

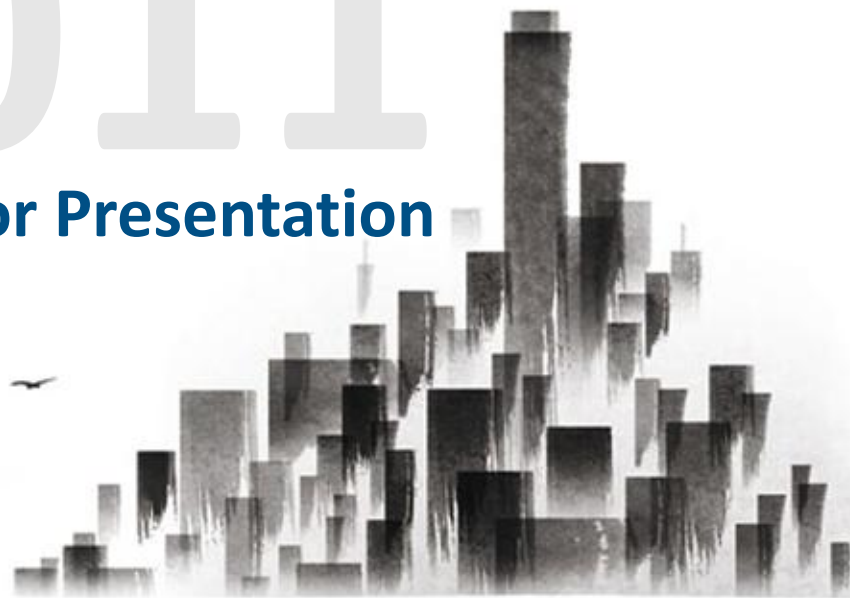


Shenzhen International
深國際

Annual Results

2011

Investor Presentation



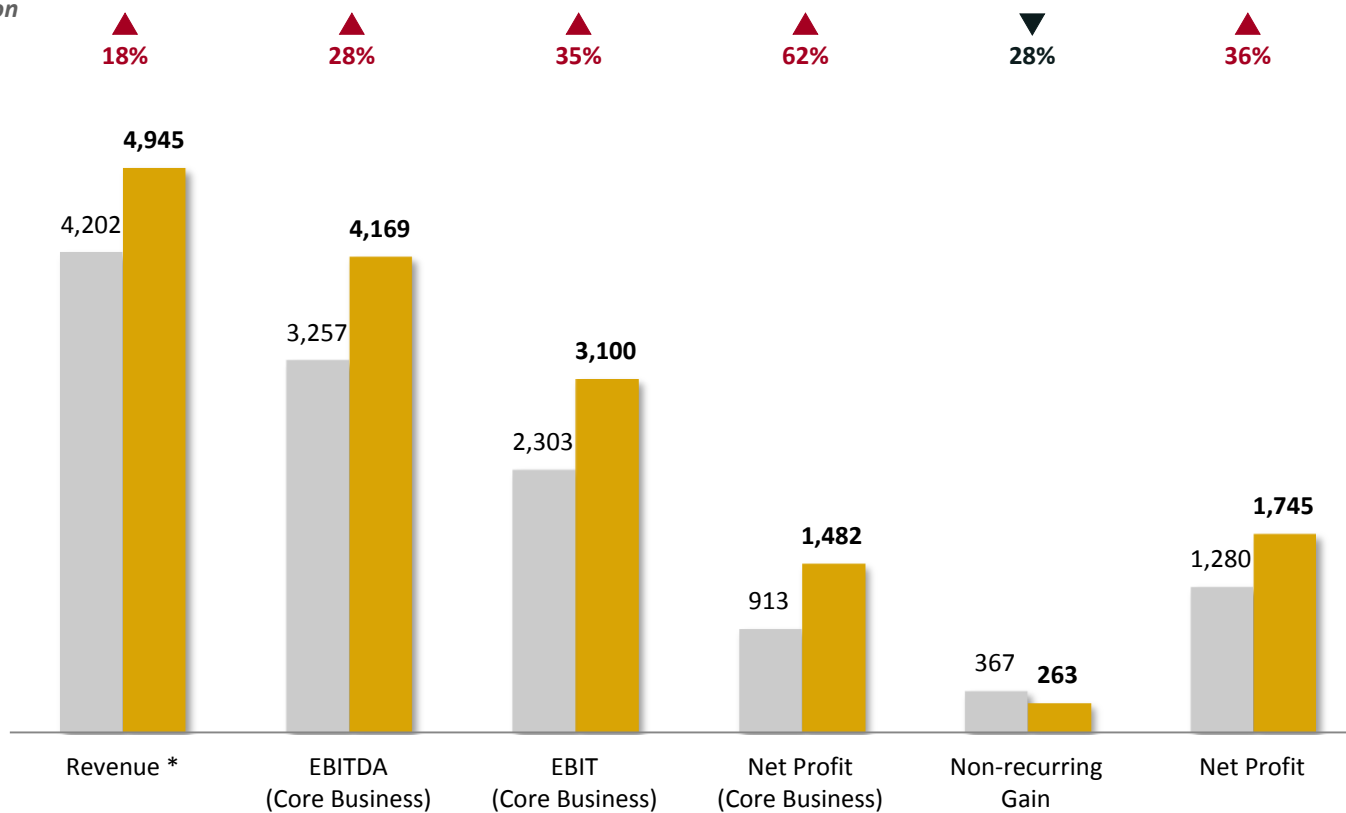
Shenzhen International Holdings Limited
深圳國際控股有限公司
Stock Code: 00152 (HK)

30 March 2012



1. Results Highlights

HK\$ Million



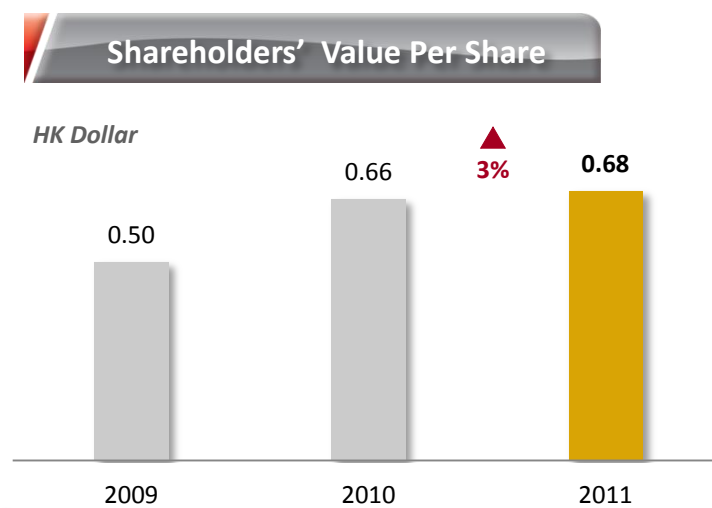
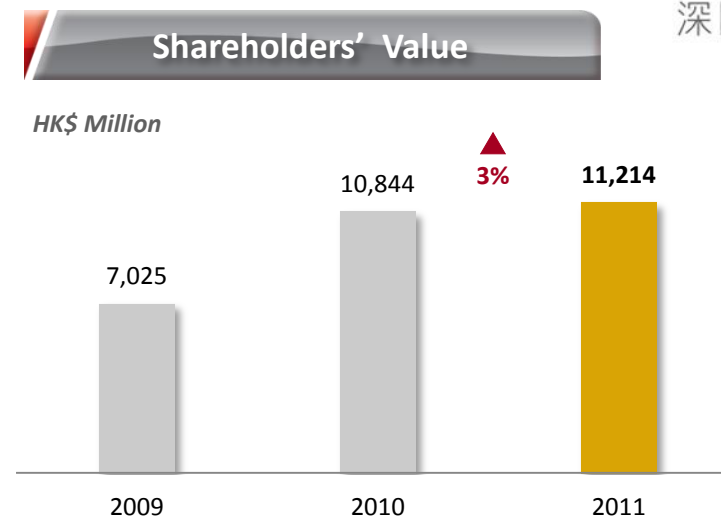
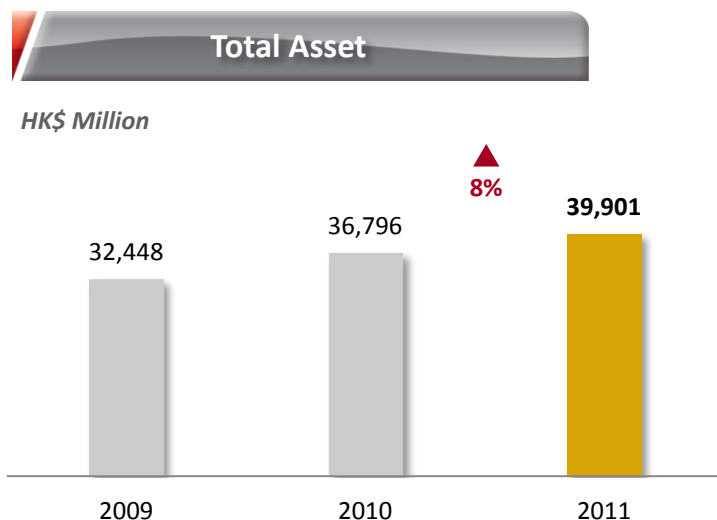
* Exclude construction service income from toll road business

2010

2011



1. Results Highlights





1. Results Highlights

Group's operating performance recorded historical level:

➤ **Revenue** amounted to HK\$5,581M (2010: HK\$5,112M), ▲ 9%; exclude construction service income, revenue was HK\$4,945M (2010: HK\$4,202M), ▲ 18%

➤ **Core business: EBITDA** HK\$4,169M, ▲ 28%; **EBIT** HK\$3,100M, ▲ 35%

➤ **Core earnings** HK\$1,482M (2010: HK\$913M), ▲ 62%

➤ **Non-recurring gain** HK\$263M (2010: HK\$367M) from disposal of CSG A Shares

➤ **Net profit** was HK\$1,745M (2010: HK\$1,280M), ▲ 36%

➤ **EPS** was HK cents 10.66 (2010: HK cents 9.03), ▲ 18%

➤ **Shareholders' value per share** HK\$0.68 (2010: HK\$0.66), ▲ 3%



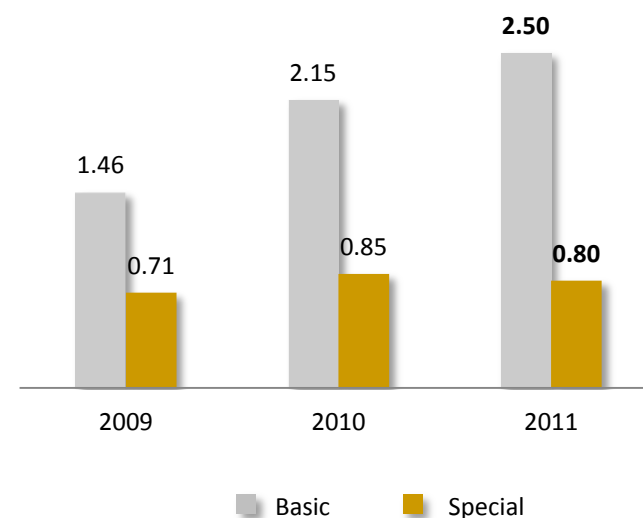


2. Dividend

- **2011 Basic Dividend** based on core earnings exclude Shenzhen Airlines non-cash profit share*
- **Payout ratio** maintained at 38% (2010: 38%)
- **Basic cash dividend** HK cents 2.5 per share, ▲16%
- **Special cash dividend** HK cent 0.8 per share, based on 50% of CSG A shares disposal gain
- **Total cash dividend** HK cents 3.3 (2010: HK cents 3.0) per share or HK\$540M (2010: HK\$491M), ▲10%
- Continues to maintain a stable dividend policy

Cash Dividend

HK cent Per Share



*Shenzhen Airlines not fully offset its accumulated losses in 2011; to receive dividend only after recording retained profit



3. Business Overview

- ③ Despite:
 - Europe debt crisis;
 - Global economy uncertainty;
- ③ China enjoyed stable economic growth with GDP ▲ 9.2% yoy
- ③ Strong domestic demand provided favorable market environment to the Group's logistic infrastructure business
- ③ Operation scale increase resulted in sound logistic business growth; **revenue** and **net profit** ▲ 63% and ▲ 56% respectively
- ③ Toll road business maintained stable and strong earnings and cashflow
- ③ China's sustainable demand in commercial air-freight transportation led Shenzhen Airlines provided remarkable earnings to the Group





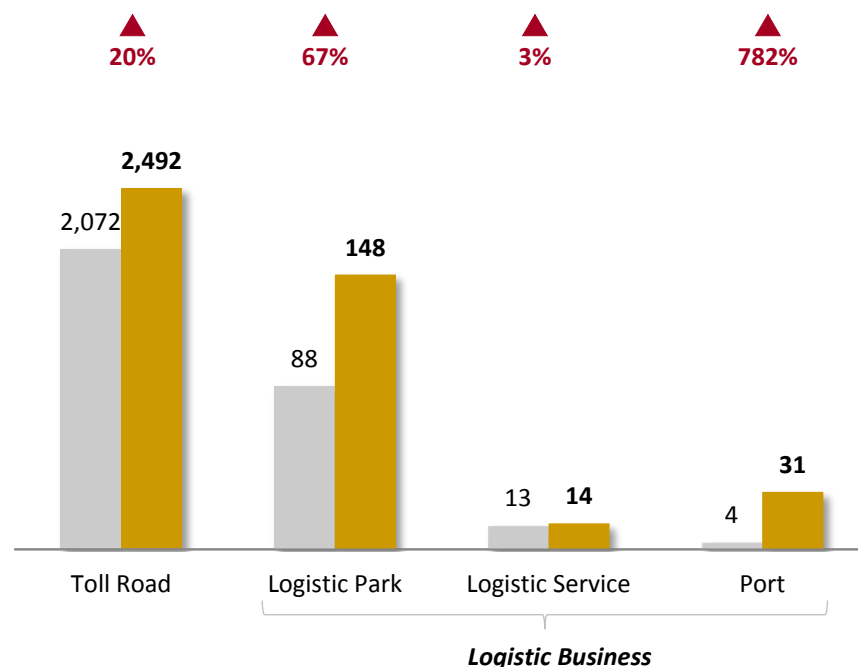
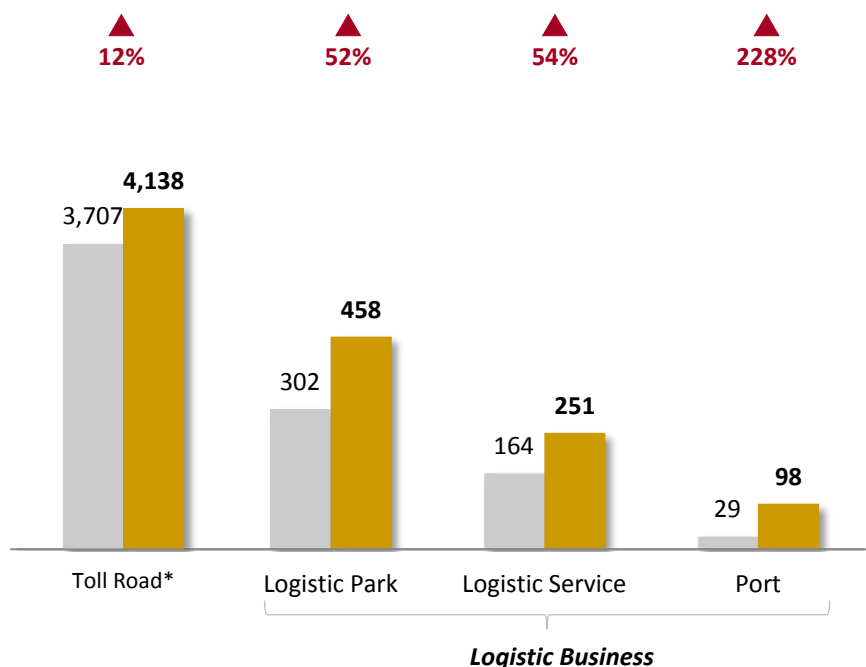
4. Core Business – Revenue ▲ 18%; EBIT ▲ 35%

Revenue: HK\$4,945M ▲ 18%

EBIT: HK\$3,100M ▲ 35%

HK\$ Million

HK\$ Million



* Toll income only; exclude construction service income

■ 2010 ■ 2011



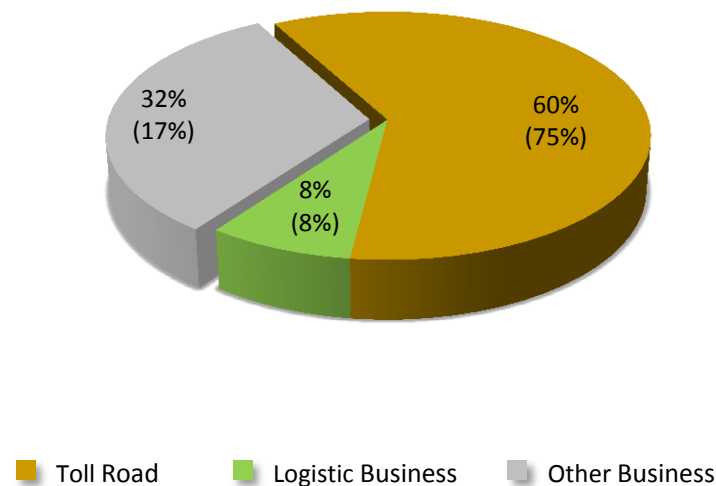
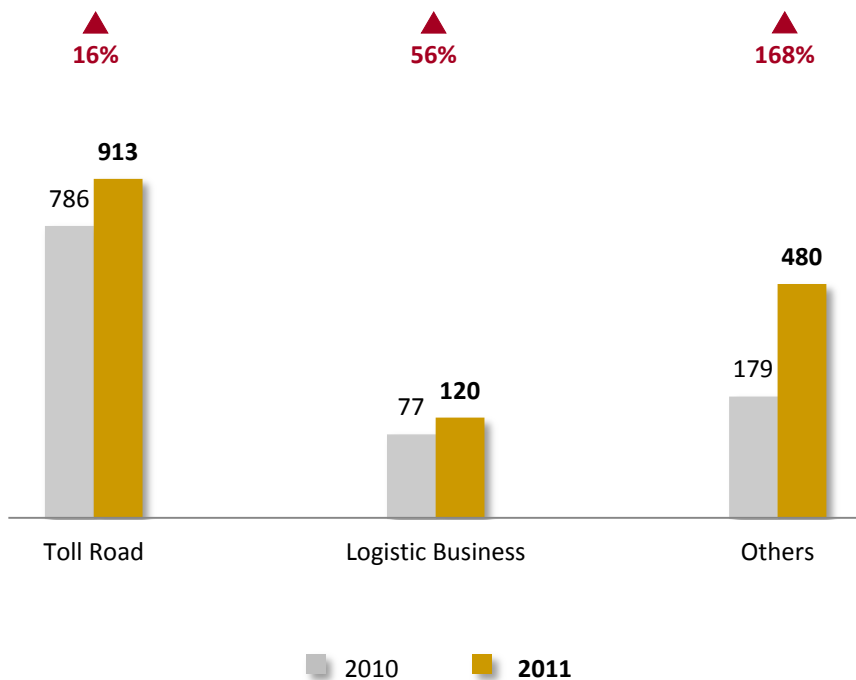


4. Core Business – Net Profit ▲ 62%

Net Core Earnings: HK\$1,482M ▲ 62%

Net Core Earnings Contribution 2011 (2010)

HK\$ Million





5. Toll Road

Local economic growth and private car ownership growth were key toll income growth drivers

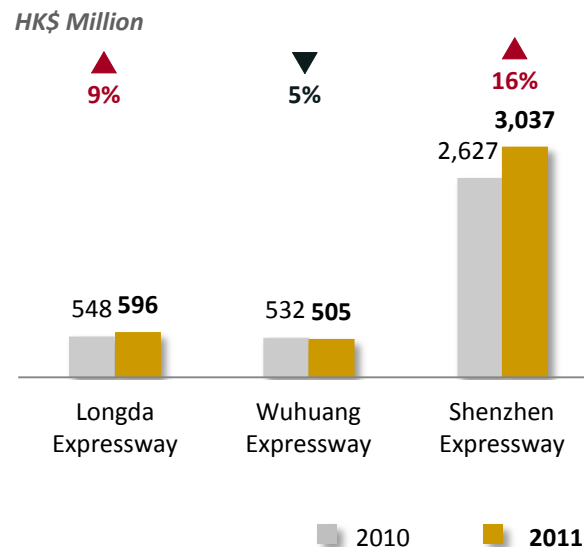
Completion of road construction and expansion works also helped the growth in toll income

- Qinglian Expressway: Completion of Liannan Section add 28km toll mileage to 216km
- Longda Expressway: Completion of Longhua Extension Section extended accessibility

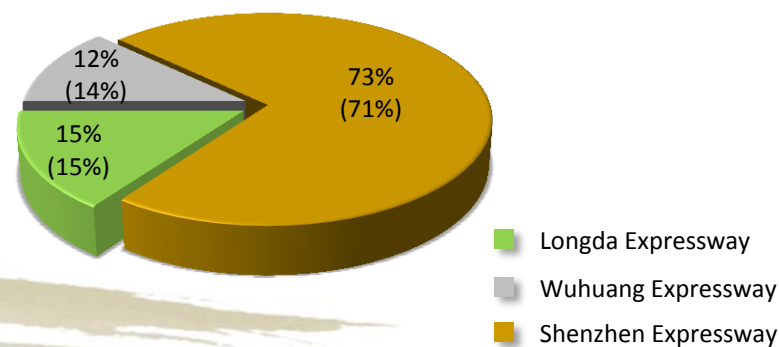
Changes in nearby road networks however had mixed effects

- Qinglian Expressway: Connecting road Yilian Expressway opened for traffic in Sept 2011; significantly improved road networks with surrounding area and daily toll revenue (4Q vs 3Q 2011: RMB1.41M vs RMB1.21M, ▲ 17%)
- Wuhuang Expressway: Opening of Mawu Expressway led to traffic diversion; government traffic control policy to restrict non-local trucks access to Wuhan city.

Toll Income: HK\$4,138M ▲ 12%



Toll Income Contribution 2011 (2010)



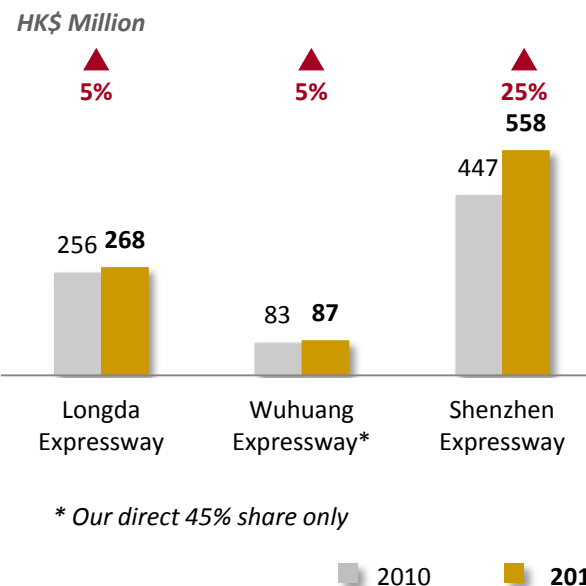


5. Toll Road

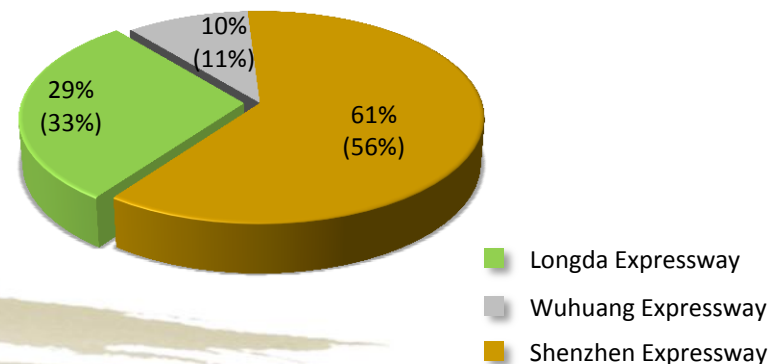
Shenzhen Expressway

- Two one-off items had effects on net profit in 2011
 - Write-back of provision for future maintenance / resurfacing obligations HK\$200M
 - More advanced plan and technology led to lower and less frequent major overhaul costs
 - Repair and maintenance costs incurred for Southern section of Meiguan Expressway expensed directly to P&L HK\$81M
- Excluding one-off items, net earnings ▼ 2% due to:
 - Increase in finance costs for toll road projects still in ramp-up period; and
 - Increased in operating costs

Net Profit: HK\$913M ▲ 16%

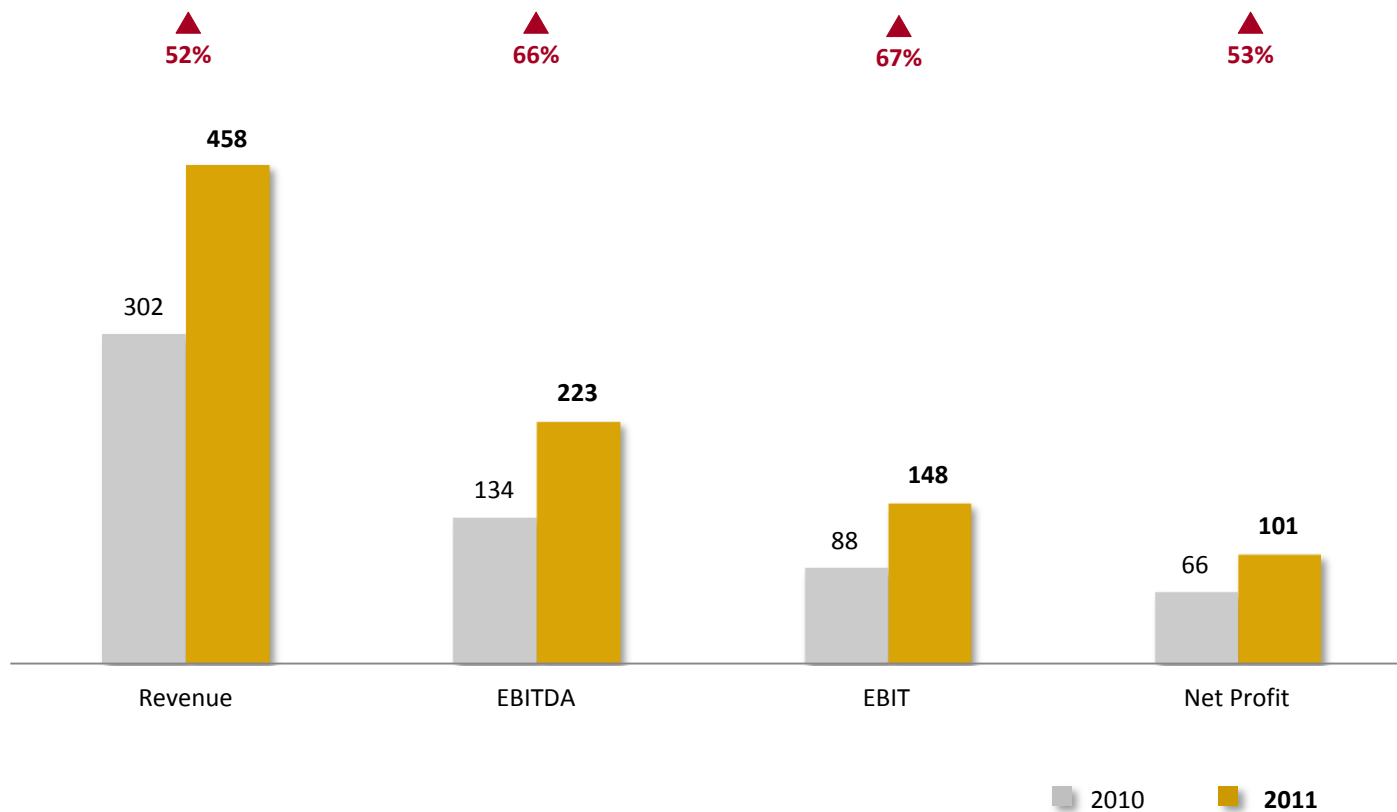


Net Profit Contribution 2011 (2010)



6. Logistic Park

HK\$ Million

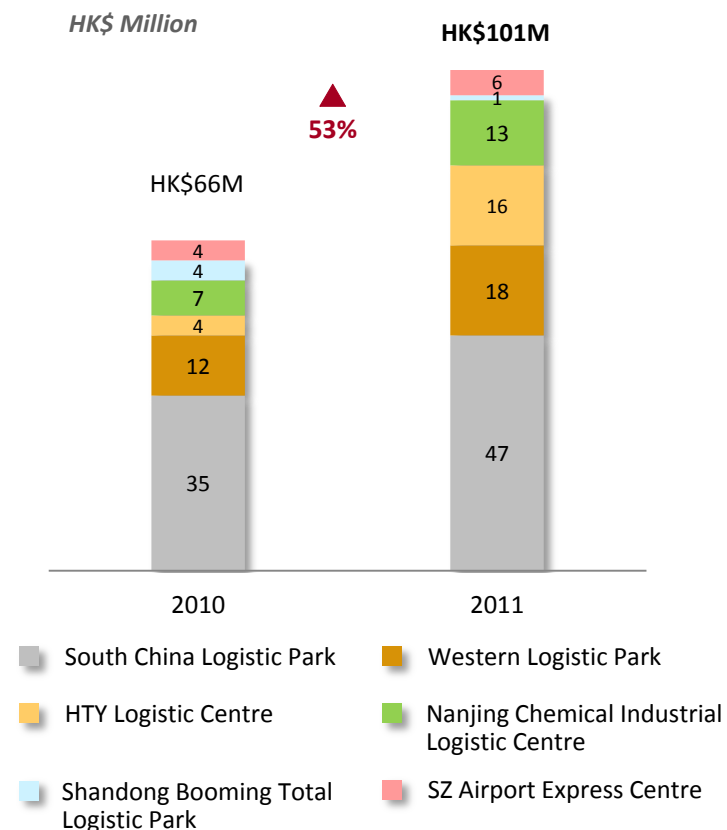




6. Logistic Park

- Continual expansion of operating scale led to increase in operating area and rental income
- Overall **average occupancy rate** reached 95%
- New logistic centers made full year contributions and further improved operating margins
- Commenced construction of new logistic center and exhibition center in South China Logistic Park in 2011; expect operating area to increase by 124,000m² to 321,000m² by early 2013
- Traditional key factors (US/Europe market) become less significant business contributor as China's export trend shifted to emerging markets; increased in domestic demand played a more important role to the logistic park's business
- Competitive business model continues to attract valuable clients

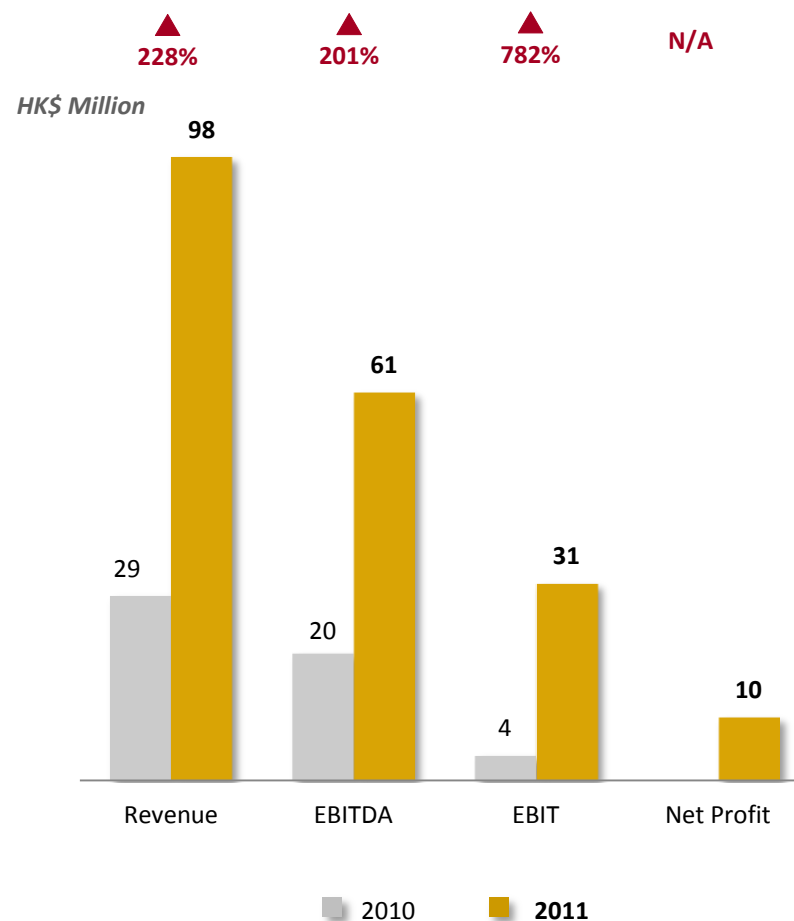
Net Profit Contribution





7. Port – Nanjing Xiba Port

- First full-year operation; 2011 **revenue** HK\$98M (April to Dec 2010: HK\$29M)
- Annual throughput reached 11 million tons (2010: 2.04M tons)
- Contributed **net profit** of HK\$10M (2010: breakeven) to the Group
- Competitive advantages in tonnage, geographical location and depot capacity are well received by market and have established sound long-term relationship with customers
- Phase 2 project with 3 bulk terminals under study

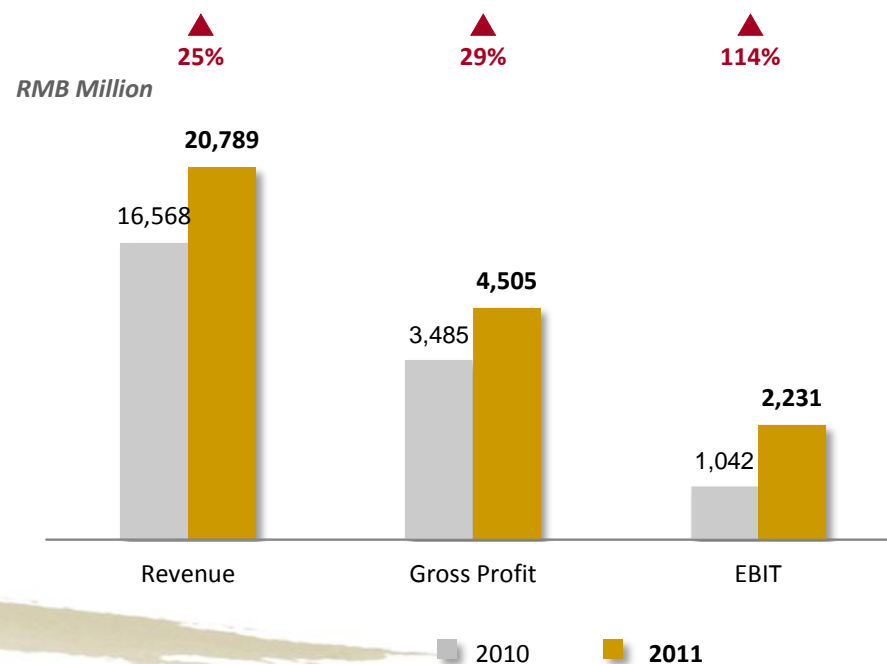




8.1 Other Business – Shenzhen Airlines

- Continuous GDP growth in China and Guangdong Province; strong domestic demand in commercial freights
- The opening of 2nd runway in Shenzhen Airport in 2011 provide rooms for increase capacity
- Expansion in operating scale: 104 air-planes and 126 routings in 2011; continue to expand
- Synergy with its controlling shareholder Air China further enhance competitiveness and productivity and reduce operating costs
- **Net profit** of RMB1,559M (2010:RMB 743M), ▲ 110%
- Group's 25% profit share in 2011 amounted to HK\$424M (April to Dec 2010: HK\$ 143M), ▲ 195%

- Completed further 24% acquisition in Jan 2012; continues as an associate with 49% equity interest by the Group from 2012
- Anticipate accumulated loss to be fully offset in 2012 and expect to receive dividend thereafter

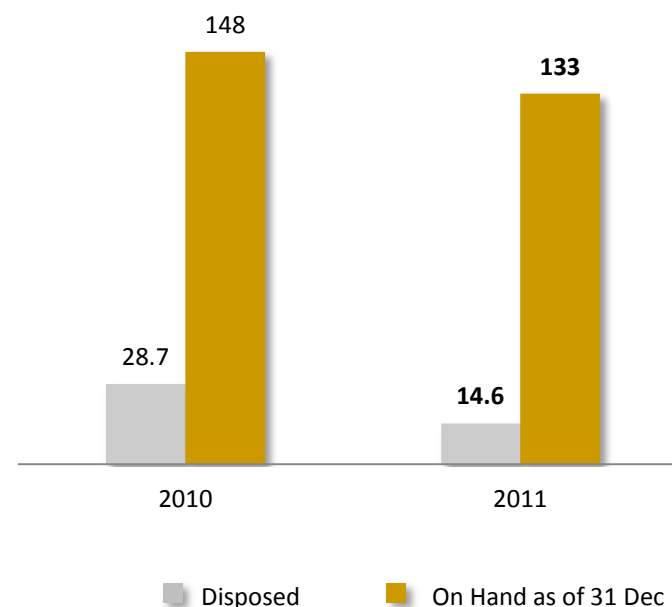




8.2. Other Business – CSG A Shares

- Maintained divestment strategy on CSG A shares
- Disposed 14.62M shares in 2011 at average price of HK\$25.18 (RMB20.85) per share, realized cash RMB305M; net profit HK\$263M (2010: HK\$334M)
- At 31 December 2011, CSG A shares valued at market price of HK\$11.17 (RMB9.06) per share; fair value gain vs cost of HK\$1.30 per share credited to equity totaled HK\$965M (2010: HK\$2,444M)
- The Group still owns 133M (or 6.42%) of CSG A shares

Shares (Million)



9. Financial Position



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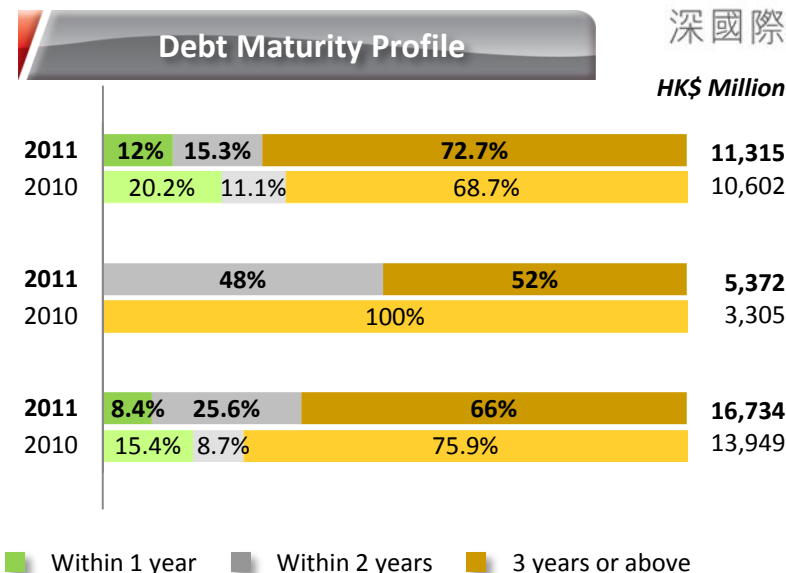
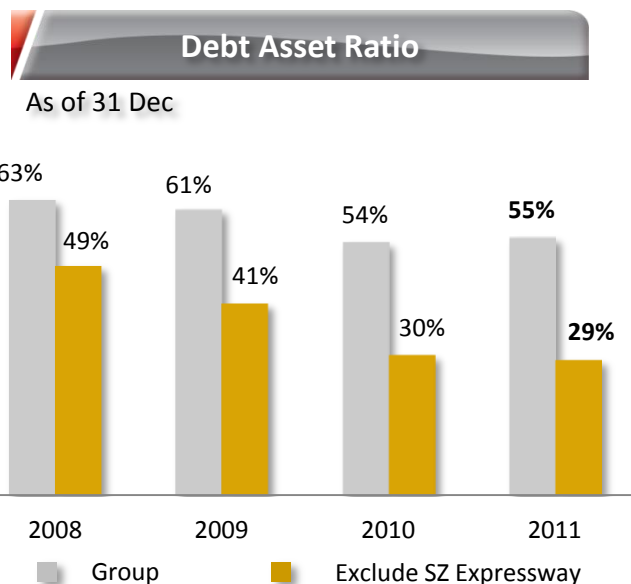
As of 31 December	Group			Excl. Shenzhen Expressway #		
	2011 HK\$ million	2010 HK\$ million	Increase / (Decrease)	2011 HK\$ million	2010 HK\$ million	Increase / (Decrease)
Total Assets	39,901	36,796	8%	15,562	15,199	2%
Total Equity	18,148	17,023	7%	11,041	10,661	4%
NAV attributable to shareholders	11,214	10,844	3%	11,165	10,815	3%
Shareholders' NAV Per Share (HK\$)	0.68	0.66	3%	0.68	0.66	3%
Cash and Cash Equivalents	3,733	2,079	80%	1,135	1,072	6%
Bank Borrowings	11,315	10,602	7%	3,269	2,757	19%
Debt Instruments - Notes & Bonds	5,372	3,305	63%	-	-	-
- Others	47	42	12%	47	42	12%
Total Borrowings	16,734	13,949	20%	3,316	2,799	18%
Net Borrowings	13,001	11,870	10%	2,181	1,727	26%
Debt Asset Ratio (Total Liabilities / Total Assets)	55%	54%	1%*	29%	30%	(1%)*
Total Borrowings / Total Assets	42%	38%	4%*	21%	18%	3%*
Ratio of Net Borrowings to Total Equity	72%	70%	2%*	20%	16%	4%*
Ratio of Total Borrowings to Total Equity	92%	82%	10%*	30%	26%	4%*

* Change in percentage point

Excluded consolidation of SZ Expressway & use equity accounting.
Figures are unaudited and for reference only.



9. Financial Position



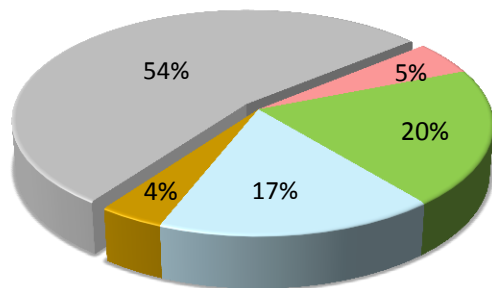
- Group Debt Asset Ratio slightly increased to 55%; exclude Shenzhen Expressway decreased to 29%
- In view of contraction of securing financing in both onshore and offshore we adjusted our borrowing structure and expanded new financing channels
- Various longer term financing replaced short term bank loans and substantially reduced short term bank borrowing ratio: 20.2% in 2010 to 12% in 2011
- These measures strengthened our position in managing liquidity risk, as well as further business expansion
- RMB appreciated by 4.55% in 2011 and contributed HK\$160M exchange gain to our HK Dollar loans and significantly lowered our finance costs



10. 2012 Capex Estimate – HK\$ 2,636M (RMB 2,137M)

2012 Capex Estimate

HK\$2,636M (RMB 2,137M)

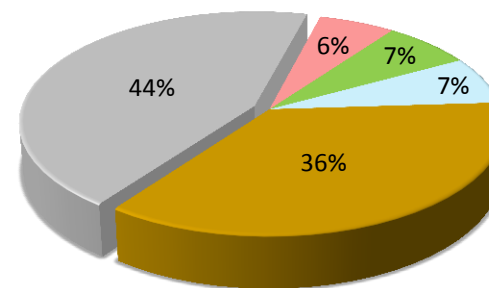


- Other Toll Road
- Head Office

- Logistic Park
- Shenzhen Expressway

2011 Actual

HK\$2,483M (RMB 2,013M)



- Port





11. 2012 Outlook

- ▶ 2012 economic environment is still challenging and volatile
- ▶ China steady economic growth provides a sound environment to the Group's core business development
- ▶ Optimistic in logistic business which remains as the Group's core business development focus. Continue to invest and explore to increase revenue and earnings contribution
- ▶ Toll road business has become mature. Generates steady income and strong cash flow in next few years in-line with local GDP growth
- ▶ Shenzhen Airlines becomes a strong profit contributor which enhance shareholders' value; the Group is positive on this investment and will remain as a strategic investor





11. 2012 Outlook

Major plans in 2012:

▶ Speed up current logistic projects' planning, construction and business development

▶ Actively look for new investment opportunities in logistic business

▶ Qianhai project: closely monitoring the future development of Shenzhen Qianhai area and the development approach of Western Logistic Park

▶ Nanjing Xiba Port phase 2 project

▶ Continue to further improve borrowing structure and widen financing channels





Shenzhen International Holdings Limited
深圳國際控股有限公司

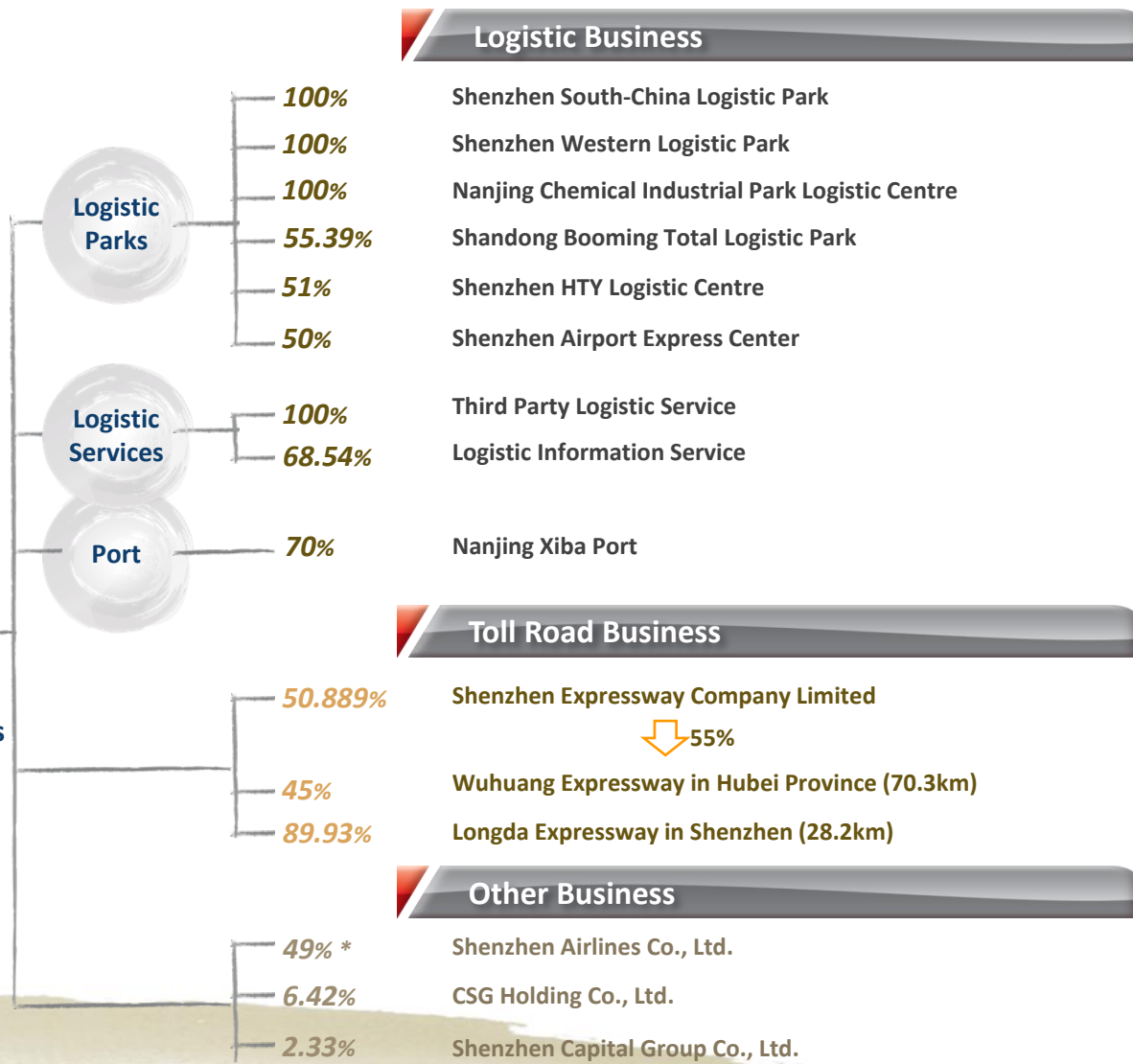
Stock Code: 00152 (HK)

Appendix





Appendix I – Business Structure



* 25% equity interest as at 31 Dec 2011



Appendix II – Income Statement

HK\$ Million	2011	2010	Change
Revenue	5,581	5,112	9%
Cost of sales	(2,839)	(2,994)	(5%)
Gross profit	2,742	2,118	29%
Other gains - net	366	489	(25%)
Other income	118	83	42%
Distribution costs	(35)	(27)	27%
Administrative expenses	(330)	(244)	35%
Operating profit	2,861	2,419	18%
Share of profit of jointly controlled entities	3	8	(56%)
Share of profit of associates	583	350	66%
Profit before finance costs and tax	3,447	2,777	24%
Finance costs – net	(644)	(632)	2%
Profit before income tax	2,803	2,145	31%
Income tax expense	(540)	(453)	19%
Profit for the year	2,263	1,692	34%
Non-controlling interest	518	412	25%
Net profit attributable to Shareholder	1,745	1,280	36%
Basic EPS (HK cents per share)	10.66	9.03	18%

Appendix III – Segment Results



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HK\$ Million	Revenue		Operating profit		Share of results of associates & JVs		EBIT	
	2011	2010	2011	2010	2011	2010	2011	2010
Toll Road								
Toll income	4,138	3,707	2,338	1,863	154	209	2,492	2,072
Construction service income	636	910	-	-	-	-	-	-
	4,774	4,617	2,338	1,863	154	209	2,492	2,072
Logistic Business								
Logistic Park	458	302	141	84	7	5	148	89
Logistic Service	251	164	13	13	1	1	14	14
Port	98	29	31	3	-	-	31	3
	5,581	5,112	2,523	1,963	162	215	2,685	2,178
Head office	-	-	338	456	424	143	762	599
	5,581	5,112	2,861	2,419	586	358	3,447	2,777
Finance income							35	21
Finance costs							(679)	(653)
Finance costs – net							(644)	(632)
Profit before income tax & NCI							2,803	2,145

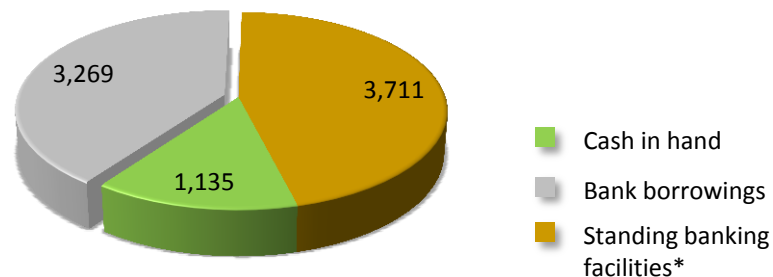




Appendix IV – Financial Position - as of 31 Dec 2011

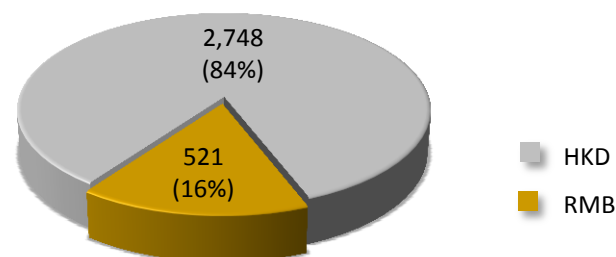
Cash & Banking Facilities

HK\$ Million



Bank Borrowings in Currency

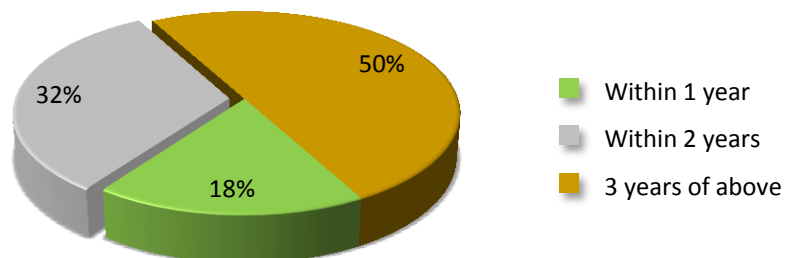
HK\$ Million



*Standing banking facilities as of 30 March 2012 increased to HK\$12,025M.

Bank Borrowings Repayment Period

HK\$3,269M



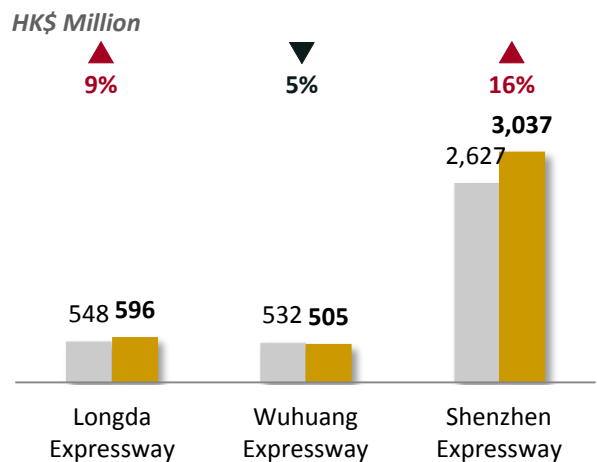
All Figures above exclude Shenzhen Expressway



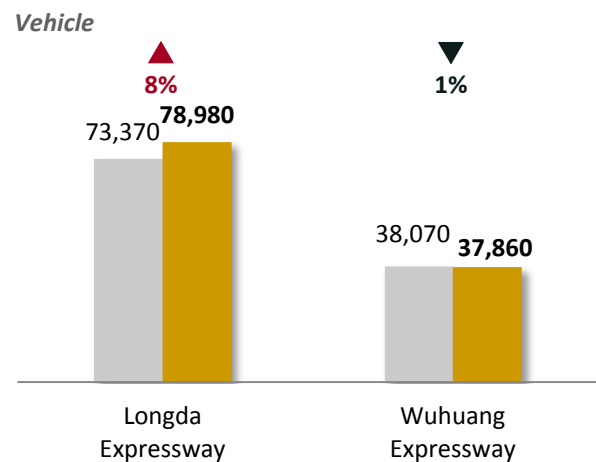


Appendix V – Toll Road

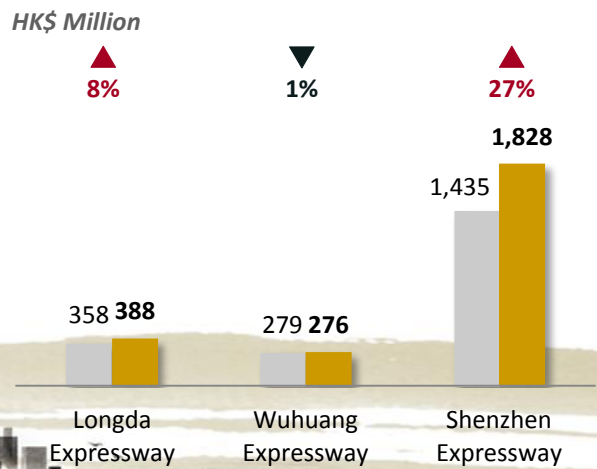
Toll Income: HK\$4,138M ▲ 12%



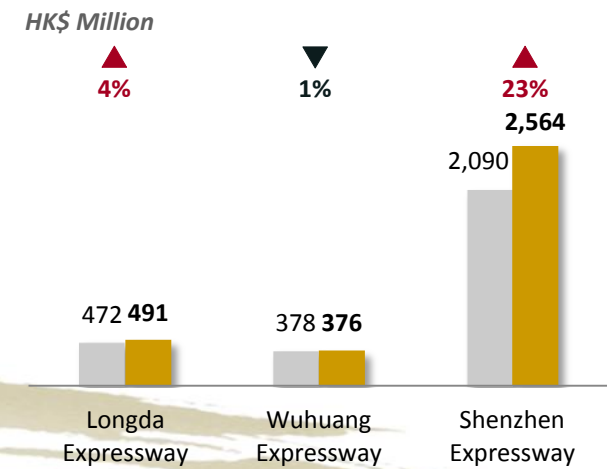
Daily Mixed Traffic Volume



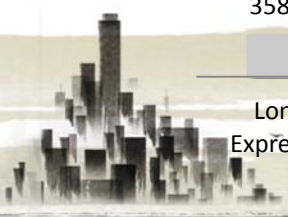
EBIT: HK\$2,492M ▲ 20%



EBITDA: HK\$3,431M ▲ 17%



2010
2011

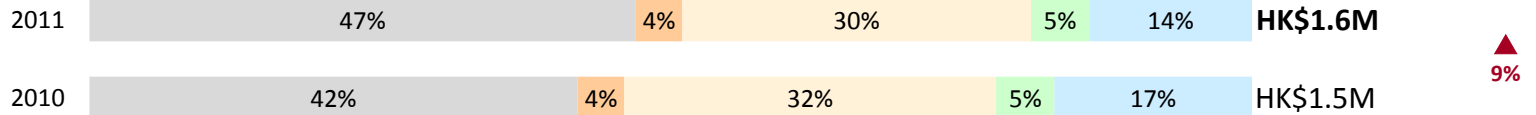


Appendix VI – Toll Road

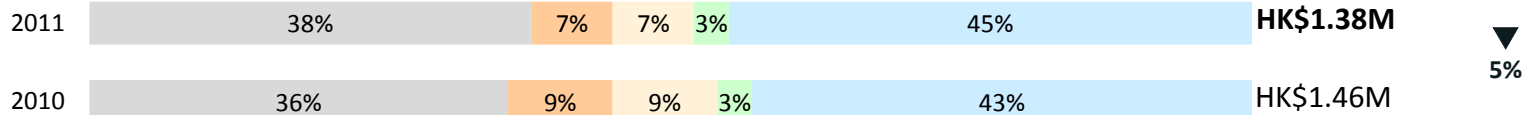


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Longda Expressway



Wuhuang Expressway



- Class 1
- Class 2
- Class 3
- Class 4
- Class 5

DMTV: Daily Mix Traffic Volume

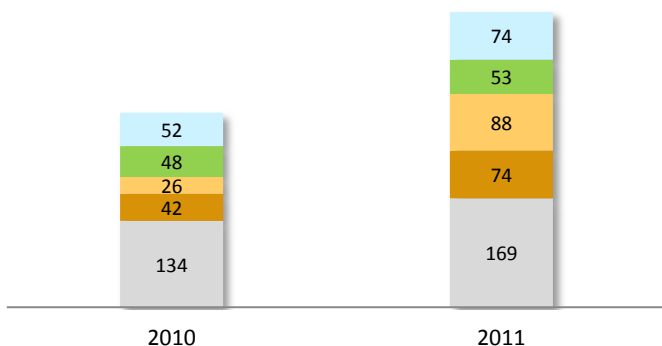
DAR: Daily Average Revenue



Appendix VII – Logistic Park

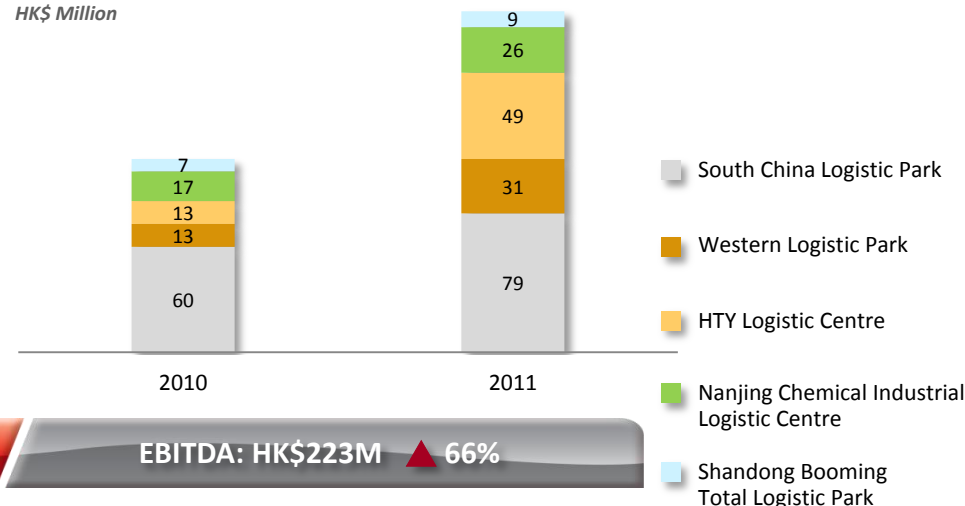
Revenue: HK\$458M ▲ 52%

HK\$ Million



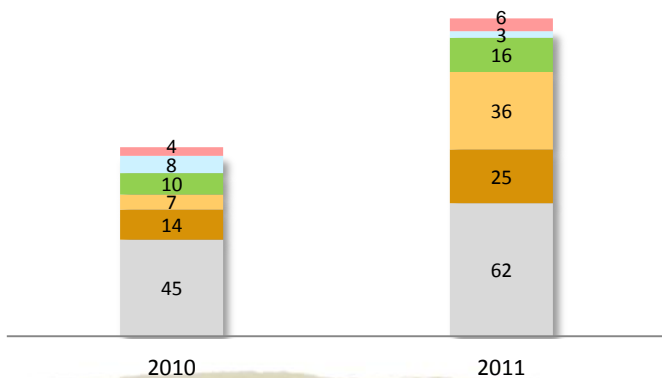
Gross Profit: HK\$194M ▲ 76%

HK\$ Million



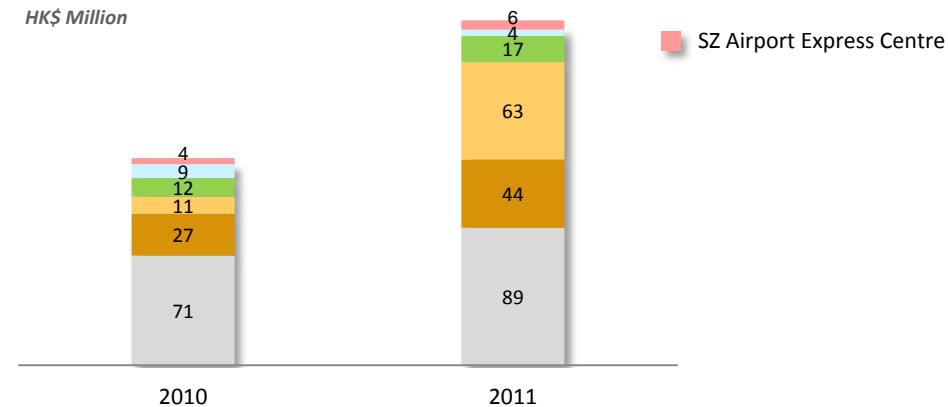
EBIT: HK\$148M ▲ 67%

HK\$ Million



EBITDA: HK\$223M ▲ 66%

HK\$ Million

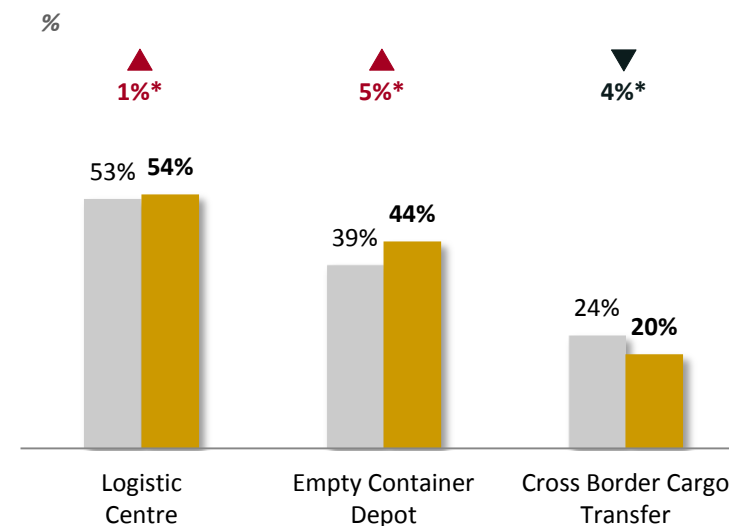
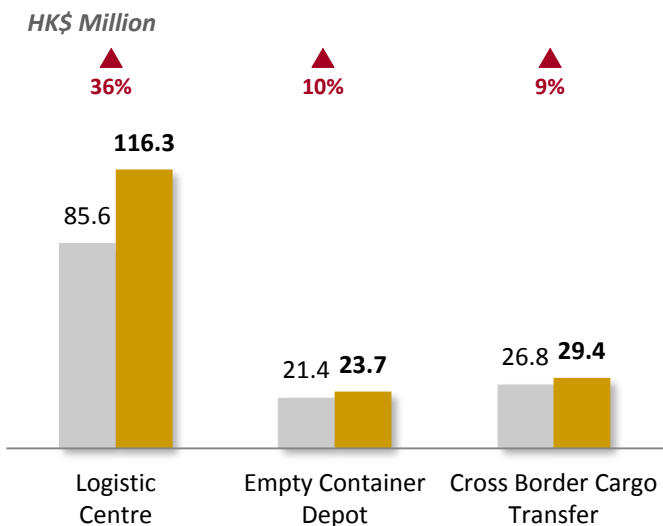




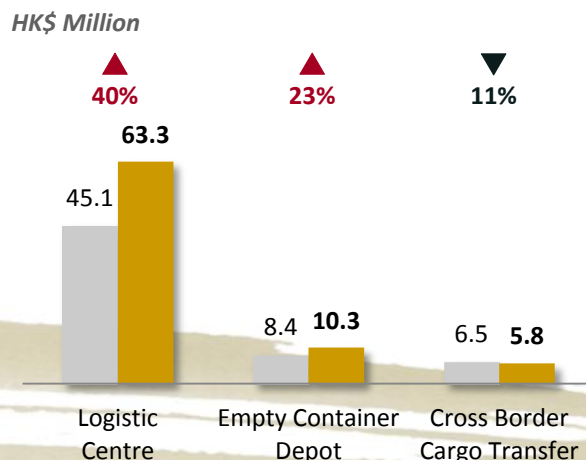
Appendix VIII (a) – Logistic Park – South China Logistic Park

Revenue: HK\$169.4M ▲ 27%

Gross Profit Margin: 47% ▲ 2%*



Gross Profit: HK\$79.43M ▲ 32%



* Change in percentage point

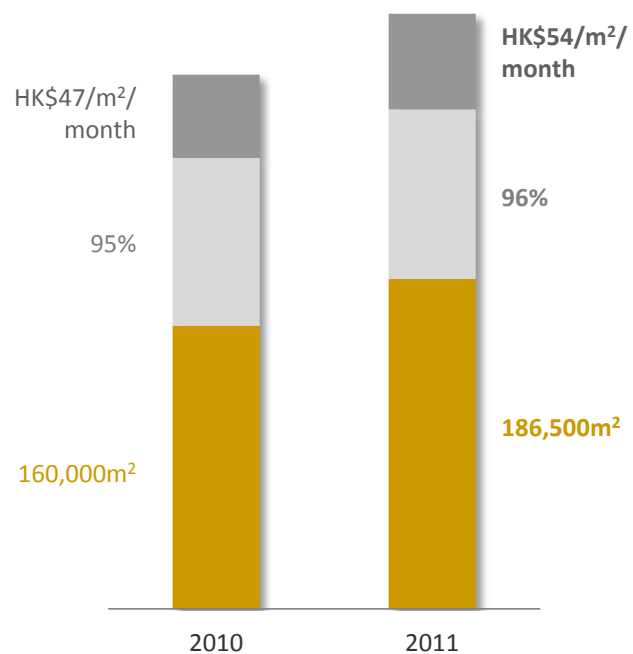
■ 2010 ■ 2011





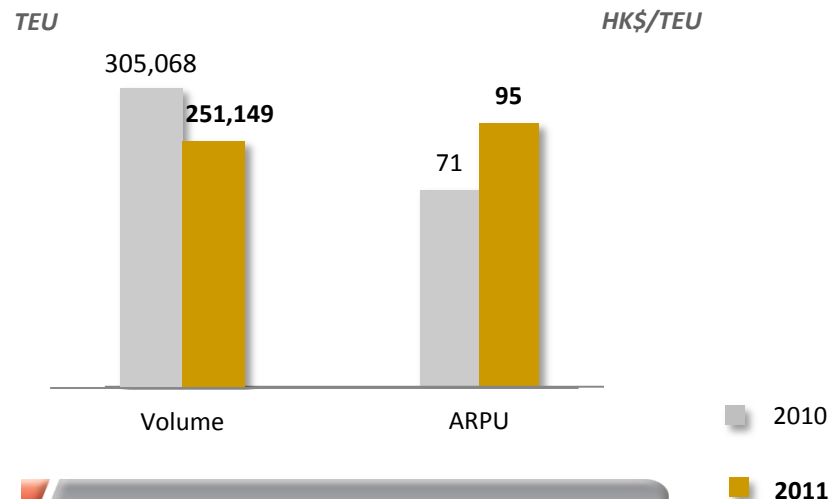
Appendix VIII (b) – Logistic Park – South China Logistic Park

Logistic Centre

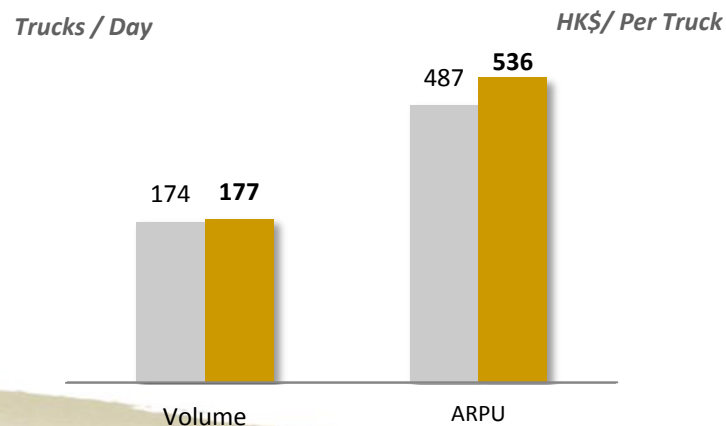


- Weighted Average Operating Area
- Occupancy Rate
- Unit Rental

Empty Container Depot



Cross Border Cargo Transfer

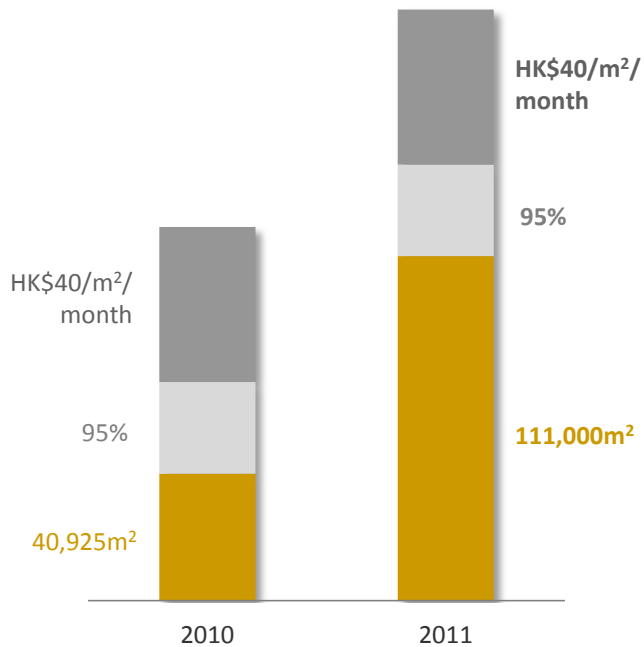


Appendix IX – Logistic Park – Western Logistic Park



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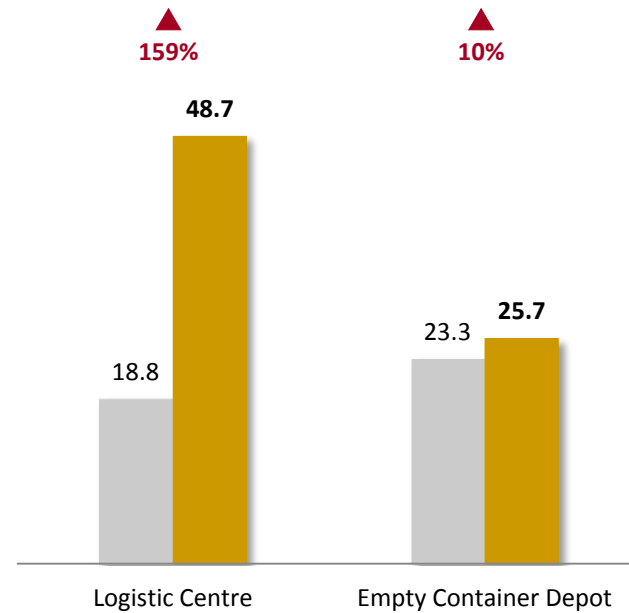
Logistic Centre



- Weighted Average Operating Area
- Occupancy Rate
- Unit Rental

Revenue HK\$74.4M (2010: HK\$42.1M) ▲ 77%

HK\$ Million



■ 2010 ■ 2011



Appendix X – Logistic Park – HTY Logistic Centre

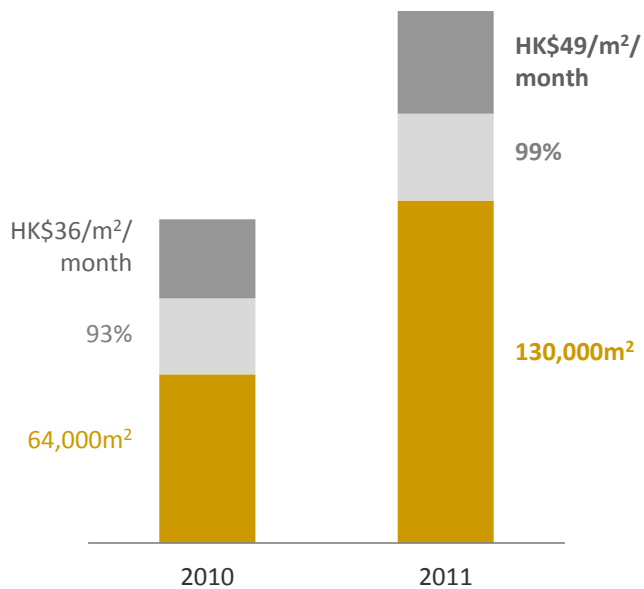


Shenzhen International
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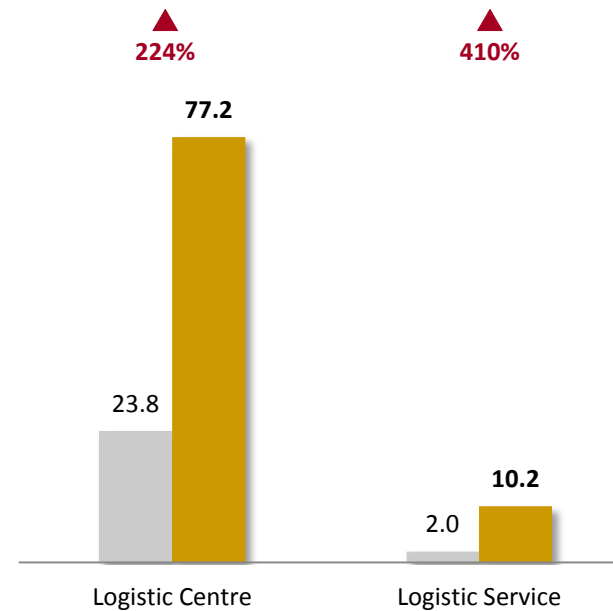
Logistic Centre

Revenue HK\$87.4M (2010: HK\$25.8M) ▲ 238%

HK\$ Million



- Weighted Average Operating Area
- Occupancy Rate
- Unit Rental



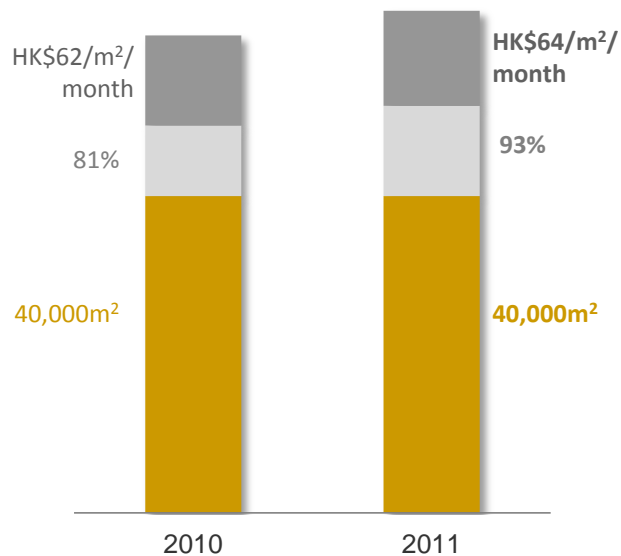
■ 2010 ■ 2011



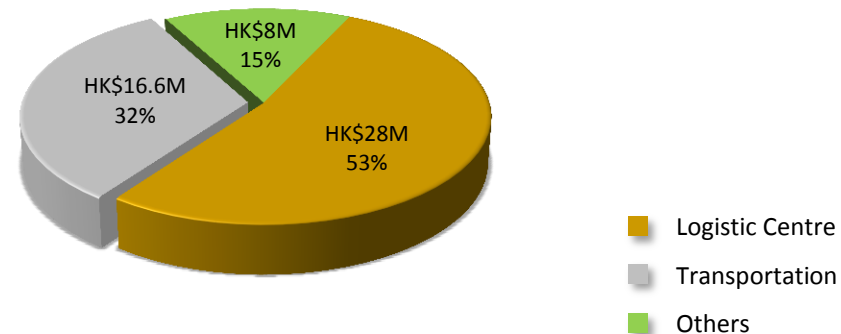
Appendix XI – Logistic Park – Nanjing Chemical Industrial Logistic Centre

Logistic Centre

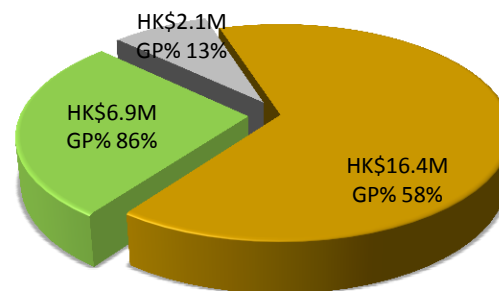
Revenue HK\$52.6M ▲ 9%



- Weighted Average Operating Area
- Occupancy Rate
- Unit Rental



Gross Profit HK\$25.4M ▲ 52%



Appendix XII (a) – Other Business – Shenzhen Airlines

RMB' Million	2011	2010	Increase
Transportation Revenue	18,635	14,935	25%
Passenger Revenue (excl. fuel)	15,835	13,541	17%
Revenue from fuel	2,108	767	175%
Cargo revenue	692	627	10%
Transportation Costs	16,805	13,758	22%
Transportation Profit	1,830	1,177	55%
Operating profit	2,053	909	126%
ASK revenue – excl. fuel (RMB)	0.4909	0.4732	4%
ASK Revenue – incl. fuel (RMB)	0.5563	0.5000	11%
Cost per ASK	0.5210	0.4808	8%

Appendix XII (b) – Other Business – Shenzhen Airlines

		2011	2010	Increase
Passenger				
Capacity – Available Seat Kilometres	<i>Million</i>	32,260	28,620	13%
Revenue Passenger Kilometres (“RPK”)	<i>Million</i>	26,410	22,910	15%
Passenger load factor	%	81.88	80.06	1.82%*
Passenger yield	<i>RMB’M</i>	17,943	14,308	25%
Yield per RPK	<i>RMB</i>	0.5563	0.5000	11%
Average ticket fare				13%
Cargo				
Capacity – Available freight tonne kilometres	<i>Million</i>	510.35	474.79	7%
Revenue Freight Tonne Kilometres (“RFTK”)	<i>Million</i>	392	356	10%
Cargo & Mail load factor	%	76.81	74.99	1.82%*
Cargo yield	<i>RMB’M</i>	691.7	626.6	10%
Yield per RFTK	<i>RMB</i>	1.36	1.32	3%

* Change in percentage point

Appendix XII (c) – Other Business – Shenzhen Airlines



Shenzhen International
深國際

		2011	2010	Increase/ (Decrease)
Passengers carried	<i>Thousand</i>	18,274	16,489	11%
Cargo & Mail carried	<i>Tonnes</i>	249,186	228,521	9%
Kilometers flown	<i>Million</i>	205	184	11%
Block hours	<i>Thousand</i>	329	296	11%
Number of flights		129,819	119,678	8%
Domestic		124,813	113,978	9%
International		5,006	5,700	(12%)
Fleet				
Total no. of aircraft in service		104	93	12%
Aircraft utilisation	<i>Block hours per day</i>	9.39	9.25	0.14 hr

Disclaimers

- This presentation is prepared in good faith, based on audited financial data, management information, publicly available information, and management's outlook as of 30 March 2012. Macroeconomic parameters could change unexpectedly. The Company's operating environment and thus strategies could change as a result and without notice.
- This presentation does not constitute an invitation to trade this or any other stock. Stock price can go down as well as up. Historical performance is no guarantee for the future.





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