



Shenzhen International

深國際

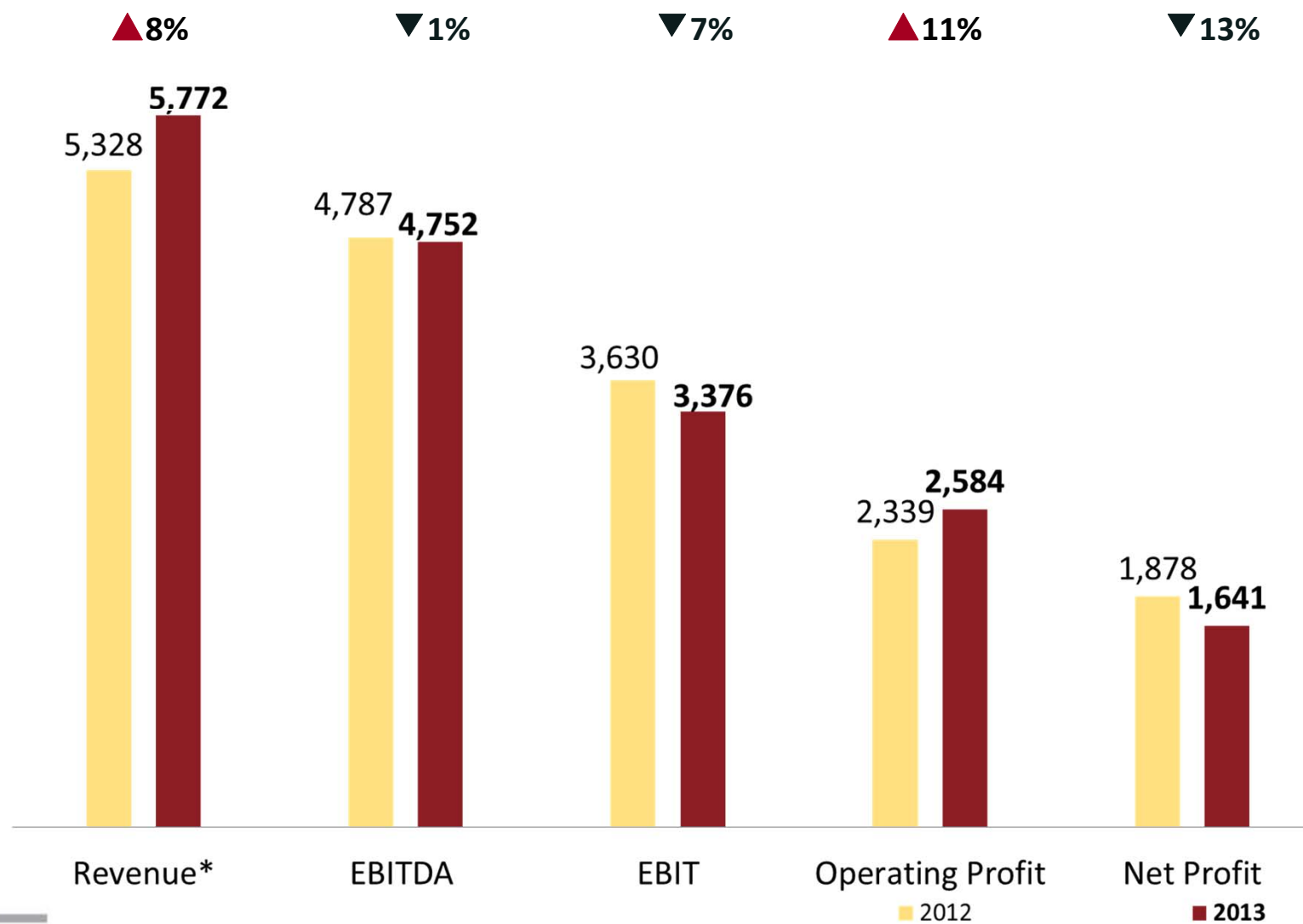
**2013 Annual Results
Investor Presentation
March 2014**

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



1. Results Highlights

HK\$ Million



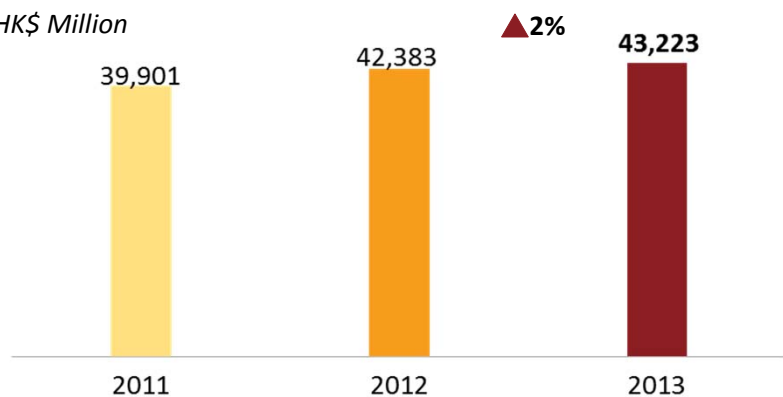
* Exclude construction service income from toll road business



1. Results Highlights

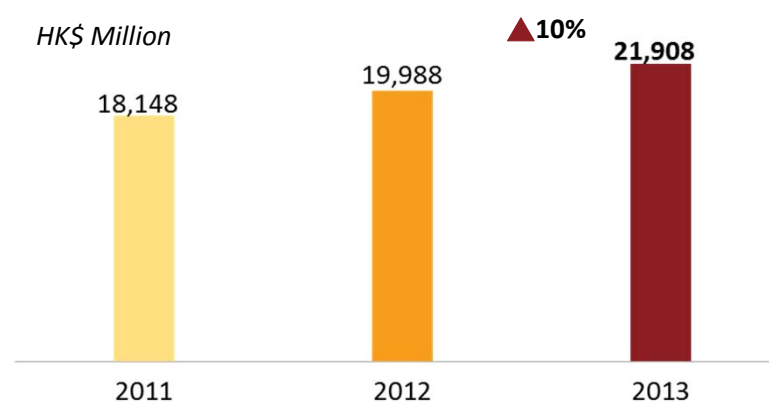
Total Assets

HK\$ Million



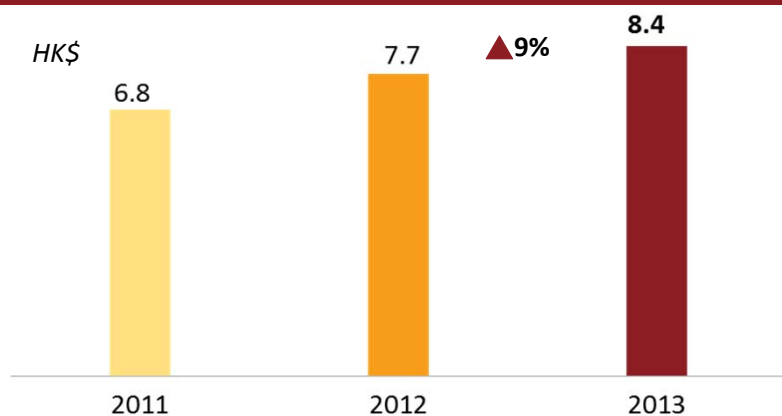
Total Equity

HK\$ Million



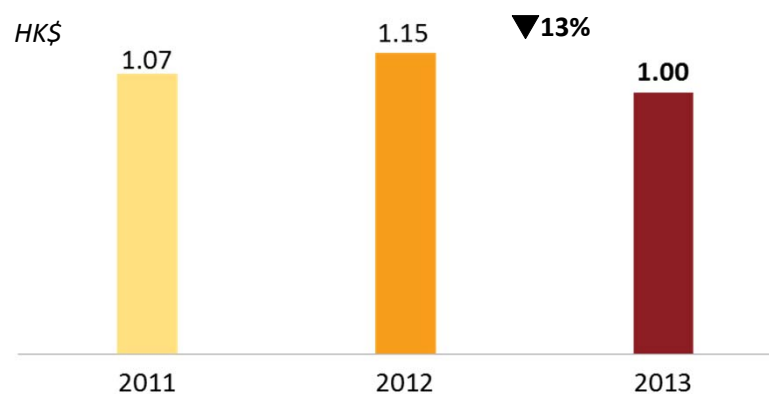
Shareholders' Value Per Share*

HK\$



Earnings Per Share*

HK\$









*The consolidation of every ten issued or unissued Shares with a par value of HK\$0.10 into one share with a par value of HK\$1.00 in the share capital of the Company came into effect on 13 February 2014; the weighted average number of ordinary shares of respective years have been retrospectively adjusted to reflect the effect of share consolidation.



1. Results Highlights

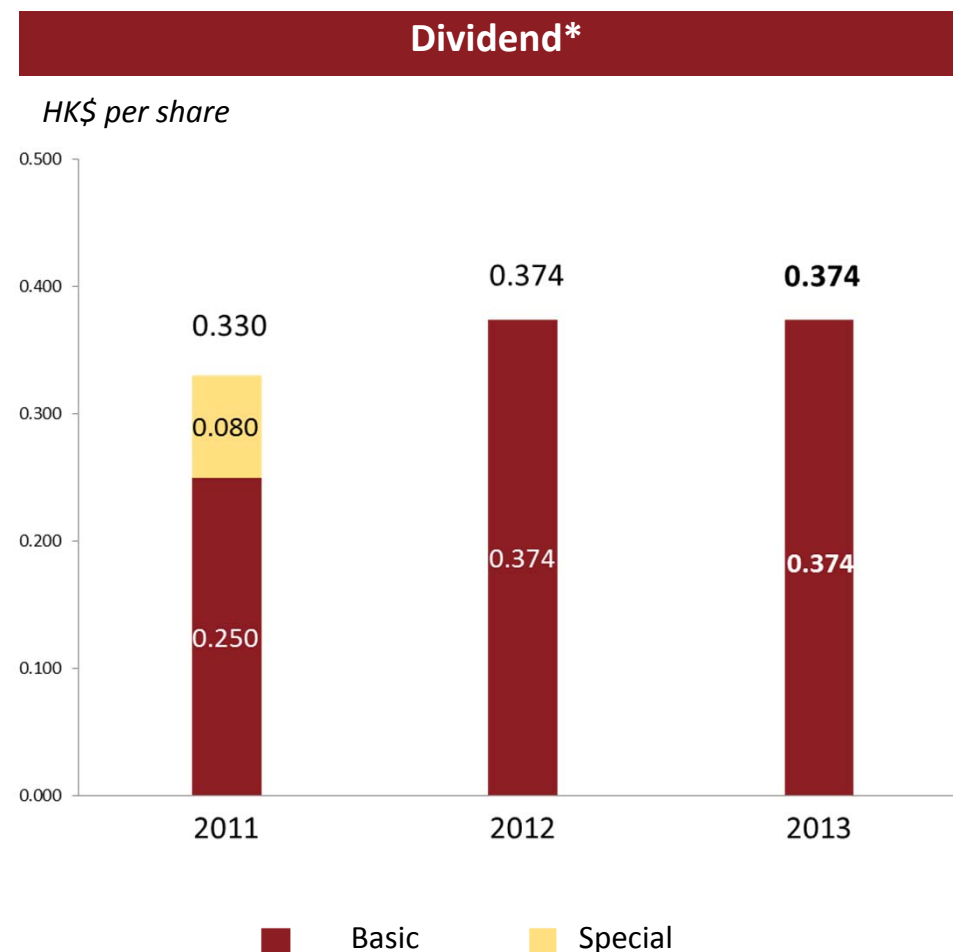
Operating Performance

-  **Revenue** amounted to HK\$5,963M (2012: HK\$5,739M), ▲4%; exclude construction service income, revenue was HK\$5,772M (2012: HK\$5,328M), ▲8%
-  **Operating profit** was HK\$2,584M (2012: HK\$2,339M), ▲11%
-  Due to write back of asset impairment for Shenzhen Airlines last year and the asset write-off for Qinglian Class II Road during the year, **EBITDA** was HK\$4,752M, ▼1%
-  **EBIT** was HK\$3,376M, ▼7%
-  **Profit attributable to shareholders** was HK\$1,641M (2012: HK\$1,878M), ▼13%
-  **Basic EPS*** was HK\$1.00 (2012: HK\$1.15), ▼13%
-  **Shareholders' value per share*** was HK\$8.4 (2012: HK\$7.7), ▲9%



2. Dividend

- **2013 Basic Dividend** HK\$0.374 (2012: HK\$0.374)*, total dividend HK\$620M (2012:HK\$612M)
- Payout ratio was 38%
- Dividend be satisfied in the form of allotment of new shares; shareholders also have the rights to receive dividend wholly in cash in lieu of shares allotment, or partly in cash and partly in scrip shares
- Continue to maintain a stable dividend policy
- The Group is confident about future development; continues to bring stable return to shareholders



**The consolidation of every ten issued or unissued Shares with a par value of HK\$0.10 into one share with a par value of HK\$1.00 in the share capital of the Company came into effect on 13 February 2014; the number of ordinary shares of respective years have been retrospectively adjusted to reflect the effect of share consolidation.*



3. Business Review

- In 2013, global economy stabilized and economic performance in China was in line with expectations
- The Group's core business recorded satisfactory and stable performance by enhancing efficiency and cost controls
 - Revenue and operating profit ▲8% and ▲11% respectively, an example to demonstrate the sustainable growth of the Group's core business and assets
- **Logistic Business:** Sound results due to increased in operating area of logistic parks and growth in operating volume of the port business
 - Revenue and net profit contribution ▲12% and ▲40% respectively
- **Toll Road Business:**
 - Better than expected traffic volume growth to offset the negative impact brought by the policy adjustments
 - Revenue and net profit ▲8% and ▲5% respectively
- **Other Investment:**
 - Intensified competition in domestic aviation market, together with a one-off gain of RMB800 million arising from asset impairment write back last year, net profit contribution from Shenzhen Airlines ▼17%
 - Disposal of portion of CSG A shares and Shenzhen Capital Group brought total gains after tax of HK\$236M



4. China Urban Integrated Logistics Hub

- The Group dedicates to the development of “China Urban Integrated Logistics Hub” business model
 - Signed investment agreements for projects in Shenyang, Tianjin, Wuxi, Wuhan and Shijiazhuang
- Shenyang project acquired land transfer procedures during the year
 - First phase of development comprises of 240,000 sqm of land expects to commence operation in 2015
- Signed strategic co-operation agreement with Shentong Express, one of China's most influential courier companies in February 2014
 - Both parties to establish in-depth cooperation in business areas that include “China Urban Integrated Logistics Hub” projects and cross border e-commerce

Shenzhen International Integrated Logistics Hub	Planned Site Area (sqm)
1. Northeast China - Shenyang project	700,000
2. Northern China - Tianjin project	300,000
3. Eastern China - Wuxi project	350,000
4. Central China - Wuhan project	130,000
5. Northern China - Shijiazhuang project	330,000
Total Planned Site Area	1.81 million



4. Illustration of “China Urban Integrated Logistics Hub”



5. Progress of the Qianhai Area Development Plan

- In 2013, progress was made in the Qianhai Area Development
 - Establishment of the Inter-ministerial joint conference system for Qianhai, Nansha and Hengqin provided a greater boost for the development
 - About 3,000 registered enterprises in the Qianhai Area as at the end of 2013, with over RMB200 billion registered capital
 - 5 pieces of land in Qianhai were auctioned in 2013, total amount of RMB27.3 billion, with an average price of RMB20,000 per sqm
- Major work of the Group during the year
 - Maintained sound communication with relevant government authorities, the first phase of the Group's land project in Qianhai is in progress
 - Established a Qianhai project company for design and planning
 - Signed MOUs on strategic cooperation with several renowned large-scale industrial enterprises
 - Signed total amount of RMB700 million Qianhai cross-border bilateral Renminbi loan agreements with banks



5. Qianhai Development Plan – Geographical location of Qianhai



Guiwan Area – Core Commercial District, focus on financial sector

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

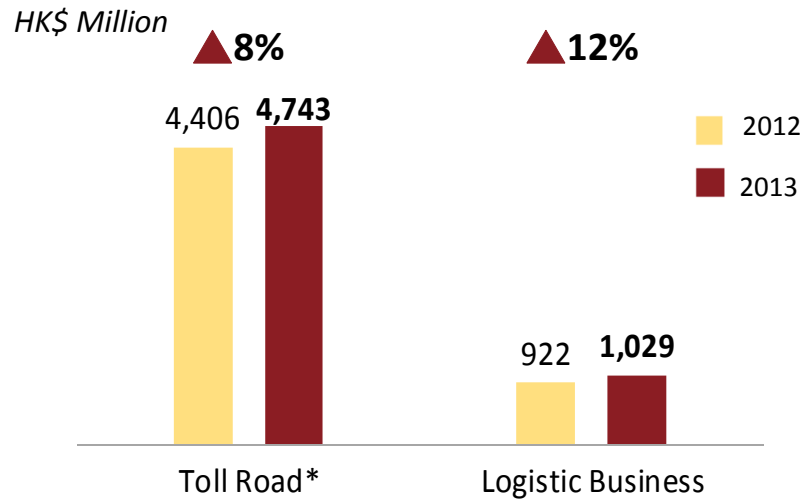
Mawan Area – Bonded Port District, focus on modern logistic sector

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

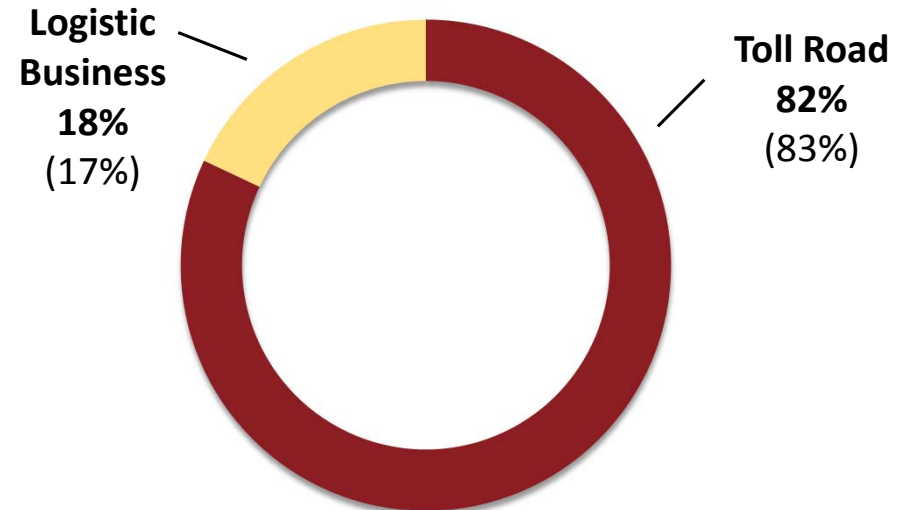


6. Revenue & Net Profit

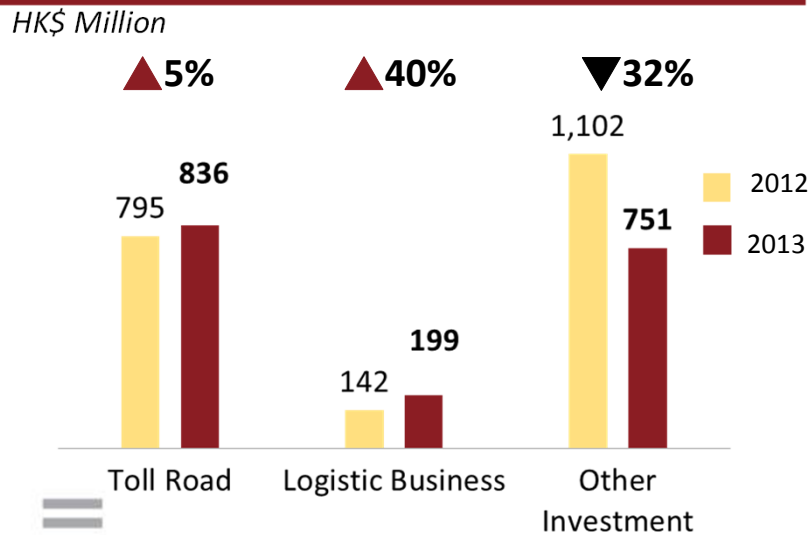
Revenue: HK\$5,772M ▲8%



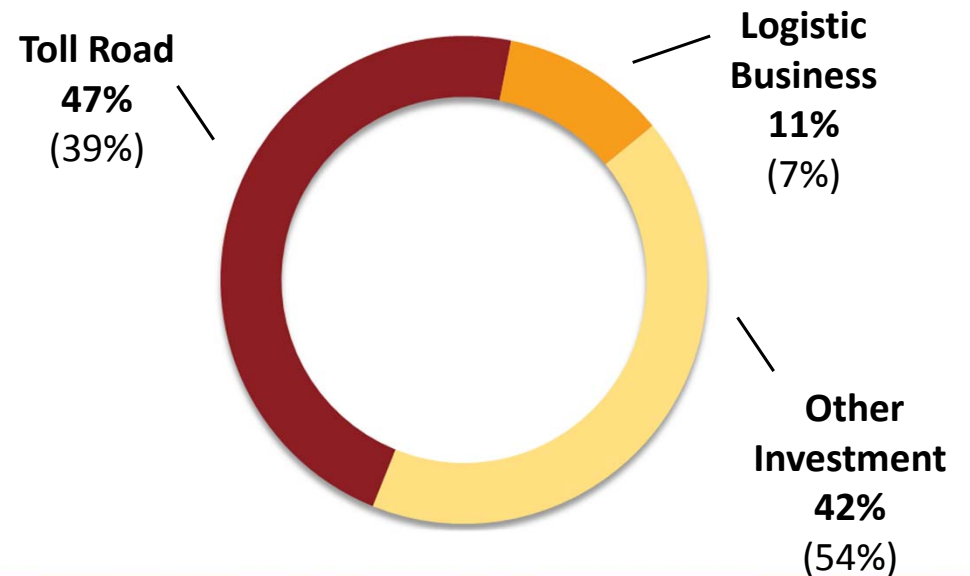
2013 Revenue Contribution (2012)



Net Profit: HK\$1,641M ▼13%



2013 Net Profit Contribution (2012)

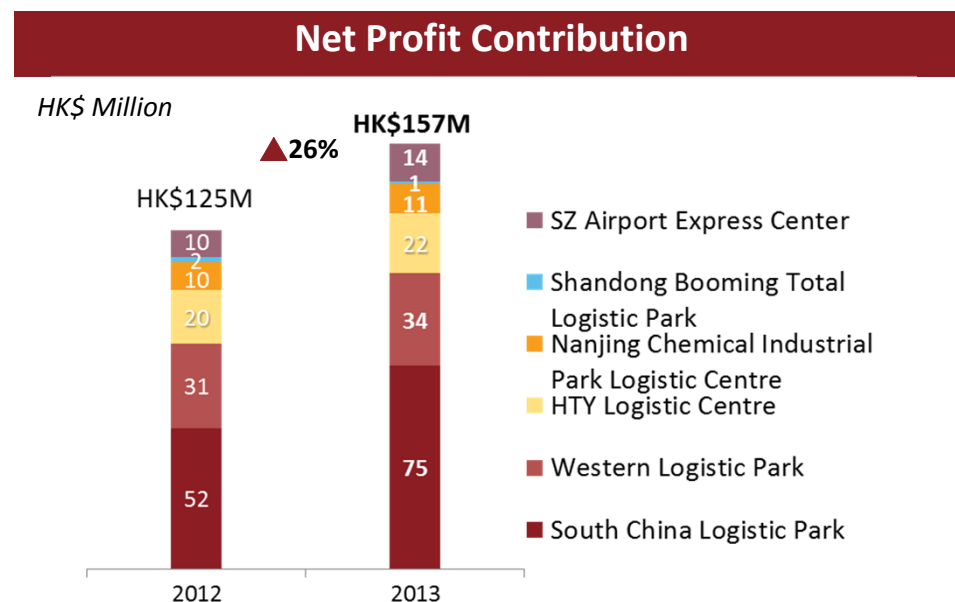
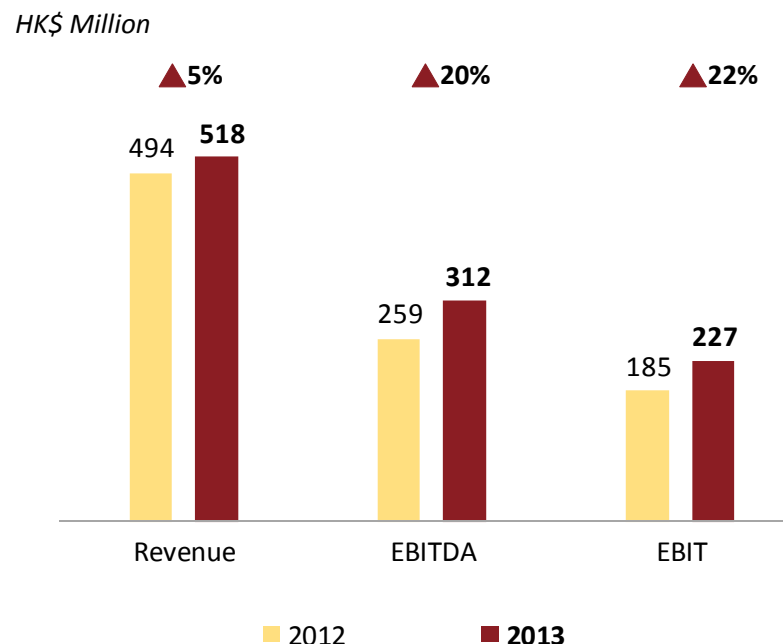


* Exclude construction service income from toll road business



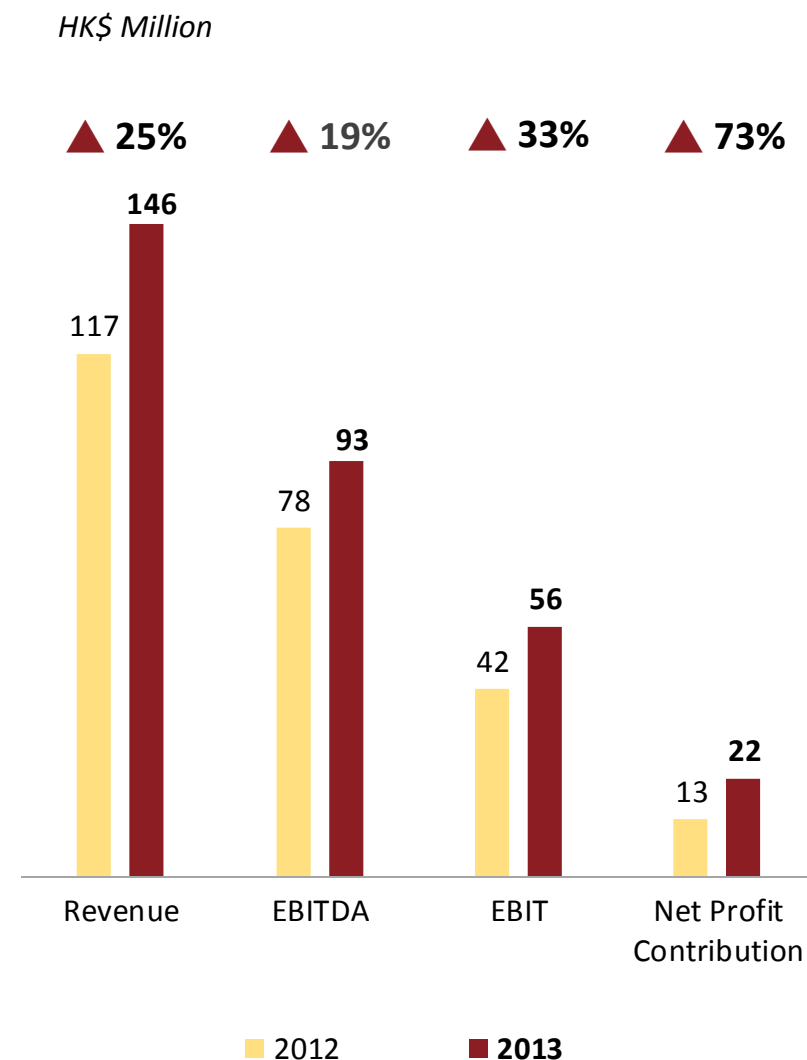
7. Logistic Business – Logistic Park

- Operations became more mature, new logistic centre commenced operations, increase in rental charges and with effective cost control
 - Revenue and net profit ▲ 5% and ▲ 26% respectively
- Overall average occupancy rate maintained at 96% (2012: 96%)
 - Average revenue per sqm increased 3% yoy
- HTY Logistic Centre, mainly engages mainly in highway logistic transportation for domestic market, recorded sound operating performance, occupancy rate maintained at 99%
 - Revenue ▲ 12% to HK\$117M (2012: HK\$104M) resulted from increase in rental
- South China Logistic Park expanded 125,000 sqm of operating area in Aug, increased by 24% to 670,000 sqm yoy. All newly added operating areas are rented out
 - Revenue and net profit contribution ▲ 18% and ▲ 45% respectively



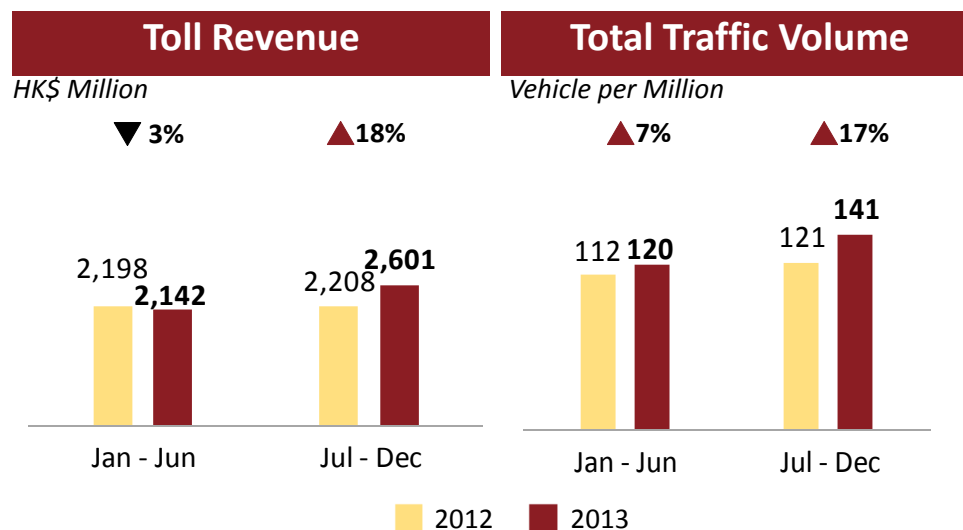
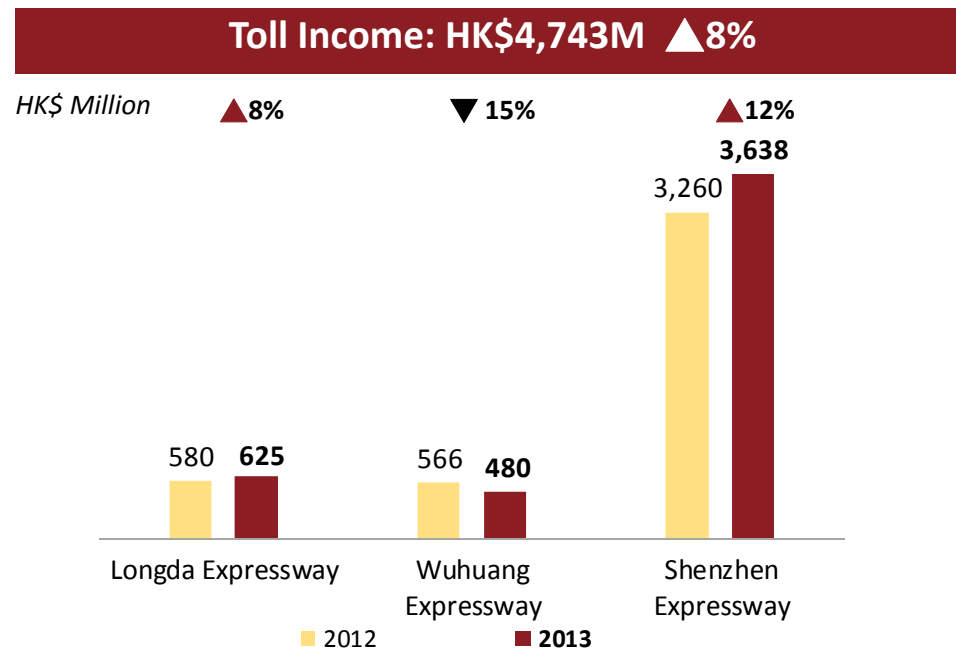
7. Logistic Business – Nanjing Xiba Port

- Berthing capacity increased to 70K tons resulted in increased number of large vessels berthed at port
- Operating performance showed sound growth due to
 - Contribution from existing major clients and effective marketing campaign
 - Obtained International vessel berthing permission
- Total of 226 vessels berthed in 2013 (2012: 200 vessels)
 - Total throughput reached 13.1M tons, increased 24%
- Revenue and net profit contribution ▲25% and ▲73% respectively
- Phase 2 project comprises three 50K – 70K tons terminals
 - Started construction at the end of 2013, expects completion by end of 2014



8. Toll Road

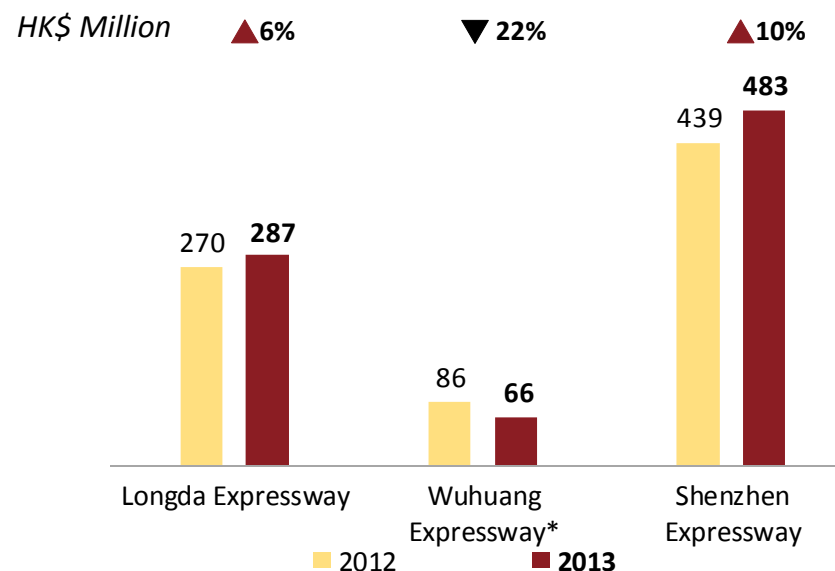
- Toll revenue and net profit ▲8% and ▲5%, beyond our expectation
- Toll policy adjustments reduced the Group's revenue by 11%, largely in line with our forecast
- Traffic volume recorded strong growth, especially in second half of the year
 - Improved road network and effective marketing and project management
 - Qinglian Expy: DAR ▲37% to HK\$2.46M
 - Nanguang Expy and Yanba Expy: DAR ▲28% and ▲18% respectively
 - Wuhuang Expy: Diversion of traffic by new highways caused revenue dropped



8. Toll Road

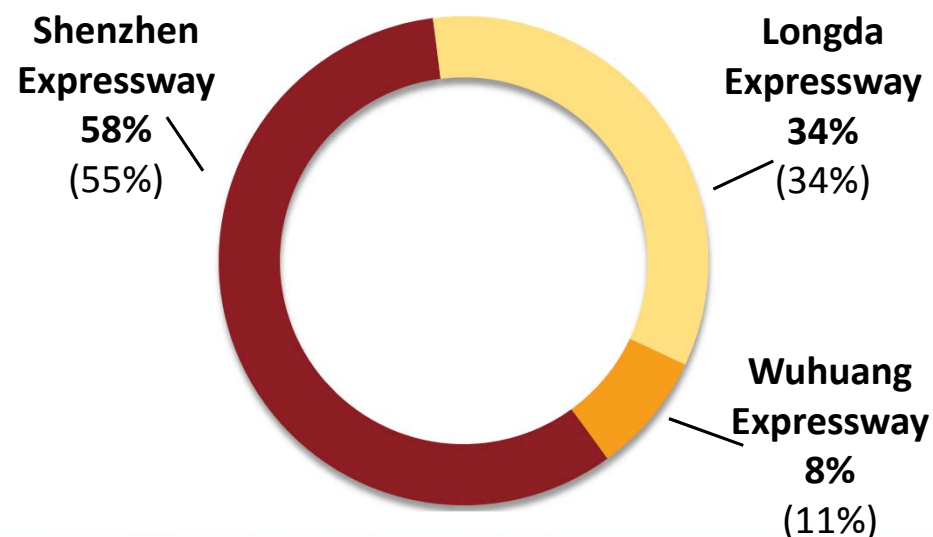
- Coastal Expressway (Shenzhen Section) commenced operation in November 2013, contributed profit after tax of HK\$32.18M from entrusted construction management services to Shenzhen Expressway
- One-off asset write-off for Qinglian Class II Road reduced net profit by HK\$88.79M
- Toll adjustment of Meiguan Expy will increase net profit by approximately RMB560M in 2014
- Difficult period for toll road business has passed; revenue and profit will resume stable growth

Net profit Contribution: HK\$836M ▲5%



* The Group's direct 45% share only

Net Profit Contribution 2013 (2012)



9. Other Investment – Shenzhen Airlines

- Intensify competition in the domestic aviation market led to a greater challenging environment in the industry
 - Average airfares declined by 3% yoy
- Revenue of Shenzhen Airlines at RMB21,638M (2012: RMB22,225M), ▼3%
 - Operating profit was RMB980M (2012: RMB1,050M), ▼6.7%
- Net profit amounted to RMB902M (2012: RMB1,851M), ▼51%
 - Excluding one off gain from write back of asset impairment of RMB800M in 2012, net profit dropped by 14%
 - 49% profit attributable to the Group amounted to HK\$480M (2012: HK\$1,061M), ▼55%
- Strengthened marketing efforts and optimized route structure led to steady growth in passenger transport volume
 - Passenger load factor increased to 81.6% (2012: 80.55%)
 - Passenger traffic and passenger carried ▲10% and ▲8% respectively
 - Total of 132 passenger aircrafts (2012: 116 passenger aircrafts)
 - Operating performance is better off among its peers
- Shenzhen Airlines to declare cash dividend to its shareholders



9. Other Investment – CSG A Shares; Shenzhen Capital Group

- Disposed 11.34M CSG A shares at an average selling price of HK\$14.07 (RMB11.14) per share
 - Profit after tax of HK\$106M (2012: nil)
 - As at 31 December 2013, the Group still owns a total of 122M (or 5.87%) CSG A shares; with market price of HK\$10.43 (RMB8.14), total market value amounted to RMB1 billion

- Disposed all of the Group's 2.3338% equity interest in Shenzhen Capital Group
 - Recorded profit after tax of HK\$130M

- Continue 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



10. Financial Position

	Group			Excl. SZ Expressway #		
	2013 HK\$ Million	2012 HK\$ Million	Increase/ (Decrease)	2013 HK\$ Million	2012 HK\$ Million	Increase/ (Decrease)
<i>As at 31 December</i>						
Total Assets	43,223	42,383	2%	20,478	18,538	10%
Total Equity	21,908	19,988	10%	13,901	12,577	11%
NAV attributable to shareholders	13,990	12,645	11%	13,890	12,685	9%
Shareholders' NAV Per Share (HK\$)^	8.40	7.70	9%	8.40	7.70	9%
Cash	4,957	4,868	2%	3,597	2,558	41%
Bank Borrowings	11,040	9,154	21%	3,083	2,520	22%
Notes & Bonds	6,282	8,816	(29%)	2,323	2,316	—
Total Borrowings	17,322	17,970	(4%)	5,406	4,836	12%
Net Borrowings	12,365	13,102	(6%)	1,809	2,278	(21%)
Debt-asset Ratio (Total Liabilities / Total Assets)	49%	53%	(4%)*	32%	32%	—
Ratio of Total Borrowings to Total Assets	40%	42%	(2%)*	26%	26%	—
Ratio of Total Borrowings to Total Equity	79%	90%	(11%)*	39%	38%	1%*
Ratio of Net Borrowings to Total Equity	56%	66%	(10%)*	13%	18%	(5%)*

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

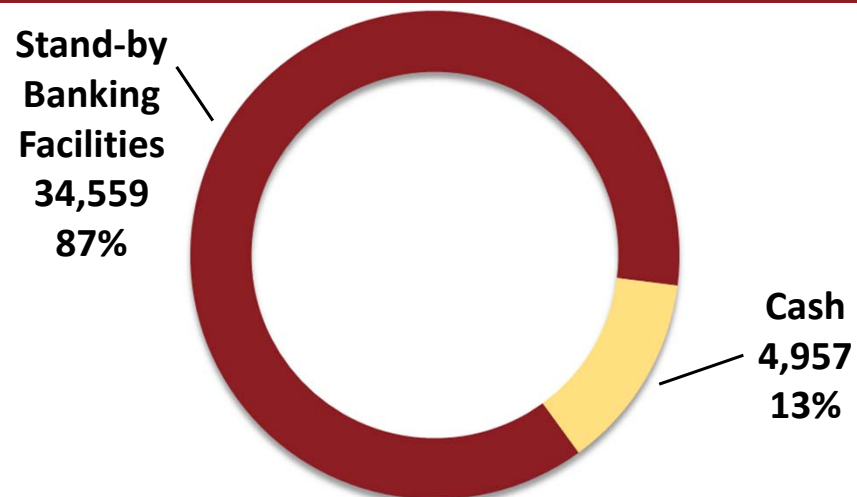
*Change in percentage point



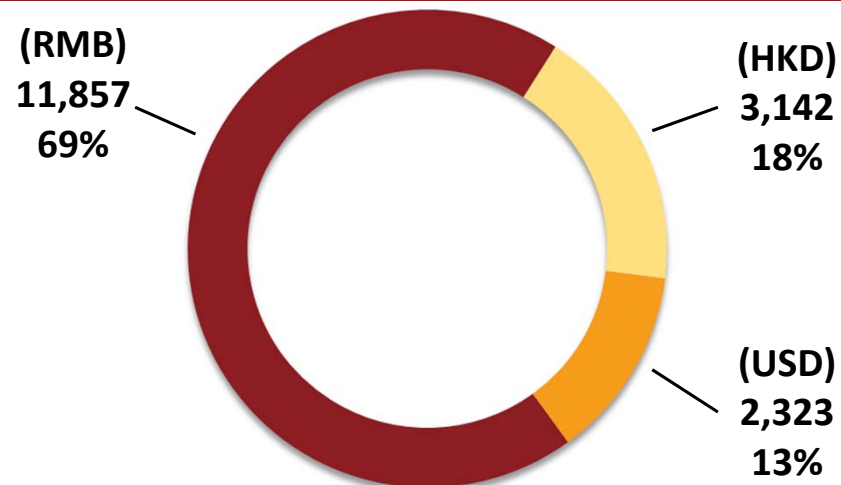
10. Financial Position

The Group's Borrowing Profile As at 31 December 2013

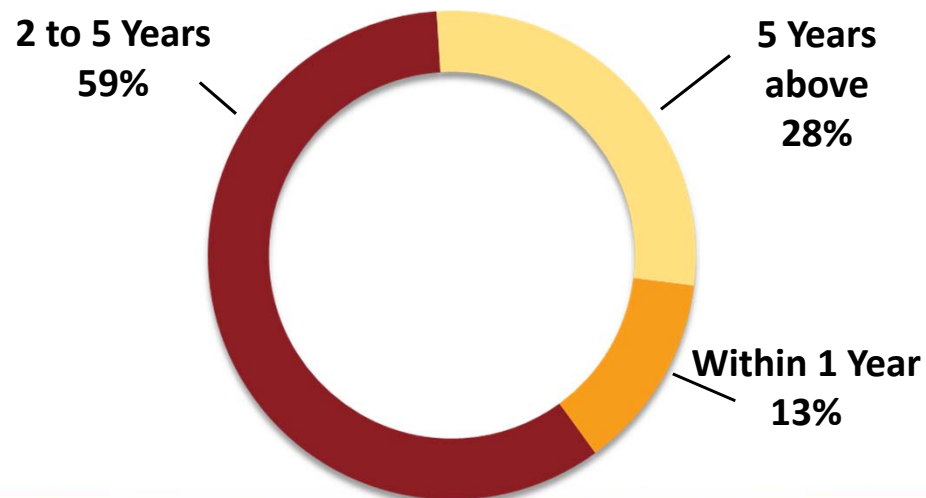
Cash & Banking Facilities (HK\$ Million)



Total Borrowings: HK\$17,322M in Currency (HK\$ Million)



Total Borrowings: HK\$17,322M – Repayment Period

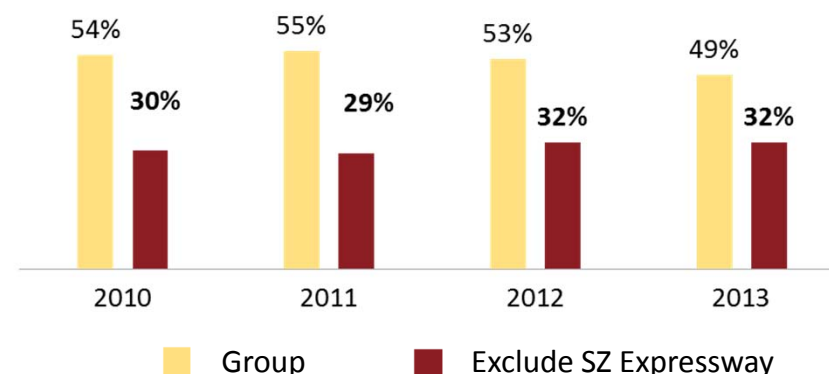


10. Financial Position

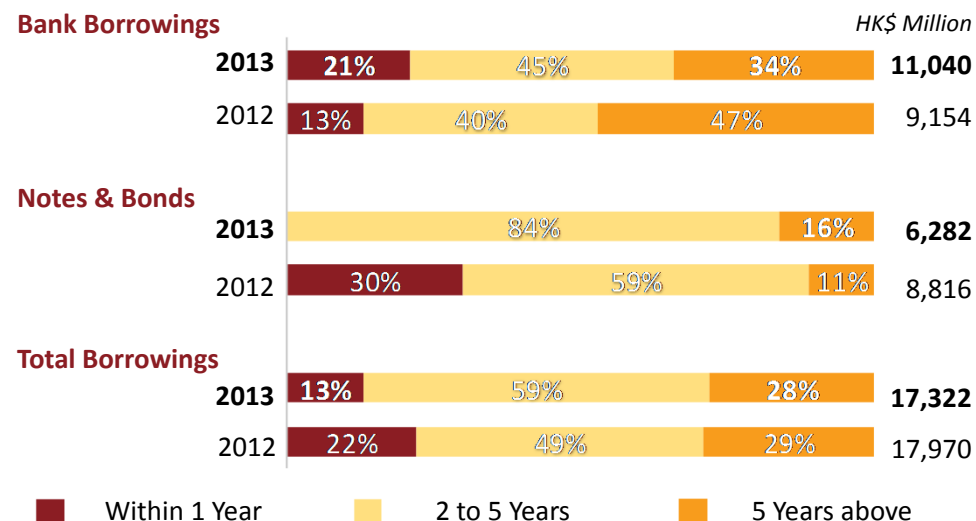
- The Group is committed in reducing total borrowings during the year
 - Net cash outflow for debt repayment was HK\$1,229M (2012: net cash inflow from borrowings HK\$957M)
 - Debt-asset ratio decreased 4 p.p. to 49% (2012: 53%)
 - Ratio of net borrowings to total equity decreased to 56% (2012: 66%)
- Net cash inflow generated from operations ▲21% to HK\$2,336M (2012: HK\$1,929M)
- Borrowings to be repaid within one year reduced to 13% (2012: 22%)
- 3 international credit agencies S&P, Moody's and Fitch maintained our BBB, Baa3 and BBB investment grade credit ratings respectively
 - It's management's long-term objective to maintain the investment grade credit ratings
- Continue to maintain stable and healthy financial position, adequate cash flow and strong credit standing

Debt-Asset Ratio

As of 31 Dec

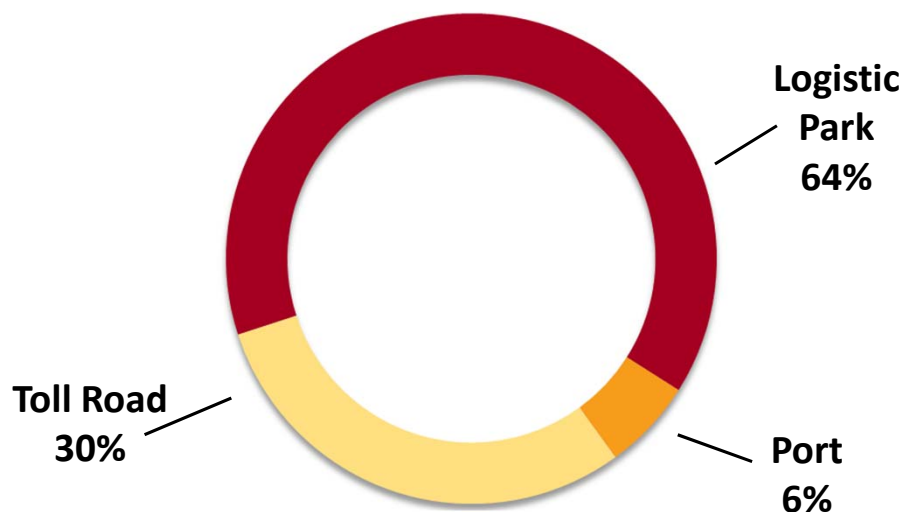


Debt Maturity Profile



11. 2014 Capex Estimate – HK\$2,400M (RMB1,900M)

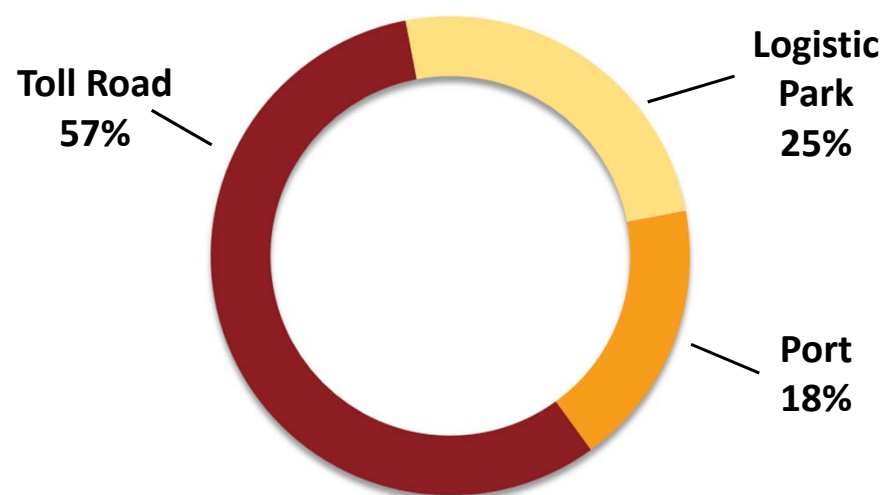
**2014 Capex Estimate:
HK\$2,400M (RMB1,900M)**



Estimate major capex items in 2014:

- Logistic Park: China Urban Integrated Logistics Hub projects
- Toll Road: Remaining balance for Qinglian Project and expansion work in Meiguan
- Port: Phase 2 of Nanjing Xiba Port

**2013 Actual:
HK\$1,458M (RMB1,138M)**



Major capex items in 2013:

- Logistic Park: Construction costs for new logistic centre and Shenyang project amounted to RMB285M
- Toll Road: Remaining balance for Qinglian Project and expansion work in Meiguan amounted to RMB488M
- Port: Phase 2 of Nanjing Xiba Port



12. 2014 Outlook and Major Plans

- Various aspects of the Qianhai Area including financial innovation, Shenzhen-Hong Kong collaboration and land rezoning development will be accelerated
 - Continues to closely monitor the development in Qianhai, to achieve progress in the first phase of the Group's Qianhai project
- Continues on “China Urban Integrated Logistics Hub” projects, the Group aims to construct several logistic hubs in key areas in China in first five years
 - Shenyang project is expected to start operation in 2015
 - More strategic co-operation agreements with relevant logistic enterprises are expected
- Urbanization and continuous growth of the Chinese economy to provide growth potential for the demand for quality logistic services
 - Actively enhancing the transformation and upgrade of existing logistic parks, e.g. HTY Logistic Centre in Longhua District, Shenzhen
 - Construction of phase 2 project of Nanjing Xiba Port
- Increase in private car ownership, growth in traffic demand in China is expected to remain steady
 - The Group will continue to enhance its projects' efficiency and capacity
- China's aviation industry is still expected to maintain its growth momentum, Shenzhen Airlines to implement its strategic plans, together with stringent cost controls to enhance its competitiveness and profitability





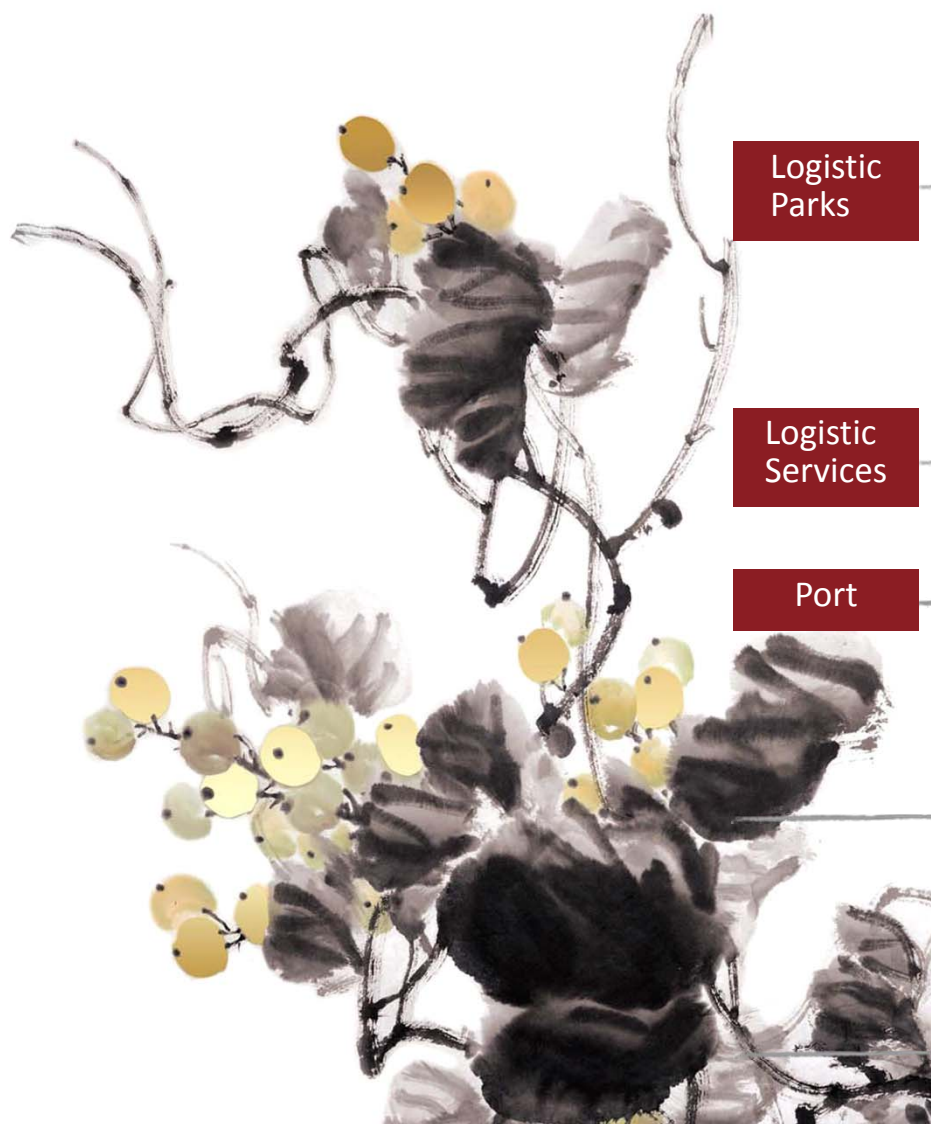
Shenzhen International
深國際

2013 Annual Results

Appendix



Appendix I – Corporate Chart



Logistic Parks

- 100% Shenzhen South China Logistic Park
- 100% Shenzhen Western Logistic Park
- 100% Nanjing Chemical Industrial Logistic Centre
- 55.39% Shandong Booming Total Logistic Park
- 51% Shenzhen HTY Logistic Centre
- 50% Shenzhen Airport Express Center
- 100% China Urban Integrated Logistics Hub

Logistic Services

- 100% Third Party Logistic Service
- 68.54% Logistic Information Service

Port

- 70% Nanjing Xiba Port

Logistic Business

Toll Road Business

- 50.889% Shenzhen Expressway Company Limited
 - ↓ 55%
- 45% Hubei Expressway in Hubei Province (70.3km)
- 89.93% Longda Expressway in Shenzhen (28.2km)

Other Investments

- 49% Shenzhen Airlines Company Limited
- 5.87% CSG Holding Co., Ltd



Appendix II – Income Statement

<i>HK\$ Million</i>	2013	2012	Change
Revenue	5,963	5,739	4%
Cost of sales	(3,025)	(3,101)	(2%)
Gross profit	2,938	2,638	11%
Other losses – net	(31)	(3)	1,065%
Other income	72	83	(13%)
Distribution costs	(64)	(43)	51%
Administrative expenses	(331)	(336)	(2%)
Operating profit	2,584	2,339	11%
Share of profit of joint ventures	33	15	113%
Share of profit of associates	759	1,276	(40%)
Profit before finance costs and tax	3,376	3,630	(7%)
Finance costs – net	(739)	(855)	(14%)
Profit before income tax	2,637	2,775	(5%)
Income tax expense	(531)	(480)	11%
Profit for the Year	2,106	2,295	(8%)
Non-controlling interests	465	417	12%
Equity holder of the Company	1,641	1,878	(13%)
Basic EPS (HK dollar per share) *	1.00	1.15	(13%)



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Appendix III – Segment Results

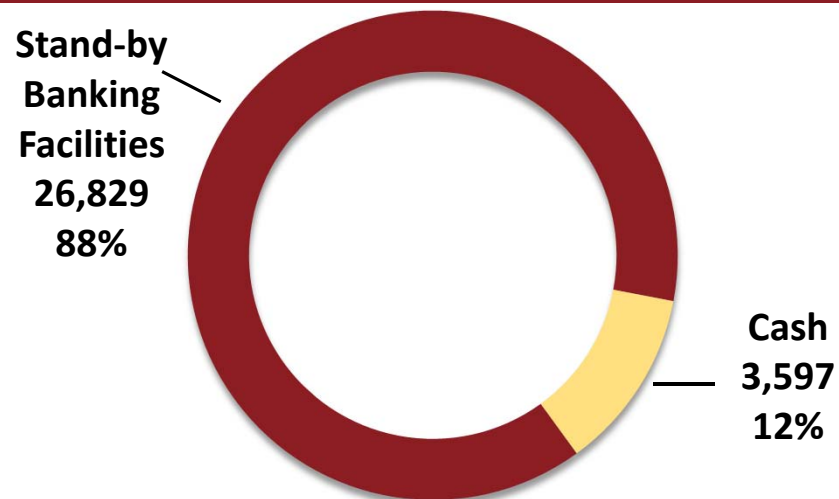
HK\$ Million	Revenue		Operating Profit		Share of Results of Associates & JVs		EBIT	
	2013	2012	2013	2012	2013	2012	2013	2012
Toll roads								
Toll revenue	4,743	4,406	2,103	2,174	235	158	2,338	2,332
Construction service revenue	191	411	-	-	-	-	-	-
Toll roads sub-total	4,934	4,817	2,103	2,174	235	158	2,338	2,332
Logistic business								
Logistic parks	518	494	212	174	15	11	227	185
Logistic services	365	311	19	5	4	2	23	7
Port	146	117	56	42	-	-	56	42
Logistic business sub-total	1,029	922	287	221	19	13	306	234
Head office								
	-	-	194	(56)	538	1,120	732	1,064
	5,963	5,739	2,584	2,339	792	1,291	3,376	3,630
Finance income							77	73
Finance costs							(816)	(928)
Finance costs– net							(739)	(855)
Profit before income tax & NCI							2,637	2,775



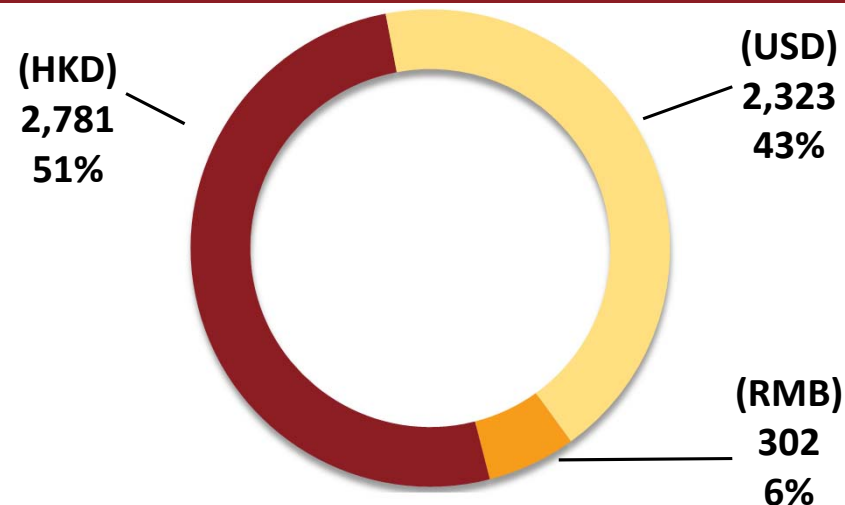
Appendix IV – Financial Position

The Group's Borrowing Profile (Excl. Shenzhen Expressway) As at 31 December 2013

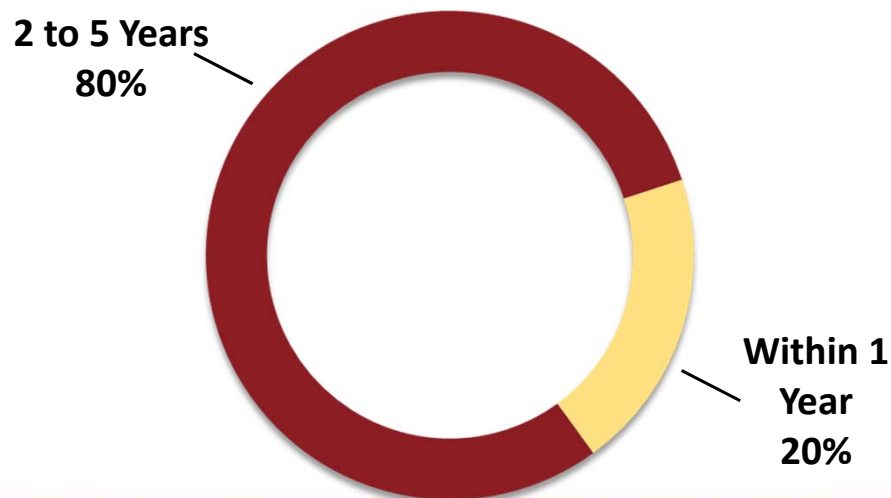
Cash & Banking Facilities (HK\$ Million)



Total Borrowings: HK\$5,406M - In Currency (HK\$ Million)



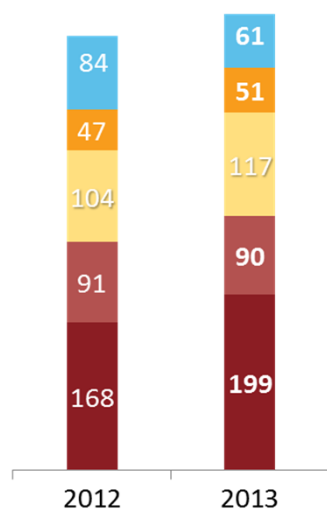
Total Borrowings: HK\$5,406M - Repayment Period



Appendix V – Logistic Park

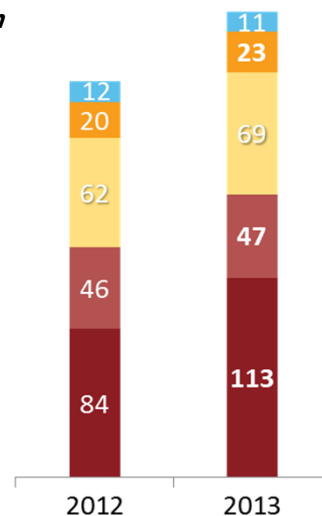
Revenue: HK\$518M ▲5%

HK\$ Million



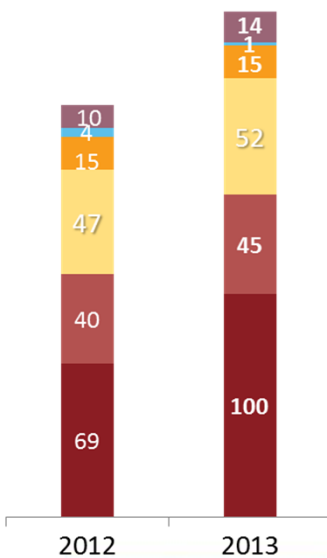
Gross Profit: HK\$263M ▲18%

HK\$ Million



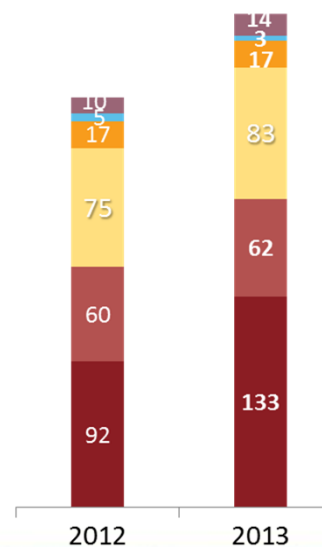
EBIT: HK\$227M ▲22%

HK\$ Million



EBITDA: HK\$312M ▲20%

HK\$ Million



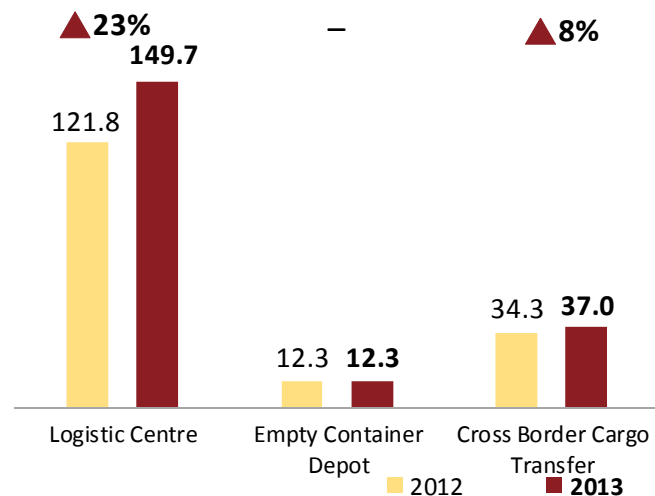
- SZ Airport Express Center
- Shandong Booming Total Logistic Park
- Nanjing Chemical Industrial Park Logistic Centre
- HTY Logistic Centre
- Western Logistic Park
- South China Logistic Park



Appendix VI – Logistic Park – South China Logistic Park

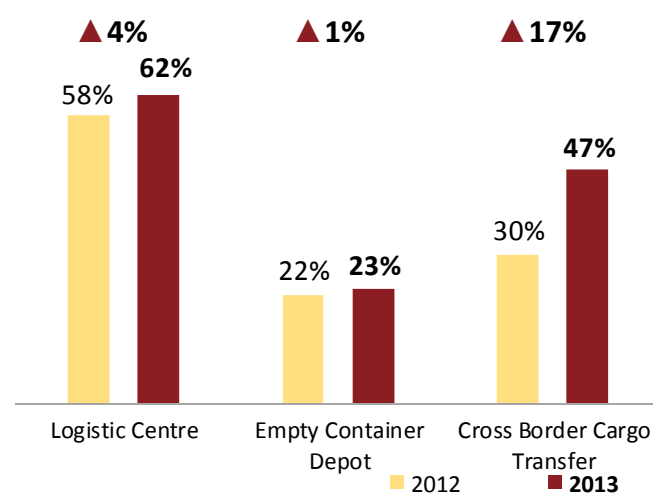
Revenue: HK\$199M ▲ 18%

HK\$ Million



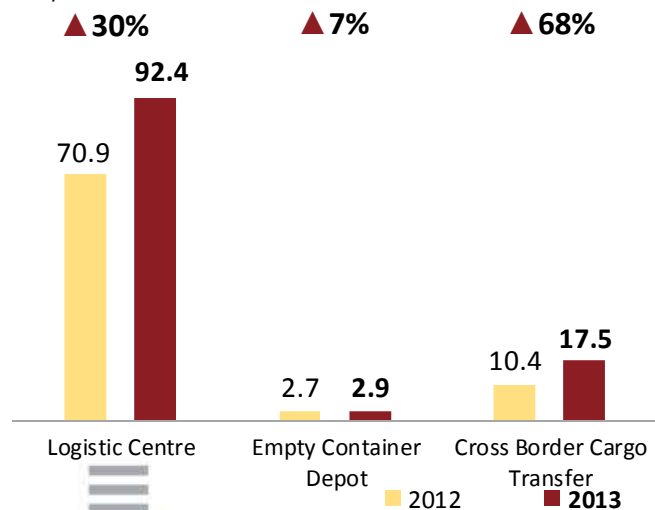
Gross Profit%: 57% ▲ 7%

%

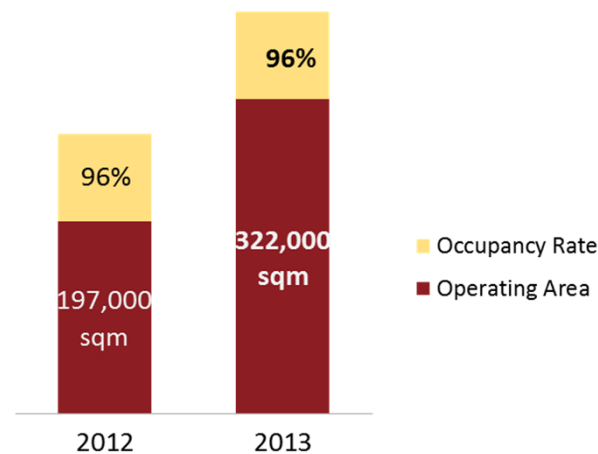


Gross Profit: HK\$113M ▲ 34%

HK\$ Million

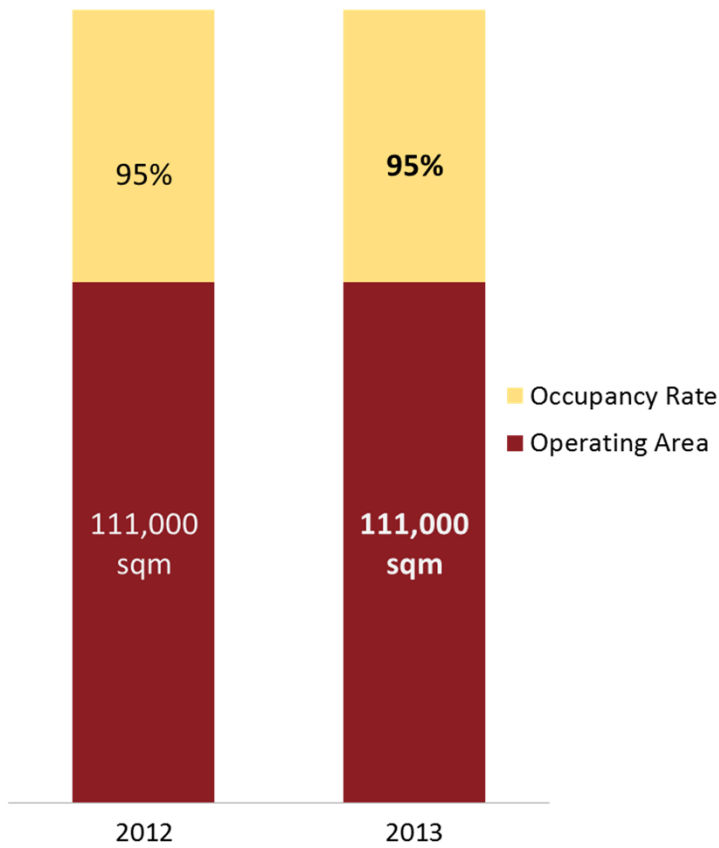


Logistic Centre



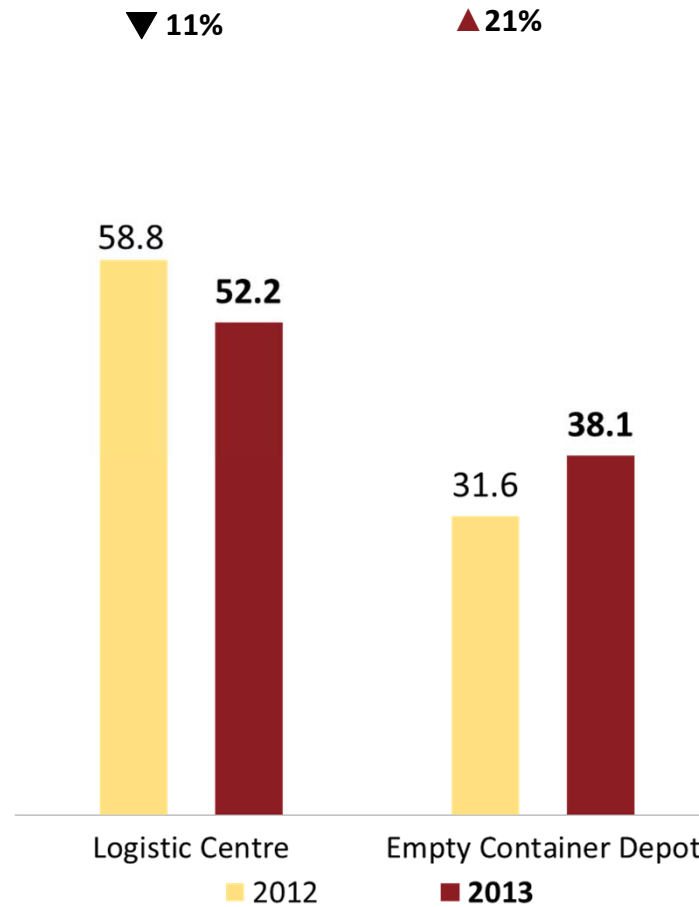
Appendix VII – Logistic Park – Western Logistic Park

Logistic Centre



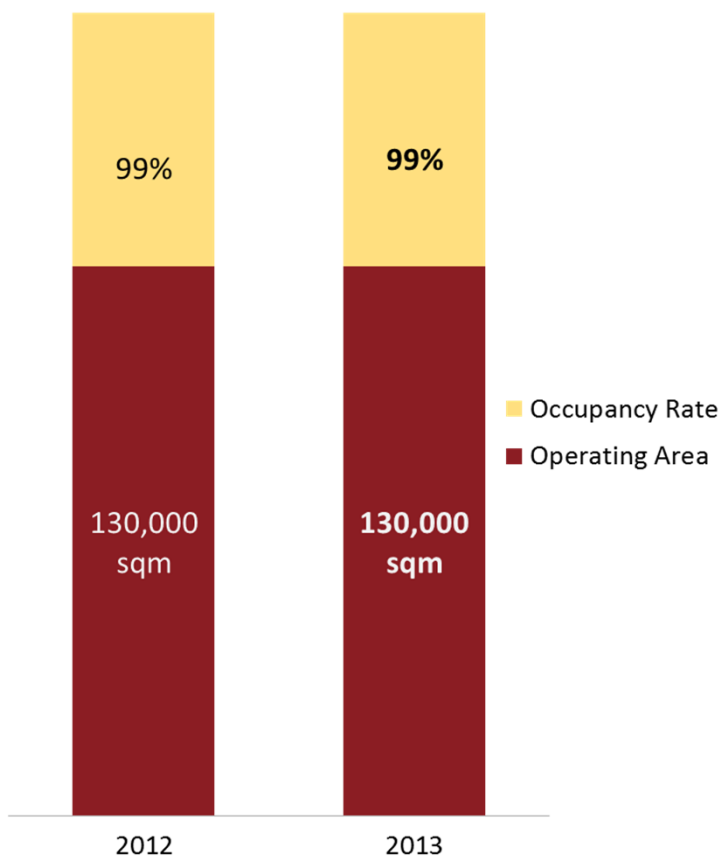
Revenue: HK\$90.3M –

HK\$ Million



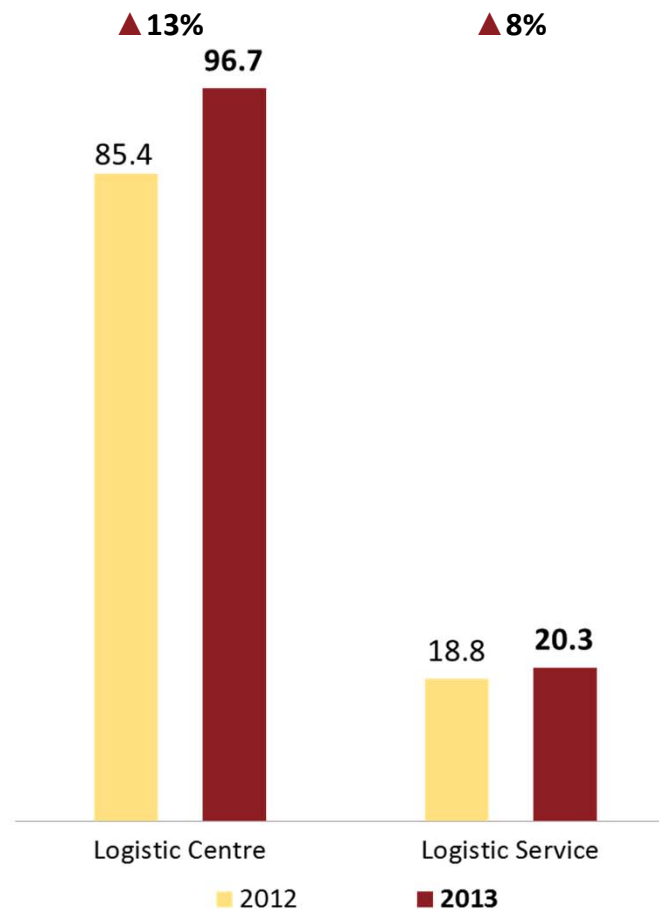
Appendix VIII – Logistic Park – HTY Logistic Centre

Logistic Centre



Revenue: HK\$117 M ▲ 12%

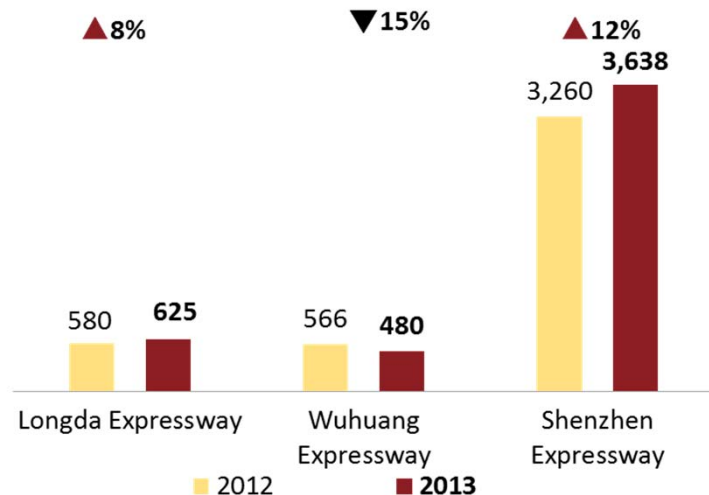
HK\$ Million



Appendix IX – Toll Road

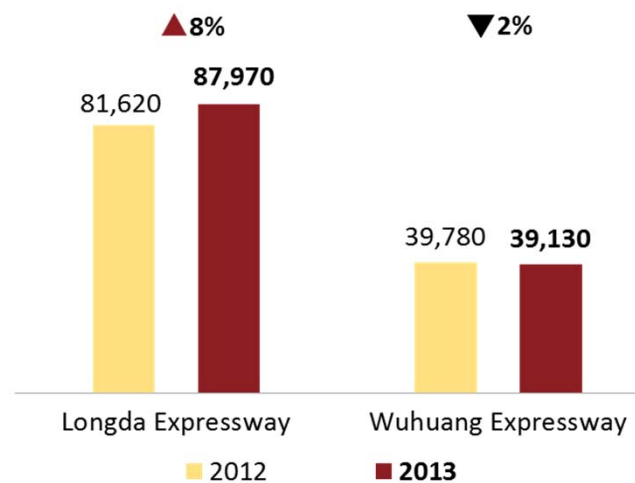
Toll Revenue: HK\$4,743M ▲ 8%

HK\$ Million



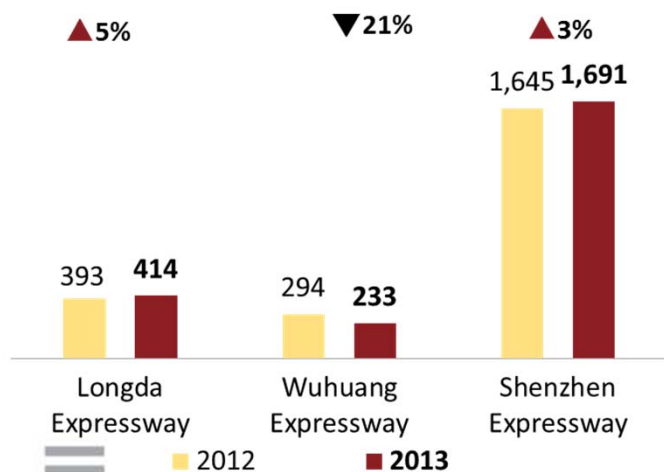
Daily Mix Traffic Volume

Vehicles



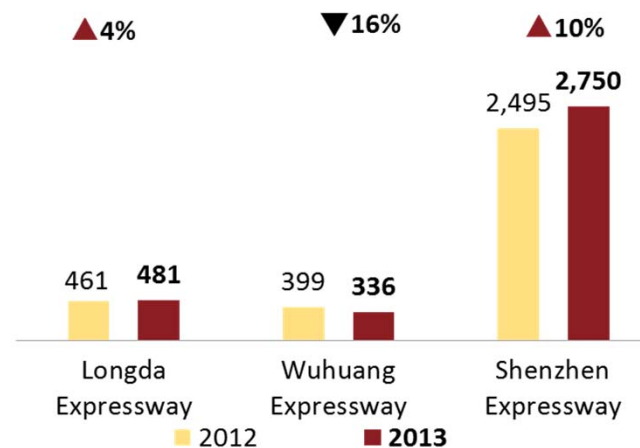
EBIT: HK\$2,338M

HK\$ Million



EBITDA: HK\$3,567M ▲ 6%

HK\$ Million



Appendix X – Toll Road

Longda Expressway

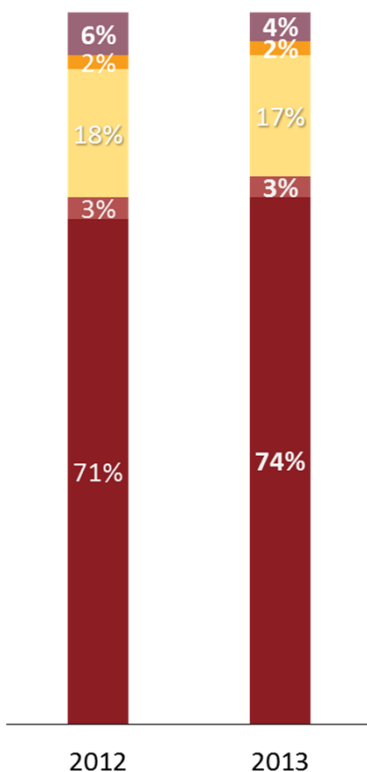
▲8%

81,620
vehicles

87,970
Vehicles

HK\$1.59M

HK\$1.71M

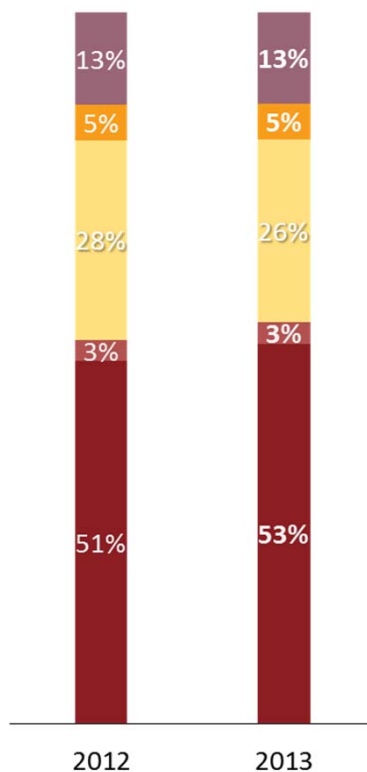


DMTV Distribution

▲8%

HK\$1.59M

HK\$1.71M



DAR Distribution

Wuhuang Expressway

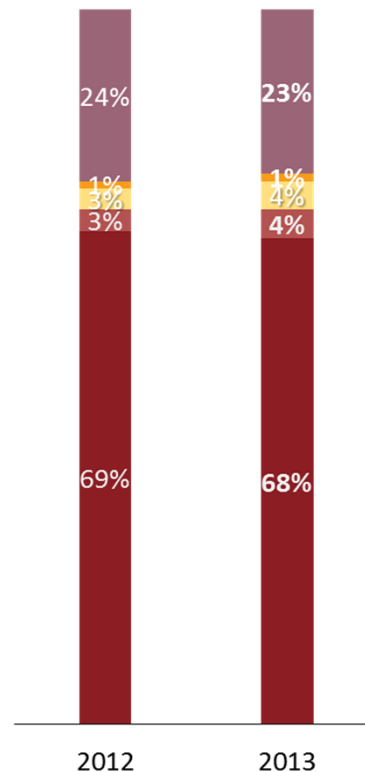
▼2%

39,780
Vehicles

39,130
Vehicles

HK\$1.55M

HK\$1.31M

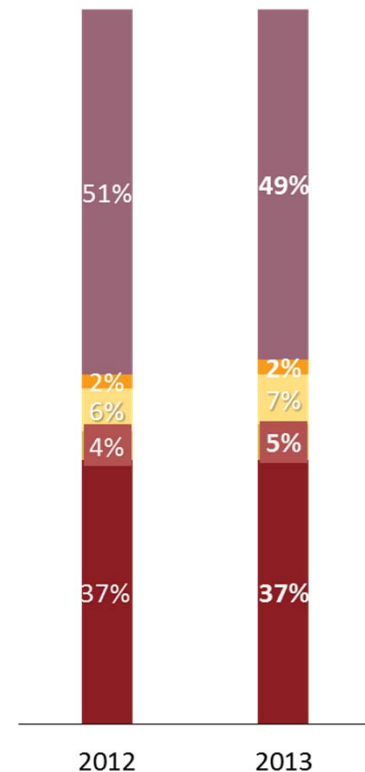


DMTV Distribution

▼15%

HK\$1.55M

HK\$1.31M



DAR Distribution

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



Appendix XI – Other Investment – Shenzhen Airlines

<i>RMB Million</i>	2013	2012	Increase / (Decrease)
Transportation revenue[#]	21,019	21,597	(3%)
Of which: Passenger revenue	18,412	19,428	(5%)
Transportation costs [#]	17,715	17,942	(1%)
Passenger load factor	81.6%	80.55%	1.05%*
Number of flight routes	180,023	167,784	7%
Of which: Domestic routes	172,728	160,769	7%
Total no. of aircraft in service	132	116	14%

Extracted from audited financial statements of Shenzhen Airlines

** Change in % point*



Disclaimer

- This presentation is prepared in good faith, based on audited financial data, management information, publicly available information, and management's outlook as of 31 March 2014. 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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2013 Annual Results

-Thank You-



Tel : (852) 2366 0268 / (86-755) 8307 9999

Fax : (852) 2739 5123 / (86-755) 8307 9988

Email: ir@szihl.com

<http://www.szihl.com>