

共同創造
共享價值

Building Value,
Sharing Future



2018

Interim Results Investor Presentation

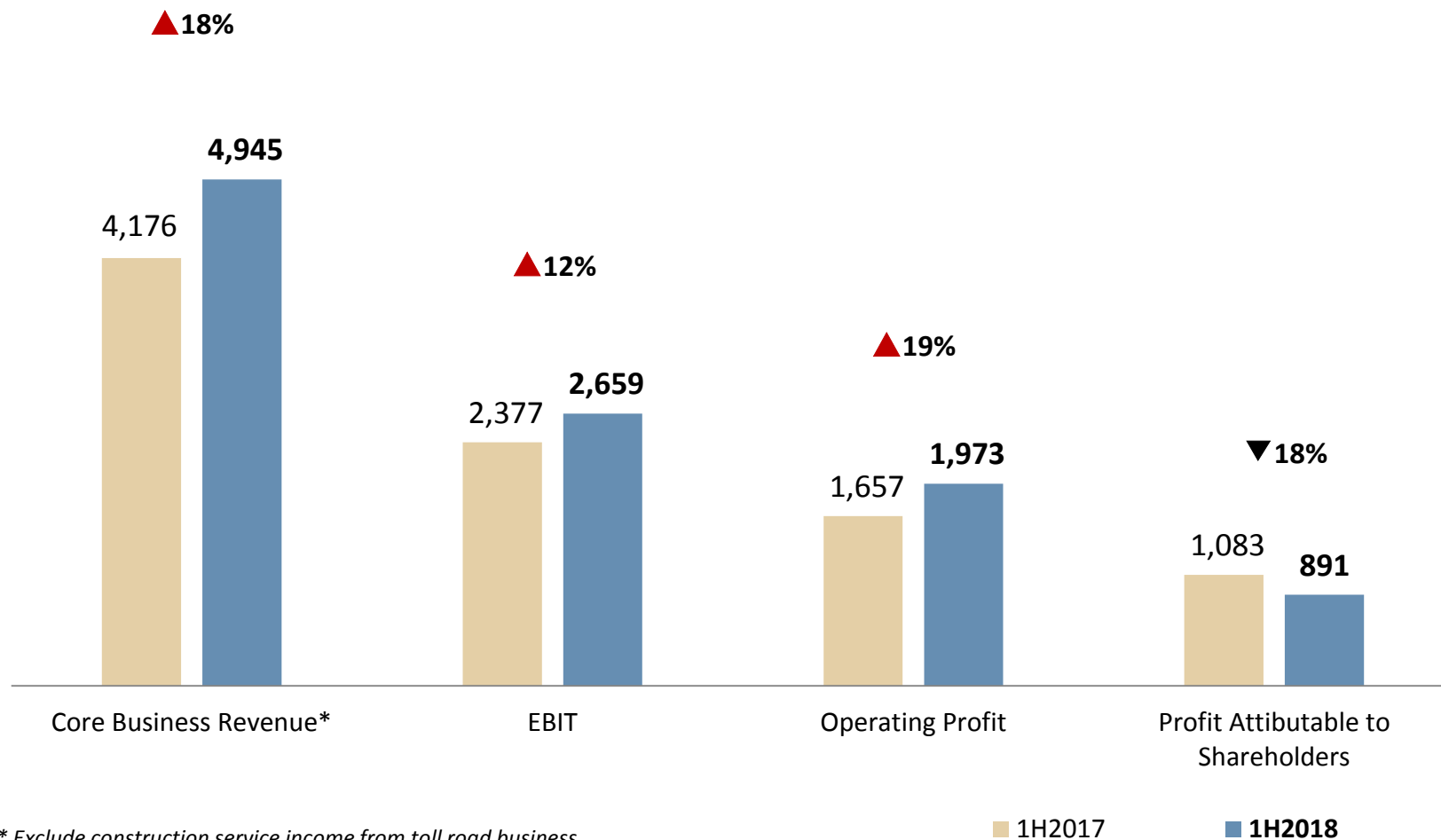
August 2018



Shenzhen International
深國際

1. Results Highlights[#]

HK\$ Million



* Exclude construction service income from toll road business

[#] Financial information as of 30 June 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

2. Business Review

- In 1H2018, China's economy was steady and domestic demand for logistics infrastructure facilities and quality logistics services continued to grow
- **Logistic Business**
 - [China Urban Integrated Logistics Hub] is established in 21 major logistics gateway cities with planned site area of 6.22M sqm; in which 9 projects have commenced operation with total operating area of 674,000 sqm
 - Benefitted from China Urban Integrated Logistics Hub's satisfactory operating performance and the economies of scale in port business, profit attributable to shareholders of logistic business ▲ 51%
 - The Group's first asset-light project Kanghuai E-commerce Centre commenced operation and contributed revenue of HK\$41.3M
- **Qianhai Project**
 - The signing of remaining land consolidation and preparation compensation agreement and Phase 1 Project construction work in progress, project value will arise in the next few years
- **Meilin Checkpoint Urban Renewal Project**
 - Assigned China Vanke as entrusted construction management entity, project commenced full construction and strive to achieve partial sales target in 2019
- **Shenzhen Airlines**
 - Demand in domestic aviation market continued to grow, revenue ▲ 14%
 - Profit affected by the increase in fuel costs and RMB exchange rate fluctuation

3. China Urban Integrated Logistics Hub

- Established nationwide presence in 21 major logistics gateway cities with 23 projects and total planned site area of 6.22M sqm
 - Signed investment agreements for 3 projects in Jinan, Kunming and Xuzhou, with total planned site area of 492,000 sqm
- 9 projects commenced operation, with total operating area of 674,000 sqm and overall occupancy rate at 86%
 - Contributed revenue of HK\$66.84M and profits attributable to shareholders of HK\$24.36M to the Group's core logistics business
- Construction work of Ningbo, Hefei Phase 2 expansion projects in progress, expect to increase total operating area by 350,000 sqm in 2018
- As more projects commence operation, the Group's core logistic business will be further enhanced

4. Qianhai Project and Meilin Checkpoint Urban Renewal Project

■ Qianhai Project

- Signed the Group's 380,000 sqm land consolidation and preparation supplemental agreement last year, under the new land arrangement the Group is entitled to land compensation amounted to RMB8,370M
 - 38,800 sqm Phase 1 Project land compensation contributed profit before tax of RMB2,440M in 2017
 - The remaining land compensation will be received based on Government's overall planning
- **Phase 1 Project:**
 - In 1H2018, signed Memorandum of Cooperation with CSIP & CCID on the 35,000 sqm GFA office area, further clarifying the development model of 「One Belt One Road」 information port and laid the foundation for project construction and operation

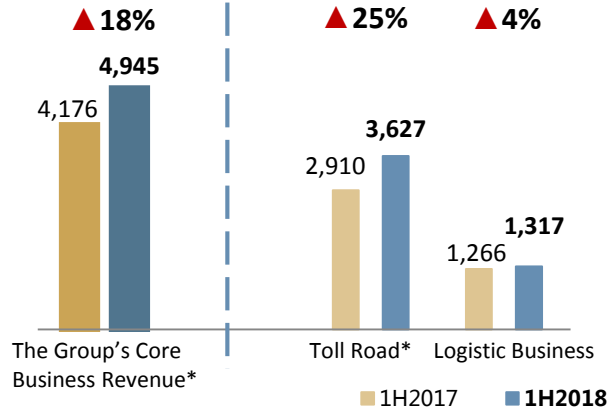
■ Meilin Checkpoint Urban Renewal Project

- Relevant land parcel to be transformed and upgraded into a comprehensive development project with 486,000 sqm GFA
 - Comprising properties for residential, commercial, office, business apartment etc.
- Introduced leading property developer China Vanke as entrusted construction management entity in 2017
 - Commenced full construction and strive to achieve partial sales target in 2019
- Plan to introduce a property developer to hold 30% shares of the project company through capital injection of no less than RMB2,900M
 - Capital injection will not contribute profit but increase the Group's cash flow by no less than RMB2,900M
 - Jointly develop the project to further enhance project management quality and overall return

5. Revenue & Profit Attributable to Shareholders[#]

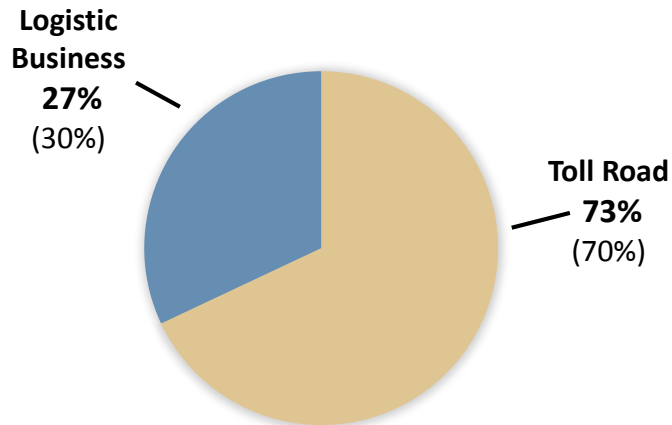
Core Business Revenue* HK\$4,945M ▲ 18%

HK\$ Million



* Exclude construction service income from toll road business

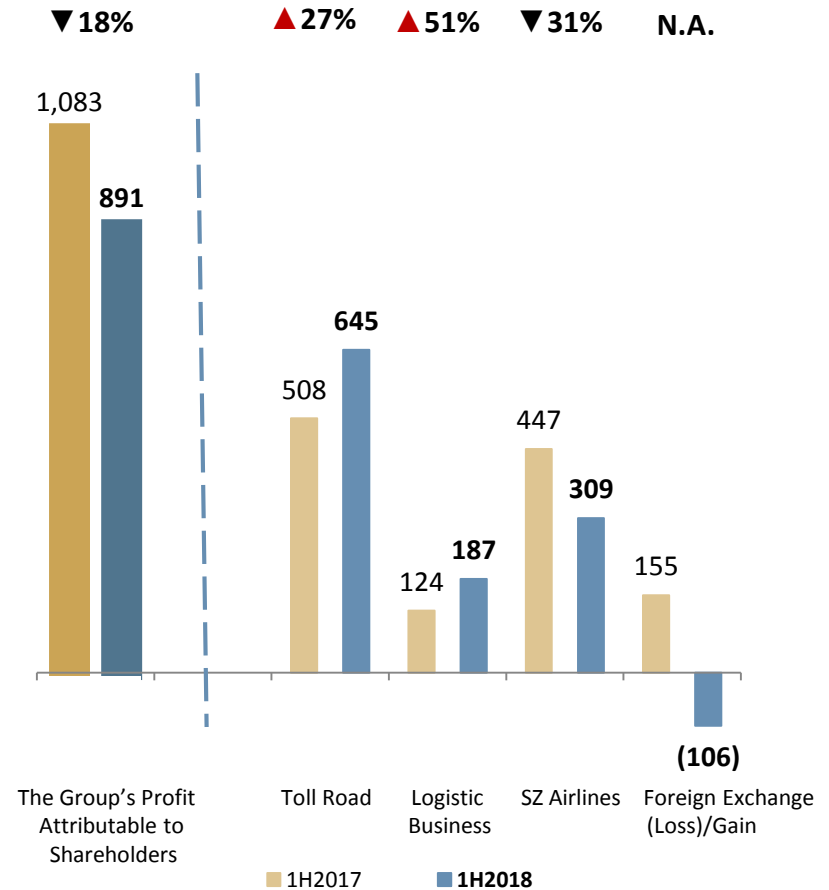
1H2018 Revenue Contribution (2017)



Profit Attributable to Shareholders

HK\$891M ▼ 18%

HK\$ Million

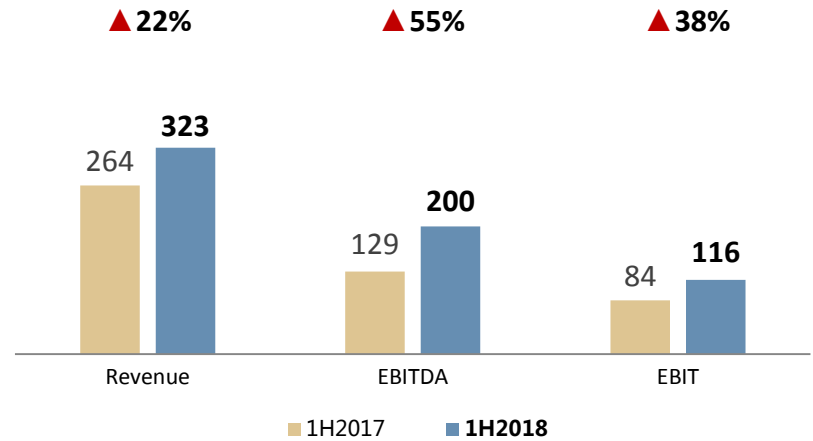


[#] Financial information as of 30 June 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

6. Logistic Business – Logistic Park

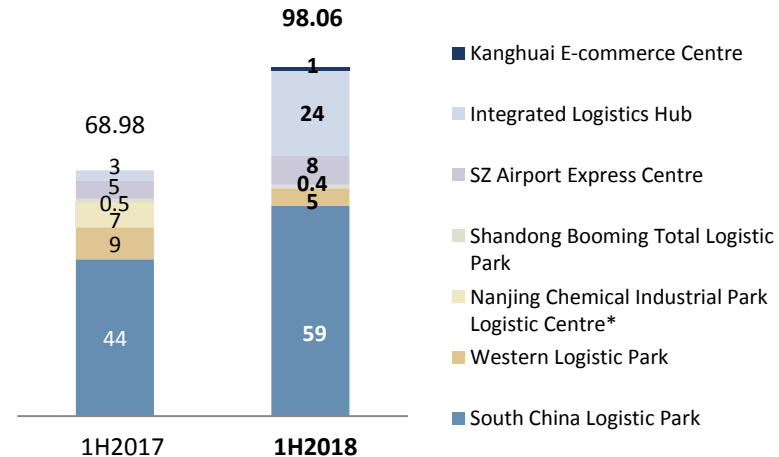
- Satisfactory operating performance with average occupancy rate at 91%, plus new revenue contribution from Integrated Logistics Hub and Kanghuai E-commerce Centre, overall revenue ▲ 22%
- **South China Logistic Park:** Sound operating performance with successful business development, revenue ▲ 23% to HK\$158M (2017: HK\$129M)
 - Construction planning work of Phase 2 Project in progress
 - Plan to construct an integrated high-end modern logistics service hub
- **Integrated Logistics Hub:** 9 projects in operation with overall occupancy rate at 86%
 - Revenue increased to HK\$66.84M (2017: HK\$24.26M from 4 projects)
 - Profit attributable to shareholders increased to HK\$24.36M (2017: HK\$2.54M from 4 projects)
- **Kuanghai E-commerce Centre:** the Group's first asset-light project with 143,000 sqm GFA commenced operation in 1H2018
 - Contributed revenue and profit attributable to shareholders of HK\$41.3M and HK\$1.28M respectively

HK\$ Million



Profit Attributable to Shareholders ▲ 42%

HK\$ Million

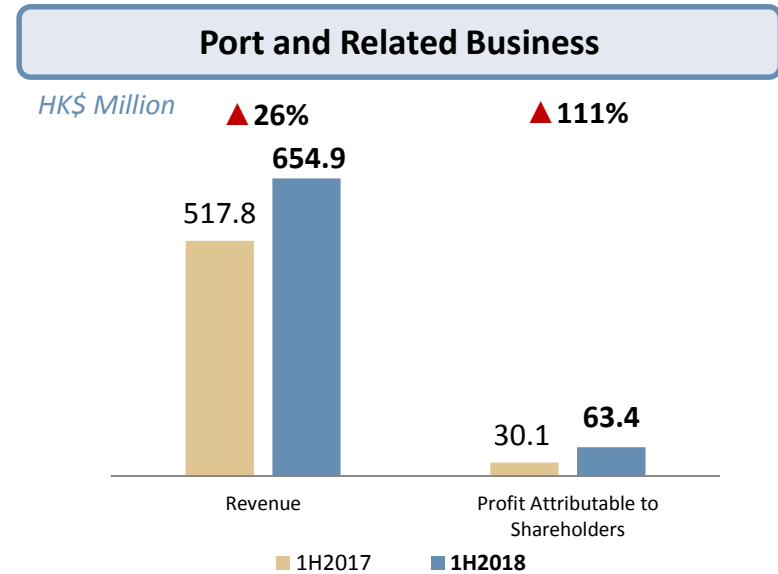


* Disposed on 1 June 2017

6. Logistic Business – Port and Logistic Service

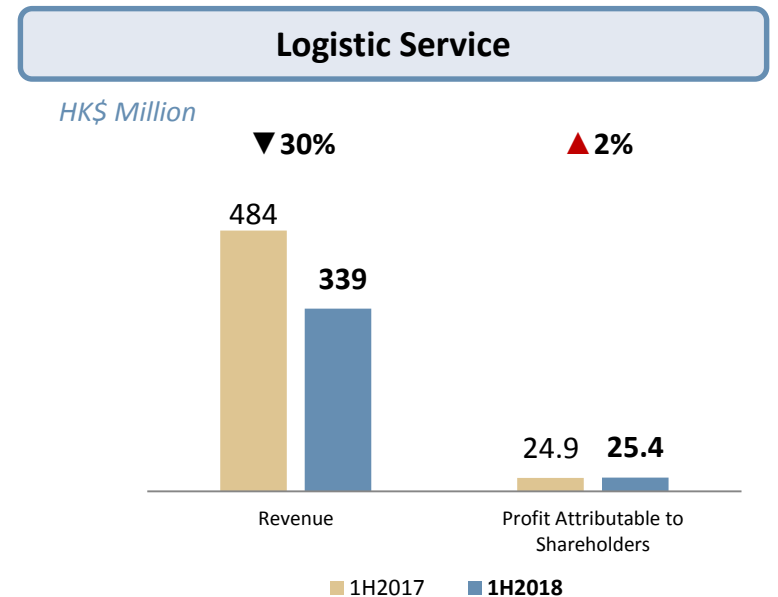
■ Port and Related Business

- 551 seagoing vessels berthed and total throughput reached 21.42M tons, ▲ 60%, benefited from
 - Xiba Port capacity release and effective market expansion
 - Supply chain management service business enrich the port business structure and boosted business volume



■ Logistic Service

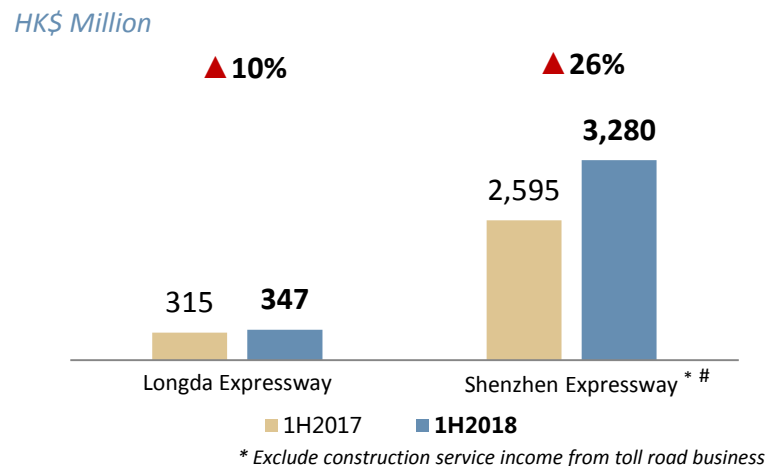
- The Group is focused on developing quality customers
 - Despite revenue reduced by HK\$145M
 - Profit attributable to shareholders ▲ 2%
- Current logistics service business includes:
 - Asset-light business operating platform
 - Third party logistic business
- Actively explore logistics financial service business such as micro loans and finance leases to enhance competitiveness



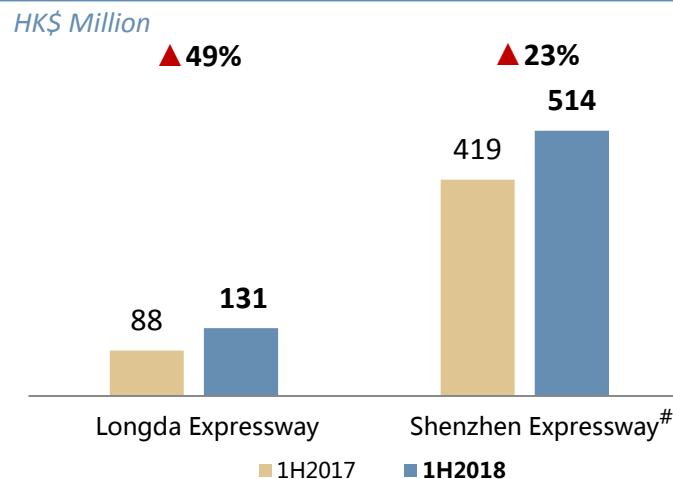
7. Toll Road

- Most toll road projects recorded steady growth in traffic volume and toll revenue
- **Shenzhen Expressway:**
 - Changsha Ring Road and Yichang Expressway contributed first full period revenue, toll revenue ▲ 24% to HK\$3,023M
 - Benefitted from investment and acquisition projects, profit attributable to shareholders ▲ 23% to HK\$514M
 - In which Derun Environment contributed profit of HK\$117M
- Shenzhen Expressway will continue to strengthen the core toll road business and actively explore in Environmental Protection business

Revenue* : HK\$3,627M ▲ 25%



**Profit Attributable to Shareholders
HK\$645M ▲ 27%**



Financial information as of 30 June 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

8. Other Investment – Shenzhen Airlines

- Passenger volume growth continued
 - Passenger traffic and passenger carried ▲11% and ▲10% respectively
 - Total of 207 passenger aircrafts
 - Total of 247 routes including 220 domestic routes
- Revenue was RMB15.05 billion (2017: RMB13.20 billion), ▲14%
- Although fuel cost increased by 29% compared to the corresponding period of the previous year
 - Operating profit still increased by 14% to RMB1,377M (2017: RMB1,207M)
- Affected by RMB exchange rate fluctuation, Shenzhen Airlines recorded foreign exchange loss of RMB196M (2017: foreign exchange gain of RMB334M)
- Net profit of Shenzhen Airlines amounted to RMB559M (2017: RMB846M), ▼34%
- 49% profit attributable to the Group amounted to HK\$309M (2017: HK\$447M), ▼31%
- The Group has received 2017 dividend payment of RMB126M



9. Financial Position

	The Group #		
	30/6/2018	31/12/2017 #	Increase/(Decrease)
<i>HK\$ Million</i>			
Total Assets	81,001	78,795	3%
Total Equity	37,491	37,328	-
NAV Attributable to Shareholders	23,904	23,926	-
Shareholders' NAV Per Share (HK\$)	11.3	11.8	(4%)
Cash	10,302	9,411	9%
Bank Borrowings	18,294	17,000	8%
Notes & Bonds	5,477	4,335	26%
Total Borrowings	23,771	21,335	11%
Net Borrowings	13,469	11,924	13%
Debt-asset Ratio (Total Liabilities / Total Assets)	54%	53%	1*
Ratio of Total Borrowings to Total Assets	29%	27%	2*
Ratio of Net Borrowings to Total Equity	36%	32%	4*
Ratio of Total Borrowings to Total Equity	63%	57%	6*

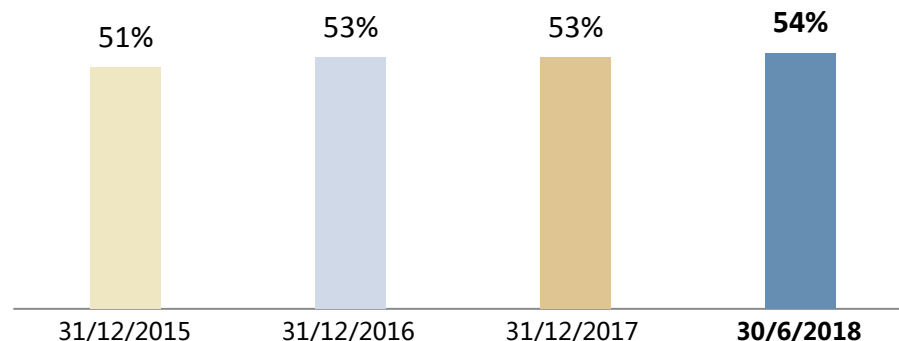
*Change in percentage point

Financial information of 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

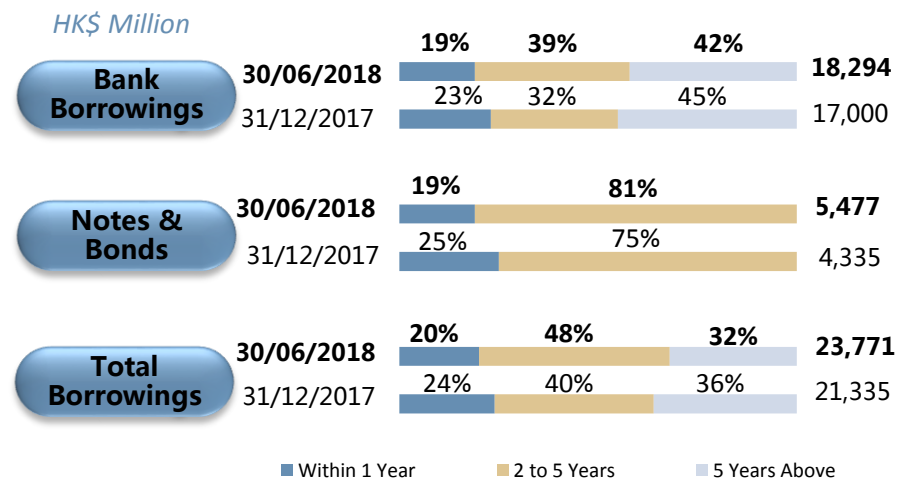
9. Financial Position#

- Maintained healthy financial position
- 3 major international credit rating agencies maintained investment grade credit ratings
 - Domestic credit rating agencies assigned [AAA] rating, the highest credit rating in the PRC
- Issued RMB300M Panda Bond with 5.2% interest rate and HK\$780M 5-year senior notes with 3.75% interest rate
 - The Group's total borrowings increased accordingly
- Recorded foreign exchange loss of HK\$106M resulted from RMB exchange rate fluctuation (2017: foreign exchange gain of HK\$155M)
 - The Group continue to study the effect of RMB exchange rate fluctuation on profit
 - Has formed an exchange rate risk control plan
 - Continue to minimize the impact of RMB exchange rate fluctuation through appropriate hedging tools and optimizing debt currency structure

Debt-Asset Ratio



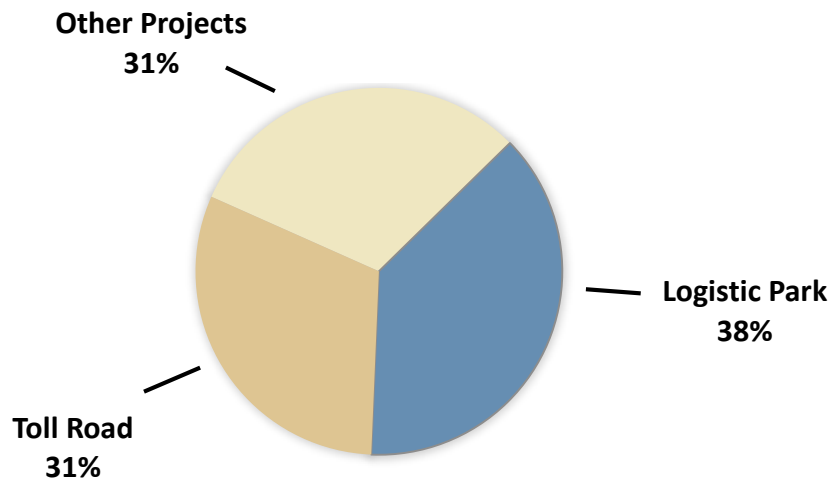
Debt Maturity Profile



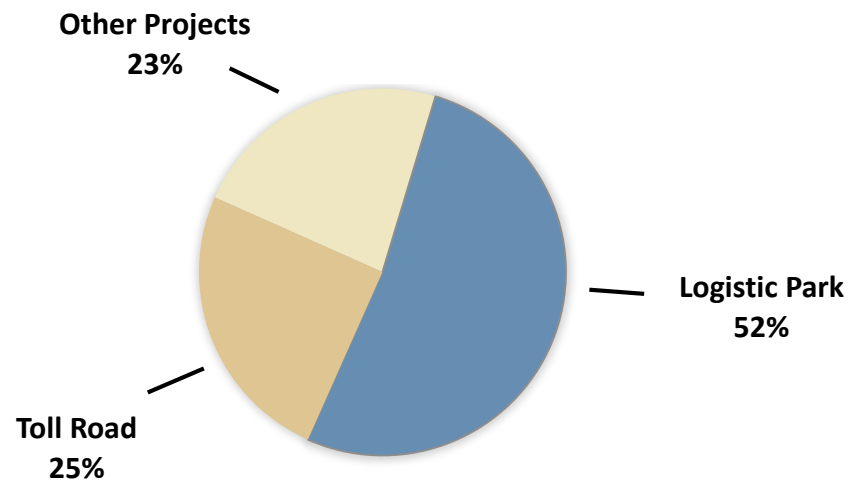
Financial information of 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

10. 2018 Capex – HK\$6,800M (RMB5,800M)

2H2018 Estimate
HK\$5,000M (RMB4,200M)



1H2018 Actual
HK\$1,847M (RMB1,560M)



2H2018 Estimate Major Capex Items:

- China Urban Integrated Logistics Hub projects RMB1,500M
- Meilin Checkpoint Urban Renewal Project RMB500M
- Outer Ring Expressway RMB1,300M

1H2018 Major Capex Items:

- China Urban Integrated Logistics Hub projects RMB788M
- Meilin Checkpoint Urban Renewal Project RMB280M
- Outer Ring Expressway RMB386M

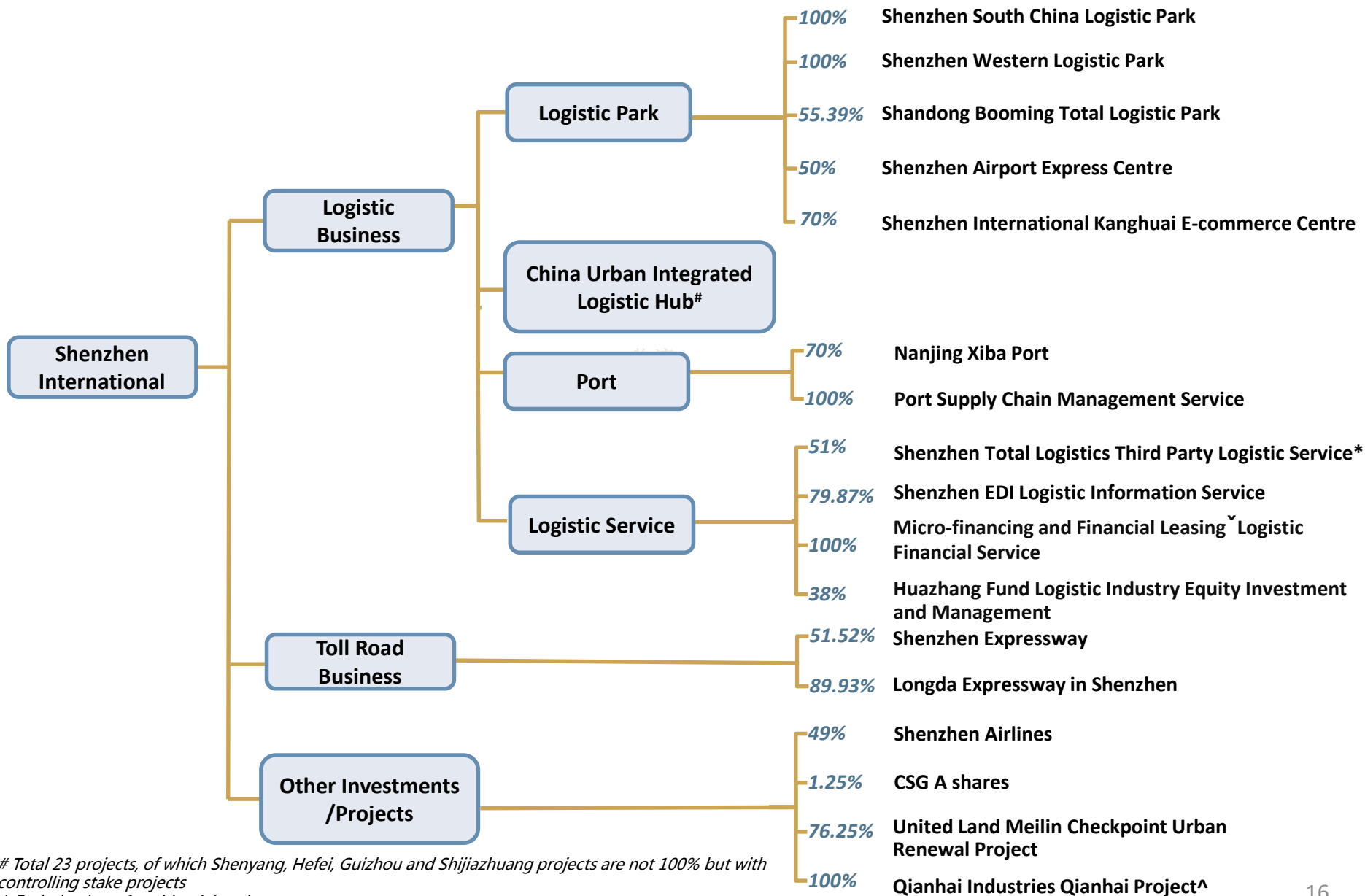
11. 2H2018 Outlook

- Seize opportunities arising from national strategies including [One Belt One Road] , [Guangdong-Hong Kong-Macau Greater Bay Area] , implement [China Urban Integrated Logistics Hub] nationwide network development plan and accelerate development through project constructing or merger and acquisition
 - According to the Group's [13th Five-Year Development Plan] , promote the implementation of dual emphasis of light and heavy assets and collaboration between [Industry, Finance, Network sectors] to further enhance the Group's core business profitability
- **Logistic Business**
 - **China Urban Integrated Logistics Hub**
 - Explore in Pearl River Delta, Yangtze River Delta and Pan-Bohai Rim Region as well as other major logistics gateway cities
 - Actively explore quality logistics merger and acquisition projects in domestic first-tier cities and overseas as well as cooperation opportunities with major SOEs
- **Toll Road**
 - **Toll Road Business**
 - Actively seek potential merger and acquisition and restructuring opportunities
 - According to relevant agreement, the possibility for the Government to buy back the 4 toll roads is high. If the Government choose to buy back in 2H2018, the Group will record one-off gain on asset disposal, contributing profit attributable to shareholders of approximately HK\$2,400M
 - Since 2015, acquisitions of Shuiguan Expressway, Changsha Ring Road, Yichang Expressway and Coastal Expressway increased the Group's total toll mileage by 142 km, compensating for the toll mileage decrease from the potential buy-back
 - **The Environmental Protection Business of Shenzhen Expressway:** strive for innovation and actively seek suitable mergers and acquisitions opportunities
- **Other Projects**
 - **Qianhai Project**
 - Strive to sign the remaining land consolidation and preparation compensation agreement
 - Drive the construction work of Phase 1 project, project sales and operational value will arise in the next few years
 - **Meilin Checkpoint Urban Renewal Project**
 - Commenced full construction and strive to achieve partial sales targets in 2019
 - Actively introduce strategic partner for project joint development to enhance overall return

Appendix



Appendix 1 – Corporate Chart



[#] Total 23 projects, of which Shenyang, Hefei, Guizhou and Shijiazhuang projects are not 100% but with controlling stake projects

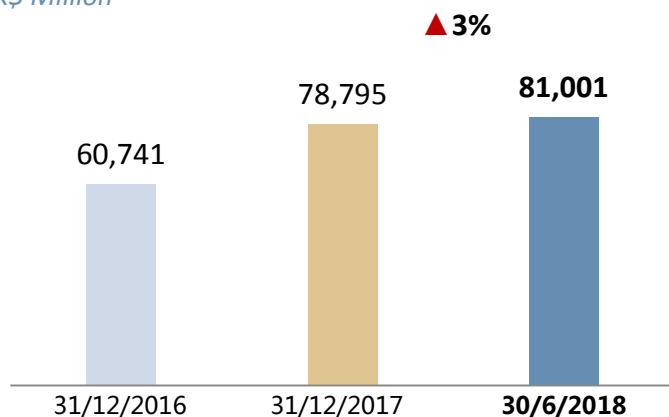
[^] Exclude phase 1 residential project

[∨] A 48% stake Joint venture

Appendix 2 – Results Highlights[#]

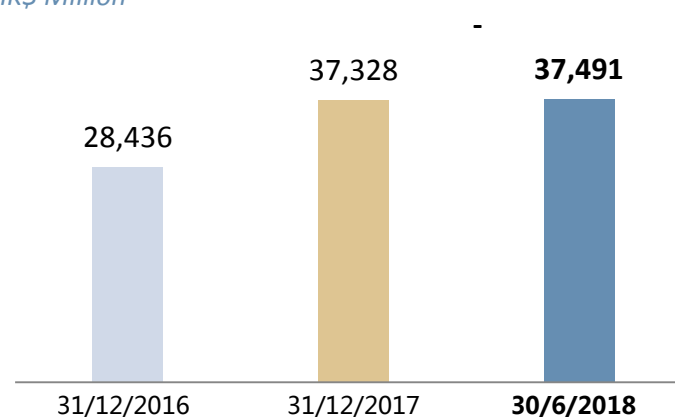
Total Assets

HK\$ Million



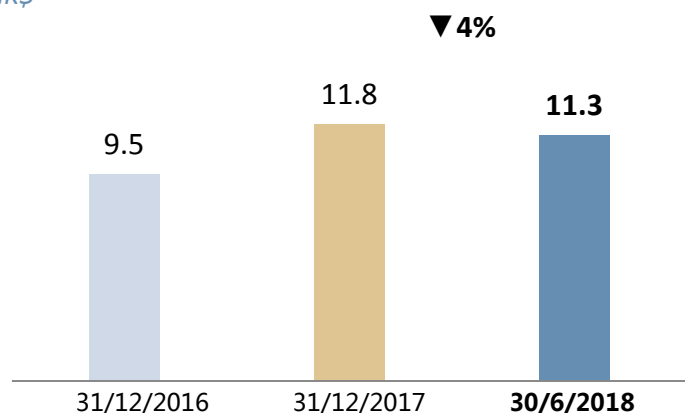
Total Equity

HK\$ Million



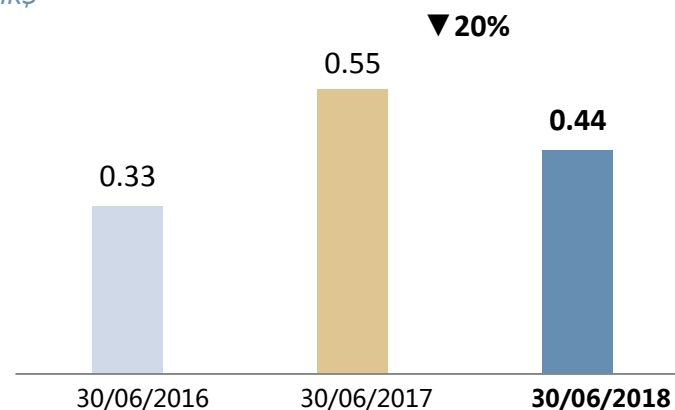
Shareholders' Value Per Share

HK\$



Earning Per Share

HK\$



[#]Financial information of 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

Appendix 3 – Income Statement[#]

<i>HK\$ Million</i> <i>For the 6 months ended at 30 June</i>	2018	2017	Increase/(Decrease)
Revenue	5,346	4,418	21% ¹
Cost of sales	(3,078)	(2,654)	16%
Gross profit	2,268	1,764	29%
Other gain/(loss) – net	(106)	110	N.A.
Other income	26	20	30%
Distribution Cost	(34)	(35)	(3%)
Administrative expenses	(181)	(202)	(10%)
Operating profit	1,973	1,657	19% ²
Share of profit of joint ventures	8	13	(39%)
Share of profit of associates	678	707	(4%)
Profit before finance costs and tax	2,659	2,377	12%
Finance costs - net	(730)	(462)	58%
Profit before income tax	1,929	1,915	(1%)
Income tax expense	(381)	(361)	6%
Profit for the period	1,548	1,554	_3
Non-controlling interests	(610)	(471)	30%
Perpetual securities	(47)	-	N.A.
Profit attributable to shareholders	891	1,083	(18%)
Basic EPS (HK dollar per share)	0.44	0.55	(20%)

1. Mainly benefitted from Changsha Ring Road and Yichang Expressway contributing first full period revenue, plus the growth of business volume in port and related business, and new revenue contribution from integrated logistic hub and Kanghuai project
2. In addition to revenue growth, economies of scale of the port and related business drove the gross profit growth
3. Operating profit growth was offset, due to 1) Shenzhen Airlines' profit contribution decreased due to increase in fuel costs and RMB exchange rate fluctuation; 2) The Group recorded foreign exchange loss of HK\$106M (2017: foreign exchange gain of HK\$155M); 3) Due to adoption of the new accounting standards, the decrease in the Group's CSG A shares' fair value resulted in a loss after tax of HK\$78.6M.

[#] Financial information as of 30 June 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

Appendix 4 – Segment Results[#]

	Revenue		Operating Profit/(Loss)		Share of Results of Associates & JVs		EBIT	
	2018	2017	2018	2017	2018	2017	2018	2017
<i>HK\$ Million</i>								
<i>For the 6 months ended at 30 June</i>								
Toll Road								
Revenue	3,627	2,910	1,929	1,532	349	246	2,278	1,778
Construction service revenue	402	242	-	-	-	-	-	-
Toll road subtotal	4,029	3,152	1,929	1,532	349	246	2,278	1,778
Logistic Business								
Logistic park	323	264	108	79	8	6	116	85
Logistic service	339	484	30	30	1	2	31	32
Port and related services	655	518	104	52	-	-	104	52
Logistic business sub-total	1,317	1,266	242	161	9	8	251	169
Head Office	-	-	(198)	(36)	328	466	130	430
	5,346	4,418	1,973	1,657	686	720	2,659	2,377
Finance Income							59	58
Finance cost							(789)	(520)
Finance cost - net							(730)	(462)
Profit before income tax & NCI							1,929	1,915

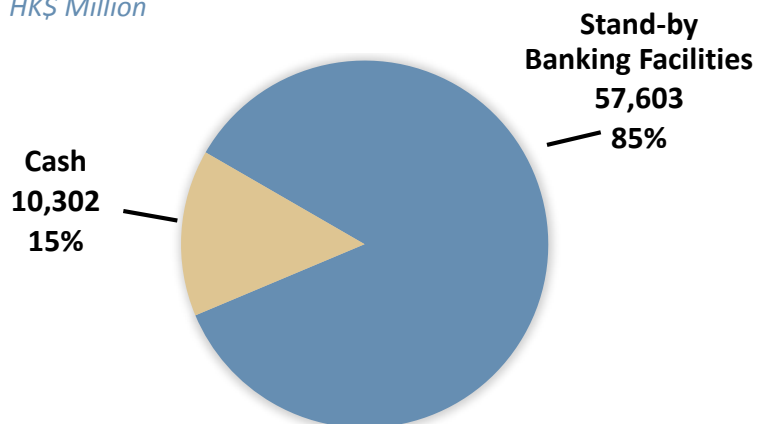
[#] Financial information as of June 30 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

Appendix 5 – Financial Position

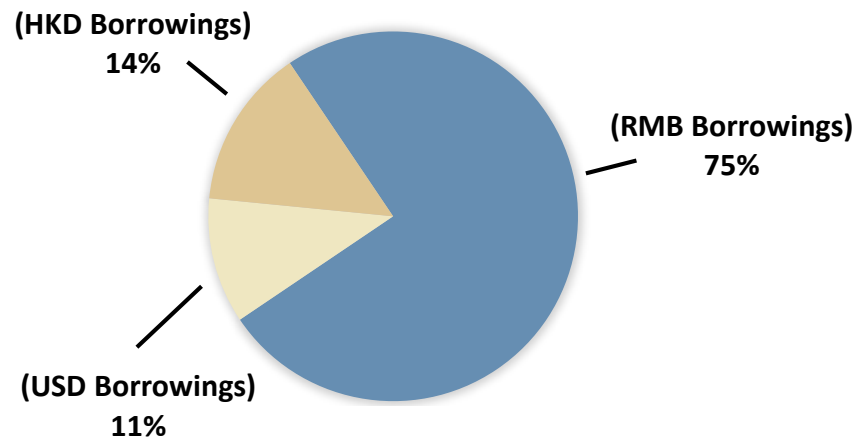
The Group's Borrowing Profile
As at 30 June 2018

Cash & Banking Facilities

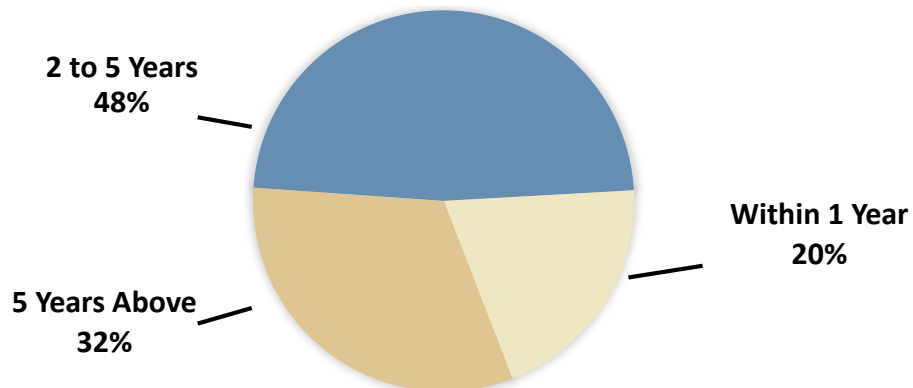
HK\$ Million



Total Borrowings: HK\$23,771M – In Currency



Total Borrowings: HK\$23,771M – Repayment Period

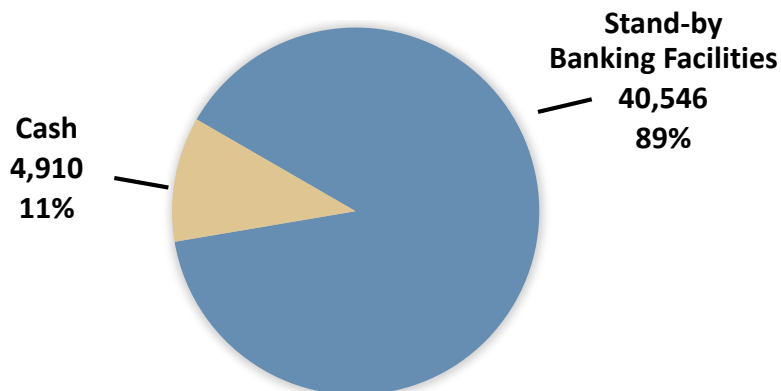


Appendix 5 – Financial Position

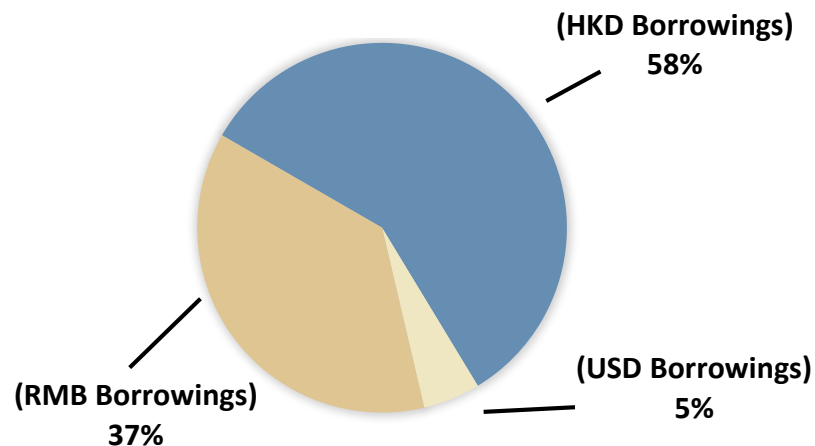
The Group's Borrowing Profile
(Excl. Shenzhen Expressway)
As at 30 June 2018

Cash & Banking Facilities

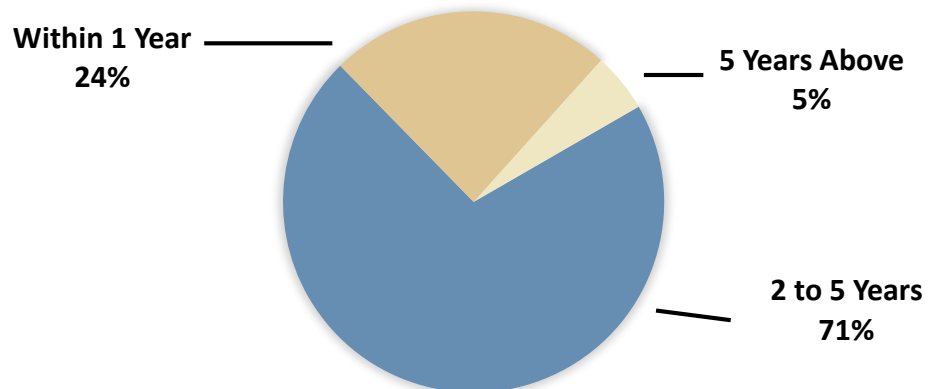
HK\$ Million



Total Borrowings: HK\$5,154M – In Currency



Total Borrowings: HK\$5,154M – Repayment Period



Appendix 6 – [China Urban Integrated Logistic Hub] – Illustration



Appendix 6 – 「China Urban Integrated Logistic Hub」 – Wuhan Project



Appendix 6 – [China Urban Integrated Logistic Hub]



Overview	
□	23 Projects, total planned site area 6.22M sqm
□	1H2018: 9 projects in operation, total operating area 674K sqm
□	2H2018: 2 projects expected to operate, total planned site area 238K sqm
□	2019: 8 projects expected to operate, total planned site area 1.87M sqm

^a Including Chengdu Qingbaijiang Integrated Logistics Hub (to operate in 2019) and Chengdu Xinjin Integrated Logistics Hub (to operate in 2020)
^b Including Wuhan Dongxihu Integrated Logistics Hub (in operation in 1H2018) and Wuhan Caidian Integrated Logistics Hub (to operate in 2019)

Projects in operation in 2018	
Shenyang Project	<ul style="list-style-type: none"> ❑ Planned site area: 700K sqm; ❑ Operating Area: 241K sqm
Kunshan Project	<ul style="list-style-type: none"> ❑ Planned site area: 117K sqm; ❑ Operating Area: 96K sqm
Wuhan Dongxihu Project	<ul style="list-style-type: none"> ❑ Planned site area: 126K sqm; ❑ Operating Area: 67K sqm
Hefei Project	<ul style="list-style-type: none"> ❑ Planned site area: 138K sqm; ❑ Operating Area: 38K sqm
Nanchang Project	<ul style="list-style-type: none"> ❑ Planned site area: 267K sqm; ❑ Operating Area: 44K sqm
Shijiazhuang Project	<ul style="list-style-type: none"> ❑ Planned site area: 467K sqm; ❑ Operating Area: 64K sqm
Wuxi Project	<ul style="list-style-type: none"> ❑ Planned site area: 347K sqm; ❑ Operating Area: 27K sqm
Hangzhou Project	<ul style="list-style-type: none"> ❑ Planned site area: 432K sqm; ❑ Operating Area: 46K sqm
Guizhou Project	<ul style="list-style-type: none"> ❑ Planned site area: 348K sqm; ❑ Operating Area: 51K sqm

Project	Planned site area	Expected operation time
Ningbo Project	□ 194K sqm	2018
Changsha Project	□ 347K sqm	2018
Chongqing Project	□ 157K sqm	2019
Xi'an Project	□ 120K sqm	2019
Jurong Project	□ 400K sqm	2019
Kunming Project	□ 172K sqm	2019
Yiwu Project	□ 440K sqm	2019
Wuhan Caidian Project	□ 267K sqm	2019
Chengdu Qingbaijiang Project	□ 129K sqm	2019
Jinan Zhangqiu Project	□ 180K sqm	2019
Chengdu Xinjin Project	□ 173K sqm	2020
Tianjin Project	□ 295K sqm	2020
Zhengzhou Project	□ 267K sqm	2020
Xuzhou Project	□ 140K sqm	2020

Appendix 7 – Kanghuai E-commerce Centre

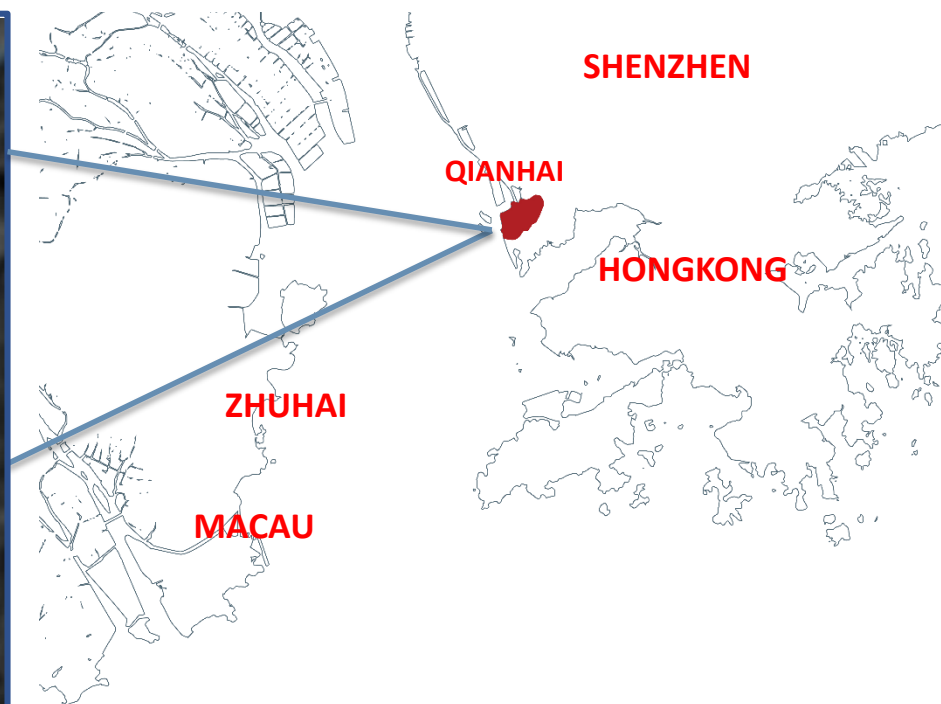


Appendix 8 – South China Logistic Park



Note: illustrations above are Phase 2 project

Appendix 9 – 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 9 – Qianhai Project

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



**Shenzhen International Qianhai
Intelligence Hub**



Appendix 9 – Qianhai Project – Phase 1 Project Illustration



Appendix 10 – Meilin Checkpoint Urban Renewal Project – Illustration



Appendix 11 – Nanjing Xiba Port



- This presentation is prepared in good faith, based on unaudited financial data, management information, publicly available information, and management's outlook as of 22 August 2018. 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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