

# 2018

## Annual Results Operations Analysis

共同创造 共享价值  
Building Value, Sharing Future



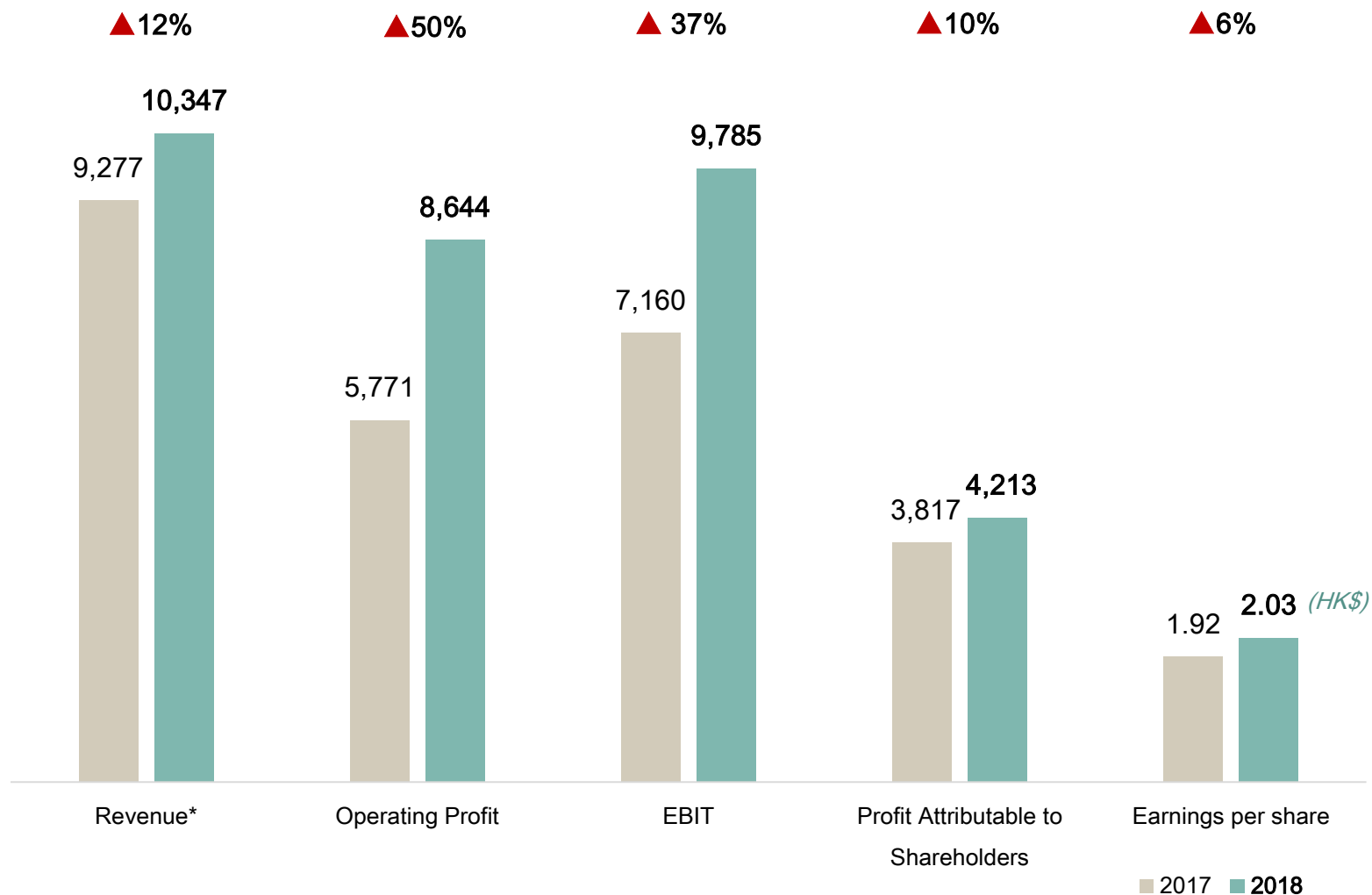
Shenzhen International  
深國際

Stock code : 00152

- Potential investors and shareholders of the Company (the “Potential Investors and Shareholders”) are reminded that information contained in this Presentation comprises extracts of operational data and financial information of the Group for the year ended 31 December 2018. The information included is solely for the use in this Presentation and certain information has not been independently verified. No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions presented or contained in this Presentation. Potential Investors and Shareholders should refer to the 2018 Annual Report for the audited results of the Company which are published in accordance with the Listing Rules of the Stock Exchange of Hong Kong Limited.

# 1. Results Highlights (1) #

HK\$ Million



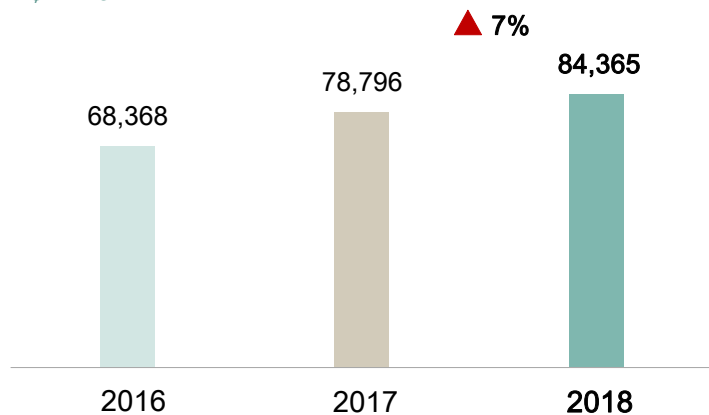
\*Exclude construction service income from toll road business

#Financial information as of 31 December 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

# 1. Results Highlights (2) #

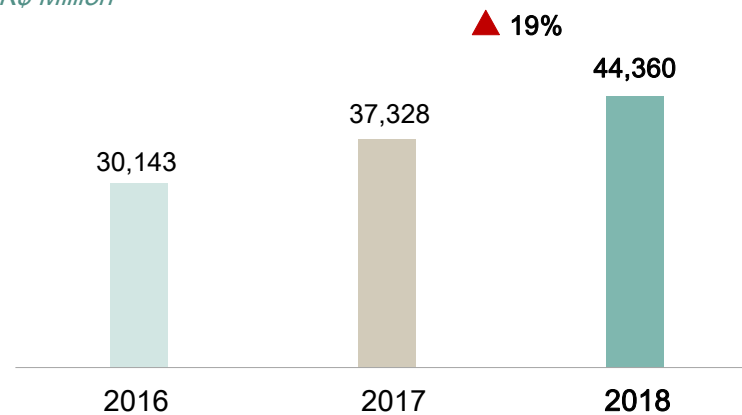
## Total Assets

HK\$ Million



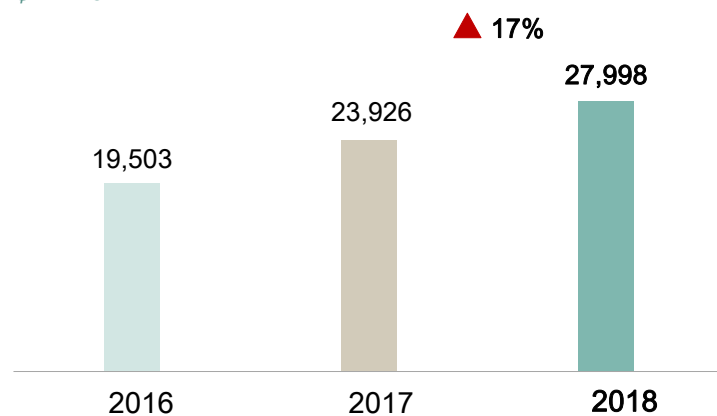
## Total Equity

HK\$ Million



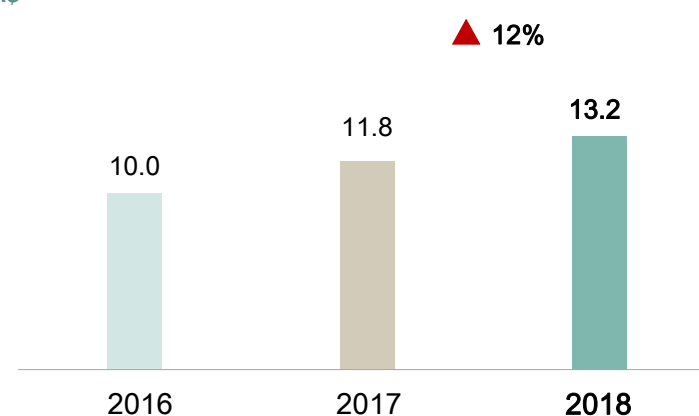
## NAV Attributable to Shareholders

HK\$ Million



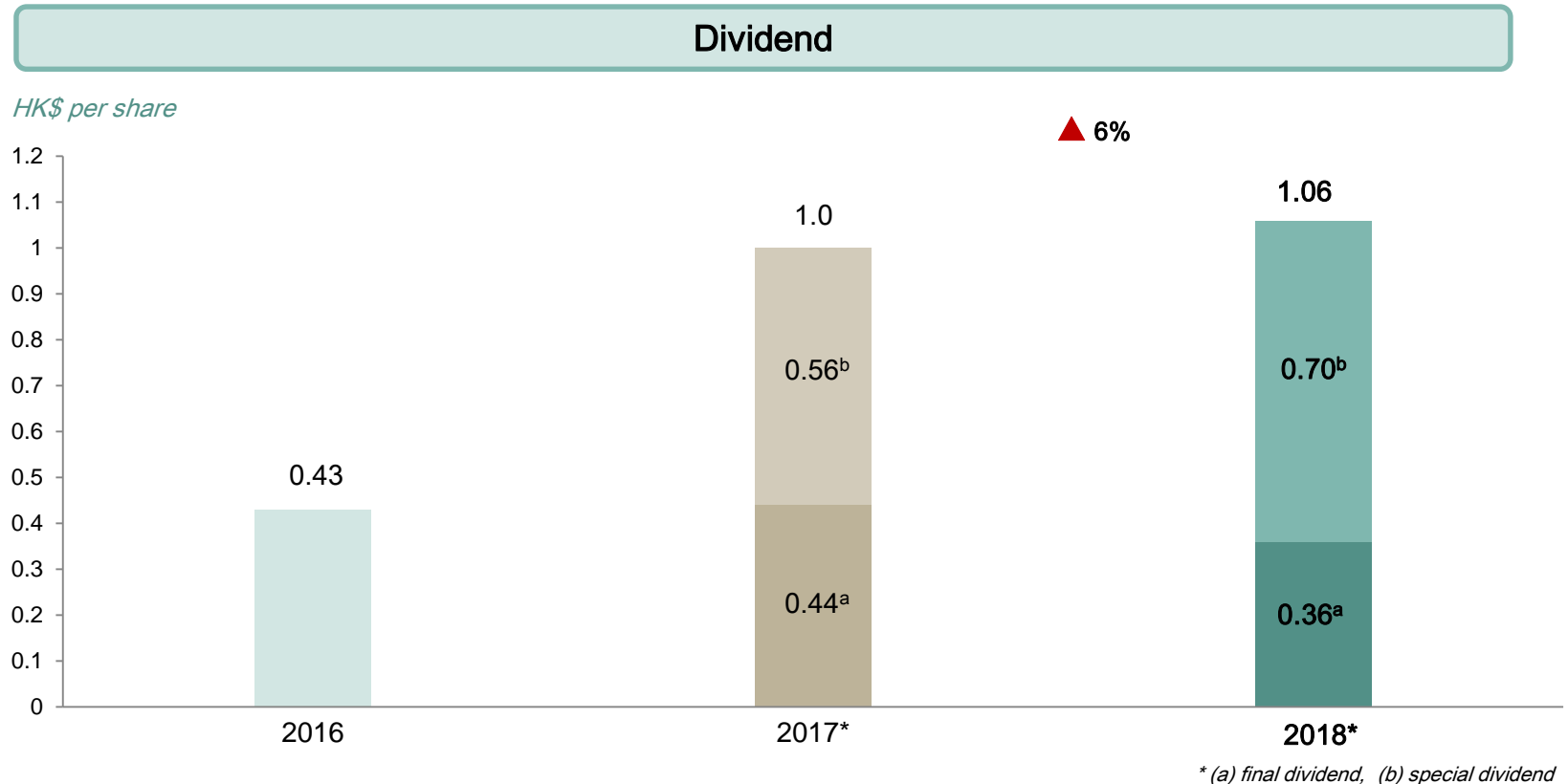
## Shareholders' NAV Per Share

HK\$



#Financial information as of 31 December 2016 and 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

## 2. Dividend Policy



- Recommended a total dividend per share of HK\$1.06 for the year (2017: HK\$1.0), ▲ 6%, dividend payout ratio of 53%
  - Final dividend: HK\$0.36 (2017: HK\$0.44) per share, maintaining a 40% core business payout ratio
  - Special Dividend: Benefitted from one-off gain on 4 toll roads asset disposal, special dividend is HK\$0.7 per share (2017:HK\$0.56)
- Total dividend HK\$2,247M (2017: HK\$2,029M), ▲ 11%
- 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
- Maintains stable core business dividend payout policy and share most one-off gains with shareholders

# 3. Business Review

- In 2018, domestic and international operating environments were complicated. The Chinese government drove the implementation of policies including economic and financial reforms, 「One Belt One Road」 and 「Guangdong-Hong Kong-Macao Greater Bay Area」
- The Group seized market opportunities and strived for business expansion, achieved record highs in revenue and profit
- Included in the list of 「Double-hundred Enterprises」 and received national 「First Prize of National Corporate Management Modernization Innovation Achievement」 for the Group's innovative achievements in Market Value Management
  - Listed in the 「MSCI China Index」, 「Hang Seng Stock Connect Big Bay Area Composite Index」 and 「Hang Seng High Dividend Yield Index」
- **Logistic Business**
  - 「Integrated Logistics Hub」 is established in 22 logistics gateway cities with satisfactory growth in revenue and profit attributable to shareholders
    - Entered 「Development & Construction + Mature Operation」 stage
  - In addition to economies of scale in port business, profit attributable to shareholders ▲ 25%
- **Toll Road**
  - Government optioned to buy back 4 toll roads during the year and the Group recorded one-off gain on asset disposal, contributed profit attributable to shareholders of HK\$2,571M
- **Meilin Checkpoint Urban Renewal Project:** Introduced China Vanke as a strategic investor to form a strong alliance upon complementary strength
  - Phase 1 Project started presales

## 4. Integrated Logistics Hub

- Presence in 22 logistics gateway cities with total planned site area of 6.19M sqm
  - Signed investment agreements for 3 projects in Jinan, Kunming and Xuzhou, with total planned site area of 492,000 sqm
  - Signed investment agreements for 2 projects in Tianjin and Jiangyin in early 2019, with total planned site area of 193,000 sqm
  
- 12 projects in operation with total operating area over 1M sqm and overall occupancy rate at 85%
  - Contributed revenue of HK\$203M and profits attributable to shareholders of HK\$38.85M to the Group's core logistic business, increased by 62% and 8.5 times respectively
  
- Construction work of Kunming, Chongqing, Ningbo, Jurong and Yiwu projects in progress, expect to complete construction and commence operation in 2019 and 2020

# 5. Transformation and Upgrading of Logistic Parks

## ■ Qianhai project

- Signed the Group's 380,000 sqm land consolidation and preparation supplemental agreement in 2017, under the new land arrangement the Group is entitled to land compensation amounted to RMB8,370M
  - Obtained 38,800 sqm Phase 1 Project land parcel and recognized profit before tax of HK\$2,830M in 2017
  - The remaining land compensation will be received based on Government's overall planning
- **Phase 1 Project:**
  - In 2018, 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
  - Jointly develop the 50,000 sqm GFA Residential Project with leading Chinese property developer Shum Yip and strive for presale in 2019

## ■ 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 China Vanke as a strategic investor to hold 30% shares of the project company through capital injection of RMB2,900M
  - Partial land appreciation gain locked up in advance
  - Jointly develop the project to further enhance project quality and overall return
- Presale of Phase 1 Project (saleable area of approximately 75,000 sqm) was satisfactory and expect to generate profit in 2019

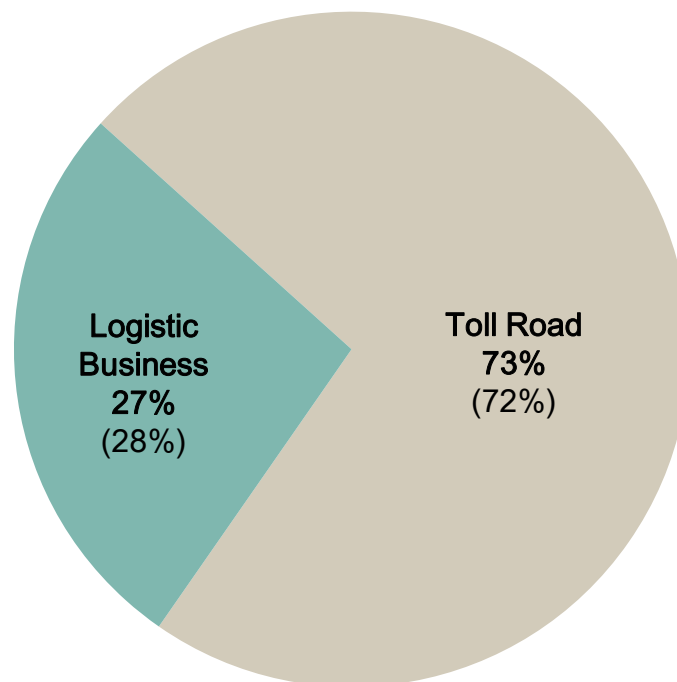
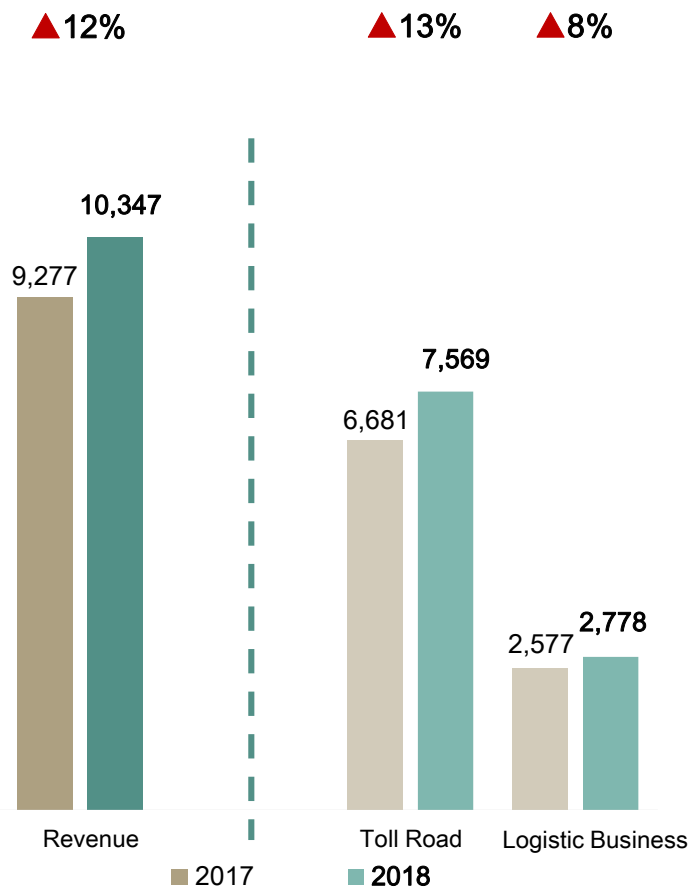


# 6. Revenue Contribution\*#

Revenue HK\$10,347M ▲12%

2018 (2017) Revenue Contribution

HK\$ Million



\*Exclude construction service income from toll road business

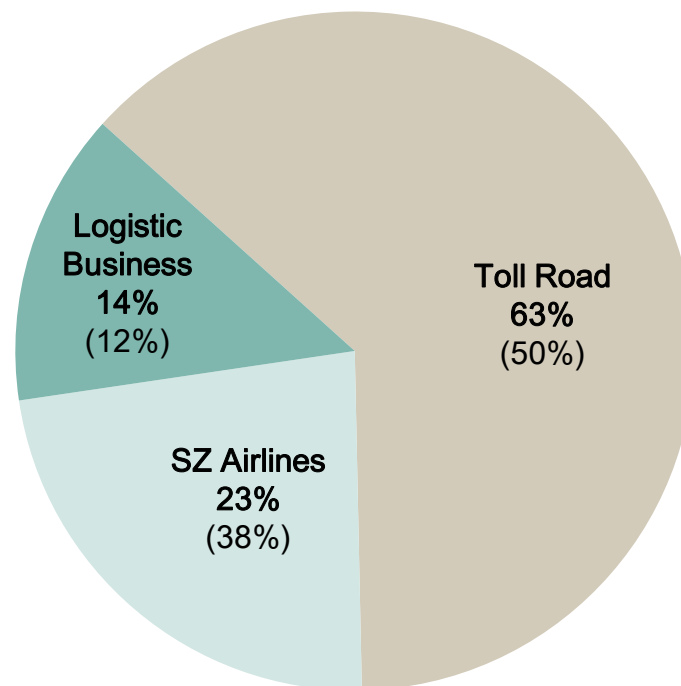
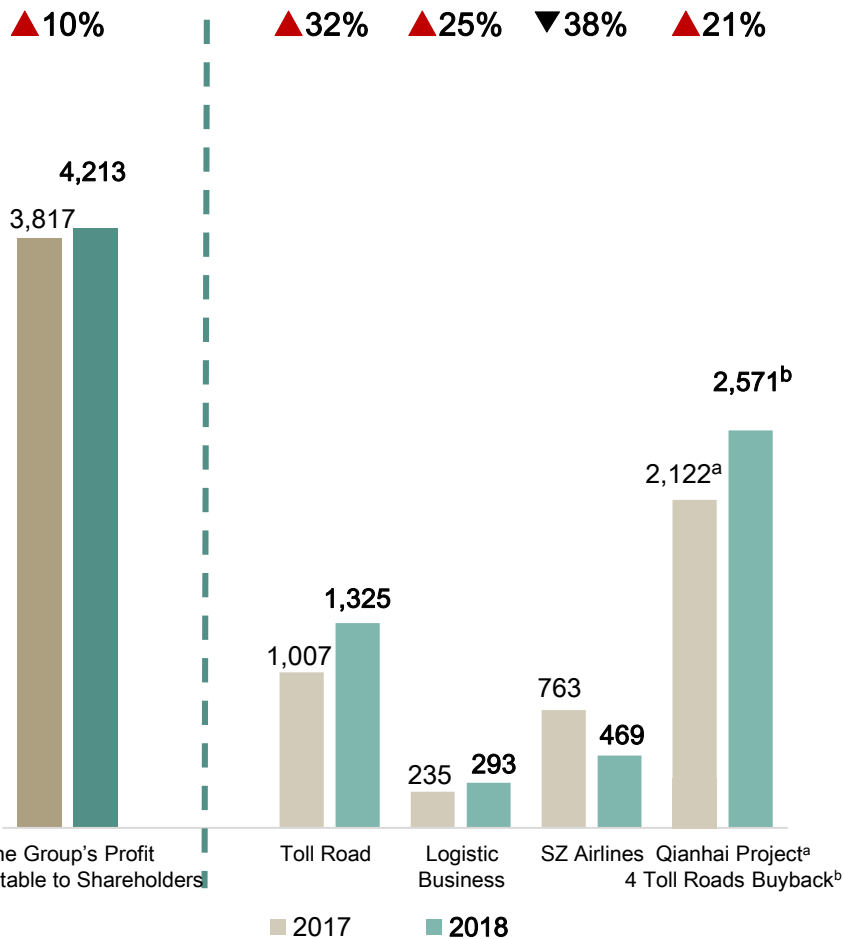
#Financial information as of 31 December 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

# 7. Profit Attributable to Shareholders Contribution #

Profit Attributable to Shareholders  
HK\$4,213M ▲10%

2018 (2017) Core Business Profit Attributable to Shareholders Contribution

HK\$ Million

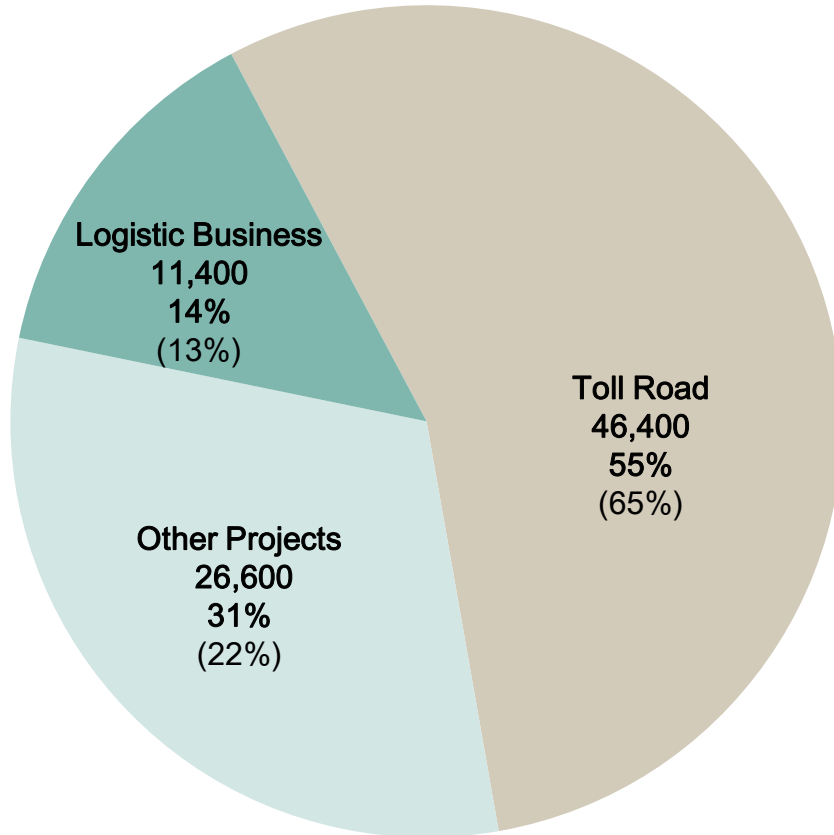


#Financial information as of 31 December 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

# 8. Asset Contribution (1) #

2018 (2017) Total Asset Contribution

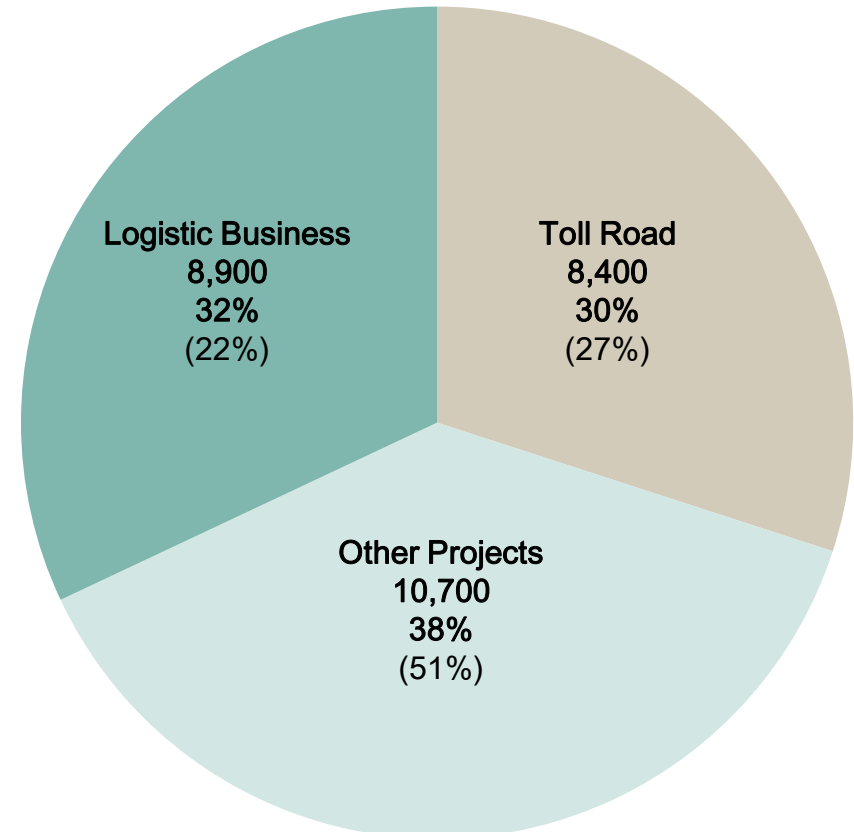
HK\$ Million



Total Asset HK\$84,400M

2018 (2017) NAV Attributable to Shareholders Contribution

HK\$ Million

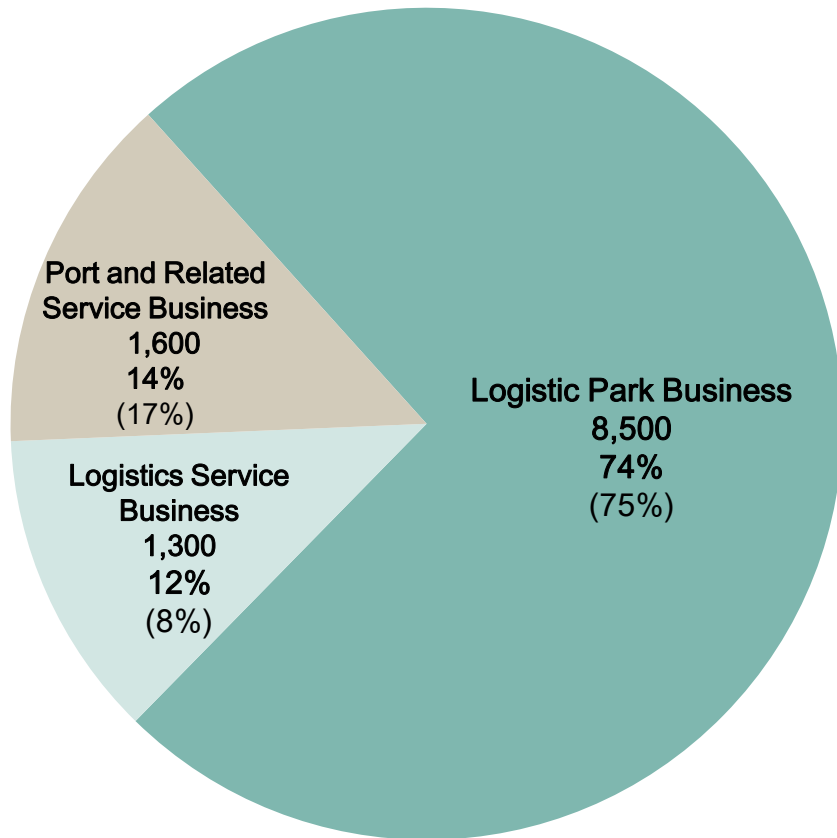


NAV Attributable to Shareholders  
HK\$28,000M

# 8. Asset Contribution (2)

### 2018 (2017) Logistic Segment Asset Contribution

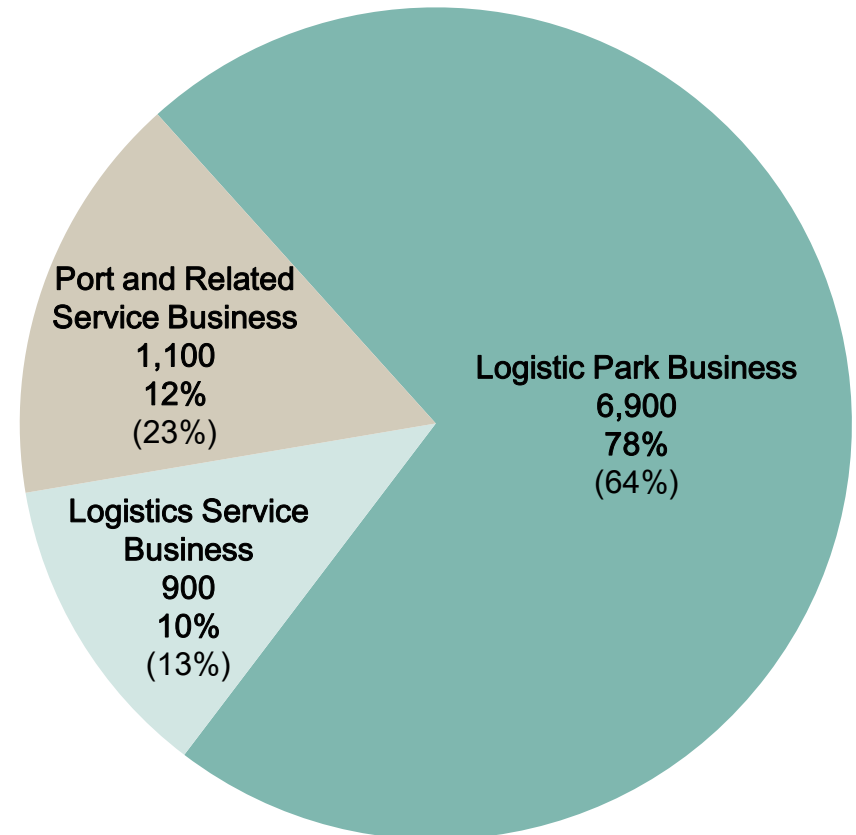
HK\$ Million



Total Asset of Logistic Segment HK\$11,400M

### 2018 (2017) Logistic Segment NAV Attributable to Shareholders Contribution

HK\$ Million

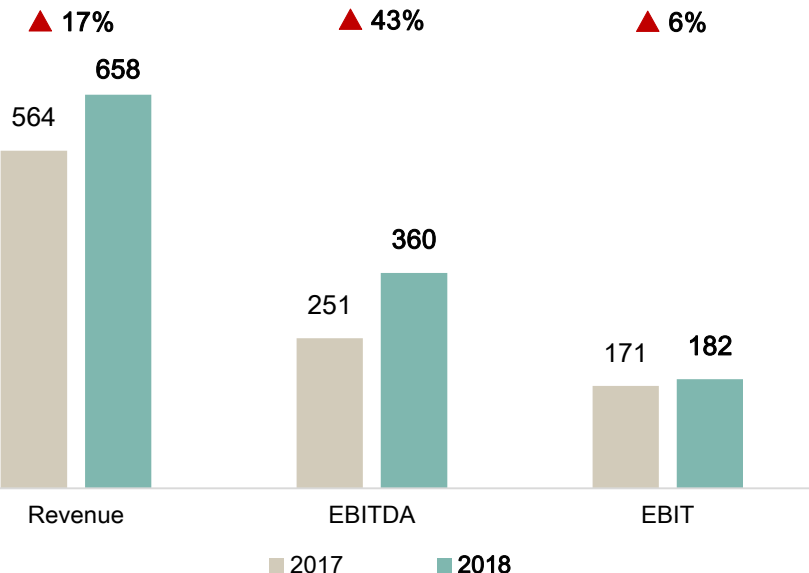


NAV Attributable to Shareholders of Logistic Segment HK\$8,900M

# 9. Logistic Business (1)

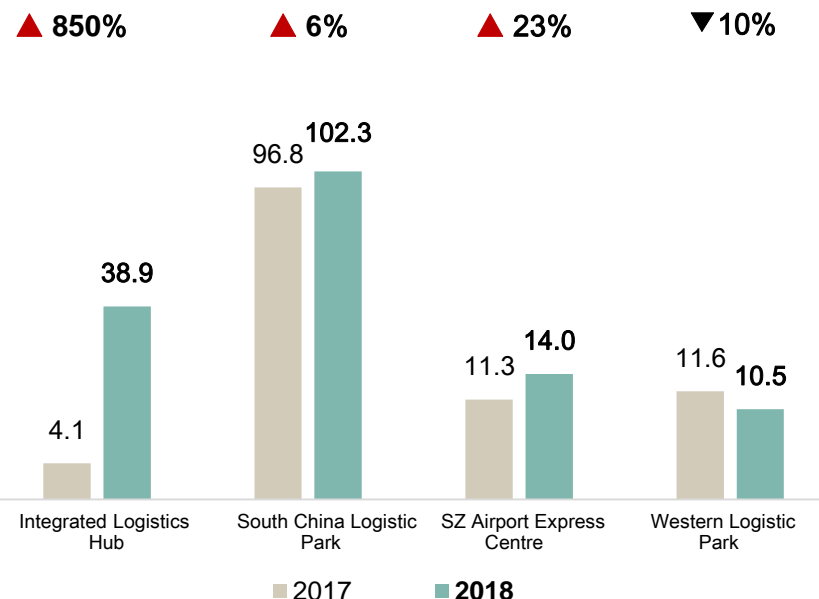
## Logistic Park Business

HK\$ Million



## Logistics Park Business Profit Attributable to Shareholders ▲ 20%

HK\$ Million



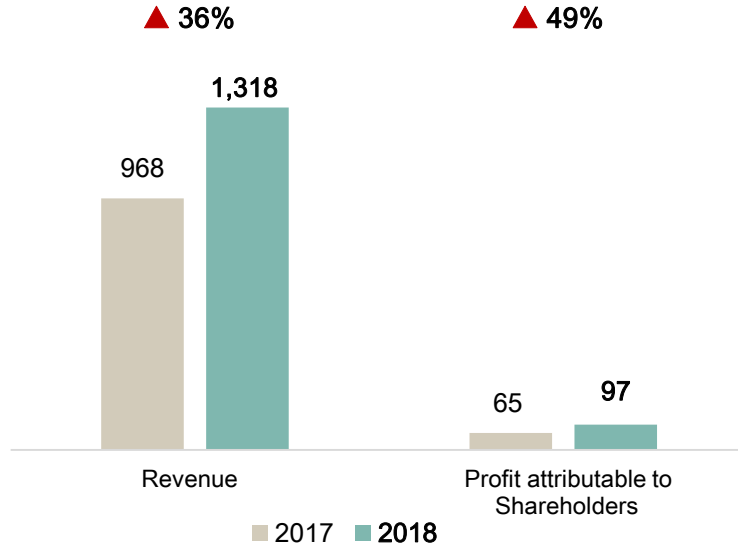
- Benefitted from the new operation of integrated logistics hub projects and Kanghuai E-commerce Centre
  - Revenue ▲ 17% and profit attributable to shareholders ▲ 20%
- **South China Logistic Park:** profit attributable to shareholders ▲ 6% to HK\$102M
  - Planning and construction work of Phase 2 Project in progress, plan to construct an integrated high-end modern logistic service hub
- **Kuanghai E-commerce Centre:** the Group's first asset-light project with operating area of 138,000 sqm GFA commenced operation in 2018
  - Overall occupancy rate at 86%
  - Contributed revenue and profit attributable to shareholders of HK\$68.61M and HK\$5.11M respectively

Note : Top right graphic includes profit attributable to shareholders of main logistic parks of the Group

# 9. Logistic Business (2)

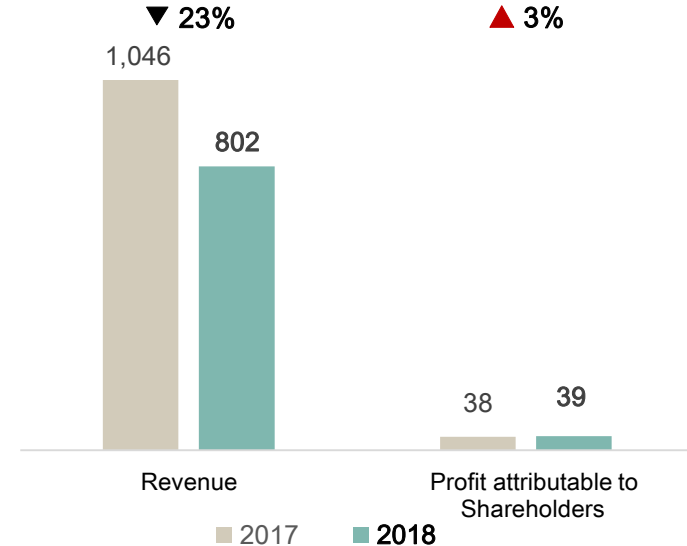
## Port and Related Service Business

HK\$ Million



## Logistic Service Business

HK\$ Million



### Port and Related Service Business

- 930 seagoing vessels berthed and total throughput reached 44.3M tons, ▲69%, benefitted from
  - Xiba Port capacity release and effective market expansion
  - Supply chain management service business enriched the port business structure and boosted business volume
- Xiba Port has become No.1 among the top 5 general bulk ports along the middle and lower reaches of the Yangtze River

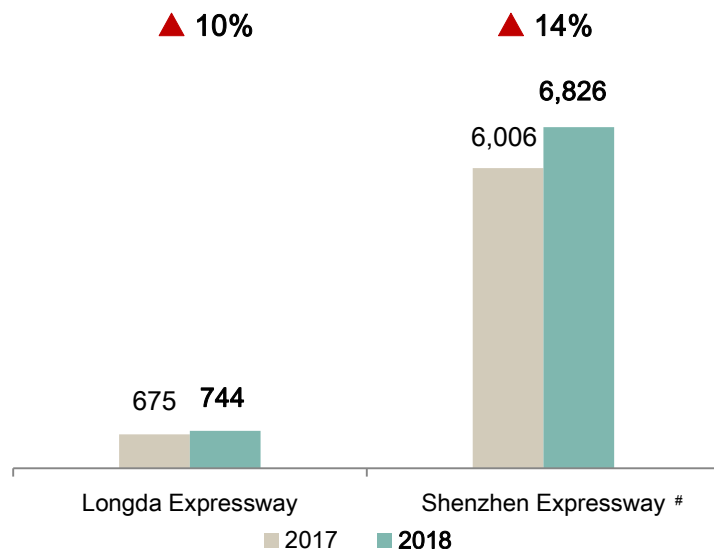
### Logistic Service Business

- The Group is focused on developing quality customers
  - Revenue ▼23% and profit attributable to shareholders ▲3%
- Achieved the collaboration between 「Industry, Finance, Network sectors」 under the Group's 「13th Five-Year」 strategic plan and actively explored logistics financial service business such as micro loans and finance leases to coordinated develop with the Group's core business

# 10. Toll Road

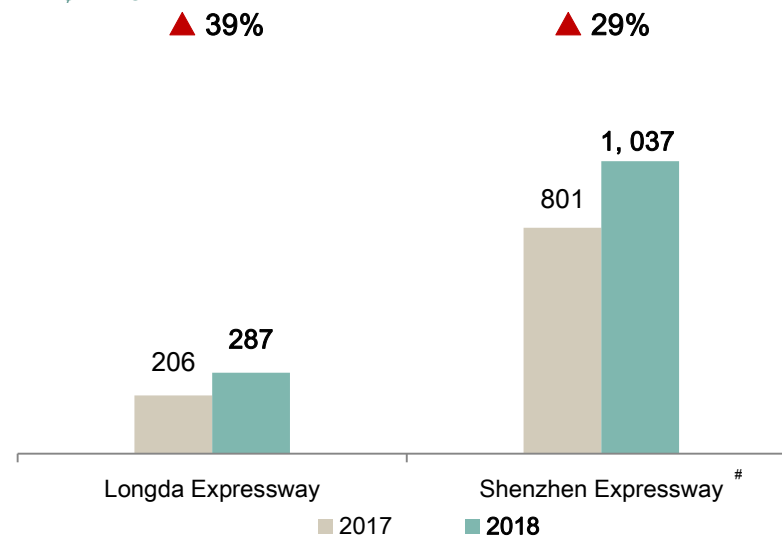
Revenue\*: HK\$7,569M ▲ 13%

HK\$ Million



Profit Attributable to Shareholders  
HK\$1,325M ▲ 32%

HK\$ Million



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

## Shenzhen Expressway:

- Changsha Ring Road and Yichang project contributed first full year revenue, toll revenue ▲10% to HK\$5,969M
- Benefitted from investment and acquisition projects, profit attributable to shareholders ▲29% to HK\$1,037M
  - In which Derun Environment contributed profit of HK\$190M (2017:HK\$146M)

The Group actively consolidate its core toll road business operating strategy

- Acquired quality projects in recently years and increased the Group's total toll mileage by 142 km, compensated the toll mileage decrease (approximately 100 km) from the Government buy back of 4 toll roads in 2018

#Financial information as of 31 December 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

\*Exclude construction service income from toll road business

# 11. Other Investments – Shenzhen Airlines

- Passenger volume growth continued
  - Passenger traffic and passenger carried ▲10% and ▲8% respectively
  - Total of 214 passenger aircrafts
  - Total of 286 routes including 252 domestic routes
- Revenue was RMB31.1billion (2017: RMB27.6 billion), ▲13%
- Fuel cost increased by 23% compared to last year
  - Operating profit able to ▲28% to RMB2,482M (2017: RMB1,941M)
- Shenzhen Airlines recorded foreign exchange loss of RMB795M (2017: foreign exchange gain of RMB822M)
- Net profit of Shenzhen Airlines amounted to RMB919M (2017: RMB1,439M), ▼36%
- 49% profit attributable to the Group amounted to HK\$469M (2017: HK\$763M), ▼38%
- The Group will receive RMB123M as cash dividend





# 12. Financial Position (1) #

	The Group		
	2018	2017	Increase/ (Decrease)
<i>HK\$ Million</i>			
<b>Total Assets</b>	<b>84,365</b>	78,795	7%
<b>Total Equity</b>	<b>44,360</b>	37,328	19%
<b>NAV Attributable to Shareholders</b>	<b>27,998</b>	23,926	17%
<b>Shareholders' NAV Per Share (HK\$)</b>	<b>13.2</b>	11.8	12%
<b>Cash</b>	<b>16,627</b>	9,411	77%
<b>Bank Borrowings</b>	<b>14,848</b>	17,000	(13%)
<b>Notes &amp; Bonds</b>	<b>11,764</b>	4,335	171%
<b>Total Borrowings</b>	<b>26,612</b>	21,335	25%
<b>Net Borrowings</b>	<b>9,985</b>	11,924	(16%)
<b>Debt-asset Ratio (Total Liabilities / Total Assets)</b>	<b>47%</b>	53%	(6)*
<b>Ratio of Total Borrowings to Total Assets</b>	<b>32%</b>	27%	5*
<b>Ratio of Net Borrowings to Total Equity</b>	<b>23%</b>	32%	(9)*
<b>Ratio of Total Borrowings to Total Equity</b>	<b>60%</b>	57%	3*

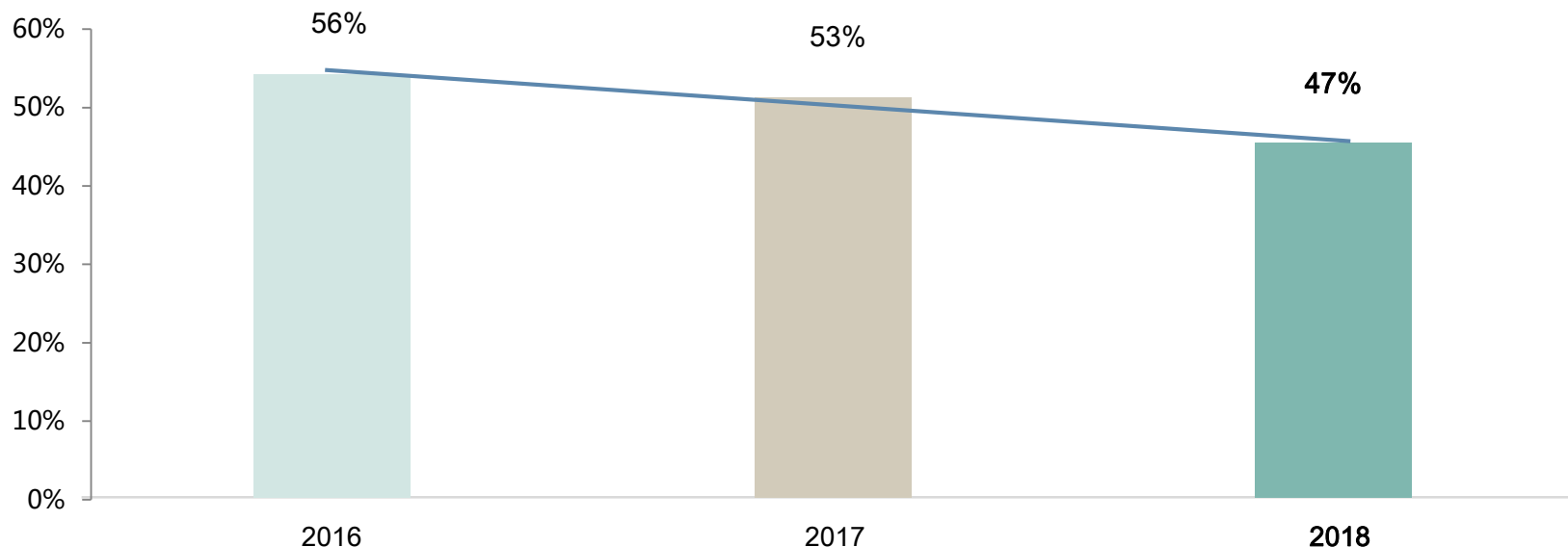
*\*Change in percentage point*

*\*Financial information as of 31 December 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control*

## 12. Financial Position (2) #

### Debt-Asset Ratio

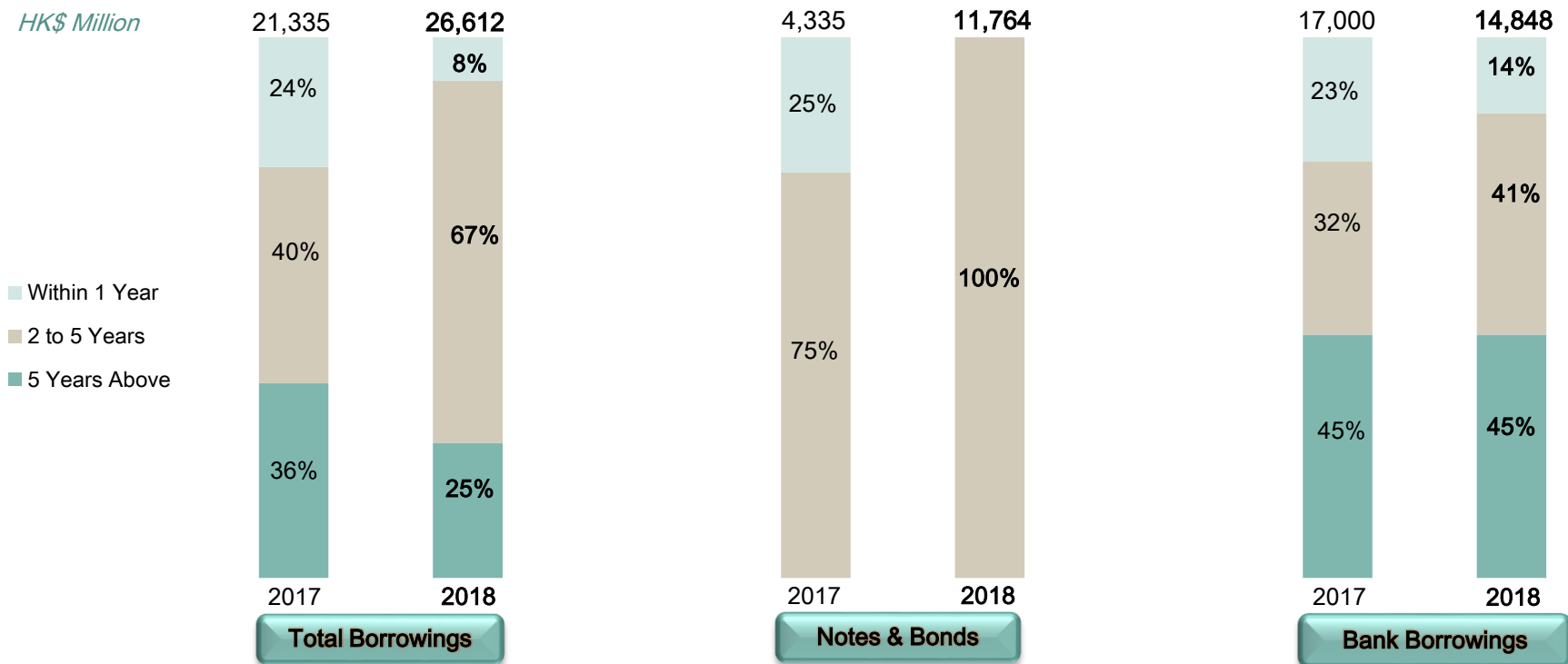
As of 31 Dec



- Maintained healthy financial position
  - NAV attributable to shareholders ▲ 17% to HK\$27,998M
- 3 major international credit rating agencies maintained investment grade credit ratings, in addition
  - Domestic credit rating agencies assigned 「AAA」 rating
- In 2018, issued a total amount of RMB5,000M Panda Bond and HK\$780M 5-year senior notes
  - Further enhanced the Group's capital reserve

# 12. Financial Position (3) #

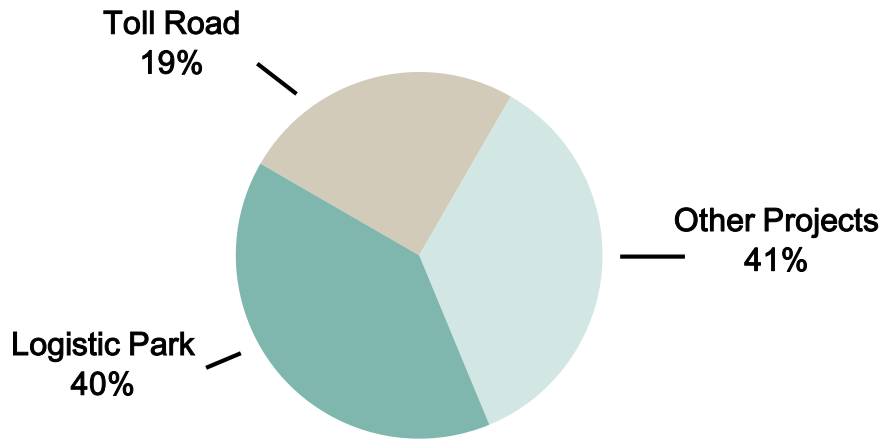
## Debt Maturity Profile



- Recorded foreign exchange loss of HK\$289M (2017: foreign exchange gain of HK\$310M)
  - The Group continue to study the effect of RMB exchange rate fluctuation on profit
  - Continue to minimize the impact of RMB exchange rate fluctuation through appropriate hedging tools and optimizing debt currency structure
  - As of the end of 2018, the Group's RMB borrowings to foreign currency borrowings ratio was 80% : 20%
  - Medium/long term debt to short term debt ratio was 92%:8%

# 13. 2019 Capex Estimate – HK\$7,400M (RMB6,500M)

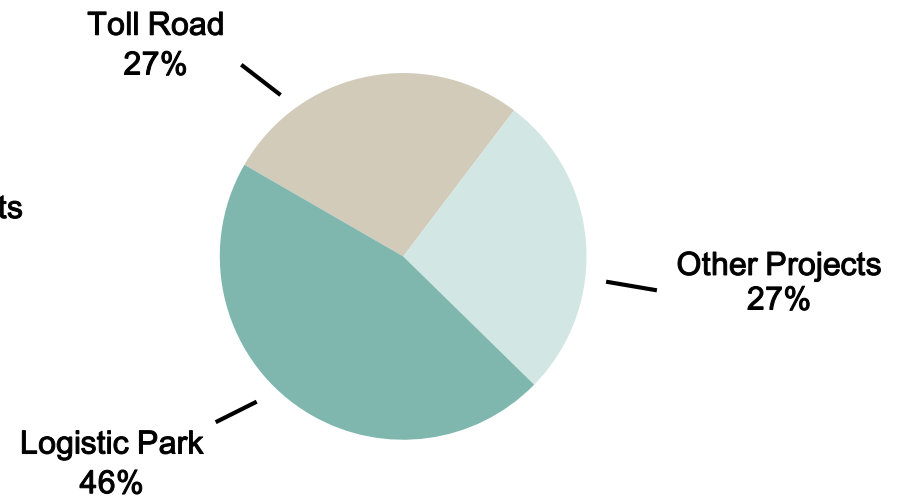
**2019 Estimate**  
HK\$7,400M (RMB6,500M)



## 2019 Estimate Major Capex Items:

- Integrated Logistics Hub projects RMB2,500M
- Qianhai and Meilin Checkpoint Urban Renewal projects RMB2,200M
- Outer Ring Expressway RMB980M

**2018 Actual**  
HK\$4,290M (RMB3,760M)



## 2018 Major Capex Items:

- Integrated Logistics Hub projects RMB1,290M
- Meilin Checkpoint Urban Renewal project RMB771M
- Outer Ring Expressway RMB962M

# 14. 2019 Outlook

## Macro Level (China)

China's economy maintained stable growth

The Government imposed:

「One Belt One Road」

「Guangdong-Hong Kong-Macau Greater Bay Area」

「Qianhai Free trade Zone」 national strategy development plan

## Regional Level (Shenzhen and Hong Kong)

Shenzhen and Hong Kong are strategically important regions

Energized market activity

Enterprises continue to strengthen core business competitiveness

More investment opportunities

## Micro Level (The Group)

Drive Integrated Logistics Hub nationwide network development plan through project construction or merger and acquisition

Actively seek toll roads merger and acquisition and restructuring opportunities as well as innovatively expand the environmental protection business

Continue to drive the transformation and upgrading work of logistic parks, as well as land consolidation and construction work of Qianhai and Meilin Urban Renewal Projects

Drive operational innovation under Mixed Ownership Reform and Long-term incentive and restraint mechanism

Maximize Shareholder Value

# Appendix

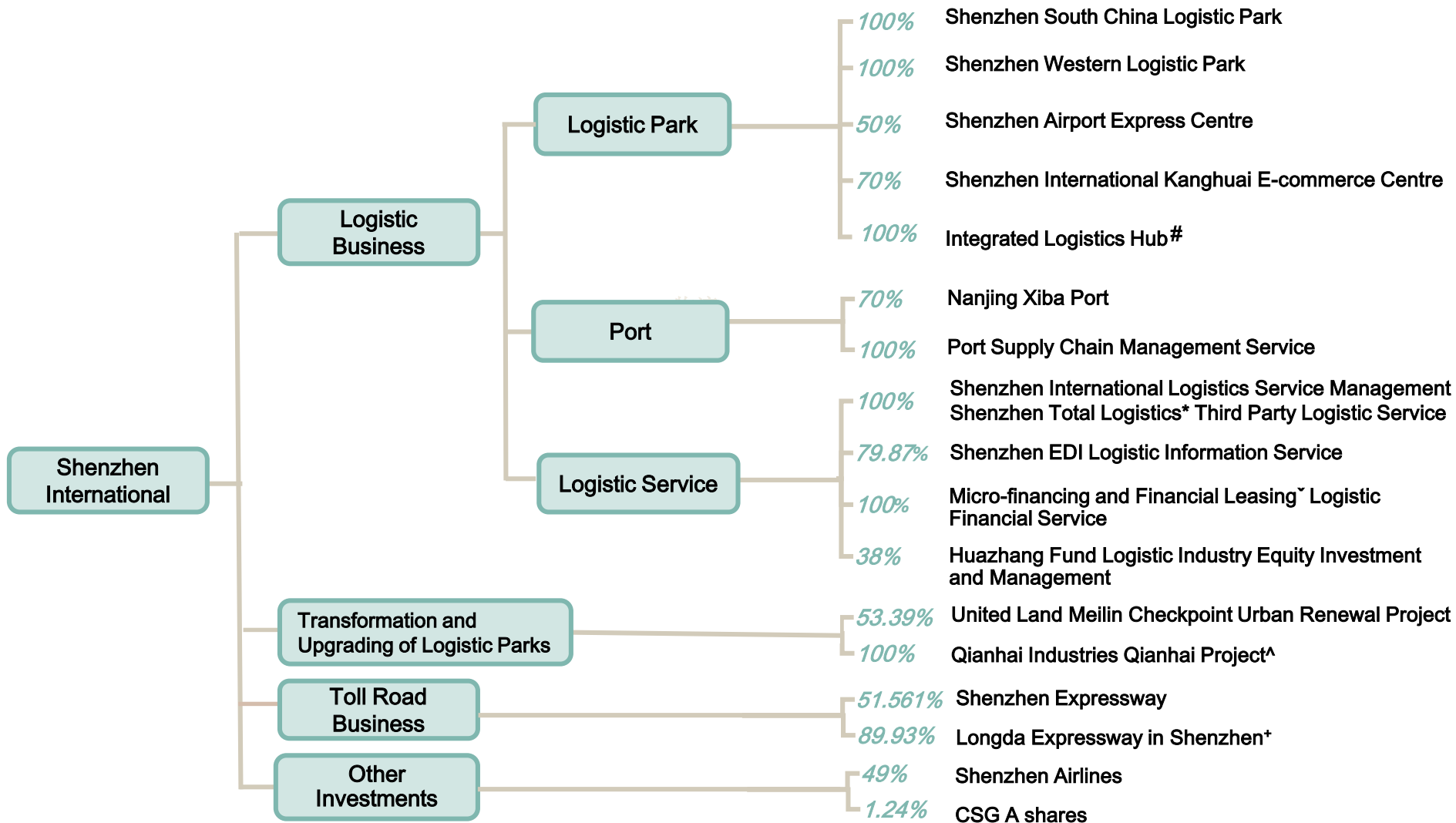
共同创造 共享价值  
Building Value, Sharing Future



Shenzhen International  
深國際

Stock code : 00152

# Appendix 1 – Corporate Chart



# Total 25 projects, of which Shenyang, Hefei, Shijiazhuang projects and Shandong Booming Total Logistic Park are not 100% but with controlling stake projects. Shandong Booming Total Logistic Park was included in Integrated Logistic Hub projects from 2018

~ A 48% stake Joint venture

\* A 51% stake subsidiary

^ Exclude phase 1 residential project

+ From 1 January 2019, the Group owns 4.4km toll road of Longda Expressway

# Appendix 2 – Income Statements<sup>#</sup>

<i>HK\$ Million</i> <i>For the 12 months ended</i> <i>at 31 December</i>	2018	2017	Increase/(Decrease)
<b>Revenue</b>	<b>11,581</b>	10,139	14% <sup>1</sup>
Cost of sales	(7,006)	(6,375)	10%
<b>Gross profit</b>	<b>4,575</b>	3,764	22%
Other gain - net	4,703	2,634	79%
Other income	46	54	(15%)
Distribution costs	(87)	(75)	16%
Administrative expenses	(593)	(606)	(2%)
<b>Operating profit</b>	<b>8,644</b>	5,771	50% <sup>2</sup>
Share of profit of joint ventures	15	19	(21%)
Share of profit of associates	1,126	1,369	(18%)
<b>Profit before finance costs and tax</b>	<b>9,785</b>	7,159	37%
Finance costs - net	(1,423)	(1,010)	41%
<b>Profit before income tax</b>	<b>8,362</b>	6,149	36%
Income tax expense	(1,835)	(1,442)	27%
<b>Profit for the Year</b>	<b>6,527</b>	4,707	39% <sup>3</sup>
Non-controlling interests	(2,221)	(890)	150%
Perpetual securities	93	-	N.A.
Profit attributable to shareholders	4,213	3,817	10%
<b>Basic EPS (HK dollar per share)</b>	<b>2.03</b>	1.92	6%

1. Mainly benefitted from growth in port and related service business and Integrated Logistics Hub business, plus the new toll road business revenue contribution from the consolidation of Yichang project and Changsha Ring Road

2. In addition to revenue growth, the buy back of 4 toll roads contributed one-off gain on asset disposal of approximately HK\$4,722M

3. In addition to operating profit growth, 1) Profit contribution from Derun Environment increased share of profit of associates ; 2) the Group recorded foreign exchange loss of HK\$289M (2017: foreign exchange gain of HK\$310 million)

<sup>#</sup>Financial information as of 31 December 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control



# Appendix 3 – Segment Results#

<i>HK\$ Million</i> <i>For the 12 months ended</i> <i>at 31 December</i>	Revenue		Operating Profit		Share of Results of Associates & JVs		EBIT	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Toll Road</b>								
Revenue	<b>7,569</b>	6,680	<b>8,570</b>	3,078	<b>612</b>	571	<b>9,182</b>	3,649
Construction service revenue	<b>1,234</b>	863	-	-	-	-	-	-
Toll road subtotal	<b>8,803</b>	7,543	<b>8,570</b>	3,078	<b>612</b>	571	<b>9,182</b>	3,649
<b>Logistic Business</b>								
Logistic park	<b>658</b>	564	<b>167</b>	160	<b>15</b>	12	<b>182</b>	172
Logistic service	<b>802</b>	1,045	<b>68</b>	51	<b>1</b>	6	<b>69</b>	57
Port and related services	<b>1,318</b>	968	<b>166</b>	97	<b>(1)</b>	-	<b>165</b>	97
Logistic business sub-total	<b>2,778</b>	2,577	<b>401</b>	308	<b>15</b>	18	<b>416</b>	326
Head Office	-	19	<b>(327)</b>	2,385	<b>514</b>	799	<b>187</b>	3,185
	<b>11,581</b>	10,139	<b>8,644</b>	5,771	<b>1,141</b>	1,388	<b>9,785</b>	7,160
Finance income							<b>117</b>	114
Finance cost							<b>(1,540)</b>	(1,125)
Finance cost - net							<b>(1,432)</b>	(1,011)
<b>Profit before income tax &amp; NCI</b>							<b>8,362</b>	6,149

#Financial information as of 31 December 2017 was restated due to the consolidation of Coastal Expressway as business combination involving entities under common control

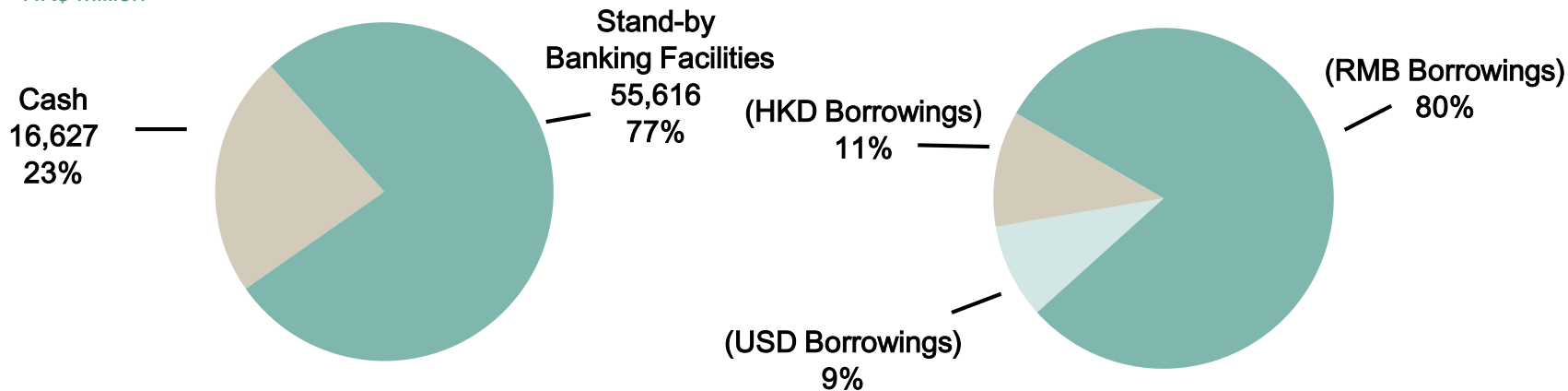
# Appendix 4 – Financial Position (1)

The Group's Borrowing Profile  
As at 31 December 2018

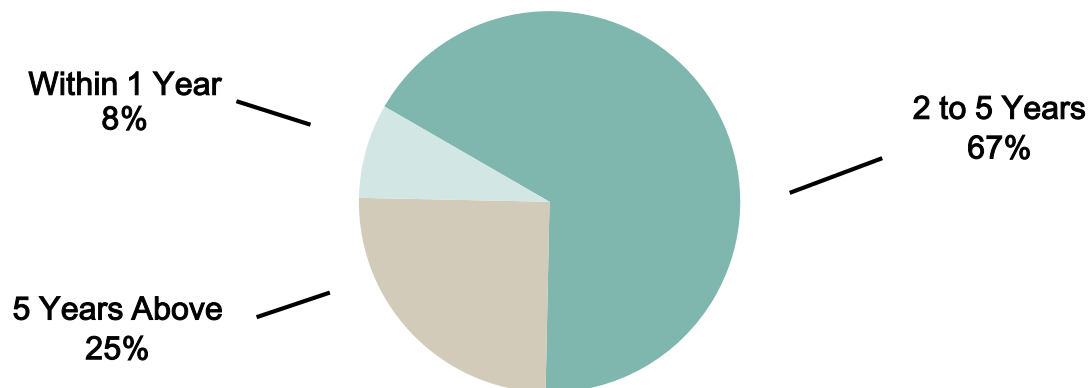
## Cash & Banking Facilities

## Total Borrowings: HK\$26,612M – In Currency

HK\$ Million



## Total Borrowings: HK\$26,612M – Repayment Period



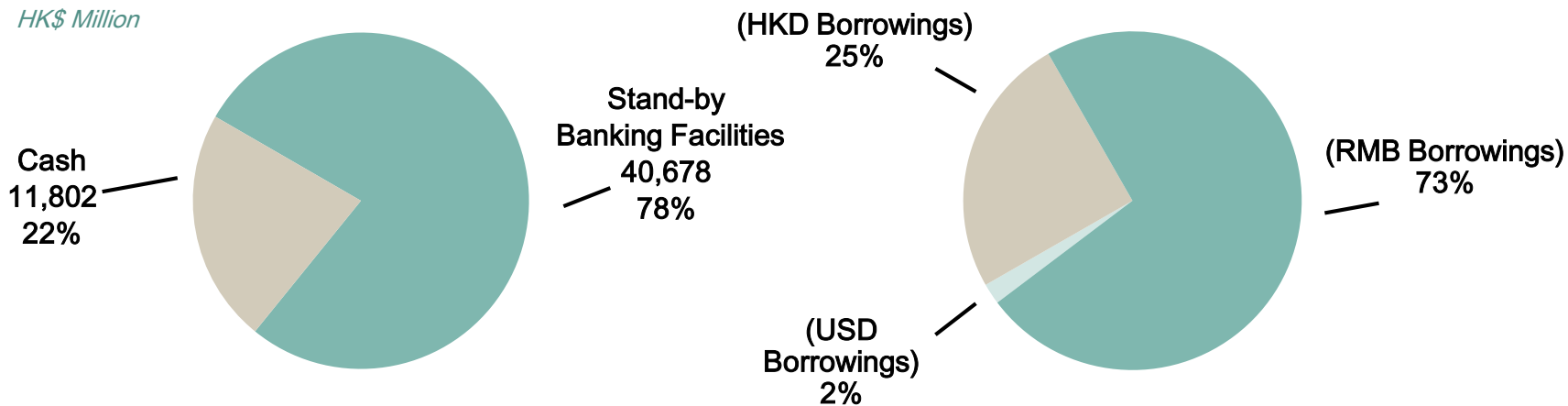
# Appendix 4 – Financial Position (2)

The Group's Borrowing Profile  
(Excl. Shenzhen Expressway)  
As at 31 December 2018

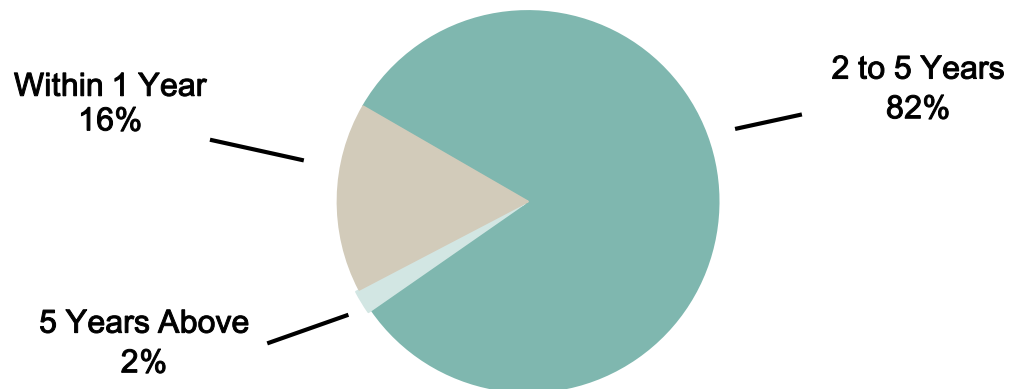
## Cash & Banking Facilities

## Total Borrowings: HK\$10,716M – In Currency

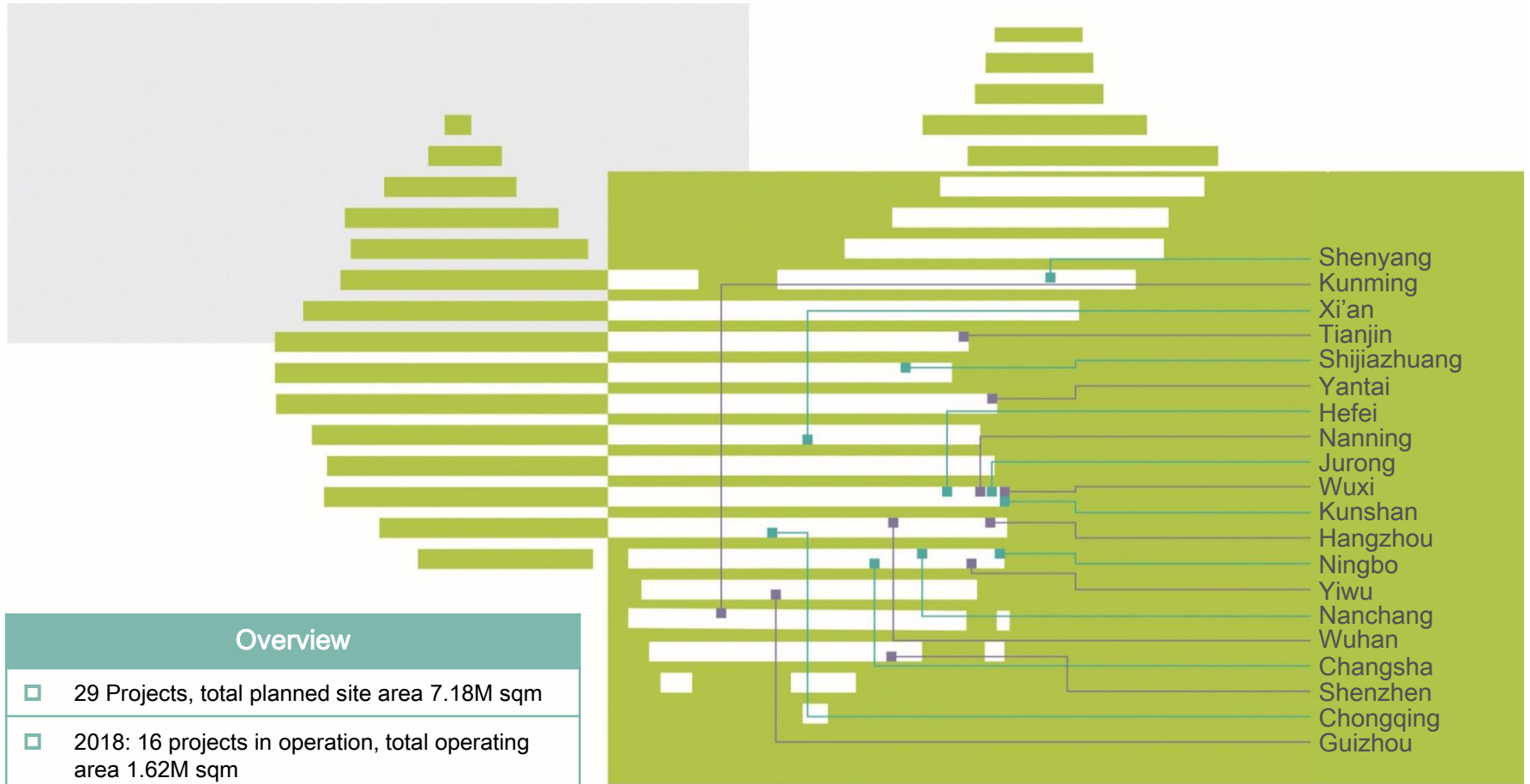
HK\$ Million



## Total Borrowings: HK\$10,716M – Repayment Period



# Appendix 5 – Locations Of Logistic Projects



Overview	
□	29 Projects, total planned site area 7.18M sqm
□	2018: 16 projects in operation, total operating area 1.62M sqm
□	2019: 1 project expected to operate, total planned site area 172K sqm
□	2020: 7 projects expected to operate, total planned site area 1.693M sqm

# Appendix 6 – Logistic Projects Overview (1)

Projects in operation #		
Logistic parks in Shenzhen (Greater Bay Area)	South China Logistic Park	❑ Planned site area: 611K sqm; Operating Area: 322K sqm
	Western Logistic Park	❑ Planned site area: 336K sqm; Operating Area: 111K sqm
	Kanghuai E-commerce Centre	❑ Operating Area: 138K sqm
Integrated Logistic Hubs	Shenyang Project	❑ Planned site area: 700K sqm; Operating Area: 241K sqm
	Kunshan Project	❑ Planned site area: 117K sqm; Operating Area: 96K sqm
	Wuhan Dongxihu Project	❑ Planned site area: 126K sqm; Operating Area: 67K sqm
	Hefei Project	❑ Planned site area: 138K sqm; Operating Area: 60K sqm
	Nanchang Project	❑ Planned site area: 267K sqm; Operating Area: 91K sqm
	Shijiazhuang Project	❑ Planned site area: 467K sqm; Operating Area: 64K sqm
	Wuxi Project	❑ Planned site area: 347K sqm; Operating Area: 27K sqm
	Hangzhou Project	❑ Planned site area: 427K sqm; Operating Area: 147K sqm
	Guizhou Project	❑ Planned site area: 348K sqm; Operating Area: 51K sqm
	Ningbo Project	❑ Planned site area: 194K sqm; Operating Area: 60K sqm
	Changsha Project	❑ Planned site area: 347K sqm; Operating Area: 85K sqm
	Tianjin Zhonglong Project	❑ Planned site area: 60K sqm; Operating Area: 33K sqm
Shandong Booming Total Logistic Park *	❑ Planned site area: 70K sqm; Operating Area: 27K sqm	

# As of the reporting date

\* Upon transformation and upgrading, Shandong Booming Total Logistic Park was included in Integrated Logistic Hub projects from 2018

## Appendix 6 – Logistic Projects Overview (2)

	Project	Planned site area	Expected operation time
Integrated Logistic Hubs	Kunming Project	□ 172K sqm	2019
	Jurong Project	□ 400K sqm	2020
	Chongqing Project	□ 157K sqm	2020
	Xi'an Project	□ 120K sqm	2020
	Yiwu Project	□ 440K sqm	2020
	Wuhan Caidian Project	□ 267K sqm	2020
	Chengdu Qingbaijiang Project	□ 129K sqm	2020
	Jinan Zhangqiu Project	□ 180K sqm	2020
	Chengdu Xinjin Project	□ 173K sqm	2021
	Zhengzhou Project	□ 267K sqm	2021
	Xuzhou Project	□ 140K sqm	2021
Jiangyin Project	□ 133K sqm	2021	
Logistic parks in Shenzhen (Greater Bay Area)	Liguang Project	□ 45K sqm	2022

# Appendix 7 – 「Integrated Logistics Hub」 (1) – Illustration



# Appendix 7 – 「Integrated Logistics Hub」 (2)





# Appendix 8 – Kanghuai E-commerce Centre

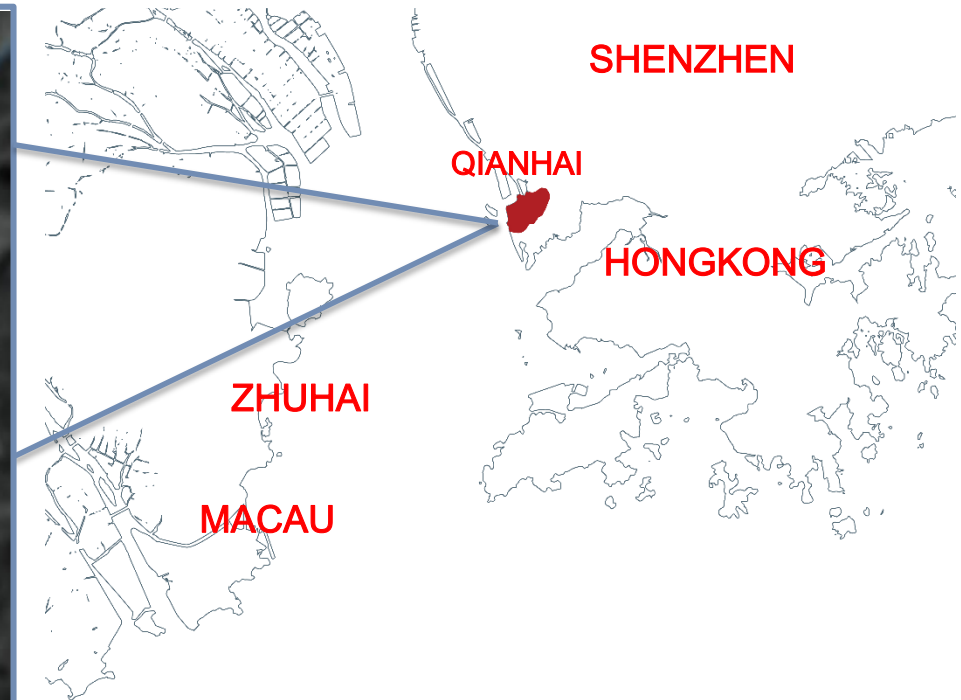


# Appendix 9 – South China Logistic Park



*Note: Illustrations above are phase 2 project*

# Appendix 10 – 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 10 – Qianhai Project

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



**Shenzhen International Qianhai  
Intelligence Hub**



# Appendix 10 – Qianhai Project – Phase 1 Project Illustration



# Appendix 11 – Meilin Checkpoint Urban Renewal Project



Shenzhen International  
深國際



*Note: Left picture above is project illustration*

# Appendix 12 – Nanjing Xiba Port



# Thank you

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

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

Email: [ir@szihl.com](mailto:ir@szihl.com)

<http://www.szihl.com>

共同创造 共享价值  
Building Value, Sharing Future



Shenzhen International  
深國際

Stock code : 00152