



Shenzhen International
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Advancing
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共同進步
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2015

Interim Results Investor Presentation

August 2015



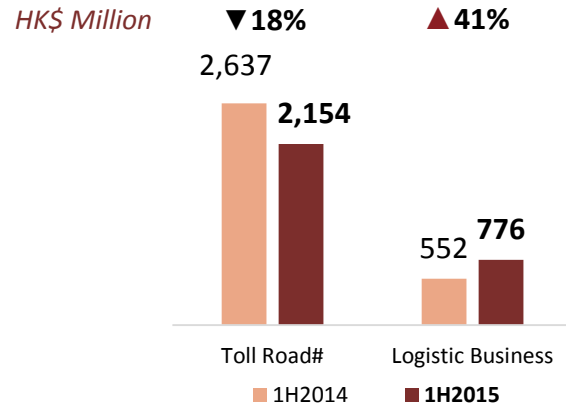
1. Results Highlights*

<i>HK\$ Million</i>	2015	2014	<i>One-off effect of toll adjustment and compensatory arrangements of Meiguan Expressway in 2014</i>	Adjusted operating results for 2014	Increase / (decrease) versus the adjusted operating results of 2014
Revenue	2,931	3,271	69	3,202	(8%)
Operating profit	1,937	3,459	1,926	1,533	26%
Profit before finance costs and tax	2,444	3,603	1,926	1,677	46%
Profit attributable to shareholders	1,369	1,191	730	461	197%
Basic earnings per share (HK dollars)	0.72	0.72	0.44	0.28	157%

*Pursuant to the terms relating to the compensatory arrangements for future revenue and cost of the relevant road section as set out in the agreement entered into between the Group and the relevant government authorities in Shenzhen in January 2014 (the "Adjustment Agreement") in relation to toll adjustment for a section with a mileage of 13.8 kilometres of Meiguan Expressway owned by the Group and the transfer of related assets, the Group recorded a one-off gain of approximately HK\$1,926 million during the first half of 2014, which contributed approximately HK\$730 million to the Group's profit attributable to shareholders. The road section has also become a toll-free passage with effect from 1 April 2014. As the Adjustment Agreement had had a material impact on the results of the Group for the first half of 2014, the Board is of the view that comparison with the adjusted operating results for the first half of 2014 excluding the aforesaid effect will provide the shareholders with a better understanding of the Group's operating performance in the first half of 2015.

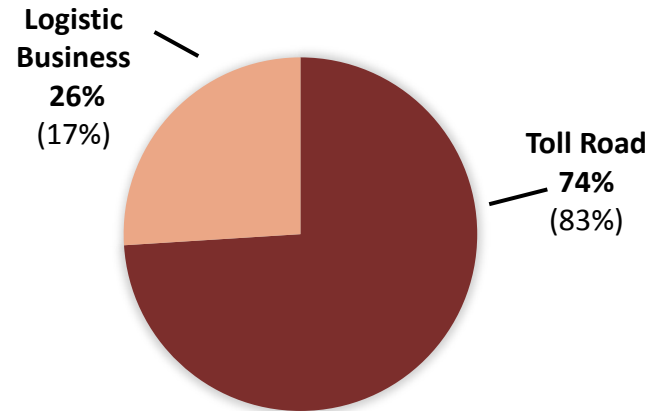
2. Core Business – Revenue and Profit Attributable to Shareholders*

Revenue HK\$2,930M ▼ 8%

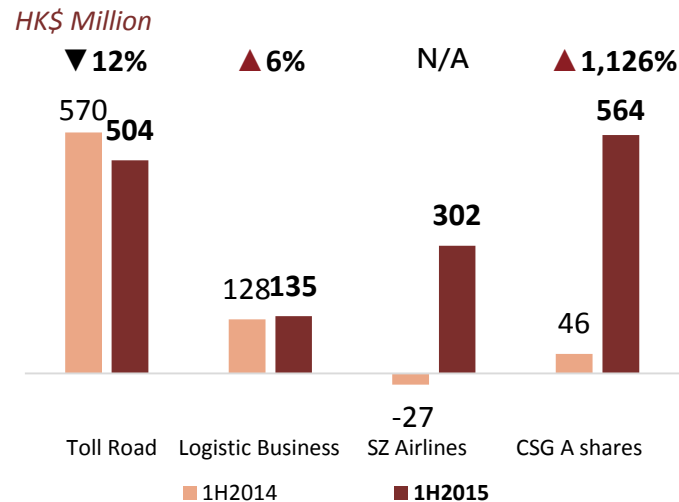


#Exclude construction service income from toll road business

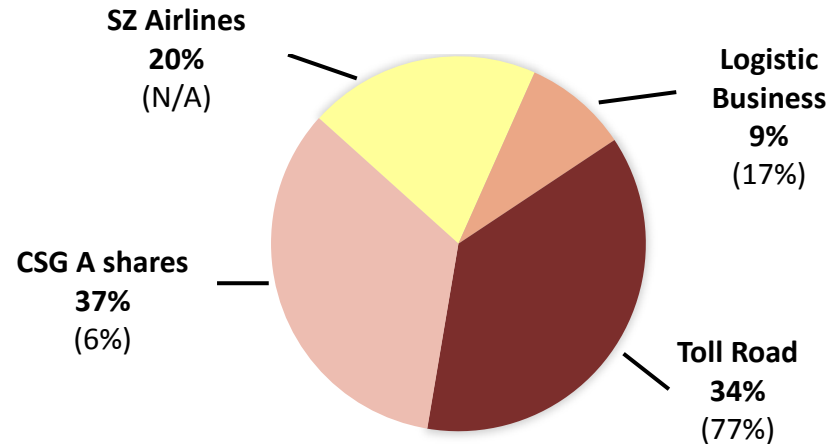
1H2015 Revenue Contribution (2014)



Profit Attributable to Shareholders HK\$1,369M ▲ 197%



1H2015 Profit Attributable to Shareholders Contribution (2014)



* The percentage change in year-on-year comparisons were based on the adjusted operating results for the first half of 2014 (i.e. excluding the one-off effect of toll adjustment and compensatory arrangements of Meiguan Expressway).

3. Business Review

- Despite China's economy continued to grow at a slower pace during the first half of 2015, the Group further enhanced profitability through enhancement of operating efficiency and stringent cost control
 - Excluding one-off gain from Meiguan expressway adjustment agreement last year, operating profit and profit attributable to shareholders ▲ 26% and ▲ 197% respectively

- **Logistic Business:** Benefitted from stable logistic park operating performance, together with increase in demand for logistic services
 - Revenue ▲ 41% to HK\$776M

- **Toll Road Business:** Most of the toll road projects recorded stable growth in traffic volume and toll revenue
 - Certain toll road projects were affected by traffic diversion; in addition to substantial decrease from entrusted construction management services business contribution
 - Revenue and net profit ▼ 18% and ▼ 12% respectively

- **Other Investments:**
 - Shenzhen Airlines contributed profit attributable to shareholders of HK\$302 million to the Group benefitted from substantial reduction in fuel cost
 - Recorded profit after tax of HK\$514 million from disposal of 45.9M of CSG A shares

4. China Urban Integrated Logistics Hub

- “China Urban Integrated Logistics Hub” nationwide development plan continues
 - The Group signed investment agreements in Hefei, Ningbo and Hangzhou during the period, with total land area of 720,000 square meters
- Shenyang phase 1 project with operating area of 240,000 square meters
 - Construction in progress and is expected to complete by the end of 2015 as scheduled
- Wuxi, Wuhan and Shijiazhuang projects to begin construction in the second half of 2015 and to complete by 2016
- Expect to acquire the land parcels for Nanchang and Changsha projects later this year

Shenzhen International Integrated Logistics Hub	Planned Site Area (sqm)	Shenzhen International Integrated Logistics Hub	Planned Site Area (sqm)
1 Shenyang project (First phase target completion by end of 2015)	700,000	6 Changsha project (Target completion by 2017)	350,000
2 Wuxi project (Target completion by 2016)	350,000	7 Nanchang project (Target completion by 2017)	260,000
3 Wuhan project (Target completion by 2016)	130,000	8 Hefei project (Target completion by 2018)	130,000
4 Shijiazhuang project (Target completion by 2016)	330,000	9 Ningbo project (Target completion by 2018)	190,000
5 Tianjin project (Target completion by 2017)	300,000	10 Hangzhou project (Target completion by 2018)	400,000

Total Planned Site Area

3.14M

4. Logistic Business – Logistic Park

■ Stable operating performance and benefitted from increased demand for value-added services in certain logistic parks

- Revenue ▲ 13%

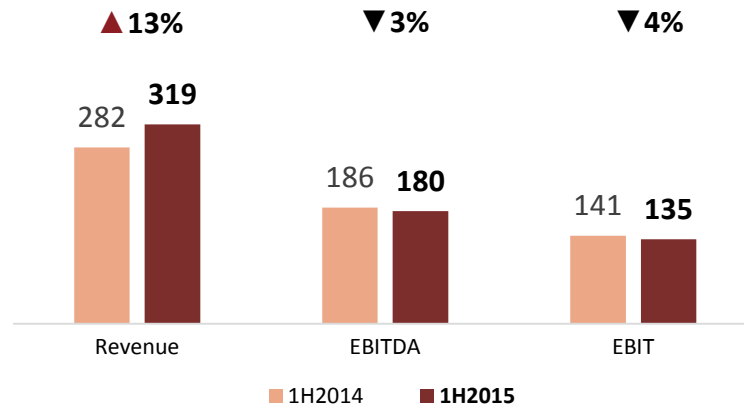
■ Overall average occupancy rate at 94%

■ **Western Logistic Park:** Development of cross-border e-commerce advocated demand for value-added services

- Revenue and net profit ▲ 26% and ▲ 11% respectively

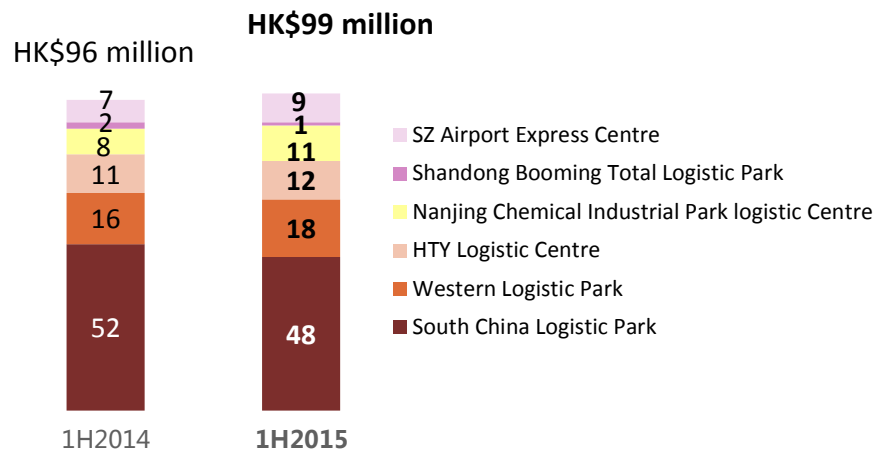
■ **South China Logistic Park:** Newly built logistic centers started operation in 2H2014; profit decreased resulted from increase in operating costs

HK\$ Million



Net profit contribution ▲ 3%

HK\$ Million



4. Logistic Business – Nanjing Xiba Port

- With effective marketing efforts and cost control, the expanded Nanjing Xiba Port recorded stable growth in operating performance

HK\$ Million

▲ 13% ▲ 8% ▲ 8% ▲ 19%

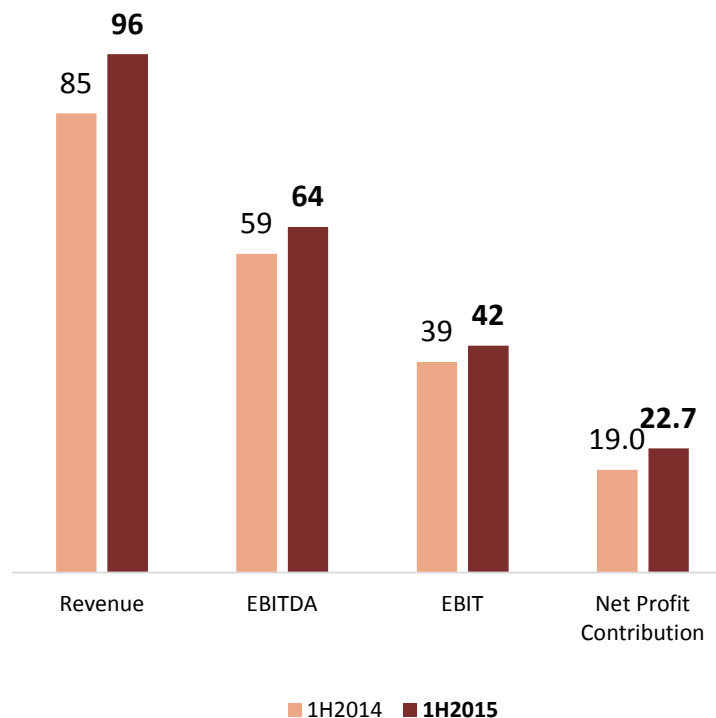
- Total of 125 vessels berthed in 1H2015, similar to the corresponding period of 2014

- Benefitted from increase in demand for coal uploading and unloading

- Revenue and net profit ▲ 13% and ▲ 19% respectively

- Xiba Port Phase 2

- Three berth terminals (one with 50k tons and two with 70k tons) started trial operation in April 2015
 - Expects to become one of the most influential bulk terminals covering the middle and lower reaches of Yangtze River
 - Overall handling capacity and efficiency to further enhance



5. Toll Road

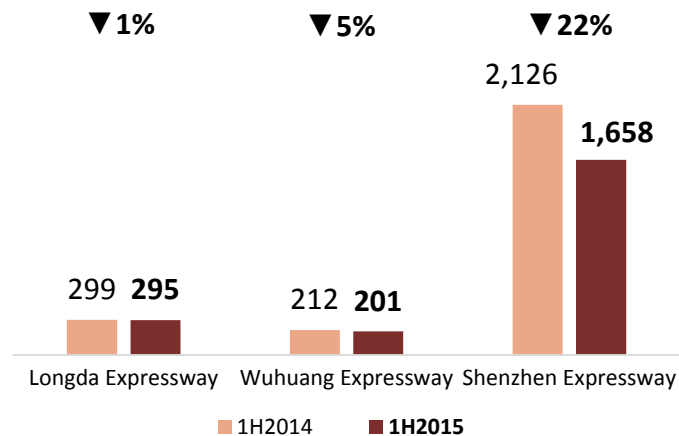
- Stable growth in Shenzhen region, total traffic volume and toll revenue ▲ 16% and ▲ 6% respectively, in particular:
 - Daily average traffic volume of Jihe East and Jihe West ▲ 20% and ▲ 23% respectively

- However
 - Toll adjustment of Meiguan Expressway since April 2014 caused toll revenue decreased
 - Certain projects such as Qinglian Expressway and Yanpai Expressway were affected by traffic diversion of surrounding road network
 - Revenue from entrusted construction management services decreased significantly by HK\$448 million during the period

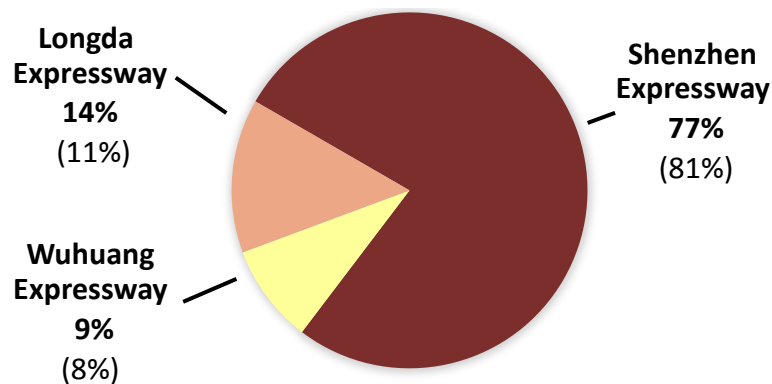
- Operating performance of toll road business was affected as such

Revenue: HK\$2,154M ▼ 18%

HK\$ Million



Revenue Contribution in 1H2015 (2014)

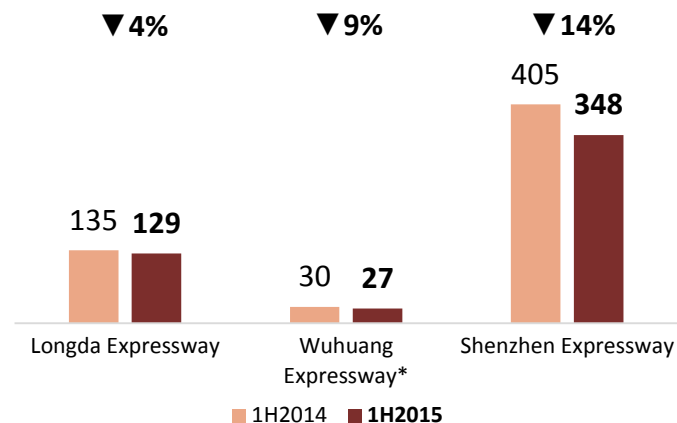


5. Toll Road

- **Longda Expressway:** Economic development of Longhua New District boosted traffic volume ▲ 7%; toll revenue and net profit decreased slightly however due to toll-by-weight policy
- **Wuhuang Expressway:** Operating performance still affected by traffic diversion and traffic control in Wuhan area
- Entrusted construction management services projects are specific projects and most revenue and profit were recognised in 2014, the Group recorded a substantial decrease in revenue and profit contributions during the period
 - Entrusted construction management services contributed net profit of HK\$11.67M (2014: HK\$103M)

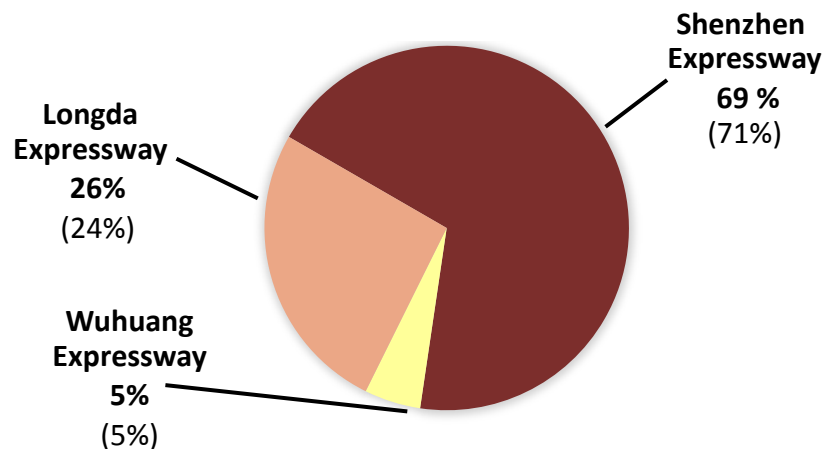
Net Profit Contribution: HK\$504M ▼ 12%

HK\$ Million



* The Group's direct 45% share only

Net Profit Contribution in 1H2015 (2014)



6. Other Investments – Shenzhen Airlines and CSG A Shares

- Steady growth in demand for domestic civil aviation market during the period
 - Passenger traffic and passenger carried ▲ 12% and ▲ 11% respectively
 - Passenger load factor maintained at 82%
 - 159 passenger aircrafts and 185 routes, including 167 domestic routes
(2014: 140 passenger aircrafts and 160 routes, including 149 domestic routes)
 - Average airfares declined by 6% resulted from substantial decrease in fuel surcharge
 - Revenue ▲ 4% to RMB11,295M
- Sharp reduction in fuel prices, fuel cost substantially decreased by approximately 30%, in addition to the stable RMB exchange rate during the period
 - SZ Airlines net profit amounted to RMB560M (2014: RMB9.91M)
 - 49% profit attributable to the Group amounted to HK\$ 302M(2014: loss of HK\$27.08M)
- The Group received cash dividend amounted to RMB86M (2014: RMB116M) during the period



- Disposed 45.9M CSG A shares at an average selling price of RMB13.38, recorded profit after tax of HK\$514M (2014: Nil)
- The Group still owns 70M CSG A shares, accounts for 3.37% of CSG's share capital

7. Financial Position

	Group			Excl. SZ Expressway [#]		
	<i>HK\$ Million</i>	30/6/2015	31/12/2014	Increase/ (Decrease)	30/6/2015	31/12/2014
Total Assets	48,168	47,363	2%	25,953	24,642	5%
Total Equity	27,060	26,728	1%	19,132	17,870	7%
NAV attributable to shareholders	18,280	17,702	3%	18,351	17,769	3%
Shareholders' NAV Per Share (HK\$)	9.6	9.4	2%	9.6	9.4	2%
Cash	6,831	7,635	(11%)	5,373	5,657	(5%)
Bank Borrowings	9,036	8,307	9%	3,120	3,358	(7%)
Notes & Bonds	7,446	7,440	-	2,333	2,331	-
Total Borrowings	16,482	15,747	5%	5,453	5,689	(4%)
Net Borrowings	9,651	8,112	19%	80	32	150%
Debt-asset Ratio (Total Liabilities / Total Assets)	44%	44%	-	26%	27%	(1)*
Ratio of Total Borrowings to Total Assets	34%	33%	1*	21%	23%	(2)*
Ratio of Net Borrowings to Total Equity	36%	30%	6*	-	-	-
Ratio of Total Borrowings to Total Equity	61%	59%	2*	29%	32%	(3)*

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

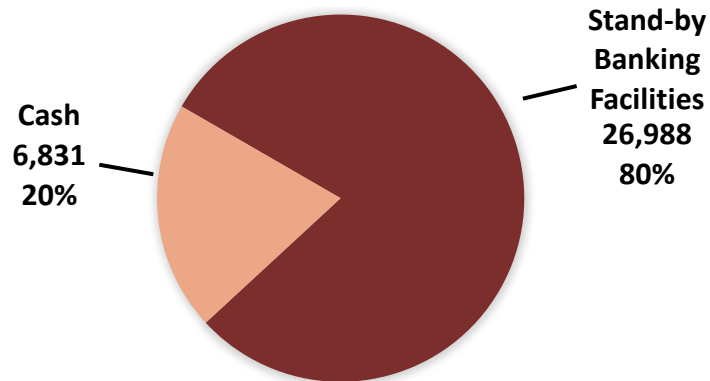
*Change in percentage point

7. Financial Position

The Group's Borrowing Profile
As at 30 June 2015

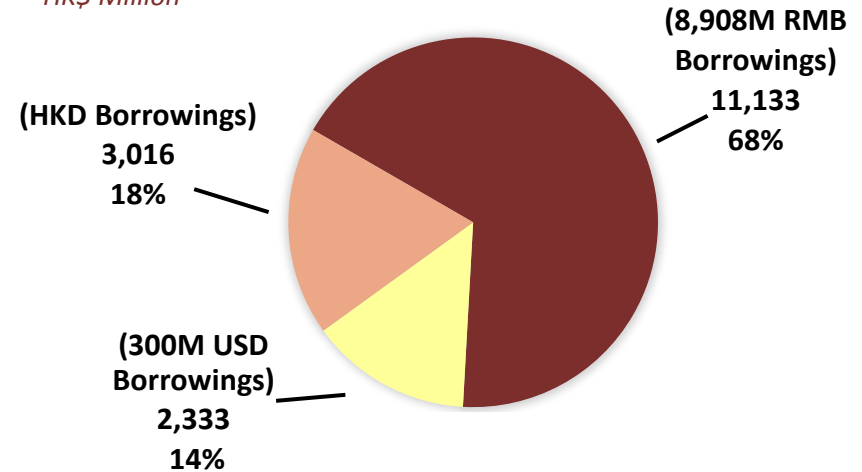
Cash & Banking Facilities

HK\$ Million

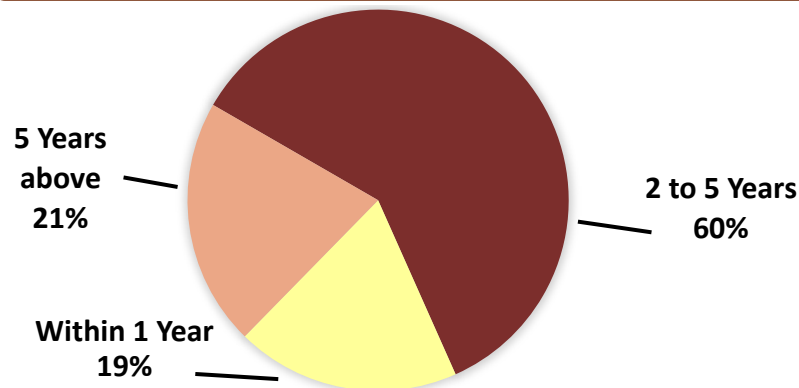


Total Borrowings: HK\$16,482M - in Currency

HK\$ Million



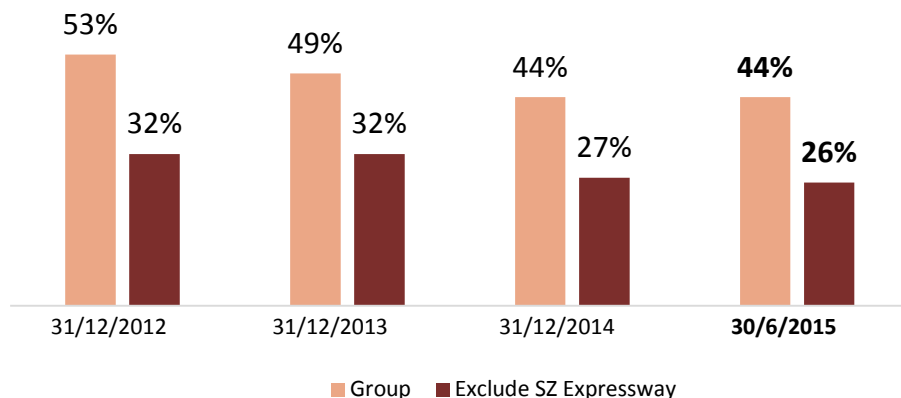
Total Borrowings: HK\$16,482M – Repayment Period



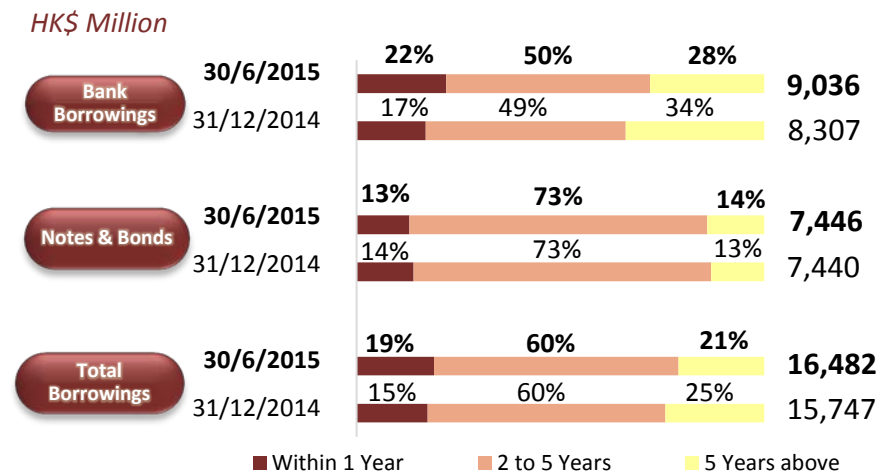
7. Financial Position

- Maintained healthy financial position
 - Shareholder's NAV per share ▲ 2% to HK\$9.6
 - Debt-asset ratio maintained at 44%
- Net cash inflow generated from operations increased 7% to HK\$1,304M
- Fixed v.s floating rate borrowings at 47%:53% (2014: 50%:50%)
- 3 international credit rating agencies maintained investment grade credit ratings on the company
 - S&P and Moody's upgraded outlook to "Positive"
 - Helps to further explore financing channels so as to optimize capital structure and reduce financing cost

Debt-Asset Ratio

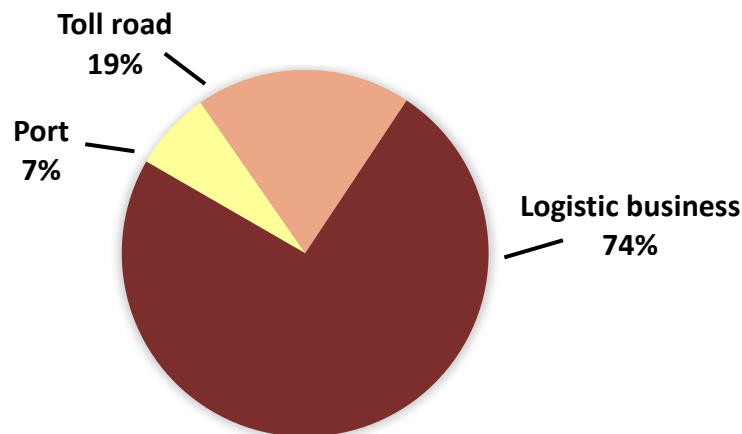


Debt Maturity Profile



7. 2015 Capex – HK\$4,300M (RMB 3,440M)

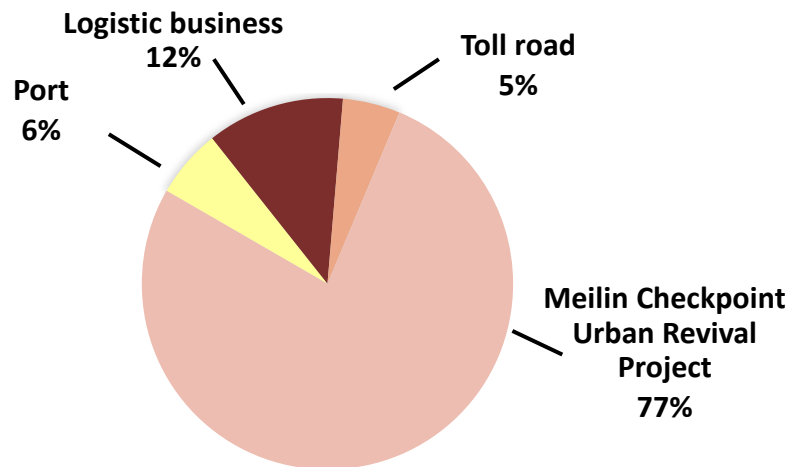
**2H2015 Capex Estimate:
HK\$2,550M (RMB 2,040M)**



Estimate major Capex items in 2H2015:

- Logistic business: mainly Integrated Logistics Hub projects amounted to RMB1,133M
- Port: Phase 2 of Nanjing Xiba Port
- Toll road: remaining balance for Qinglian Project and Nanguang Project

**1H2015 Actual:
HK\$1,750M (RMB 1,400M)**



Major Capex items in 1H2015:

- Meilin Checkpoint Urban Revival Project: 30% first installment on land premium amounted to RMB1,070M
- Logistic business: Integrated Logistics Hub projects amounted to RMB167M
- Port: Phase 2 of Nanjing Xiba Port
- Toll road: remaining balance for Nanguang Project

8. 2015 2H Outlook and Major Plans

■ Logistic Business

■ 1) China Urban Integrated Logistics Hub

- Accelerate investment and construction of current projects
- Strive to sign investment agreements in Zhengzhou, Guiyang, Chongqing, Chengdu, Guangzhou, Xi'an and Yantai
- Serving as a node in Shenzhen, to conclude acquisition of land use right of Liguang project with 250,000 sqm GFA and to start preparatory work
- To form an initial logistic network in accordance with the Group's strategic development plan, gradually expand into a nationwide coverage

■ 2) Transformation and upgrading of existing logistic park: seize the urban development opportunity to upgrade existing logistic park

➤ Meilin Checkpoint Urban Revival Project:

- Signed land agreement in June 2015 and acquired the land use right accordingly as planned
- The land parcel is adjacent to the Futian District in downtown Shenzhen as a functional development area and a key development zone in the city center
- The land parcels have been re-designated as a comprehensive development project with GFA of 486,000 sqm, comprising of residential, commercial, offices etc.
- Property prices in SZ have increased more than 20% in the first half of 2015 and further enhance value of the asset
- To prepare for the demolition work and strive to realise the commercial value of the land parcels

8. 2015 2H Outlook and Major Plans

▪ 3) Qianhai Project and Qianhai Free Trade Zone :

- Actively liaising with government to drive the execution of a framework agreement in relation to the land consolidation & preparation of Qianhai Project and strive to commence the start-up project of “Shenzhen International Qianhai Intelligent Hub”
- Rapid growth of cross-border e-commerce provides opportunities to the Group
- The Group’s “Qianhai (Global) Cross-border e-Commerce Industry Park” was granted the status of “National Exemplary e-Commerce Base” by the Ministry of Commerce in June 2015
- Engages to the development of a cross-border e-commerce industry park which will provide ancillary e-commerce and supply-chain management services

- 4) To identify suitable opportunities for acquisition and development in Hong Kong to link up its logistic business with China

■ Toll Road Business

- To enhance operating performance via in-depth researches on changes in road network and adopt target-specific promotion and marketing strategies

■ Other Investments

- **Shenzhen Airlines:** seize opportunities from national strategy of “One Belt, One Road” and development of outbound tourism, further optimize the air route network
- **CSG A Shares:** Divestment strategy continues so as to maximize the Group’s and shareholders’ interest

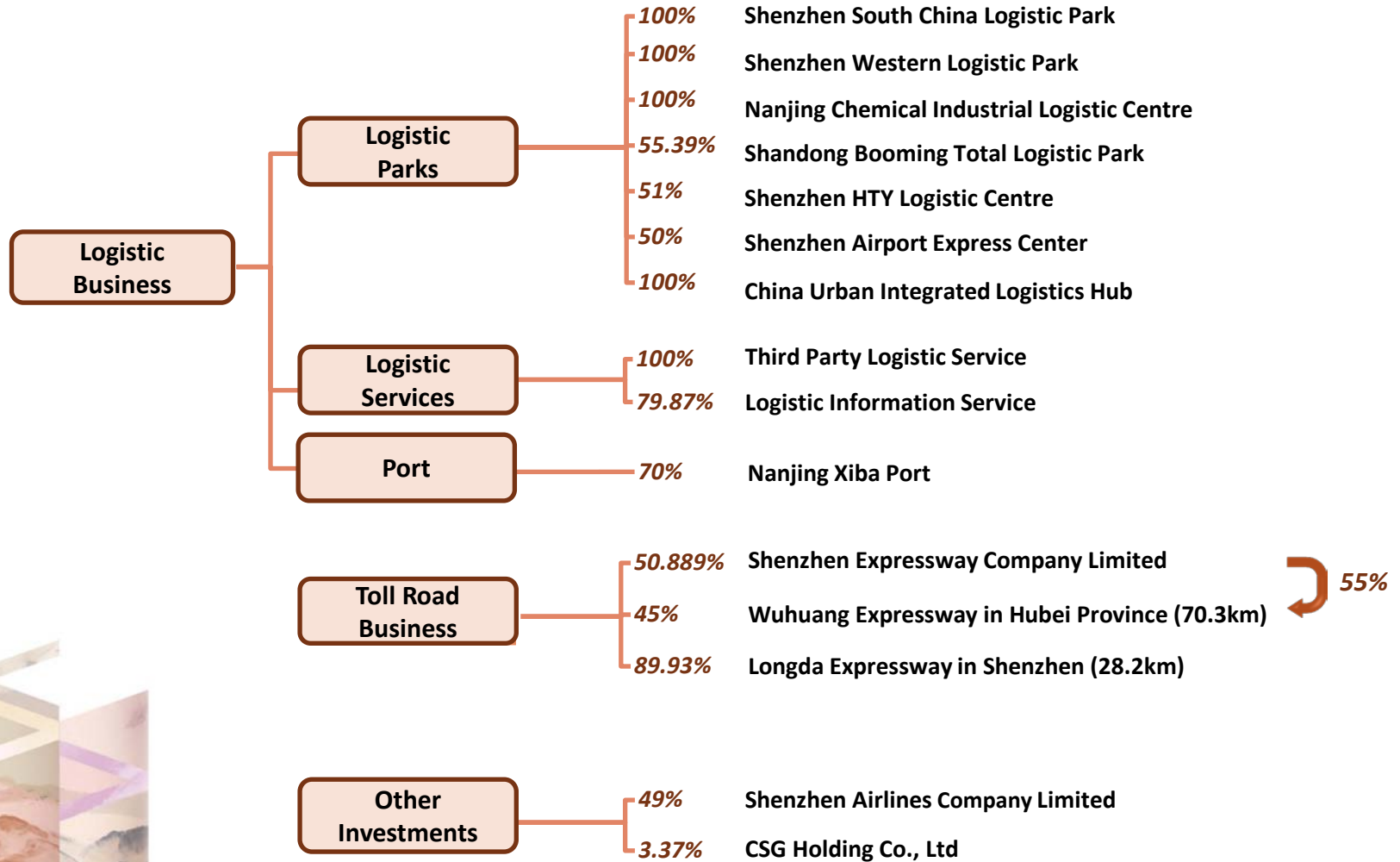


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Appendix

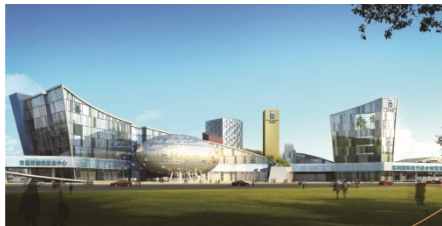


Appendix 1 – Corporate Chart



Appendix 2 –

Illustration of “China Urban Integrated Logistics Hub”



Appendix 3 – 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

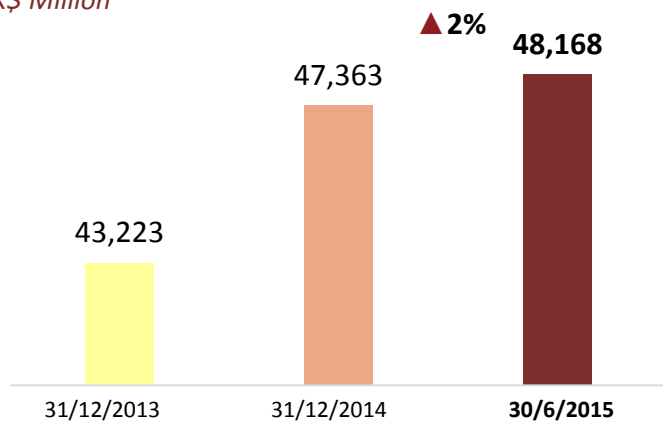
Mawan Area – Bonded Port District, focus on modern logistic sector

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

Appendix 4 – Results Highlights

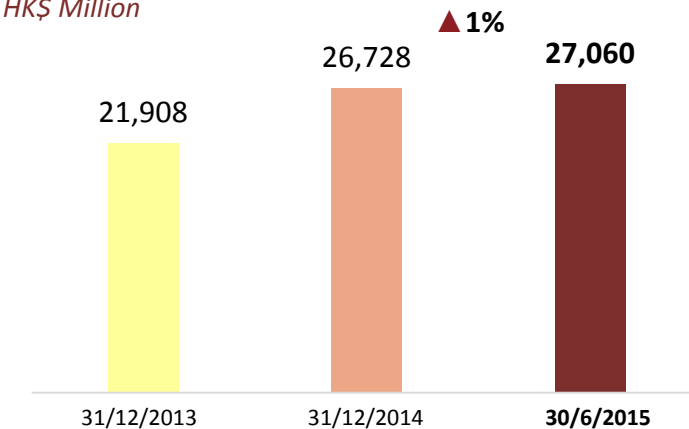
Total Assets

HK\$ Million



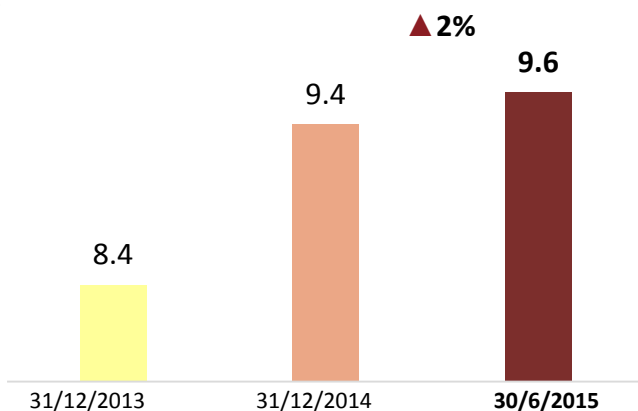
Total Equity

HK\$ Million



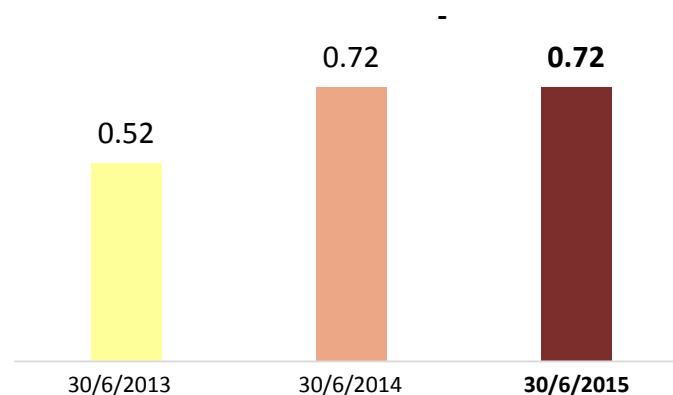
Shareholders' Value Per Share

HK\$



Earnings Per Share

HK\$



Appendix 5 – Income Statement

<i>HK\$ Million</i> <i>For the 6 months ended 30 June</i>	2015	2014	Change
Revenue	2,931	3,271	(10%)
Cost of sales	(1,531)	(1,647)	(7%)
Gross profit	1,400	1,624	(14%)
Other gain – net	683	1,938	(65%)
Other income	62	77	(19%)
Distribution costs	(34)	(30)	13%
Administrative expenses	(174)	(150)	16%
Operating profit	1,937	3,459	(44%)
Share of profit of joint ventures	20	14	43%
Share of profit of associates	487	130	275%
Profit before finance costs and tax	2,444	3,603	(32%)
Finance costs - net	(230)	(504)	(54%)
Profit before income tax	2,214	3,099	(29%)
Income tax expense	(489)	(787)	(38%)
Profit for the Period	1,725	2,312	(25%)
Non-controlling interests	(356)	(1,121)	(68%)
Equity holder of the Company	1,369	1,191	15%
Basic EPS (HK dollar per share)	0.72	0.72	-

Appendix 6 – Segment Results

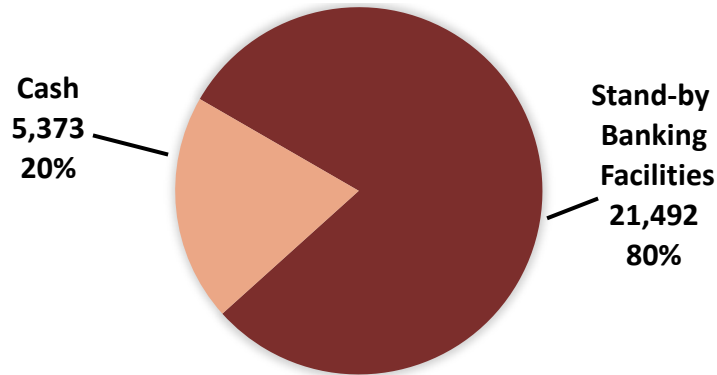
	Revenue		Operating Profit/(Loss)		Share of Results of Associates & JVs		Profit/(loss) before finance costs and tax	
	2015	2014	2015	2014	2015	2014	2015	2014
<i>HK\$ Million</i>								
<i>For the 6 months ended 30 June</i>								
Toll roads								
Revenue	2,154	2,706	1,103	1,354	168	136	1,271	1,490
Gain on disposal of Meiguan Expressway's toll free section	-	-	-	1,926	-	-	-	1,926
Construction service revenue	1	13	-	-	-	-	-	-
Toll roads subtotal	2,155	2,719	1,103	3,280	168	136	1,271	3,416
Logistic business								
Logistic parks	319	282	124	133	11	8	135	141
Logistic services	361	185	13	14	2	1	15	15
Port	96	85	42	39	-	-	42	39
Logistic business sub-total	776	552	179	186	13	9	192	195
Head office	-	-	655	(7)	326	(1)	981	(8)
	2,931	3,271	1,937	3,459	507	144	2,444	3,603
Finance income							157	76
Finance costs							(387)	(580)
Finance costs – net							(230)	(504)
Profit before income tax & NCI							2,214	3,099

Appendix 7 – Financial Position

The Group's Borrowing Profile
(Excl. Shenzhen Expressway)
As at 30 June 2015

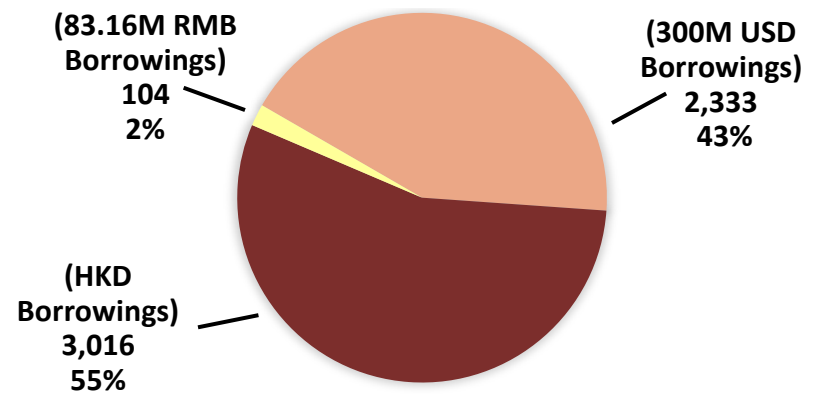
Cash & Banking Facilities

HK\$ Million

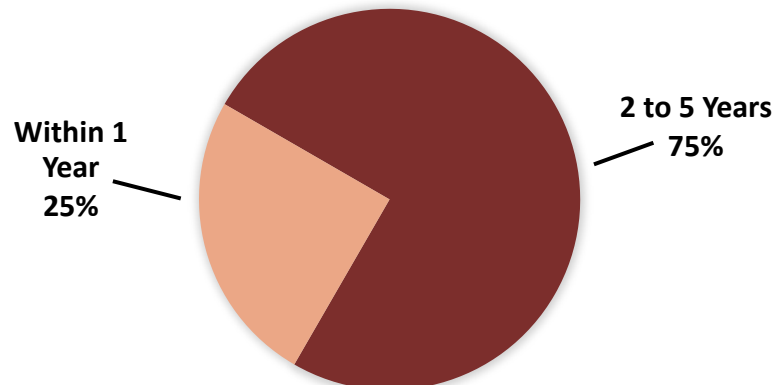


Total Borrowings: HK\$5,453M - In Currency

HK\$ Million



Total Borrowings: HK\$5,453M – Repayment Period



- 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 2015. 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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