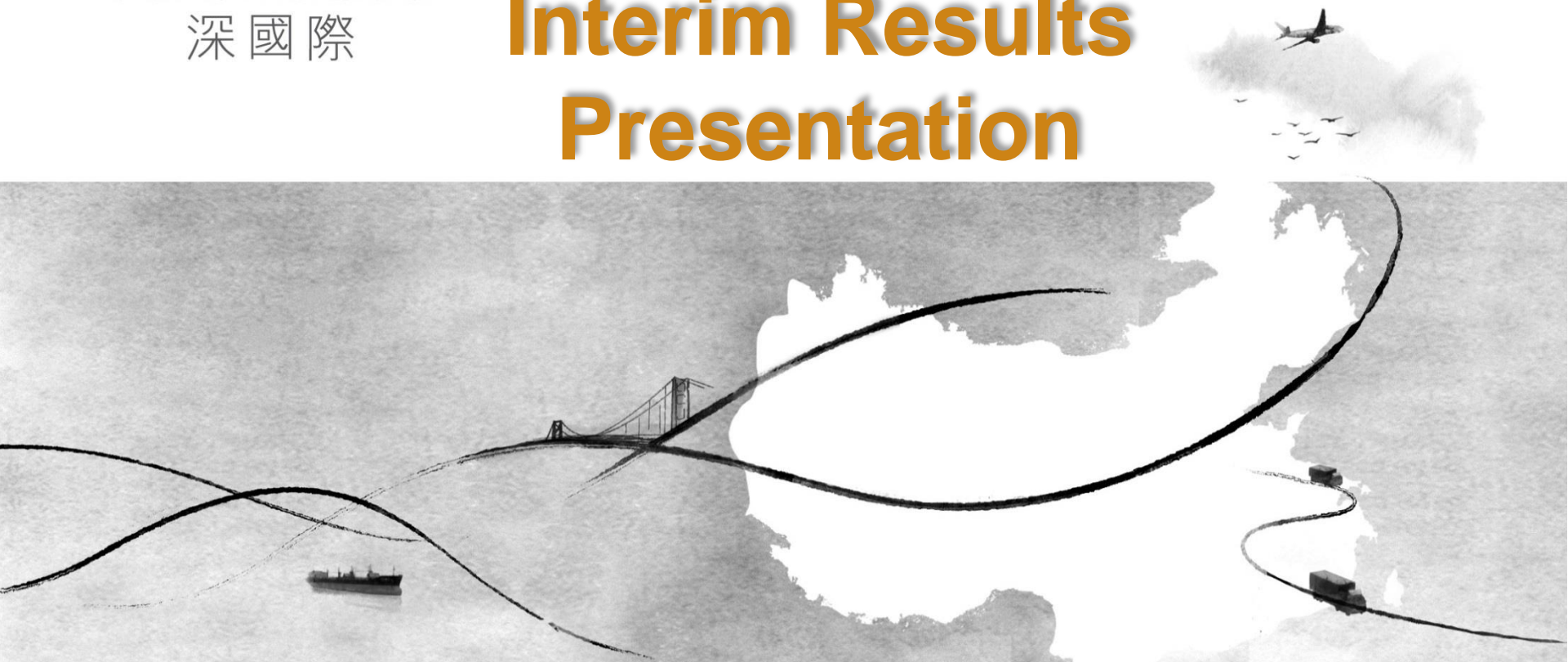




Shenzhen International  
深國際

# 2013

## Interim Results Presentation



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

Stock Code 股份代號: 00152

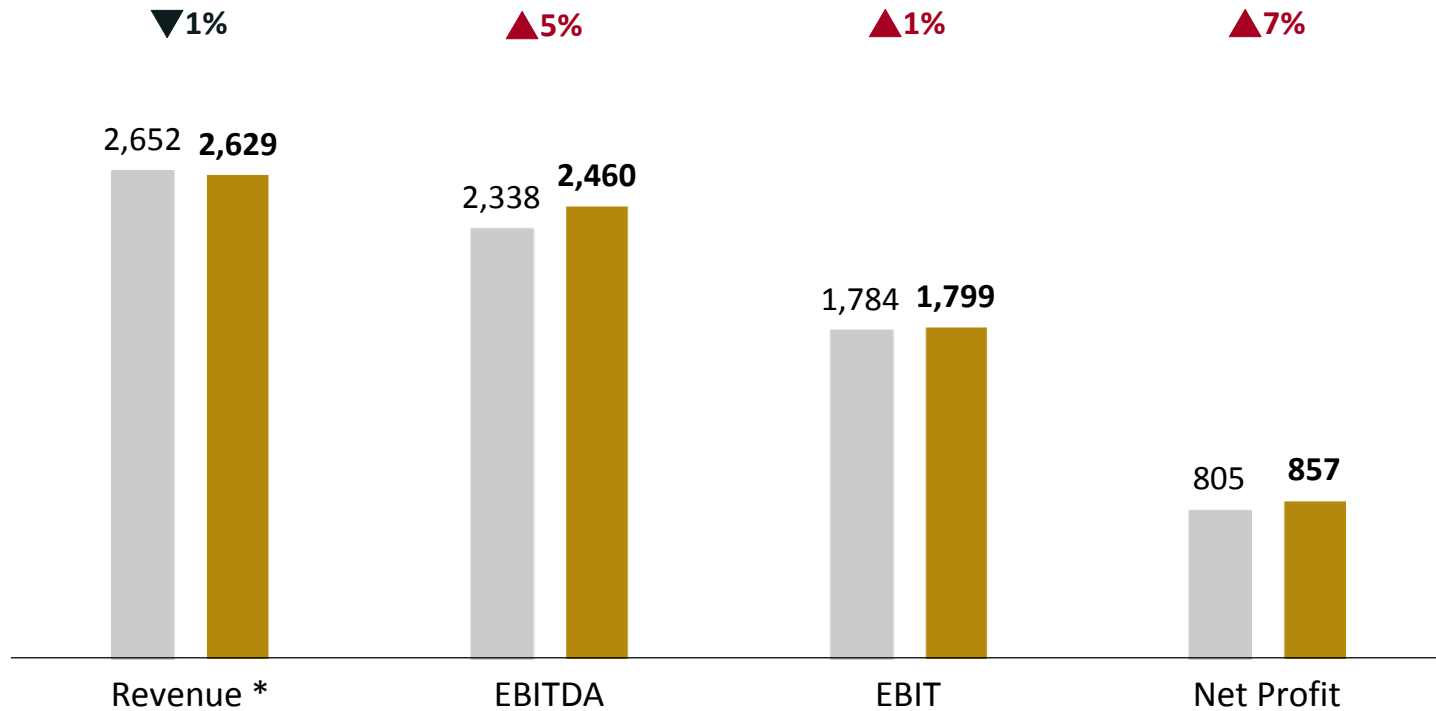
**22 August 2013**

# 1. Results Highlights



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HK\$ Million



\* Exclude construction service income from toll road business

■ 1H2012

■ 1H2013



# 1. Operating Performance



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1

Total revenue amounted to HK\$2,797M (2012: HK\$2,857M), ▼2%;  
Exclude construction service income, revenue was HK\$2,629M (2012: HK\$2,652M), ▼1%

2

EBITDA was HK\$2,460M, ▲5%;

3

EBIT was HK\$1,799M, ▲1%

4

Gain from Other Investments amounted to HK\$366M (2012: HK\$381M)

5

Profit attributable to shareholders was HK\$857M (2012: HK\$805M), ▲7%

6

Basic EPS was HK cents 5.21 (2012: HK cents 4.91), ▲6%

7

Shareholders' value per share was HK\$0.79 (2012: HK\$0.77), ▲3%



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shenzhen international



## 2. Business Review



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- Sluggish economic growth, high operating costs and policies adjustments in toll road business in China brought certain extent of challenges to the Group's core business
- Through operational efficiency enhancement and effective cost control, the Group achieved its first half operating target and maintained a steady business performance
- **Logistic Business:** maintained stable growth with revenue and net profit ▲7% and ▲28% respectively



## 2. Business Review



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### □ Toll Road Business:



- Policies adjustments continued to affect revenue
- Growth in private car ownership and our proactive marketing campaigns led to better than expected traffic volume growth
  - Largely offset the negative impact brought by policies adjustments
- Revenue and net profit declined by 3% and 4% respectively

### □ Other Investments:



- Due to slow growth and heavy competition, China's civil aviation industry recorded transportation loss in the first half
  - Shenzhen Airlines' performance were outstanding among peers and recorded transportation profit of RMB\$152M
- Disposal of portion of CSG A shares and Shenzhen Capital Group brought total gains of HK\$230M

- As part of our commitment to reduce total borrowings, net cash outflow for debt repayment was HK\$508M in the first half (2012: net cash inflow from borrowings HK\$1,575M)



# 3. Qianhai Development Plan



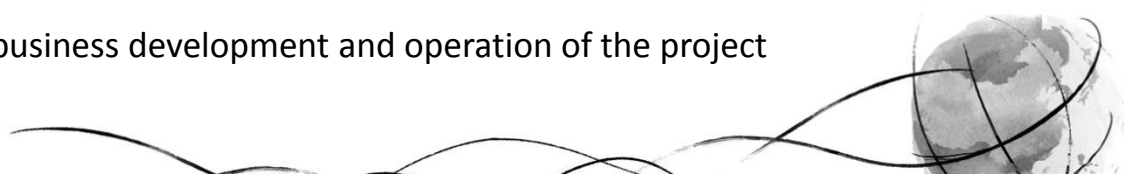
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## Recent development in Qianhai

- Shenzhen Municipal Government officially approved the “Consolidated Plan on Qianhai Shenzhen / Hong Kong Modern Service Industry Co-operation zone” (前海深港现代服务业合作区综合规划)
- Clear policy support for the Group’s land rezoning preparation
  - Original land owners with lands designated for industrial use can apply for change in land usage to commercial if the new land rezoning development is in line with the overall development plan of Qianhai
- Land use rights for three plots of land in Qianhai area were recently sold:  
Total land area 170,000sqm, plot ratios between 6.5 to 8.1 times, total consideration RMB23.3B, approximately RMB16,000 - 21,000 per sqm of GFA
- Director General of Qianhai Management Bureau publicly commented that he strongly encouraged existing land owners to develop their own lands in accordance with the high standards set for the Qianhai Development

## The Group

- Maintained sound communications with the Qianhai Management Bureau and Urban Planning Land and Resources Department of Shenzhen Municipality in preparation for the land rezoning of our Qianhai project
- Signed several strategic collaboration MOUs with onshore and offshore partners
- Signed a total of RMB200M Qianhai cross-border bilateral Renminbi loan agreements with our Hong Kong-based relationship banks
- Prepared for future construction, business development and operation of the project



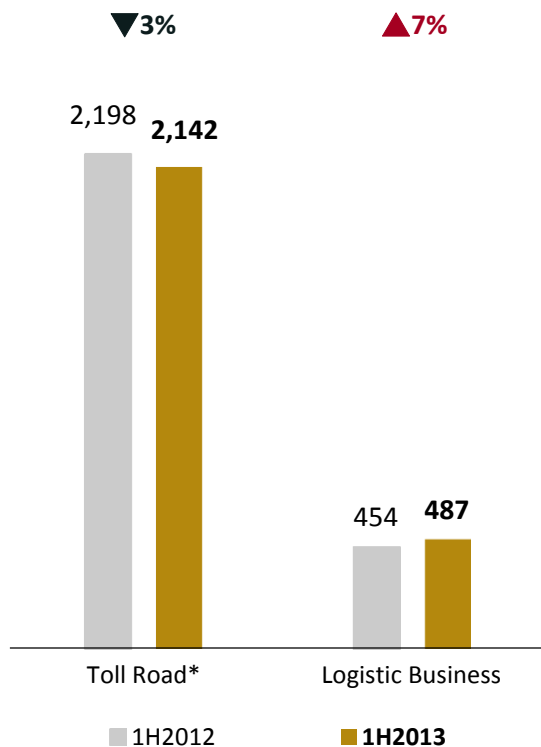
# 4. Revenue



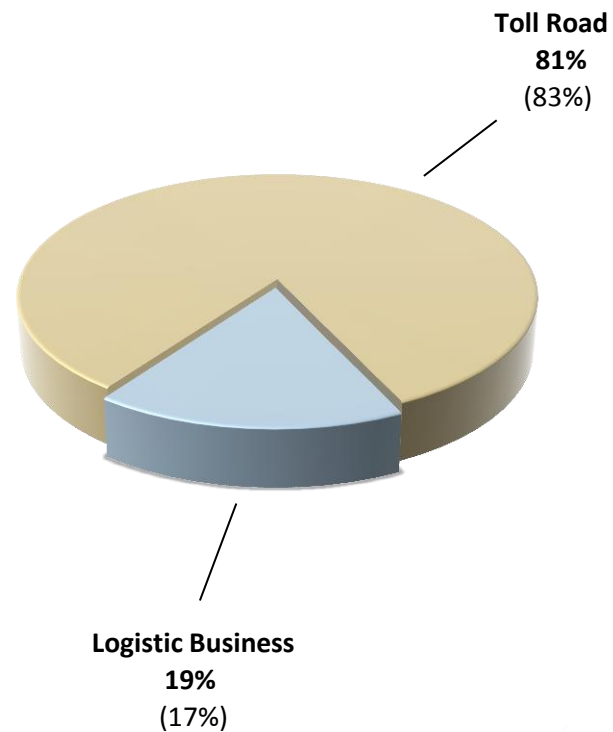
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**Revenue HK\$2,629M ▼1%**

HK\$ Million



**Revenue Contribution 1H2013 (2012)**



\* Exclude construction service income from toll road business



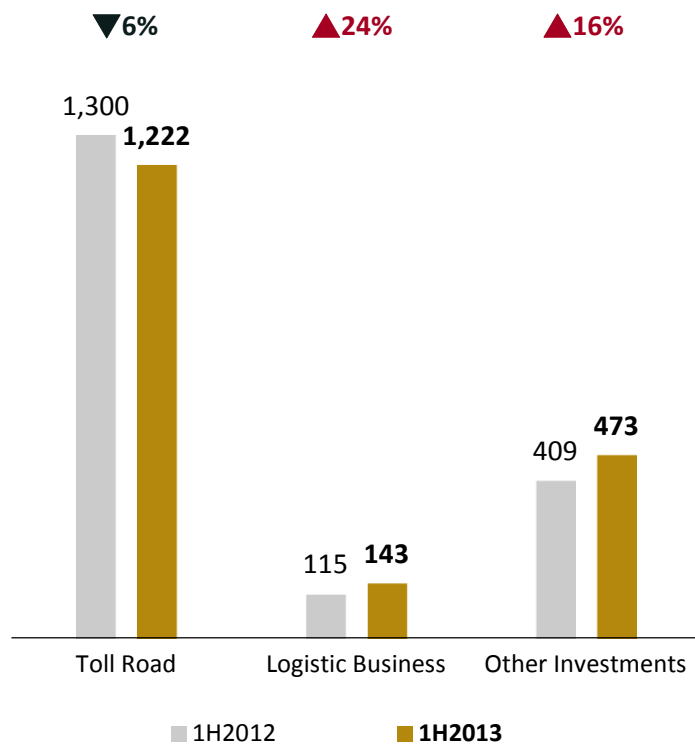
# 4. EBIT



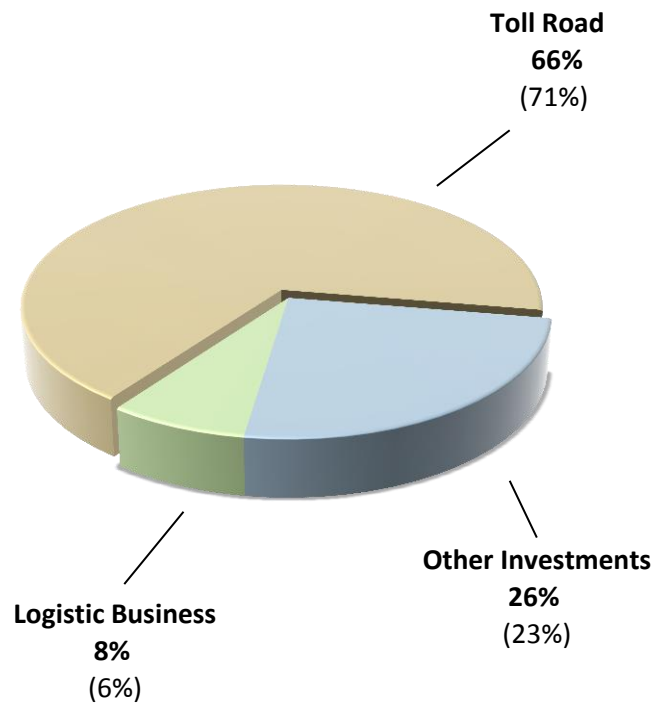
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**EBIT HK\$1,799M ▲ 1%**

HK\$ Million



**EBIT Contribution 1H2013 (2012)**



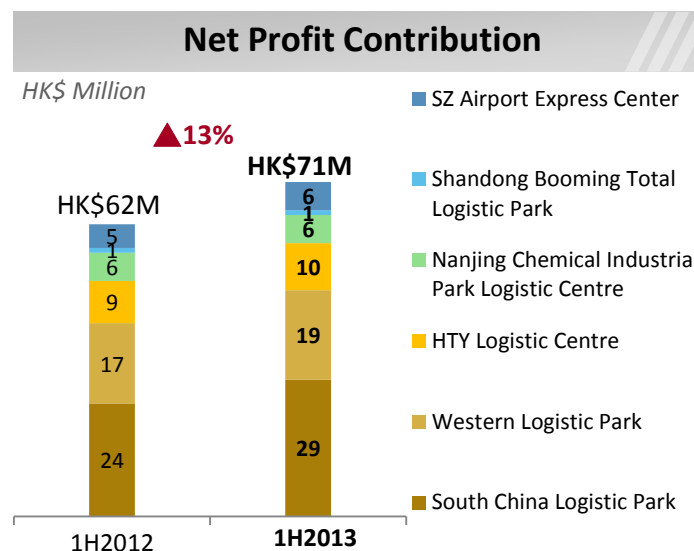
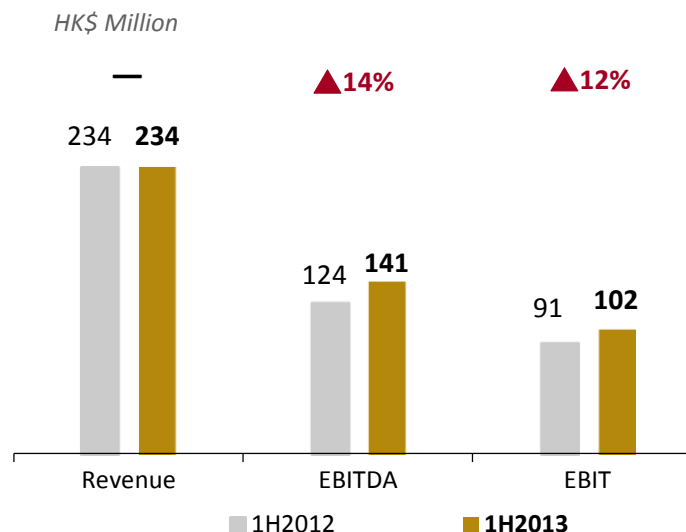


# 5. Logistic Business – Logistic Park



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- Overall average occupancy rate maintained at 94 - 95%, revenue and occupancy rate maintained at similar levels with last year resulted from enhanced marketing and business development effort
- Net profit ▲13% benefitted from economies-of-scale and effective cost control measures
- HTY Logistic Centre, mainly engages in highway logistic transportation for domestic market, continued to deliver sound operating performance. Occupancy rate reached 100%, revenue and net profit ▲12% and ▲17% respectively
- Construction of new logistic centre area at South China Logistic Park near completion and will commence operation
  - Operating area of logistic parks ▲24% to 670K sqm
- Continue our development of “China Urban Integrated Logistics Hub”; expects to sign investment agreements in a number of gateway cities in the second half of 2013
  - Cities including Tianjin, Chengdu, Xi’an, Wuxi etc.

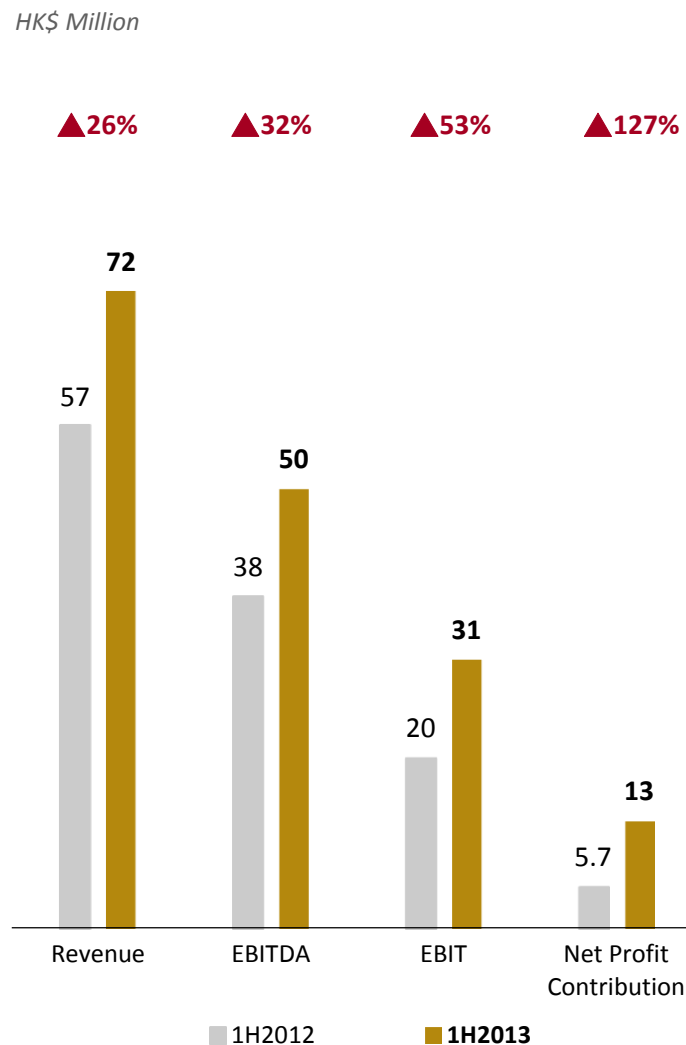


# 5. Logistic Business – Nanjing Xiba Port



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- Nanjing Xiba Port had its vessel berthing capacity increased to 70,000 tons in mid-2012 which greatly enhanced business volume and cargo transit efficiency
  
- Successfully expanded the international vessel market with higher profitability; 18 international vessels berthed during the period
  
- Total of 111 vessels berthed in the first half of 2013 with total throughput of 6.35M tons, ▲9% and ▲20% respectively
  
- Net profit contribution of HK\$12.97M, representing a remarkable increase of 1.3 times yoy
  
- Confirmed phase 2 project with three 50k – 70k tons terminals, preparation work is in progress
  - Estimated total investment of RMB600M for first stage of Phase 2 project



# 6. Toll Road



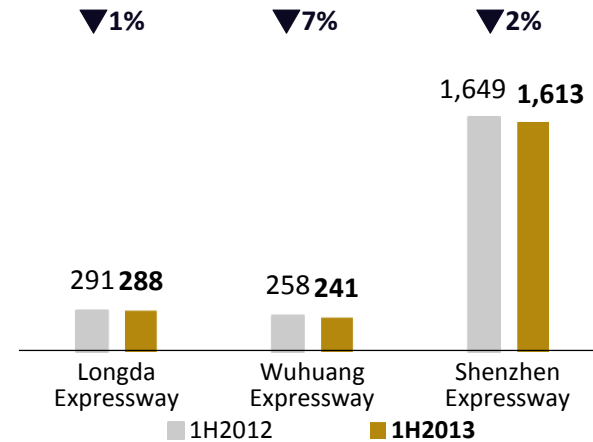
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- Toll road business still affected by policies adjustments during the period\*
- However, traffic volume growth in most toll road projects were better than expected, largely offset the negative impact brought by policies adjustments
- Qinglian Expressway – improvement in connecting road network boosted the growth in traffic volume; average daily toll revenue ▲23% to HK\$2.37M
- Effective marketing campaign resulted in better growth in traffic volume for Nanguang Expressway and Yanba Expressway; average daily toll revenue ▲26% and ▲11% respectively
- The opening of surrounding new roads and tighter restrictions on trucks in Wuhan city affected traffic volume and operating performance of Wuhuang Expressway

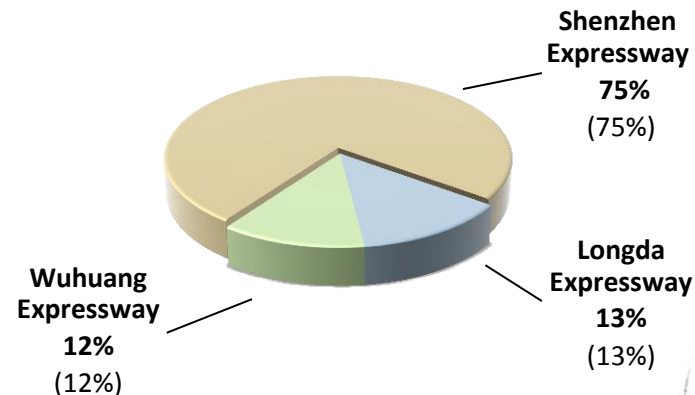
\* According to our 2012 Annual Report, estimated total revenue of the Group to be reduced by 10% from the two policy adjustments

**Toll Revenue: HK\$2,142M ▼3%**

HK\$ Million



**Toll Revenue Contribution 1H2013 (2012)**



# 6. Toll Road



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- Coastal Expressway (Shenzhen section) – contributed profit from entrusted construction management service of HK\$18.16M to Shenzhen Expressway

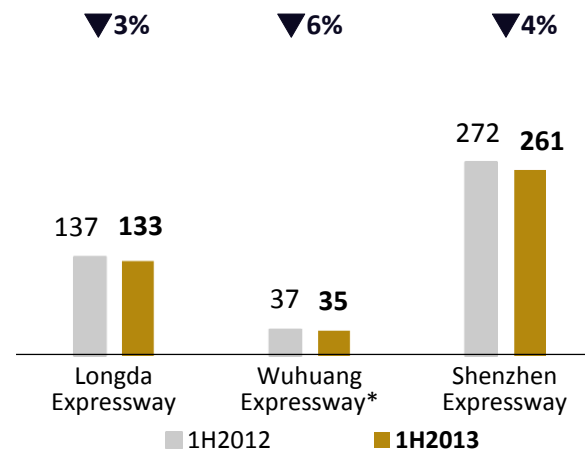
- Scheduled to open for traffic in the second half of 2013; continues to make profit contributions to Shenzhen Expressway
- Details regarding entrusted management service to be provided during the concession period are in discussion with Shenzhen government

- Net profit declined in toll road business is lower than expected at the beginning of the year, with a drop of 4%

- 2013 2H outlook: Net profit is expected to resume growth as impact brought by policies adjustments had already reflected in 2H last year

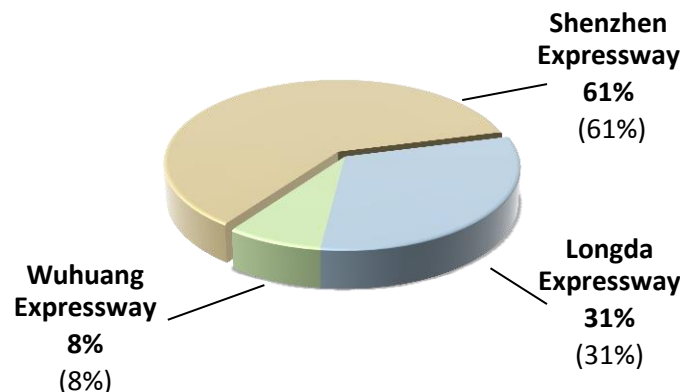
**Net Profit Contribution: HK\$429M ▼4%**

HK\$ Million



\* The Group's direct 45% share only

**Net Profit Contribution 1H2013 (2012)**



## 7. Other Investments – Shenzhen Airlines

深圳航空  
**Shenzhen Airlines**



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- Slow growth in domestic civil aviation market and intensify competition led to transportation loss for the industry
- Shenzhen Airlines strengthened its marketing efforts and is among a few operators in the industry that recorded transportation profit
- Passenger traffic volume recorded satisfactory growth during the period
  - Operating revenue ▲4% yoy
  - Passenger load factor increased to 82.4% (2012: 80.8%)
  - Passenger traffic and passenger carried ▲10% and ▲7% respectively
  - Total of 121 passenger aircrafts (2012: 110 passenger aircrafts), operating 159 routes (in which 148 domestic routes)
- However with average airfares dropped by 4% due to heavy competition, along with rising operating costs, transportation profit down to RMB152M (2012:RMB347M)
- Profit attributable to the Group was HK\$101M (2012:HK\$341M)
- The Group received a cash dividend of RMB113M (HK\$141M) for 2012 during the period



## 7. Other Investments – CSG A Shares (000012.SZ) Shenzhen Capital Group



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- Disposed 10.87M CSG A shares at average price of HK\$14.01 (RMB11.18) per share, recorded profit after tax of HK\$101M (2012: NIL)
- As at 30 June 2013, the Group still owns a total of 122 million (or 5.89%) CSG A shares; with market price of HK\$11.73 (RMB9.27), total market value amounted to approximately HK\$1,400M
- Adhered to the Group's divestment strategy of non-core assets, the Group disposed all of its 2.3338% equity interest in Shenzhen Capital Group and recorded profit after tax of HK\$129M
- Continued to monitor the A share market condition and to execute the Group's divestment strategy on CSG A shares to maximize the Group's and its shareholders' interest



# 8. Financial Position



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(HK\$ Million)	Group			Excl. SZ Expressway#		
	30 June 2013	31 Dec 2012	Increase/ (Decrease)	30 June 2013	31 Dec 2012	Increase/ (Decrease)
<b>Total Assets</b>	<b>42,673</b>	42,383	1%	<b>19,295</b>	18,538	4%
<b>Total Equity</b>	<b>20,685</b>	19,988	3%	<b>12,988</b>	12,577	3%
<b>NAV attributable to shareholders</b>	<b>13,122</b>	12,645	4%	<b>13,051</b>	12,685	3%
<b>Shareholders' NAV Per Share (HK\$)</b>	<b>0.79</b>	0.77	3%	<b>0.79</b>	0.77	3%
<b>Cash</b>	<b>4,971</b>	4,868	2%	<b>3,264</b>	2,558	28%
<b>Bank Borrowings</b>	<b>9,669</b>	9,154	6%	<b>2,827</b>	2,520	12%
<b>Notes &amp; Bonds</b>	<b>8,096</b>	8,816	(8%)	<b>2,320</b>	2,316	-
<b>Total Borrowings</b>	<b>17,765</b>	17,970	(1%)	<b>5,147</b>	4,836	6%
<b>Net Borrowings</b>	<b>12,794</b>	13,102	(2%)	<b>1,883</b>	2,278	(17%)
<b>Debt-asset Ratio (Total Liabilities / Total Assets)</b>	<b>52%</b>	53%	(1%)*	<b>33%</b>	32%	1%*
<b>Ratio of Total Borrowings to Total Assets</b>	<b>42%</b>	42%	-	<b>27%</b>	26%	1%*
<b>Ratio of Net Borrowings to Total Equity</b>	<b>62%</b>	66%	(4%)*	<b>14%</b>	18%	(4%)*
<b>Ratio of Total Borrowings to Total Equity</b>	<b>86%</b>	90%	(4%)*	<b>40%</b>	38%	2%*

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

\*Change in percentage point



# 8. Financial Position

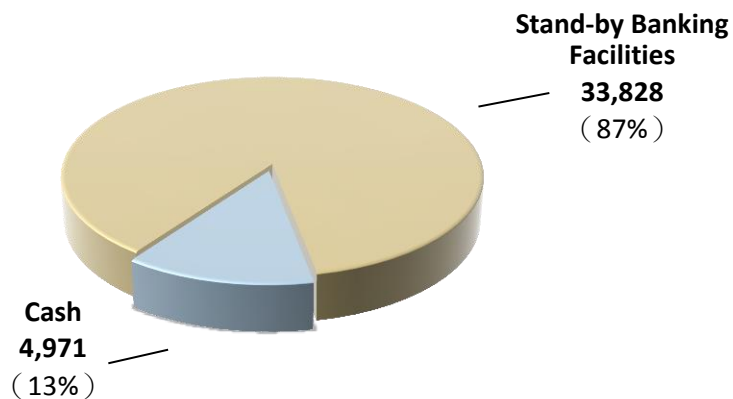


Shenzhen International  
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## The Group's Borrowing Profile As at 30 June 2013

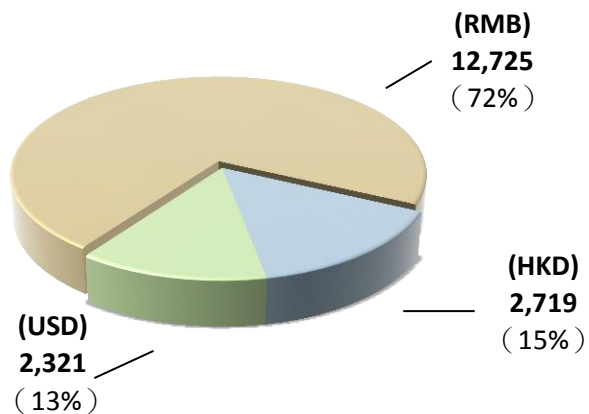
### Cash & Banking Facilities

HK\$ Million

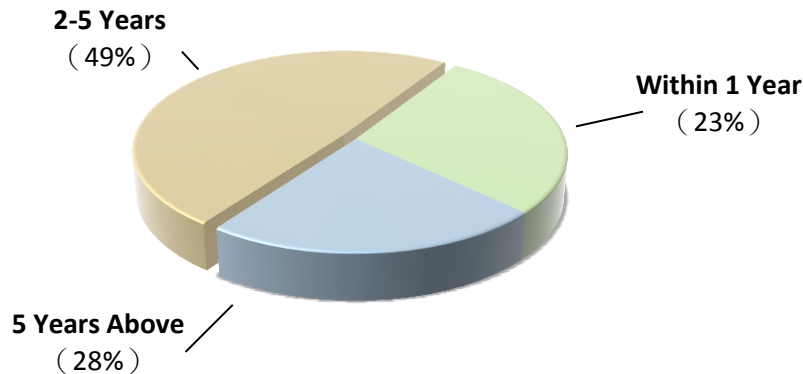


### Total Borrowings HK\$17,760M in Currency

HK\$ Million



### Total Borrowings HK\$17,760M – Repayment Period



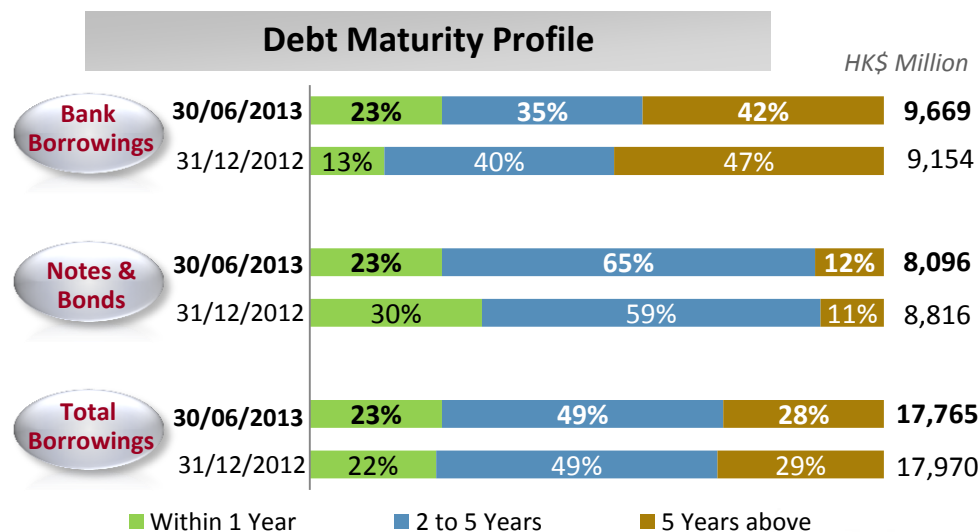
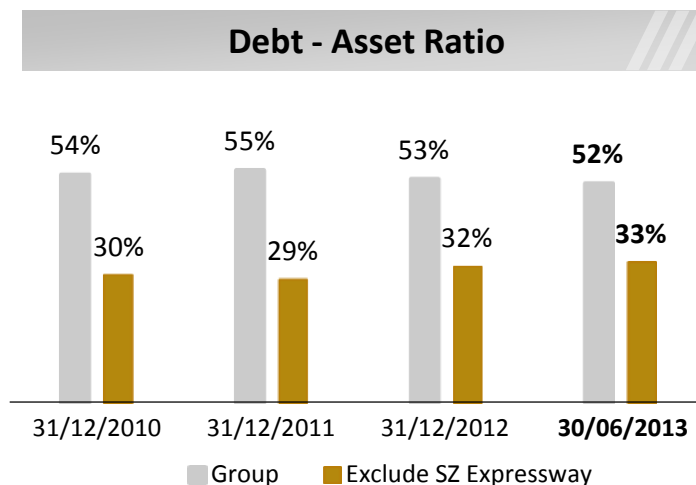


# 8. Financial Position



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- The Group was committed in reducing total borrowings during the period, debt-asset ratio decreased 1 p.p. to 52% while ratio of net borrowings to total equity decreased 4 p.p. to 62%
- Net cash outflow for debt repayment was HK\$508M (2012: net cash inflow from borrowings HK\$1,575M)
- Net cash inflow generated from operations ▲11% to HK\$1,233M (2012: HK\$1,109M)
- Fixed vs floating rate borrowings at 58% vs 42% (2012: 56% vs 44%)
- Renminbi exchange rate ▲1.7%; contributed exchange gain of HK\$76.6M to the Group
- S&P, Moody's and Fitch maintained our BBB, Baa3 and BBB investment grade credit ratings
  - Strive to maintain our credit ratings from credit agencies
- Further optimized capital structure and lowered financing costs

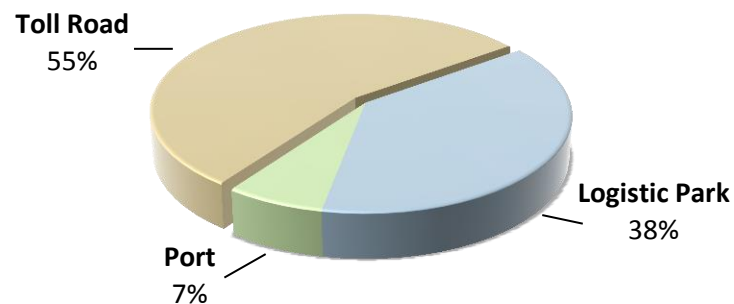


# 9. 2013 Capex – Revised to HK\$1,761M (RMB1,394M)



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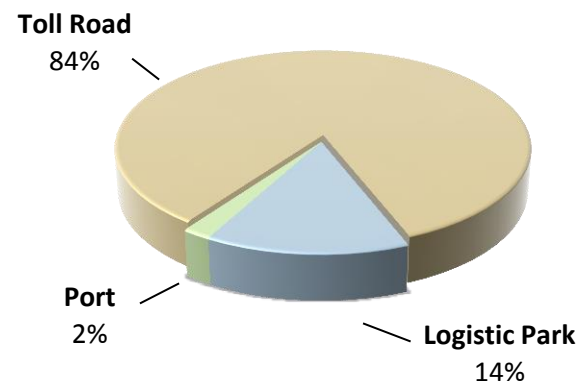
## 2H2013 Capex Estimate HK\$1,163M (RMB920M)



### Estimate major capex items:

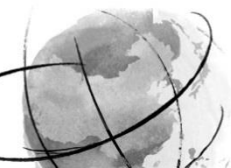
- Logistic Park:
  - Construction costs for new logistic centres in South China Logistic Park
  - “Shenyang Modern Integrated Logistic Hub” Project
- Toll Road:
  - Remaining balance for Qinglian Project and expansion work in Meiguan
- Port: Phase 2 of Nanjing Xiba Port

## 1H2013 Actual Capex HK\$598M (RMB474M)



### Major capex items in 1H2013:

- Logistic Park:
  - Construction costs for new logistic centres in South China Logistic Park amounted to RMB65M
- Toll Road:
  - Mainly for remaining balance for Qinglian Project and expansion work in Meiguan total amounted to RMB398M
- Port: Phase 2 of Nanjing Xiba Port



# 10. 2H2013 Outlook and Major Plans



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## □ Qianhai Project

- Continues to interact closely with the Qianhai Management Bureau in preparation for land rezoning of the Group's land at Western Logistic Park
- Establish a project company for the Qianhai project development
- Key project to the Group; will strengthen communication and interaction with all parties; to explore all opportunities that will benefit the project in future construction, business development and operation perspectives

## □ Logistic Business

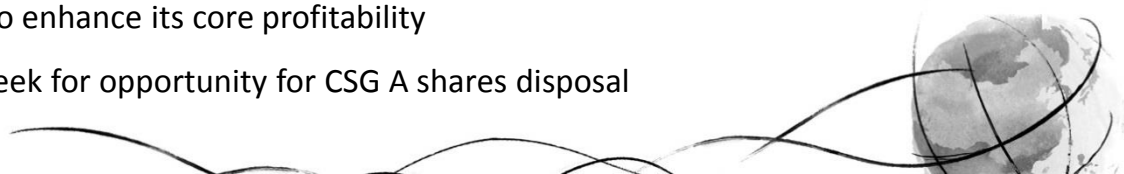
- Continues the preparation work and targets to complete the project planning and to begin construction for the first phase of "Shenyang Modern Integrated Logistic Hub"
- To actively seek for further investment opportunities for our "China Urban Integrated Logistics Hub" to expand the Group's logistic network; new projects are expected to implement

## □ Toll Road Business

- Demand of expressway in China is expected to remain a steady growth; continues to strengthen marketing efforts to enhance road effectiveness; impact from policies adjustments is expected to be less than originally estimated at the beginning of the year

## □ Other Investments

- Stable development in China economy and the reform in civil aviation industry will create a favorable operating environment; Shenzhen Airlines will take advantage of the peak season in the second half, together with stringent cost control, to enhance its core profitability
- Closely monitor A share market and seek for opportunity for CSG A shares disposal

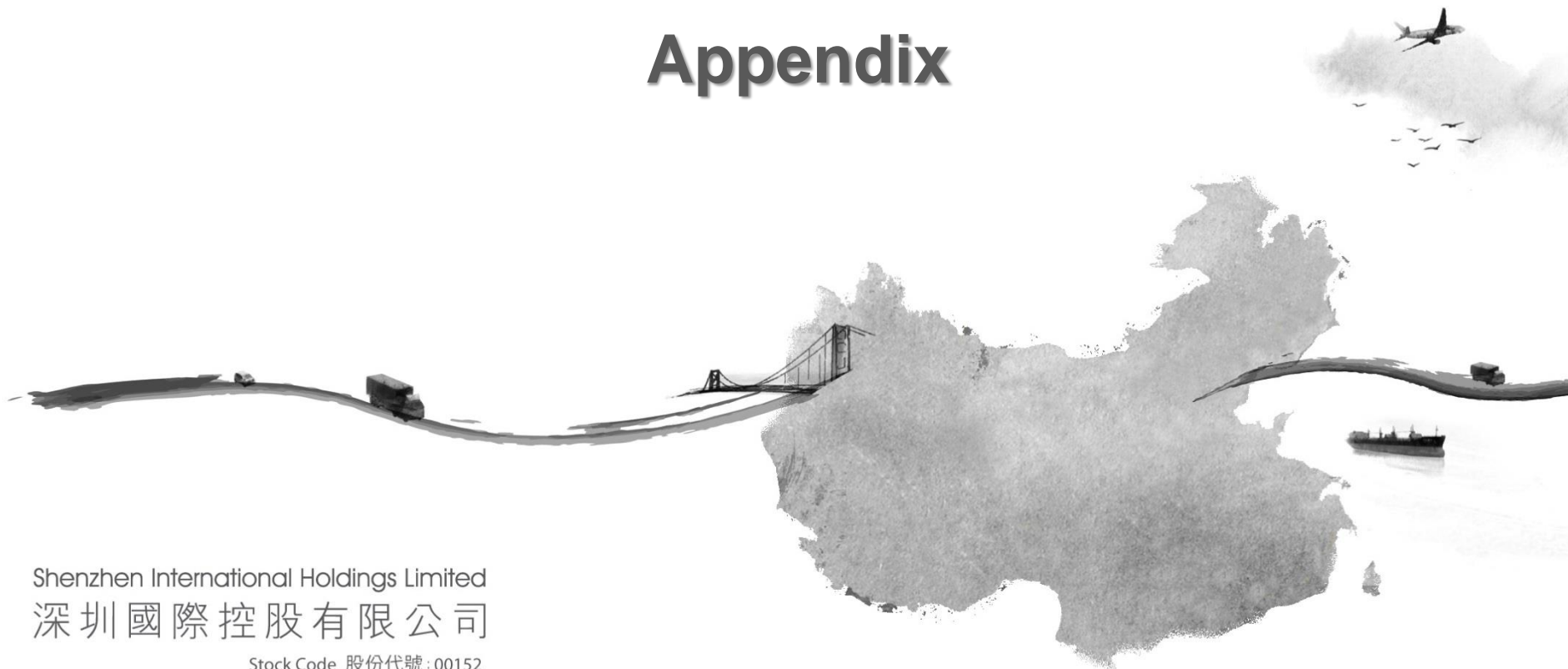




Shenzhen International

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# Appendix



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

Stock Code 股份代號: 00152

# Appendix I – Corporate Chart



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

## Logistic Business



## Toll Road Business



## Other Investments



# Appendix 2 – Geographical Location of Qianhai



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**Guiwan Area** – Core Commercial District, focus on financial sector

**Chanwan Area** – Integrated Development District, focus on technology and information services sector

**Mawan Area** – Bonded Port District, focus on modern logistic sector

**Area in Orange** – Shenzhen International Western Logistic Park (380K sqm)



# Appendix 3 – Illustration of “China Urban Integrated Logistics Hub”



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# Appendix 4 – Results Highlights

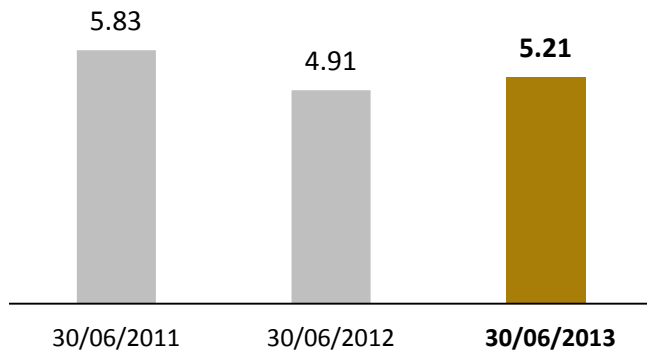


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## Earnings Per Share

HK Cents

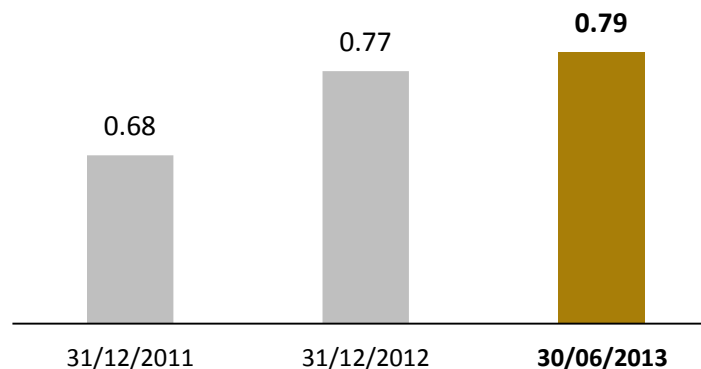
▲6%



## Shareholders' Value Per Share

HK\$

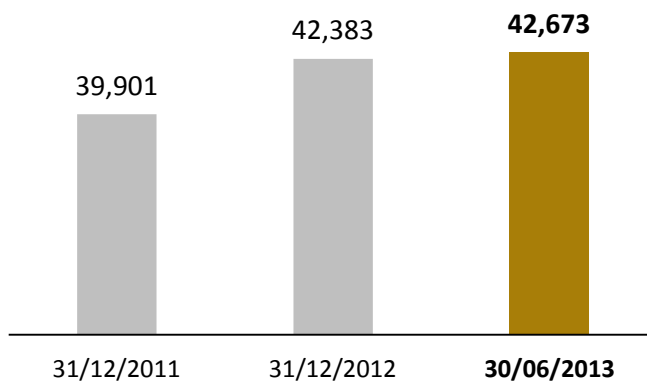
▲3%



## Total Assets

HK\$ Million

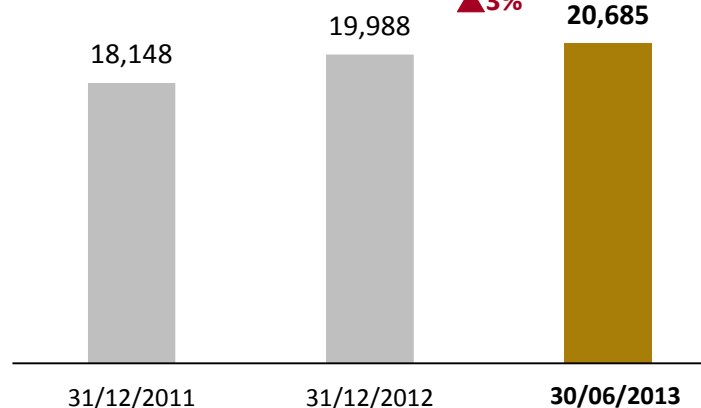
▲1%



## Total Equity

HK\$ Million

▲3%





# Appendix 5 – Income Statement



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<i>HK\$ Million</i>	<b>2013</b>	<b>2012</b>	<b>Change</b>
<i>For the six months ended 30 June</i>			
<b>Revenue</b>	<b>2,797</b>	2,857	(2%)
Cost of sales	<b>(1,456)</b>	(1,436)	1%
<b>Gross profit</b>	<b>1,341</b>	1,421	(6%)
Other gains – net	<b>315</b>	8	4,025%
Other income	<b>49</b>	53	(7%)
Distribution costs	<b>(25)</b>	(19)	34%
Administrative expenses	<b>(132)</b>	(137)	(3%)
<b>Operating Profit</b>	<b>1,548</b>	1,326	17%
Share of profit of joint ventures	<b>11</b>	7	47%
Share of profit of associates	<b>240</b>	451	(47%)
<b>Profit before finance costs and tax</b>	<b>1,799</b>	1,784	1%
Finance costs – net	<b>(365)</b>	(473)	(23%)
<b>Profit before income tax</b>	<b>1,434</b>	1,311	9%
Income tax expense	<b>(325)</b>	(248)	31%
<b>Profit for the Period</b>	<b>1,109</b>	1,063	4%
Non-controlling interests	<b>(252)</b>	(258)	(2%)
Net Profit attributable to Shareholder	<b>857</b>	805	7%
<b>Basic EPS (HK Cents per Share)</b>	<b>5.21</b>	4.91	6%

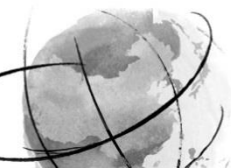


# Appendix 6 – Segment Results



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<i>HK\$ Million</i>	Revenue		Operating Profit		Share of Results of Associates & JVs		EBIT	
	2013	2012	2013	2012	2013	2012	2013	2012
<i>For the six months ended 30 June</i>								
<b>Toll Road</b>								
Toll Revenue	2,142	2,198	1,110	1,216	112	84	1,222	1,300
Construction service revenue	168	205	-	-	-	-	-	-
Toll Road sub-total	2,310	2,403	1,110	1,216	112	84	1,222	1,300
<b>Logistic Business</b>								
Logistic Park	234	234	95	86	7	5	102	91
Logistic Service	181	163	9	4	1	-	10	4
Port	72	57	31	20	-	-	31	20
Logistic Business sub-total	487	454	135	110	8	5	143	115
<b>Head office</b>	-	-	303	-	131	369	434	369
	2,797	2,857	1,548	1,326	251	458	1,799	1,784
Finance income							41	35
Finance costs							(406)	(508)
Finance costs – net							(365)	(473)
<b>Profit before income tax and NCI</b>							1,434	1,311



# Appendix 7 – Financial Position

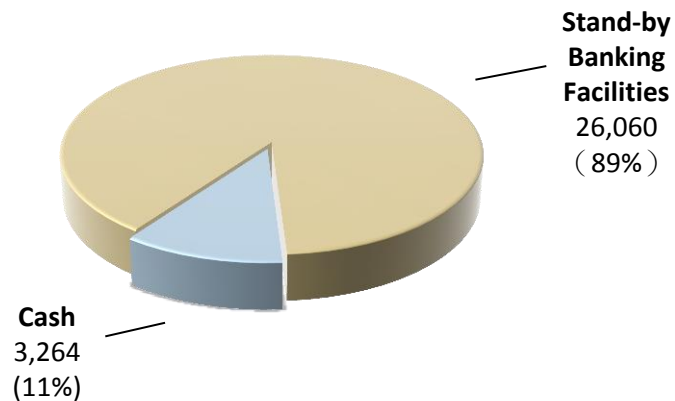


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## The Group's Borrowing Profile (Excl. Shenzhen Expressway) As at 30 June 2013

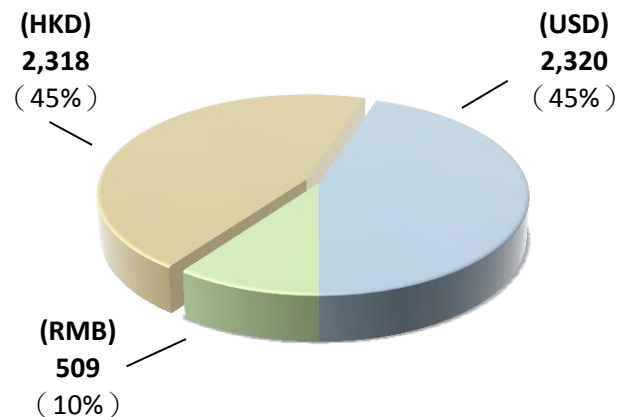
### Cash & Banking Facilities

HK\$ Million



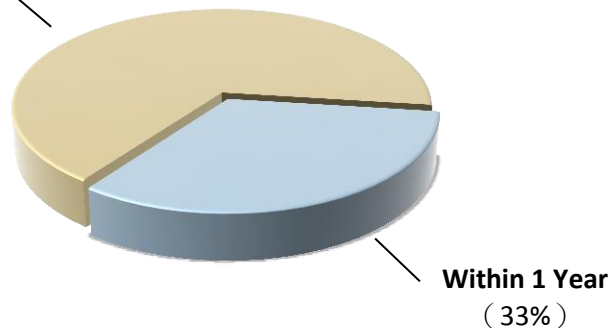
### Total Borrowings HK\$5,147M in Currency

HK\$ Million



### Total Borrowings HK\$5,147M – Repayment Period

2-5 Years  
(67%)



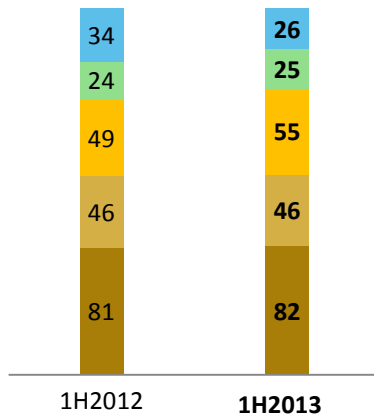
# Appendix 8 – Logistic Park



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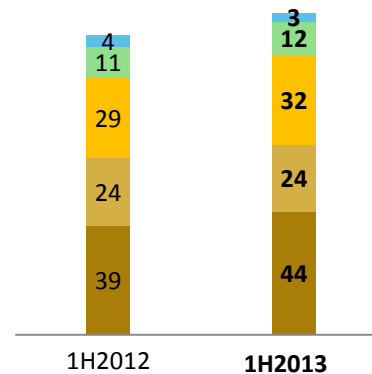
**Revenue: HK\$234M - %**

HK\$ Million



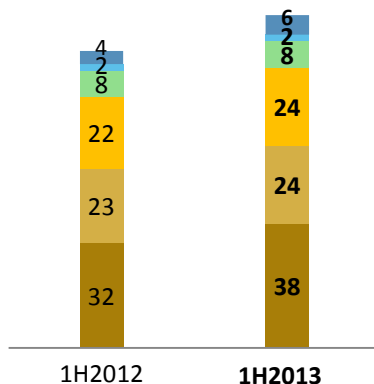
**Gross Profit: HK\$115M ▲ 8%**

HK\$ Million



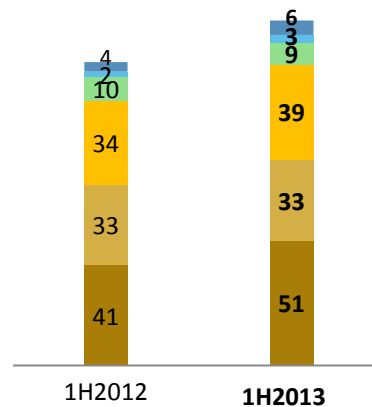
**EBIT: HK\$102M ▲ 12%**

HK\$ Million

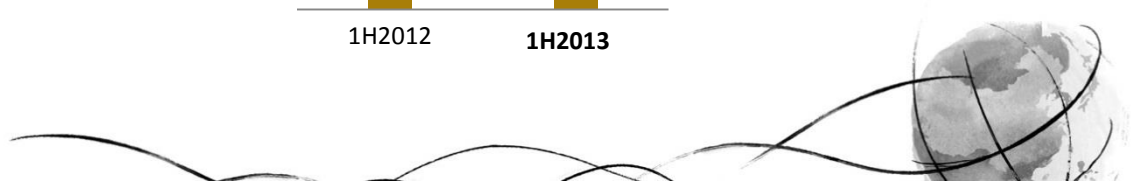


**EBITDA: HK\$141M ▲ 14%**

HK\$ Million



- SZ Airport Express Center
- Shandong Booming Total Logistic Park
- Nanjing Chemical Industrial Park Logistic Centre
- HTY Logistic Centre
- Western Logistic Park
- South China Logistic Park



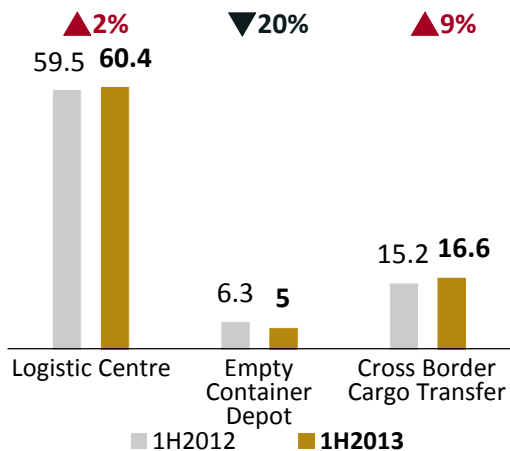
# Appendix 9 – Logistic Park – South China Logistic Park



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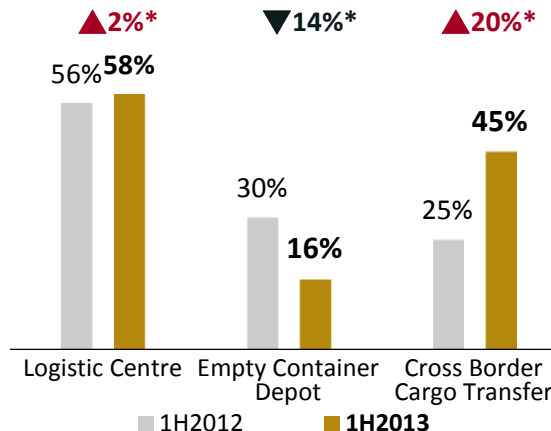
**Revenue: HK\$82M ▲ 1%**

HK\$ Million



**Gross Profit%: 53% ▲ 5%\***

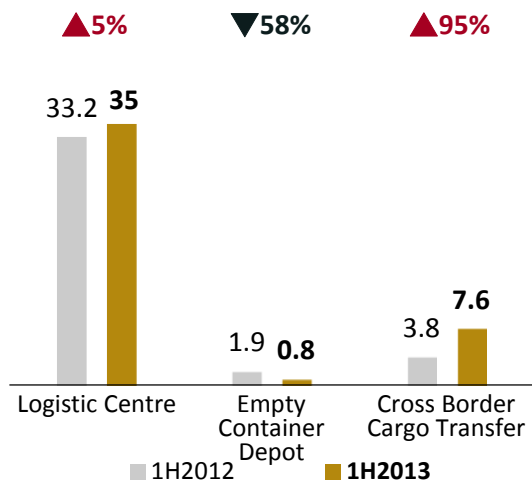
%



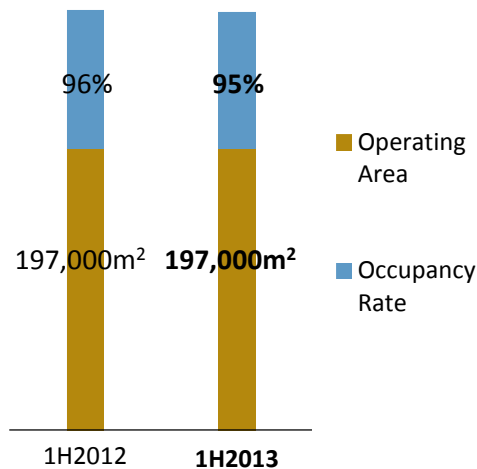
\*Change in percentage point

**Gross Profit: HK\$43.4M ▲ 12%**

HK\$ Million



**Logistic Centre**



# Appendix 10 – Logistic Park – Western Logistic Park

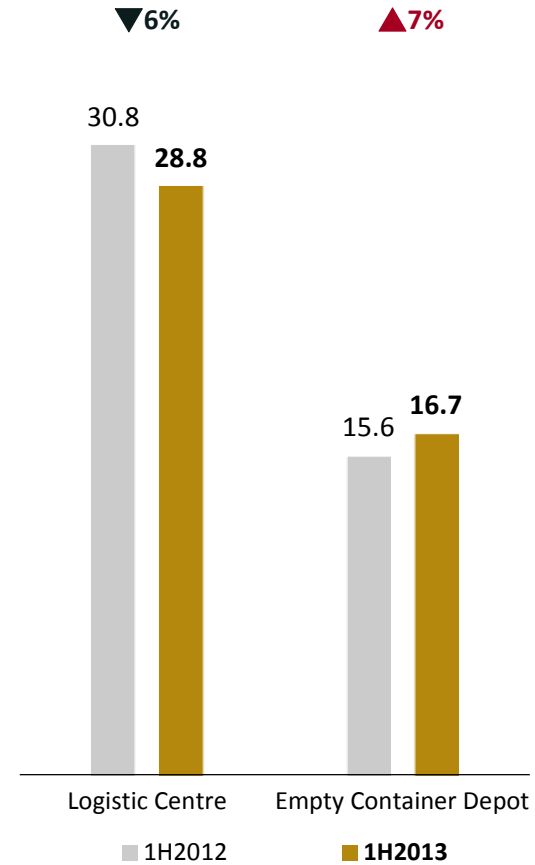
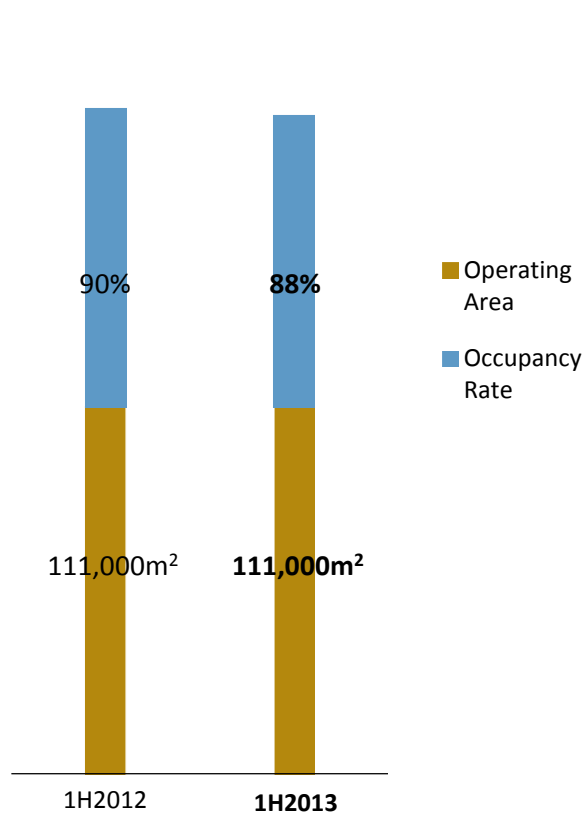


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## Logistic Centre

Revenue: HK\$45.5M ▼ 2%

HK\$ Million

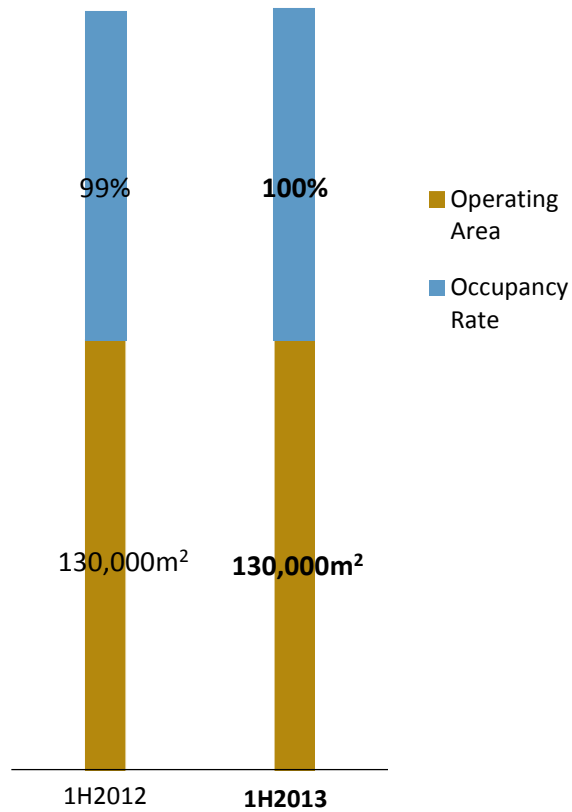


# Appendix 11 – Logistic Park – HTY Logistic Centre



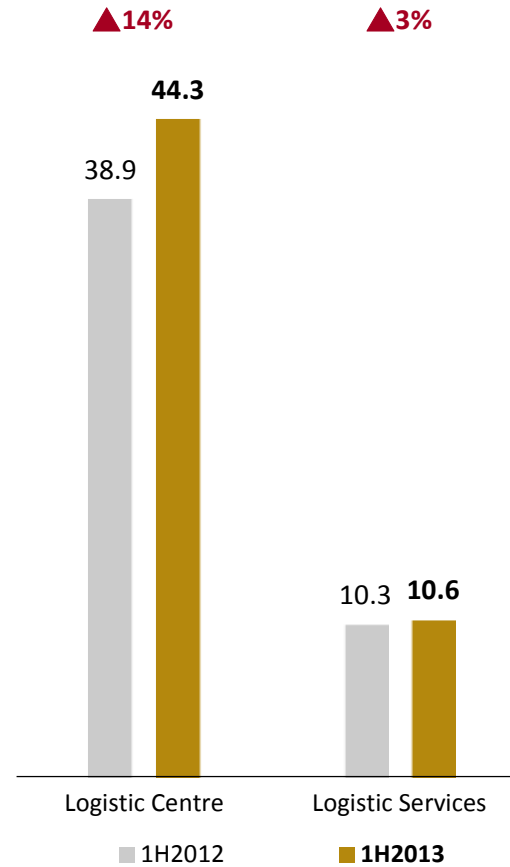
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## Logistic Centre



## Revenue: HK\$54.9M ▲12%

HK\$ Million



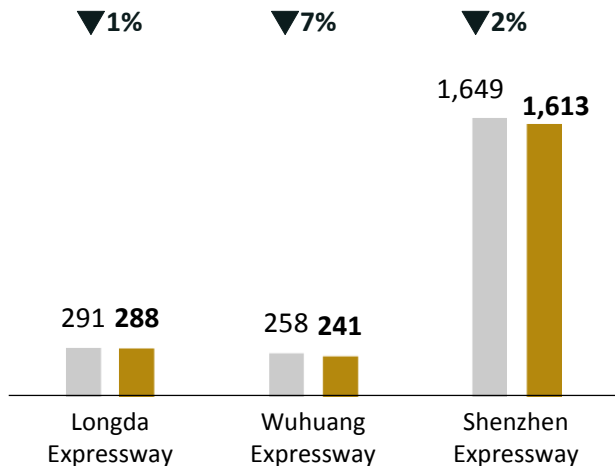
# Appendix 12 – Toll Road



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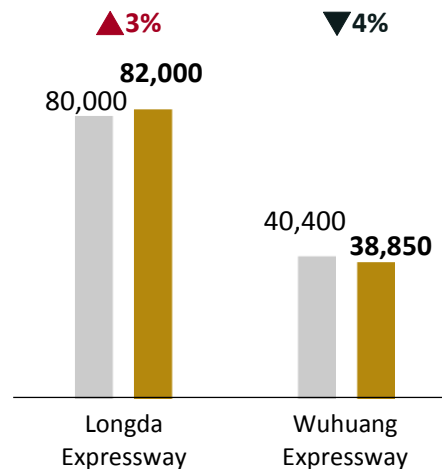
## Toll Revenue: HK\$2,142M ▼3%

HK\$ Million



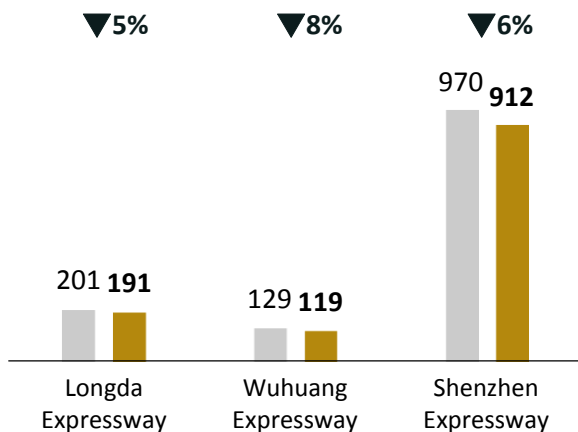
## Daily Mix Traffic Volume

Vehicles



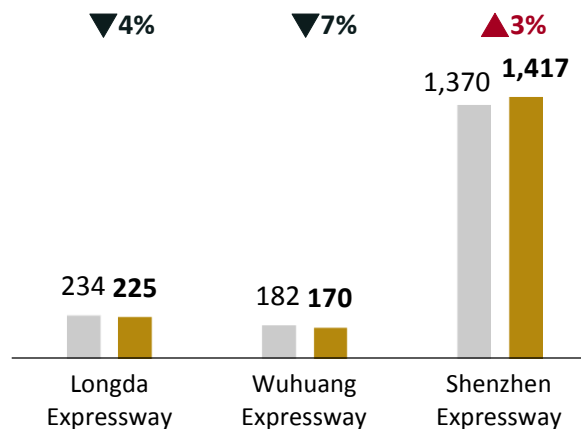
## EBIT: HK\$1,222M ▼6%

HK\$ Million



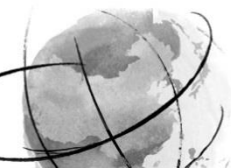
## EBITDA: HK\$1,812M ▲1%

HK\$ Million



■ 1H2012

■ 1H2013



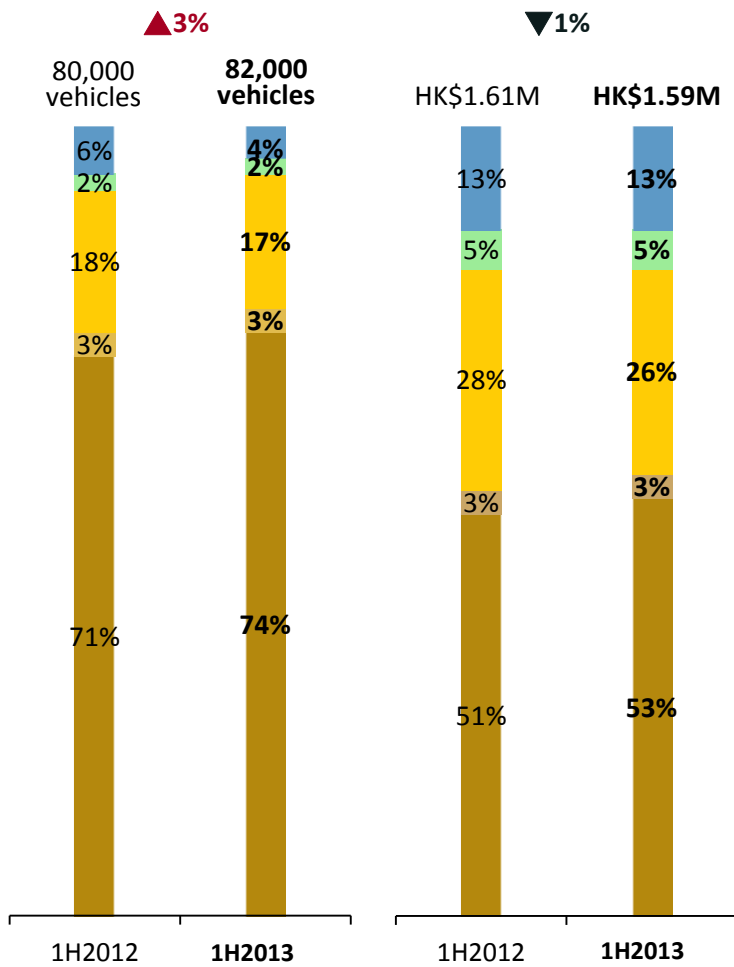


# Appendix 13 – Toll Road

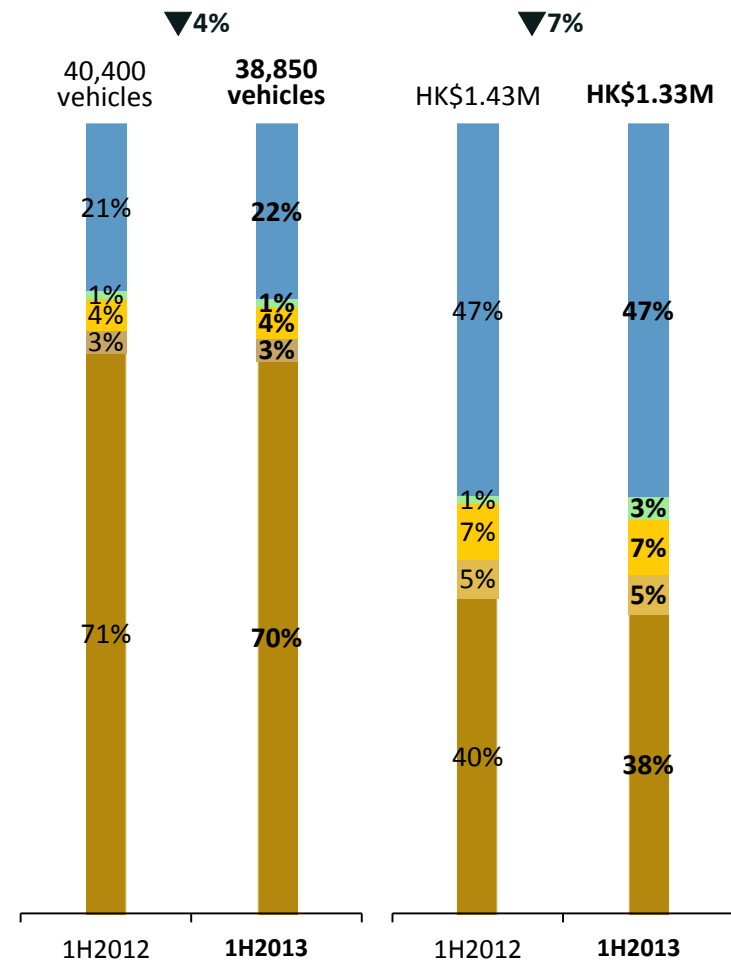


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## Longda Expressway



## Wuhuang Expressway



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

DMTV: Daily Mix Traffic Volume

DAR: Daily Average Revenue



# Appendix 14 – Other Investments – Shenzhen Airlines



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<i>RMB Million</i>	<b>1H2013</b>	1H2012	Increase/ (Decrease)
<b>Transportation revenue</b>	<b>10,063</b>	9,773	3%
Of which: Passenger revenue	<b>9,728</b>	9,454	3%
<b>Transportation profit</b>	<b>152</b>	347	(56%)
<b>Passenger load factor</b>	<b>82.4%</b>	80.8%	1.6%*
<b>Number of flights</b>	<b>85,683</b>	80,788	6%
Of which: Domestic	<b>82,341</b>	77,219	7%
<b>Total no. of aircraft in service</b>	<b>121</b>	110	10%

\* Change in percentage point





- This presentation is prepared in good faith, based on unaudited financial data, management information, publicly available information, and management's outlook as of 30 June 2013. Macroeconomic parameters could change unexpectedly. The Group'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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- Thank You -

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