



Shenzhen International
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2016

Annual Results Investor Presentation

March 2017

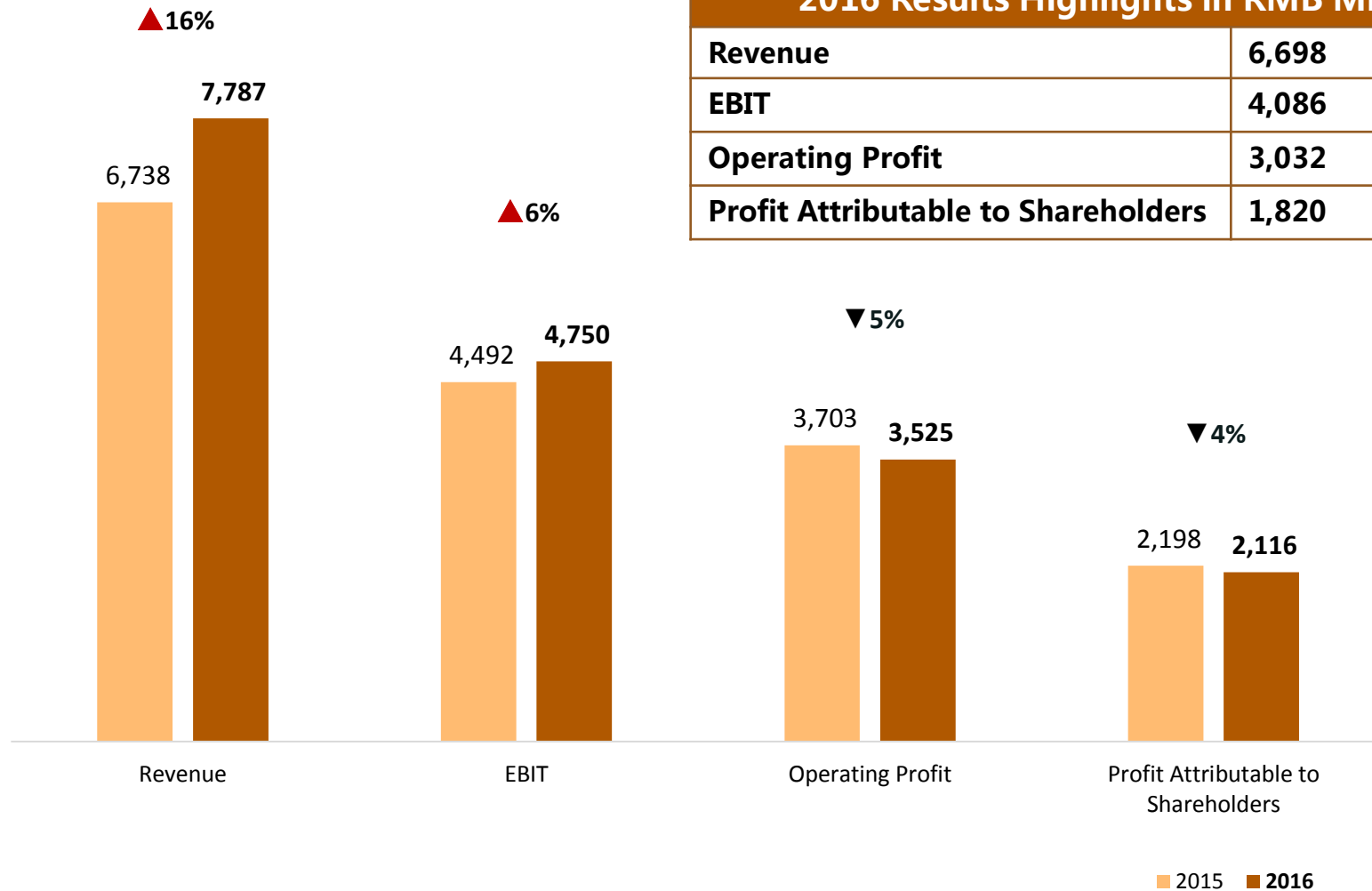


Building
Value,
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Future



1. Results Highlights

HK\$ Million

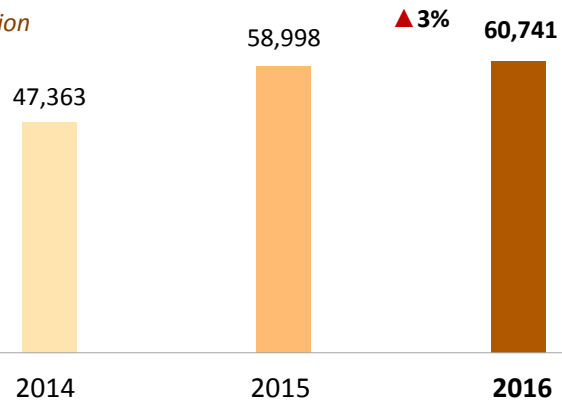


2016 Results Highlights in RMB Million		
Revenue	6,698	▲22%
EBIT	4,086	▲12%
Operating Profit	3,032	▲1%
Profit Attributable to Shareholders	1,820	▲2%

1. Results Highlights

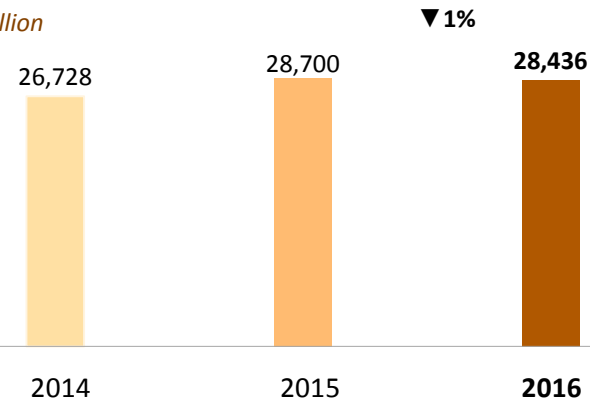
Total Assets

HK\$ Million



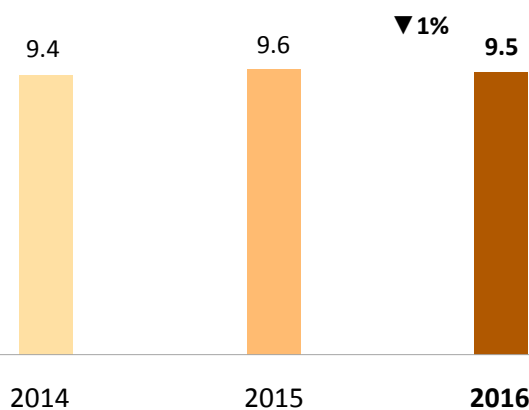
Total Equity

HK\$ Million



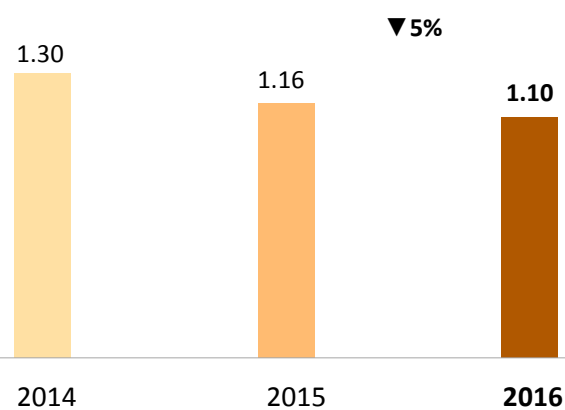
Shareholders' Value Per Share

HK\$



Earnings Per Share

HK\$

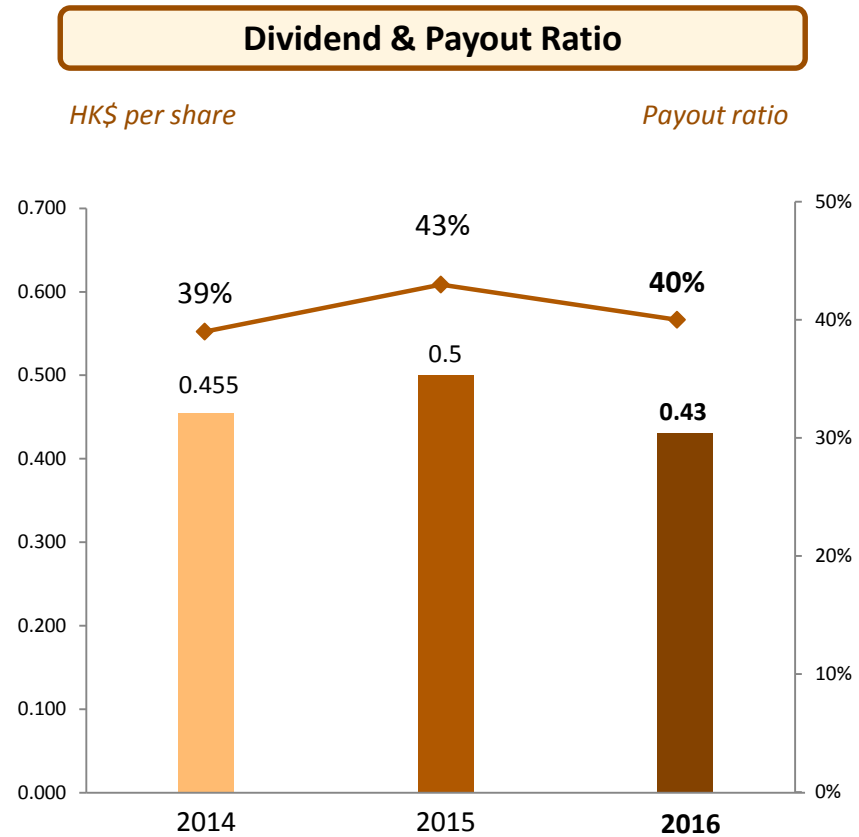


Operating Performance

- **Revenue** amounted to HK\$7,787M, ▲ 16%
- **Operating Profit** was HK\$3,525M, ▼ 5%
 - *Excluding disposal of CSG A Shares and non-recurring items of toll road business in 2015, core business operating profit ▲ 12% to HK\$2,658M*
- **EBIT** was HK\$4,750M, ▲ 6%
 - *Benefited from Shenzhen Airlines' profit contribution, core business EBIT ▲ 23% to HK\$3,883M*
- **Profit attributable to shareholders** was HK\$2,116M, ▼ 4%
 - *Excluding additional interest cost incurred from the four toll roads adjustment which reduced net profit by HK\$253M, core business ▲ 55% to HK\$1,751M*
- **Basic EPS** were HK\$1.1, ▼ 5%
- **Shareholders' value per share** was HK\$9.5, ▼ 1%

2. Dividend

- Dividend per share for the year was HK\$0.43 (2015: HK\$0.5)
- Total dividend HK\$842M (2015: HK\$950M)
- Payout ratio at 40%
 - In 2015, received cash compensation amounted to RMB9,713M from the four toll roads adjustment
- 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
- Maintain stable payout ratio



3. Business Review

- In 2016, China's economic development was relatively stable and there is continual growth in demand for quality logistic infrastructure facilities
- Continuous improvement in the Group's core business structure helped to achieve satisfactory operating performance
- **Logistic Business**
 - Total of 17 [China Urban Integrated Logistics Hub] projects; four of them commenced operation during 2016 and recorded revenue of HK\$31.65M
- **Qianhai Project**
 - Phase 1 Project comprises office, high-end commercial and residential area with 100,000 sqm GFA
 - Locked-in part of the economic value of residential project with profit before tax of HK\$648M through joint development with a leading property enterprise
- **Meilin Checkpoint Urban Renewal Project**
 - Completion of relocation of HTY Logistic Centre provided solid foundation for realization of value for the land parcel
- **Shenzhen Airlines**
 - Sound profitability growth benefited from continuous demand in domestic aviation market and decrease in fuel costs
- **CSG A Shares**
 - Recorded profit after tax of HK\$255M from disposal of 24.57M CSG A shares
 - The Group still own 26.93M (or 1.3%) CSG A shares

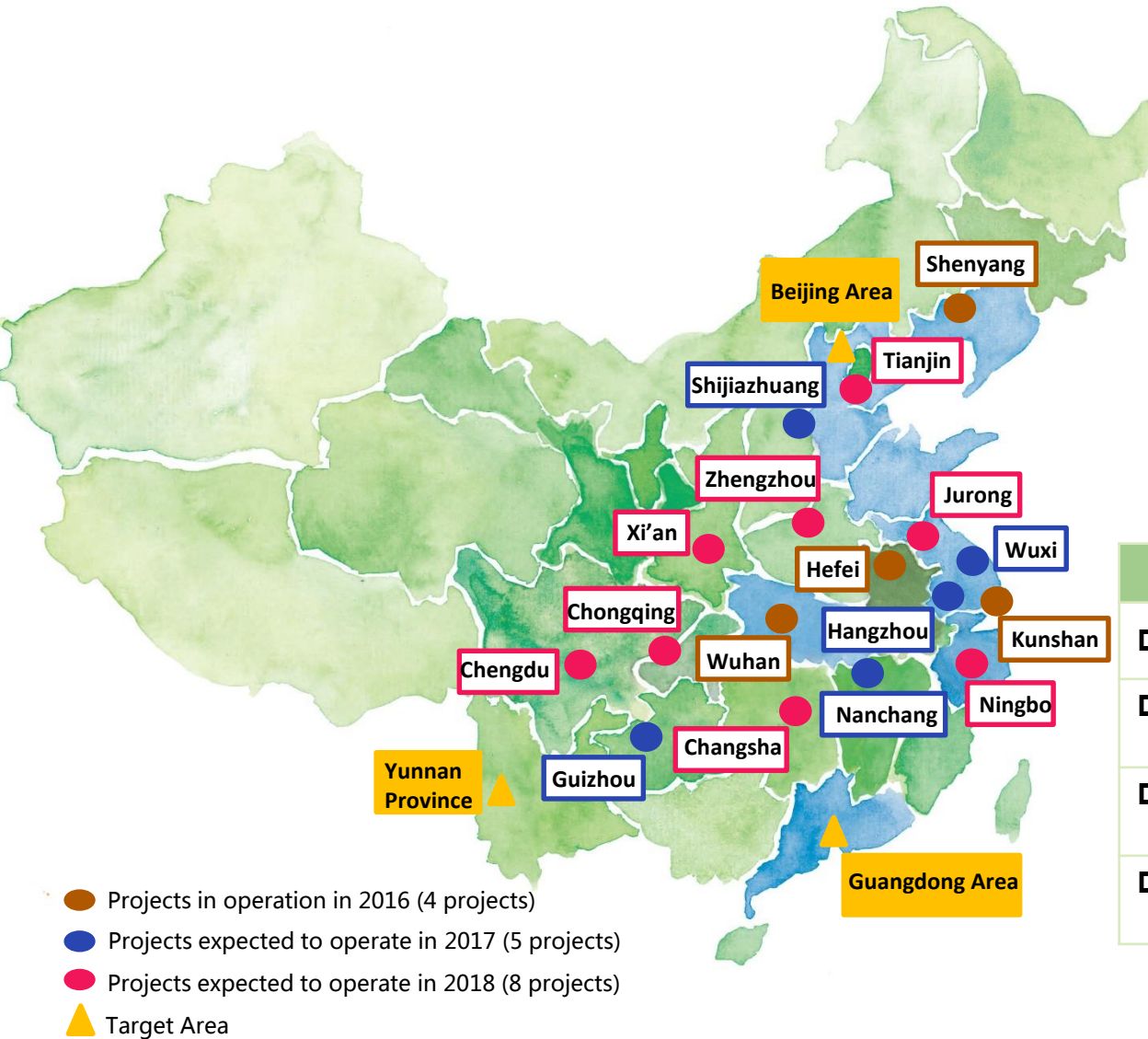
4. China Urban Integrated Logistics Hub

- 17 projects in total, covering planned site area of 4.9M sqm
 - Entered into investment agreements for projects in Guizhou, Chongqing, Zhengzhou, Xi'an and Jurong respectively and further completed an acquisition project in Kunshan, with a total planned site area of 1.41M sqm

- Shenyang, Kunshan, Wuhan and Hefei projects have commenced operations, with total operating area of 330,000 sqm GFA and overall occupancy rate at 60%

- The four newly commenced projects contributed revenue of HK\$31.65M to the Group

4. China Urban Integrated Logistics Hub— Map



Overview	
□	17 projects, total planned site area 4.9M sqm
□	2016: 4 projects commenced operation Total operating area 330K sqm
□	2017: 5 projects expected to operate Total operation area 230K sqm
□	2018: 8 projects expected to operate Total planned site area 1.95M sqm

5. Meilin Checkpoint Urban Renewal Project and Qianhai Project

■ Meilin Checkpoint Urban Renewal Project

- Relevant land parcel to be transformed and upgraded into a comprehensive development project with 486,000 sqm GFA
 - Comprising properties for commercial, office, residential, public and ancillary usage
- Fully settled the land premium and obtained land use right
- Relocation of HTY Logistic Centre fully completed at the end of 2016

■ Qianhai Project

- Phase 1 Project with a site area of 38,800 sqm and 100,000 sqm GFA
 - Comprising integrated usage including office, commercial and residential area
- In December, signed capital increase agreement with a leading property developer for the joint development of the phase 1 residential project (53,000 sqm GFA)
 - Locked-in the economic value of the land parcel and contributed profit before tax of HK\$648M
 - Reduced investment risk and provide better returns to shareholders
- Serve as an example to realize the economic value of the land parcels owned by the Group

5. Qianhai Project

**Qianhai (Global) Cross-border
E-commerce Industrial Park**



**Shenzhen International Qianhai
Intelligence Hub**



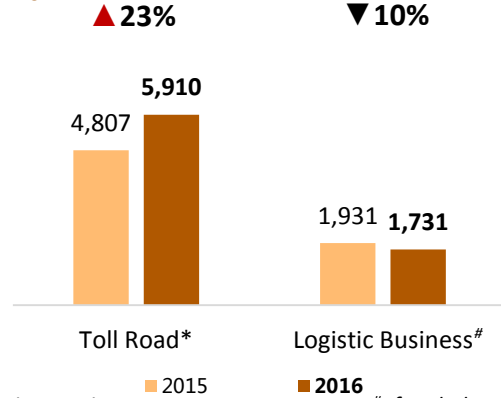
5. Qianhai Phase 1 Project



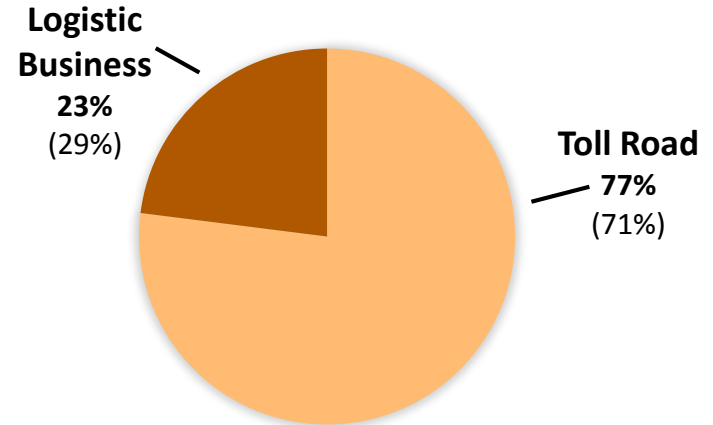
6. Revenue & Profit Attributable to Shareholders

Revenue HK\$7,787M ▲ 16%

HK\$ Million



2016 Revenue Contribution (2015)

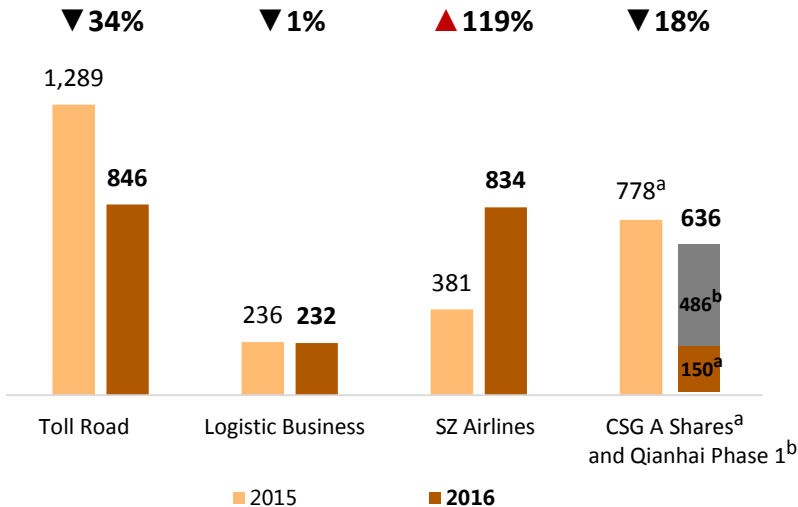


* Exclude construction service income from toll road business

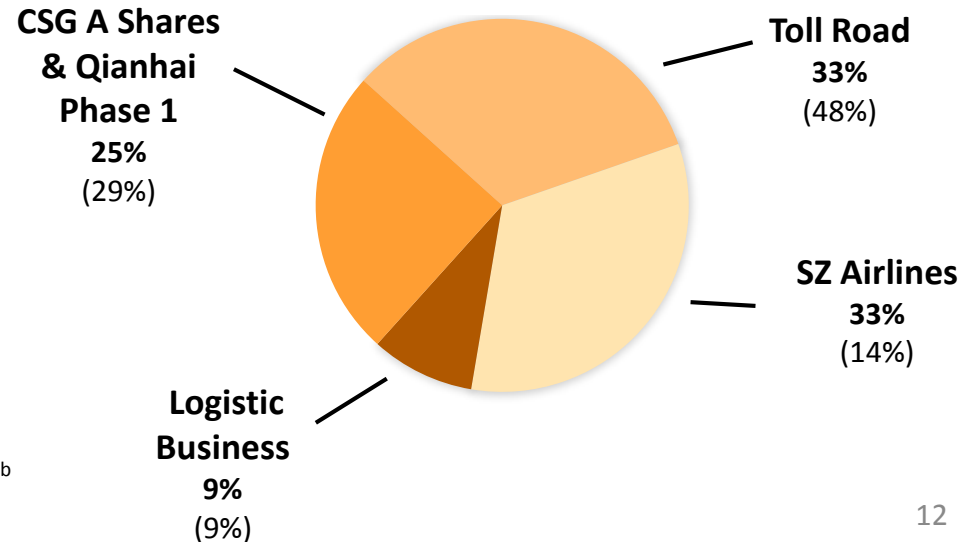
If exclude HTY revenue in 2015 and exchange rate impact, revenue maintained at similar level

Profit Attributable to Shareholders HK\$2,116M ▼ 4%

HK\$ Million



2016 Profit Attributable to Shareholders Contribution (2015)



7. Logistic Business – Logistic Park

- Stable operating performance with average occupancy rate at 96%

- HTY Logistic Centre** : No contribution for 2016 due to Meilin Checkpoint Project

(2015: Revenue was HK\$99.35M, net profit was HK\$23.84M)

- South China Logistic Park** : Sound operating performance, revenue ▲2% to HK\$251M (2015 : HK\$246M)

- Phase 2 with site area of 77,000 sqm
 - Commenced construction at the end of 2016
 - Planned to construct supply chain management , logistics and e-commerce companies' headquarters

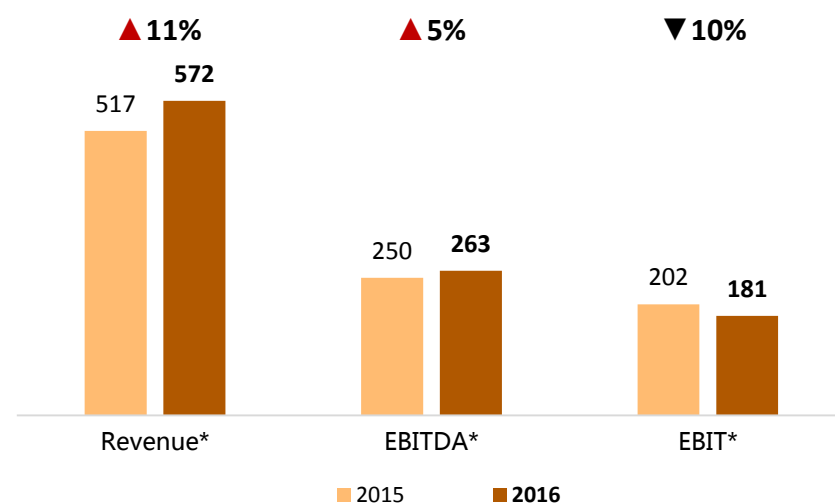
- Western Logistic Park:** Partial land parcels have been occupied by Qianhai Project

- Revenue and profit were reduced

- Integrated Logistics Hub:** 4 projects commenced operation

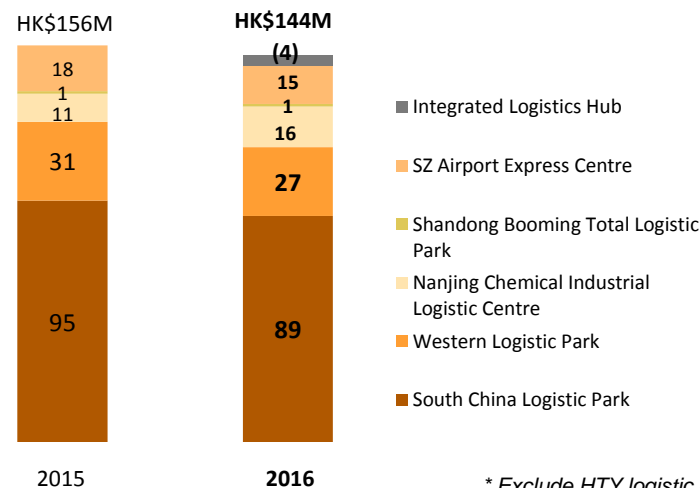
- Revenue contribution at HK\$31.65M

HK\$ Million



Net Profit Contribution ▼8%*

HK\$ Million



* Exclude HTY logistic centre

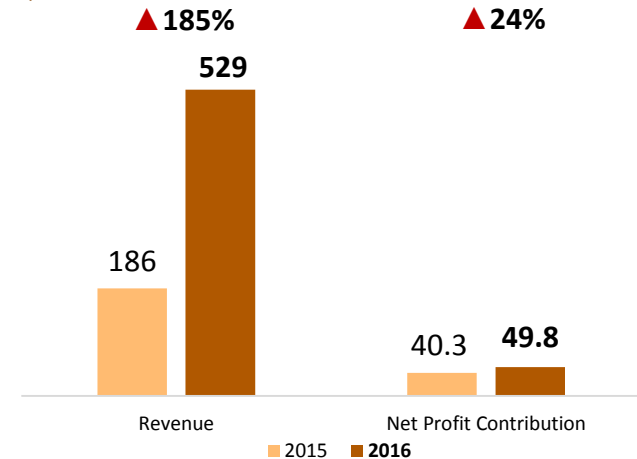
7. Logistic Business – Port and Logistic Service

Port Business

- Xiba port phase 2 commenced operation enhanced port business growth
 - 298 vessels berthed and total throughput reached 18.97M tons, ▲ 8%
- New port related supply chain management service business contributed additional revenue and profit HK\$323M and HK\$8.41M respectively

Port Business

HK\$ Million

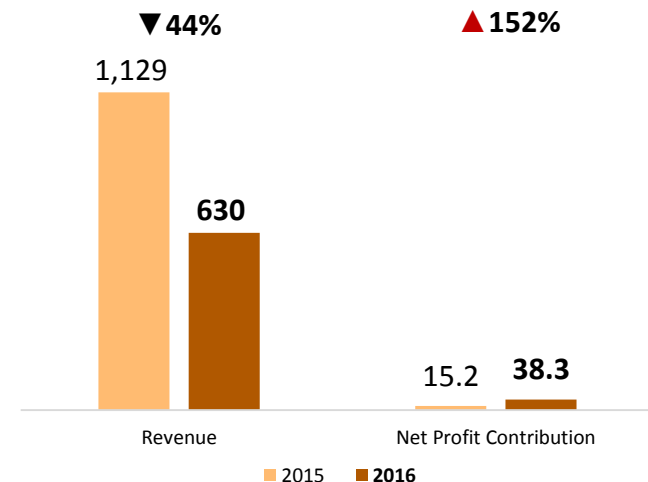


Logistic Service

- Reduced volume of lower profit margin customers to improve profitability
 - Revenue was reduced as a result
- Benefited from the newly commenced higher gross margin logistic finance business
 - Net profit contribution ▲ 152%

Logistic Service

HK\$ Million



8. Toll Road

Most toll road projects recorded steady growth in traffic volume and toll revenue, in addition

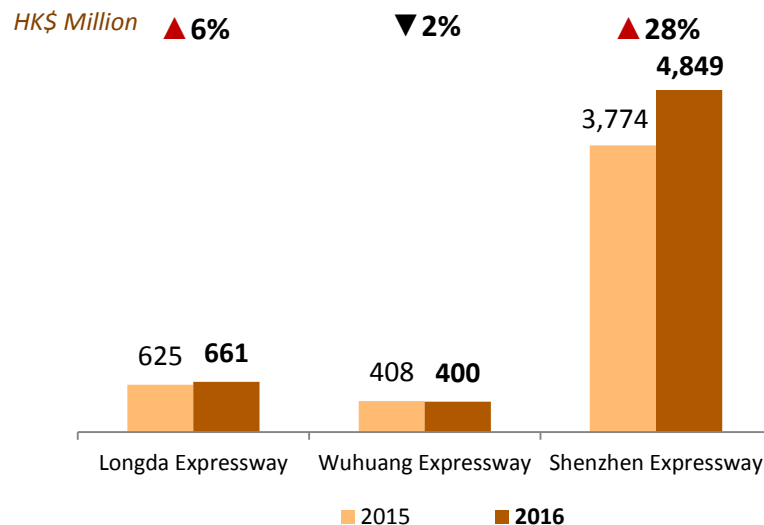
- Shenzhen Expressway:** Acquisition projects in 2015 provided additional revenue contribution
- The 4 toll roads adjustment provided further growth in traffic volume for adjacent expressways

Wuhuang Expressway: transferred 45% to Shenzhen Expressway, further strengthen its core business position

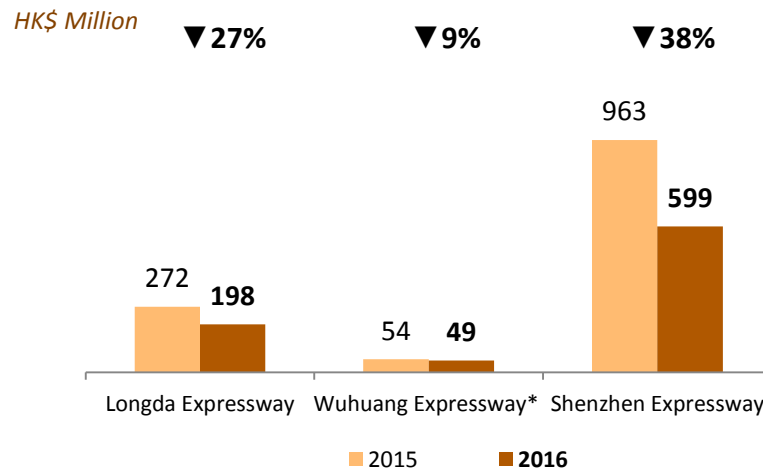
Additional interest cost from the 4 toll roads adjustment amounted to HK\$532M, financial costs increased substantially

- Excluding this additional interest cost and the non-recurring items in 2015, net profit contribution was HK\$1,100M, ▲16%

Revenue: HK\$5,910M ▲23%



Net Profit Contribution: HK\$846M ▼34%



* The Group's direct 45% share only

9. Other Investments – Shenzhen Airlines

- Passenger volume maintained sound growth
 - Passenger traffic and passenger carried ▲ 10% and ▲ 8% respectively
 - Total of 171 passenger aircrafts (2015: 164 aircrafts)
 - Total of 191 routes including 162 domestic routes
- Revenue was RMB 26 billion (2015: RMB 23.9 billion), ▲ 9%
- Fuel cost reduced as a result of decrease in aviation oil prices
 - Operating profit ▲ 39% to RMB4,035M (2015: RMB2,893M)
- Shenzhen Airlines recorded foreign exchange loss of RMB1,095M (2015: RMB1,146M) as a result of RMB depreciation
- Net profit of Shenzhen Airlines amounted to RMB1,573M (2015: RMB744M), ▲ 111%
- 49% profit attributable to the Group amounted to HK\$834M (2015: HK\$381M), ▲ 119 %
- The Group will receive RMB135M cash dividend



10. Financial Position

	The Group			Excl. SZ Expressway [#]		
	2016	2015	Increase/ (Decrease)	2016	2015	Increase/ (Decrease)
<i>HK\$ Million</i>						
Total Assets	60,741	58,998	3%	34,255	29,460	16%
Total Equity	28,436	28,700	(1%)	21,321	18,990	12%
NAV Attributable to Shareholders	18,634	18,160	3%	18,510	18,260	1%
Shareholders' NAV Per Share (HK\$)	9.5	9.6	(1%)	9.5	9.6	(1%)
Cash	11,424	15,635	(27%)	5,102	8,003	(36%)
Bank Borrowings	4,746	5,112	(7%)	2,645	2,746	(4%)
Notes & Bonds	7,637	7,925	(4%)	2,344	2,336	-
Total Borrowings	12,383	13,037	(5%)	4,989	5,082	(2%)
Net Borrowings/(Cash)	959	(2,598)	N.A	(113)	(2,921)	(96%)
Debt-asset Ratio (Total Liabilities / Total Assets)	53%	51%	2*	38%	36%	2*
Ratio of Total Borrowings to Total Assets	20%	22%	(2)*	15%	17%	(2)*
Ratio of Net Borrowings/(Cash) to Total Equity	3%	(9%)	N.A	(1%)	(15%)	14*
Ratio of Total Borrowings to Total Equity	44%	45%	(1)*	23%	27%	(4)*

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

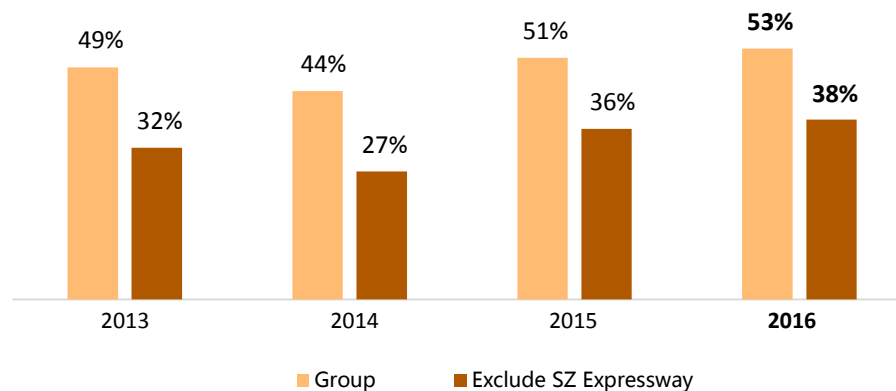
*Change in percentage point

10. Financial Position

- Shareholders' NAV ▲ 3%
- Maintained healthy financial position
 - Total borrowings decreased by 5% to HK\$12,383M (2015: HK\$13,037M)
 - Ratio of total borrowings to total assets decreased to 20% (2015: 22%)
- 3 major international credit rating agencies maintained investment grade credit ratings, in which
 - Moody's upgraded rating from Baa3 to Baa2
- Fluctuation in RMB exchange rate resulted in exchange loss of HK\$180M
 - Risk management through appropriate hedging tools and optimizing debt currency structure
- Obtained approval to issue PRC onshore corporate bonds of RMB 5 billion in Feb 2017
 - Further widen financing channel to manage foreign exchange risk

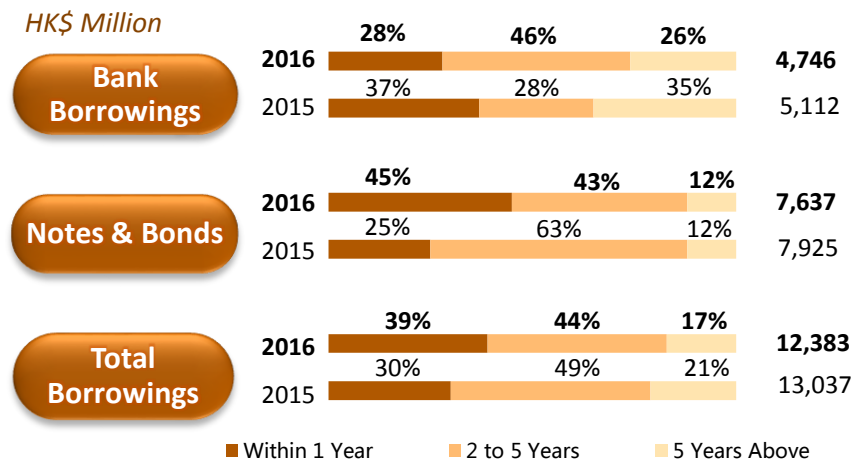
Debt-Asset Ratio

As of 31 Dec



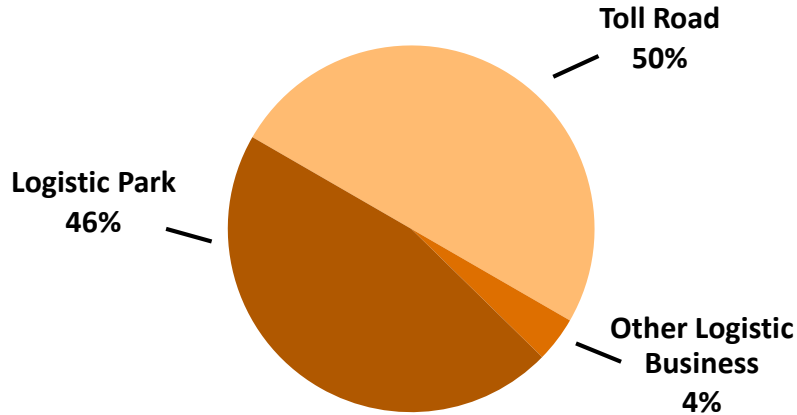
Debt Maturity Profile

HK\$ Million



11. 2017 Capex Estimate – HK\$5,300M (RMB4,800M)

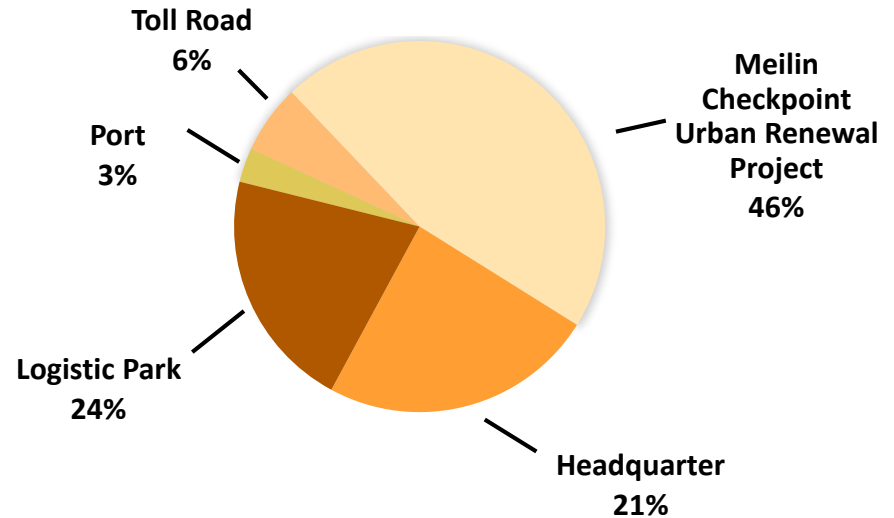
2017 Estimate
HK\$5,300M (RMB4,800M)



2017 Estimate Major Capex items:

- China Urban Integrated Logistics Hub projects RMB1,400M
- South China Logistic Park Phase 2 Project and Liguang Project total RMB750M
- Outer Ring Expressway and Yichang Expressway total RMB2,100M

2016 Actual
HK\$6,200M (RMB5,500M)



2016 Major Capex items:

- China Urban Integrated Logistics Hub projects RMB1,280M
- Meilin Checkpoint Urban Renewal Project land premium of RMB2,500M
- Shenzhen head office building RMB1,160M

12. 2017 Outlook and Major Plans

- Chinese Government's new policies including Urbanization Development, [Internet Plus] and [One Belt One Road] present favourable opportunities to the Group
- **The Group's [13th Five-Year Plan] strategic positioning:** [China Urban Integrated Logistics Hub] to serve as core business development focus, in addition to promoting the combination of [Industry, Finance, Network] sectors in order to construct a nationwide integrated logistics industry platform
- **Logistic Business**
 - **1) China Urban Integrated Logistics Hub**
 - Further enhancing and upgrading business model from [Asset-heavy Business Model to a more balanced approach]
 - To continue the investment in, construction and operation of the projects
 - Explore in Pearl River Delta region, Yangtze River Delta region and logistics node cities like Beijing, Kunming
 - Strive to acquire land use right and commence preparation work for project construction of the 250,000 sqm GFA Liguang land parcel in Shenzhen
 - **2) Transformation and Upgrading of Existing Logistic Parks**
 - **Qianhai Project**
 - To implement the Group's 380,000 sqm GFA land consolidation and preparation work
 - This is the Group's major work plan for 2017. We continue to negotiate with relevant government authorities
 - Strive to generate higher economic value for the land parcels

12. 2017 Outlook and Major Plans

- **Meilin Checkpoint Urban Renewal Project**

- Planning and preparation work in progress
- The surge of property prices in Shenzhen in recent years further enhanced the economic value of the land parcel
- Reviewing project development methods in order to maximize economic benefit
- Strive to commence construction in 2017

- 3) Identifying acquisition opportunities for well-developed logistic assets

- **Toll Road Business**

- Urbanization will create demand for construction, transformation and upgrading of infrastructure facilities; further supporting Shenzhen Expressway's sustainable development
- Shenzhen Expressway acquired 100% interest of Yichang Expressway in Hunan in Jan 2017
 - Further enhancing the Group's core advantage in toll road business



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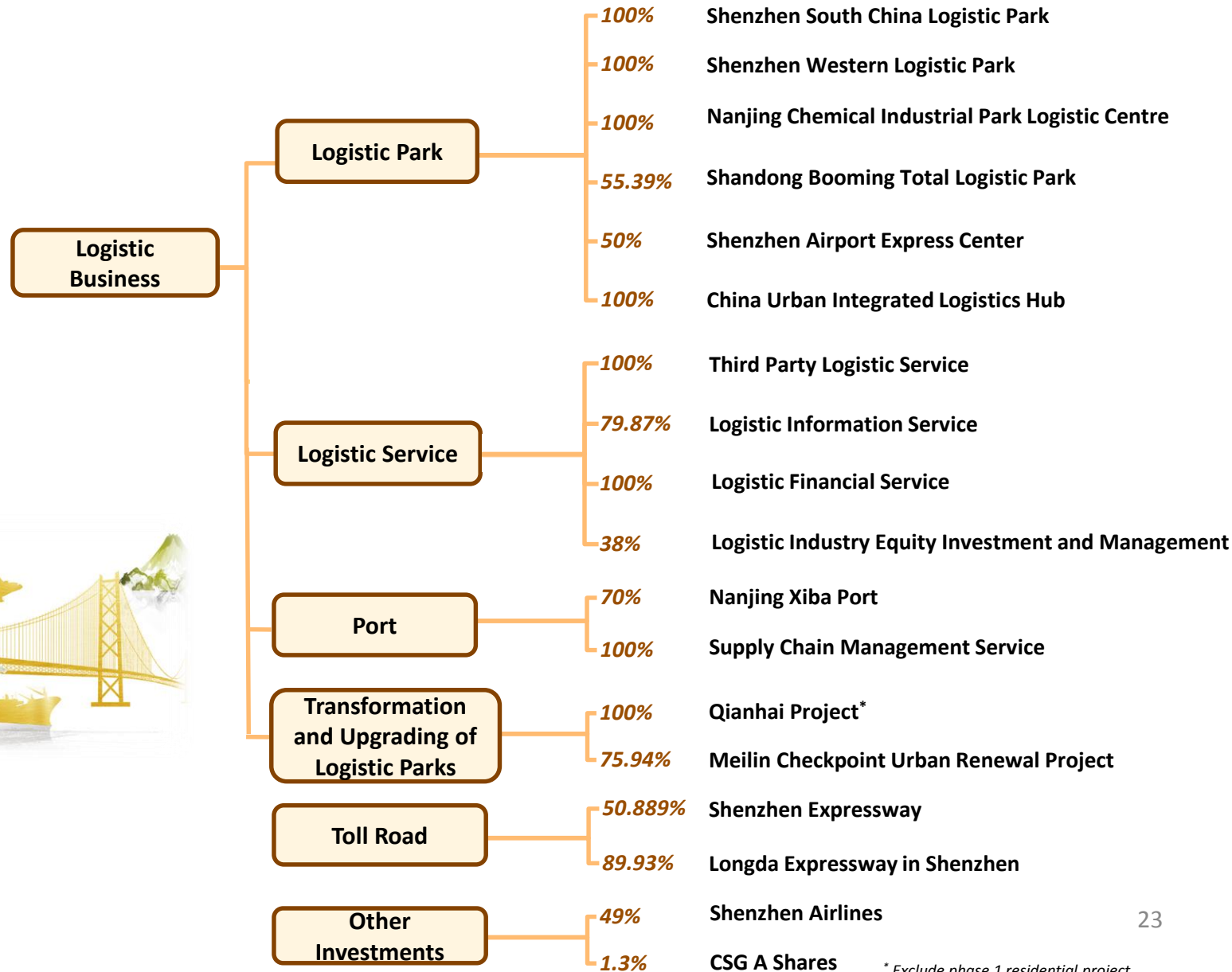
Appendix



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Appendix 1 – Corporate Chart



Appendix 2 – Income Statement

<i>HK\$ Million</i> <i>For the 12 months ended</i> <i>at 31 December</i>	2016	2015	Change
Revenue	7,787	6,738	16%
Cost of sales	(4,657)	(3,873)	20%
Gross profit	3,130	2,865	9%
Other gain - net	867	1,328	(35%)
Other income	111	78	42%
Distribution costs	(73)	(73)	-
Administrative expenses	(510)	(495)	3%
Operating profit	3,525	3,703	(5%)
Share of profit of joint ventures	43	37	16%
Share of profit of associates	1,182	752	57%
Profit before finance costs and tax	4,750	4,492	6%
Finance costs - net	(995)	(693)	44%
Profit before income tax	3,755	3,799	(1%)
Income tax expense	(838)	(737)	14%
Profit for the Year	2,917	3,062	(5%)
Non-controlling interests	(801)	(864)	(7%)
Profit attributable to shareholders	2,116	2,198	(4%)
Basic EPS (HK dollar per share)	1.10	1.16	(5%)

Appendix 3 – Segment Results

	Revenue		Operating Profit		Share of Results of Associates & JVs		EBIT	
	2016	2015	2016	2015	2016	2015	2016	2015
<i>HK\$ Million</i>								
<i>For the 12 months ended at 31 December</i>								
Toll Road								
Revenue	5,910	4,807	2,549	2,570	328	338	2,877	2,908
Construction service revenue	146	-	-	-	-	-	-	-
Toll road subtotal	6,056	4,807	2,549	2,570	328	338	2,877	2,908
Logistic Business								
Logistic park	572	616	165	221	16	19	181	240
Logistic service	630	1,129	36	17	6	5	42	22
Port and related services	529	186	85	70	-	-	85	70
Logistic business sub-total	1,731	1,931	286	308	22	24	308	332
Head Office	-	-	690	825	875	427	1,565	1,252
	7,787	6,738	3,525	3,703	1,225	789	4,750	4,492
Finance income							195	280
Finance cost							(1,190)	(973)
Finance cost - net							(995)	(693)
Profit before income tax & NCI							3,755	3,799

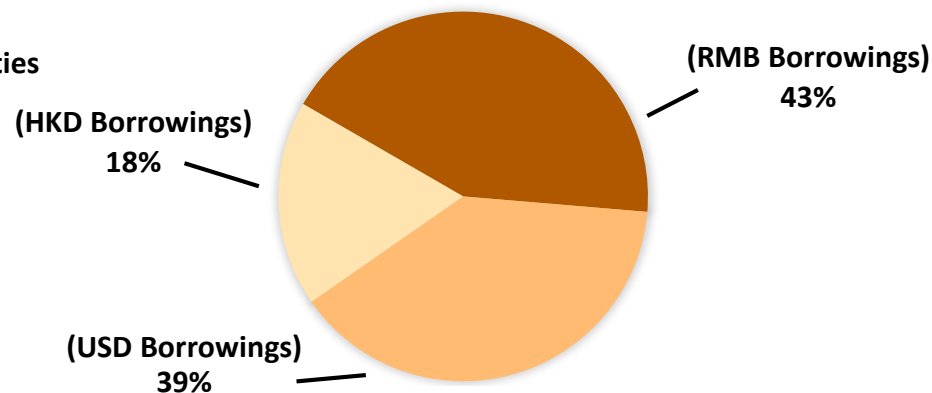
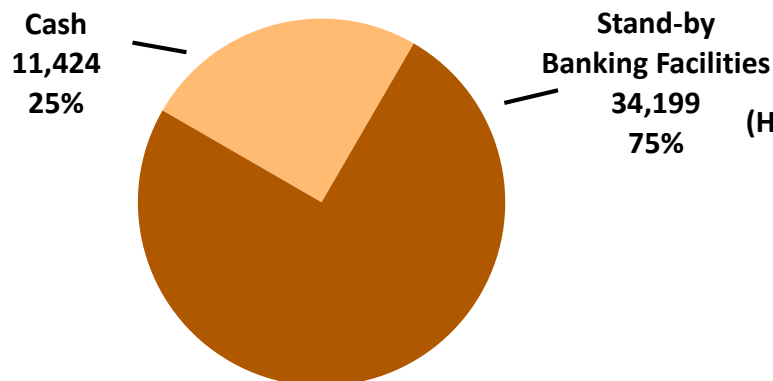
Appendix 4 – Financial Position

The Group's Borrowing Profile
As at 31 December 2016

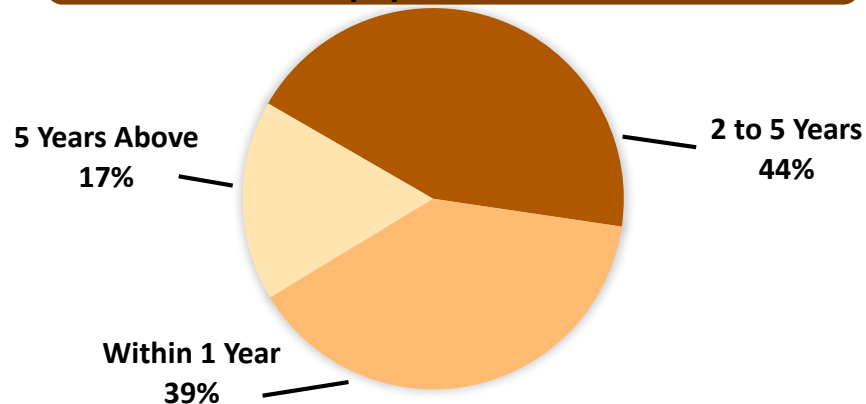
Cash & Banking Facilities

Total Borrowings: HK\$12,383M – In Currency

HK\$ Million



Total Borrowings: HK\$12,383M – Repayment Period

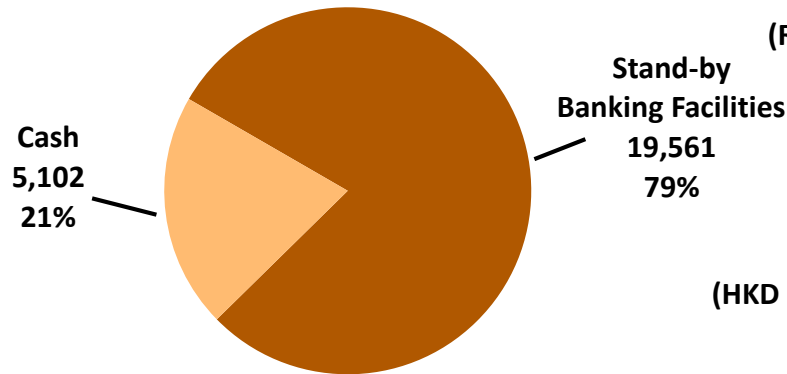


Appendix 4 – Financial Position (Excl. Shenzhen Expressway)

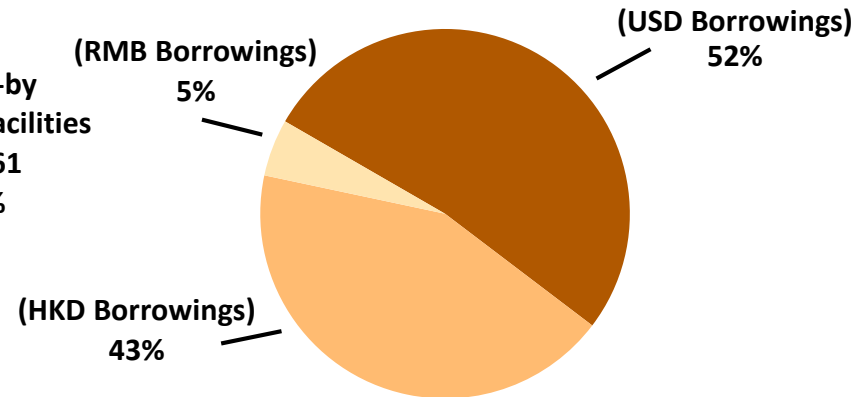
The Group's Borrowing Profile
(Excl. Shenzhen Expressway)
As at 31 December 2016

Cash & Banking Facilities

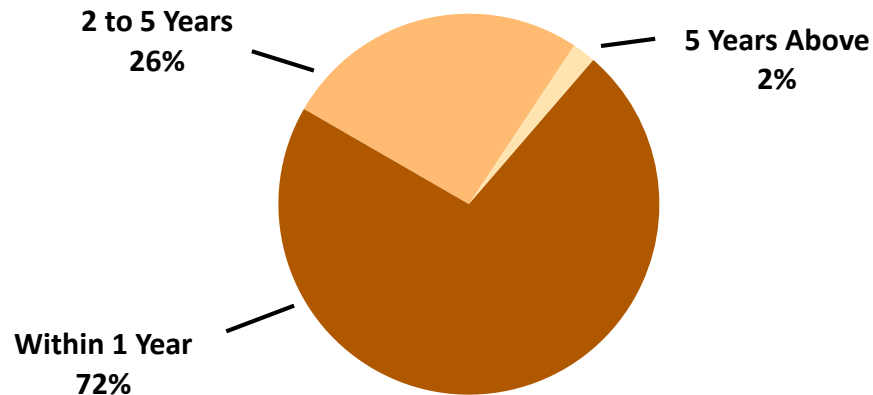
HK\$ Million



Total Borrowings: HK\$4,989M – In Currency



Total Borrowings: HK\$4,989M – Repayment Period



Appendix 5 – 「China Urban Integrated Logistics Hub」 - Illustration



Appendix 5 – [China Urban Integrated Logistics Hub]



Appendix 5 – 「China Urban Integrated Logistics Hub」 - Project Overview

Projects completed and in operation in 2016

Kunshan Project	▣ Planned site area: 117K sqm; Operating Area: 96K sqm
Shenyang Project	▣ Planned site area: 700K sqm; Phase 1 Operating Area: 144K sqm
Hefei Project	▣ Planned site area: 138K sqm; Phase 1 Operating Area: 38K sqm
Wuhan Project	▣ Planned site area: 126K sqm; Phase 1 Operating Area: 52.6K sqm

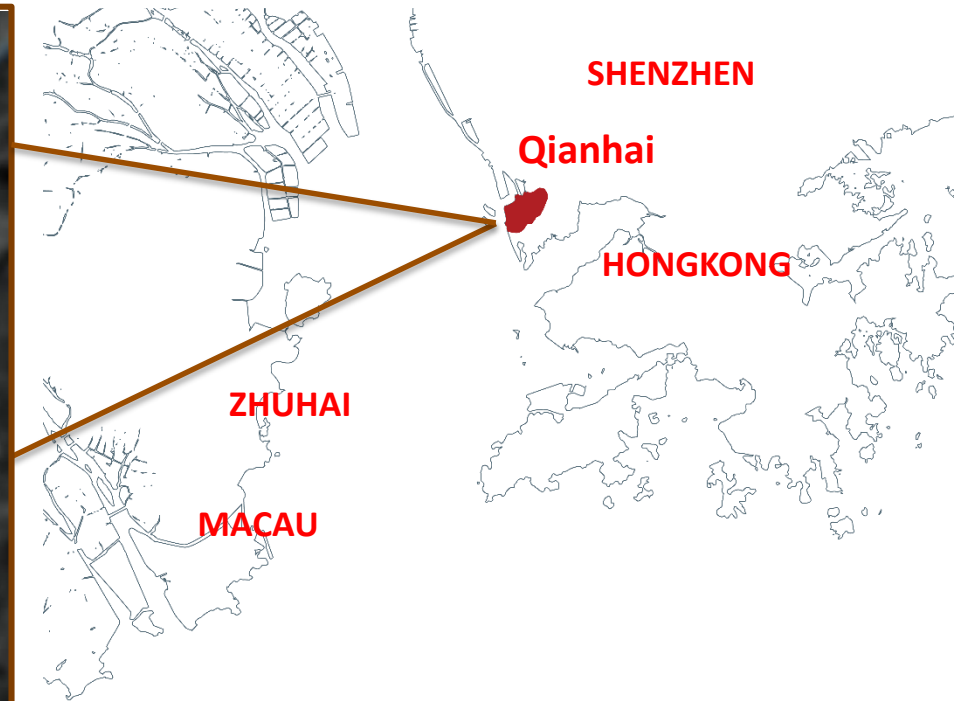
Projects expected to complete in 2017

Guizhou Project	▣ Planned site area: 348K sqm; Phase 1 Operating Area: 50K sqm
Nanchang Project	▣ Planned site area: 267K sqm; Phase 1 Operating Area: 44K sqm
Hangzhou Project	▣ Planned site area: 432K sqm; Phase 1 Operating Area: 46K sqm
Shijiazhuang Project	▣ Planned site area: 467K sqm; Phase 1 Operating Area: 63K sqm
Wuxi Project	▣ Planned site area: 347K sqm; Phase 1 Operating Area: 27K sqm

Projects expected to complete in 2018

Jurong Project	▣ Planned site area: 400K sqm
Chongqing Project	▣ Planned site area: 157K sqm
Zhengzhou Project	▣ Planned site area: 267K sqm
Xi'an Project	▣ Planned site area: 120K sqm
Chengdu Project	▣ Planned site area: 173K sqm
Tianjin Project	▣ Planned site area: 295K sqm
Ningbo Project	▣ Planned site area: 194K sqm
Changsha Project	▣ Planned site area: 347K sqm

Appendix 6 – Qianhai Project – Geographical Location



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

Area in Blue – Qianhai Phase 1 Project (38.8K sqm)

Appendix 6 – Qianhai Project – Phase 1 Project Illustration



Appendix 7 – Meilin Checkpoint Urban Renewal Project – Illustration



Appendix 8 – Nanjing Xiba Port



Appendix 9 – South China Logistic Park Phase 2 Project – Illustration



- This presentation is prepared in good faith, based on audited financial data, management information, publicly available information, and management's outlook as of 28nd March 2017. 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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