



Shenzhen International
深國際



2014 Annual Results Investor Presentation

March 2015

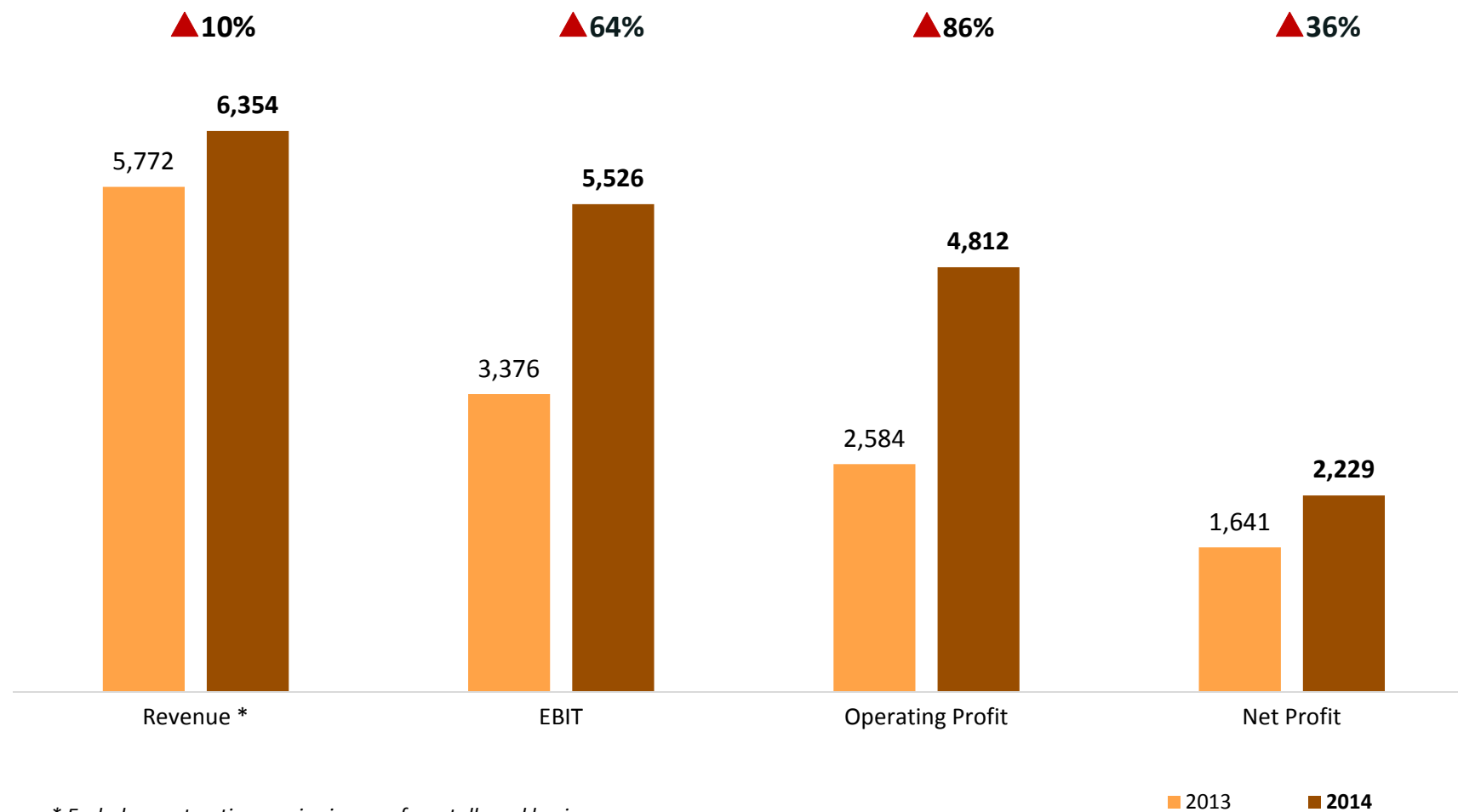
Advancing
Together,
Harvesting
Together

共同進步
分享快樂



1. Results Highlights

HK\$ Million

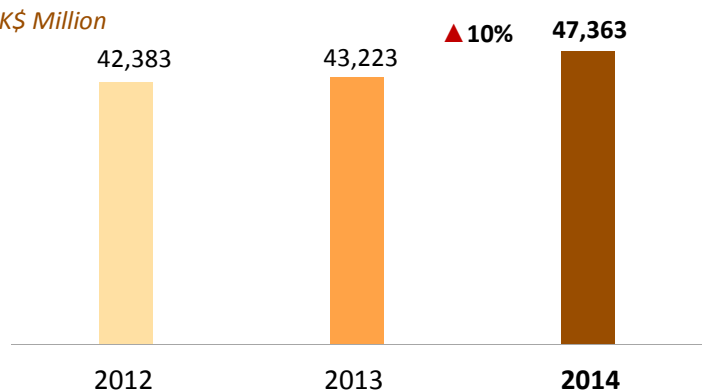


* Exclude construction service income from toll road business

1. Results Highlights

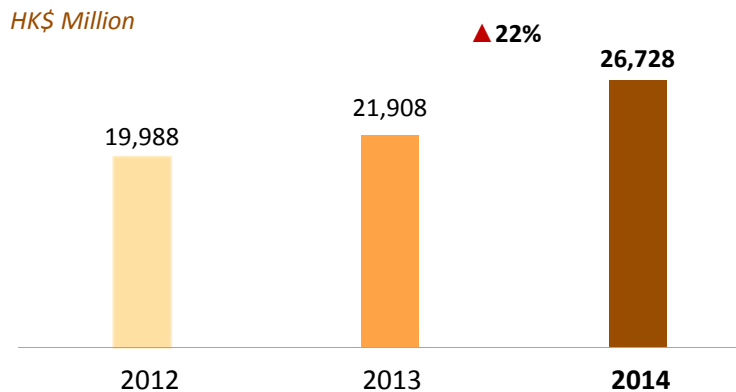
Total Assets

HK\$ Million



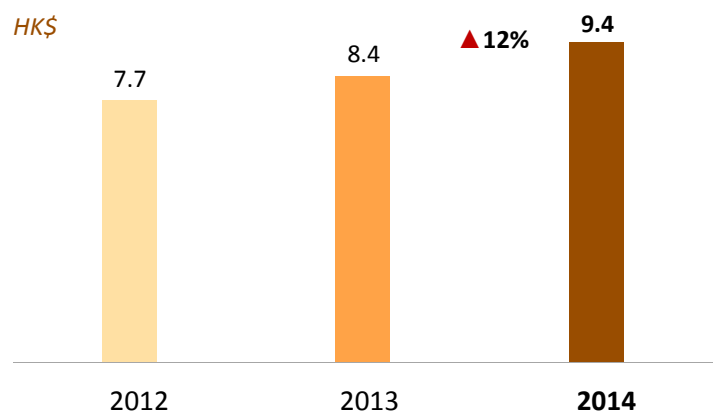
Total Equity

HK\$ Million



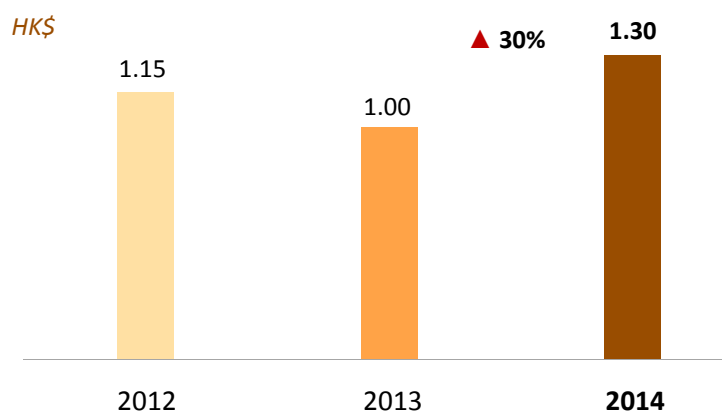
Shareholders' Value Per Share*

HK\$



Earnings Per Share*

HK\$



* The weighted average number of ordinary shares of respective years have been retrospectively adjusted to reflect the effect of share consolidation on 13 February 2014.

1. Results Highlights

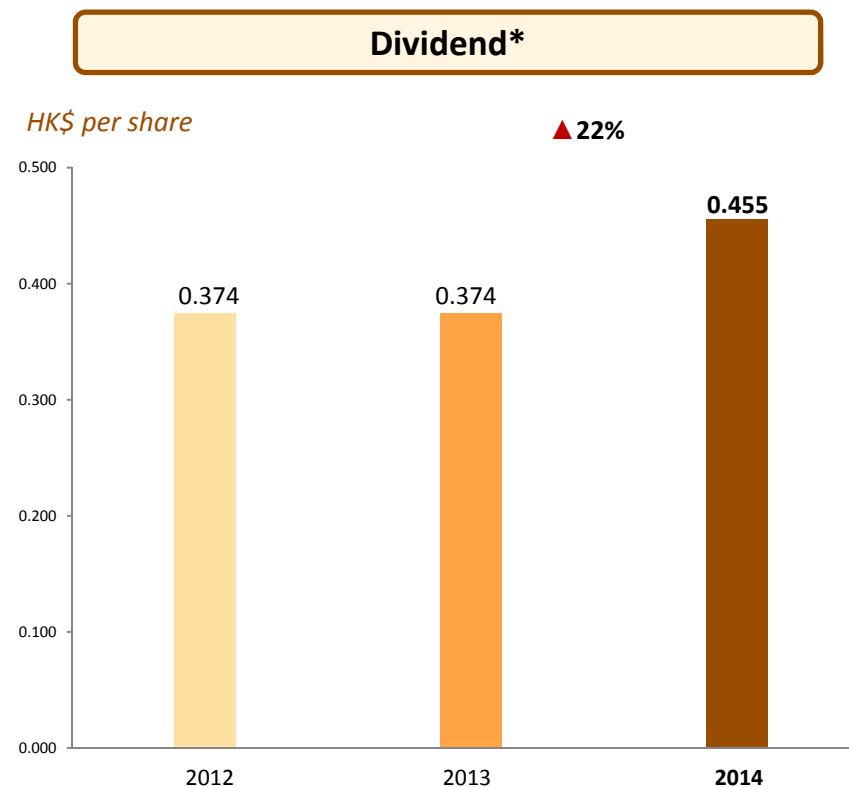
Operating Performance

- **Revenue** amounted to HK\$6,370M (2013: HK\$5,963M), ▲ 7%;
Exclude construction service income, **revenue** was HK\$6,354M (2013: HK\$5,772M), ▲ 10%;
- **Operating Profit** was HK\$4,812M (2013: HK\$2,584M), ▲ 86%
- **EBITDA** was HK\$6,946M, ▲ 46%
- **EBIT** was HK\$5,526M, ▲ 64%
- **Profit attributable to shareholders** was HK\$2,229M (2013: HK\$1,641M), ▲ 36%
- **Basic EPS*** was HK\$1.30 (2013: HK\$1.00), ▲ 30%
- **Shareholders' value per share*** was HK\$9.4 (2013: HK\$8.4), ▲ 12%

* The weighted average number of ordinary shares of respective years have been retrospectively adjusted to reflect the effect of share consolidation on 13 February 2014.

2. Dividend

- **2014 total dividend per share** ▲ 22% to HK\$0.455 (2013: HK\$0.374), in which
 - **Basic dividend** HK\$0.263 per share
 - **Special dividend** HK\$0.192 per share
- Total dividend HK\$861M (2013: HK\$620M)
- Payout ratio increased to 39% (2013: 38%)
- 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 dividend policy



* The weighted average number of ordinary shares of respective years have been retrospectively adjusted to reflect the effect of share consolidation on 13 February 2014.

3. Business Review

- In 2014, global economy struggled, China's economy grew at a slower pace
- The Group strived to enhance operating performance. Operating results achieved historical high
 - Revenue and profit attributable to shareholders ▲10% and ▲36% respectively
- **Logistic Business:** The additional logistic operating area contributed a full year revenue for the first time
 - Revenue and net profit ▲16% and ▲32% respectively
- **Toll Road Business:** sustained traffic volume growth and increased in entrusted construction management services revenue
 - Revenue and net profit ▲9% and ▲27% respectively
 - Meiguan Expressway adjustment agreement contributed one-off gain of HK\$730M to the Group's profit attributable to shareholders
- **Other Investments:**
 - Net profit of Shenzhen Airlines ▼14% to RMB\$780M resulted from increased operating costs
 - Recorded profit after tax of HK\$42.67M from disposal of 5.85M CSG A shares
- In November, completed the placement of 176M new shares, net proceeds amounted to HK\$1,900M
 - Applied towards logistic business, in particular the 「China Urban Integrated Logistics Hub」 projects
 - Provided a greater foundation for the Group's strategic development

4. China Urban Integrated Logistics Hub

- Continue the nationwide development of [China Urban Integrated Logistics Hub]
 - Signed four investment agreements for projects in Shijiazhuang, Changsha, Nanchang and Hefei since 2014
 - Signed strategic co-operation agreements with well-known enterprises including Shentong Express, China Transport Telecommunications & Information Center (CTTIC) etc
- First project [Shenzhen International Shenyang Integrated Logistic Hub] first phase comprises a site area of 240,000 sqm
 - Construction as scheduled, promotion also in progress
 - Expect to complete construction and commence operation at the end of 2015
- Wuxi, Wuhan and Shijiazhuang projects expect to commence construction in due course and to be completed by 2016

Shenzhen International Integrated Logistics Hub	Planned Site Area (sqm)	Shenzhen International Integrated Logistics Hub	Planned Site Area (sqm)
1 Shenyang project (Target completion by end of 2015)	700,000	5 Tianjin project (Target completion by 2017)	300,000
2 Wuxi project (Target completion by 2016)	350,000	6 Changsha project (Target completion by 2017)	350,000
3 Wuhan project (Target completion by 2016)	130,000	7 Nanchang project (Target completion by 2017)	260,000
4 Shijiazhuang project (Target completion by 2016)	330,000	8 Hefei project (Target completion by 2018)	130,000
Total Planned Site Area			2.55M sqm

5. Transformation and Upgrading of Existing Logistic Park

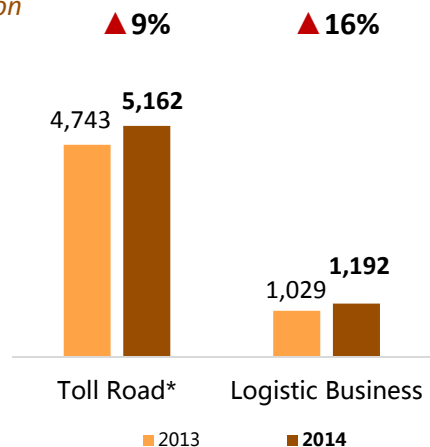
- **Qianhai Project:** through active communication with government authorities
 - The land location of phase 1 project has been confirmed
 - Phase 1 project is one of Qianhai Co-operation Zone's 20 major projects
 - Preparation work such as land value evaluation has commenced
 - Negotiation with government in progress

- **Meilin Checkpoint Urban Revival Project: According to the latest development plan on Longhua New Area**
 - The land function of Huatongyuan Logistic Centre and surrounding land area with a total area of 131,000 sqm will be modified
 - Relevant land parcel will be transformed and upgraded to a project with 486,000 sqm GFA
 - Comprising commercial, office, apartment, residential area and public facilities etc
 - The Group has established a project company in second half of 2014 with regards to the land acquisition
 - Expect to sign land transfer agreement by end of June 2015 as planned
 - In addition, with the Group's strong effort and active communication with Shenzhen Municipal Government, a land parcel located in Longhua New Area (Liguang Project) will be developed into a 168,000 sqm GFA logistic centre for relocating Huatongyuan Logistic Centre

6. Revenue & Net Profit

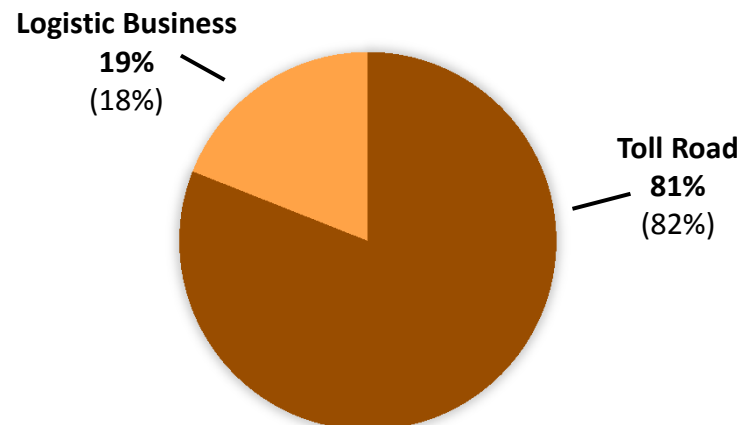
Revenue HK\$6,354M ▲ 10%

HK\$ Million



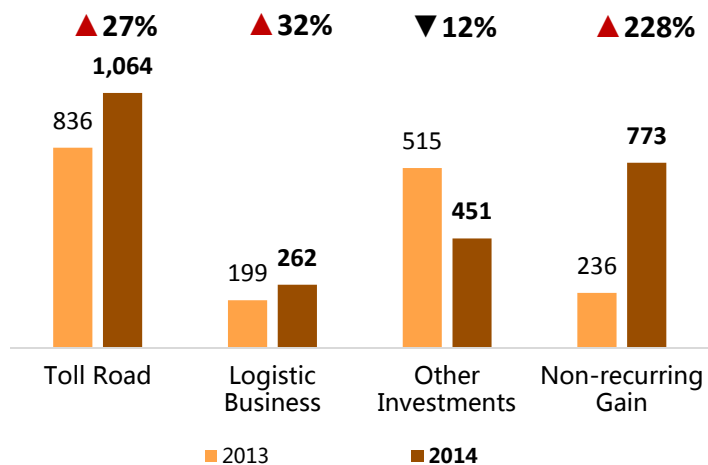
* Exclude construction service income from toll road business

2014 Revenue Contribution (2013)

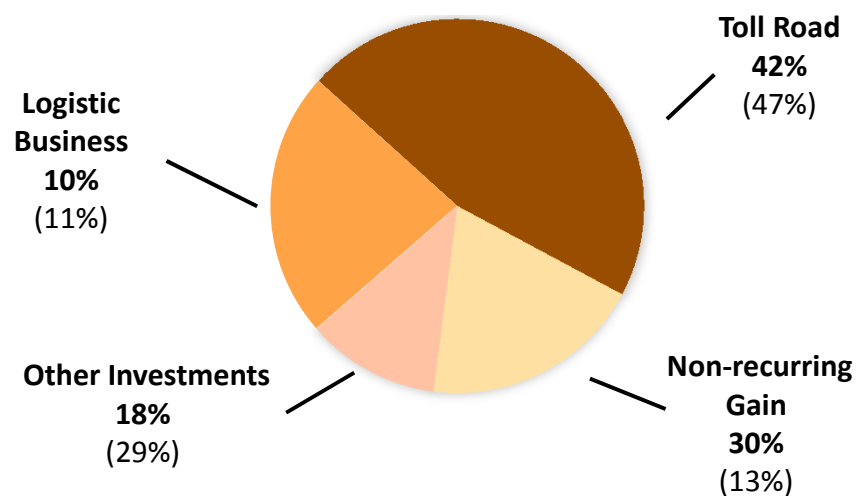


Net Profit HK\$2,229M ▲ 36%

HK\$ Million

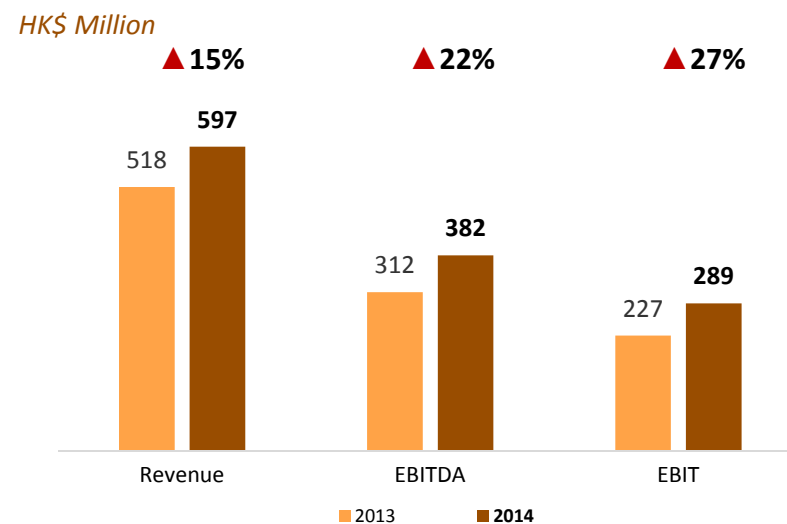


2014 Net Profit Contribution (2013)

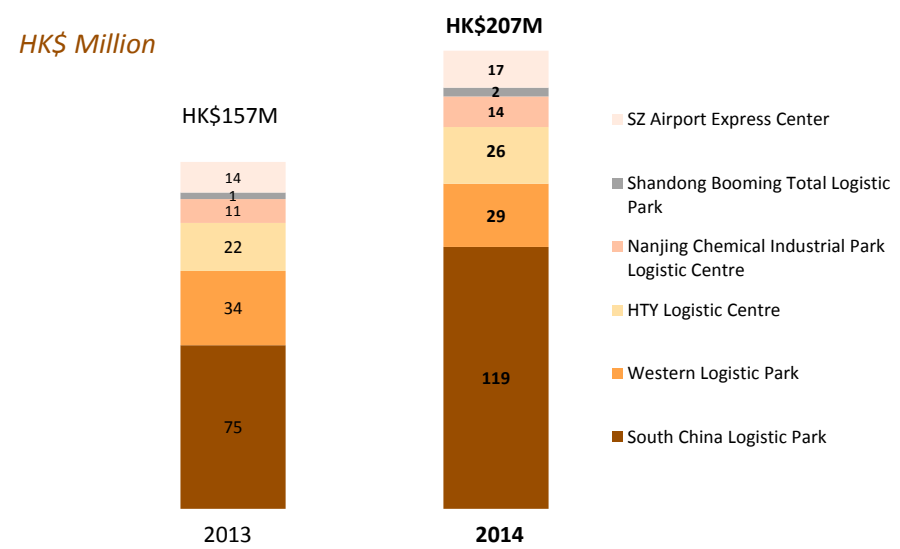


7. Logistic Business – Logistic Park

- Full year revenue contribution for the first time from additional operating area and mature business performance led to economies of scale
 - Revenue and net profit ▲ 15% and ▲ 31% respectively
- Overall average occupancy rate maintained at 96%
- **South China Logistic Park:** newly-built logistic centre and exhibition centre completed in 2013, comprises of 125,000 sqm of operating area are all rented out
 - Revenue and net profit contribution ▲ 21% and ▲ 57% respectively
- **HTY Logistic Centre:** maintained sound operating performance
 - Revenue and net profit contribution ▲ 10% and ▲ 19% respectively



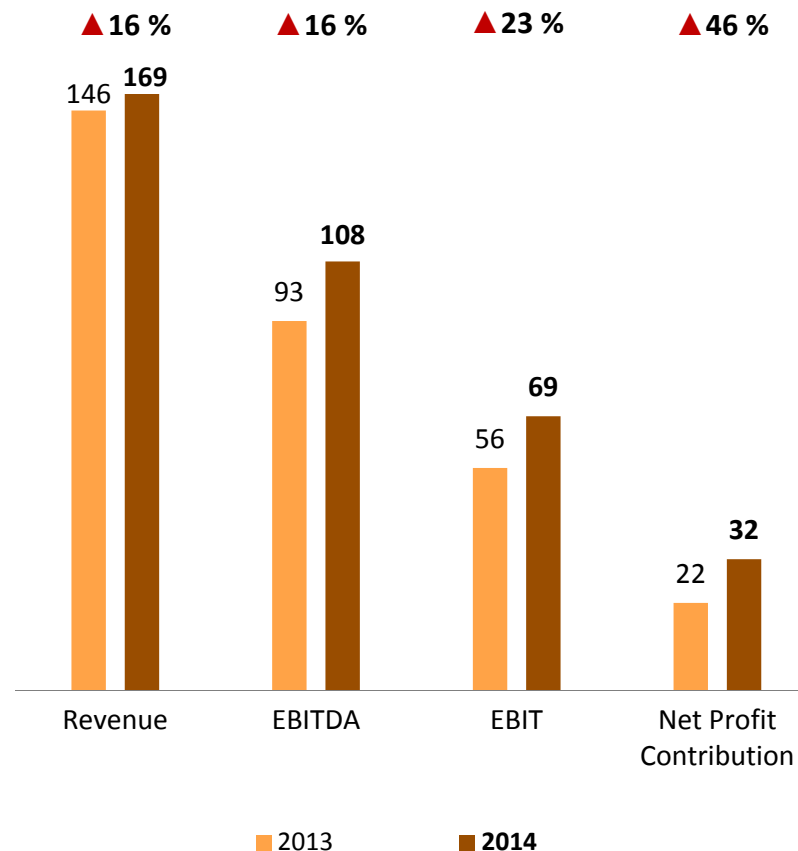
Net Profit Contribution ▲ 31%



7. Logistic Business – Nanjing Xiba Port

- High level loading efficiency of phase 1 project with two 70K tons terminals brought satisfactory operating performance growth
- 250 vessels berthed in 2014, total throughput reached 14.9 million tons, increased 14%
- Revenue and net profit contribution ▲16% and ▲46% respectively
- Xiba Port Phase 2
 - Named as major project of Jiangsu Province and largest port project in Nanjing
 - Completed construction at the end of 2014 and launched port opening ceremony
 - One 50K tons terminal and two 70K tons terminals will commence operation in 2015
 - Xiba port operating scale to further expand

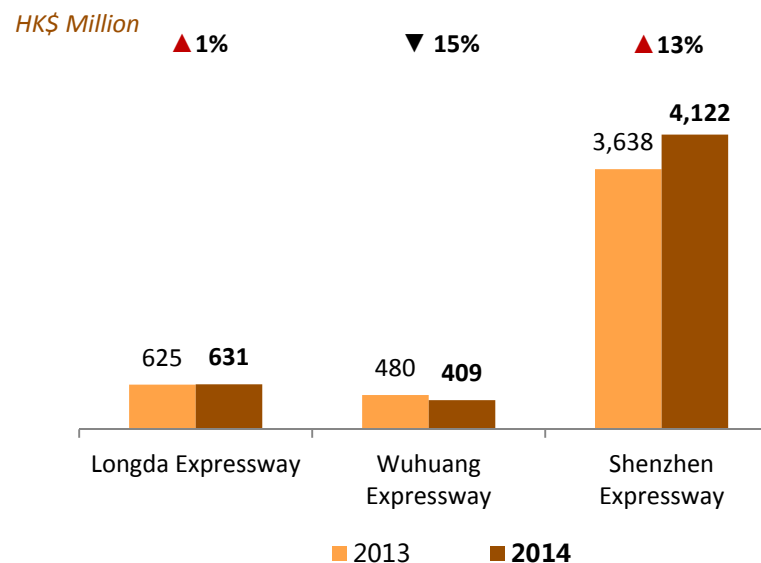
HK\$ Million



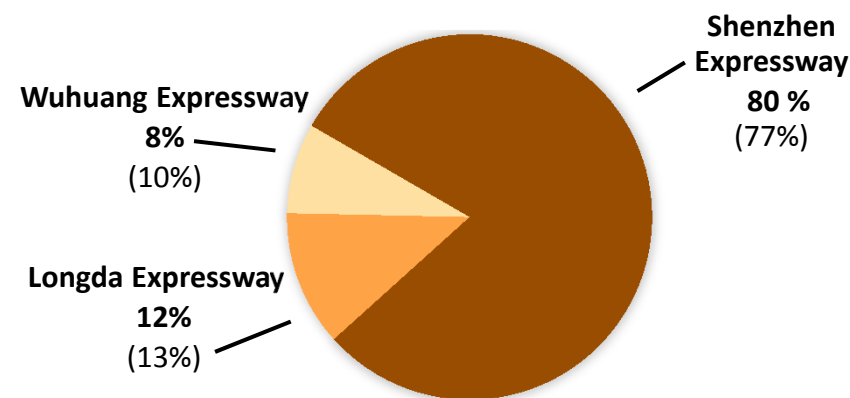
8. Toll Road

- Total revenue ▲ 9%, benefitted from
 - Organic growth in traffic volume and improved road network, toll revenue ▲ 3% to HK\$4,551M (2013: HK\$4,429M)
 - Entrusted construction management services revenue increased 94% to HK\$611M (2013: HK\$314M)
- Traffic volume and revenue in Shenzhen area ▲ 8% and ▲ 4% respectively
 - **Jihe Expressway:** improved surrounding road network and establishment of new Shenzhen Airport Terminal at the end of 2013, revenue ▲ 21% to HK\$1,323M
 - **Meiguan Expressway:** rapid increase in traffic volume of the toll free section boosted traffic volume increase of the remaining toll section
- **Qinglian Expressway:** sound operating performance, revenue ▲ 9% to HK\$981M
- **Wuhuang Expressway:** revenue and net profit dropped compared to 2013 due to traffic diversion and traffic control in Wuhan area

Revenue: HK\$5,162M ▲ 9%



2014 Net Profit Contribution (2013)



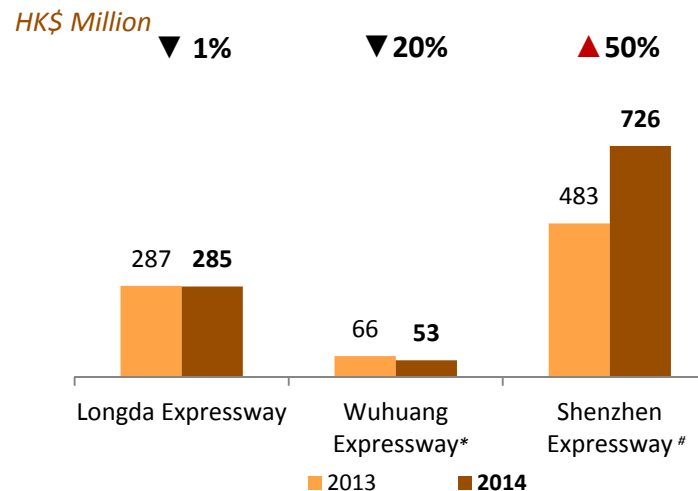
8. Toll Road

- Entrusted construction management services recorded profit after tax of HK\$256M
 - Coastal Expressway (Shenzhen Section) contributed profit after tax of HK\$67.55M (2013: HK\$32.18M)

- Net profit ▲ 27% to HK\$1,064M (2013: HK\$836M)
 - If excluding one-off asset write-off of HK\$88.79M for Qinglian Class II Road in 2013, net profit increased 15% yoy

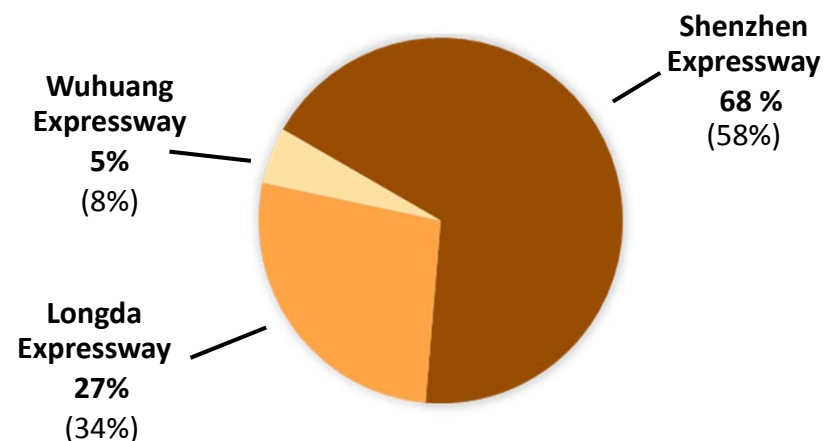
- Meiguan Expressway adjustment agreement contributed one-off gain to the Group's profit attributable to shareholders of HK\$730M.

Net Profit Contribution: HK\$1,064M ▲ 27%



* The Group's direct 45% share only # Exclude one-off gain from Meiguan

2014 Net Profit Contribution (2013)



9. Other Investments – Shenzhen Airlines

- Intensified competition in domestic aviation market
 - Average airfare declined by 2% yoy
- SZ Airlines revenue ▲ 6% to RMB22,891M (2013: RMB21,638M) benefitted from increasing demand
 - Passenger revenue ▲ 6% to RMB19,563M (2013: RMB18,412M)
- During the year
 - Passenger traffic and passenger carried ▲ 10% and ▲ 8% respectively
 - Total of 150 passenger aircrafts (2013: 132 aircrafts)
 - Total of 171 routes, including 159 domestic routes
- Operating costs including remuneration and depreciation increased due to aircraft expansion
 - SZ Airlines net profit ▼ 14% to RMB780M (2013: RMB902M)
 - 49% profit attributable to the Group ▼ 16% to HK\$405M (2013: HK\$480M)



10. Financial Position

	Group			Excl. SZ Expressway [#]		
	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)
<i>HK\$ Million</i>						
Total Assets	47,363	43,223	10%	24,642	20,478	20%
Total Equity	26,728	21,908	22%	17,870	13,901	29%
NAV attributable to shareholders	17,702	13,990	27%	17,769	13,890	28%
Shareholders' NAV Per Share (HK\$)[^]	9.4	8.4	12%	9.4	8.4	12%
Cash	7,635	4,957	54%	5,657	3,597	57%
Bank Borrowings	8,307	11,040	(25%)	3,358	3,083	9%
Notes & Bonds	7,440	6,282	18%	2,331	2,323	-
Total Borrowings	15,747	17,322	(9%)	5,689	5,406	5%
Net Borrowings	8,112	12,365	(34%)	32	1,809	(98%)
Debt-asset Ratio (Total Liabilities / Total Assets)	44%	49%	(5)*	27%	32%	(5)*
Ratio of Total Borrowings to Total Assets	33%	40%	(7)*	23%	26%	(3)*
Ratio of Net Borrowings to Total Equity	30%	56%	(26)*	-	13%	(13)*
Ratio of Total Borrowings to Total Equity	59%	79%	(20)*	32%	39%	(7)*

*Change in percentage point

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

[^] The weighted average number of ordinary shares of respective years have been retrospectively adjusted to reflect the effect of share consolidation on 13 February 2014.

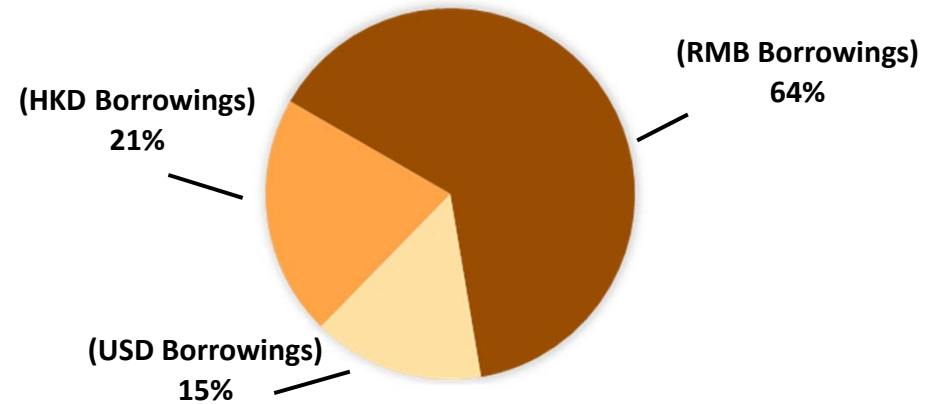
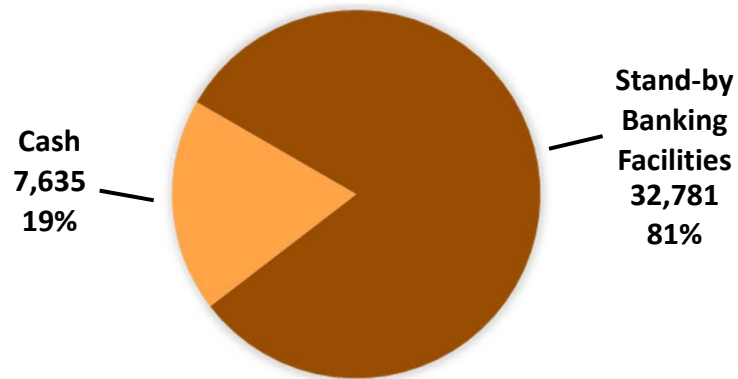
10. Financial Position

The Group's Borrowing Profile
As at 31 December 2014

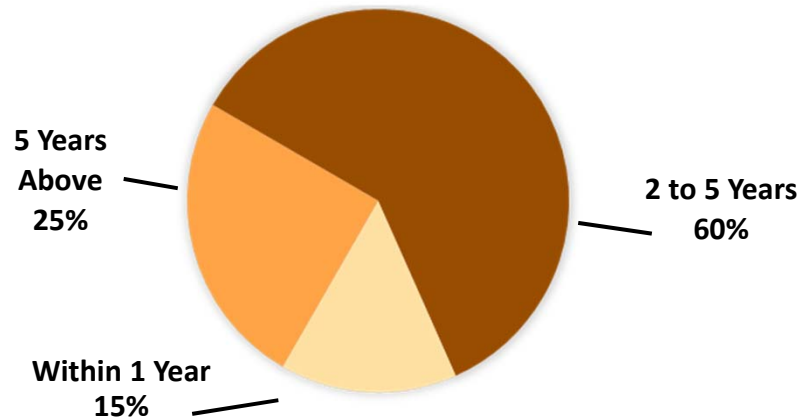
Cash & Banking Facilities

Total Borrowings: HK\$15,747M – in Currency

HK\$ Million



Total Borrowings : HK\$15,747M – Repayment Period

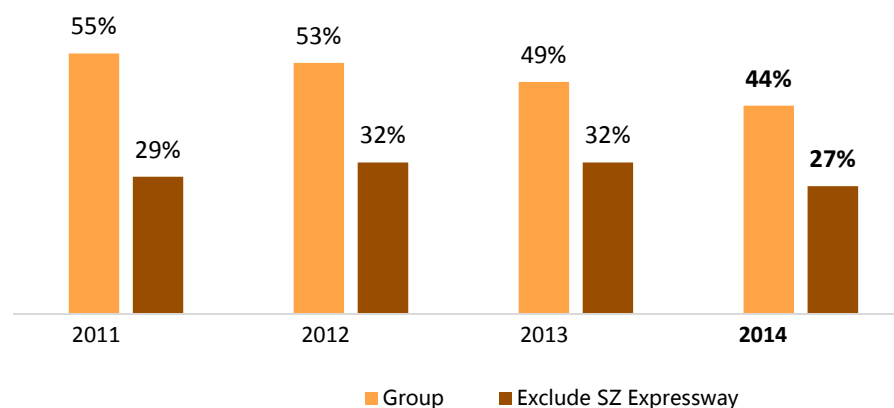


10. Financial Position

- Shareholders' NAV ▲ 27%
- Optimizing borrowing structure
 - Debt-asset ratio decreased 5 p.p. to 44% (2013: 49%)
 - Net cash outflow for debt repayment was HK\$1,375M (2013: net cash outflow HK\$1,229M)
 - Ratio of net borrowings to total equity decreased to 30% (2013: 56%)
- Net cash inflow generated from operations increased 3% to HK\$2,410M (2013: HK\$2,336M)
- 3 international credit agencies maintained investment grade credit ratings
- Fluctuation in RMB exchange rate recorded exchange loss of HK\$114M
 - The Group monitors changes of RMB exchange rate and will take appropriate action to minimize overall financial impact and to reduce financial risk

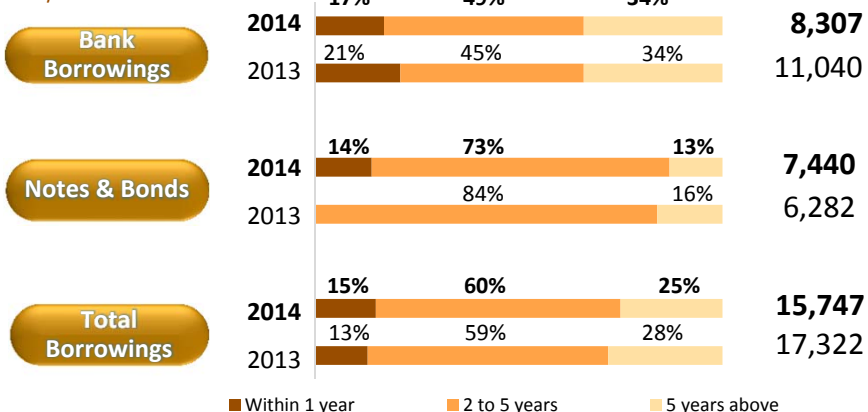
Debt-Asset Ratio

As of 31 Dec



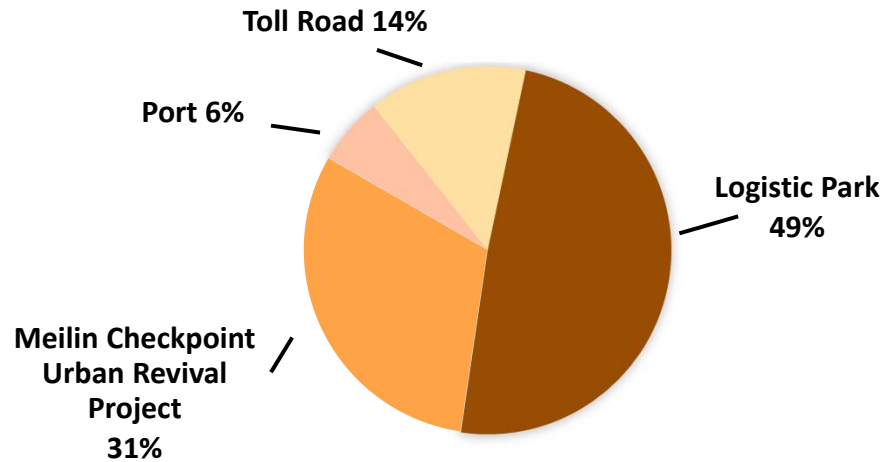
Debt Maturity Profile

HK\$ Million



11. 2015 Capex Estimate – HK\$4,300M (RMB 3,440M)

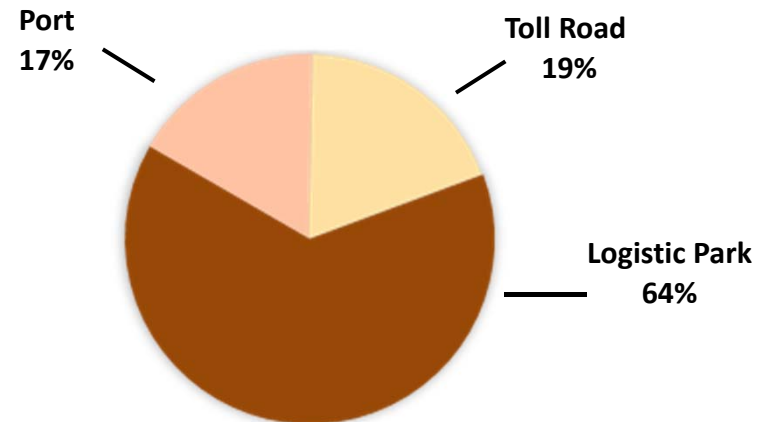
2015 Estimate
HK\$4,300M (RMB 3,440M)



2015 Estimate Major Capex items:

- Logistic Park: China Urban Integrated Logistics Hub RMB1,300M
- Port: Phase 2 of Nanjing Xiba Port
- Meilin Checkpoint Urban Revival Project RMB1,100M

2014 Actual
HK\$2,334M (RMB 1,868M)



2014 Major Capex items:

- Logistic Park : China Urban Integrated Logistics Hub projects RMB1,147M
- Port: Phase 2 of Nanjing Xiba Port
- Toll road: Remaining balance for Qinglian Project and Meiguan Expressway expansion

12. 2015 Outlook and Major Plans

■ Logistic Business

■ 1) China Urban Integrated Logistics Hub

- Current projects: Shenyang project to complete construction at the end of 2015; Wuxi, Wuhan and Shijiazhuang projects to start construction phase and be completed by 2016
- Expansion: target cities include Dalian, Yantai, Nanning, Chongqing, Chengdu, Guiyang, Zhengzhou, Fuzhou, Xiamen, Hangzhou, Guangzhou, Xi'an; strive to sign three investment agreements this year
- To form a logistic network by setting up various logistic hubs, gradually expand into a nationwide network

■ 2) Transformation and upgrading of existing logistic park: seize the urban development opportunity, strive to enhance economic value for assets owned by the Group

• Qianhai Project:

- Negotiating with government authorities to maximize the Group's and shareholders' interests, to finalize the agreement and to commence the first phase project accordingly

• Meilin Checkpoint Urban Revival Project:

- Expect to sign the land transfer agreement by mid of 2015, and to realize portion of the land value in the second half of the year
- To conclude the agreement of Liguang project, to carry out preparing work accordingly and get well prepared for the relocation of HTY Logistic Centre

• South China Logistic Park:

- According to the development plan of Longhua New Area, to propel and conclude the phase 2 project land development (77,000 sqm), enhancing the commercial value of the logistic park

12. 2015 Outlook and Major Plans

■ Logistic Business

- **3) Opportunities from Qianhai FTZ and Cross-Border E-Commerce:** maximizing assets value owned by the Group
 - With Central Government's support on modern logistics industry and a strong growth in demand, Cross-Border E-Commerce has become a major project advocated by Qianhai FTZ for modern logistics industry
 - In line with customs regulations, **South China Logistic Park** and **Western Logistic Park**, which both have bonded warehouse business, have been included in Shenzhen Cross-Border E-commerce platform pilot list
 - Relevant enterprises may enjoy a series of preferential policies
 - The Group will strive to provide a Cross-Border E-Commerce demonstration platform for E-commerce and modern logistics enterprises
- **4)** Actively look for more M&A and investment opportunities both onshore and offshore to enhance profitability of the Group's core business

■ Toll Road Business

- Stable business to provide steady and sound operating cashflow to the Group
- The Group will monitor closely on toll road policy to explore further infrastructure construction and upgrading possibilities arising from urbanization
- Actively expand in entrusted construction management services business to enhance operating performance

■ Other Investments

- **Shenzhen Airlines:** demand for domestic aviation market continues. SZA will seize the opportunity, together with stringent cost control to enhance its profitability
- **CSG A shares:** the Group still owns 4.97% (or 103M shares) of CSG A shares
 - Divestment strategy continues so as to maximize the Group's and shareholders' interest

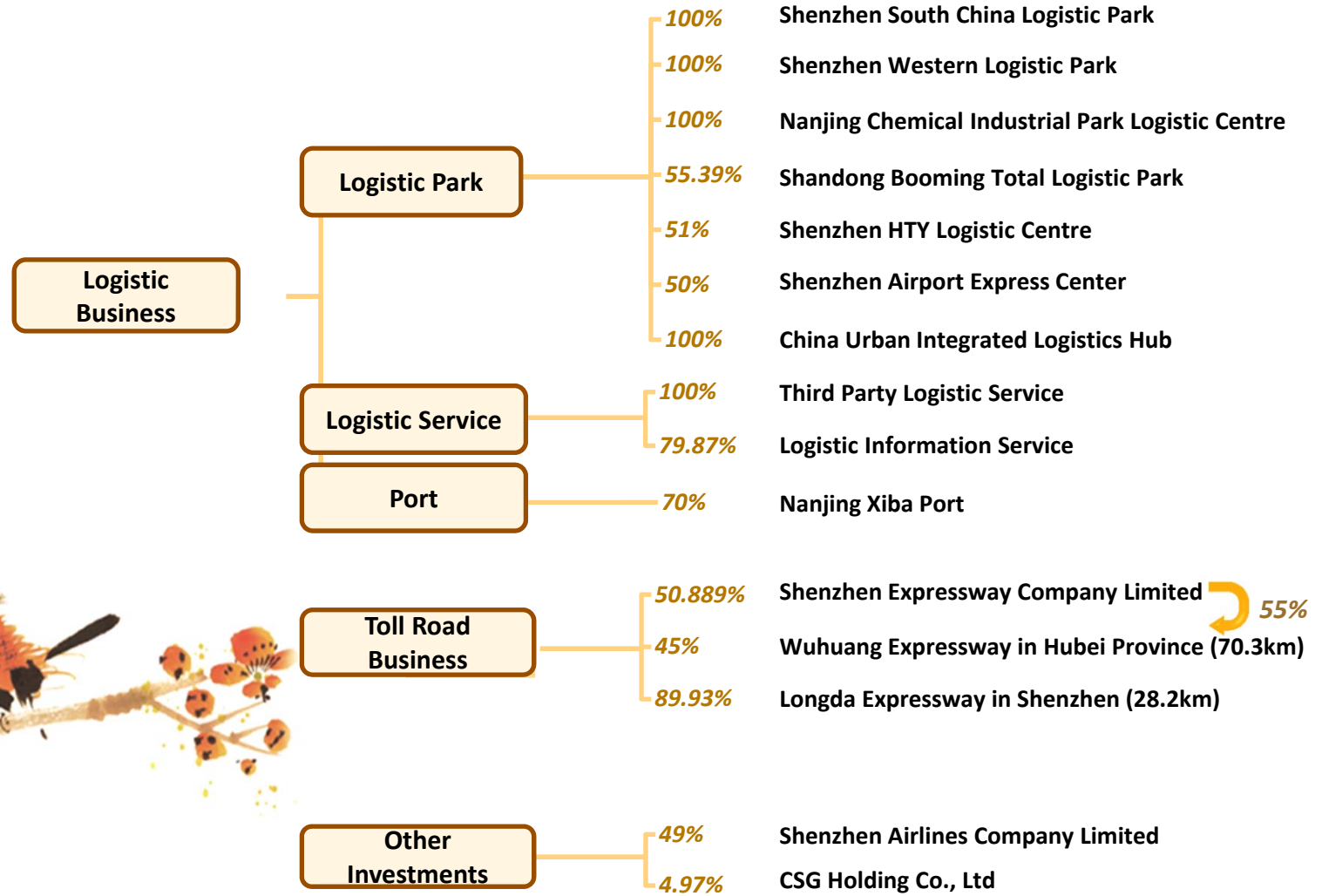


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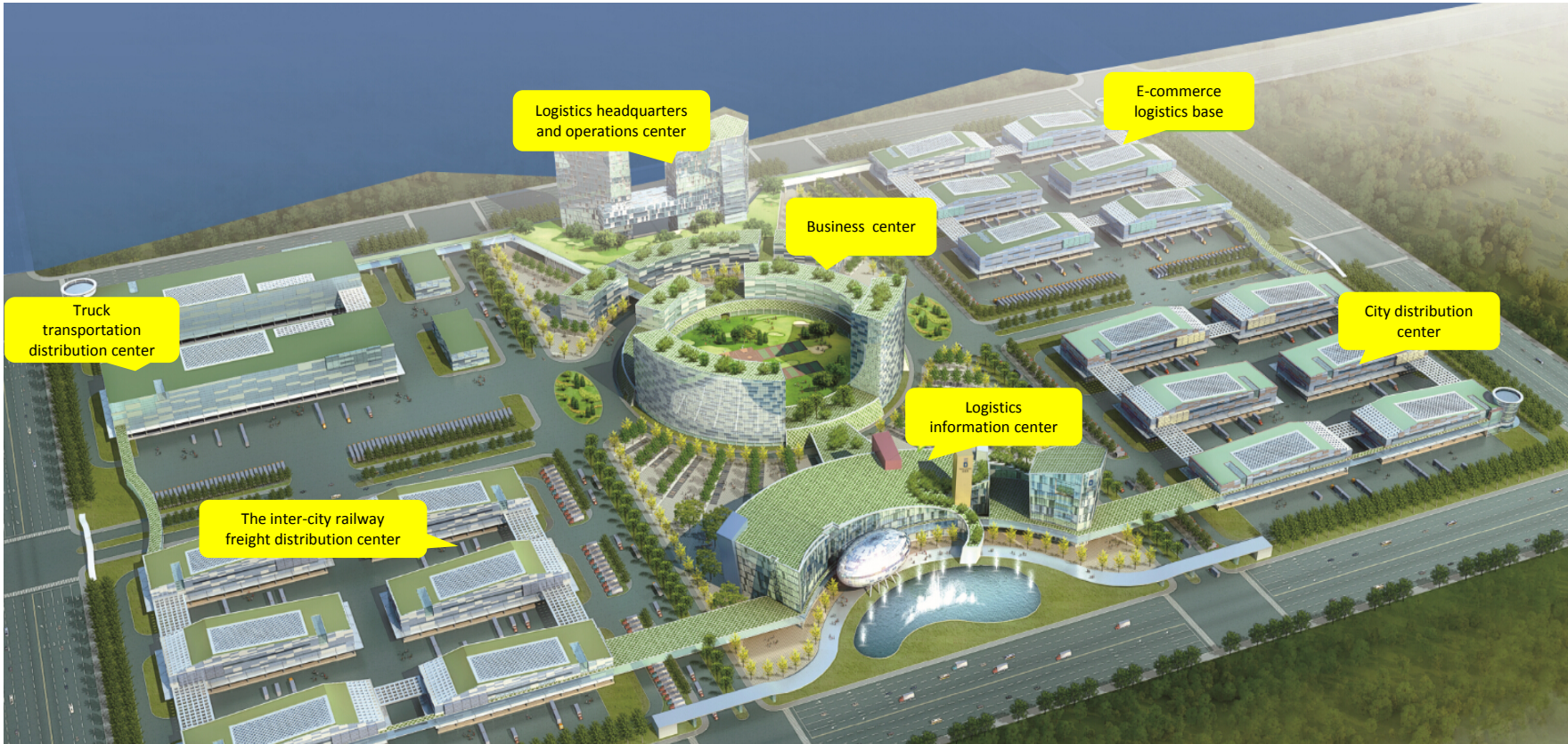
Appendix



Appendix 1 – Corporate Chart



Appendix 2 – Illustration of “China Urban Integrated Logistics Hub”



Appendix 3 – Qianhai Development Plan – Geographical location of Qianhai



Guiwan Area – Core Commercial District, focus on financial sector

Qianwan Area – Integrated Development District, focus on technology and information services sector

Mawan Area – Bonded Port District, focus on modern logistic sector

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

Appendix 4 – Income Statement

<i>HK\$ Million For the 12 months ended at 31 December</i>	2014	2013	Change
Revenue	6,370	5,963	7%
Cost of sales	(3,228)	(3,025)	7%
Gross profit	3,142	2,938	7%
Other gain / (loss) – net	1,999	(31)	N.A
Other income	125	72	74%
Distribution costs	(57)	(64)	(11%)
Administrative expenses	(397)	(331)	20%
Operating profit	4,812	2,584	86%
Share of (loss)/profit of joint ventures	(12)	33	N.A
Share of profit of associates	726	759	(4%)
Profit before finance costs and tax	5,526	3,376	64%
Finance costs - net	(770)	(739)	4%
Profit before income tax	4,765	2,637	80%
Income tax expense	(1,069)	(531)	101%
Profit for the Year	3,687	2,106	75%
Non-controlling interests	(1,458)	(465)	214%
Equity holder of the Company	2,229	1,641	36%
Basic EPS (HK dollar per share)*	1.30	1.00	30%

* The weighted average number of ordinary shares of respective years have been retrospectively adjusted to reflect the effect of share consolidation on 13 February 2014.

Appendix 5 – Segment Results

	Revenue		Operating Profit		Share of Results of Associates & JVs		EBIT	
	2014	2013	2014	2013	2014	2013	2014	2013
<i>HK\$ Million</i> <i>For the 12 months ended at 31 December</i>								
Toll Road								
Revenue	5,162	4,743	2,565	2,103	236	235	2,801	2,338
Gain from disposing Meiguan Expressway	-	-	1,926	-	-	-	1,926	-
Construction service revenue	16	191	-	-	-	-	-	-
Toll road subtotal	5,178	4,934	4,491	2,103	236	235	4,727	2,338
Logistic Business								
Logistic park	597	518	271	212	18	15	289	227
Logistic service	426	365	27	19	5	4	32	23
Port	169	146	69	56	-	-	69	56
Logistic business sub-total	1,192	1,029	367	287	23	19	390	306
Head Office	-	-	(46)	194	455	538	409	732
	6,370	5,963	4,812	2,584	714	792	5,526	3,376
Finance income							208	77
Finance cost							(978)	(816)
Finance cost - net							(770)	(739)
Profit before income tax & NCI							4,756	2,637

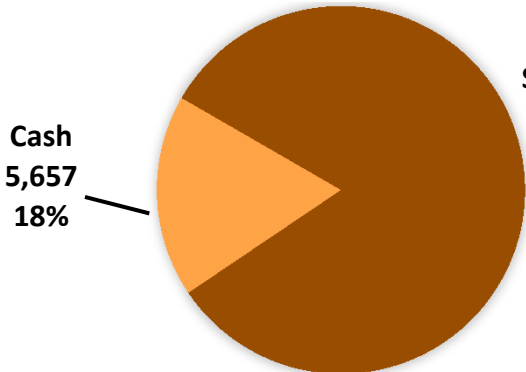
Appendix 6 – Financial Position

The Group's Borrowing Profile
(Excl. Shenzhen Expressway)
As at 31 December 2014

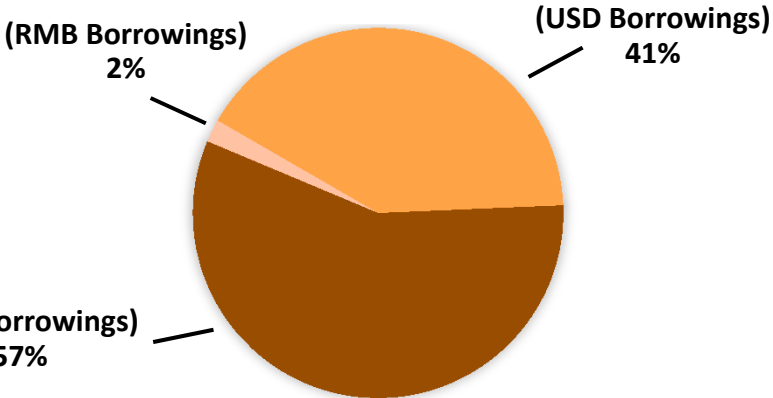
Cash & Banking Facilities

Total Borrowings: HK\$5,689M – In Currency

HK\$ Million

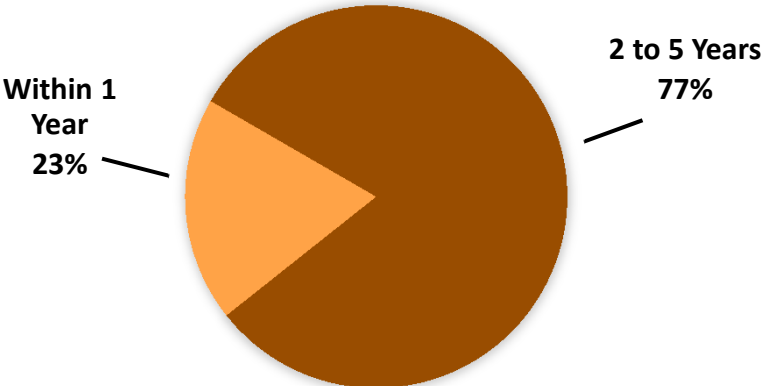


Stand-by Banking
Facilities
25,899
82%



(HKD Borrowings)
57%

Total Borrowings: HK\$5,689M – Repayment Period



Disclaimer

- This presentation is prepared in good faith, based on audited financial data, management information, publicly available information, and management's outlook as of 27 March 2015. 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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