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Shenzhen International Holdings Limited
深圳國際控股有限公司

Incorporated in Bermuda with limited liability

(Stock Code: 00152)

Shenzhen International Announces 2020 Interim Results
Completion of Land Consolidation in Qianhai
Continuously Release Shenzhen Land Value

Financial Highlights:

- Revenue amounted to HK$4.402 billion;
- Operating profit was HK$4.187 billion, an increase of 116% over the corresponding period of the previous year;
- Profit attributable to shareholders increased by 38% y-o-y to HK$1.713 billion.

(Hong Kong, 25 August, 2020) **Shenzhen International Holdings Limited** ("Shenzhen International" or the "Company", **HKEx: 00152**) announced the operating results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June, 2020 (the "reporting period").

In 1H2020, different aspects of the operations of the Group were inevitably impacted by the outbreak of the novel coronavirus pandemic (the "Pandemic") as well as the complicated and ever-changing domestic and international environment, and the Group's toll road and airline segments suffered the hardest hit. Despite having all challenges, the Group forged ahead and completed the signing of the third phase of Qianhai land consolidation and preparation agreement during the reporting period contributing one-off profit before taxation of approximately HK$3.906 billion for the Group and profit attributable to shareholders of approximately HK$2.929 billion. As of 30 June, 2020, the Group recorded total revenue of HK$4.402 billion, operating profit of HK$4.187 billion increasing by 116% as compared to the previous year, profit attributable to shareholders of HK$1.713 billion increasing 38% from the previous year, and basic earnings per share of HK$0.79, an increase of 36% over last year. During the outbreak, the Group actively fulfilled its corporate social responsibility and waived two month's rent to the Group Logistic centres' tenants to ease their burden. Even though the rent relief program briefly cut off the Group's revenue, it improved the Group's image and appeal for tenants. Meanwhile, the Group adhered by the national toll-free policy, thereby demonstrating its trustworthiness as a state-owned enterprise and contributing to the fight against the Pandemic and the restoration of social and economic orders.

During the Period, the Group continued to step up the development of its logistics business and achieved sustainable and stable development of its core logistics operations. The Group has a presence of 28 key logistics gateway cities across the country. The number of projects in operation increased to 20, with a total operating area of 2.14 million square meters and a stable overall occupancy rate of approximately 85%.

The Group currently manages and operates 3 logistics parks in Shenzhen, which is the main logistics development headquarter of the Group. The land area owned by the Group is 650,000 square meters, and the operating area about 570,000 square meters, with overall occupancy rate approximately 90%. A developing project Liguang Project with gross floor area of approximately 265,000 square meters is expected to be completed within 2022. Besides projects mentioned above, the Group and China Railway Guangzhou Group Co., Ltd. (中國鐵路廣州局集團有限公司) entered into a cooperation agreement and establish a joint venture to upgrade and transform the Pinghunan Railway Freight Yard (平湖南鐵路貨場) into a comprehensive logistics hub. The first phase of the project will engage in warehouse storage, port container depot and rail container depot services. The second phase of the project involves the construction of a modern logistics parks on top of the railway freight yard. The implementation of the project will allow the Group to accumulate high-quality long-term assets, and enhance its market position in the Guangdong-Hong Kong-Macao Greater Bay Area.

On 18 August 2020, the Bay Area Express (灣區號), the first freight train running from Shenzhen, China to Europe, was launched (中歐專列). It departed from the Shenzhen Pinghunan Railway Station to Duisburg, Germany. First conceived by the Shenzhen Municipal Government, this freight train between Shenzhen and Europe is operated and managed by a joint venture set up by the Group and Sinotrans Limited. The Group owns a 40% equity interest in this joint venture. The launch of this train helped establish a new international land transportation route linking the Guangdong-Hong Kong-Macao Greater Bay Area, Central Asia, Eastern Europe and Western Europe. It offers a safer, greener and more dependable transportation mean, thereby facilitating the development of the foreign trade demonstration pilot zone in Shenzhen.

Regarding the logistics service business, the Group conducted business development that embraces both asset-light and asset-heavy business models, and actively explored value-added logistics services. Revenue from the logistics service business increased by 62% year on year, which was mainly attributable to the newly commenced cross-border e-commerce business. In terms of port business, during the reporting period, the Group’s port and related service businesses were also affected by the pandemic and the macroeconomic downward pressures. During the reporting period, the revenue and profit attributable to shareholders from the logistics business were HK$1.629 billion and HK$142 million, respectively.

In terms of the logistics park transformation and upgrading business, during the reporting period, the Group signed the third phase of the land consolidation and preparation work agreement with Qianhai Administration Bureau on Qianhai's remaining land consolidation compensation with land area of 41,200 square meters eqavalent to gross floor area of approximately 172,500 square meters, contributing a one-ff profit before taxation of HK$3.906 billion for the Group. The Group obtained the land use right of the third phase of Qianhai Project through equivalent land swap, marking the successful completion of the land consolidation of the Group's Qianhai Project. Pure residential projects are highly scarce in Qianhai. As the land is gradually developed and put on the market, it will gradually promote the comprehensive development of land related to the Group's logistics industry, and will help further promote the continuous growth of its results. The Qianhai first phase residential with total gross floor area of 51,000 sqm began to pre-sale at the end of 2019, and sold out by far. It's expected to be completed acceptance at the end of 2020.The second phase of Qianhai Project with gross floor area of 110,000 sqm, including 91,000 sqm of residential area has launched an international design tender. The Third Phase includes 50,000 sqm of residential area and 25,000 sqm of saleable apartment . In addition, the Group's another transformation and upgrading project Meilin Checkpoint second phase He Ya Xuan (和雅軒) with saleable area of approximately 68,000 square meters had started pre-sale at the end of 2019. Inspection and acceptance of these sold units are expected to be completed by the end of the year. The third phase project He Song Xuan (和頌軒) with saleable area of approximately 63,000 square meters and office and business apartment complexes of approximately 190,000 square meters is going through construction applications and preliminary infrastructure construction work, and is expected to continue to be released in the next few years.

In addition, given the high intrinsic value of the land parcels of the Group's logistics parks, the Group will seize opportunities arising from urban development and renewal, and accelerate the transformation and upgrade of South China Logistics Park with the aim of increasing the economic value of the land parcels of its logistics parks, realizing the commercial value of the existing resources of the Group in a timely manner. Situated in the core of Longhua with a site area of approximately 600,000 square meters, the Group's South China Logistics Park enjoys a prime location with an excellent transportation network. It is expected that upon successful transformation, South China Logistics Park will contribute sound economic returns to the Group.

Regarding the toll road, during the reporting period, the Group adhered by the national toll-free policy by exempting toll fee. As the Pandemic gradually becomes under control and production resumes at full speed in China, the Group resumed tolls and traffic volume has been resumed to normal and exceeded that of the corresponding period of the previous year. For environmental protection business, the Group actively explored investment prospects and opportunities in the environmental protection sectors such as solid waste treatment, hazardous waste treatment and clean energy. During the period, the Group recorded revenue from toll, profit before finance costs and tax, and profit attributable to shareholders were HK$1,905 million, HK$330 million,and HK$59.11 million respectively.

For the airline industry, the industry suffered from a plunge in demand for air transport resulting from the Pandemic in the first half of 2020. Therefore, the total revenue of Shenzhen Airlines, an associated company in which the Group holds a 49% equity interest, was HK$7.304 billion. Moving on to the second half of the year, the demand for domestic air transport is recovering at speed as the Pandemic situation in China continues to improve, while the demand for international air transport is gradually recovering. As at 30 June 2020, the average passenger seat occupancy rate of Shenzhen Airlines has bounced back to 68.5%.

Looking into the future, Mr. Li Haitao, Chairman of Shenzhen International Holdings Limited, said: "In the second half of 2020, although the Pandemic is still fierce and no effective cure is available yet, the situation in China gradually becomes under control with a year-on-year positive growth in Shenzhen GDP for the first half of the year. The fundamental of China's economy remains unchanged and the quality of the economy keeps improving. The management of the Group believes that with each challenge comes with an opportunity. As such, the Company will remain vigilant and regularly review the Group's development strategies and risk control systems in order to respond flexibly to market dynamics. Capitalizing on the edge of its nationwide network, the Group will collaborate with its partners to achieve growth. The Group will also continue to improve its performance through exploring new potentials, cost control, expansion to increase revenue and speeding up its investment, merger and acquisition projects. In addition, in terms of toll road and airline, the Group will actively communicate with relevant government authority for reasonable compensation.

Despite the impact of the pandemic, the Group continues to responded proactively. While expanding its business scale, the Group's brand influence continued to expand , which has been highly recognized by the capital market. During the reporting period, the Group has been rated as "Key Logistics Enterprise of Shenzhen". In addition, the Group has been newly included in the Hang Seng High Dividend Yield Index for Mainland China Enterprises. At the same time, it won the third “New Fortune Best IR of Hong Kong Listed Company” award, in an authoritative selection activity in China. The group will continue to achieve the best in brand building.

The Group will continue to focus on four business pillars. Regarding logistics buinsess, the Group will strategically focus on “Belt and Road” , Guangdong-Hong Kong-Macao Greater Bay Area, Shenzhen Pilot Demonstration Zone and Yangtze River Economic Belt, and strengthen its presence in logistic hub network across the country, particularly in prosperous regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and the Pan-Bohai Rim to further increase asset size and play the scale effect. The Group will continue to consolidate its leading position in the Shenzhen logistics park market, reinforce the investment and acquisitions of high-quality logistics assets in Shenzhen and its surrounding cities, vigorously explore smart logistics and cold chain business, and proactively expand investment opportunities for upstream and downstream logistics industry chains. In addition, The Group will actively explore a closed-loop business model for integrated logistics hubs, comprising investment, construction, management and divestment, and also proactively explore the possibility of offering REITs. In terms of port business, the Group will continue to expand the supply chain management service business related to terminal operations to further diversify the structures of the port business. For toll road business, the Group will accelerate the construction progress of its toll road projects under development, and ensure the punctual completion of the major works. As to the environmental protection business, the Group will seek for investment opportunities and consolidate and coordinate resources of the Group.

The Group will actively seize the great opportunity of land function adjustment of logistics parks in Shenzhen, continue to vigorously promote the transformation of the logistics parks, further undertake the operation of commercial land, and actively promote the development and sales of Meilin Checkpoint Project and Qianhai Project, so as to continuously release value.

About Shenzhen International Holdings Limited

Shenzhen International Holdings Limited is a company incorporated in Bermuda with limited liability and listed on the main board of the Stock Exchange of Hong Kong. It is a company mainly engaged in logistics and toll roads, approximately 43.39% equity of which is indirectly held by the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People’s Government through Shenzhen Investment Holdings Co., Ltd.

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