



Shenzhen International
深國際

2017

Interim Results Investor Presentation August 2017



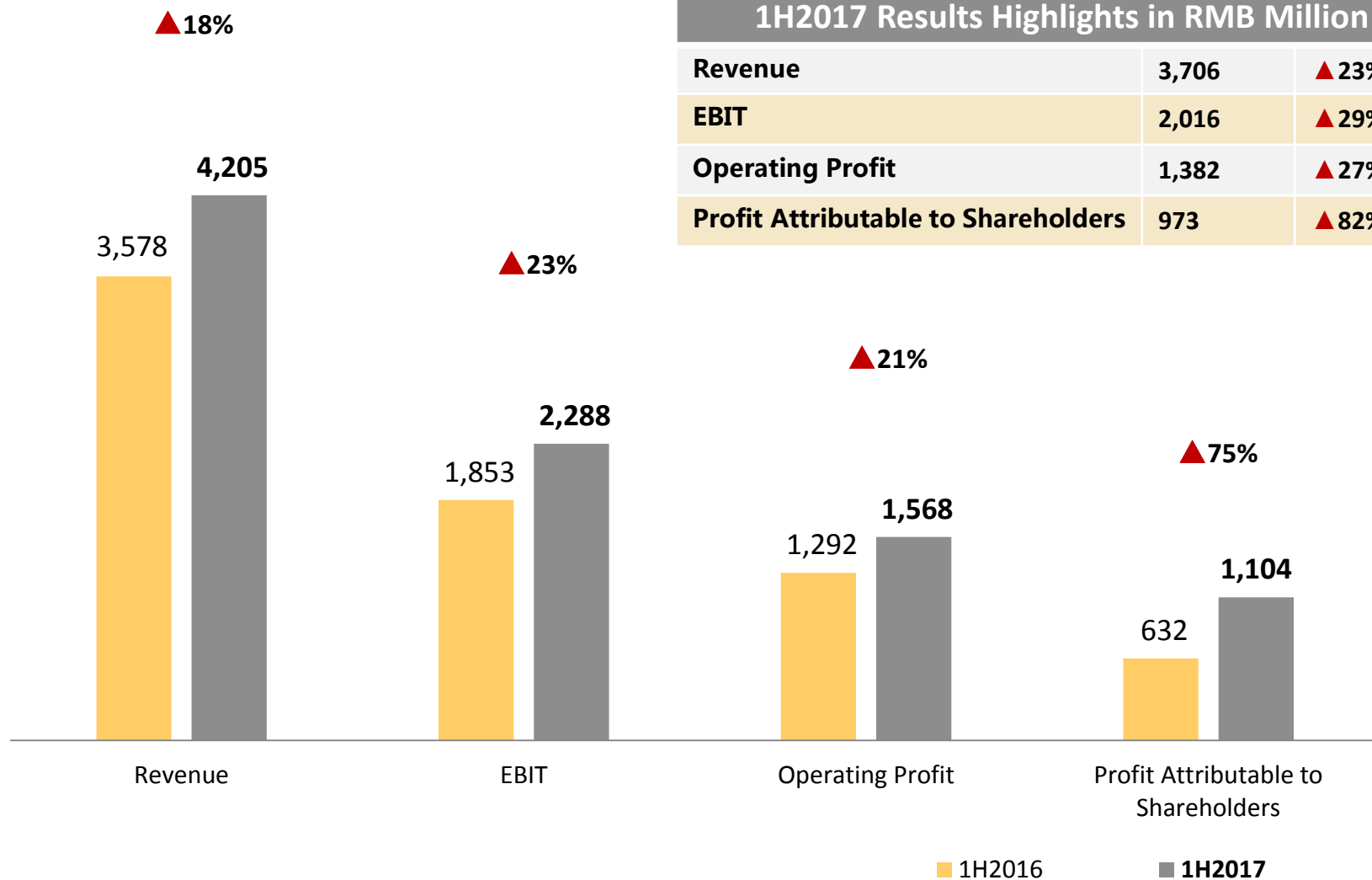
Building
Value,
Sharing
Future



1. Results Highlights

HK\$ Million

1H2017 Results Highlights in RMB Million		
Revenue	3,706	▲ 23%
EBIT	2,016	▲ 29%
Operating Profit	1,382	▲ 27%
Profit Attributable to Shareholders	973	▲ 82%



2. Business Review

- In 1H2017, China's steady economic development and continual growth in domestic demand for logistics infrastructure facilities and quality logistics services helped the Group to achieve satisfactory operating performance
- **Logistic Business**
 - [China Urban Integrated Logistics Hub] increased to 18 projects with planned site area of 5.34M sqm; in which total operating area reached 453,000 sqm
- **Qianhai Project**
 - Land consolidation and preparation work in progress; plan to complete relevant work by the end of the year and will provide long-term and substantial profit to the Group
- **Meilin Checkpoint Urban Renewal Project**
 - Project development progressing steadily; preparation work in progress and strive to commence construction in 2017
- **Shenzhen Airlines**
 - Sound profitability growth benefited from continuous demand in domestic aviation market and relatively stable RMB exchange rate

3. China Urban Integrated Logistics Hub

- The Group signed investment agreement for project in Yiwu with planned site area of 440,000 sqm, further expanded the Group's nationwide network coverage

- 18 investment agreements were signed with planned site area of 5.34M sqm, of which
 - 11 projects have already acquired total site area of 2.17M sqm

- Shenyang , Kunshan , Wuhan and Hefei projects have commenced operations with total operating area of 345,000 sqm and overall occupancy rate at 72%
 - Contributed revenue of HK\$24.26M and profit attributable to shareholders of HK\$2.54M to the Group's core logistics business

- Nanchang and Shijiazhuang projects have commenced trial operation with total operating area of 108,000 sqm
 - Nanchang project already fully occupied; Shijiazhuang project occupancy rate at 77%

- Hangzhou, Guizhou and Wuxi projects expect to finish construction and commence trial operation in 4Q2017

4. Qianhai Project and Meilin Checkpoint Urban Renewal Project

■ Qianhai Project

- Phase 1 Project with a site area of 38,800 sqm and 100,000 sqm GFA, of which
 - Residential (50,000 sqm) : In December 2016, signed capital increase agreement with a leading property developer for joint development
 - Office (35,000 sqm) : Entered into cooperation agreement with Ministry of Industry and Information Technology and China Center for Information Industry Development, positioning this project as [One Belt One Road] Information Port
 - [One Belt One Road] information service strategic hub
 - Information industry base for logistics and supply chain
 - Listed as Qianhai 2017 key task by Qianhai Management Bureau
- Continue to negotiate with the Qianhai Management Bureau and relevant government authorities, plan to complete the Group's 380,000 sqm land consolidation and preparation work in 2H2017

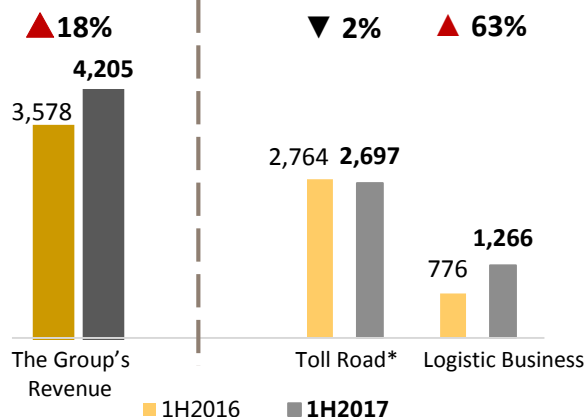
■ Meilin Checkpoint Urban Renewal Project

- 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
- Have already obtained land use right; project development preparation work in progress and strive to commence construction in 2017

5. Revenue & Profit Attributable to Shareholders

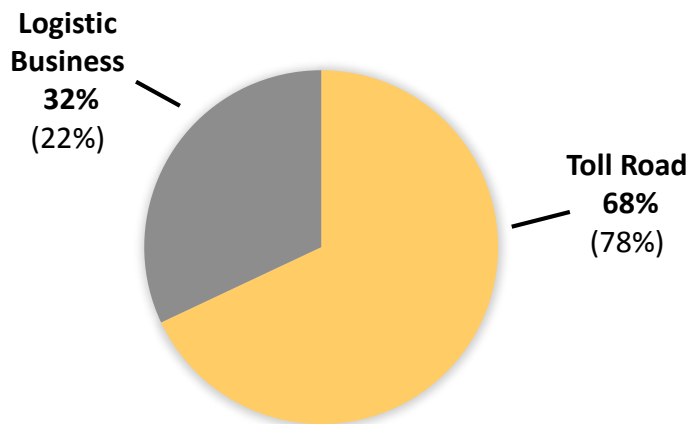
Revenue HK\$4,205M ▲ 18%

HK\$ Million



* Exclude construction service income from toll road business

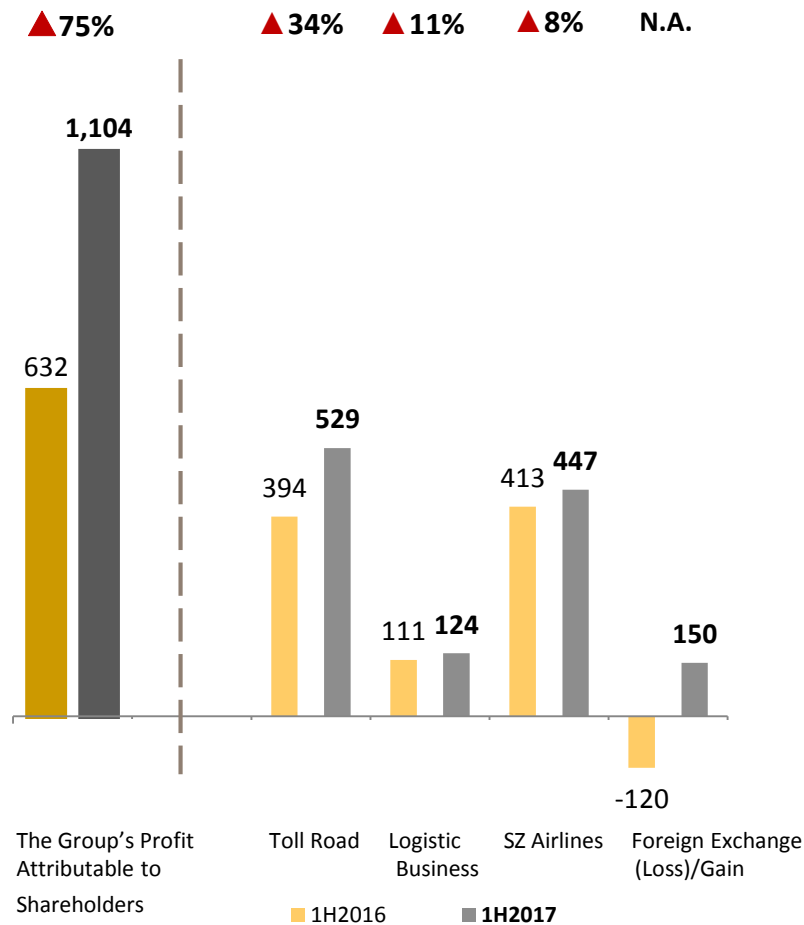
1H2017 Revenue Contribution (2016)



Profit Attributable to Shareholders

HK\$1,104M ▲ 75%

HK\$ Million



6. Logistic Business – Logistic Park

- Satisfactory operating performance with average occupancy rate at 98%

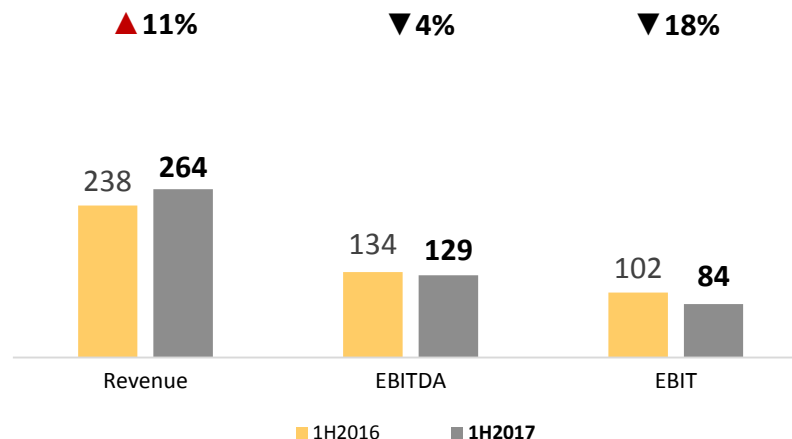
- **South China Logistic Park** : Sound operating performance, revenue ▲7% to HK\$129M (2016 : HK\$120M)
 - Phase 2 with site area of 77,000 sqm has commenced construction
 - Planned to construct supply chain management , logistics and e-commerce companies' headquarters

- **Western Logistic Park** : Partial land parcels have been occupied by Qianhai Project
 - Revenue and profit attributable to shareholders were reduced

- **Integrated Logistics Hub** : 4 projects commenced operation in 2016
 - Revenue and profit attributable to shareholders amounted to HK\$24.26M and HK\$2.54M respectively

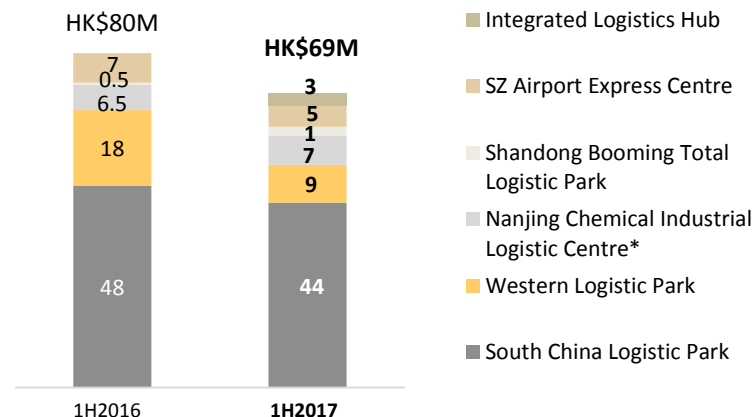
- To further optimize overall resources allocation
 - In May 2017 , disposed all equity interests of Nanjing Chemical Industrial Logistic Centre for RMB156M
 - Recorded after tax disposal gain of RMB34.26M

HK\$ Million



Profit Attributable to Shareholders ▼ 14%

HK\$ Million



*Already disposed on June 1st 2017

6. Logistic Business – Port and Logistic Service

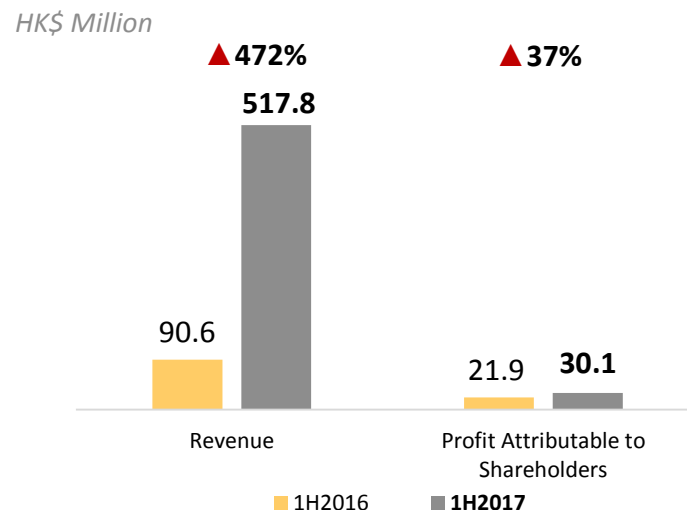
Port and Related Business

- 1,941 vessels berthed and total throughput reached 13.4M tons, ▲58%, benefited from
 - Rising coal demand driven by domestic economic improvement
 - Xiba port phase 2 capacity release
- Port related supply chain management service business also boosted business volume and substantially increased revenue by HK\$387M

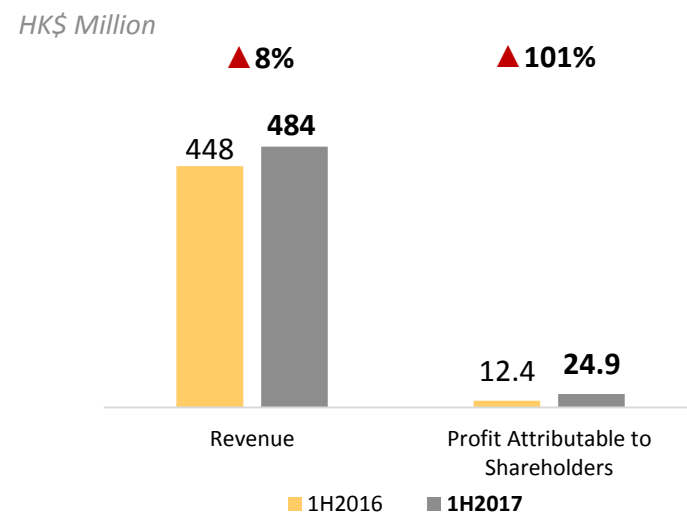
Logistic Service

- Benefited from the newly commenced higher gross margin logistic finance business and third party logistic service
 - Profit attributable to shareholders was doubled
- Actively explored logistics financial service models such as micro-financing and financial leasing

Port and Related Business



Logistic Service

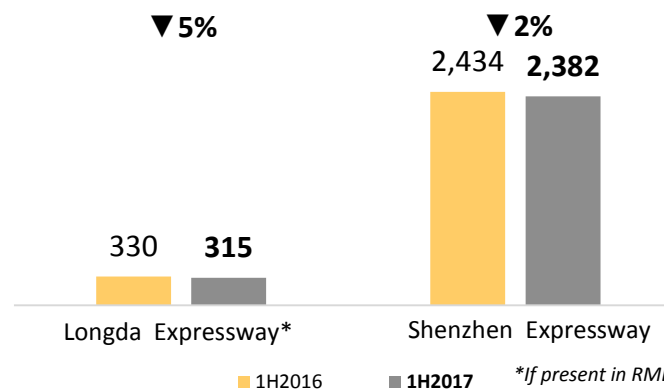


7. Toll Road

- Most toll road projects recorded steady growth in traffic volume and toll revenue
 - If present in RMB, total revenue increased by 2% compared to the corresponding period of the previous year

Revenue : HK\$2,697M ▼ 2%

HK\$ Million



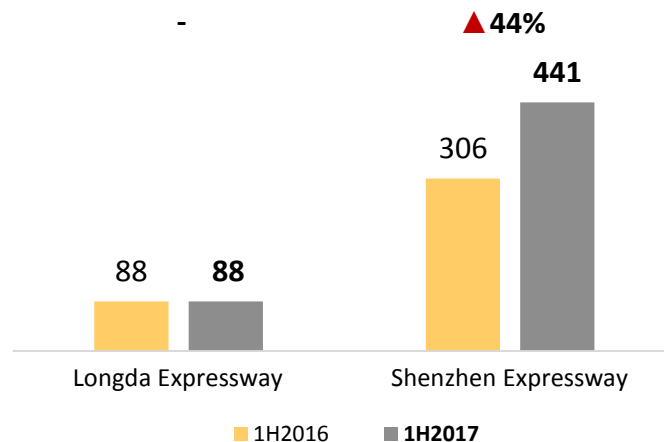
**If present in RMB, revenue maintained at similar level*

■ Shenzhen Expressway :

- Consolidation of Changsha Ring Road and Yichang Expressway contributed new revenue
 - Toll revenue ▲ 6% to HK\$2,289M
- Benefited from Changsha Ring Road and investment projects including Bank of Guizhou and Derun Environment, profit attributable to shareholders ▲ 44% to HK\$441M

**Profit Attributable to Shareholders
HK\$529M ▲ 34%**

HK\$ Million



8. Other Investments – Shenzhen Airlines

- Passenger volume growth continued
 - Passenger traffic and passenger carried ▲ 2% and ▲ 3% respectively
 - Total of 169 passenger aircrafts (2016: 164 aircrafts)
 - Total of 192 routes including 164 domestic routes
- Revenue was RMB 13.197 billion (2016: RMB 12.299 billion) , ▲ 7%
- Fuel cost increased by 43% as a result of increase in aviation oil prices compared to the corresponding period of the previous year
 - Operating profit decreased by 36% to RMB1,207M (2016 : RMB1,888M)
- Shenzhen Airlines recorded foreign exchange gain of RMB334M (2016: foreign exchange loss of RMB383M)
- Net profit of Shenzhen Airlines amounted to RMB846M (2016: RMB790M), ▲ 7%
- 49% profit attributable to the Group amounted to HK\$447M (2016: HK\$413M), ▲ 8%
- The Group has received 2016 dividend payment of RMB135M



9. Financial Position

	The Group			Excl.SZ Expressway [#]		
	<i>HK\$ Million</i>	30/6/2017	31/12/2016	Increase/ (Decrease)	30/6/2017	31/12/2016
Total Assets	68,059	60,741	12%	35,886	34,255	5%
Total Equity	30,707	28,436	8%	23,078	21,321	8%
NAV Attributable to Shareholders	20,229	18,634	9%	20,158	18,510	9%
Shareholders' NAV Per Share(HK\$)	10.0	9.5	5%	10.0	9.5	5%
Cash	8,327	11,424	(27%)	4,923	5,102	(4%)
Bank Borrowings	12,561	4,746	165%	4,975	2,645	88%
Notes & Bonds	4,261	7,637	(44%)	-	2,344	(100%)
Total Borrowings	16,822	12,383	36%	4,975	4,989	-
Net Borrowings/(Cash)	8,495	959	786%	52	(113)	N.A.
Debt-asset Ratio (Total Liabilities/ Total Assets)	55%	53%	2*	36%	38%	(2)*
Ratio of Total Borrowings to Total Assets	25%	20%	5*	14%	15%	(1)*
Ratio of Net Borrowings/(Cash) to Total Equity	28%	3%	25*	0%	(1%)	N.A.*
Ratio of Total Borrowings to Total Equity	55%	44%	11*	22%	23%	(1)*

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

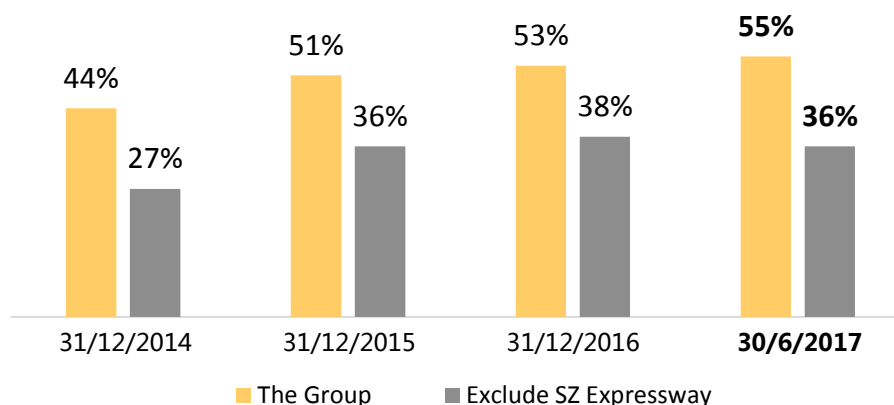
9. Financial Position

- Maintained healthy financial position
 - Shareholders' NAV ▲ 9%
 - NAV Per Share ▲ 5% to HK\$10

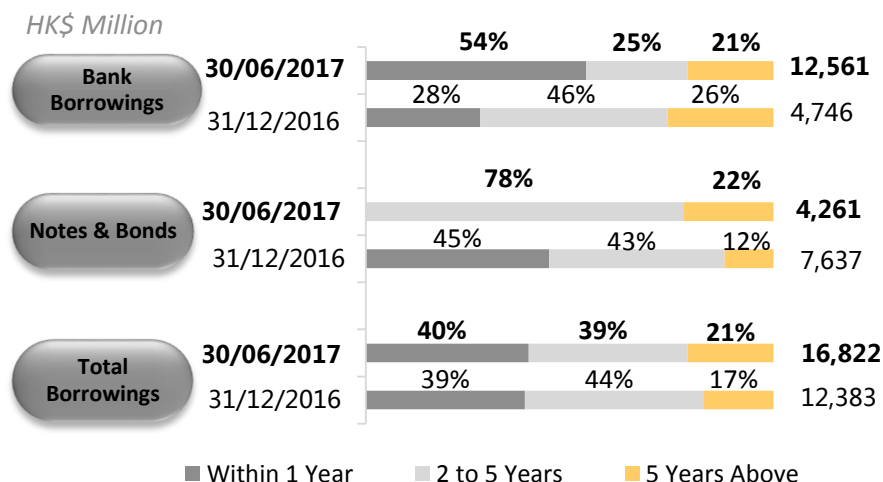
- 3 major international credit rating agencies maintained investment grade credit ratings, in addition
 - Domestic credit rating agencies assigned [AAA] rating, the highest credit rating in the PRC

- The Group recorded foreign exchange gain of HK\$150M (2016: foreign exchange loss of HK\$120M)
 - Continue to minimize the impact of RMB exchange rate fluctuation through appropriate hedging tools and optimizing debt currency structure

Debt-asset Ratio

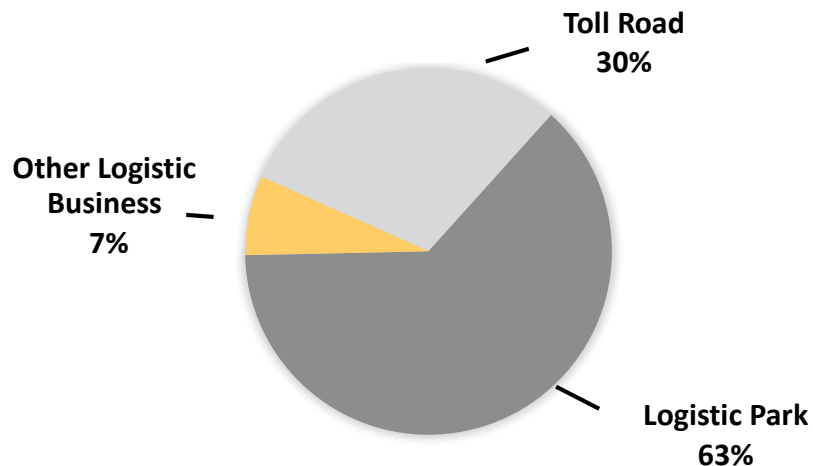


Debt Maturity Profile



10. 2017 Capex – HK\$5,500M (RMB4,800M)

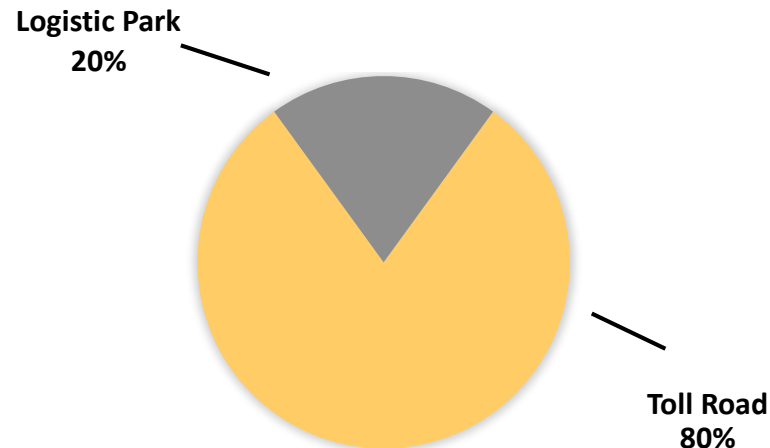
2H2017 Estimate
HK\$3,300M (RMB2,910M)



2H2017 Estimate Major Capex Items:

- China Urban Integrated Logistics Hub projects RMB1,120M
- South China Logistic Park Phase 2 Project and Liguang Project total RMB720M
- Outer Ring Expressway RMB610M

1H2017 Actual
HK\$2,150M (RMB1,890M)



1H2017 Major Capex Items:

- China Urban Integrated Logistics Hub projects RMB300M
- Acquisition of Yichang Expressway RMB1,270M

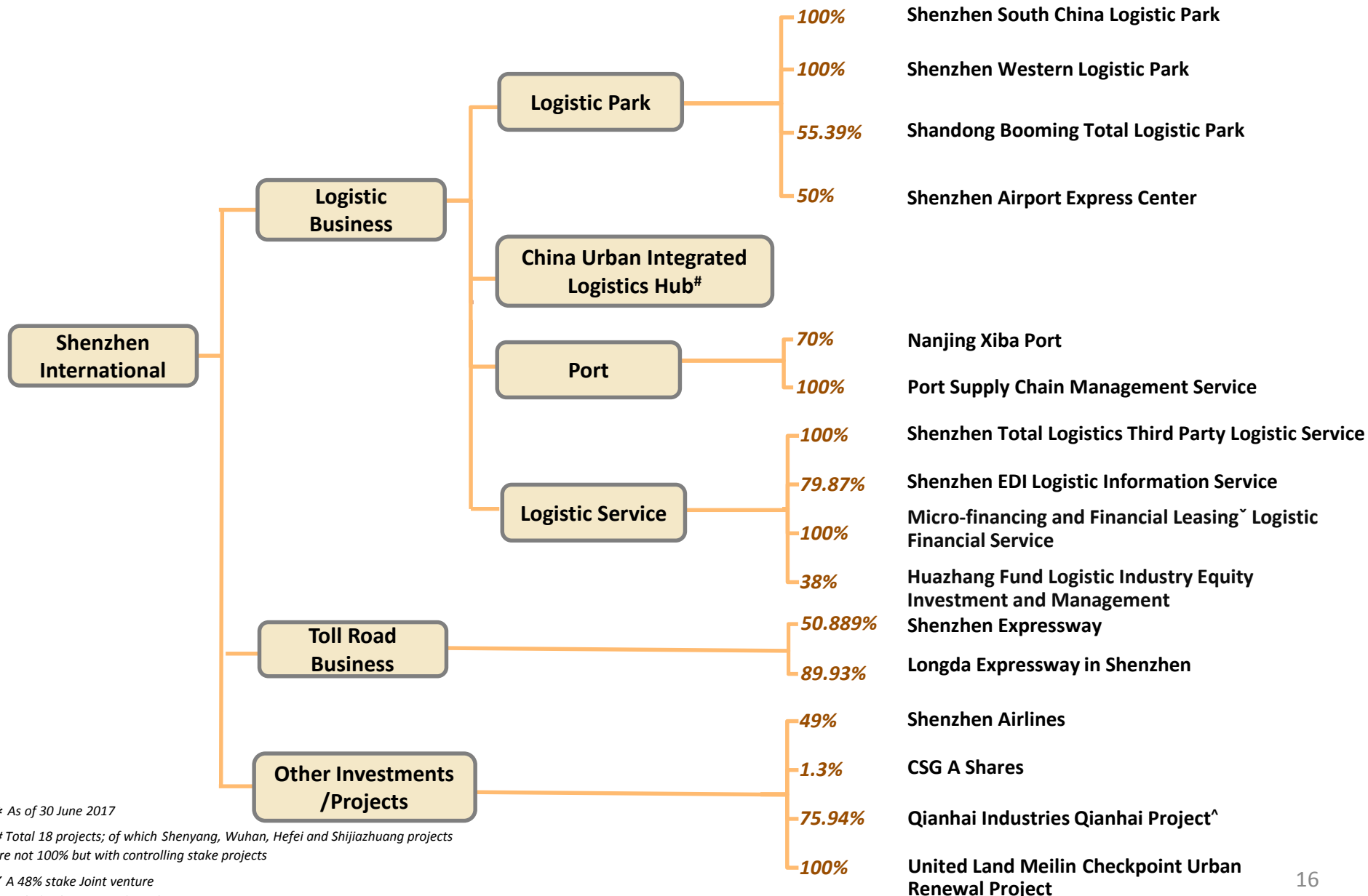
11. 2H2017 Outlook and Major Plans

- Seize opportunities arising from [One Belt One Road] , [Guangdong-Hong Kong-Macau Greater Bay Area] and Qianhai Free Trade Zone, accelerate the development of both integrated asset-light and asset-heavy business model and the combination of [Industry, Finance, Network] sectors
- **Logistic business**
 - **1) China Urban Integrated Logistics Hub**
 - To continue the investment in, construction and operation of the projects
 - Explore in Pearl River Delta region, Yangtze River Delta region and Beijing area
 - Strive to acquire land use right and commence preparation work for project construction of the 250,000 sqm GFA Liguang land parcel in Shenzhen
 - Will be developed into the Shenzhen area node and strengthen the Group's logistics market share in Shenzhen
 - **2) Transformation and upgrading of Logistic Parks**
 - **Qianhai Project**
 - The Group plans to complete the 380,000 sqm land consolidation and preparation work in 2017
 - **Meilin Checkpoint Urban Renewal Project**
 - Development preparation work in progress
 - Strive to commence construction in 2H2017 and aim to achieve project's partial sales target in 2019
 - 3) Identifying acquisition opportunities for well-developed logistic assets
- **Toll road business**
 - China's economy reform will provide new opportunities for toll road business
 - In accordance with the Group's strategy, Shenzhen Expressway will further expand environmental protection business
- Strengthen overall financial management and to further broaden financing channels in order to support the Group's development strategy

Appendix



Appendix 1 – Corporate Chart*



* As of 30 June 2017

[#] Total 18 projects; of which Shenyang, Wuhan, Hefei and Shijiazhuang projects are not 100% but with controlling stake projects

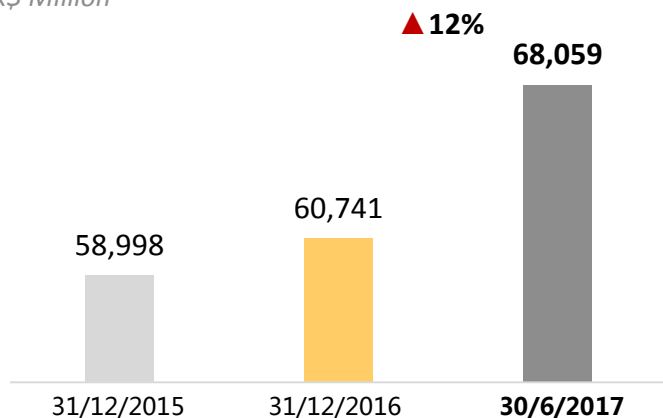
[✓] A 48% stake Joint venture

[^] Exclude phase 1 residential project

Appendix 2 – Results Highlights

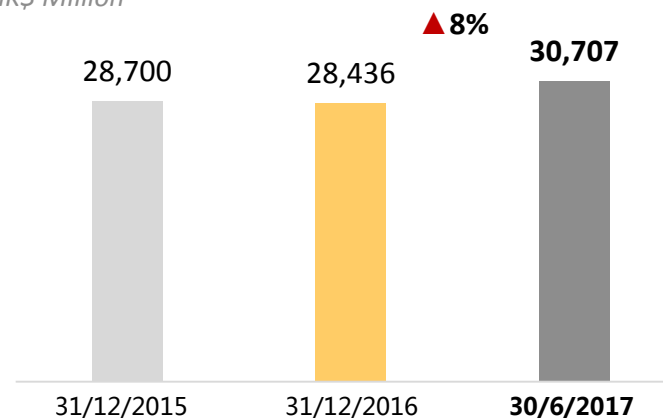
Total Assets

HK\$ Million



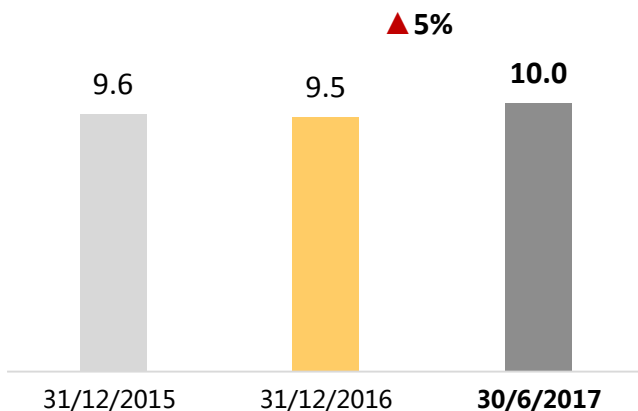
Total Equity

HK\$ Million



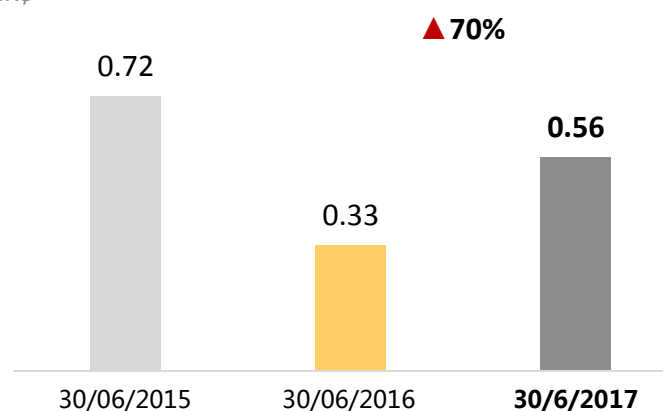
Shareholders' Value Per Share

HK\$



Earnings Per Share

HK\$



Appendix 3 – Income Statement

<i>HK\$ Million</i> <i>For the 6 months ended at 30 June</i>	2017	2016	Increase/ (Decrease)
Revenue	4,205	3,578	18% ¹
Cost of sales	(2,530)	(2,012)	26%
Gross profit	1,675	1,566	7%
Other gain/(loss) - net	110	(122)	N.A.
Other income	20	85	(76%)
Distribution costs	(35)	(36)	(3%)
Administrative expenses	(202)	(201)	-
Operating profit	1,568	1,292	21% ²
Share of profit of joint ventures	13	21	(38%)
Share of profit of associates	707	540	31%
Profit before finance costs and tax	2,288	1,853	23%
Finance costs -net	(331)	(476)	(30%)
Profit before income tax	1,957	1,377	42%
Income tax expense	(361)	(320)	13%
Profit for the Period	1,596	1,057	51% ³
Non-controlling interests	(492)	(425)	16%
Profit attributable to shareholders	1,104	632	75%
Basic EPS (HK dollar per share)	0.56	0.33	70% ³

1. Mainly benefited from the growth of port and related business and the successful expansion of third-party logistics service business and logistics financial service business.

2. Mainly driven by higher gross margin port and related business and logistics service, in addition to the Group's CSG A Shares prior years business tax payment of HK\$126M in 1H2016

3. In addition to operating profit growth, 1) SZ Airline and 2) SZ Expressway's Derun Environment and Bank of Guizhou increased Share of Profit of Associates; and 3) the Group recorded foreign exchange gain of HK\$150M in 1H2017 (1H2016: foreign exchange loss of HK\$120M)

Appendix 4 – Segment Results

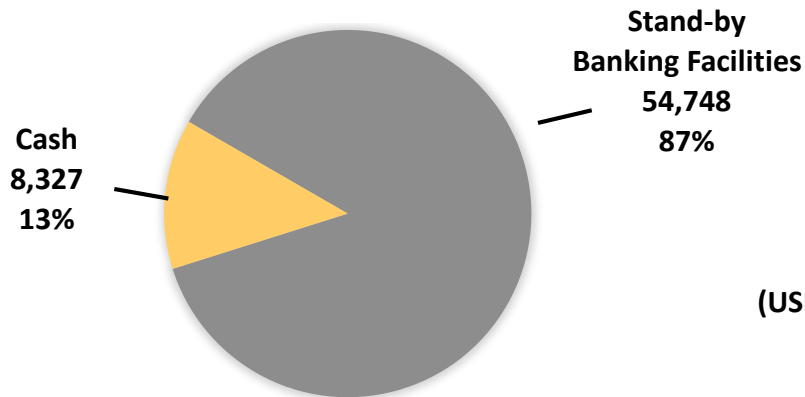
	Revenue		Operating Profit/(Loss)		Share of Results of Associates & JVs		EBIT	
	2017	2016	2017	2016	2017	2016	2017	2016
<i>HK\$ Million</i>								
<i>For the 6 months ended at 30 June</i>								
Toll roads								
Revenue	2,697	2,764	1,443	1,354	246	116	1,689	1,470
Construction service revenue	242	38	-	-	-	-	-	-
Toll roads subtotal	2,939	2,802	1,443	1,354	246	116	1,689	1,470
Logistic business								
Logistic parks	264	238	79	90	6	8	85	98
Logistic services	484	448	30	10	2	2	32	12
Port and related services	518	90	52	38	-	-	52	38
Logistic business sub-total	1,266	776	161	138	8	10	169	148
Head office	-	-	(36)	(200)	466	435	430	235
	4,205	3,578	1,568	1,292	720	561	2,288	1,853
Finance income							58	136
Finance costs							(389)	(612)
Finance costs –net							(331)	(476)
Profit before income tax & NCI							1,957	1,377

Appendix 5 – Financial Position

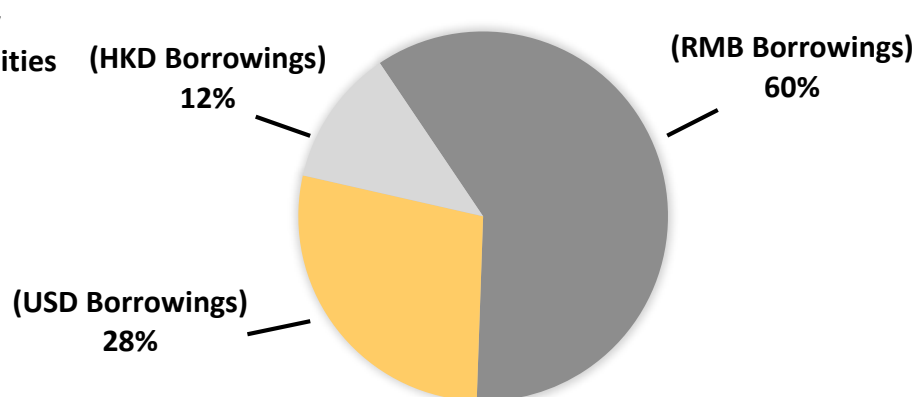
The Group's Borrowing Profile
As at 30 June 2017

Cash & Banking Facilities

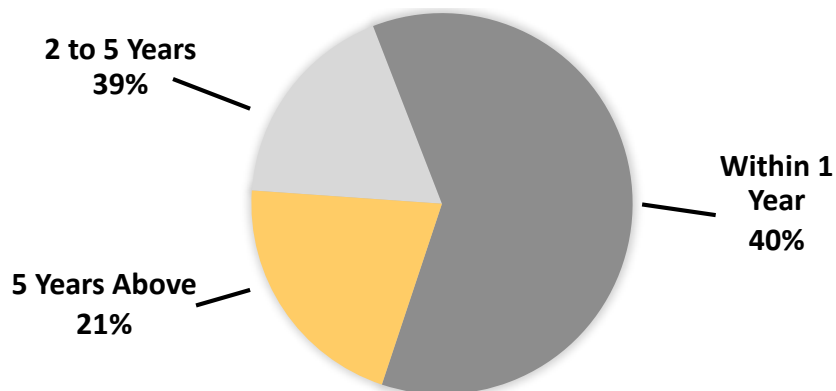
HK\$ Million



Total Borrowings: HK\$16,822M - In Currency



Total Borrowings: HK\$16,822M – Repayment Period

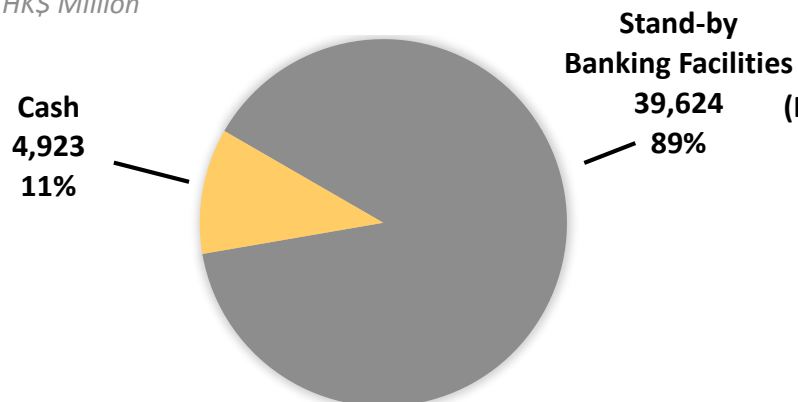


Appendix 5 – Financial Position

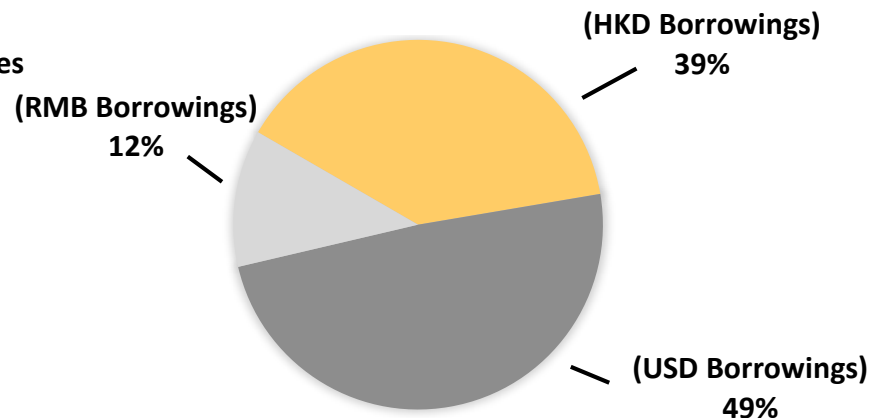
The Group's Borrowing Profile
(Excl. Shenzhen Expressway)
As at 30 June 2017

Cash & Banking Facilities

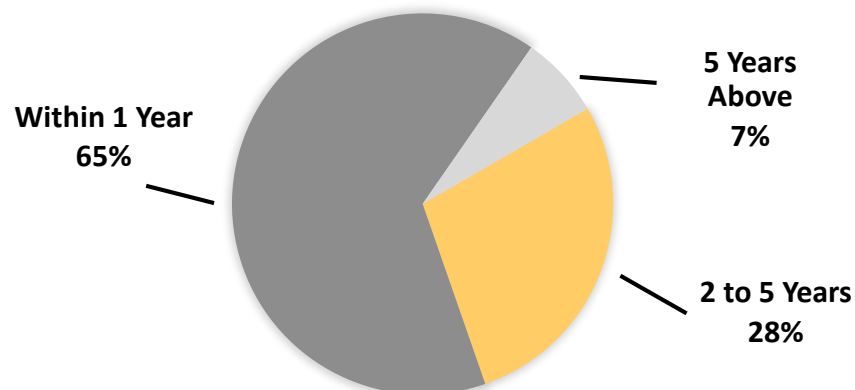
HK\$ Million



Total Borrowings: HK\$4,975M - In Currency



Total Borrowings: HK\$4,975M – Repayment Period



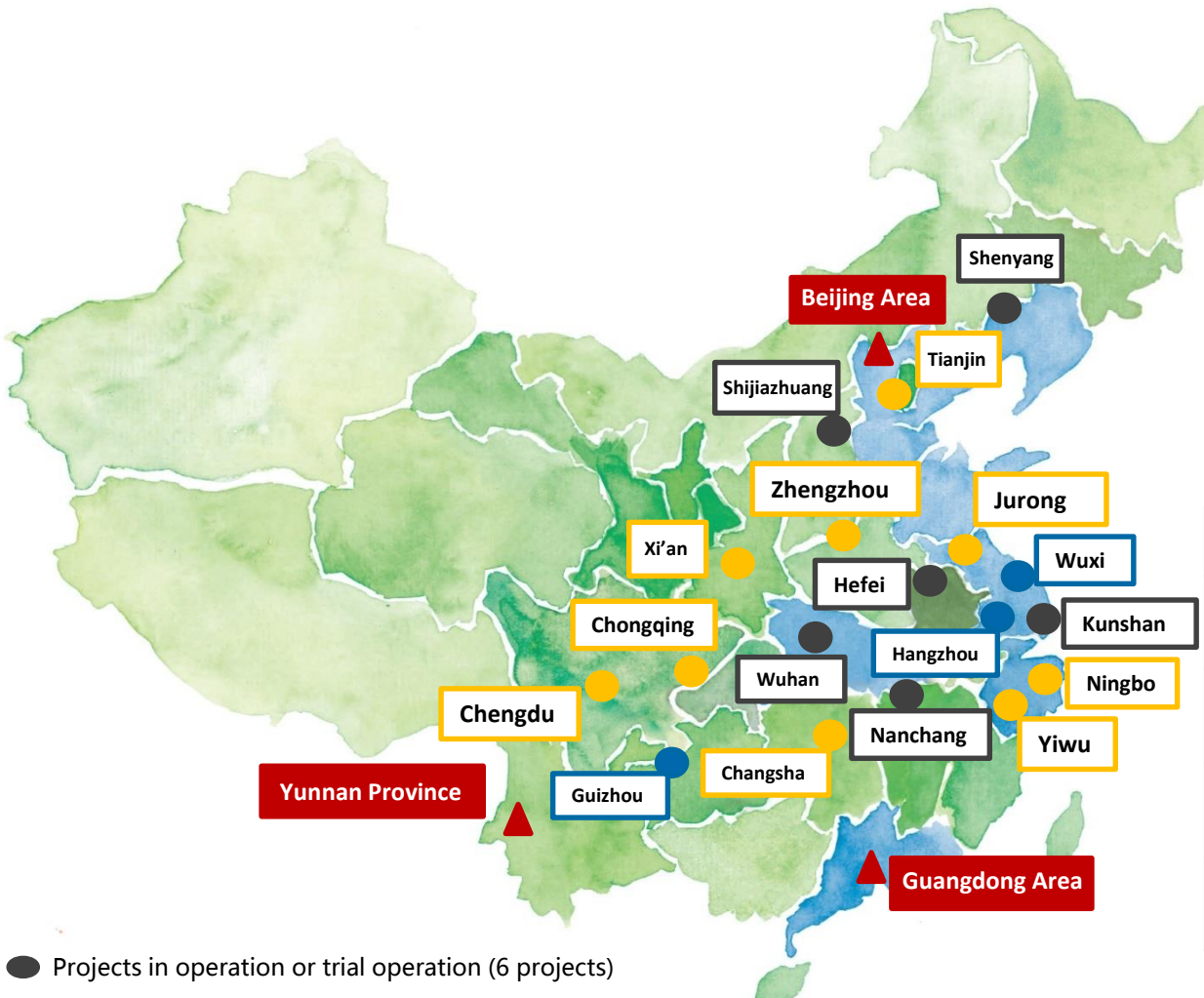
Appendix 6 – 「China Urban Integrated Logistics Hub」 – Illustration



Appendix 6 – 「China Urban Integrated Logistics Hub」 - Kunshan Project



Appendix 6 – 「China Urban Integrated Logistics Hub」



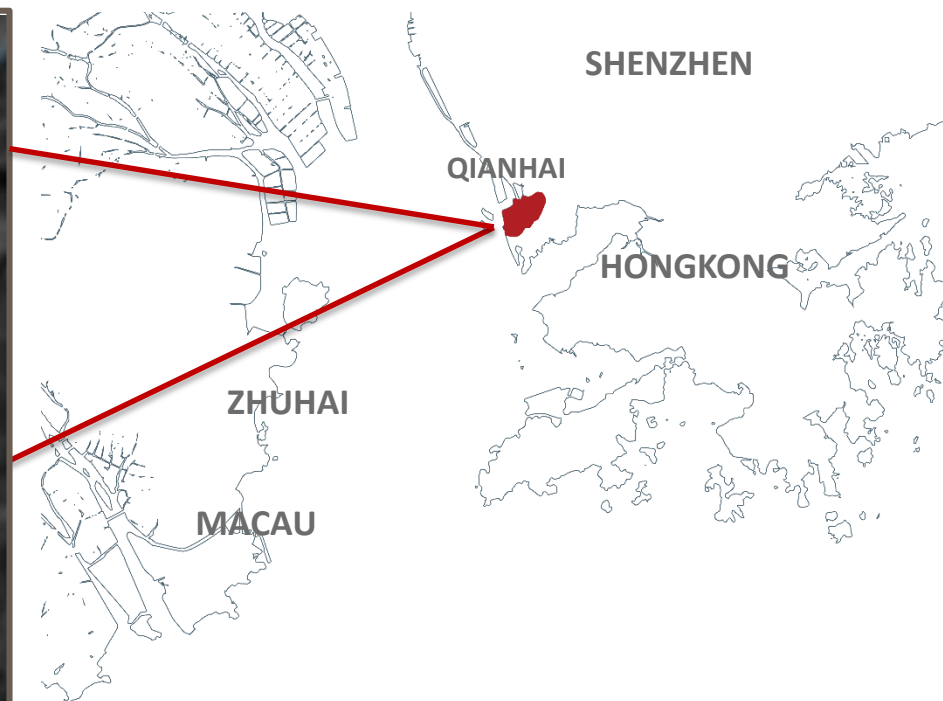
Overview	
□	18 projects , total planned site area 5.34M sqm
□	6 projects commenced operation or trial operation, total operating area 453K sqm
□	2H2017: 3 projects expected to operate Total operation area 123K sqm
□	2018: 9 projects expected to operate Total planned site area 2.39M sqm

- Projects in operation or trial operation (6 projects)
- Projects expected to operate in 2H2017 (3 projects)
- Projects expected to operate in 2018 (9 projects)
- ▲ Target Area

Appendix 6 – 「China Urban Integrated Logistics Hub」 - Project Overview

Projects in operation or trial operation	
Kunshan Project	❑ Planned site area: 117Ksqm; Operating Area: 96K sqm
Shenyang Project	❑ Planned site area: 700K sqm; Phase1 Operating Area: 144K sqm
Hefei Project	❑ Planned site area: 138K sqm; Phase1 Operating Area: 38K sqm
Wuhan Project	❑ Planned site area: 126K sqm; Phase1 Operating Area: 67K sqm
Nanchang Project (trial operation)	❑ Planned site area: 267K sqm; Phase1 Operating Area: 45Ksqm
Shijiazhuang Project (trial operation)	❑ Planned site area: 467K sqm; Phase1 Operating Area: 63K sqm
Projects expected to operate in 2H2017	
Guizhou Project	❑ Planned site area: 348K sqm; Phase1 Operating Area: 50K sqm
Hangzhou Project	❑ Planned site area: 432K sqm; Phase1 Operating Area: 46K sqm
Wuxi Project	❑ Planned site area: 347K sqm; Phase1 Operating Area: 27K sqm
Projects expected to operate 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
Yiwu Project	❑ Planned site area: 440K sqm

Appendix 7 – 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 7 – Qianhai Project

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



**Shenzhen International Qianhai
Intelligence Hub**



Appendix 7 – Qianhai Project - Phase 1 Project Illustration



Appendix 8 – Meilin Checkpoint Urban Renewal Project –Illustration



Appendix 9 – Nanjing Xiba Port



Appendix 10 – South China Logistic Park Phase 2 Project – Illustration



- This presentation is prepared in good faith, based on unaudited financial data, management information, publicly available information, and management's outlook as of 23 August 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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