Interest Rate Risk Management

The Group's interest rate risks arise primarily from floating rate bank loans. In order to reduce its overall finance costs and the risk of interest rate fluctuation, the Group uses fixed-rate bank loans or interest rate swap as a hedging tool according to the size and periods of its borrowings. The Group entered into interest rate swap agreements with financial institutions for hedging purposes to achieve the economic effect of converting floating rate borrowings into fixed rate borrowings. The management regularly reviews the ratio of fixed rate and floating rate borrowings, striking a balance between minimising interest expenses and hedging against interest rate risks.

Exchange Rate Risk

Cash flows, cash on hand and assets for businesses operated by the Group are primarily denominated in Renminbi, whereas borrowings are mainly denominated in Renminbi, Hong Kong dollars and US dollars. The Group strives to reduce the impact of exchange rate fluctuations on its overall financial performance and its financial risks. During the Year, Renminbi exchange rate experienced higher volatility than that of previous years, leading to the Group's foreign exchange loss of HK$114 million. During the Year, the management of the Group has been closely monitoring the fluctuations and movements of Renminbi exchange rate, and conducted detailed analysis and study on Renminbi exchange rate movements. It is expected that the Renminbi exchange rate volatility in the future will continuously increase. The Group will manage the risks in a timely manner through the adjustment of loan structure in currency, repayment of foreign currencies loans and the adoption of appropriate hedging instruments, so as to overcome the impact brought by the Renminbi exchange rate fluctuations.

Liquidity Risk Management

The Group managed to enhance its financial strengths by broadening its financing channels through bank loans, bond market and equity financing. The successful placement of shares during the Year enhanced the capital base to allow greater leverage for financing, and also strengthened the Group's capital structure to allow greater financial flexibility and to meet capital expenditures of the logistics projects in future.

The Group currently has cash on hand and standby banking facilities of approximately HK$40,400 million. The Group has signed agreements with major banks in Hong Kong and Mainland China to secure debt financing for the Group. The Group regularly monitors the cash flow forecast on a dynamic basis and makes appropriate financing arrangements to ensure its ability to continue its business operation and to expand its businesses, thereby enhancing shareholders' value.

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 set a long term development strategy of maintaining these investment grade credit ratings. The recognition from these three major international credit rating agencies shall facilitate the Group in further expanding its financing channels so as to optimise its capital structure and reduce its financing costs.

EVENTS AFTER THE BALANCE SHEET DATE

From 1 January 2015 to the date of this announcement, the Group had disposed of an aggregate of 12,916,046 A shares of CSG through the Shenzhen Stock Exchange at an average selling price of RMB9.30 per share, with a total consideration of RMB120,143,000. As at the date of this announcement, the Group beneficially owns a total of 103,065,612 A shares of CSG, representing approximately 4.97% of the total issued share capital of CSG. All A shares of CSG held by the Group are freely tradable through the Shenzhen Stock Exchange.

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 on the Stock Exchange save that (i) one non-executive director of the Company and one independent non-executive director of the Company who had to handle business outside Hong Kong at the time were unable to attend the special general meeting of the Company held on 12 February 2014 and the annual general meeting of the Company held on 16 May 2014; and (ii) one non-executive director of the Company who had a prior-committed meeting and one independent non-executive director of the Company who had to handle business outside Hong Kong at the time, were unable to attend the special general meeting of the Company held on 7 November 2014. 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 2015 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 2015 Annual General Meeting:

Latest time to lodge transfers	by 4:30 p.m. on Monday, 11 May 2015
Book closure dates	Tuesday, 12 May 2015 to Friday, 15 May 2015 (both days inclusive)
Record date	Friday, 15 May 2015

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

Latest time to lodge transfers	by 4:30 p.m. on Wednesday, 20 May 2015
Book closure dates	Thursday, 21 May 2015 to Friday, 22 May 2015 (both days inclusive)
Record date	Friday, 22 May 2015
Payment date of the final dividend and special dividend	on or about Tuesday, 23 June 2015

To be eligible to attend and vote at the 2015 Annual General Meeting and qualify for the final dividend and the 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 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 2014. 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 2014.

The figures in respect of the announcement of the Group's results for the year ended 31 December 2014 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.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK$2,000,000,000 divided into 2,000,000,000 ordinary shares, of which 1,892,014,887 ordinary shares are in issue.

The Board proposed to increase the Company's authorised share capital from HK$2,000,000,000 (divided into 2,000,000,000 ordinary shares with a nominal value of HK$1 each) to HK$3,000,000,000 (divided into 3,000,000,000 ordinary shares with a nominal value of HK$1 each) by creating 1,000,000,000 new ordinary shares (the "Increase in Authorised Share Capital"). The new shares will rank pari passu with the existing shares in all respects.

The Board believes that the Increase in Authorised Share Capital will provide flexibility to the Company in its future investment opportunities and expansion in capital base, and is therefore in the interests of the Company and its shareholders as a whole. The Board currently has no intention of issuing any part of the increased authorised share capital.

The proposed Increase in Authorised Share Capital is subject to the passing of an ordinary resolution by shareholders of the Company at the Annual General Meeting.

A circular containing, among other things, further details of the proposed Increase in Authorised Share Capital and the notice of the Annual General Meeting will be despatched to the shareholders of the Company as soon as practicable.

This announcement and other information including those of the Company's 2014 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, 27 March 2015

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