Shenzhen International

深國際

Shenzhen International Holdings Limited

深圳國際控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 00152

Advancing Together, Harvesting Together

共同進步 分享快樂

Annual Report 2014

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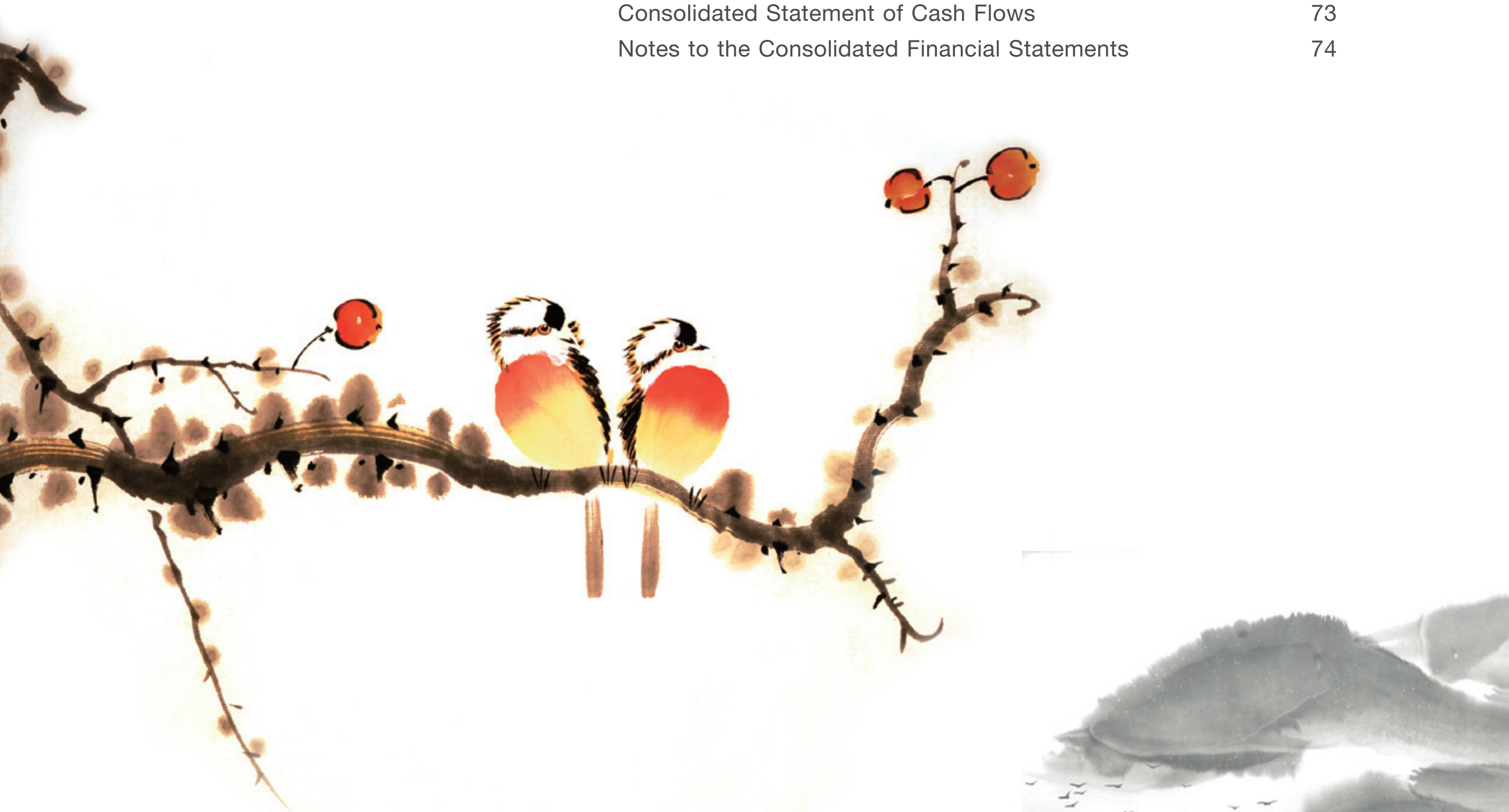
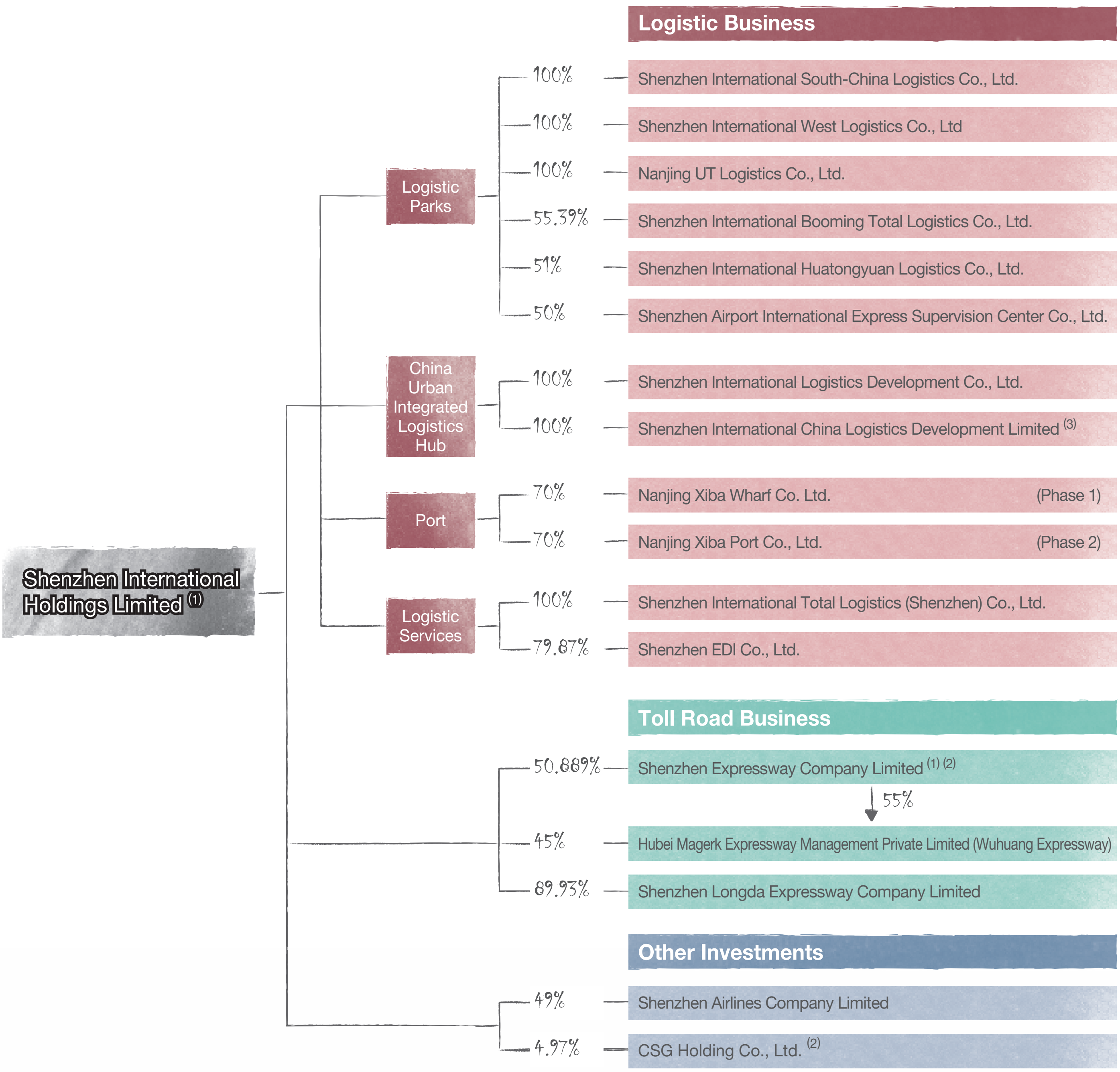


CORPORATE PROFILE

Shenzhen International Holdings Limited is a company incorporated in Bermuda with limited liability and is listed on the main board of the Stock Exchange of Hong Kong. The Group is principally engaged in the investment, construction and operation of logistic infrastructure facilities, as well as providing various value added logistic services to customers leveraging its infrastructure facilities and information services platform.

Shenzhen Investment Holdings Company Limited, the controlling shareholder of the Company, is a corporation wholly-owned by Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission and, as at the date of this report holds approximately 43.89% of the issued share capital of the Company.

The Group defines the Pearl River Delta, the Yangtze River Delta and the Pan-Bohai Rim in the PRC as strategic regions, through investment, mergers and acquisitions, restructuring and integration, the Group endeavours to design, construct and operate logistic infrastructure projects including China Urban Integrated Logistics Hub and toll roads and applies supply-chain management techniques and information technology to provide high-end and value-added logistic services to customers, creating greater value for its shareholders.



(1) Listed company in Hong Kong
(2) Listed company in the PRC
(3) Incorporated in Hong Kong

The above is a simplified corporate structure of the Group and does not include intermediate holding entities.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Gao Lei *(Chairman)*
Li Jing Qi *(Chief Executive Officer)*
Zhong Shan Qun
Liu Jun *(Vice President)*
Li Lu Ning *(Vice President)*

Non-Executive Director:

Yim Fung

Independent Non-Executive Directors:

Leung Ming Yuen, Simon
Ding Xun
Nip Yun Wing

AUDIT COMMITTEE

Leung Ming Yuen, Simon *(Chairman)*
Ding Xun
Nip Yun Wing

NOMINATION COMMITTEE

Ding Xun *(Chairman)*
Leung Ming Yuen, Simon
Zhong Shan Qun

REMUNERATION COMMITTEE

Ding Xun *(Chairman)*
Leung Ming Yuen, Simon
Li Lu Ning

COMPANY SECRETARY

Tam Mei Mei

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

COMPANY WEBSITE

http://www.szihl.com

STOCK CODE

Shares	:	00152
Senior Notes	:	04542 (SZ INTL N1704)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

LEGAL ADVISERS

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

PRINCIPAL BANKERS

Bank of China
Bank of Communications
Bank of Jiangsu *(PRC Domestic Bank)*
The Bank of Tokyo-Mitsubishi UFJ,
Hong Kong Branch
China Guangfa Bank *(PRC Domestic Bank)*
China Merchants Bank
DBS Bank
Hang Seng Bank
HSBC
Industrial Bank
ING Bank N.V.
Shanghai Pudong Development Bank
(PRC Domestic Bank)
Standard Chartered Bank
Taipei Fubon Commercial Bank, Hong Kong Branch
Wing Lung Bank

PRINCIPAL SHARE REGISTRAR

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

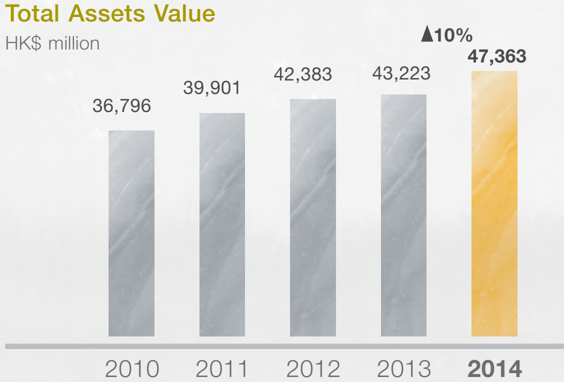
INVESTOR RELATIONS CONSULTANT

Wonderful Sky Financial Group
6/F, Nexxus Building
41 Connaught Road Central, Hong Kong

FINANCIAL HIGHLIGHTS

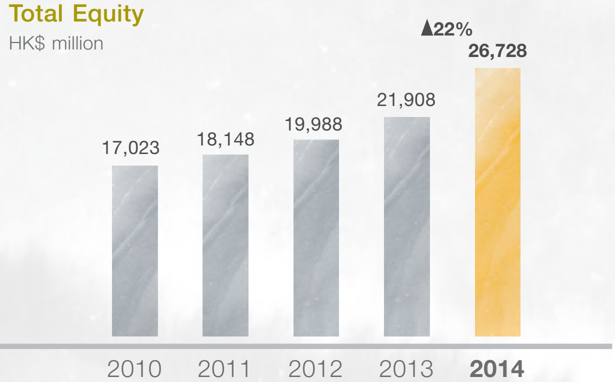
Total Assets Value

HK$ million



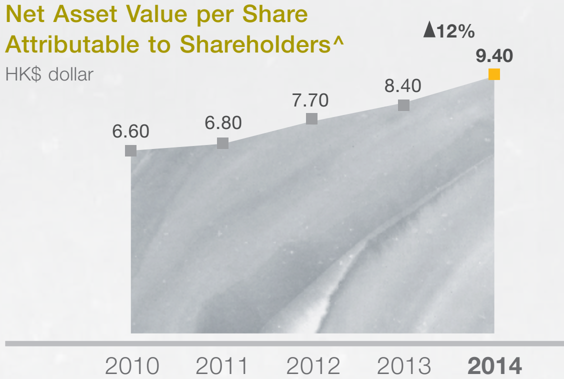
Total Equity

HK$ million



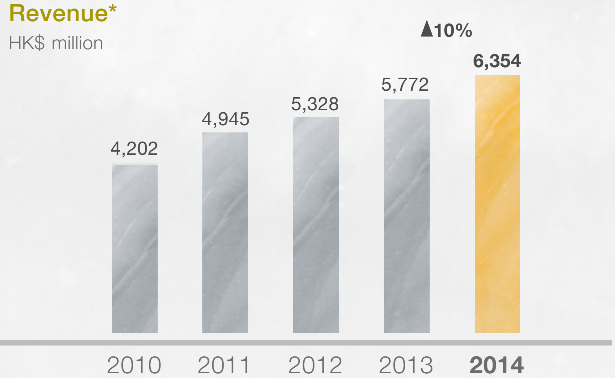
Net Asset Value per Share Attributable to Shareholders^

HK$ dollar



Revenue*

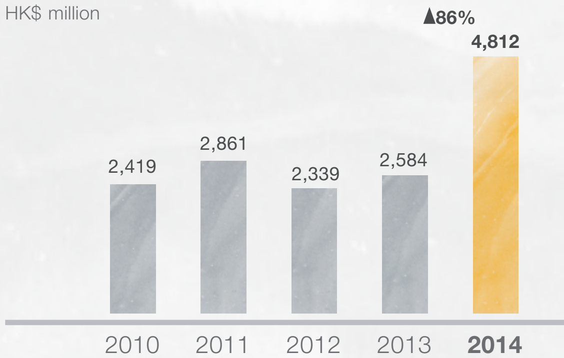
HK$ million



* *excluding construction service revenue from toll road*

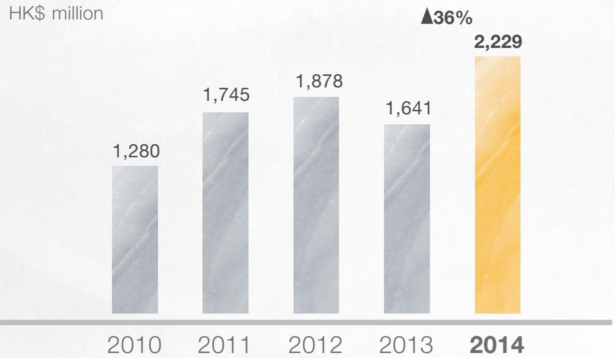
Operating Profit

HK$ million



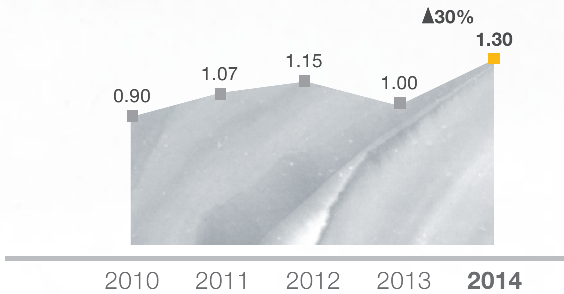
Profit Attributable to Shareholders

HK$ million



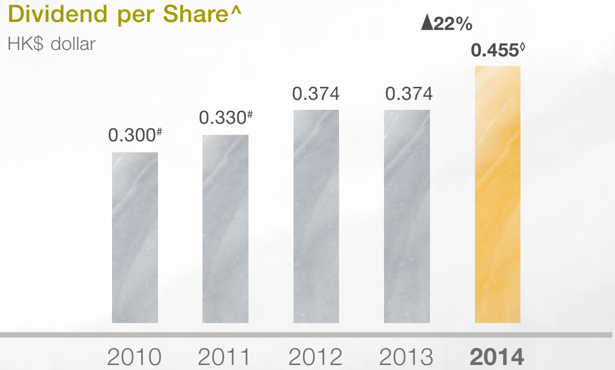
Earning per Share (Basic)^

HK$ dollar



Dividend per Share^

HK$ dollar



^ The number of ordinary shares in previous years have been retrospectively adjusted to reflect the effect of share consolidation, which came into effect on 13 February 2014.
◊ 2014 dividend per share included special dividend of HK$0.192 per share.
 # 2011 and 2010 dividends per share included special dividend of HK$0.080 and HK$0.085 per share respectively.

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

(HK$ million)

	Revenue	Operating profit/(loss)	Share of profit of associates and joint ventures	Total
		2014		
Toll roads				
– Revenue	**5,162**	**2,565**	**236**	**2,801**
– Gain on disposal of Meiguan Expressway's toll free section	**–**	**1,926**	**–**	**1,926**
– Construction service revenue	**16**	**–**	**–**	**–**
Toll roads sub-total	**5,178**	**4,491**	**236**	**4,727**
Logistic business				
– Logistic parks	**597**	**271**	**18**	**289**
– Logistic services	**426**	**27**	**5**	**32**
– Port	**169**	**69**	**–**	**69**
Logistic business sub-total	**1,192**	**367**	**23**	**390**
Head office	**–**	**(46)**	**455**	**409**
Profit before finance costs and tax	**6,370**	**4,812**	**714**	**5,526**
Finance income				**208**
Finance costs				**(978)**
Finance costs – net				**(770)**
Profit before income tax				**4,756**
		2013		
Toll roads				
– Revenue	4,743	2,103	235	2,338
– Construction service revenue	191	–	–	–
Toll roads sub-total	4,934	2,103	235	2,338
Logistic business				
– Logistic parks	518	212	15	227
– Logistic services	365	19	4	23
– Port	146	56	–	56
Logistic business sub-total	1,029	287	19	306
Head office	–	194	538	732
Profit before finance costs and tax	5,963	2,584	792	3,376
Finance income				77
Finance costs				(816)
Finance costs – net				(739)
Profit before income tax				2,637

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is depicted below. The 2014 figures are extracted from the audited financial statements. The 2010 to 2013 figures are extracted from the comparatives in the 2011 to 2014 audited financial statements.

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**6,370,230**	5,962,765	5,739,514	5,581,043	5,111,806
Profit before income tax	**4,755,804**	2,637,192	2,774,979	2,802,720	2,145,341
Income tax expense	**(1,068,622)**	(530,894)	(479,409)	(539,946)	(453,068)
Profit before non-controlling interests	**3,687,182**	2,106,298	2,295,570	2,262,774	1,692,273
Non-controlling interests	**(1,457,928)**	(465,260)	(417,258)	(517,543)	(412,434)
Profit attributable to shareholders	**2,229,254**	1,641,038	1,878,312	1,745,231	1,279,839

	As at 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Fixed assets	**5,566,388**	5,179,736	4,879,285	4,870,242	4,241,871
Investment properties	**81,240**	77,700	72,000	62,900	49,989
Investments in associates	**5,845,699**	5,505,921	5,021,531	2,829,232	2,280,452
Investments in joint ventures	**314,092**	335,905	317,382	319,819	306,821
Available-for-sale financial assets	**100,187**	102,743	37,511	246,879	147,263
Intangible assets	**21,066,291**	23,617,718	24,188,532	24,386,045	23,446,980
Other non-current assets	**2,030,095**	389,388	177,986	1,026,079	169,535
Net current assets	**6,845,582**	3,459,050	1,193,165	1,750,702	1,376,075
Non-current liabilities	**(15,121,329)**	(16,760,056)	(15,899,252)	(17,343,592)	(14,995,461)
Net assets	**26,728,245**	21,908,105	19,988,140	18,148,306	17,023,525
Equity					
Issued capital	**1,891,942**	1,657,098	1,637,297	1,637,217	1,637,217
Reserves	**15,810,153**	12,332,641	11,007,909	9,576,984	9,206,810
Shareholders' equity	**17,702,095**	13,989,739	12,645,206	11,214,201	10,844,027
Non-controlling interests	**9,026,150**	7,918,366	7,342,934	6,934,105	6,179,498
Total equity	**26,728,245**	21,908,105	19,988,140	18,148,306	17,023,525

Business Development

- The "China Urban Integrated Logistics Hub" projects, which the Group has placed a strong focus on, have achieved rapid expansion nationwide in 2014. During the year, the Group has signed investment agreements with the relevant government authorities of Shijiazhuang, Changsha and Nanchang. The construction of Phase 1 of Shenzhen International Shenyang Integrated Logistic Hub has commenced in the second half of 2014.

- During the year, the Group has successively entered into strategic cooperation agreements and established strategic partnerships with a number of leading players in the industry, including Shentong Express Co., Ltd, Man Wah Holdings Limited (HKEx Stock Code: 01999.HK), China Transport Telecommunications & Information Center (中國交通通信信息中心) and Shenzhen Heungkong Holding Co., Ltd. (深圳香江控股股份有限公司) (SSE Stock Code: 600162.SH), to promote the expansion of the Group's logistic network.

- The opening ceremony of Phase 2 of Nanjing Xiba Port in December 2014 marked completion of the construction works of the new berths.

Share Consolidation and Placing of Shares

- The Company has completed the share consolidation in early 2014, pursuant to which every ten shares with a nominal value of HK$0.10 each were consolidated into one share with a nominal value of HK$1.00, so that the par value and share price of the Company's shares would more reasonably reflect the scale of business, profitability and asset value of the Group.

- The Company successfully completed the placement of 176,000,000 shares in November 2014, net proceeds of the placement of HK$1.9 billion was mainly for the logistic business of the Group.

Awards

- The 2013 Annual Report of the Company was granted the Gold Award in "Traditional Annual Report – Logistic Enterprises" and the Bronze Award in "Cover Photo/Design – Logistic Enterprises" of the 28th International ARC Awards Competition in 2014.
- The Company won the Best Investor Relations 2014 awarded by Capital Weekly.

Obtaining the Qualification to Engage in Cross-border Renminbi Cash Pooling as a Multinational Corporation

- At the end of 2014, the Company became one of the first 20 qualified corporations and one of only two qualified state-owned enterprises in Shenzhen to engage in two-way cross-border Renminbi cash pooling in Shenzhen. The obtaining of such qualification has eased the bottle neck of domestic and foreign capital management and represents a major breakthrough for the Company's capital management.

MAINTAINING STEADY OPERATION TO STRENGTHEN BUSINESS FOUNDATION

ACHIEVING SUCCESS WITH CONTINUOUS INNOVATION AND UPGRADE

Dear Shareholders,

With the dedication and hard work of the entire staff, the Group recorded another strong performance in 2014, with the revenue and profit reaching a new high. For the year ended 31 December 2014, revenue of the core business of the Group and profit attributable to shareholders amounted to HK$6,354 million and HK$2,229 million, up 10% and 36% respectively over the corresponding period of the previous year.

The Board recommended a final dividend of HK$0.263 per share and also recommended a special dividend of HK$0.192 per share for 2014. Total dividend for the year was HK$0.455 per share, representing an increase of 22% as compared to the previous year. The payout ratio was 39%. Total dividend for the year amounted to HK$861 million.

ADHERING TO DEVELOPMENT STRATEGIES AND FOSTERING SOUND DEVELOPMENT

The systematic planning and construction layout for the development of the Group's logistic business is in perfect tandem with the government's development strategies of "One Belt and One Road", "Development of the Yangtze River Economic Zone" and "Beijing-Tianjin-Hebei Collaborative Development", creating a more forward-looking and promising prospect for the core businesses of the Group. Following the release of the national new urbanisation plan on various pilot regions at the end of 2014, the Group embraces a number of opportunities, including: (1) more room for developing the "China Urban Integrated Logistics Hub" projects; (2) the transformation and upgrades and innovation of the existing logistic park business; and (3) leveraging the Group's core business under the diversified and sustainable investment and financing mechanism provided by the government to explore the investment and construction opportunities of public facilities.

The Group will, in line with the set strategies, continue to effectively manage its existing expressway assets, enhance efficiency, maintain profit level and proactively explore ways to improve its businesses with the support of its core business. It will seize every opportunity, focus on developing its logistic business, and strive to become a leading provider of logistic infrastructure facilities in the PRC by adopting the business model of "China Urban Integrated Logistics Hub" as the core development strategy for its logistic business in the future. Meanwhile, the Group will further refine the management of and foster the sound development of the logistic business through the integration, enhancement and coordination of the existing logistic business.

EXPLORING THE DEVELOPMENT OPPORTUNITY OF INTEGRATED LOGISTICS HUB AND ACCELERATING THE TRANSFORMATION AND UPGRADES OF EXISTING LOGISTIC PARKS

Recently, the Group fully engaged with its "China Urban Integrated Logistics Hub" projects, which is an integration platform of logistic industrial chain with "facility + capacity + goods supply + service" focusing on information technology and network, and has achieved substantive progress as a result. As of the date of this report, we have successively entered into the investment agreements with eight cities in the Pan-Bohai Rim, the Yangtze River Delta and other regions, involving a planned land site of nearly 2.55 million square metres. In addition, the Group has entered into strategic cooperation agreements with various well-known domestic enterprises, making its best efforts to build and operate the projects and provide more value-added services by introducing and integrating the logistic and related resources with these enterprises.

During the year, through the Group's active coordination and communication with the government, the land location of a start-up project in Qianhai was ascertained, valuation of the relevant land was made and negotiations with the government in relation to the entering of the relevant agreements progressed well. Phase 1 of our project has been included in one of the 20 major projects which are about to start construction works in Qianhai Cooperation Zone.

Leveraging on the business positioning and existing facilities of Longhua New Area, South China Logistic Park initiated an attempted upgrade of the existing business and diversified its business. In 2014, the projects including "Longhua Luxury Cars Mall (龍華名車廣場)" and "The Outlets-8th (八號倉奧特萊斯)" successively moved into South China Logistic Park and provided diversified services in the park, which increased the space for the returns and value addition on the existing facilities to a great extent.

BUILDING THE MOST IMPACTFUL PORT IN YANGZI RIVER WITH THE SUPPORT OF THE CONSTRUCTION OF GOLDEN WATERWAY

The enhanced strategic position of Golden Waterway of Yangzi River in the PRC has highlighted the advantage of Nanjing Xiba Port of the Group as a specialised coal port with the largest throughput in Nanjing. At the end of 2014, three berths of Phase 2 of the Xiba Port were completed and put into operation, and the port is expected to become one of the bulk terminals with the largest scale and greatest impact in the middle and lower course of Yangzi River, and its overall handling capacity and economic efficiency will be enhanced steadily.

LEVERAGING ON THE ADVANTAGE IN CAPITAL MARKET TO SUPPORT THE RAPID DEVELOPMENT OF THE GROUP

In 2014, the Group completed the share consolidation and placement in capital market in accordance with the needs for its business growth and established the cross-border Renminbi cash pooling as a channel for domestic and foreign capital flow, providing a strong capital support for our existing projects and further lowering the financial cost of the Group. In addition, the scrip dividend scheme, a dividend policy implemented in recent years, has created a win-win situation for the Company and its shareholders while laying a sound foundation for our future capital expenditure and internal capital flow.

OUTLOOK

In 2015, it is expected that there will be more uncertainties under the economic development and environment in the PRC and the continuous slowdown of economic growth will exert pressure on the enterprises. However, through enhancing the management capabilities and exploring internal potential, the Group is confident that it will maintain a healthy growth and create better returns for its shareholders. With the construction and operation of the "China Urban Integrated Logistics Hub" projects, it is expected that the profitability of the logistic business will be improved.

The robust development of new businesses including cross-border e-commerce and internet financing as well as the rapid changes in IT technology have brought about opportunities and challenges to the modern logistic industry. While striving to enhance the existing business efficiency, the Group will step up the exploration of its business upgrade and continue to work towards achieving efficiency, maintaining discipline, reaching consensus and seizing opportunities in order to realise stable and effective growth.

2015 marks the last year of the Group's previous "Five-Year Strategic Plan", the implementation of which has already begun to achieve results. The Group will review 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**".

The construction of the "Shenzhen International Shenyang Integrated Logistic Hub" project will be completed and put into operation in 2015, and the construction of the Wuhan and Wuxi projects will commence soon. Preliminary marketing activities of the above projects have commenced. The Company will safeguard its interest in the Qianhai project through negotiations, entering into relevant agreements and ensuring the smooth operation of the project. Positive steps will be taken to implement the planning for and development of Phase 2 of South China Logistic Park. The Group will strive to make a breakthrough in various projects including the cross-border e-commerce industrial park project, Liguang project and the Meilin Checkpoint Urban Renewal Project during the year. The Group is pushing ahead various tasks steadily, with achievements to be seen over time.

SOCIAL RESPONSIBILITIES

In 2014, the Group has formulated the "White Paper on Public Services" and incorporated the concept of "safety, environmental protection, aesthetic appearance and harmony" into project construction and operation through convening on-site meetings on production safety and additional investment in environmental facilities, so as to actively discharge its social responsibilities.

The Group regards its staff as the most valuable assets of corporate growth, and will continue to foster mutual growth with its staff, promote their physical and mental health and enrich their cultural and athletic outlook by organising events such as office workout and Sports Day.

Finally, on behalf of the Board, I would like to take this opportunity to extend my utmost gratitude to our shareholders, investors and business partners for their continuous trust and support. I would also like to thank the entire staff members for their hard work and dedication to the Group over the past year.

Gao Lei
Chairman

Hong Kong, 27 March 2015

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 ended 31 December 2014 (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 costs 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 an agreement (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 (the "Toll Free Section") 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 Holding Co., Ltd. ("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 (representing a net price of approximately HK$10.80 per share) 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 of directors of the Company (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 of Hong Kong Limited (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 (together, 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

Revenue increased by
16% to
HK$1,192 million

Profit before finance costs & tax increased by
27% to
HK$390 million

Profit attributable to shareholders increased by
32% to
HK$262 million

Revenue Contribution By Logistic Business Unit

	Logistic Parks	Port	Logistic Services
2014	**50%**	**14%**	**36%**
2013	50%	14%	36%

Net Profit Contribution By Logistic Business Unit

	Logistic Parks	Port	Logistic Services
2014	**79%**	**12%**	**9%**
2013	79%	11%	10%

OVERVIEW

The Group owns various well-equipped logistic parks in major cities of China, including Shenzhen, Nanjing and Yantai. The Group has also signed investment agreements in relation to the "China Urban Integrated Logistics Hub" projects which spread across 8 major logistic gateway cities, including Shenyang, Wuxi, Wuhan, Tianjin, Shijiazhuang, Changsha, Nanchang and Hefei. The site area for the above projects is 3.85 million square metres in aggregate (1.81 million square metres of which are currently owned by the Group), operating area of the logistic parks is 0.67 million square metres while the site area of the "China Urban Integrated Logistics Hub" projects which are currently under construction is 0.24 million square metres.

The Group's port business comprises five bulk cargo terminals with a capacity between 50,000- and 70,000-tonnage in Nanjing Xiba Port. Phase 1 of Nanjing Xiba Port has two general bulk cargo terminals with a 70,000-tonnage capacity and a depot with a site area of 400,000 square metres. Phase 1 of the port has the capability of providing various services such as loading and unloading, lightering, train loading and automobile loading, and with a planned annual throughput of 8 million tonnage and a storage capacity of over 1 million tonnage. The construction work of one general bulk cargo terminal with a 50,000-tonnage capacity and two general bulk cargo terminals with a 70,000-tonnage capacity for Phase 2 of the port were completed at the end of 2014. After completion of Phase 2 of the project, the planned annual throughput of Nanjing Xiba Port will be over 25 million tonnage.

ANALYSIS OF OPERATING PERFORMANCE

In 2014, the Group vigorously enhanced the standard of operation and management of the existing businesses and strived to expand and develop the logistic business. The Group also endeavoured to maintain its existing customers by focusing on the marketing activities, undertaking transformation and upgrades of its logistic business as well as enhancing its service quality and explored the markets in a proactive manner. During the Year, each logistic park of the Group maintained a stable occupancy rate. In addition, with enhancement of operating efficiency and stringent control of costs and expenses, the Group's logistic business achieved better performance as compared to the corresponding period of last year.

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 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. 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.

Operating Performance of Major Logistic Parks

For the year ended 31 December

Logistic Park	Principal Business	Occupancy Rate of Logistic Centre	
		2014	2013
South China Logistic Park	Provides logistic centres, empty container depots, cross-border customs transfer and access, and cross-border express customs clearance services	**97%**	96%
Western Logistic Park	Provides logistic centres	**90%**	83%
Huatongyuan Logistic Centre	Provides distribution outlets, warehouses and office rental services	**96%**	99%
Nanjing Chemical Industrial Park Logistic Centre	Provides warehousing, customs declaration and transport services for hazardous and non-hazardous chemical products	**100%**	100%
Shandong Booming Total Logistic Park	Provides logistic centres, transport, distribution and other services	**95%**	82%

China Urban Integrated Logistics Hub

The Group has been focusing on "China Urban Integrated Logistics Hub", which engages in inter-city highway transport logistic centres with full-spectrum functions including warehousing, transfer, distribution, e-commence, trade exhibition and logistic information centre and provide commercial and financing value-added services. As a logistic information platform established on the basis of logistic infrastructure facilities, it delivers highly efficient, multi-functional and one-stop services platform to customers and business partners.

The Group is 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, including the main structure works of the cargo consolidation centre and service network, as well as part of the construction works of multifunctional centre and e-commerce centre, and 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.

Details of the "China Urban Integrated Logistics Hub" projects as at the date of this report are listed below:

Project Name	Location	Planned Site Area (Square Metres)
Shenzhen International Shenyang Integrated Logistic Hub	Yuhong District of Shenyang	700,000
Shenzhen International Tianjin Integrated Logistic Hub	Tianjin Binhai New Area	295,000
Shenzhen International Wuxi Integrated Logistic Hub	Huishan District of Wuxi	346,000
Shenzhen International Wuhan Integrated Logistic Hub	Dongxihu District of Wuhan	126,000
Shenzhen International Shijiazhuang Integrated Logistic Hub	Zhengding District of Shijiazhuang	333,000
Shenzhen International Changsha Integrated Logistic Hub	Changsha Jinxia Economic Development Zone	346,000
Shenzhen International Nanchang Integrated Logistic Hub	Nanchang Economic and Technical Development Zone	267,000
Shenzhen International Hefei Integrated Logistic Hub	Anhui Hefei Commercial and Logistics Development Zone of Feidong County, Hefei City	137,000
Total Planned Site Area		**2,550,000**

The Group continues to promote the expansion and development of the "China Urban Integrated Logistics Hub" projects. While consolidating and promoting the construction of existing projects, the Group aims to build up a logistic network by setting up logistic hubs and nodes across the eastern, southern, central, northern, northeastern, southwestern and northwestern areas of China within five years, and then expand the network nationwide as well as to ensure sustainable development of the Group. 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.

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 project was named as a major project of Jiangsu Province and the largest port project in Nanjing. The operation of the new berths is expected to become an impetus for boosting the port business. The Group will proactively promote the land acquisition and construction work of the depots in 2015.

Logistic Service Business

By capitalising on its existing logistic infrastructure facilities, the Group has actively explored supply chain management, value chain integration and modern value-added logistic services by fully utilising its competitive advantages in resources and capital in a transformation from a traditional logistic business.

In 2014, by proactively carrying out marketing initiatives, controlling costs, promoting operating efficiency and optimising customer structure, the results of the logistic service business recorded a satisfactory growth. In order to further enhance the competitive edges of the logistic service business and the overall profitability, the Group is committed to cost control, further escalating effort in business development and expanding sales channels.

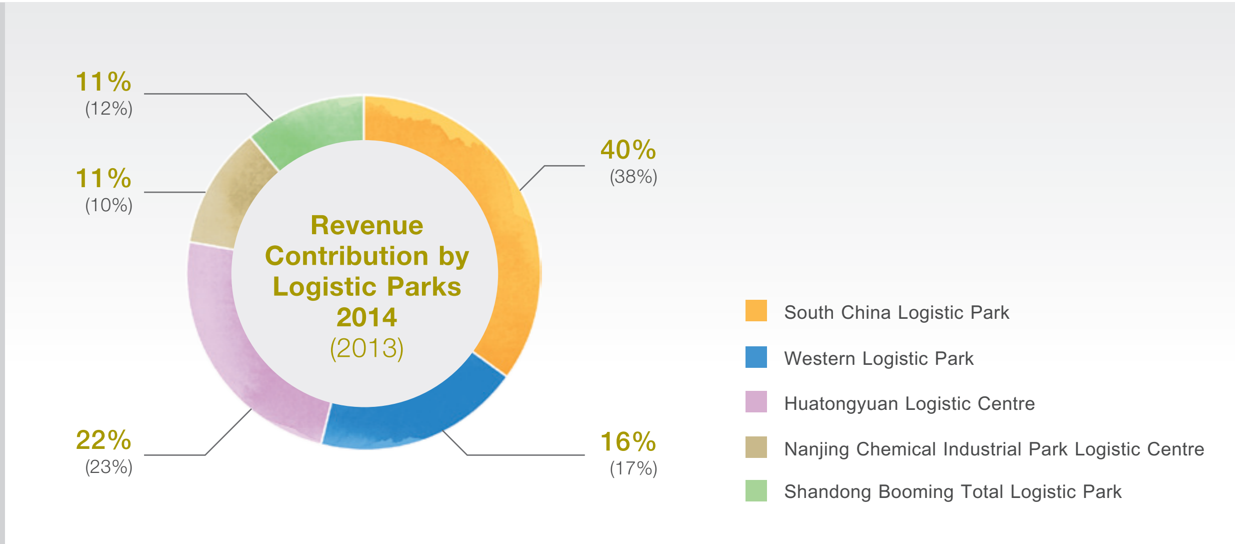
FINANCIAL ANALYSIS

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 and HK$390 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, benefitted from economies of scale and effective cost control.

Revenue of each logistic business unit

For the year ended 31 December

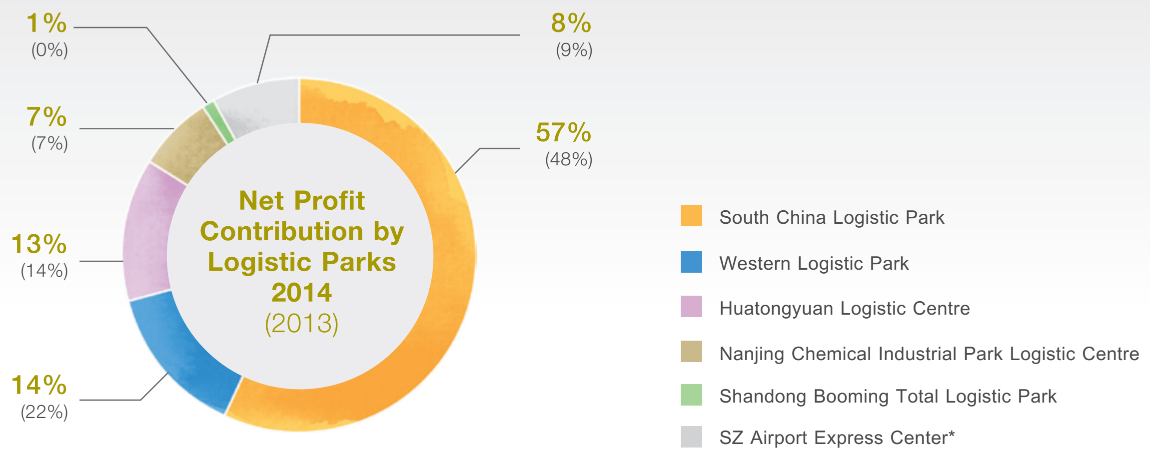
	2014 HK$'000	2013 HK$'000	Increase
Logistic Park Business			
South China Logistic Park	**239,716**	198,871	21%
Western Logistic Park	**94,603**	90,298	5%
Huatongyuan Logistic Centre	**128,911**	117,051	10%
Nanjing Chemical Industrial Park Logistic Centre	**67,775**	50,487	34%
Shandong Booming Total Logistic Park	**66,527**	61,217	9%
Sub-total	**597,532**	517,924	15%
Port Business	**168,742**	145,965	16%
Logistic Service Business	**425,668**	365,267	17%
Total	**1,191,942**	1,029,156	16%



Profit attributable to shareholders of each logistic business unit

For the year ended 31 December

	2014 HK$'000	2013 HK$'000	Increase/ (Decrease)
Logistic Park Business			
South China Logistic Park	**118,860**	75,645	57%
Western Logistic Park	**28,896**	34,083	(15%)
Huatongyuan Logistic Centre	**26,271**	22,012	19%
Nanjing Chemical Industrial Park Logistic Centre	**13,832**	11,373	22%
Shandong Booming Total Logistic Park	**2,338**	539	334%
SZ Airport Express Center*	**16,704**	13,761	21%
Sub-total	**206,901**	157,413	31%
Port Business	**32,597**	22,281	46%
Logistic Service Business	**22,933**	19,162	20%
Total	**262,431**	198,856	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.

OUTLOOK FOR 2015

The Group believes 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 providing 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.

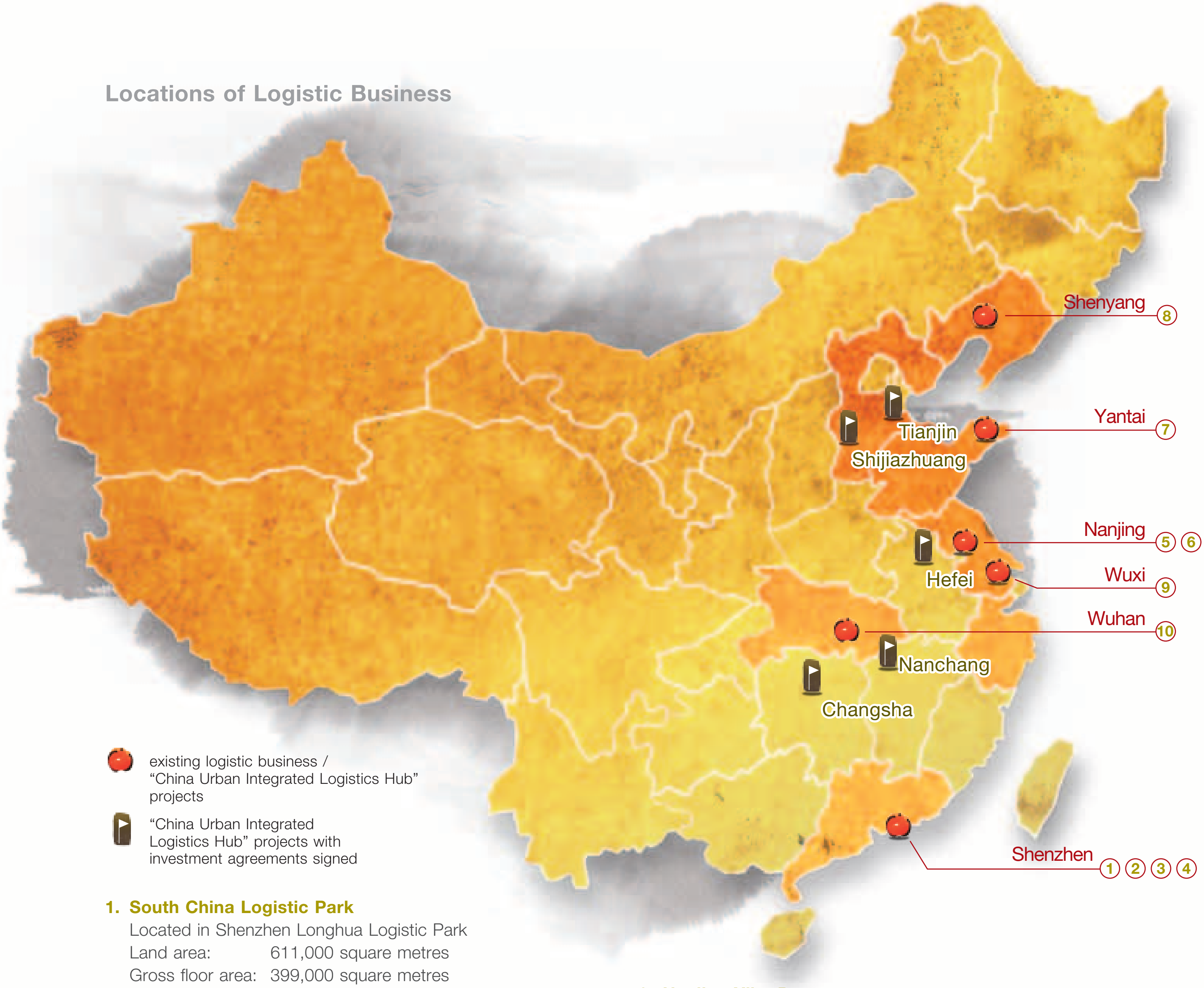
The strong demand and shortage of warehouse space in China supported the logistic enterprises with a strong growth momentum. In 2014, the PRC government has introduced a series of favourable policies that support the development of the logistic industry. In addition, the State Council issued the "Middle-and 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.

In 2015 and the coming years, the Group will develop the "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 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.

Locations of Logistic Business



1. South China Logistic Park
Located in Shenzhen Longhua Logistic Park
Land area: 611,000 square metres
Gross floor area: 399,000 square metres
Operating area: 322,000 square metres

2. Western Logistic Park
Located in Shenzhen Qianhaiwan Logistics Park
Land area: 380,000 square metres
Gross floor area: 420,000 square metres
Operating area: 111,000 square metres

3. Huatongyuan Logistic Centre
Located in the vicinity of Meilin gateway of Shenzhen
Land area: 116,000 square metres
Gross floor area: 133,000 square metres
Operating area: 130,000 square metres

4. SZ Airport Express Center
Located in Shenzhen Baoan International Airport
Land area: 32,000 square metres
Gross floor area: 28,000 square metres
Operating area: 28,000 square metres

5. Nanjing Chemical Industrial Park Logistic Centre
Located in Nanjing Chemical Industrial Park
Land area: 95,000 square metres
Gross floor area: 48,000 square metres
Operating area: 48,000 square metres

6 Nanjing Xiba Port
Located in Nanjing Chemical Industrial Park
Land area: 400,000 square metres
Operating area: 220,000 square metres

7. Shandong Booming Total Logistic Park
Located in the economic and technology development zone in Yantai City
Land area: 70,000 square metres
Gross floor area: 50,000 square metres
Operating area: 26,000 square metres

8. Shenzhen International Shenyang Integrated Logistic Hub
Located in Shenyang International Logistic Park in Yuhong District of Shenyang City
Land area for the first phase: 240,000 square metres

9. Shenzhen International Wuxi Integrated Logistic Hub
Located in Huishan District of Wuxi
Land area for the first phase: 148,000 square metres

10. Shenzhen International Wuhan Integrated Logistic Hub
Located in Dongxinu District of Wuhan
Land area: 126,000 square metres

TOLL ROAD BUSINESS

Total Revenue increased by
9% to
HK$5,162 million

Profit before finance costs & tax increased by
20% to
HK$2,801 million

Net Profit increased by
27% to
HK$1,064 million

Total Revenue Contribution

	Shenzhen Expressway	Longda Expressway	Wuhuang Expressway
2014	**80%**	**12%**	**8%**
2013	77%	13%	10%

Net Profit Contribution

	Shenzhen Expressway	Longda Expressway	Wuhuang* Expressway
2014	**68%**	**27%**	**5%**
2013	58%	34%	8%

* *Included only net profit attributable to the 45% equity interest in Wuhuang Expressway directly held by the Company*

OVERVIEW

The Group's toll road operations span across the Shenzhen region, other regions in Guangdong Province and other provinces in China. The Group holds or controls a total of 17 expressway projects with total mileage of toll roads by toll amounting to approximately 165 kilometres, 268 kilometres and 92 kilometres in the Shenzhen region, other regions in Guangdong Province and other provinces in China, respectively as at the date of the report. The Group operates the toll road business mainly through Shenzhen Expressway Company Limited ("Shenzhen Expressway"), in which the Group holds a 50.889% equity interest. Shenzhen Expressway's H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively. In addition, the Group directly holds a 89.93% equity interest in Longda Expressway and a 45% equity interest in Wuhuang Expressway (with the remaining 55% equity interest owned by Shenzhen Expressway).

ANALYSIS OF OPERATING PERFORMANCE

The operating performance of the Group's toll roads during the Year were as follows:

				Average Daily Traffic Volume *(Note 2)*		Average Daily Toll Revenue	
Toll roads *(Note 1)*	**Interest held by the Group**	**Concession period**	**Length by toll (approximate km)**	**2014 (Vehicle/ Thousands)**	**Increase/ (decrease) as compared to 2013**	**2014 (HK$'000)**	**Increase/ (decrease) as compared to 2013**
Shenzhen Region:							
Longda Expressway	89.93%	2005.10-2027.10	28	140	7% *(Note 3)*	1,728	1%
Meiguan Expressway *(Note 4)*	100%	1995.05-2027.03	5.4	85	N/A	521	N/A
Jihe East	100%	1997.10-2027.03	23.7	190	27%	2,031	21%
Jihe West	100%	1999.05-2027.03	21.8	150	22%	1,595	21%
Yanpai Expressway	100%	2006.05-2027.03	15.6	57	14%	735	8%
Yanba Expressway *(Note 5)*	100%	Section A: 2001.04-2026.04 Section B: 2003.06-2028.07 Section C: 2010.03-2035.03	29.1	36	14%	620	11%
Nanguang Expressway	100%	2008.01-2033.01	31	87	16%	1,057	6%
Shuiguan Expressway	40%	2002.02-2025.12	20	169	9%	1,743	6%
Shuiguan Extension	40%	2005.10-2025.12	6.3	62	58%	291	31%
Other regions in Guangdong Province:							
Qinglian Expressway	76.37%	2009.07-2034.07	216	33	17%	2,687	9%
Yangmao Expressway	25%	2004.11-2027.07	79.8	35	11%	1,952	5%
Guangwu Project	30%	2004.12-2027.11	37.9	32	18%	1,009	11%
Jiangzhong Project	25%	2005.11-2027.08	39.6	101	13%	1,282	10%
Guangzhou Western Second Ring *(Note 6)*	25%	2006.12-2030.12	40.2	46	10%	1,153	11%
Other provinces in China:							
Wuhuang Expressway	100%	1997.09-2022.09	70.3	39	0%	1,121	(15%)
Changsha Ring Road	51%	1999.11-2029.10	34.7	16	16%	211	16%
Nanjing Third Bridge *(Note 7)*	25%	2005.10-2030.10	15.6	28	(6%)	1,375	(7%)

Notes:

(1) All projects has implemented the toll-by-weight policy except for Changsha Ring Road.

(2) Average daily traffic volume excludes traffic volume which is toll-free during holidays.

(3) As the Luotian beacon station of Longda Expressway was cancelled due to the implementation of united toll system on all expressways in Guangdong Province during the Year, change on the basis for calculating the average daily traffic volume for Longda Expressway is necessary. The year-on-year change is calculated based on the restated figure of the previous year.

(4) Meilin to Guanlan section of Meiguan Expressway with a mileage of approximately 13.8 km has been operated with toll-free from 1 April 2014, but the toll of Shenzhen-Dongguan border to Guanlan section of Meiguan Expressway with a mileage of 5.4 km remains unchanged. As there is a substantial change in toll mileage, the year-on-year change is not provided.

(5) To facilitate travel by Shenzhen residents to the east coast for leisure and vacation, the government has made collective payment to Shenzhen Expressway for all vehicles travelling to and from the Yantian and Dameisha ramp based on the agreed standards and methods since February 2007. The agreed toll for the government to incur during 2013 to 2017 is RMB19 million per annum, and is to be recorded into Yanba Expressway's toll revenue on a monthly basis. The arrangement beyond 2017 shall be negotiated and agreed upon by both parties before the expiry of the agreement.

(6) As approved by Guangdong Provincial Government, the concession period of Guangzhou Western Second Ring was approved to be 24 years, from December 2006 to December 2030.

(7) Pursuant to a notice issued by Jiangsu Provincial Government, the concession period of Nanjing Third Bridge was re-approved to be 25 years.

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; and
- 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.

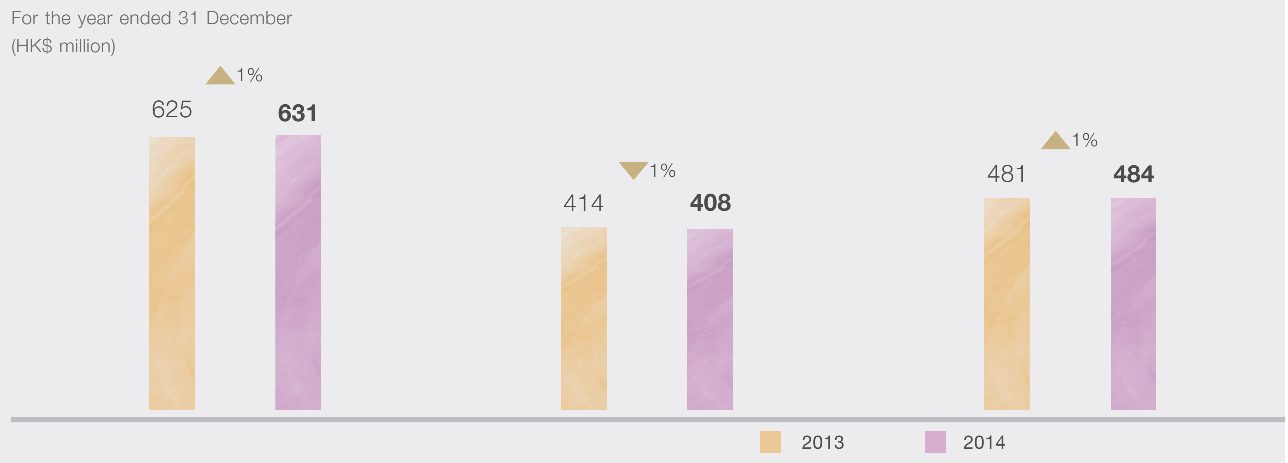
Pursuant to the terms of the Adjustment Agreement signed between the Group and the relevant government authorities in Shenzhen in January 2014, a section of Meiguan Expressway with a mileage of approximately 13.8 kilometres became toll-free from 1 April 2014. The Group also transferred the related assets 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.

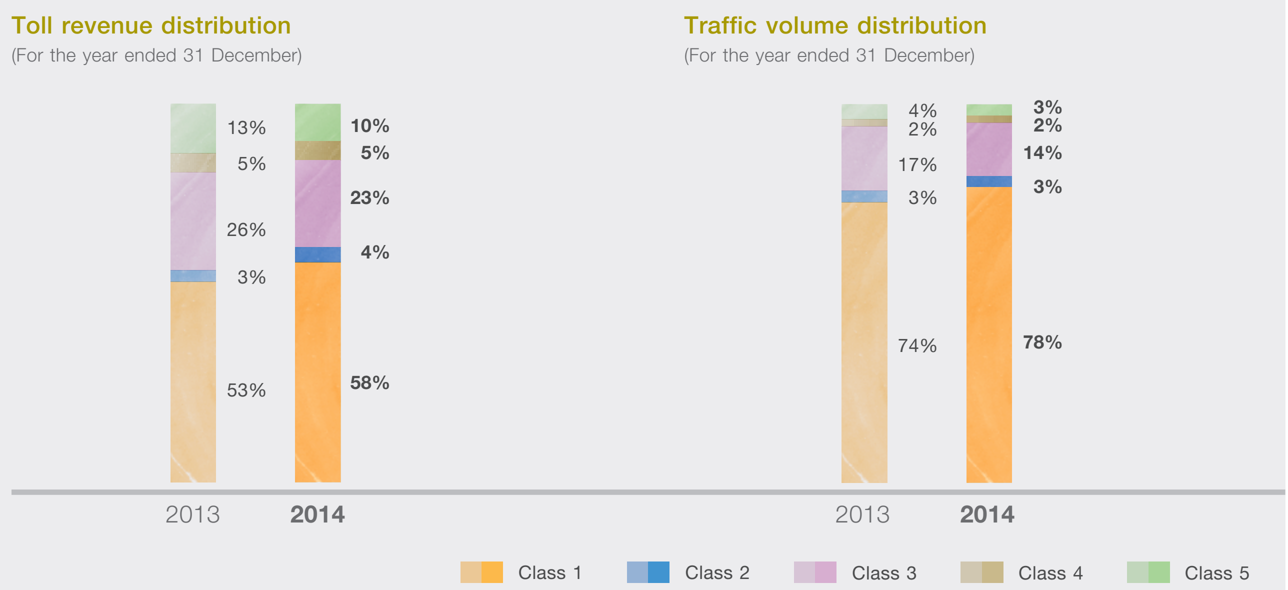
During the Year, the Group recorded a one-off gain of profit before finance costs and tax of approximately HK$1,926 million on the disposal of Meiguan Expressway's Toll Free Section. Although this section no longer contributed to the Group's toll revenue, it is expected that there will not be any material 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

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.

Toll revenue increased by 1% to HK$631 million	Profit before finance costs and tax decreased by 1% to HK$408 million	EBITDA increased by 1% to HK$484 million



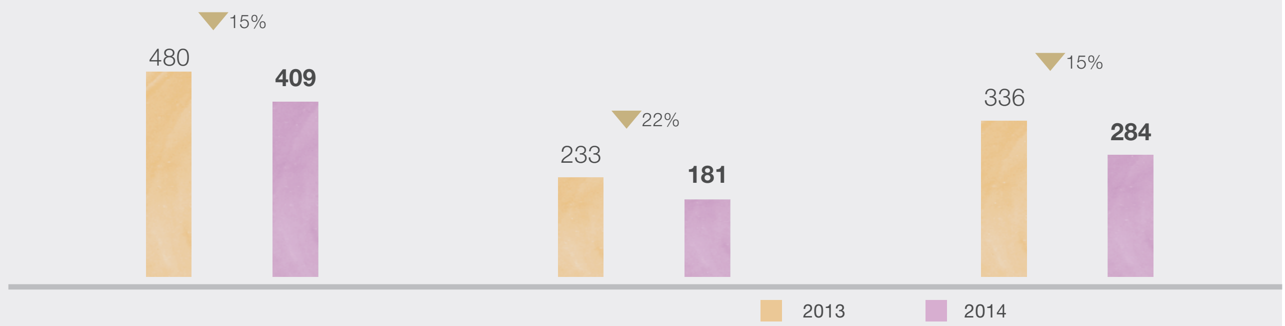


Wuhuang Expressway

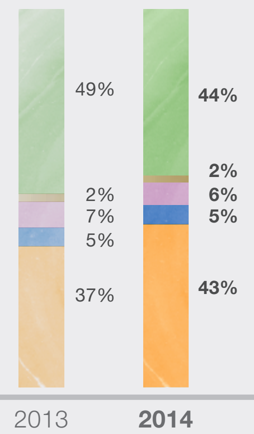
During the Year, toll revenue of Wuhuang Expressway decreased as compared with that of last year as it was continuously affected by the diversion effect brought by the opening of the basically parallel Han'e Expressway (Wuhan to Ezhou) and the opening of the whole Hurong Trunk of National Highway (Shanghai 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.

Toll revenue decreased by 15% to HK$409 million	Profit before finance costs and tax decreased by 22% to HK$181 million	EBITDA decreased by 15% to HK$284 million

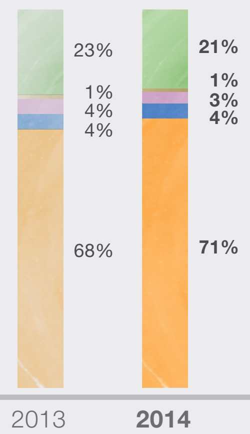
For the year ended 31 December
(HK$ million)



Toll revenue distribution
(For the year ended 31 December)



Traffic volume distribution
(For the year ended 31 December)



Class 1 Class 2 Class 3 Class 4 Class 5

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.

MAJOR CONSTRUCTION PROJECTS DURING THE YEAR

Resurfacing work of Jihe West commenced in December 2013 and completion of the maintenance and resurfacing work took place in June 2014.

OUTLOOK FOR 2015

Despite the continuous growth in automobile ownership in China, successive implementation of policies such as restriction on purchase of small passengers' vehicles imposed by the Shenzhen government to curb the rapid growth of automobile ownership are expected to bring certain adverse effect to the existing and future growth of the traffic volume of road network in the region. Together with the expected further slowdown of economic growth in China, there will be even more uncertainties in traffic volume and toll revenue of expressway projects. In addition, with the advancement of urbanisation process, expressway projects in economically developed regions or their neighbouring areas may face pressure of buybacks by the government, which 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.

In 2015, capital expenditures of the toll road business of the Group is expected to amount to approximately RMB455 million, mainly for Qinglian Project and as the balance for the expansion work of Meiguan Expressway.

OTHER INVESTMENTS

SHENZHEN AIRLINES

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, of which passenger revenue increased by 6% to RMB19,563 million (2013: RMB18,412 million). Shenzhen Airlines recorded a growth in passenger transport volume, with passenger traffic reached 34,873 million passenger-km (2013: 31,772 million passenger-km) and airlines carried 23.20 million passenger rides (2013: 21.40 million passenger rides), representing a year-on-year increase of 10% and 8% respectively.

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%.

As at 31 December 2014, Shenzhen Airlines operated a total of 150 passenger aircraft (2013: 132). At present, Shenzhen Airlines operates 171 domestic and international routes, of which 159 are domestic routes, 6 are international routes and 6 serve the Hong Kong, Macau and Taiwan regions.

Although there has been a slowdown in airline industry in China, with the establishment of free trade zones in Qianhai and Nansha, the development in midwest China and the further relaxation of China visa rules from various countries, the domestic aviation market is still expected to be in its strategic opportunity period of development in 2015. Shenzhen Airlines will seize every opportunity and enhance its profitability through moderate growth in scale, strict cost control and a more efficient use of resources.

CSG

According to the Group's business development, capital needs and internal resource coordination, coupled with capital market conditions, the Group adjusts the volume of the shares of CSG to be disposed of as and when necessary and appropriate so as to maximise the profits of the Company and its shareholders.

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 and realised a gain after tax of approximately HK$42.67 million (2013: HK$106 million). As at the date of this report, the Group beneficially owned a total of 103,065,612 A shares of CSG, representing approximately 4.97% in the total issued share capital of CSG.

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

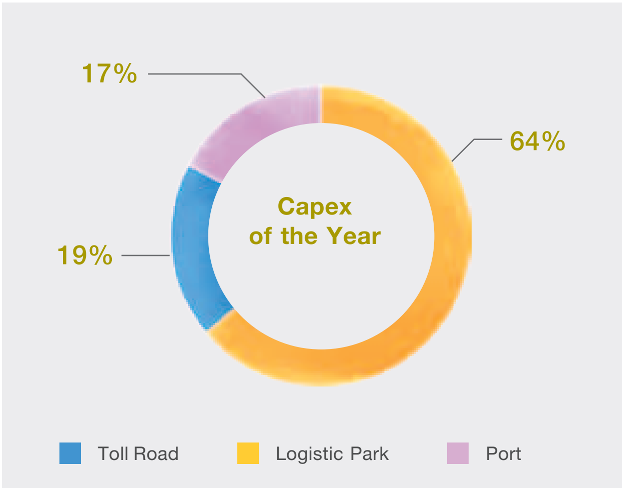
During the Year, the Group's cash flow generated from operations remained stable. Net cash inflow generated from operating activities recorded a year-on-year increase of 3% to HK$2,410 million; net cash outflow generated from recurring investment activities amounted to HK$836 million, with net cash outflow 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

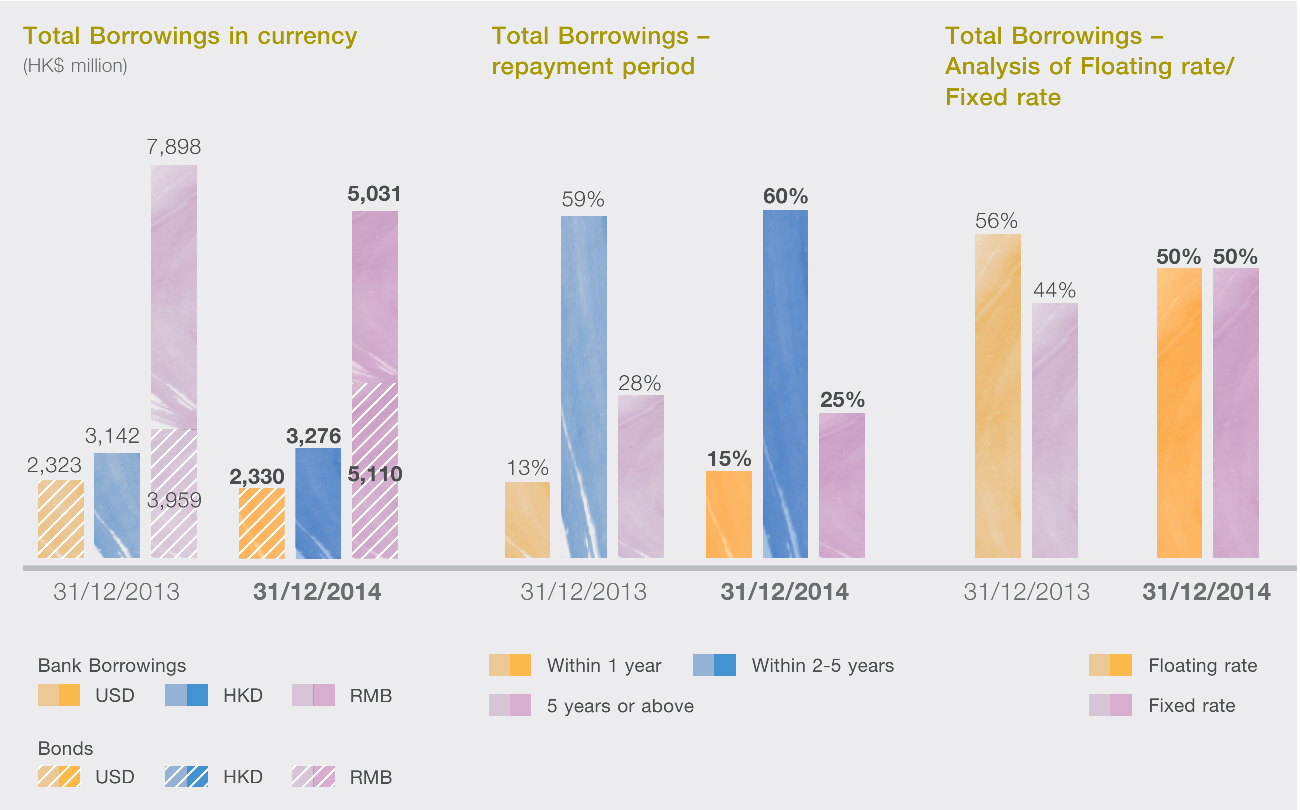
As at 31 December 2014, the cash balance held by the Group amounted to HK$7,635 million (31 December 2013: HK$4,957 million), representing a significant increase of 54% as compared to that at the end of last year. Such increase was mainly attributable to the consistent and stable cash flow generated 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



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. For further details on the Group's hedging activities, please refer to note 22 of the consolidated financial statements.

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.

PLEDGE OF ASSETS, GUARANTEES AND CONTINGENT LIABILITIES

For details of the Group's pledge of assets, guarantees and contingent liabilities as at 31 December 2014, please refer to notes 21 and 38 respectively of the consolidated financial statements.

HUMAN RESOURCES

The Group always considers talents as a valuable resource and considers its human resources management strategy to be an important component of its business strategy.

The Group emphasises on recruiting and nurturing talents. In 2014, according to the development strategy and business development requirements, the Group continues to introduce management personnel and logistics expertise in order to strengthen its management and professional teams. The Group also focuses on the training and appointment of internal talents, to select capable staff among those with excellent performance and potential to assume the important positions in the Group. As of 31 December 2014, the Group had a total of 4,917 staff members.

The Group has established a comprehensive remuneration incentive scheme and developed a comprehensive performance management system. Staff remuneration is determined according to position values, capabilities and work performance of the staff with reference to market trends. Staff appraisals link the appraisal results to staff remuneration and promotions to ensure fairness. In addition, to promote its long-term development, the Group has implemented the long term incentive share option scheme and granted share options to its management, its subsidiaries' senior management and certain key staff members, so as to promote the staff's proactiveness and retaining talents.

The Group places strong emphasis on staff training, and encourages staff to enhance their abilities through continuous training, so as to build a high quality team of management and professionals that best suits the Group's business development.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Back Row (from left to right): *Mr. Ding Xun, Mr. Nip Yun Wing, Mr. Zhao Jun Rong, Dr. Yim Fung, Mr. Li Lu Ning, Mr. Zhong Shan Qun, Mr. Liu Jun, Mr. Leung Ming Yuen, Simon, Mr. Hu Wei and Mr. Tse Yat Hong*

Front Row (from left to right): *Mr. Gao Lei and Mr. Li Jing Qi*

MEMBERS OF THE BOARD

EXECUTIVE DIRECTORS

Mr. Gao Lei

Chairman

Mr. Gao, aged 55, was appointed in September 2012 as the Chairman of the board of directors of the Company. Mr. Gao is responsible for devising the Group's overall development strategy and important systems, as well as supervising the implementation of resolutions of the general meetings and the board. Mr. Gao holds a master degree in money and banking from Xi'an Jiaotong University and is a senior economist. Mr. Gao had successively worked as a deputy section chief of the International Department and Credit Management Department of Shenzhen Branch of Bank of China, an executive member (section chief level) of the Finance Office of Shenzhen Municipal People's Government, secretary (deputy division chief level) of the Secretariat of The General Office of Shenzhen Municipal People's Government, assistant to the president of Shenzhen Development Bank and concurrently branch manager of Bao'an Sub-branch and Guangzhou Branch, assistant to the president and chief economist of Shenzhen Investment Holding Corporation as well as the chief economist and deputy director of Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission. During the period from September 2010 to April 2011, Mr. Gao was the chairman of Shenzhen Tagen Group Co., Ltd. (shares of which are listed on the Shenzhen Stock Exchange). Mr. Gao is currently a director of Ultrarich International Limited. Mr. Gao has extensive experience in finance, investment, corporate management and administration.

Mr. Li Jing Qi

Chief Executive Officer

Mr. Li, aged 58, was appointed in March 2000 as an Executive Director and Vice President of the Company, and was appointed in August 2006 as the Chief Executive Officer of the Company. Mr. Li is responsible for the overall daily operations of the Group and the implementation of the Group's development strategies and the resolutions of the general meetings and the board. Mr. Li is a graduate of Shanghai International Studies University with a Bachelor of Arts degree. He had successively worked at the Anhui Branch of Bank of China, Bank of China Hongkong-Macau Regional Office, Shenzhen Branch of Bank of China and was an executive director of Shenzhen High-Tech Holdings Limited (currently Landsea Green Properties Co., Ltd.). Mr. Li is currently a director of CSG Holding Co., Ltd., Shenzhen Expressway Company Limited and Ultrarich International Limited. He has over 20 years of experience in international banking and corporate management.

Mr. Zhong Shan Qun

Member of the Nomination Committee

Mr. Zhong, aged 50, was appointed in January 2015 as an Executive Director of the Company. Mr. Zhong joined 新通產實業開發(深圳)有限公司 (Xin Tong Chan Development (Shenzhen) Co., Ltd.) (formerly 深圳市高速公路開發有限公司 (Shenzhen Freeway Development Company Limited) which became a subsidiary of the Group in October 2001) in January 1994. From June 2007 and until his appointment as an executive director of the Company, Mr. Zhong was the Vice President of the Company. Mr. Zhong is currently a director of certain subsidiaries of the Company and is also the chairman of the supervisory committee of Shenzhen Expressway Company Limited. Mr. Zhong was a director of Shenzhen Expressway Company Limited. Mr. Zhong holds a bachelor's degree in highway engineering and a bachelor's degree in communications and transportation management from Changsha Communications University and also a master's degree in management science and engineering from Hunan University. Mr. Zhong has extensive experience in construction project management, logistic management and corporate management.

Mr. Liu Jun

Vice President

Mr. Liu, aged 51, joined the Group as a Vice President in April 2000 and was appointed in May 2004 as an Executive Director of the Company. Mr. Liu is currently a director of Shenzhen Airlines Company Limited. Mr. Liu graduated from Nanjing University of Science and Technology with a bachelor's degree in computer software and a master's degree in management system engineering. Mr. Liu was a director of CSG Holding Co., Ltd. and Shenzhen Expressway Company Limited and is currently a director of Ultrarich International Limited. Mr. Liu has over 20 years of experience in corporate development, financial management and foreign enterprise investment and management.

Mr. Li Lu Ning

Vice President, Member of the Remuneration Committee

Mr. Li, aged 55, was appointed in September 2012 as an Executive Director of the Company. He is also a Vice President of the Company. Mr. Li holds a bachelor's degree in law from Nankai University and is a senior economist. Mr. Li had successively worked as the deputy general manager of Shenzhen Dachanwan Investment & Development Co., Ltd. (深圳市大鏟灣投資發展有限公司) and a director of Shenzhen Metro Group Co., Ltd. He has been a member of Shenzhen Committee of Chinese People's Political Consultative Conference since April 2008. Mr. Li is currently the vice chairman of Shenzhen Airlines Company Limited and a director of Ultrarich International Limited. Mr. Li has extensive experience in corporate management.

NON-EXECUTIVE DIRECTOR

Dr. Yim Fung, *JP*

Dr. Yim, aged 51, was appointed in May 2014 as a Non-Executive Director of the Company. Dr. Yim holds a doctorate in Economics from the Graduate School of the Chinese Academy of Social Sciences (中國社會科學院研究生院) and a bachelor degree in Environmental Engineering from the Tsinghua University (清華大學), and is a senior economist. Dr. Yim is currently the chairman and an executive director and the chief executive officer of Guotai Junan International Holdings Limited and an independent non-executive director of Beijing Urban Construction Design & Development Group Co., Limited. Dr. Yim has over 23 years of experience in the securities industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Ming Yuen, Simon

Chairman of the Audit Committee, Member of the Nomination Committee and Remuneration Committee

Mr. Leung, aged 66, was appointed in March 2000 as an Independent Non-Executive Director of the Company. Mr. Leung is an associate member of The Chartered Institute of Bankers and has over 30 years of experience in the banking sector including worked as the head of Credit Risk Management of Greater China at Deutsche Bank AG.

Mr. Ding Xun

Chairman of the Nomination Committee and Remuneration Committee, Member of the Audit Committee

Mr. Ding, aged 55, was appointed in October 2001 as an Independent Non-Executive Director of the Company. He is currently the managing director of Concord Investment Holdings Limited. Mr. Ding graduated from Maritime Transportation University of Shanghai. He had worked in the Ministry of Communications of the PRC and Guangdong Enterprises (Holdings) Limited. He was also a director of Guangdong Investment Limited, the vice-chairman of Guangdong Brewery Holdings Limited and an independent non-executive director of Dragonite International Limited (formerly known as Ruyan Group (Holdings) Limited). Mr. Ding has extensive experience in corporate development and management.

Mr. Nip Yun Wing

Member of the Audit Committee

Mr. Nip, aged 61, was appointed in August 2004 as an Independent Non-Executive Director of the Company. Mr. Nip is currently an executive director and the financial controller of China Overseas Land & Investment Limited. He is a Fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Nip is a MBA graduate of The Chinese University of Hong Kong. He has extensive experience in corporate finance, investment and management and had served as an executive director for several listed companies in Hong Kong.

SENIOR MANAGEMENT

Mr. Zhao Jun Rong

Vice President

Mr. Zhao, aged 50, joined the Group as legal consultant, assistant to the Chief Executive Officer and manager of the Strategic Development Department in October 2001 and was appointed as a Vice President of the Company in June 2007. Mr. Zhao graduated from Xiamen University with a master's degree in international economic law and was a lawyer. Mr. Zhao worked successively at China Ping An Insurance Co. and Shenzhen Investment Holding Corporation. Mr. Zhao has extensive experience in corporate management and the legal profession. Mr. Zhao is currently a non-executive director of Shenzhen Expressway Company Limited.

Mr. Hu Wei

Vice President

Mr. Hu, aged 52, was appointed as a Vice President of the Company in August 2011. Mr. Hu graduated from Changsha Railway University (now known as Central South University) with a bachelor's degree in foreign languages (English). He also obtained a master's degree in risk management from University of South Australia and is a senior economist. He worked in a number of organisations including Changsha Railway University, Henan Provincial Commission for Foreign Economic Relations and Trade, Henan Hongkong (Holdings) Limited (the window corporate of Henan Province in Hong Kong) and China Everbright Bank. Mr. Hu has extensive experience in corporate management including investment, financing, capital operations, auditing and risk management. As nominated by the Company, Mr. Hu is currently an executive director and the chairman of the board of directors of Shenzhen Expressway Company Limited.

Mr. Tse Yat Hong

Chief Financial Officer

Mr. Tse, aged 45, joined the Group as Chief Financial Officer in June 2000. Mr. Tse is responsible for the Group's financial management and planning and coordinating the Group's major transactions. Mr. Tse graduated from Monash University in Australia with a bachelor's degree in accounting and computer science. He is a Fellow of the Hong Kong Institute of Certified Public Accountants and a FCPA of CPA Australia. Mr. Tse is currently a non-executive director of Shenzhen Expressway Company Limited and an independent non-executive director of China Huirong Financial Holdings Limited. Prior to joining the Company, Mr. Tse worked in the audit profession in one of the international accounting firms for years. Mr. Tse has extensive experience in accounting, finance and corporate governance matters of listed companies and has broad knowledge in accounting and financial rules and regulations in Hong Kong and China.

REPORT OF THE DIRECTORS

The board of directors of the Company (the "Board") herein present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2014 (the "Year").

PRINCIPAL ACTIVITIES

The Group is principally engaged in the investment, construction and operation of logistic infrastructure facilities, as well as providing various value-added logistic services to customers leveraging its infrastructure facilities and information services platform. Particulars of the principal activities of the Company's principal subsidiaries are set out in note 42 to the financial statements.

RESULTS OF THE GROUP

The Group's results for the Year and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 66 to 132.

DIVIDENDS

The Board recommended a final dividend of HK$0.263 per share for the Year and also recommended a special dividend of HK$0.192 per share. Total dividend for the Year was HK$0.455 per share (2013: HK$0.374). The total dividend for the Year amounted to HK$861 million (2013: HK$620 million).

The Board recommended that the final dividend and the 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 the 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 the special dividend at the forthcoming annual general meeting; and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued pursuant thereto. Details of the Scrip Share Scheme and the election form will be sent to shareholders of the Company on or about 26 May 2015. It is expected that the final dividend warrants and certificates for scrip shares allotted under the Scrip Share Scheme will be despatched to shareholders on or about 23 June 2015.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on pages 5 to 7 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of the changes in the property, plant and equipment of the Group during the Year are set out in note 6 to the financial statements.

INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during the Year are set out in note 7 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the share capital and share options of the Company during the Year, together with the reasons thereof, are set out in note 19 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company (the "Bye-Laws") or the Companies Act of Bermuda which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

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.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in note 20 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company's reserves available for distribution to shareholders, comprising contributed surplus, retained earnings and other distributable reserves, amounted to approximately HK$1,565,503,000 (2013: HK$1,439,062,000). The share premium of the Company may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

Both the revenue attributable to the largest five customers combined and the purchases attributable to the largest five suppliers combined of the Group accounted for less than 30% of the Group's total revenue and purchases respectively for the Year.

DIRECTORS

The directors of the Company (the "Directors") during the Year and up to the date of this report were:

Executive Directors

Mr. Gao Lei *(Chairman)*
Mr. Li Jing Qi
Mr. Zhong Shan Qun (appointed on 15 January 2015)
Mr. Liu Jun
Mr. Li Lu Ning
Mr. Yang Hai (resigned on 24 December 2014)

Non-executive Director

Dr. Yim Fung (appointed on 22 May 2014)
Professor Wong Yuk Shan (resigned on 22 May 2014)

Independent non-executive Directors

Mr. Leung Ming Yuen, Simon
Mr. Ding Xun
Mr. Nip Yun Wing

In accordance with the Company's Bye-Law 100 (supplemented by Bye-Law 189(v)), Mr. Zhong Shan Qun and Dr. Yim Fung will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election as Directors.

In accordance with the Company's Bye-Law 109(A), Messrs. Liu Jun, Li Lu Ning and Ding Xun will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election as Directors.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisting during or at the end of the Year.

DIRECTORS' INTERESTS IN SECURITIES

The interests in securities of the Directors are separately disclosed in the section headed "**DISCLOSURE OF INTERESTS**" on pages 63 to 64 of this Annual Report. In addition, the interests of the Directors in the share options of the Company are disclosed in the section headed "**SHARE OPTION SCHEME**" below.

SHARE OPTION SCHEME

The Company had operated a share option scheme (the "Expired Scheme") for 10 years from 30 April 2004 to 29 April 2014 to reward and motivate the eligible participants whose contributions are important to the long-term growth and profitability of the Group. Eligible participants of the Expired Scheme include (a) any full-time employee of the Group, (b) any director (including executive, non-executive or independent non-executive directors) of the Group, associates and joint ventures of the Group or (c) any substantial shareholder of the Company.

The following table lists the details of the outstanding share options which were granted under the Expired Scheme and their movements during the Year (Note 1):

Name and category of participants	Date of grant of share options	Exercise period of share options	Exercise price of share options *(Note 5)*	Number of unlisted share options (physically settled equity derivatives): As at 1 January 2014	Granted during the Year	Exercised during the Year	Cancelled/ lapsed during the Year	As at 31 December 2014	Share price of the Company *(Note 6)*: As at the date of grant of share options	As at the date of exercise of share options
			HK$						HK$	HK$
Directors										
Mr. Gao Lei	18 January 2013 *(Note 2)*	28 September 2014 to 27 September 2015	9.10	656,000	–	536,000	–	120,000	8.800	12.220
	29 January 2014 *(Note 3)*	29 January 2016 to 28 January 2019	10.40	–	1,400,000	–	–	1,400,000	9.700	N/A
Mr. Li Jing Qi	28 September 2010 *(Note 4)*	28 September 2012 to 27 September 2015	5.80	510,000	–	–	–	510,000	5.900	N/A
	29 January 2014 *(Note 3)*	29 January 2016 to 28 January 2019	10.40	–	1,330,000	–	–	1,330,000	9.700	N/A
Mr. Liu Jun	28 September 2010 *(Note 4)*	28 September 2012 to 27 September 2015	5.80	429,000	–	–	–	429,000	5.900	N/A
	29 January 2014 *(Note 3)*	29 January 2016 to 28 January 2019	10.40	–	1,050,000	–	–	1,050,000	9.700	N/A
Mr. Li Lu Ning	18 January 2013 *(Note 2)*	28 September 2014 to 27 September 2015	9.10	525,000	–	525,000	–	–	8.800	12.072
	29 January 2014 *(Note 3)*	29 January 2016 to 28 January 2019	10.40	–	1,050,000	–	–	1,050,000	9.700	N/A
Mr. Yang Hai *(Note 7)*	28 September 2010 *(Note 4)*	28 September 2012 to 27 September 2015	5.80	473,100	–	–	–	473,100	5.900	N/A
	29 January 2014 *(Note 3)*	29 January 2016 to 28 January 2019	10.40	–	1,050,000	–	–	1,050,000	9.700	N/A
				2,593,100	5,880,000	1,061,000	–	7,412,100		
Other employees										
In aggregate	28 September 2010 *(Note 4)*	28 September 2012 to 27 September 2015	5.80	11,241,420	–	4,994,061	537,000	5,710,359	5.900	10.826
	18 January 2013 *(Note 2)*	28 September 2014 to 27 September 2015	9.10	800,000	–	525,000	–	275,000	8.800	12.220
	29 January 2014 *(Note 3)*	29 January 2016 to 28 January 2019	10.40	–	27,000,000	–	600,000	26,400,000	9.700	N/A
				12,041,420	27,000,000	5,519,061	1,137,000	32,385,359		
				14,634,520	32,880,000	6,580,061	1,137,000	39,797,459		

Notes:

(1) As the Share Consolidation became effective on 13 February 2014, the information regarding the share options (including exercise price, number and share price of the Company) was disclosed on the basis of the information after the Share Consolidation became effective.

(2) These share options granted has been vested on 28 September 2014.

(3) 40% of these share options granted will be vested on the date which is 24 months after 29 January 2014 (the "Date of Grant of 2014 Share Options"); another 30% of these share options granted will be vested on the date which is 36 months after the Date of Grant of 2014 Share Options; and the remaining 30% of these share options will be vested on the date which is 48 months after the Date of Grant of 2014 Share Options. Vesting of these share options is conditional upon the achievement of certain performance targets by the individual grantees and the Group.

(4) *40% of these share options granted has been vested on the date which is 24 months after 28 September 2010 (the "Date of Grant of 2010 Share Options"); another 30% of these share options granted has been vested on the date which is 36 months after the Date of Grant of 2010 Share Options; and the remaining 30% of these share options has been vested on the date which is 48 months after the Date of Grant of 2010 Share Options.*

(5) *The exercise price of the share options was subject to adjustment in the event of rights or bonus issues or other similar changes in the Company's share capital.*

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

(7) *Mr. Yang Hai has resigned as an executive director of the Company with effect from 24 December 2014.*

The Group is in compliance with the requirements as stipulated in Hong Kong Financial Reporting Standard 2 "Share-based Payment". During the Year, provisions amounting to HK$31,209,000 were made for the cost of share options granted by the Company, and was already recognised in the Consolidated Income Statement. Upon exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Share options which lapse or are cancelled prior to the expiration of their exercise date are deleted from the register of outstanding share options.

Details of the model and significant assumptions used to estimate the fair value of the share options granted by the Company to eligible participants during the Year are set out in note 19 to the consolidated financial statements. Such option pricing model requires input of subjective assumptions. Any changes in the subjective input assumptions may materially affect the estimation of the fair value of the share options.

Upon the expiration of the Expired Scheme on 29 April 2014, a new share option scheme (the "New Scheme") was approved and adopted by the shareholders of the Company at the annual general meeting held on 16 May 2014. The New Scheme will be operated for 10 years from 16 May 2014. The New Scheme is established to recognise, motivate and provide incentives to those who make contributions to the Group. Eligible participants of the New Scheme include (a) any full-time employee of the Group, (b) any director (including executive, non-executive or independent non-executive directors) of the Group, associates and joint ventures of the Group or (c) any substantial shareholder of the Company, to be determined by the Board.

The total number of shares of the Company available for issue under the New Scheme is 165,905,769 shares which represent approximately 9% of the issued share capital of the Company as at the date of this Annual Report. No share options has been granted under the New Scheme during the Year.

Under both of the Expired Scheme and the New Scheme, the total number of shares of the Company issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the shares of the Company in issue. Further, where any further grant of share options to an eligible participant would result in the shares of the Company issued and to be issued upon exercise of all share options granted and to be granted to such eligible participant (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares of the Company in issue, such further grant must be separately approved by the shareholders of the Company in general meeting.

Under both of the Expired Scheme and the New Scheme, an offer of a grant of share options may be accepted within 7 days from the respective date of the offer with a cash consideration of HK$1 payable by the grantee to the Company. The period for the exercise of a share option for both schemes is determined by the Board, but in any event such period shall not go beyond 5 years from the date of offer.

Under both of the Expired Scheme and the New Scheme, the subscription price is solely determined by the Board and shall be at least the higher of: (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of offer; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

The interests in securities of substantial shareholders of the Company and other persons are separately disclosed in the section headed "**DISCLOSURE OF INTERESTS**" on pages 63 to 64 of this Annual Report.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of significant related party transactions of the Group (which do not constitute connected transactions or continuing connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) are set out in note 41 to the financial statements.

There were no connected transactions and continuing connected transactions between the Group and its connected persons (as defined under the Listing Rules) which are subject to the reporting, announcement and the independent shareholders' approval requirement under the Listing Rules for the Year.

POST BALANCE SHEET EVENTS

Details of events after the balance sheet date of the Group are set out in note 43 to the financial statements.

DONATIONS

During the Year, the Group made charitable and other donations amounted to approximately HK$751,000.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the "**Corporate Governance Report**" on pages 49 to 62 of this Annual Report.

AUDITOR

There have been no changes of the auditor of the Company during the past three years. Messrs. PricewaterhouseCoopers will retire and a resolution for their re-appointment as the auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Gao Lei
Chairman

Hong Kong, 27 March 2015

The Company believes that sound corporate governance goes beyond merely meeting the basic requirements of the regulatory authorities for listed companies' operation. More importantly, it fulfils the Company's internal development needs. Several governance guidelines and procedures have been established over the years, including "Constitution of the Board of Directors", "Terms of reference of Executive Board Committee" and "Rules Governing Information Disclosure". These rules aim to clearly define the duties, scope of authority and standards of conduct, thereby enhancing corporate governance standards which are continually reviewed and improved through practice.

Throughout the year ended 31 December 2014 (the "Year"), the Company has complied with the code provisions set out in "Corporate Governance Code and Corporate Governance Report", Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (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 (the "2014 AGM") 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 the shareholders of the Company (the "Shareholders"). Below are the corporate governance practices adopted by the Group.

THE BOARD

The board of directors of the Company (the "Board") is responsible for leading the Group's development, establishing the Group's strategic goals, and ensures that the necessary financial and human resources are in place for the Group to meet its objectives. The principal duties of the Board are to manage and decide on the Group's strategic plans, management structures, investment and funding, financial control, human resources, and so forth. Significant matters of the Group are required to be approved by the Board, including (but not limited to) the following:

- formulating corporate development plans;
- formulating the Company's operational and management strategies;
- approving financial statements;
- approving notifiable transactions and connected transactions of the Group as required under the Listing Rules;
- formulating and approving internal control and risk management systems; and
- distributing dividends.

As at the date of this report, the Board comprises nine directors, including five executive directors: Messrs. Gao Lei, Li Jing Qi, Zhong Shan Qun, Liu Jun and Li Lu Ning; one non-executive director: Dr. Yim Fung; and three independent non-executive directors: Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing.

Changes in Board members during the Year and up to the date of this report are as follows:

- Professor Wong Yuk Shan resigned as a non-executive director of the Company on 22 May 2014;
- Dr. Yim Fung was appointed as a non-executive director of the Company on 22 May 2014;
- Mr. Yang Hai resigned as an executive director of the Company on 24 December 2014; and
- Mr. Zhong Shan Qun was appointed as an executive director of the Company on 15 January 2015;

Biographical details of the directors of the Company are set out in the section headed "Biographies of Directors and Senior Management"on pages 40 to 43 of this annual report.

BOARD MEETINGS

The Board meets regularly and holds at least four meetings a year at approximately quarterly interval. The Company will convene Board meetings to discuss and consider all contemplated significant transactions, connected transactions or notifiable transactions as required under the Listing Rules so as to give all directors of the Company an opportunity to attend in person and provide their comments before the Group proceeds with the same. If a substantial Shareholder or a director has a conflict of interest in a material matter, a Board meeting shall be held and the interested director shall abstain from voting.

In 2014, a total of seven Board meetings were held. Notice of at least 14 days were given for regular Board meetings and notice of at least seven days were given for meetings other than regular meetings. To ensure all directors of the Company are given opportunities to make suggestions on agenda items to be discussed in Board meetings, all draft agendas for Board meetings are provided to all directors for their comment prior to the meetings. The Chairman and non-executive directors (including the independent non-executive directors) meet at least once every year without the presence of executive directors and the management and such meeting was held in November 2014.

The following major issues were addressed in the Board meetings held in 2014:

- considering the share consolidation of the Company;
- approving the signing of an agreement with the relevant government authorities in Shenzhen regarding the toll adjustment for certain section of Meiguan Expressway which was owned by the Group, the transfer of related assets, and the compensation arrangement to be made by the government authorities;
- approving and considering the 2013 annual results and the payment of dividend;
- approving the 2014 interim results;
- reviewing the results and business operations of the first and third quarters of 2014;
- considering the adoption of the new share option scheme;
- approving the appointment of Dr. Yim Fung as a non-executive director of the Company; and
- considering the proposed arrangements for acquisition of certain parcels of land in Longhua New Area, Shenzhen (the "Meilin Checkpoint Land Parcels").

Specialised Committees of the Board

In order to assist the Board in discharging their duties in a more efficient manner, the Board has established three specialised committees, namely the Audit Committee, Nomination Committee and Remuneration Committee with separate terms of reference which clearly defined their respective duties. They are required to review and monitor matters in specific areas of the Company and make recommendations to the Board while the right to make decision for all matters rests with the Board. Each Board committee has its terms of reference and such terms of reference have been approved by the Board.

The written terms of reference of all specialised committees specify that upon reasonable requests, the Board Committees may seek independent professional advice so that the Board Committees can properly discharge their responsibilities to the Company. The costs for engaging professional advice shall be borne by the Company.

The responsibilities and the work performed by each Board committee during 2014 are set out below:

Audit Committee (established in 1995)

The Audit Committee consists of three independent non-executive directors of the Company, namely Mr. Leung Ming Yuen, Simon (Chairman), Mr. Ding Xun and Mr. Nip Yun Wing.

Responsibilities and work performed in 2014

Under the terms of reference of the Audit Committee, the main duties of the Audit Committee include the following:

- to make recommendation to the Board on the appointment and removal of the auditor of the Company, and to approve the remuneration and terms of engagement of the auditor, and any matters in connection with the resignation or dismissal of the auditor;
- to monitor the integrity of financial statements of the Company and to review significant opinions in respect of the financial information contained therein;
- to review the Group's financial controls, internal control and risk management systems and to review the Group's representations on internal control systems contained in the annual report;
- to discuss with the management on the internal control system and to ensure that the management has discharged its duty to establish an effective internal control system, including reviewing the adequacy of resources, qualifications and experiences of staff of the Group's accounting and financial reporting function; and
- to review arrangements by which employees, in confidence, can raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee is to ensure proper arrangements are in place for the fair and independent investigation of such concerns and appropriate follow up actions.

The Audit Committee held 3 meetings during 2014 and the following major issues were reviewed and discussed in the meetings:

- reviewed the annual results for 2013 and the interim results for 2014, and confirmed the related disclosures in the financial statements were complete, accurate and fair and recommended the same to the Board for approval;
- approved the auditor's fees for the audit of 2013 financial statements and fees for the review of 2014 interim financial statements;
- recommended on the re-appointment of the auditor;
- reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programme and related budget; and
- reviewed the relevant procedures of internal control and risk management.

During the Year, the Audit Committee met the auditor of the Company twice in the absence of the management.

Nomination Committee (established in December 2003)

The Nomination Committee consists of two independent non-executive directors and one executive director of the Company. The current members are Mr. Ding Xun (Chairman), Mr. Leung Ming Yuen, Simon and Mr. Zhong Shan Qun. Mr. Zhong Shan Qun was appointed a member of the Nomination Committee in place of Mr. Li Jing Qi with effect from 27 March 2015.

Responsibilities and work performed in 2014

Under the terms of reference of the Nomination Committee, the main duties of the Nomination Committee include the following:

- to identify and recommend to the Board individuals suitably qualified to be a director of the Company;
- to assess the qualification and experience of candidates for directors and the independence of independent non-executive directors of the Company and advise the Board thereon;
- to assess qualification and experience of the directors who are subject to retirement by rotation and re-election at each annual general meeting and advise the Board thereon;
- to review the structure, size and composition (including the skills, knowledge and experience) of the Board; and
- to review the Board Diversity Policy, as appropriate, including any measurable objectives that it has set for implementing the Board Diversity Policy and the progress on achieving these objectives.

The Nomination Committee held 2 meetings during 2014, the following major issues were reviewed and discussed during the Year:

- making recommendation to the Board for the appointment of Dr. Yim Fung as a non-executive director of the Company;
- reviewed and confirmed the independence of the 3 independent non-executive directors;
- reviewed the structure, composition and diversity of the Board; and
- evaluated and made recommendation as to the performance of the directors of the Company who were subject to retirement by rotation and re-election at the 2014 AGM.

Regarding the nomination of candidates as directors of the Company, the Nomination Committee would consider a number of factors including gender, age, length of service, professional qualification and experience. The Nomination Committee will also assess the merits and contribution of any candidate nominated to be a director and against the objective criteria, with due regard for the benefits of diversity on the Board that would complement the existing Board.

Remuneration Committee (established in December 2003)

The Remuneration Committee consists of two independent non-executive directors and one executive director of the Company. The current members are Mr. Ding Xun (Chairman), Mr. Leung Ming Yuen, Simon and Mr. Li Lu Ning.

Responsibilities and work performed in 2014

Under the terms of reference of the Remuneration Committee, the main duties of the Remuneration Committee include the following:

- to determine the level, policy and structure of remuneration of directors and senior management of the Company, and to establish a formal and transparent procedure for developing policy on such remuneration;
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- to review and make recommendations to the Board in respect of the remuneration level of individual directors and senior management, and to ensure that no director or management or any of their associates is involved in deciding his/her own remuneration; and
- to determine the remuneration packages of all executive directors and senior management of the Company, including benefits in kind, pension fund and compensation payments (including any compensation payable for loss or termination of their office or appointment).

The emoluments payable to executive directors of the Company are determined by reference to their experiences and duties with the Company and the fees payable to non-executive directors are determined by reference to the estimated time spent by them on the Company's matters. The Remuneration Committee determines the remuneration packages of each individual executive director and senior management, including benefits in kind, pension entitlements and compensation payments. During the Year, the Remuneration Committee had communicated with the Chief Executive Officer about proposals relating to the remuneration packages of other executive directors and senior management.

The Remuneration Committee held 2 meetings during 2014, the following major issues were reviewed and discussed in the meetings:

- approved bonus payments for 2013 to the senior management;
- considered the entering into of the service contract with Dr. Yim Fung, a non-executive director of the Company;
- considered and approved the entering into of new service contracts with an executive director and a member of the senior mangement of the Company; and
- considered and approved the grant of share options to the executive directors and senior management of the Company.

Pursuant to paragraph B.1.5 of the Corporate Governance Code, the remuneration of the members of the senior management for the Year by band is set out below:

Remuneration band	Number of individuals
HK$2,000,001 - HK$3,000,000	3
HK$4,000,001 - HK$5,000,000	1

Details of the directors' fee and other emoluments of the directors of the Company are set out in note 31 to the financial statements.

The attendance records of the Board meetings, Committee meetings and general meetings of the Company held in 2014

Details of the directors' attendance at the Board meetings and Committee meetings and general meetings of the Company held in 2014 are set out in the following table:

	Number of Meetings Attended/Number of Meetings Held						
Directors Note 1	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Executive Board Committee**	**2014 AGM**	**SGM**
Executive directors							
Mr. Gao Lei *(Chairman)*	**6**/7	N/A	N/A	N/A	**24**/24	**1**/1	**2**/2
Mr. Li Jing Qi	**7**/7	N/A	**1**/2	N/A	**24**/24	**1**/1	**2**/2
Mr. Liu Jun	**7**/7	N/A	N/A	N/A	**19**/24	**1**/1	**2**/2
Mr. Li Lu Ning	**6**/7	N/A	N/A	**2**/2	**23**/24	**1**/1	**1**/2
Mr. Yang Hai Note 2	**5**/7	N/A	N/A	N/A	**13**/23	**0**/1	**1**/2
Non-executive directors							
Dr. Yim Fung Note 3	**3**/3	N/A	N/A	N/A	N/A	N/A	**0**/1
Professor Wong Yuk Shan Note 4	**3**/4	N/A	N/A	N/A	N/A	**0**/1	**0**/1
Independent Non-executive directors							
Mr. Leung Ming Yuen, Simon	**7**/7	**3**/3	**2**/2	**2**/2	N/A	**1**/1	**2**/2
Mr. Ding Xun	**7**/7	**3**/3	**2**/2	**2**/2	N/A	**0**/1	**0**/2
Mr. Nip Yun Wing	**6**/7	**3**/3	N/A	N/A	N/A	**1**/1	**2**/2

Note:

(1) As Mr. Zhong Shan Qun was appointed as an executive director of the Company on 15 January 2015, details on his attendance has not been shown in the above table.

(2) Mr. Yang Hai resigned as an executive director of the Company on 24 December 2014.

(3) Dr. Yim Fung was appointed as a non-executive director of the Company on 22 May 2014.

(4) Professor Wong Yuk Shan resigned as a non-executive director of the Company on 22 May 2014.

Directors are expected to devote sufficient time and attention to performing their duties and discharging their responsibilities towards the Group. The high attendance record at the Board and its committee meetings in 2014 demonstrates the directors' strong commitment to the Company.

SUPPLY OF AND ACCESS TO INFORMATION

Agendas of all Board meetings and the accompanying Board papers are sent to all directors in a timely manner and at least seven days before the intended date of the meetings.

The management of the Company supplies the Board and its specialised committees with adequate, complete and reliable information in a timely manner to enable directors of the Company to make informed decisions. The Board and each director of the Company have separate and independent access to the Company's senior management.

To enhance communication, the Company has established an online intranet system for the directors of the Company and the members of all specialised committees under the Board to have access to meeting materials and documents of the Board and related committees.

The Board is provided with the Group's monthly management report which give a balanced and understandable assessment of the Group's performance, position and prospects in sufficient details to keep the Board abreast of the Group's affairs and facilitate directors to discharge their duties under the Listing Rules.

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer of the Company are two distinct and separate positions, which are held by Mr. Gao Lei and Mr. Li Jing Qi respectively, and they are both executive directors of the Company. The Chairman is responsible for the effective running of the Board whereas the Chief Executive Officer is responsible for day-to-day business operations of the Group. The respective responsibilities of the Chairman and Chief Executive Officer have been clearly established and set out in written form as "The Roles of the Chairman and Chief Executive Officer" of the Company.

APPOINTMENT OF DIRECTORS

Each director of the Company (including the non-executive director) entered into a service contract with the Company for a term of three years and is subject to retirement by rotation but is eligible for re-election at the annual general meeting in accordance with the bye-laws of the Company. None of the directors of the Company proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Company's bye-laws have specified that all new directors of the Company appointed during the year to fill a casual vacancy or as an addition to the Board are subject to re-election by Shareholders at the first annual general meeting after appointments. Each director shall be subject to retirement by rotation at least once every three years pursuant to the Company's bye-laws.

The Board considers that its diversity is a vital asset to the business. The Board adopted a Board Diversity Policy in 2013 for better transparency and governance.

Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

TRAINING AND SUPPORT OF DIRECTORS

The Company has prepared the materials "An Induction for Newly Appointed Directors" to provide every newly appointed director with related materials and documents to ensure his/her proper understanding of director's duties and responsibilities and operations of the Company. The Company Secretary is responsible for keeping all directors updated on the Listing Rules and other statutory requirements.

During the Year, all directors of the Company have participated in continuous professional development by attending seminars or reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company Secretary.

Directors	**Topics on training covered** *(Note)*
Mr. Gao Lei	a,b,c
Mr. Li Jing Qi	a,b,c
Mr. Liu Jun	a,b,c
Mr. Li Lu Ning	a,b,c
Mr. Yang Hai*	a,b,c
Dr. Yim Fung**	a,b
Professor Wong Yuk Shan***	a,b
Mr. Leung Ming Yuen, Simon	a,b
Mr. Ding Xun	a,b
Mr. Nip Yun Wing	a,b

Note:

(a) corporate governance
(b) regulatory
(c) industry-specific

* *Mr. Yang Hai resigned as an executive director of the Company on 24 December 2014.*
** *Dr. Yim Fung was appointed as a non-executive director of the Company on 22 May 2014.*
*** *Professor Wong Yuk Shan resigned as a non-executive director of the Company on 22 May 2014.*

INDEPENDENCE

The Board has received from each independent non-executive director a written annual confirmation of their independence and the Company considers that all independent non-executive directors are independent pursuant to the requirements as set out in the Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Board adopted a code of conduct (the "Code of Conduct") in respect of securities transactions of the Company by directors and relevant employees of the Group on terms more stringent than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Listing Rules. Relevant employees include any employees of the Company or directors or employees of subsidiaries of the Company who, as a result of their office or employment, are likely to be in possession of inside information in relation to the Group.

The Company, having made specific enquiry to all directors of the Company, confirms that all directors of the Company have complied with the standards set out in the Model Code and the Code of Conduct at all times throughout the Year.

INSURANCE ON DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for liability insurance cover to indemnify the Board, directors and certain members of the senior management of the Company. Purchase of liability insurance for the directors of the Company can enhance the Company's ability to reduce exposure to risks. The insurance coverage is reviewed on an annual basis.

DIVISION OF AUTHORITIES BETWEEN THE BOARD AND THE MANAGEMENT

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Group and the Board delegates its management and administration functions to the management, and established the Executive Board Committee to manage and monitor, on behalf of the Board, the day-to-day operations of the Group and to implement all decisions made by the Board as well as to oversee corporate governance matters of the Group.

Executive Board Committee

Members of the Executive Board Committee were appointed by the Board. The Committee consists of five executive directors, namely Mr. Gao Lei, Mr. Li Jing Qi, Mr. Zhong Shan Qun, Mr. Liu Jun and Mr. Li Lu Ning. Mr. Yang Hai ceased to be a member of Executive Board Committee with effect from 24 December 2014 while Mr. Zhong Shan Qun was appointed as a member of the Executive Board Committee with effect from 15 January 2015.

Responsibilities and works performed in 2014

The duties and authorities of the Executive Board Committee are set out in its written terms of reference, which mainly include:

(1) to monitor all business operations of the Group;

(2) to prepare and approve the Group's business plans and annual budget;

(3) to deal with the ordinary business of the Group and to authorise the Chief Executive Officer to take the lead on the management for the day-to-day operations of the Group, and to authorise individual executive directors of the Company to deal with the daily operation of various businesses of the Group;

(4) to consider and review notifiable transactions of the Group as required under the Listing Rules and advise the Board thereon;

(5) to provide information and reports of the Group upon requests by the Audit Committee, to attend and to arrange the management staff of the Group and professional advisors attending the Audit Committee meetings, and answering questions raised by the Audit Committee at such meetings;

(6) to arrange appointment of professional advisors and institutions to provide assistance and advices for specialised committees under the Board;

(7) to develop and review the Company's policies and practices on corporate governance;

(8) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors;

(9) to review and monitor the training and continuous professional development of the directors and senior management of the Company;

(10) to review the Company's compliance with the Corporate Governance Code and its disclosure in the Corporate Governance Report contained in the Company's annual report; and

(11) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements.

The Executive Board Committee reports its decisions and recommendations to the Board in a timely manner, and the minutes of meetings of the Committee in relation to material matters and decisions are circulated to members of the Board within reasonable time after the meetings.

During the Year, the Executive Board Committee convened 24 meetings. The meetings discussed and considered the Company's annual and interim results, business development, placement and major transactions in relation to the arrangements for acquisition of the Meilin Checkpoint Land Parcels and provided recommendations thereon to the Board. Such meetings also discussed business development plans of the Group's subsidiaries, capital expenditure and loans, considered the budgets for year 2015; and adjustment of financing plan, opening and cancellation of bank accounts as well as reviewed policies for corporate governance, etc.

FINANCIAL REPORTING

The directors of the Company acknowledge their responsibility for preparing financial statements that give a true and fair view of the financial position, results and cash flow of the Group. In preparing the financial statements for the year ended 31 December 2014, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable and has prepared the financial statements on a going concern basis. For details of the basis of preparation of the financial statements, please refer to Note 2.1 to the consolidated financial statements in this Report.

The Board and the Audit Committee conducted an annual review on the adequacy of resources, qualifications and experience of staff for the Group's accounting and financial reporting function, their training programmes and related budget.

The reporting responsibilities of the directors and the external auditor are further set out in the Independent Auditor's Report in this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

By working out an overall strategy on enterprise development, the Group leads and supports its subsidiaries to achieve enterprise development in accordance with the Group's strategic plans. The Group achieves sustainable development through good and regulated management by adjusting, improving and enhancing its subsidiaries' mode of internal management.

As a holding company, the Company has been implementing effective management over its subsidiaries. In order to further establish the management and control procedures in relation to the strategic compilation and implementation, operational planning and budgeting and performance assessment in the subsidiaries, the Company formulated the "Guidelines for Group Management" in 2012. In 2013, the Company improved the control models over its subsidiaries, and adopted the control models, including "strategic design", "strategic management", and "strategic control with some functions focused on strategic design" for listed toll road company, logistics (other than logistics development) and logistics development businesses, respectively, subject to their level of decentralisation. In addition, the Company improved the corporate governance structure for its subsidiaries.

According to the Group's development strategy, the Group focused on developing its logistics and toll road business. In 2012, the Group set the direction for the strategic development of the "China Urban Integrated Logistics Hub", and organised its implementation. As the construction works of the "China Urban Integrated Logistics Hub" project commenced, the Group in 2015 will enhance the management and control over the construction works, effectively control the construction costs, and ensure the construction quality. In addition, the Group will ensure compliance with the laws and regulations governing project construction and management.

Corporate Internal Management and Control Model

Function Positioning of Headquarters of the Group

Based on the respective industry characteristics, maturity levels of businesses and corporate development stages of its subsidiaries, the Group confirmed the headquarters' core functions as investment, financing, decision making and backup support.

Management Control

Based on the needs of its strategic management control model, the Group has ensured that its subsidiaries' material operating activities are conducted in accordance with the Group's strategic plans and objectives by controlling, supporting and guiding important economic activities of its subsidiaries such as budget management, performance appraisal, investment management, capital management, construction management, remuneration management, assets and equity structure, human resources and information management, thereby ensuring an effective implementation of the Group's strategic plans.

Systems Build-up

Based on the content of the management control model, the Group has reviewed and improved its control procedures and established clearly defined policies and procedures. With such policies, the Group has set up a strict authorisation system and a rationalised operation workflow to ensure that various operating activities are properly authorised; to safeguard the Company's assets and the interests of Shareholders; and to continuously enhance implementation efficiency through a regime on system amendment and improvement.

In 2014, based on the new management control model, the Company's headquarters identified differentiated management and control models, key management and control points, and segregated duties for its different subsidiaries, while creating a complete system to revise and improve all policies and procedures. In addition, the Company optimised the performance-based remuneration system, while effectively ensuring the efficient operation of internal organisations at all levels to meet the operational and governance needs of the Company.

Risk Management

The Company continues to review its risk management framework and system of internal controls based on the control environment, financial control, operational control, compliance control, and risk management functions. The Company's risk management system focuses on risk identification, risk assessment and risk prevention. The risk governance structure comprises the Board, the Audit Committee, the management of the Company, risk management department and risk coordinators at other departments.

The Company performs risk assessment and risk reporting quarterly and annually in accordance with the "Comprehensive Risk Management Regulations" adopted by the Company. The Company has ongoing process to identify and evaluate the material risks faced by the Group and has in place risk management strategies to manage those risks. The risk management department oversees material risks of the Group on an ongoing basis.

The Board requires the management to review the implementation of internal control and risk management at the end of each year. Through a comprehensive assessment on the Company and its subsidiaries conducted by the risk management department based on an ongoing basis, the management will determine whether the internal control and risk management systems are able to meet the expected objectives, and will make recommendations for improving any control deficiency in the systems.

The Company believes that the implementation of such internal control and risk management measures can effectively manage any material risks the Group may face and mitigate the impact of risk incidents on the Group, thereby protecting Shareholders' interests and the Company's assets and attaining the long-term strategic objectives of the Company.

During the Year, the Board has comprehensively reviewed the Group's internal control and risk management systems and their effectiveness, and found that the implementation thereof progressed well and that there were no significant control failures or weaknesses. The Board considered that the relevant systems were effective and sufficient to enable the Group to achieve its operation and governance objectives. The Board will continue to urge the management of the Company to enhance the internal control and risk management systems in order to ensure an effective operation of the systems.

Functions of Risk Management Department

In 2002, the Group set up an internal audit department. In 2013, the internal audit department was renamed the risk management department in the adjustment of the Group's management control model and was given the additional responsibility of overseeing legal affairs. The addition of legal and auditing personnel effectively enhanced the Group's internal control and risk management functions. The risk management department has the following main functions:

- internal control and risk management
- internal audit
- performing financial due diligence in respect of investment projects
- oversight of asset valuation
- conducting comprehensive review of the investment projects
- oversight of legal affairs

INDEPENDENT AUDITOR

During the Year, the fees paid and payable to the Company's auditor, PricewaterhouseCoopers, for audit services and non-audit services, were approximately HK$3,840,000 and HK$1,316,000 respectively. The non-audit services included professional tax consultation and professional services in connection with the issue of letter in relation to sufficiency of working capital of the Group and the statement of the Group's indebtedness as a result of the entering into of a major transaction of the Company, the certification of adjustments to the share options as a result of the share consolidation of the Company, etc.

The Audit Committee has reviewed the audit fees, procedures and effectiveness, and assessed the independence and objectivity of PricewaterhouseCoopers and recommended to the Board the reappointment of PricewaterhouseCoopers as the Company's auditor for 2015 at the forthcoming annual general meeting.

COMPANY SECRETARY

The Company has appointed the company secretary who is responsible for providing secretarial services to the Board and ensuring the operation of the Company is in compliance with Hong Kong listed companies' regulatory requirements as well as enhancing its corporate governance standards.

Directors of the Company have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Minutes of Board meetings and meetings of all specialised committees under the Board are kept by the Company Secretary and are available for inspection by the directors of the Company at all times.

Minutes of Board meetings and meetings of all specialised committees under the Board are recorded by the Company Secretary (who is also the secretary of each of the specialised committees) in sufficient details on the matters considered by all directors and decisions reached, including any concerns raised by directors of the Company or dissenting views expressed. Draft minutes of Board meetings and meetings of all specialised committees under the Board are provided to relevant directors for their comments and the final version of the same are given to relevant directors for their records within a reasonable time.

During the Year, the Company Secretary undertook over 15 hours of professional training to update her skills and knowledge.

GENERAL MEETINGS

Each annual or special general meeting provides a channel of direct communication between the Board and the Shareholders. Therefore, the Company has high regard for general meetings and all directors and senior management are requested to make their best effort to attend. In respect of each matter (including re-election of directors) at general meetings of the Company, separate resolutions are proposed by the Chairman of that meeting. At general meetings, all Shareholders are entitled to provide recommendations or conduct inquiries to directors and senior management of the Company regarding issues about the Group's business and operating activities. Directors and senior management of the Company shall explain and elaborate in response to Shareholders' inquiries and recommendations.

The Chairmen of the Board and the Audit Committee, and members of the Remuneration Committee and Nomination Committee attended the annual general meeting held in 2014 to answer questions raised by the Shareholders.

During the Year, the Company held three general meetings. Below is a summary of the matters resolved at the general meetings:

Date	Matters resolved at the general meetings
2014	
12 February	• the share consolidation of every ten (10) issued and unissued shares of par value HK$0.10 each in the share capital of the Company into one (1) share of par value HK$1.00 and such related matters.
16 May	• receipt of the audited financial statements and the reports of the directors and of the auditors for the year ended 31 December 2013; • payment of the final dividend for the year ended 31 December 2013; • re-election of the retiring directors of the Company and authorisation of the Board to fix the directors' remuneration; • re-appointment of auditors of the Company and authorisation of the Board to fix their remuneration; • granting of a repurchase mandate to the directors to repurchase shares in the Company; • granting of a general mandate to the directors of the Company to allot, issue and otherwise deal with the shares in the Company; • extending the general mandate granted to the directors to allot, issue and otherwise deal with the shares in the Company; and • adoption of the new share option scheme of the Company.
7 November	• the entering into of an agreement between the Company, 深圳市龍華新區管委會 (Shenzhen Longhua New Area Administrative Committee) and Shenzhen Expressway Company Limited in relation to the payment of land premium and the transactions contemplated thereunder.

Voting by poll on shareholders' resolutions

All resolutions at the general meetings of the Company shall be decided by poll so as to allow Shareholders to have one vote for every share held.

Before commencement of the general meetings, the Chairman of the general meetings explained clearly to Shareholders present the detailed procedures for conducting a poll. The Company posted the poll results on the websites of the Stock Exchange and the Company on the date of the general meetings.

SHAREHOLDERS' RIGHTS

Convening of special general meeting ("SGM") on requisition of shareholders

In accordance with the Companies Act 1981 of Bermuda (the "Companies Act"), registered Shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth (10%) of the paid-up capital of the Company shall have the right to submit a written requisition requiring a SGM to be convened by the Board.

The written requisition (i) must state the purposes(s) of the meeting, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified by the Company's share registrar and upon its confirmation that the requisition is proper and in order, the Company Secretary will make arrangements in accordance with the relevant laws and regulations for the Board to convene a SGM by serving sufficient notice to all Shareholders.

Procedures for putting forward proposals at general meetings

In accordance with Sections 79 and 80 of the Companies Act, the registered Shareholders are entitled to put forward a proposal at a general meeting if they:

(a) represent not less than one-twentieth (5%) of the total voting rights of the Company at the date of the deposit of the requisition; or

(b) are not less than 100 registered Shareholders.

The written requisition stating the resolutions is duly signed by the registered Shareholder(s) concerned, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with must be deposited at the registered office of the Company. The Company would take appropriate actions and make necessary arrangements, and the Shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act once valid documents are received.

The Board is grateful to Shareholders for their views, and welcomes their questions and concerns raised in relation to the management and governance of the Group. Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary at Rooms 2206-2208, 22nd Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong.

Procedures for proposing a person for election as a director of the Company

As regards the procedures for proposing a person for election as a director of the Company, please refer to the procedures made available under the Corporate Governance section of the Company's website.

Information Disclosure

Information disclosure is not merely an ongoing responsibility and obligation that a listed company must fulfill. Credible information disclosure can effectively build a bridge of communication and understanding between investors, regulatory authorities, the public and the Company. This can facilitate a broader and more thorough understanding of the Company's values. To regulate information disclosure of the Company and protect the legal rights of the Company and its Shareholders, creditors and related interested parties, the Company adopted the "Rules Governing Information Disclosure" by reference to the Listing Rules and the circumstances of the Company.

During the Year, the Company released over 37 announcements/notices including annual and interim results, major transaction, voluntary disclosure, notice of general meetings and overseas regulatory announcements, etc.

INVESTOR RELATIONS

The Company values the support of its investors over the years and is committed to maintaining and developing close relationships with them. The Company is pleased to share its corporate strategy, business development and prospects with investors and welcomes potential investors to obtain information about the Group, as well as to engage in various forms of communications with the Company.

The Company is active in building investor relationships through meetings and roadshows with institutional investors and investor conferences arranged by securities dealers. The Company places great emphasis on the investment community and strives to increase analysts' coverage in order to widen publicity of the Company. Up to 2014, 21 highly reputable international and local securities dealers have initiated investment research reports on the Company. Through these interactive communication channels, investors' understanding of the Group's business is enhanced. During the Year, the Company has communicated regularly with investors and analysts through site visits, one-on-one meetings or via teleconferences, with a total of 108 batches of domestic and overseas attendances.

Besides organising presentations on the annual and interim results of the Company, in 2014, the management has also participated in presentations or conferences organised by securities dealers. Details on all promotional activities for the year under review are as follows:

2014	Major events
January	• Conducted roadshows in Shanghai
March	• Presented the Company's 2013 annual results to investors • Held the press conference for the Company's 2013 annual results
April	• Conducted roadshows in Hong Kong, Australia, Singapore, Dubai and London on the Company's annual results
May	• Participated in the "Greater China Investors Conference" held in Hong Kong and organised by Macquarie Securities • Participated in the investors' meeting held in Hong Kong and organised by Yuanta Securities
June	• Participated in the reverse roadshows held in Shenzhen and organised by Bank of America Merrill Lynch
July	• Participated in the reverse roadshows held in Shenzhen and organised by Morgan Stanley
August	• Presented the Company's 2014 interim results to investors • Held the press conference for the Company's 2014 interim results • Conducted roadshows in Hong Kong on the Company's interim results
September	• Conducted roadshows in Beijing and Shanghai on the Company's interim results
October	• Organised press interviews in Hong Kong
November	• Conducted roadshows in Singapore and Malaysia • Participated in the "Citi China Investor Conference 2014" held in Macau and organised by Citi • Participated in the "BAML China Conference 2014" held in Beijing and organised by Bank of America Merrill Lynch • Participated in the "Daiwa Investment Conference Hong Kong 2014" held in Hong Kong and organised by Daiwa
December	• Participated in the "CIMB China Logistics Corporate Day" held in Hong Kong and organised by CIMB • Participated in the "J.P. Morgan Asia Infrastructure & Industrial" held in Hong Kong and organised by J.P. Morgan • Participated in the reverse roadshows held in Shenzhen and organised by BOCI

In order to enhance corporate transparency and enable understanding of the Company's business operations by investors, the Company provides investors with information of the Group through (among others) special general meetings, annual general meetings, annual reports, interim reports and the Company's website.

The Company's website (www.szihl.com) is the most direct channel for the latest information on the Company. Public notices, circulars, press releases, results announcements and other announcements are uploaded to the website on a regular basis. Investors can also access general information, biographies of the directors and senior management, as well as business, financial and other information on the website. All information is available in both Chinese and English.

Through active and regular investor relations activities, the Company has enhanced corporate transparency and two-way communications, deepened its investors' understanding of and trust in the Company's business, established confidence in the Company's future development, as well as garnered recognition and support from the market. As a result, the Company has been able to fully demonstrate the potential of its business development and its intrinsic value. In addition, the Company also collects extensive feedback from the market through these activities in order to improve corporate governance and the operational and management standards of the Company.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2014, the interests and short positions of the directors (the "Directors") and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of The Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to The Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in The Rules Governing the Listing of Securities on the Stock Exchange were set out as follows and in the section headed "**SHARE OPTION SCHEME**" in the Report of the Directors on pages 44 to 48 of this Annual Report:

Long positions in the ordinary shares of the Company

Name of Directors	Number of ordinary shares held	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Gao Lei	130,000	beneficial owner	personal	0.01%
Li Jing Qi	864,840	beneficial owner	personal	0.05%
Liu Jun	900,000	beneficial owner	personal	0.05%
Li Lu Ning	130,000	beneficial owner	personal	0.01%

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "**DIRECTORS' INTERESTS IN SECURITIES**" above and "**SHARE OPTION SCHEME**" as set out in the Report of the Directors on pages 44 to 48 of this Annual Report, at no time during the year ended 31 December 2014 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Directors, chief executives or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, chief executives, their spouse or children under 18 years of age to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 31 December 2014, the interests and short positions of the substantial shareholders, other than the Directors or chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO are set out below:

Long positions in ordinary shares of the Company

Name of shareholders	Number of ordinary shares held	Capacity	Approximate % of issued share capital of the Company
Shenzhen Investment Holdings Company Limited ("SIHCL") – *Note (1)*	830,409,709	interest of controlled corporations	43.89%
Ultrarich International Limited ("Ultrarich") – *Note (2)*	830,409,709	beneficial owner	43.89%

Notes:

(1) Ultrarich holds an aggregate of 830,409,709 shares of the Company and is a wholly-owned subsidiary of SIHCL. Accordingly, SIHCL is deemed to be interested in the 830,409,709 shares of the Company owned by Ultrarich.

(2) Messrs. Gao Lei, Li Jing Qi, Liu Jun and Li Lu Ning are the directors of Ultrarich which has an interest in the shares of the Company which are required to be disclosed under Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 31 December 2014, the Company had not been notified by any substantial shareholders or other persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register required to be kept under section 336 of Part XV of the SFO.

羅兵咸永道

TO THE SHAREHOLDERS OF SHENZHEN INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Shenzhen International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 66 to 132, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2015

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONSOLIDATED BALANCE SHEET

(All amounts in HK dollar thousands unless otherwise stated)

	Note	As at 31 December 2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	6	**4,085,841**	4,404,108
Investment properties	7	**81,240**	77,700
Land use rights	8	**1,038,290**	653,711
Construction in progress	9	**442,257**	121,917
Intangible assets	10	**21,066,291**	23,617,718
Investments in associates	12	**5,845,699**	5,505,921
Investments in joint ventures	13	**314,092**	335,905
Available-for-sale financial assets	14	**100,187**	102,743
Deferred income tax assets	24	**61,049**	78,474
Other non-current assets	15	**1,969,046**	310,914
		35,003,992	35,209,111
Current assets			
Inventories	16	**673,728**	446,740
Available-for-sale financial assets	14	**1,288,524**	1,270,934
Trade and other receivables	17	**2,761,811**	1,339,532
Restricted bank deposits	18	**473,812**	6,613
Cash and cash equivalents	18	**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	19	**7,522,535**	5,100,212
Other reserves	20	**792,092**	895,044
Retained earnings			
– Proposed dividends	36	**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

(All amounts in HK dollar thousands unless otherwise stated)

	Note	As at 31 December 2014	2013
Liabilities			
Non-current liabilities			
Borrowings	21	**13,355,254**	15,024,790
Derivative financial instruments	22	**4,920**	9,134
Provision for maintenance/resurfacing obligations	23	**110,905**	294,430
Deferred income tax liabilities	24	**1,371,915**	1,431,702
Other non-current liabilities	25	**278,335**	–
		15,121,329	16,760,056
Current liabilities			
Trade and other payables	26	**2,249,290**	1,918,239
Income tax payable		**683,785**	173,495
Provision for maintenance/resurfacing obligations	23	**188,211**	134,996
Borrowings	21	**2,392,191**	2,296,824
Derivative financial instruments	22	**–**	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

The notes on pages 74 to 132 are an integral part of these consolidated financial statements.

The financial statements on pages 66 to 132 were approved by the Board of Directors on 27 March 2015 and were signed on its behalf.

Li Jing Qi
Director

Liu Jun
Director

BALANCE SHEET

(All amounts in HK dollar thousands unless otherwise stated)

	Note	As at 31 December 2014	2013
ASSETS			
Non-current assets			
Investments in subsidiaries	11(a)	**5,672,729**	5,791,572
Amounts due from subsidiaries	11(b)	**2,881,031**	2,562,183
		8,553,760	8,353,755
Current assets			
Other receivables	17	**7,885**	1,367
Dividends due from subsidiaries		**5,450,006**	4,502,847
Cash and cash equivalents	18	**1,678,975**	43,719
		7,136,866	4,547,933
Total assets		**15,690,626**	12,901,688
EQUITY AND LIABILITIES			
Share capital and share premium	19	**7,522,535**	5,100,212
Other reserves	20	**1,277,862**	1,507,000
Retained earnings	34		
– Proposed dividends	36	**860,834**	619,755
– Others		**646,154**	760,792
Total equity		**10,307,385**	7,987,759
Liabilities			
Non-current liabilities			
Borrowings	21	**4,050,660**	4,040,103
Derivative financial instruments	22	**4,920**	9,134
		4,055,580	4,049,237
Current liabilities			
Other payables	26	**5,999**	6,797
Borrowings	21	**1,318,262**	854,396
Amount due to a subsidiary		**3,400**	3,499
		1,327,661	864,692
Total liabilities		**5,383,241**	4,913,929
Total equity and liabilities		**15,690,626**	12,901,688
Net current assets		**5,809,205**	3,683,241
Total assets less current liabilities		**14,362,965**	12,036,996

The notes on pages 74 to 132 are an integral part of these consolidated financial statements.

The financial statements on pages 66 to 132 were approved by the Board of Directors on 27 March 2015 and were signed on its behalf.

Li Jing Qi
Director

Liu Jun
Director

CONSOLIDATED INCOME STATEMENT

(All amounts in HK dollar thousands unless otherwise stated)

	Note	Year ended 31 December 2014	2013
Revenue	5, 27	**6,370,230**	5,962,765
Cost of sales	30	**(3,228,450)**	(3,025,297)
Gross profit		**3,141,780**	2,937,468
Other gains/(losses) – net	28	**1,999,142**	(30,723)
Other income	29	**124,726**	72,461
Distribution costs	30	**(57,139)**	(64,198)
Administrative expenses	30	**(396,886)**	(330,661)
Operating profit		**4,811,623**	2,584,347
Share of (loss)/profit of joint ventures	13	**(12,471)**	32,441
Share of profit of associates	12	**726,455**	759,420
Profit before finance costs and tax		**5,525,607**	3,376,208
Finance income	32	**208,384**	77,276
Finance costs	32	**(978,187)**	(816,292)
Finance costs – net	32	**(769,803)**	(739,016)
Profit before income tax		**4,755,804**	2,637,192
Income tax expense	33	**(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
Earnings per share attributable to equity holders of the Company during the year (expressed in HK dollars per share)			
– Basic	35(a)	**1.30**	1.00
– Diluted	35(b)	**1.30**	0.99

The notes on pages 74 to 132 are an integral part of these consolidated financial statements.

		Year ended 31 December 2014	2013
Dividends	36	**860,834**	619,755

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in HK dollar thousands unless otherwise stated)

	Note	Year ended 31 December 2014	2013
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	20	**81,361**	(13,133)
Reclassification of fair value gains to income statement upon disposal of available-for-sale financial assets, net of tax	20	**(38,539)**	(229,842)
Fair value (losses)/gains on derivative financial instruments, net of tax	22	**(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	20	**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

The notes on pages 74 to 132 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in HK dollar thousands unless otherwise stated)

	Attributable to equity holders of the Company					
	Share capital and share premium	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2013	4,952,487	637,250	7,055,469	12,645,206	7,342,934	19,988,140
Comprehensive income						
Profit for the year	–	–	1,641,038	1,641,038	465,260	2,106,298
Other comprehensive income						
Fair value losses on available-for-sale financial assets, net of tax	–	(13,133)	–	(13,133)	–	(13,133)
Reclassification of fair value gains to income statement upon disposal of available-for-sale financial assets, net of tax	–	(229,842)	–	(229,842)	–	(229,842)
Fair value gains on derivative financial instruments, net of tax	–	20,065	–	20,065	1,097	21,162
Reclassification of fair value losses to income statement upon derecognition of cash flow hedges, net of tax	–	458	–	458	–	458
Share of other comprehensive loss of an associate	–	(76)	–	(76)	–	(76)
Currency translation differences	–	393,611	–	393,611	228,502	622,113
Total other comprehensive income	–	171,083	–	171,083	229,599	400,682
Total comprehensive income	–	171,083	1,641,038	1,812,121	694,859	2,506,980
Transactions with owners in their capacity as owners						
Employee share options						
– proceeds from shares issued	83,789	–	–	83,789	–	83,789
– value of employee services	8,351	–	–	8,351	–	8,351
Transfer to reserves	–	86,711	(86,711)	–	–	–
Dividend relating to 2012	–	–	(615,313)	(615,313)	–	(615,313)
Issue of scrip shares as dividend	55,585	–	–	55,585	–	55,585
Dividend paid to non-controlling interests by subsidiaries	–	–	–	–	(216,313)	(216,313)
Capital injection by non-controlling interests	–	–	–	–	96,886	96,886
Total transactions with owners	147,725	86,711	(702,024)	(467,588)	(119,427)	(587,015)
Balance at 31 December 2013	5,100,212	895,044	7,994,483	13,989,739	7,918,366	21,908,105

Consolidated Statement of Changes in Equity

(All amounts in HK dollar thousands unless otherwise stated)

	Attributable to equity holders of the Company					
	Share capital and share premium	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2014	5,100,212	895,044	7,994,483	13,989,739	7,918,366	21,908,105
Comprehensive income						
Profit for the year	–	–	2,229,254	2,229,254	1,457,928	3,687,182
Other comprehensive income						
Fair value gains on available-for-sale financial assets, net of tax	–	81,361	–	81,361	–	81,361
Reclassification of fair value gains to income statement upon disposal of available-for-sale financial assets, net of tax	–	(38,539)	–	(38,539)	–	(38,539)
Fair value losses on derivative financial instruments, net of tax	–	(5,661)	–	(5,661)	(9,340)	(15,001)
Share of other comprehensive income of an associate	–	19,235	–	19,235	–	19,235
Currency translation differences	–	(374,646)	–	(374,646)	(203,698)	(578,344)
Total other comprehensive loss	–	(318,250)	–	(318,250)	(213,038)	(531,288)
Total comprehensive (loss)/income	–	(318,250)	2,229,254	1,911,004	1,244,890	3,155,894
Transactions with owners in their capacity as owners						
Placing of shares (Note 19)	1,902,003	–	–	1,902,003	–	1,902,003
Employee share options						
– proceeds from shares issued	43,398	–	–	43,398	–	43,398
– value of employee services	31,209	–	–	31,209	–	31,209
Transfer to reserves	–	216,611	(216,611)	–	–	–
Dividend relating to 2013 (Note 36)	–	–	(620,488)	(620,488)	–	(620,488)
Issue of scrip shares as dividend (Note 36)	445,713	–	–	445,713	–	445,713
Forfeiture of unclaimed dividends	–	–	830	830	–	830
Dividend paid to non-controlling interests by subsidiaries	–	–	–	–	(260,922)	(260,922)
Non-controlling interest arising on business combination (Note 40)	–	–	–	–	26,754	26,754
Capital injections by non-controlling interests	–	–	–	–	103,024	103,024
Transactions with non-controlling interests	–	(1,313)	–	(1,313)	(5,962)	(7,275)
Total transactions with owners	2,422,323	215,298	(836,269)	1,801,352	(137,106)	1,664,246
Balance at 31 December 2014	7,522,535	792,092	9,387,468	17,702,095	9,026,150	26,728,245

The notes on pages 74 to 132 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in HK dollar thousands unless otherwise stated)

	Note	Year ended 31 December 2014	2013
Cash flows from operating activities			
Cash generated from operations	37	**3,756,465**	3,709,211
Interest paid		**(788,243)**	(880,789)
Income tax paid		**(557,788)**	(492,905)
Net cash generated from operating activities		**2,410,434**	2,335,517
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	40	**12,698**	–
Purchase of property, plant and equipment, land use rights, construction in progress, intangible assets and other assets		**(1,334,101)**	(1,319,136)
Increase in investments in associates	12	**(3,749)**	(20,825)
Increase in investment in a joint venture	13	**–**	(1,538)
Purchase of available-for-sale financial assets	14	**–**	(64,078)
Proceeds from disposal of property, plant and equipment	37	**27,024**	15,749
Net proceeds from disposal of Meiguan Expressway's toll free section related assets		**909,499**	–
Proceeds from disposal of intangible assets		**1,887**	–
Proceeds from disposal of available-for-sale financial assets, net of tax		**55,942**	369,088
Interest received		**87,549**	81,077
Dividends received		**316,816**	514,866
Net cash generated from/(used in) in investing activities		**73,565**	(424,797)
Cash flows from financing activities			
Capital injections by non-controlling interests		**103,024**	96,886
Transaction with non-controlling interests		**(7,275)**	–
Proceeds from borrowings		**2,286,647**	3,449,935
Proceeds from placing of shares		**1,902,003**	–
Proceeds from issuance of ordinary shares under employee share option scheme		**43,398**	83,789
Repayments of borrowings		**(3,662,034)**	(4,678,546)
Increase in restricted bank deposits		**(467,199)**	(4,311)
Payments for the settlement of derivative financial instruments		**(37,186)**	–
Dividends paid to the Company's and subsidiaries' shareholders		**(434,867)**	(776,041)
Net cash used in financing activities		**(273,489)**	(1,828,288)
Net increase in cash and cash equivalents		**2,210,510**	82,432
Cash and cash equivalents at beginning of year		**4,950,409**	4,866,080
Exchange gains		**265**	1,897
Cash and cash equivalents at end of year	18	**7,161,184**	4,950,409

The notes on pages 74 to 132 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in HK dollar thousands unless otherwise stated)

1. GENERAL INFORMATION

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

– Toll roads; and

– Logistic business.

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

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

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

As at 31 December 2014, Ultrarich International Limited ("Ultrarich") owns 830,409,709 ordinary shares of the Company directly, representing approximately 43.89% of the issued share capital of the Company. As Shenzhen Investment Holdings Company Limited ("SIHCL") held the 100% equity interest in Ultrarich, it had a deemed interest in 43.89% of the equity in the Company held by Ultrarich and was the largest shareholder of the Company. SIHCL is supervised and managed by Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission ("Shenzhen SASAC"). The directors of the Company regard that Shenzhen SASAC can control the Company's relevant activities due to its voting power held and is the de facto controller of the Company.

These consolidated financial statements are presented in Hong Kong dollars ("HKD"), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors on 27 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 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.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(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 (CGUs) 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.

(All amounts in HK dollar thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(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: (continued)

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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Apart from the application of merger accounting on the common control business combinations, the acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

In separate financial statement, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted by the company on the basis of dividend received and receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Common control combination

Merger accounting is used for business combinations under common control by the Group.

Under merger accounting, the consolidated financial statements include the financial position, results and cash flows of the combining companies as if the current group structure had been in existence since their respective dates of under common control.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The adjustment to eliminate the share capital of entities combined and investment cost has been recorded as merger reserve in consolidated financial statements.

(c) Change in ownership interest in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss. Goodwill on acquisition represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

(f) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements as of 1 January 2013. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Functional currency of the Company is Renminbi ("RMB"). As the Company is listed on the Stock Exchange, the consolidated financial statements are presented in HKD which is the presentation currency of the Group and the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other gains/(losses) – net'.

Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii) income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

iii) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Depreciation of buildings and structures relating to the toll roads is calculated to write off their costs to their estimated residual values on a straight-line basis over the unexpired periods of the leases or toll road operating right, whichever is shorter.

(All amounts in HK dollar thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment (continued)

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	10-70 years or over the term of the unexpired leases, whichever is shorter
Buildings	10-70 years or over the term of the unexpired leases, whichever is shorter
Leasehold improvements	4 years or over the term of the unexpired leases, whichever is shorter
Motor vehicles	5-8 years
Furniture, fixtures and equipment	3-10 years
Loading equipment and facilities in port	10-25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/(losses) – net', in the income statement.

2.6 Construction in progress

Construction in progress represents the direct costs of construction incurred plus interest capitalised up to the date of completion of the construction of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment and intangible assets when completed and ready for use.

2.7 Investment properties

Investment property, principally comprising commercial building and car parking spaces, is held for long-term rental yields and is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs. After initial recognition, investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by valuers. Changes in fair values are recorded in the income statement as part of 'other gains/(losses) – net'.

2.8 Land use rights

Land use rights are up-front payments to acquire long-term interests in the usage of land. They are stated at cost and charged to the income statement over the remaining period of the lease on a straight-line basis, net of any impairment losses.

2.9 Concession intangible assets

Where the Group has entered into contractual service concession arrangements ("Service Concessions") with local government authorities for its participation in the development, financing, operation and maintenance of various toll road infrastructures, the Group carries out the construction or upgrade work of toll roads for the granting authorities and receives in exchange of a right to operate the toll roads concerned and the entitlement to the toll fees collected from users of the toll road services. Concession intangible assets correspond to the right granted by the respective concession grantors to the Group to charge users of the toll road services and the fact that the concession grantors (the respective local governments) have not provided any contractual guarantees in respect of the amounts of construction costs incurred to be recoverable.

Land use rights acquired in conjunction with the Service Concessions which the Group has no discretion or latitude to deploy for other services other than the use in the Service Concessions are treated as intangible assets acquired under the Service Concessions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Concession intangible assets (continued)

Amortisation of concession intangible assets is calculated to write off their costs on a units-of-usage basis, whereby amortisation is provided based on the proportion of actual traffic volume for a particular period over the total projected traffic volume throughout the periods within which the Group is granted the rights to operate those roads (the "Traffic Flow Amortisation Method"). It is the Group's policy to review regularly the total projected traffic volume throughout the operating periods of the respective toll roads. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustments will be made should there be a material change.

2.10 Impairment of non-financial assets and investment in subsidiaries, associates and joint ventures

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Impairment testing of the investments in subsidiaries, associates or joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, associate or jointly controlled entity in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition and re-evaluate their classification at each balance sheet date.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the balance sheet date. These are classified as non-current assets. The loans and receivables comprise 'trade and other receivables', 'restricted bank deposits', 'cash and cash equivalents' and long-term receivable included in 'other non-current assets' in the consolidated balance sheet and 'other receivables', 'dividends due from subsidiaries' and 'cash and cash equivalents' in the balance sheet of the Company.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other gains/(losses) – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of 'other income' when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

2.11.2 Recognition and measurement (continued)

Changes in the fair value monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the fair value adjustments accumulated recognised in equity are reclassified to the income statement as 'other gains/(losses) – net'.

Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of 'other income' when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. The fair value of investments in equity instruments that do not have a quoted market price in an active market is measured by using appropriate estimation technique. The investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment provision.

2.12 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 22. Movements on the hedging reserve in shareholders' equity are shown in Note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other gains/(losses) – net'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other gains/(losses) – net'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other gains/(losses) – net'.

2.14 Inventories

Inventories mainly represent lands held for development, toll tickets and materials and spare parts for the repairs and maintenance of expressways, and are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, represents the actual cost of purchase. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Lands held for development are classified as properties under development under inventories. Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 Compound financial instruments

Compound financial instruments issued by the Group comprised convertible bonds that could be converted to share capital at the option of the holder, and the number of shares to be issued did not vary with changes in their fair value.

The liability component of a compound financial instrument was recognised initially at the fair value of a similar liability that did not have an equity conversion option. The equity component was recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs were allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument was measured at amortised cost using the effective interest method. The equity component of a compound financial instrument was not re-measured subsequent to initial recognition except on conversion or expiry.

Liability component of a convertible instrument was classified as current unless the Group had an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income or equity. In this case, the tax is also recognised in other comprehensive income or equity.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.23 Employee benefits and share-based payments

(a) Pension obligations

The Group operates a defined contribution retirement benefits scheme, Mandatory Provident Fund (the "MPF Scheme"), under the Mandatory Provident Fund Ordinance in Hong Kong for all Hong Kong employees who are eligible to participate in the MPF Scheme. Besides, the Group participates in defined contribution retirement schemes organised by the local government authorities in the PRC.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate scheme. Contributions payable or paid by the Group and employees are calculated as a percentage of employees' basic salaries. The amounts of employee benefit expenses charged to the income statement represent the contribution payable or paid by the Group to the scheme during the year.

Apart from these, the Group has no legal or constructive obligations for further payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Employee benefits and share-based payments (continued)

(b) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, for staff remuneration under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.24 Provisions

Provisions for environmental restoration, restructuring costs, legal claims and the resulting maintenance and resurfacing cost, except for upgrade services under the respective service concessions, are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) **Toll revenue**

Toll revenue from operation of toll roads is recognised on a receipt basis.

(b) **Construction service revenue under Service Concessions**

Revenue generated by construction and upgrade services rendered by the Group is measured at the fair value of the consideration received or receivable, where total income and expenses associated with the construction contract and the stage of completion can be determined reliably. The consideration may be rights to attain a financial asset or an intangible asset.

The Group uses the percentage of completion method to determine the appropriate amount of income and expenses to be recognised in a given period. The stage of completion is measured by reference to the construction costs of the related infrastructures incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

(c) **Rental income**

Rental income from properties letting under operating leases is recognised on a straight-line basis over the lease terms.

(d) **Logistic related service revenues**

Logistic related service revenues includes: (i) provision of logistics management, including freight forwarding services, and other ancillary services; and (ii) cargo shipment, transhipment and godown storage of port. Logistics related service revenues are recognised when the related services are rendered.

(e) **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) **Dividend income**

Dividend income is recognised when the right to receive payment is established with reasonable certainty.

2.26 Operating leases

(a) **When a Group company is the lessee**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(b) **When a Group company is the lessor**

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income from operating lease is recognised over the term of the lease on a straight-line basis.

(All amounts in HK dollar thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.28 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.29 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under policies approved by the board of directors. The Group identifies and evaluates financial risks in close co-operation with the Group's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excessive liquidity.

(a) **Market risk**

(i) ***Currency risk***

The Group mainly operates in the PRC with most of the transactions settled in RMB. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follows:

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
Assets				
HKD	**34,384**	60,209	**17,357**	42,950
USD	**164,409**	1,480	**79**	133
	198,793	61,689	**17,436**	43,083
Liabilities				
HKD	**3,275,874**	3,141,861	**3,038,206**	2,571,059
USD	**2,330,716**	2,323,440	**2,330,716**	2,323,440
	5,606,590	5,465,301	**5,368,922**	4,894,499

Apart from the above, the Group and the Company did not have significant exposure to foreign exchange risk. Nevertheless, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(All amounts in HK dollar thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

As at 31 December 2014, should HKD and USD be weakened/strengthened by 5% against RMB, with all other factors remain unchanged, the profit after income tax for the year would be affected as follows:

	Change of profit after income tax – increase/(decrease)			
	Group		Company	
	2014	2013	**2014**	2013
HKD against RMB				
– Weakened by 5%	**136,155**	112,895	**126,945**	103,989
– Strengthened by 5%	**(136,155)**	(112,895)	**(126,945)**	(103,989)
USD against RMB				
– Weakened by 5%	**91,738**	95,515	**97,941**	95,565
– Strengthened by 5%	**(91,738)**	(95,515)	**(97,941)**	(95,565)

(ii) Cash flow and fair value interest rate risk

The Group

Apart from cash and cash equivalents and other non-current assets (Note 15), the Group has no significant interest-bearing assets.

The Group's interest rate risk arises from long-term bank borrowings, senior notes, medium-term notes, corporate bonds and private placement notes. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. Senior notes, medium-term notes, corporate bonds and private placement notes issued at fixed rates expose the Group to fair value interest rate risk. The Group adjusts the proportion of borrowings at fixed rate against borrowings at floating rate based on the change of the finance market environment. During 2014 and 2013, the Group's borrowings at variable rates were mainly denominated in HKD and RMB. For bank borrowings in the PRC, the interest rate would be adjusted accordingly should the lending rate promulgated by the People's Bank of China ("PBOC") be changed.

The Group manages its cash flow interest rate risk of long-term loans by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

As at 31 December 2014, borrowings of the Group which were issued at floating rates amounted to approximately HKD7,809,000,000 (2013: HKD9,294,000,000). As at 31 December 2014, should the interest rate be increased/decreased by 50 basis points with all other factors remain unchanged and without taking into account interest capitalisation, the finance costs of the Group would be increased/decreased by approximately HKD39,045,000 (2013: HKD46,470,000).

The Company

The Company's interest rate risk arises from long-term bank borrowings and senior notes. Bank borrowings issued at variable rates expose the Company to cash flow interest rate risk. Senior notes issued at fixed rates expose the Company to fair value interest rate risk.

As at 31 December 2014, borrowings of the Company which were issued at floating rates amounted to approximately HKD2,540,000,000 (2013: HKD2,074,000,000). As at 31 December 2014, should the interest rate be increased/decreased by 50 basis points with all other factors remain unchanged, the finance costs of the Company would be increased/decreased by approximately HKD12,699,000 (2013: HKD10,371,000).

The Company's balances with subsidiaries are interest-free or bear interest at market rates.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk

The Group is exposed to equity securities price risk in respect of shares of CSG Holding Co., Ltd. ("CSG"), a company listed in the Shenzhen Stock Exchange held by the Group and classified as available-for-sale financial assets. The Group is not exposed to significant commodity price risk.

The table below summarises the impact of increase/decrease of share price of CSG on equity. The analysis is based on the assumptions that the share price of CSG had increased/decreased by 5% as of year end with all other factors remain unchanged:

	Impact on other components of equity, net of tax – increase/(decrease)	
	2014	2013
Share price		
– Increased by 5%	**48,636**	46,956
– Decreased by 5%	**(48,636)**	(46,956)

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Deposits are mainly placed with high credit quality banks. No significant credit risk is expected as the banks in the PRC and Hong Kong are state-owned banks, listed banks or large/medium sized commercial banks. Individual credit limits granted to customers would be set with reference to internal and external ratings as determined by the directors. The credit limits are reviewed periodically.

Except for the provision for impairment of trade receivables (Note 17), management does not expect any losses from non-performance by customers.

Both the Group and the Company does not have significant credit concentration risk. The carrying amounts of cash and cash equivalents and trade and other receivables, restricted bank deposits and amounts due from subsidiaries substantially represent the Group and the Company's maximum exposure to credit risk.

(c) Liquidity risk

Cash flow forecast is performed in the operating entities of the Group. The Company monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its standby committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements – for example, currency restrictions.

The table below analyses the non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

(All amounts in HK dollar thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Group				
At 31 December 2014				
Bank borrowings (including interest payments)	**1,714,916**	**2,003,467**	**3,039,747**	**3,207,090**
Corporate bonds (including interest payments)	**167,458**	**2,041,986**	**164,959**	**1,164,709**
Senior notes (including interest payments)	**101,821**	**101,821**	**2,377,710**	**–**
Private placement notes (including interest payments)	**1,058,735**	**–**	**–**	**–**
Medium-term notes (including interest payments)	**68,858**	**68,858**	**1,318,545**	**–**
Trade and other payables (excluding other taxes payable and staff welfare benefit payable)	**1,918,740**	**–**	**–**	**–**
Derivative financial instruments	**–**	**4,920**	**–**	**–**
At 31 December 2013				
Bank borrowings (including interest payments)	2,748,098	1,416,413	4,891,342	4,278,212
Corporate bonds (including interest payments)	171,729	171,729	2,206,844	1,250,801
Senior notes (including interest payments)	101,795	101,795	2,478,892	–
Private placement notes (including interest payments)	60,490	1,085,736	–	–
Trade and other payables (excluding other taxes payable and staff welfare benefit payable)	1,632,195	–	–	–
Derivative financial instruments	40,429	–	9,134	–

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Company			
At 31 December 2014			
Bank borrowings (including interest payments)	**1,349,413**	**1,350,627**	**405,784**
Senior notes (including interest payments)	**101,821**	**101,821**	**2,377,710**
Other payables	**5,999**	**–**	**–**
Amount due to a subsidiary	**3,400**	**–**	**–**
Derivative financial instruments	**–**	**4,920**	**–**
At 31 December 2013			
Bank borrowings (including interest payments)	875,441	412,298	1,345,379
Senior notes (including interest payments)	101,795	101,795	2,478,892
Other payables	6,797	–	–
Amount due to a subsidiary	3,499	–	–
Derivative financial instruments	–	–	9,134

As at 31 December 2014, the Group and the Company had standby banking facilities of HKD32,780,781,000 (2013: HKD34,558,514,000) and HKD25,898,752,000 (2013: HKD25,534,722,000) respectively.

(All amounts in HK dollar thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and protect interest for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, capital returned to shareholders, new shares issued or assets sold to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and bank balances. Total equity is calculated as 'equity', as shown in the consolidated balance sheet.

The Group maintained a consistent strategy to maintain the gearing ratio within 120%. The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014	2013
Total borrowings	**15,747,445**	17,321,614
Less: cash and bank balances	**(7,634,996)**	(4,957,022)
Net debt	**8,112,449**	12,364,592
Total equity	**26,728,245**	21,908,105
Gearing ratio	**30%**	56%

3.3 Fair value estimation

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

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

The following table presents the Group's financial assets and financial liabilities that are measured at fair value. See Note 7 for disclosures of the investment properties that are measured at fair value.

	As at 31 December 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Available-for-sale financial assets	**1,288,524**	**–**	**62,484**	**1,351,008**
Liabilities				
Derivatives	**–**	**4,920**	**–**	**4,920**

	As at 31 December 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	1,270,934	–	64,078	1,335,012
Liabilities				
Derivatives	–	40,758	–	40,758

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments which are included in level 1 comprise shares of CSG classified as available-for-sale.

(All amounts in HK dollar thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in level 3 instruments for the year ended 31 December 2014 and 2013.

	Unlisted equity investments	
	2014	2013
Opening balance	**64,078**	280,989
Additions	**–**	64,078
Disposals	**–**	(280,989)
Exchange difference	**(1,594)**	–
Closing balance	**62,484**	64,078

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Construction service revenue recognition relating to concession contracts

Income and expenses associated with construction services and upgrade services provided under the concession service arrangements are recognised in accordance with HKAS 11 using the percentage of completion method. Revenue generated by construction services rendered by the Group is measured at the fair value of the consideration received or receivable.

Due to the fact there was no real cash flow realised/realisable during the construction phase of the infrastructure during the Service Concessions, in order to determine the construction service revenue to be recognised during the reporting period, the directors of the Company made estimates of the respective amounts by making reference to the provision of project management services by the Group for construction of toll roads for respective PRC local governments without the corresponding grants of the toll road operating rights and entitlement to future toll revenues in return for management service fees. The directors of the Company have drawn an analogy of the construction of toll roads under the Service Concessions as if the Group were providing construction and project management services. Accordingly, construction service revenue under the respective Service Concessions is recognised at the total expected construction costs of the related toll roads plus management fees, computed at a percentage of the costs.

The directors of the Company estimated that the construction costs are close to the revenue, and gross profit derived from the construction activities was insignificant.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

(b) 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 HKD12,768,000 for the year ended 31 December 2014 and will affect the amortisation charges of the Group in the future.

(c) Provisions for maintenance/resurfacing obligations

The Group has contractual obligations under the Service Concessions to maintain the toll road infrastructure to a specified level of serviceability. These obligations to maintain or restore the infrastructure, except for upgrade services, are to be recognised and measured as a provision.

The expenditures expected to be required to settle the obligations at the balance sheet date is determined based on the number of major maintenance and resurfacing to be undertaken throughout the allowed operating periods of each toll roads operated by the Group under the Service Concessions and the expected costs to be incurred for each event.

The expected costs for maintenance and resurfacing and the timing of such events to take place involve estimates made by the directors of the Company, which were based on the Group's resurfacing plan and historical costs incurred for similar activities. The costs are then discounted to the present value based on a pre-tax discount rate estimated by the director which reflects the time value of money and the risks specific to the obligation.

If the expected expenditures, resurfacing plan and discount rate were different from management's current estimates, the change in provision for maintenance/resurfacing is required to be accounted for prospectively.

(d) Income tax and deferred tax

The Group is subject to income taxes mainly in the PRC. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises deferred tax assets based on estimates that it is probable to generate enough taxable incomes in the foreseeable future that the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgments and estimations about the timing and the amount of taxable incomes of the company who has tax loss. Where the final outcome of timing and amount is different from that initially estimated, such differences will impact the current income taxes and deferred tax assets in the period in which such determination is made.

4.2 Critical judgements in applying accounting policies

(a) Joint arrangements

The Group holds 40%-51% of the voting rights of its joint arrangement. Significant judgements are required in assessing whether the Group has joint control over these arrangements. The directors of the Company consider that the Group has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangement is structured as a limited company and provides the Group and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement is classified as a joint venture.

(All amounts in HK dollar thousands unless otherwise stated)

5. 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 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 of directors assesses the performance of the operating segments based on a measure of profit for the year.

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 2014

	Toll roads	Logistic business				Head Office function	Total
		Logistic parks	Logistic services	Port	Subtotal		
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

(All amounts in HK dollar thousands unless otherwise stated)

5. SEGMENT INFORMATION (continued)

For the year ended 31 December 2013

	Toll roads	Logistic business				Head office function	Total
		Logistic parks	Logistic services	Port	Subtotal		
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 included construction service revenue under service concession arrangements of HKD16,402,000 (2013: HKD190,743,000) for the year.

(b) The Group has a number of customers. Revenue of approximately HKD295,669,000 (2013: HKD156,229,000) 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 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.

(All amounts in HK dollar thousands unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land and buildings	Leasehold improvements	Motor vehicles	Furniture, fixtures, and equipment	Loading equipment and facilities in port	Total
At 1 January 2013						
Costs	2,503,043	10,251	85,090	1,726,619	864,920	5,189,923
Accumulated depreciation and impairment	(448,296)	(6,663)	(53,007)	(782,115)	(70,775)	(1,360,856)
Net book amount	2,054,747	3,588	32,083	944,504	794,145	3,829,067
Year ended 31 December 2013						
Opening net book amount	2,054,747	3,588	32,083	944,504	794,145	3,829,067
Additions	134,835	193	6,764	65,506	3,057	210,355
Transfer from construction in progress (Note 9)	445,140	1,764	–	12,491	37,936	497,331
Adjustment due to final settlement in current year	72,312	–	–	44,986	–	117,298
Disposals	(2,511)	(1,025)	(2,825)	(8,421)	–	(14,782)
Write-off	(44,586)	–	–	–	–	(44,586)
Exchange difference	57,463	81	836	26,844	23,949	109,173
Depreciation	(108,530)	(1,966)	(10,058)	(147,381)	(31,813)	(299,748)
Closing net book amount	2,608,870	2,635	26,800	938,529	827,274	4,404,108
Year ended 31 December 2013						
Costs	3,164,721	9,655	86,771	1,887,736	932,516	6,081,399
Accumulated depreciation and impairment	(555,851)	(7,020)	(59,971)	(949,207)	(105,242)	(1,677,291)
Net book amount	2,608,870	2,635	26,800	938,529	827,274	4,404,108

	Land and buildings	**Leasehold improvements**	**Motor vehicles**	**Furniture, fixtures, and equipment**	**Loading equipment and facilities in port**	**Total**
Year ended 31 December 2014						
Opening net book amount	**2,608,870**	**2,635**	**26,800**	**938,529**	**827,274**	**4,404,108**
Additions	**3,126**	**853**	**9,838**	**47,469**	**3,048**	**64,334**
Disposal of Meiguan Expressway's toll free section related assets (Note 10(b))	**(15,953)**	**–**	**–**	**(30,816)**	**–**	**(46,769)**
Transfer from construction in progress (Note 9)	**43,789**	**–**	**959**	**64,236**	**–**	**108,984**
Disposals	**(6,475)**	**–**	**(2,237)**	**(5,375)**	**(8,667)**	**(22,754)**
Exchange difference	**(59,776)**	**(61)**	**(596)**	**(22,333)**	**(20,376)**	**(103,142)**
Depreciation	**(121,567)**	**(728)**	**(8,831)**	**(154,591)**	**(33,203)**	**(318,920)**
Closing net book amount	**2,452,014**	**2,699**	**25,933**	**837,119**	**768,076**	**4,085,841**
Year ended 31 December 2014						
Costs	**3,085,174**	**10,267**	**82,509**	**1,851,769**	**902,905**	**5,932,624**
Accumulated depreciation and impairment	**(633,160)**	**(7,568)**	**(56,576)**	**(1,014,650)**	**(134,829)**	**(1,846,783)**
Net book amount	**2,452,014**	**2,699**	**25,933**	**837,119**	**768,076**	**4,085,841**

Property ownership certificates for buildings and structures with net book amount of HKD430,346,000 (2013: HKD482,491,000) are not procured. Due to the unique feature of the Group's operation of toll roads, the affiliated buildings and structures should be reverted to the government when the approved operating periods expire. Thus, the Group does not work out a related plan of procuring the property ownership certificates.

(All amounts in HK dollar thousands unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT – GROUP (continued)

The net book value of the Group's interests in leasehold land classified as finance lease are analysed as follows:

	2014	2013
In Hong Kong, held on:		
Leases of between 10 to 50 years	54,690	56,399
Leases of over 50 years	–	2,922
	54,690	59,321

7. INVESTMENT PROPERTIES – GROUP

	2014	2013
Beginning of year	77,700	72,000
Fair value gains	3,540	5,700
End of year	81,240	77,700

The Group's investment properties included commercial building and car parking spaces, all of which are outside Hong Kong with remaining lease periods over 50 years.

(a) Amounts recognised in profit and loss for investment properties

	2014	2013
Rental income	4,988	5,263
Direct operating expenses arising from investment properties that generate rental income	(2,106)	(1,635)
	2,882	3,628

(b) Valuation process of the Group

An independent valuation of the Group's investment properties was performed by an independent professional valuer, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued.

Discussions of valuation processes and results are held between the valuation team and management at least once every six months, in line with the group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Discusses with the independent valuer.

(c) Valuation techniques

Valuation was performed using the comparison method on the assumption that the property can be sold in its existing state subject to existing tenancies or otherwise with the benefit of vacant possession and making references to comparable sales transactions as available in the relevant market. For all investment properties, their current use equates the highest and best use. The fair value measurement of the investment property is categorized within level 3 of the fair value hierarchy. As at 31 December 2014 the significant unobservable inputs represented the unit price per square meter and per car parking space, which was HKD18,444 (2013: HKD17,314) for commercial building, and HKD151,683 (2013: HKD149,505) for each car parking space.

(All amounts in HK dollar thousands unless otherwise stated)

7. INVESTMENT PROPERTIES – GROUP (continued)

(d) Leasing arrangements

The investment properties are leased to tenants under operating leases ranges from 1 to 15 years with rental payable monthly. Minimum lease payments under non-cancellable operating leases of investment properties are receivable as follows:

	2014	2013
Within one year	**2,143**	2,230
Later than one year but not later than 5 years	**–**	2,346
	2,143	4,576

8. LAND USE RIGHTS – GROUP

	2014	2013
Beginning of year	**653,711**	651,750
Additions	**286,832**	–
Transfer from other non-current assets	**137,387**	–
Amortisation	**(21,104)**	(17,818)
Exchange difference	**(18,536)**	19,779
End of year	**1,038,290**	653,711

The amounts represent prepaid operating lease payments and their net book values are analysed as follows:

	31 December	
	2014	2013
Outside Hong Kong – the PRC, held on:		
Leases of between 10 to 50 years	**1,029,252**	643,847
Leases of more than 50 years	**5,509**	6,086
Leases with unspecified periods*	**3,529**	3,778
	1,038,290	653,711

* As at 31 December 2014 and 2013, procedures for procuring certificates of these land use rights were not yet completed.

9. CONSTRUCTION IN PROGRESS – GROUP

	2014	2013
Beginning of year	**121,917**	398,468
Additions	**439,228**	211,093
Disposal of Meiguan Expressway's toll free section related assets (Note 10(b))	**(3,281)**	–
Transfer to property, plant and equipment (Note 6)	**(108,984)**	(497,331)
Transfer to other non-current assets	**(1,086)**	–
Other transfers	**(110)**	–
Exchange difference	**(5,427)**	9,687
End of year	**442,257**	121,917

(All amounts in HK dollar thousands unless otherwise stated)

10. INTANGIBLE ASSETS – GROUP

	At 31 December 2014	At 31 December 2013	At 1 January 2013
Concession intangible assets			
Cost	**26,793,296**	28,811,861	28,196,416
Accumulated amortisation	**(5,727,005)**	(5,194,143)	(4,007,884)
Net book amount	**21,066,291**	23,617,718	24,188,532

	Year ended 31 December	
	2014	2013
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 (b))	**(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

(a) 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'.

(b) On 27 January 2014, the Group's subsidiaries, 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 HKD1,996,938,000 (RMB1,597,950,000) and other relevant costs/expenses of approximately HKD1,377,618,000 (RMB1,102,370,000) (preliminary figures, subject to the actual amounts or audited figures of the relevant governmental audit department).

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 HKD1,926,332,000, 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 HKD999,750,000 (RMB800,000,000). Another amount of HKD999,750,000 (RMB800,000,000) and the remaining balance and related interests are expected to be received before 31 August 2015 and 31 December 2016 respectively (Note 15 and 17 (b)).

(All amounts in HK dollar thousands unless otherwise stated)

10. INTANGIBLE ASSETS – GROUP (continued)

(c) Included in the concession intangible assets were the operating rights of Qinglian Expressway with net book value of HKD10,235,669,000 (2013: HKD10,761,351,000) owned by Guangdong Qinglian Highway Development Company Limited ("Qinglian Company"), a subsidiary of the Group, pledged for secured bank borrowings totalling to HKD4,919,050,000 (RMB3,936,224,000) (2013: HKD5,436,914,000 (RMB4,242,424,000)) (Note 21(a)).

11. INVESTMENTS IN AND DUE FROM/TO SUBSIDIARIES – COMPANY

		2014	2013
(a)	Investments in subsidiaries		
	Unlisted investments, at cost	**117,080**	120,066
	Deemed investments arising from share-based payments (Note (i))	**56,646**	31,821
	Amounts due from subsidiaries (Note (ii))	**5,499,003**	5,639,685
		5,672,729	5,791,572
	Market value of listed shares indirectly held	**11,271,230**	4,756,873

Particulars of the principal subsidiaries are set out in Note 42.

(i) The amount represents share-based payment expenses arising from the grant of share options of the Company to employees (Note 31) in exchange for their services provided to certain subsidiaries of the Group, which were deemed to be investments made by the Company to these subsidiaries.

(ii) The amounts are unsecured, interest-free and have no fixed repayment terms. They were deemed as investments made by the Company to these subsidiaries.

(b) The amounts due from subsidiaries are unsecured; they bear interest at prevailing borrowing rates in Hong Kong and have no fixed repayment terms.

(c) **Material non-controlling interests**

The total non-controlling interests as at 31 December 2014 were HKD9,026,150,000 (2013: HKD7,918,366,000), of which HKD7,263,490,000 (2013: HKD6,301,178,000) was attributed to other shareholders of Shenzhen Expressway. The non-controlling interests in respect of other subsidiaries are not material.

Significant restrictions

Most of the cash and short-term deposits of Shenzhen Expressway were held in the PRC and were subject to local exchange control regulations. These local exchange control regulations provide for restrictions on repatriating capital from the country, other than through dividends.

(All amounts in HK dollar thousands unless otherwise stated)

11. INVESTMENTS IN AND DUE FROM/TO SUBSIDIARIES – COMPANY (continued)

(c) **Material non-controlling interests** (continued)

Set out below are the summarised financial information for Shenzhen Expressway that has non-controlling interests material to the Group.

Summarised balance sheet

	2014	2013
Current		
Assets	5,031,881	2,867,779
Liabilities	(3,667,793)	(2,863,500)
Total current net assets	1,364,088	4,279
Non-current		
Assets	25,440,462	26,471,225
Liabilities	(10,344,458)	(12,008,262)
Total non-current net assets	15,096,004	14,462,963
Net assets	16,460,092	14,467,242
Net assets attributable to equity holders	14,789,946	12,830,482
Non-controlling interests	7,263,490	6,301,178

Summarised income statement

	2014	2013
Revenue	4,570,311	4,325,324
Profit for the year	2,857,524	950,033
Other comprehensive (loss)/income	(19,019)	2,234
Total comprehensive income	2,838,505	952,267
Total comprehensive income allocated to non-controlling interests	106,398	39,231
Dividends paid to non-controlling interests	109,216	129,969

Summarised cash flows

	2014	2013
Net cash generated from operating activities	2,256,296	2,223,769
Net cash generated from/(used in) investing activities	622,475	(637,696)
Net cash used in financing activities	(2,670,449)	(2,678,519)
Net increase/(decrease) in cash and cash equivalents	208,322	(1,092,446)

The amounts above are stated before intercompany elimination.

(All amounts in HK dollar thousands unless otherwise stated)

12. INVESTMENTS IN ASSOCIATES – GROUP

	2014	2013
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

The year-end balance comprises the following:

	2014	2013
Unlisted investments, at cost		
Share of net assets other than goodwill	4,783,620	4,416,754
Goodwill on acquisition (Note (b))	1,062,079	1,089,167
	5,845,699	5,505,921

(a) The associates as listed below are held indirectly by the Company, their place of business and country of incorporation is the PRC. They are measured under equity method.

List of major associates as at 31 December 2014 and 2013 are as follows:

Name	% Ownership interest	Business nature
Shenzhen Airlines Limited ("Shenzhen Airlines") (Note (c))	49%	Aviation services
Shenzhen Qinglong Expressway Company Limited ("Qinglong Company")	40%	Development, construction and management of Shuiguan Expressway
Guangdong Jiangzhong Expressway Company Limited ("Jiangzhong Company")	25%	Construction, operation and management of highways
Guangzhou Western Second Ring Expressway Company Limited ("GZ W2 Company")	25%	Construction, operation and management of highways
Shenzhen Huayu Expressway Investment Company Limited ("Huayu Company")	40%	Development, operation and management of highways
Shenzhen Expressway Engineering Consulting Company Limited ("Consulting Company")	24%	Project management consulting, engineering consulting and sales of engineering materials
Nanjing Yangzi River Third Bridge Company Limited ("Nanjing Third Bridge Company")	25%	Construction, operation and management of bridges
Guangdong Yangmao Expressway Company Limited ("Yangmao Company")	25%	Construction, operation and management of highways
Yunfu Guangyun Expressway Company Limited	30%	Construction, operation and management of highways
Shenzhen South Electronics Port Co., Ltd. ("South Electronics Port")	40%	Electronic customs service

(b) The balance represents the goodwill arising from the acquisition of equity interests in Jiangzhong Company, Yangmao Company, Qinglong Company and Shenzhen Airlines.

(c) In May 2011, Shenzhen Airlines received an originating summons from the Higher People's Court of Guangdong Province in respect of an outstanding loan totaling RMB390,000,000 borrowed by Shenzhen Huirun Investment Co., Ltd. ("Huirun") from a third party. It is alleged that Shenzhen Airlines has entered into several guarantee agreements with the third party and Huirun, pursuant to which Shenzhen Airlines acted as guarantor in favour of the third party for the amount borrowed by Huirun in or before the year 2009. Shenzhen Airlines has questioned the authenticity of the guarantee agreements and is awaiting the court ruling on this issue. The directors of Shenzhen Airlines have made a reasonable estimate on the potential loss on these guarantees and a provision of RMB130,000,000 was made in year 2011. The directors of the Company believe no adjustment is needed for the provision during the year.

(All amounts in HK dollar thousands unless otherwise stated)

12. INVESTMENTS IN ASSOCIATES – GROUP (continued)

(d) In the opinion of the directors, Shenzhen Airlines is a material associate to the Group. Shenzhen Airlines is a private company and there is no quoted market price available for its shares. Set out below are the summarised financial information for Shenzhen Airlines which is accounted for using the equity method.

Summarised balance sheet

	2014	2013
Current		
Assets	**4,051,720**	3,782,662
Liabilities	**(22,652,413)**	(22,130,431)
Total current net liabilities	**(18,600,693)**	(18,347,769)
Non-current		
Assets	**49,831,512**	46,008,013
Liabilities	**(25,099,913)**	(22,060,727)
Total non-current net assets	**24,731,599**	23,947,286
Non-controlling interests	**(52,393)**	(49,859)
Net assets	**6,078,513**	5,549,658

Summarised statement of comprehensive income

	2014	2013
Revenue	**28,794,248**	27,320,181
Profit for the year	**928,827**	1,098,911
Other comprehensive income/(loss)	**39,253**	(152)
Total comprehensive income	**968,080**	1,098,759
Dividends received from the associate	**145,582**	142,174

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associate.

Summarised financial information

	2014	2013
Opening net assets	**3,709,901**	3,209,040
Profit for the year	**455,125**	538,466
Other comprehensive income/(loss)	**19,235**	(76)
Dividend received	**(145,582)**	(142,174)
Currency translation differences	**(94,273)**	104,645
Closing net assets	**3,944,406**	3,709,901
Interest in the associate (49%)	**2,978,472**	2,719,332
Goodwill	**965,934**	990,569
Carrying value	**3,944,406**	3,709,901

(All amounts in HK dollar thousands unless otherwise stated)

12. INVESTMENTS IN ASSOCIATES – GROUP (continued)

(e) Summarised financial information for individually immaterial associates is as follows:

	2014	2013
Total carrying amount of individually immaterial associates in consolidated financial statements	**1,901,293**	1,796,020
Individually immaterial associates' results attributed to the Group:		
Profit for the year	**271,330**	220,954
Total comprehensive income	**271,330**	220,954

(f) There are no significant contingent liabilities relating to the Group's interests in the associates.

13. INVESTMENTS IN JOINT VENTURES – GROUP

	2014	2013
Beginning of year	**335,905**	317,382
Additions	**–**	1,538
Share of (loss)/profit of joint ventures	**(12,471)**	32,441
Dividends received	**(1,076)**	(25,325)
Exchange difference	**(8,266)**	9,869
End of year	**314,092**	335,905

The year-end balance comprises the following:

	2014	2013
Unlisted investments, at cost		
Share of net assets	**27,775**	42,286
Advances to joint ventures (Note (a))	**286,317**	293,619
	314,092	335,905

(a) The amounts represented advances made to Changsha Shenchang Expressway Co., Ltd. ("Shenchang Company"). The advances were made by Shenzhen Expressway as part of its investment commitments in these joint ventures as stipulated in the provisions under the relevant investment agreements. In the opinion of the directors of the Company, these advances are investment in nature and are therefore stated at cost.

The advances are unsecured, interest-free and are repayable out of the funds to be generated from the operations of the respective toll road projects. The directors of the Company considered that there was no recoverability problem associated with the amount as at 31 December 2014.

(b) The joint ventures as listed below are held directly by the Group, their place of business and country of incorporation is the PRC. The measurement method is equity accounting.

List of joint ventures as at 31 December 2014 and 2013 are as follows:

Name	% Ownership interest	Business nature
Shenzhen Airport International Express Supervision Center Co., Ltd.	50%	Equipment services for customs monitoring
Citic Logistics Fritz Co., Ltd.	43%	Cargo transportation and warehousing services
Shenzhen Longzhuo Logistics Co., Ltd.	50%	Warehousing services
Shenchang Company	51%	Construction, operation and management of the round-city road
Shenzhen Timetop Smart Logistics Co., Ltd.	40%	Logistics management services

All joint ventures are private company and there are no quoted market prices available for their shares.

(All amounts in HK dollar thousands unless otherwise stated)

13. INVESTMENTS IN JOINT VENTURES – GROUP (continued)

(c) In the opinion of the directors, none of the joint ventures is material to the Group. Summarised financial information for individually immaterial joint ventures is as follows:

	2014	2013
Total carrying amount of individually immaterial joint ventures in consolidated financial statements	**314,092**	335,905
Individually immaterial joint ventures' results attributed to the Group:		
(Loss)/profit for the year	**(12,471)**	32,441
Total comprehensive (loss)/income	**(12,471)**	32,441

(d) There are no significant contingent liabilities and commitments related to the Group's interests in the joint ventures.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP

	2014	2013
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) and Note 3.3)	**1,288,524**	1,270,934
Unlisted equity investments:		
at fair value (Note 3.3)	**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. During the year, the Group disposed of 5,850,000 shares in CSG and recorded a gain of approximately HKD57,425,000.

(All amounts in HK dollar thousands unless otherwise stated)

15. OTHER NON-CURRENT ASSETS – GROUP

As at 31 December 2014, other non-current assets mainly represent long-term receivable from Shenzhen Municipal People's Government amounting to HKD1,475,366,000 (RMB1,180,588,000) for the related compensation on Meiguan Expressway's Toll Free Section (Note 10(b)).

Interests are charged on the long-term receivable based on prevailing borrowing rates promulgated by the PBOC and an interest income of HKD113,413,000 was recognised for the year ended 31 December 2014 (Note 32). The fair value of the long-term receivable approximated its carrying value.

16. INVENTORIES – GROUP

As at 31 December 2014 and 2013, inventories mainly represent land use rights held for development purpose which are classified as properties under development.

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
Trade receivables (Note (a))	**1,192,845**	856,748	**–**	–
Less: Provision for impairment	**(3,678)**	(5,051)	**–**	–
Trade receivables – net	**1,189,167**	851,697	**–**	–
Other receivables and prepayments (Note (b))	**1,572,644**	487,835	**7,885**	1,367
	2,761,811	1,339,532	**7,885**	1,367

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

(i) Trade receivables due over 365 days mainly comprised the amount of HKD296,357,000 (2013: HKD259,381,000) arising from the Group's development and management of certain toll road projects administrated for SZ Transportation Committee and entrusted construction management services of Guangshen Coastal Expressway (Shenzhen Section) Project ("Coastal Project").

As at 31 December 2014, trade receivables of HKD32,000 (2013: HKD348,000) were past due but not impaired. These relate to a number of independent customers and based on past experiences, the overdue amounts can be recovered.

As at 31 December 2014, trade receivables of HKD3,678,000 (2013: HKD5,051,000) were fully impaired. These individually impaired trade receivables mainly relate to customers which are suffered unexpected difficult economic situations.

The other classes within trade and other receivables do not contain impaired assets. There is no material default history for amounts not past due.

The creation and release of provision for impaired receivables has been included in administrative expenses in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recoveries of additional cash.

The carrying amounts of the Group's trade and other receivables are mainly denominated in RMB. As at 31 December 2014, the fair value of the trade and other receivables approximated their carrying values.

(All amounts in HK dollar thousands unless otherwise stated)

17. TRADE AND OTHER RECEIVABLES (continued)

(a) (continued)

The maximum exposure to credit risk at the balance sheet date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Credit quality of trade receivables neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	2014	2013
Counterparty		
– Government authorities in the PRC	**405,598**	535,351
– Existing customers with no defaults in the past	**727,033**	273,609
– New customers	**56,504**	42,389
	1,189,135	851,349

(b) Amounts included HKD284,906,000 (2013: HKD160,902,000) of prepayment for land use rights in the PRC. HKD117,616,000 (2013: HKD201,414,000) of advance for construction costs and HKD 999,750,000 (2013: Nil) of receivables from Shenzhen Municipal People's Government for the related compensation on Meiguan Expressway's Toll Free Section.

18. CASH AND CASH EQUIVALENTS

	Group		**Company**	
	2014	2013	**2014**	2013
Cash at bank and in hand	**3,566,407**	2,953,875	**18,052**	10,719
Short-term bank deposits	**4,068,589**	2,003,147	**1,660,923**	33,000
	7,634,996	4,957,022	**1,678,975**	43,719
Less: Restricted bank deposits (Note (b))	**(473,812)**	(6,613)	**–**	–
	7,161,184	4,950,409	**1,678,975**	43,719

(a) As at 31 December 2014 and 2013, cash at bank could be withdrawn on demand. The balances were denominated in the following currencies:

	Group		**Company**	
	2014	2013	**2014**	2013
RMB	**7,435,944**	4,895,079	**1,661,423**	506
HKD	**34,384**	60,209	**17,357**	42,950
USD	**164,409**	1,480	**79**	133
Other currencies	**259**	254	**116**	130
	7,634,996	4,957,022	**1,678,975**	43,719

(b) As at 31 December 2014, the restricted bank deposits mainly represented restricted project funds for construction management.

(c) As at 31 December 2014, the maximum exposure of the Group's and the Company's cash and cash equivalents to credit risk was the carrying value.

(All amounts in HK dollar thousands unless otherwise stated)

19. SHARE CAPITAL AND SHARE PREMIUM – GROUP AND COMPANY

	Number of issued shares (share)	Ordinary share capital	Share premium	Total
At 1 January 2013	16,372,973,064	1,637,297	3,315,190	4,952,487
Employee share option scheme				
– proceeds from shares issued	144,464,000	14,446	69,343	83,789
– value of employee services	–	–	8,351	8,351
Issue of scrip shares as dividend	53,549,881	5,355	50,230	55,585
At 31 December 2013	16,570,986,945	1,657,098	3,443,114	5,100,212
Share consolidation (Note (a))	**(14,913,888,251)**	**–**	**–**	**–**
Share placing (Note (b))	**176,000,000**	**176,000**	**1,726,003**	**1,902,003**
Employee share option scheme				
– proceeds from shares issued	**6,580,061**	**6,580**	**36,818**	**43,398**
– value of employee services	**–**	**–**	**31,209**	**31,209**
Issue of scrip shares as dividend	**52,264,132**	**52,264**	**393,449**	**445,713**
At 31 December 2014	**1,891,942,887**	**1,891,942**	**5,630,593**	**7,522,535**

(a) Authorised and issued shares

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 HKD0.10 per share have been consolidated into one share with par value of HKD1.00 with effect from 13 February 2014 ("Share Consolidation"). The consolidated shares rank pari passu in all respects with each other. The implementation did not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the shareholders, save for any fractional consolidated shares (i.e. less than one consolidated share) to which shareholders may be entitled. Number of authorised and issued shares and par value have been adjusted retrospectively.

As at 31 December 2013, the total authorised number of ordinary shares is 20,000 million shares with par value of HKD0.10 per share. Upon the Share Consolidation become effective on 13 February 2014, the total authorised number of ordinary shares is 2,000 million shares with par value of HKD1.00 per share. All issued shares are fully paid.

(b) Placing of shares

On 7 November 2014, Ultrarich, the substantial shareholder of the Company, placed an aggregate 176,000,000 existing ordinary shares of the Company to not less than six placees who are independent third parties and are professional, institutional and/or other investors, at a price of HKD11 per share, for a total cash consideration of HKD1,936,000,000. The closing price as at 4 November 2014, being the date of the relevant placing and subscription agreement, was HKD12.02 per share. Ultrarich then subscribed for 176,000,000 new ordinary shares of the Company at the same subscription price on 10 November 2014, the aggregate nominal value of which was HKD176,000,000. The excess of the proceeds from the placement of shares over the shares issued, net of transaction costs directly attributable to placement of shares, was credited to 'share premium' account.

19. SHARE CAPITAL AND SHARE PREMIUM – GROUP AND COMPANY (continued)

(c) Share options

As a result of the Share Consolidation become effective, the exercise price and the number of consolidated shares to be issued upon the exercise of the outstanding options granted under the share option scheme adopted by the Company on 30 April 2004 ("the Share Option Scheme") have been adjusted ("the Adjustments") in accordance with the terms of the Share Option Scheme and Rule 17.03(13) of the Listing Rules as follows:

	Before the Adjustments		After the Adjustments	
Date of Grant	**Exercise price (HKD per share)**	**Number of shares fall to be issued upon the exercise of the outstanding share options**	**Exercise price (HKD per share)**	**Number of consolidated shares fall to be issued upon the exercise of the outstanding share options**
28 September 2010	0.58	117,065,195	5.80	11,706,519
18 January 2013	0.91	19,810,000	9.10	1,981,000
29 January 2014	1.04	328,800,000	10.40	32,880,000

Share information below has been restated to reflect the effect of Share Consolidation.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2014		2013	
	Average exercise price (HKD per share)	**Number of share options (thousands)**	Average exercise price (HKD per share)	Number of share options (thousands)
At 1 January	**6.25**	**14,634**	5.80	27,196
Granted	**10.40**	**32,880**	9.10	1,981
Exercised	**6.60**	**(6,580)**	5.80	(14,447)
Forfeited	**8.23**	**(1,137)**	5.80	(96)
At 31 December	**9.56**	**39,797**	6.25	14,634

Share options outstanding at the end of the year have the following dates of maturity and exercise prices:

Date of maturity	**Exercise price (HKD per share)**	**Number of share options (thousands)**	
		2014	2013 (audited and restated)
27 September 2015 (Note (i))	5.80	**7,122**	12,653
27 September 2015 (Note (ii))	9.10	**395**	1,981
28 January 2019 (Note (iii))	10.40	**32,280**	–
		39,797	14,634

(i) On 28 September 2010, 28,660,000 share options (the "2010 Share Options") with an exercise price of HKD5.80 per share were granted to certain directors of the Company and selected employees of the Group. The exercise price of the 2010 Share Options equals to the market price of the shares on the grant date. The options were exercisable starting two years from the grant date: 40% of the 2010 Share Options was vested on the date which is 24 months after the grant date; another 30% of the 2010 Share Options granted was vested on the date which is 36 months after the grant date, and the remaining 30% of the 2010 Share Options was vested on the date which is 48 months after the grant date. The vesting of the 2010 Share Options is conditional, subject to the individual performance of respective grantees and the achievement of certain performance targets of the Group. During the year, 537,000 2010 Share Options were forfeited (2013: 96,000), and 4,994,061 2010 Share Options were exercised (2013: 14,447,000).

(All amounts in HK dollar thousands unless otherwise stated)

19. SHARE CAPITAL AND SHARE PREMIUM – GROUP AND COMPANY (continued)

(c) Share options (continued)

(ii) On 18 January 2013, 1,981,000 share options (the "2013 Share Options") with an exercise price of HKD9.10 per share were granted to certain directors of the Company and selected employees of the Group. The exercise price of the 2013 Share Options equals to the market price of the shares on the grant date. The options will expire on 27 September 2015 and was vested on 28 September 2014. The vesting of the 2013 Share Options is conditional, subject to the individual performance of respective grantees and the achievement of certain performance targets of the Group. During the year, 1,586,000 2013 Share Options were exercised (2013: Nil).

(iii) On 29 January 2014, 32,880,000 share options (the "2014 Share Options") with an exercise price of HKD10.40 per share were granted to certain directors of the Company and to selected employees of the Group. The options are exercisable starting two years from the grant date: 40% of the 2014 Share Options will be vested on the date which is 24 months after the grant date; another 30% of the 2014 Share Options granted will be vested on the date which is 36 months after the grant date, and the remaining 30% of the 2014 Share Options will be vested on the date which is 48 months after the grant date. The vesting of the 2014 Share Options is conditional, subject to the individual performance of respective grantees and the achievement of certain performance targets of the Group. During the year, 600,000 2014 Share Options were forfeited (2013: Nil).

The fair value of the 2014 Share Options as determined using the Binomial Model was HKD2.50 per option. The significant inputs used in the model were share price of HKD9.90 per share at the grant date, exercise price shown above, volatility of 40.622%, dividend yield of 3.778%, an expected option life of 5 years and an annual risk-free interest rate of 1.352%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the past 5 years.

20. OTHER RESERVES

Group

	Equity component of convertible bonds	Fair value reserve	Reserve funds (Note (b))	Capital reserve	Goodwill reserve	Hedging reserve	Merger reserves	Revaluation surplus	Other reserves (Note (c))	Currency translation reserve	Contributed surplus (Note (a))	Total
At 1 January 2013	133,978	1,044,836	1,704,470	59,723	(159,583)	(19,267)	(4,082,110)	507,216	(165,051)	1,600,033	13,005	637,250
Transfer from retained earnings to reserve funds	–	–	86,711	–	–	–	–	–	–	–	–	86,711
Transfer to other reserves upon redemption of the convertible bonds	(133,978)	–	–	–	–	–	–	–	133,978	–	–	–
Fair value losses on available-for-sale financial assets, net of tax	–	(13,133)	–	–	–	–	–	–	–	–	–	(13,133)
Reclassification of fair value gains to income statement upon disposal of available-for-sale financial assets, net of tax	–	(229,842)	–	–	–	–	–	–	–	–	–	(229,842)
Fair value gains on derivative financial instruments, net of tax	–	–	–	–	–	20,065	–	–	–	–	–	20,065
Reclassification of fair value losses to income statement upon derecognition of cash flow hedges, net of tax	–	–	–	–	–	458	–	–	–	–	–	458
Share of other comprehensive loss of an associate	–	–	–	–	–	–	–	–	(76)	–	–	(76)
Currency translation differences	–	31,587	–	–	–	–	–	–	–	362,024	–	393,611
At 31 December 2013	–	833,448	1,791,181	59,723	(159,583)	1,256	(4,082,110)	507,216	(31,149)	1,962,057	13,005	895,044

(All amounts in HK dollar thousands unless otherwise stated)

20. OTHER RESERVES (continued)

Group (continued)

	Equity component of convertible bonds	Fair value reserve	Reserve funds (Note (b))	Capital reserve	Goodwill reserve	Hedging reserve	Merger reserves	Revaluation surplus	Other reserves (Note (c))	Currency translation reserve	Contributed surplus (Note (a))	Total
At 1 January 2014	–	833,448	1,791,181	59,723	(159,583)	1,256	(4,082,110)	507,216	(31,149)	1,962,057	13,005	895,044
Transfer from retained earnings to reserve funds	–	–	216,611	–	–	–	–	–	–	–	–	216,611
Fair value gains on available-for-sale financial assets, net of tax	–	81,361	–	–	–	–	–	–	–	–	–	81,361
Reclassification of fair value gains to income statement upon disposal of available-for-sale financial assets, net of tax	–	(38,539)	–	–	–	–	–	–	–	–	–	(38,539)
Fair value losses on derivative financial instruments, net of tax	–	–	–	–	–	(5,661)	–	–	–	–	–	(5,661)
Share of other comprehensive income of associate	–	–	–	–	–	–	–	–	19,235	–	–	19,235
Transactions with non-controlling interests	–	–	–	–	–	–	–	–	(1,313)	–	–	(1,313)
Currency translation differences	–	(24,846)	–	–	–	–	–	–	–	(349,800)	–	(374,646)
At 31 December 2014	–	851,424	2,007,792	59,723	(159,583)	(4,405)	(4,082,110)	507,216	(13,227)	1,612,257	13,005	792,092

Company

	Contributed surplus (Note (a))	Hedging reserve	Currency translation reserve	Total
At 1 January 2013	58,515	(27,809)	1,219,778	1,250,484
Fair value gains on derivative financial instruments	–	18,928	–	18,928
Reclassification of fair value losses to income statement upon derecognition of cash flow hedges, net of tax	–	458	–	458
Currency translation difference	–	–	237,130	237,130
At 31 December 2013	58,515	(8,423)	1,456,908	1,507,000
Fair value gains on derivative financial instruments	**–**	**4,018**	**–**	**4,018**
Currency translation difference	**–**	**–**	**(233,156)**	**(233,156)**
At 31 December 2014	**58,515**	**(4,405)**	**1,223,752**	**1,277,862**

(a) The contributed surplus of the Group represents the difference between the nominal value of the shares of the former group holding company, acquired pursuant to the Group reorganisation on 9 January 1990, over the nominal value of the Company's shares issued in exchange thereof.

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the same group reorganisation, over the nominal value of the Company's shares issued in exchange thereof.

(b) In accordance with the PRC regulations, certain companies of the Group in the PRC are required to transfer part of their profits after taxation to various reserve funds, which are non-distributable, before profit distributions are made. The amounts of the transfers are subject to the approval of the boards of directors of these companies, in accordance with their joint venture agreements and/or articles of association.

(c) Other reserves mainly represented the differences between the considerations paid/received and the relevant carrying value of net assets of the subsidiaries acquired/disposed of for the transactions with certain non-controlling interests.

(All amounts in HK dollar thousands unless otherwise stated)

21. BORROWINGS

	Group		Company	
	2014	2013	**2014**	2013
Non-current				
Long-term bank borrowings				
– Secured (Note (a))	**4,919,050**	6,503,584	**–**	–
– Unsecured	**2,439,589**	3,398,918	**2,119,736**	2,166,559
– Guaranteed	**–**	142,663	**–**	–
Medium-term notes (Note (b))	**1,244,010**	–	**–**	–
Senior notes (Note (c))	**2,330,716**	2,323,440	**2,330,716**	2,323,440
Corporate bonds (Note (d))	**2,867,946**	2,935,458	**–**	–
Private placement notes (Note (e))	**997,664**	1,023,022	**–**	–
	14,798,975	16,327,085	**4,450,452**	4,489,999
Less: Current portion	**(1,443,721)**	(1,302,295)	**(399,792)**	(449,896)
	13,355,254	15,024,790	**4,050,660**	4,040,103
Current				
Short-term bank borrowings				
– Unsecured	**918,470**	994,529	**918,470**	404,500
– Secured (Note (a))	**30,000**	–	**–**	–
Current portion of long-term borrowings				
Bank borrowings				
– Secured (Note (a))	**46,688**	193,800	**–**	–
– Unsecured	**399,369**	1,072,829	**399,792**	449,896
– Guaranteed	**–**	35,666	**–**	–
Private placement notes (Note (e))	**997,664**	–	**–**	–
	2,392,191	2,296,824	**1,318,262**	854,396
Total borrowings	**15,747,445**	17,321,614	**5,368,922**	4,894,499

(a) As at 31 December 2014, bank borrowings of HKD4,919,050,000 (RMB 3,936,224,000) (2013: HKD5,436,914,000 (RMB4,242,424,000)) were secured by a pledge of the operating rights of Qinglian Expressway of Qinglian Limited (Note 10(c)), of which HKD46,688,000 (RMB37,360,000) (2013: HKD155,581,000 (RMB121,400,000)) were current portion of the non-current bank borrowings. Short-term bank borrowings of HKD30,000,000 (2013: current portion of the non-current bank borrowings HKD22,200,000) were secured by the Group's 55% equity interest in Jade Emperor Limited, a wholly-owned subsidiary.

(b) On 7 May 2014, Shenzhen Expressway completed the issue of the RMB1,000 million medium-term notes, which has a term of 3 years and bears a fixed interest at 5.50% per annum with interest repayable annually and the principal repayable in full upon maturity on 8 May 2017.

(c) In April 2012, the Company issued senior notes in an aggregate principal amount of USD300 million (the "Senior Notes"). The Senior Notes bear interest at the rate of 4.375% per annum, payable semi-annually in arrears on 20 April and 20 October, and will mature on 20 April 2017, unless redeemed earlier.

The Senior Notes may be redeemed at the option of the Company in whole, but not in part, in the event of certain changes affecting taxes of Bermuda or Hong Kong. At any time following a change of control in the Company, the holders of each Senior Notes will have the right to require the Company to redeem in whole but not in part such holder's Senior Notes at 101% of their principal amount, together with accrued but unpaid interest.

(d) Shenzhen Expressway issued long-term corporate bonds of RMB800 million for a term of 15 years bearing interest at 5.5% per annum in August 2007 ("Corporate Bond A"). Interest is payable annually and the principal is repayable in full upon maturity on 31 July 2022. The full amount of principal and interest of the Corporate Bond A are unconditionally and irrevocably guaranteed by China Construction Bank Corporation, which is in turn secured by the Shenzhen Expressway's 100% equity interest in Meiguan Company.

In August 2011, Shenzhen Expressway issued another corporate bonds with face value of RMB1,500 million which are fixed interest rate with maturity of 5 years ("Corporate Bond B") and the principal is repayable in full upon maturity on 27 July 2016, with attached options that Shenzhen Expressway can regulate upward the coupon rate and investors can request for redemption upon the end of third year from the date of issuance of the bonds. The nominal interest rate of the Corporate Bond B is 6% per annum.

(All amounts in HK dollar thousands unless otherwise stated)

21. BORROWINGS (continued)

(e) On 20 December 2012, Shenzhen Expressway issued private placement notes amounting to RMB800 million, which bearing a term of 3 years and a fixed interest of 5.90% per annum with interest repayable annually and the principal repayable in full upon maturity on 20 December 2015.

(f) At 31 December 2014, the borrowings were repayable as follows:

	Group		Company	
	2014	2013	**2014**	2013
Within 1 year	**2,392,191**	2,296,824	**1,318,262**	854,396
Between 1 and 2 years	**3,571,544**	2,049,659	**1,322,636**	399,442
Between 2 and 5 years	**5,918,354**	8,222,332	**2,728,024**	3,640,661
Over 5 years	**3,865,356**	4,752,799	**–**	–
	15,747,445	17,321,614	**5,368,922**	4,894,499

	Group		Company	
	2014	2013	**2014**	2013
Wholly repayable within 5 years	**9,834,977**	10,142,723	**5,368,922**	4,894,499
Wholly repayable after 5 years	**5,912,468**	7,178,891	**–**	–
	15,747,445	17,321,614	**5,368,922**	4,894,499

(g) The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
HKD	**3,275,874**	3,141,861	**3,038,206**	2,571,059
RMB	**10,140,855**	11,856,313	**–**	–
USD	**2,330,716**	2,323,440	**2,330,716**	2,323,440
	15,747,445	17,321,614	**5,368,922**	4,894,499

(h) The ranges of interest rates at the balance sheet date were as follows:

	2014		2013	
	HKD	**RMB**	HKD	RMB
Bank borrowings	**1.44% – 3.93%**	**5.90% – 6.55%**	1.86%-3.93%	5.51%-6.55%

(i) The Group has the standby banking facilities are as follows:

	Group		Company	
	2014	2013	**2014**	2013
Floating rate				
– Expiring within one year	**13,359,298**	9,312,915	**10,547,501**	4,345,321
– Expiring beyond one year	**19,421,483**	25,245,599	**15,351,251**	21,189,401
	32,780,781	34,558,514	**25,898,752**	25,534,722

(All amounts in HK dollar thousands unless otherwise stated)

21. BORROWINGS (continued)

(j) The carrying amounts and fair values of the non-current borrowings are as follows:

	Group				Company			
	Carrying amounts		Fair values		Carrying amounts		Fair values	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Bank borrowings	**6,912,582**	8,742,870	**6,817,248**	8,728,393	**1,719,944**	1,716,663	**1,719,944**	1,716,663
Corporate bonds	**2,867,946**	2,935,458	**2,742,329**	2,802,876	**–**	–	**–**	–
Senior notes	**2,330,716**	2,323,440	**2,341,942**	2,339,513	**2,330,716**	2,323,440	**2,341,942**	2,339,513
Private placement notes	**–**	1,023,022	**–**	1,023,022	**–**	–	**–**	–
Medium-term notes	**1,244,010**	–	**1,204,172**	–	**–**	–	**–**	–
	13,355,254	15,024,790	**13,105,691**	14,893,804	**4,050,660**	4,040,103	**4,061,886**	4,056,176

The fair values of bank borrowings are determined based on cash flows discounted using effective interest rates ascertained based on the rates of general bank borrowings at 6.14% to 6.29% (2013: 6.15% to 6.55%) per annum.

The fair values of the Corporate Bond A and Corporate Bond B are calculated using cash flows discounted at rates based on market interest rates of comparable corporate bonds at 5.75% and 6.51% (2013: 5.75% and 6.51%) per annum respectively.

The fair value of the Senior Notes are calculated using cash flows discounted at a rate based on market interest rate of notes at 4.466% (2013: 4.466%) per annum.

The fair value of the medium-term notes are calculated using cash flows discounted at a rate based on market interest rate of notes at 6.15% (2013: Nil) per annum.

The fair value of current borrowings approximates their carrying amount as the effect of discounting is not significant.

The fair value measurement of bank borrowings, medium-term notes, private placement notes, corporate bonds and senior notes are categorised within the level 3 of fair value hierarchy.

(k) The exposure of the borrowings to interest rate changes and the contractual repricing dates at the end balance sheet date are as follows:

	Group		Company	
	2014	2013	**2014**	2013
Borrowings with floating rate:				
Up to 6 months	**3,303,764**	3,257,933	**2,938,415**	2,381,617
Over 6 months and less than 12 months	**31,192**	855,149	**–**	–
1 to 5 years	**2,000,425**	2,361,489	**–**	–
Over 5 years	**2,871,937**	3,651,601	**–**	–
	8,207,318	10,126,172	**2,938,415**	2,381,617

(All amounts in HK dollar thousands unless otherwise stated)

22. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2014	2013	**2014**	2013
Interest rate swaps – non-current liabilities – cash flow hedges (Note (a))	**4,920**	9,134	**4,920**	9,134
Cross currency and interest rate swap – current liabilities – cash flow hedges	**–**	31,624	**–**	–
	4,920	40,758	**4,920**	9,134

For the year ended 31 December 2014, the fair value change of derivative financial instruments recognised in other comprehensive income and income statement amounted to HKD15,001,000 (2013: HKD21,162,000) and HKD12,643,000 (2013: HKD16,148,000) respectively.

(a) Interest rate swaps

At 31 December 2014, the fixed interest rates vary from 1.29% to 1.58% (2013: 1.29% to 1.58%), and the main floating rates are Hong Kong Interbank Offer Rate. Gains and losses recognised in the hedging reserve in other comprehensive income (Note 20) on interest rate swap contracts as of 31 December 2014 will be continuously released to the income statement until the repayment of the bank borrowings.

Details of the interest rate swaps for cash flow hedge purpose are as follows:

Outstanding notional principal amount	31 December 2014 balance of the derivative financial instruments	Maturity date
400,000	4,210	28 October 2016
100,000	710	28 October 2016
500,000	4,920	

(All amounts in HK dollar thousands unless otherwise stated)

23. PROVISION FOR MAINTENANCE/RESURFACING OBLIGATIONS – GROUP

	2014	2013
Opening net book amount	**429,426**	621,003
Charged to the income statement:		
Additions (Note 30)	**30,562**	28,744
Increase due to passage of time (Note 32)	**10,987**	30,938
Utilised	**(161,963)**	(267,247)
Exchange difference	**(9,896)**	15,988
Closing net book amount	**299,116**	429,426
Less: current portion	**(188,211)**	(134,996)
Non-current portion	**110,905**	294,430

As part of its obligations under the Service Concessions, the Group assumes responsibility for maintenance and resurfacing of the toll roads it manages.

Provision for maintenance/resurfacing obligations are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

24. DEFERRED INCOME TAX – GROUP

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2014	2013
Deferred tax assets		
– to be recovered after more than 12 months	**205,015**	282,644
– to be recovered within 12 months	**62,552**	58,951
	267,567	341,595
Offset within the same tax jurisdiction	**(206,518)**	(263,121)
Net deferred tax assets	**61,049**	78,474
Deferred tax liabilities		
– to be settled after more than 12 months	**1,186,446**	1,305,782
– to be settled within 12 months	**391,987**	389,041
	1,578,433	1,694,823
Offset within the same tax jurisdiction	**(206,518)**	(263,121)
Net deferred tax liabilities	**1,371,915**	1,431,702

(All amounts in HK dollar thousands unless otherwise stated)

24. DEFERRED INCOME TAX – GROUP (continued)

The gross movement on the deferred income tax account is as follows:

	2014	2013
At 1 January	**1,353,228**	1,450,831
Tax charged/(credited) relating to components of other comprehensive income	**13,973**	(80,395)
Credited to the income statement (Note 33)	**(28,546)**	(54,898)
Exchange difference	**(27,789)**	37,690
At 31 December	**1,310,866**	1,353,228

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Deferred tax assets				
	Provision for maintenance/ resurfacing obligations	Taxable financial subsidies	Payroll and other expenses accrued but not paid	Tax losses	Total
Balance at 1 January 2013	154,737	28,711	16,459	102,926	302,833
(Charged)/credited to the income statement	(52,489)	(1,011)	(5,469)	88,361	29,392
Exchange differences	3,704	868	307	4,491	9,370
Balance at 31 December 2013	105,952	28,568	11,297	195,778	341,595
Balance at 1 January 2014	**105,952**	**28,568**	**11,297**	**195,778**	**341,595**
(Charged)/credited to the income statement	**(20,482)**	**(1,265)**	**5,069**	**(49,529)**	**(66,207)**
Exchange differences	**(2,257)**	**(702)**	**(314)**	**(4,548)**	**(7,821)**
Balance at 31 December 2014	**83,213**	**26,601**	**16,052**	**141,701**	**267,567**

(All amounts in HK dollar thousands unless otherwise stated)

24. DEFERRED INCOME TAX – GROUP (continued)

	Deferred tax liabilities				
	Fair value gains of available-for-sale financial assets	Concession intangible assets	Convertible bonds	Others	Total
Balance at 1 January 2013	350,699	1,290,040	15,365	97,560	1,753,664
Credited to equity					
– Change of fair value of available-for-sale financial assets	(4,042)	–	–	–	(4,042)
– Transfer out upon disposal of available-for-sale financial assets	(76,353)	–	–	–	(76,353)
(Credited)/charged to the income statement	–	(83,944)	–	74,042	(9,902)
Difference between effective interest and nominal interest of convertible bonds	–	–	(15,604)	–	(15,604)
Exchange differences	8,186	35,870	239	2,765	47,060
Balance at 31 December 2013	278,490	1,241,966	–	174,367	1,694,823
Balance at 1 January 2014	**278,490**	**1,241,966**	**–**	**174,367**	**1,694,823**
Credited to equity					
– Change of fair value of available-for-sale financial assets	**27,345**	**–**	**–**	**–**	**27,345**
– Transfer out upon disposal of available-for-sale financial assets	**(13,372)**	**–**	**–**	**–**	**(13,372)**
(Credited)/charged to the income statement	**–**	**(129,862)**	**–**	**35,109**	**(94,753)**
Exchange differences	**(6,761)**	**(25,668)**	**–**	**(3,181)**	**(35,610)**
Balance at 31 December 2014	**285,702**	**1,086,436**	**–**	**206,295**	**1,578,433**

The tax charge relating to components of other comprehensive income is as follows:

	2014			2013		
	Before tax	**Tax credit/ (charged)**	**After tax**	Before tax	Tax credit	After tax
Fair value gains/(losses) on available-for-sale financial assets	**108,706**	**(27,345)**	**81,361**	(17,175)	4,042	(13,133)
Transfer of fair value gain to income statement upon disposal of available-for-sale financial assets	**(51,911)**	**13,372**	**(38,539)**	(306,195)	76,353	(229,842)
Fair value (losses)/gains on derivative financial instruments	**(15,001)**	**–**	**(15,001)**	21,162	–	21,162
Derecognition of cash flow hedges	**–**	**–**	**–**	458	–	458
Share of other comprehensive income/(loss) of an associate	**19,235**	**–**	**19,235**	(76)	–	(76)
Currency translation differences	**(578,344)**	**–**	**(578,344)**	622,113	–	622,113
	(517,315)	**(13,973)**	**(531,288)**	320,287	80,395	400,682

(All amounts in HK dollar thousands unless otherwise stated)

24. DEFERRED INCOME TAX – GROUP (continued)

(a) Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of tax losses amounting to HKD384,483,000 (2013: HKD272,799,000) that can be carried forward against future taxable income.

The expiry year of tax losses without deferred tax assets provided at 31 December 2014 is as follows:

Year	2014	2013
2014	–	38,626
2015	158,274	162,311
2016	75,092	19,369
2017	56,598	24,822
2018	86,742	27,671
2019	7,777	–
	384,483	272,799

25. OTHER NON-CURRENT LIABILITIES

As at 31 December 2014, other non-current liabilities mainly represented the compensation received from the government for the operating costs of the new ramp and the related taxes and surcharges on the compensation relating to Meiguan Expressway's Toll Free Section.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
Trade payables (Note (a))	71,822	80,110	–	–
Payables relating to construction projects	1,081,786	855,883	–	–
Advances from associates (Note (b))	95,710	99,161	–	–
Other payables and accrued expenses (Note (c))	999,972	883,085	5,999	6,797
	2,249,290	1,918,239	5,999	6,797

(a) The ageing analysis of the trade payables was as follows:

	Group	
	2014	2013
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

(b) Advances from associates included amounts of HKD41,898,000 (2013: HKD42,966,000), HKD46,863,000 (2013: HKD38,447,000), HKD6,475,000 (2013: HKD17,748,000), HKD362,000 (2013: Nil), HKD56,000 (2013: Nil) and HKD56,000 (2013:Nil) were due from Nanjing Third Bridge Company, GZ W2 Company, Consulting Company, South Electronics Port, Huayu Company and Qinglong Company respectively, which are interest-free, unsecured and repayable on demand.

(c) Other payables and accrued expenses mainly included payables for entrusted service costs, interest expenses and employee benefit expenses.

(All amounts in HK dollar thousands unless otherwise stated)

27. REVENUE

	2014	2013
Toll Roads		
– Toll revenue	**4,551,275**	4,428,907
– Entrusted construction management service 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

28. OTHER GAINS/(LOSSES) – NET

	2014	2013
Gain on disposal of Meiguan Expressway's Toll Free Section related assets (Note 10(b))	**1,926,332**	–
Gain on disposal of available-for-sale financial assets (Note 14)	**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)

29. OTHER INCOME

	2014	2013
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

(All amounts in HK dollar thousands unless otherwise stated)

30. EXPENSES BY NATURE

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

	2014	2013
Construction cost under Service Concession	**16,402**	190,743
Provision for maintenance/resurfacing obligations – net (Note 23)	**30,562**	28,744
Depreciation and amortisation	**1,420,789**	1,375,897
Employee benefit expenses (Note 31)	**635,244**	586,964
Transportation expenses and contractors' cost	**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

31. EMPLOYEE BENEFIT EXPENSES

	2014	2013
Wages and salaries	**461,756**	440,641
Pension costs – defined contribution plans	**62,173**	59,700
Share-based payment expenses (Note 19)	**31,209**	8,351
Others	**80,106**	78,272
	635,244	586,964

From 1 December 2000, a MPF scheme has been set up for eligible employees in Hong Kong of the Group. Contributions to the MPF Scheme by the Group and employees are calculated at rates specified in the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group by an independently administered fund.

The Group also contributes to employee retirement schemes established by the PRC local governments in respect of certain subsidiaries in the PRC. The PRC local governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group. Contributions to these schemes are charged to the consolidated income statement as incurred.

No forfeited contributions (2013: Nil) were utilised during the year and none is available at the year-end to reduce future contribution.

(All amounts in HK dollar thousands unless otherwise stated)

31. EMPLOYEE BENEFIT EXPENSES (continued)

(a) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2014 is set out below:

Name of director	Fees	Salary	Discretionary bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Share-based payment	Total
Gao Lei	–	302	767	3	120	–	1,686	2,878
Li Jing Qi (i)	–	302	729	3	117	–	1,316	2,467
Li Lu Ning	–	709	253	17	116	–	1,287	2,382
Liu Jun	–	709	253	17	116	–	1,047	2,142
Yang Hai (ii)	–	891	254	21	133	–	1,047	2,346
Yim Fung (iii)	233	–	–	–	–	–	–	233
Wong Yuk Shan (iv)	125	–	–	–	–	–	–	125
Leung Ming Yuen, Simon	329	–	–	–	–	–	–	329
Ding Xun	329	–	–	–	–	–	–	329
Nip Yun Wing	329	–	–	–	–	–	–	329
								13,560

The remuneration of every Director for the year ended 31 December 2013 is set out below:

Name of director	Fees	Salary	Discretionary bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Share-based payment	Total
Gao Lei	–	303	745	3	120	–	591	1,762
Li Jing Qi (i)	–	303	708	3	117	–	418	1,549
Li Lu Ning	–	712	231	17	112	–	473	1,545
Liu Jun	–	712	291	17	112	–	352	1,484
Yang Hai (ii)	–	894	317	22	130	–	352	1,715
Wong Yuk Shan (iv)	300	–	–	–	–	–	–	300
Leung Ming Yuen, Simon	300	–	–	–	–	–	–	300
Ding Xun	300	–	–	–	–	–	–	300
Nip Yun Wing	300	–	–	–	–	–	–	300
								9,255

(i) The chief executive of the Company.
(ii) Resigned on 24 December 2014.
(iii) Appointed on 22 May 2014.
(iv) Resigned on 22 May 2014.

During the year ended 31 December 2014, Messrs Gao Lei, Li Jing Qi, Li Lu Ning and Liu Jun have waived directors' emoluments of HKD248,000 (2013: HKD269,000), HKD289,000 (2013: HKD309,000), HKD105,000 (2013: HKD128,000) and HKD105,000 (2013: HKD68,000) respectively.

During the year ended 31 December 2014 and 2013, no emoluments had been paid by the Group to the directors or the five highest-paid individuals referred to in (b) below as an inducement to join or upon joining the Group or as a compensation for loss of office.

(All amounts in HK dollar thousands unless otherwise stated)

31. EMPLOYEE BENEFIT EXPENSES (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2013: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2013: one) individual during the year are as follows:

	2014	2013
Basic salaries and allowances	**2,633**	2,400
Year-end bonuses	**683**	800
Contributions to the retirement scheme	**15**	15
Share-based payment expenses	**1,047**	352
Other benefits	**3**	3
	4,381	3,570

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument band		
HKD3,500,001 – HKD4,000,000	**–**	1
HKD4,000,001 – HKD4,500,000	**1**	–

32. FINANCE INCOME AND COSTS

	2014	2013
Interest income from bank deposits	**(94,971)**	(77,276)
Interest income from long-term receivables (Note 15)	**(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 (Note 23)	**10,987**	30,938
Net foreign exchange losses/(gains) directly attributable to borrowings	**114,361**	(138,871)
Less: interest expense capitalised on construction in progress	**(10,850)**	(34,853)
Total finance costs	**978,187**	816,292
Net finance costs	**769,803**	739,016

Borrowing costs of HKD10,850,000 (2013: HKD34,853,000) have been capitalised for the construction of toll roads and related facilities and other construction in progress in 2014, using an average interest rate of 3.37% (2013: 3.80%) per annum.

(All amounts in HK dollar thousands unless otherwise stated)

33. 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
Current income tax		
PRC corporate income tax	**1,097,168**	585,792
Deferred income tax (Note 24)	**(28,546)**	(54,898)
	1,068,622	530,894

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the preferential tax rate in Shenzhen, the PRC, the location in which the Group's major subsidiaries operate as follows:

	2014	2013
Profit before income tax	**4,755,804**	2,637,192
Tax calculated at a tax rate of 25% (2013: 25%)	**1,188,951**	659,298
Tax impact of:		
– Different tax rates in other locations	**(37,871)**	(49,297)
– Income not subject to tax	**(25,783)**	(49,585)
– Expenses not deductible for tax purposes	**83,768**	81,062
– Unrecognised tax losses	**39,289**	6,815
– Share of profits of joint ventures and associates	**(178,496)**	(197,965)
– Withholding income tax on dividends (Note (a))	**(1,236)**	80,566
Income tax expense	**1,068,622**	530,894

(a) According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding income tax rate will be reduced from 10% to 5%.

During the year, Xin Tong Chan Development (Shenzhen) Co., Ltd obtained an approval from the local tax bureau and pursuant to which, it enjoys the treaty benefit of 5% corporate income tax rate on the dividends to be distributed to its overseas holding company. Accordingly, HKD55,402,000 of over-provision in prior years was reversed in current year.

Certain profits generated by the relevant PRC subsidiaries would be distributed to their non-PRC registered intermediate holding companies and as such, deferred tax liability in this respect was provided accordingly in the consolidated financial statements of the Group for the current year to the extent that such earnings are estimated by the directors of the Company to be distributed in the foreseeable future.

The amount of profits on which withholding income tax has not been recognised at 31 December 2014 was HKD6,313,906,000 (2013: HKD5,651,625,000).

34. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HKD746,099,000 (2013: HKD669,205,000).

The movement of the retained earnings of the Company is as below:

	Company	
	2014	2013
Beginning of year	**1,380,547**	1,323,325
Profit for the year	**746,099**	669,205
Forfeiture of unclaimed dividends	**830**	–
Dividends	**(620,488)**	(611,983)
End of year	**1,506,988**	1,380,547

35. 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	**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 (HKD per share)	**1.30**	1.00

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 as described in Note 19(a).

(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.

	2014	2013
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 (HKD per share)	**1.30**	0.99

(All amounts in HK dollar thousands unless otherwise stated)

36. DIVIDENDS

According to the approved scrip dividend scheme in the annual general meeting held on 16 May 2014, 52,264,132 new shares were issued at a price of HKD8.528 per share, totalling HKD445,713,000. The remaining 2013 finial dividend totalling HKD174,775,000 was paid in cash in 2014. The 2012 final dividend paid in 2013 was HKD615,313,000. At the board meeting on 27 March 2015, the board recommended the payment of final divided and special dividend for the year of 2014 of HKD0.263 per ordinary share and HKD0.192 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
Proposed final dividend of HKD0.263 (2013: HKD0.374) per ordinary share	**497,581**	619,755
Proposed special divided of HKD0.192 (2013: Nil) per ordinary share	**363,253**	–
Total dividend of HKD0.455 (2013: HKD0.374) per ordinary share	**860,834**	619,755

The above dividend per ordinary share information has been adjusted to reflect the effect of Share Consolidation as described in Note 19(a).

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's granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

(All amounts in HK dollar thousands unless otherwise stated)

37. CASH GENERATED FROM OPERATIONS

Reconciliation of profit before income tax to cash generated from operations is set out as below:

	2014	2013
Profit before income tax	4,755,804	2,637,192
Adjustments for:		
– Depreciation (Note 6)	318,920	299,748
– Amortisation of land use rights (Note 8)	21,104	17,818
– Amortisation of intangible assets (Note 10)	1,080,765	1,058,331
– Losses on write-off of property, plant and equipment (Note 6)	–	44,586
– Gains on disposal of Meiguan Expressway's Toll Free Section related assets (Note 28)	(1,926,332)	–
– (Gains)/losses on disposal of concession intangible assets (Note 28)	(1,786)	303,661
– Provision for maintenance/resurfacing obligations – net (Note 30)	30,562	28,744
– (Reversal of)/Provision for impairment of trade receivables (Note 17)	(1,373)	225
– Gain on disposal of available-for-sale financial assets (Note 28)	(57,425)	(315,582)
– Share-based payment expenses (Note 31)	31,209	8,351
– Gains on disposal of property, plant and equipment (Note 28)	(4,270)	(967)
– Fair value gains on investment properties (Note 7)	(3,540)	(5,700)
– Goodwill written-off	2,195	–
– Interest income (Note 32)	(208,384)	(77,276)
– Interest expense (Note 32)	978,187	816,292
– Fair value loss on derivative financial instruments	–	458
– Share of profit of associates and joint ventures (Note 12 and Note 13)	(713,984)	(791,861)
– Dividend income (Note 29)	(45,974)	(34,745)
Changes in working capital (excluding the effect of exchange differences on consolidation):		
– Inventories	(4,261)	(6,469)
– Trade and other receivables	(323,421)	(377,777)
– Trade and other payables	(9,568)	371,429
– Provision for maintenance/resurfacing obligation (Note 23)	(161,963)	(267,247)
Cash generated from operations	3,756,465	3,709,211

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2014	2013
Net book amounts (Note 6)	22,754	14,782
Gains on disposal (Note 28)	4,270	967
Proceeds from disposal	27,024	15,749

Non-cash transactions

The principal non-cash transaction for the year ended 31 December 2014 represented the issue of shares to satisfy dividend pursuant to the scrip dividend scheme as disclosed in Note 36.

(All amounts in HK dollar thousands unless otherwise stated)

38. GUARANTEES AND CONTINGENCIES

(a) Shenzhen Expressway had construction management contracts and arranged with bank to issue irrevocable performance guarantees amounting to HKD18,745,000, HKD2,499,000 and HKD44,801,000 on its behalf to SZ Transportation Committee, Shenzhen Traffic Public Facilities Construction Center and Shenzhen Longhua New Area Construction Service Management Center respectively.

(b) Upon government approval, Qinglian Company upgraded Qinglian Class I Highway to an expressway and the project was completed on 25 January 2011. During the year 2011, Qinglian Fengyun Eco-tourism Development Company Limited sued against Qinglian Company in Qingyuan Intermediate People's Court for the objection to closing of exit of expressway due to the upgrade project. The decision was favourable to Qinglian Company in the first instance judgment. During the year 2011, the company mentioned above lodged an appeal to the Higher People's Court of Guangdong Province, which had remitted the case to Qingyuan Intermediate People's Court for re-trial. The decision was still favourable to Qinglian Company in re-trial. The company mentioned above continued to lodge an appeal to the Higher People's Court of Guangdong Province. As at the date of approval of these financial statements, the litigation is still in progress. According to the nature and construction status of the upgrade project, the directors of the Company considered that the outcome of the litigation will have no significant impact on the Group's operating results.

(c) Details of contingencies of associates are set out in Note 12.

39. COMMITMENTS

(a) Capital commitments

	2014	2013
Capital commitments – expenditure of property, plant and equipment and concession intangible assets		
– Contracted but not provided for	**505,709**	1,478,953
– Authorised but not contracted for (Note (i))	**4,623,789**	192,463
	5,129,498	1,671,416
Investment commitments		
– Contracted but not provided for	**139,170**	25,042
	139,170	25,042
	5,268,668	1,696,458

(i) The amount included RMB3,566,700,000 (equivalent to HKD4,457,261,000) of the land premium relating to Meilin Checkpoint Land Parcels.

(b) Operating lease commitments – the Group as the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014	2013
Land and buildings:		
Not later than 1 year	**6,728**	11,636
Later than 1 year and not later than 5 years	**2,057**	19,529
	8,785	31,165

(c) Operating lease commitments – the Group as the lessor

The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	2014	2013
Land and buildings:		
Not later than 1 year	**253,149**	262,873
Later than 1 year and not later than 5 years	**458,610**	508,816
Over 5 years	**649,774**	763,225
	1,361,533	1,534,914

(All amounts in HK dollar thousands unless otherwise stated)

40. BUSINESS COMBINATION

On 18 March 2014, the Group acquired 80% equity interest in Shijiazhuang Shenzhen International Integrated Logistics Hub Development Co., Ltd. ("Shijiazhuang Company") at a consideration of RMB87,391,600 (equivalent to HKD109,212,000) from a third party.

As at 31 December 2014, Shijiazhuang Company has not started its operation, and thus did not record revenue and profit or loss for the year ended 31 December 2014.

(a) Details of net assets acquired on acquisition date are as follows:

Purchase consideration – paid by cash	109,212
Fair value of the 80% acquired net assets	(107,017)
Goodwill	2,195

(b) The fair value and carrying amount of the assets and liabilities arising from the acquisition on acquisition date as are follows:

	Fair value	**Acquiree's carrying amount**
Cash and cash equivalents	121,910	121,910
Other receivables	12,513	12,513
Other payables	(652)	(652)
Net assets	133,771	133,771
Less: 20% non-controlling interest	(26,754)	
Acquired 80% net assets	107,017	

(c) Cash inflow on acquisition

Cash consideration	(109,212)
Cash and cash equivalents in the subsidiary acquired	121,910
	12,698

41. RELATED-PARTY TRANSACTIONS

As described in Note 1, the Company is de facto controlled by Shenzhen SASAC. The transactions entered into with associates, joint ventures and other state-owned entities are related party transactions. The transactions as mentioned in Notes 17, 26(b) and 38 are related party transactions of the Group. Save as disclosed above, the Group has the following significant transactions with related parties during the year:

(a) During the year 2014 and 2013, the Group has bank deposits in and obtained borrowings from state-owned banks in normal commercial terms. Interests are earned and incurred on these deposits and borrowings respectively.

(b) The Group has capital expenditure incurred for service concession projects and construction in progress with state-owned contractors both in 2014 and 2013 and payable balances due to state-owned contractors for construction projects and guaranteed deposits as of 31 December 2014 and 2013.

(c) Shenzhen Expressway entered into project management service contracts with Consulting Company, an associate of Shenzhen Expressway, under which Consulting Company assumes the management of the reconstruction project of Shenzhen Expressway. During the year, Shenzhen Expressway paid a management fee of approximately RMB13,555,000 (HKD17,051,000) (2013: RMB31,281,000 (HKD39,496,000)) to Consulting Company.

(d) Shenzhen Expressway provides project management services for construction, operation and maintenance of the Coastal Project. The Coastal Project is owned by Shenzhen Guangshen Coastal Expressway Investment Co., Ltd. ("Coastal Company") which is wholly owned by SIHCL. The project management service revenue received from Shenzhen Expressway is 1.5% of the construction budget. On 9 September 2011, Shenzhen Expressway and Coastal Company entered into the entrusted construction management agreement to formalise the terms of these arrangements. During the year, Shenzhen Expressway has recognised construction management service revenue amounting to RMB235,057,000 (HKD295,670,000) (2013: RMB46,821,000 (HKD59,117,000)).

(e) Details of key management compensation are set out in Note 31.

(All amounts in HK dollar thousands unless otherwise stated)

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name	Principal activities	Issued and fully paid share capital/ paid-in capital	Interest held by Group (%)	Non-controlling interests (%)
Shenzhen International Total Logistics (Shenzhen) Co., Ltd.◇	Provision of total logistics and transportation ancillary services	RMB200,000,000	100	–
Xin Tong Chan Development (Shenzhen) Co., Ltd.△	Investment holding	RMB200,000,000	100	–
Shenzhen International South-China Logistics Co., Ltd.@	Development, construction, operation and management of South China Logistic Park	RMB240,000,000	100	–
Shenzhen International Holdings (SZ) Limited△*	Investment holding	HKD2,180,000,000	100	–
Nanjing UT Logistics Co., Ltd.@*	Logistic services and related warehouse facilities	RMB88,000,000	100	–
Shenzhen EDI Co., Ltd.@	Provision of electronic information exchange, transmission and value-added information sharing services	RMB22,760,000	79.87	20.13
Shenzhen International West Logistics Co., Ltd @	Development, construction, operation and management of Western Logistic Park	RMB450,000,000	100	–
Shenzhen Bao Tong Highway Construction and Development Limited@ *	Development, construction, investment, operation and management of toll highway	RMB1,533,800,000	100	–
Shenzhen Longda Expressway Company Limited@ *	Operation and management of Longda Expressway	RMB200,000,000	89.93	10.07
Shenzhen Expressway Company Limited^	Investment, construction, operation and management of toll highways and roads	RMB2,180,770,326	50.89	49.11
Hubei Magerk Expressway Management Private Limited△ *	Operation and management of highways and expressways	USD28,000,000	100	–
Shenzhen International Booming Total Logistics Co., Ltd.@ *	Logistic services and related warehouse facilities	RMB90,000,000	55.39	44.61
Shenzhen Shen Guang Hui Highway Development Company@ *	Investment holding	RMB105,600,000	100	–
Nanjing Xiba Wharf Co. Ltd.◇ *	Construction, operation and management of Wharf and Logistics Centres at Xiba Port of Nanjing	RMB455,000,000	70	30
Shenzhen Meiguan Expressway Company Limited@	Construction, operation and management of an expressway	RMB332,400,000	100	–

(All amounts in HK dollar thousands unless otherwise stated)

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Principal activities	Issued and fully paid share capital/ paid-in capital	Interest held by Group (%)	Non-controlling interests (%)
Guangdong Qinglian Highway Development Company Limited◇	Development, operation and management of highways	RMB3,361,000,000	76.37	23.63
Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited@	Construction, operation and management of an expressway	RMB440,000,000	100	–
Shenzhen International Huatongyuan Logistics Co., Ltd.@ *	Logistic services and related warehouse facilities	RMB60,000,000	51	49
Nanjing Xiba Port Co., Ltd.◇ *	Construction, operation and management of Wharf and logistics centres at Xiba Port in Phase 2 of Nanjing	RMB252,000,000	70	30
Shenzhen International Logistics Development Co., Ltd.@*	Investment holding	RMB500,000,000	100	–
Shenyang Shenzhen International Integrated Logistics Properties Co., Ltd.@ *	Construction, operation and management of Shenyang International Logistics Integrated Logistics Park at Shenyang Yuhong District	RMB250,000,000	100	–
Wuxi Shenzhen International Integrated Logistics Hub Co., Ltd△	Construction, operation and management of urban integrated logistics hub at Wuxi Huishan District	USD24,000,000	100	–
Wuhan Shenzhen International Integrated Logistics Hub Development Co., Ltd.@ *	Construction, operation and management of urban integrated logistics hub at Wuhan Dongxihu District	RMB42,000,000	70	30
Shijiazhuang Shenzhen International Integrated Logistics Hub Development Co., Ltd.@ *	Construction, operation and management of urban integrated logistics hub at Shijiazhuang Zhengding County	RMB100,000,000	80	20
Shenzhen International Modern Urban Logistics Hub Co., Ltd.@ *	Construction, operation and management of logistics hub at Shenzhen Longhua	RMB200,000,000	100	–
Shenzhen International United Land Co., Ltd.@ *	Acquisition and demolition of Meilin Checkpoint urban renewal project's land	RMB60,000,000	100	–
Nanchang Shenzhen International Integrated Logistics Hub Development Co., Ltd△	Construction, operation and management of urban integrated logistics hub at Nanchang Economic and Technological Development Zone	USD15,000,000	100	–
Tianjin Shenzhen International Integrated Logistics Hub Development Co., Ltd.@ *	Construction, operation and management of urban integrated logistics hub at Tianjin Binhai New Area	RMB5,000,000	100	–
New Vision Limited	Investment holding	USD100	100	–

(All amounts in HK dollar thousands unless otherwise stated)

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Principal activities	Issued and fully paid share capital/ paid-in capital	Interest held by Group (%)	Non-controlling interests (%)
Shenzhen International Ports Development (HK) Limited	Investment holding	HKD2	100	–
Advance Great Limited	Investment holding	USD1	100	–
Successful Plan Assets Limited	Investment holding	USD1	100	–
Shenzhen International Limited	Investment holding	HKD10,000	100	–
Shenzhen International Qianhai Development Limited	Investment holding	HKD1	100	–

△ Foreign-owned enterprise
◇ Sino-foreign Joint Venture
@ Domestic enterprise
^ Foreign invested joint stock limited company
* For identification purpose only

The above table lists the subsidiaries of the Group which, in opinion of the directors of the Company, principally affected the results of the year or formed a substantial portion of the net assets of the Group. All subsidiaries listed above are limited liability companies. These subsidiaries are incorporated and operate in the PRC (except for New Vision Limited ("NVL"), Advance Great Limited and Successful Plan Assets Limited which are incorporated in British Virgin Islands, and Shenzhen International Ports Development (HK) Limited, Shenzhen International Limited and Shenzhen International Qianhai Development Limited which are incorporated in Hong Kong). Only NVL is directly held and wholly owned by the Company. To give details of other subsidiaries would result in particulars of excessive length.

43. EVENTS AFTER THE BALANCE SHEET DATE

The disposal of A shares of CSG

From 1 January 2015 to the date of this report, 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 report, 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.

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