



Shenzhen International
深 國 際

Advancing
Together,
Harvesting
Together

共同進步
分享快樂

2015

Annual Results Investor Presentation

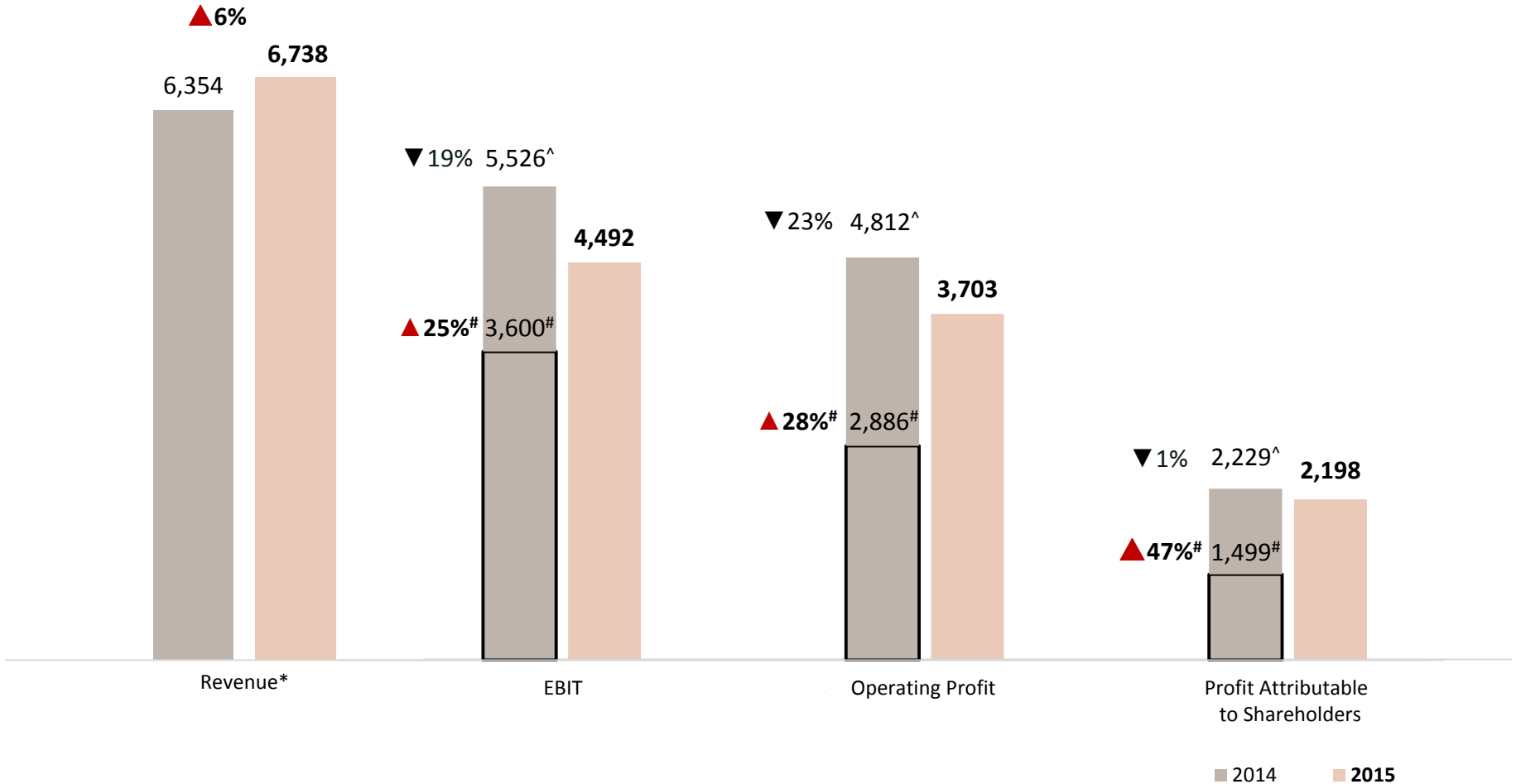
March 2016





1. Results Highlights

HK\$ Million



* Exclude construction service income from toll road business

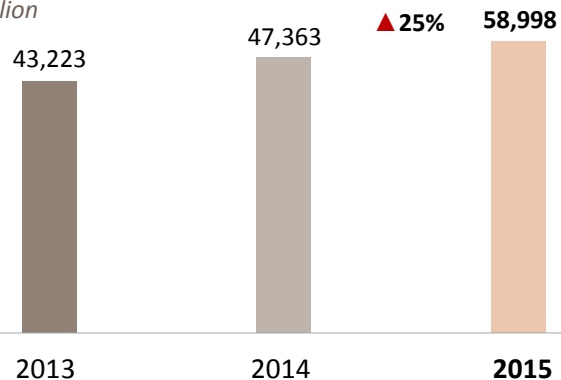
[^] The Group recorded an one-off gain from Meiguan Expressway toll adjustment of HK\$1,926 million in 2014, which contributed HK\$730 million to the Group's profit attributable to shareholders

[#] Figures are calculated excluding one-off gain from Meiguan Expressway toll adjustment in 2014

1. Results Highlights

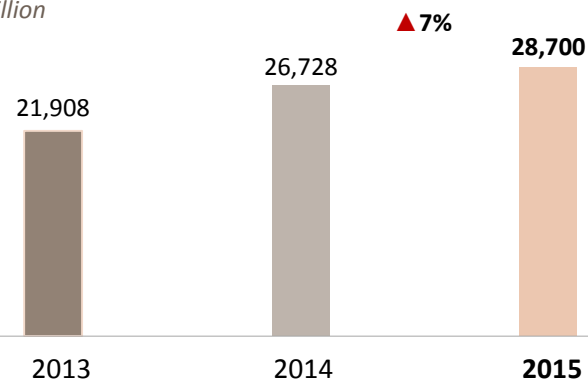
Total Assets

HK\$ Million



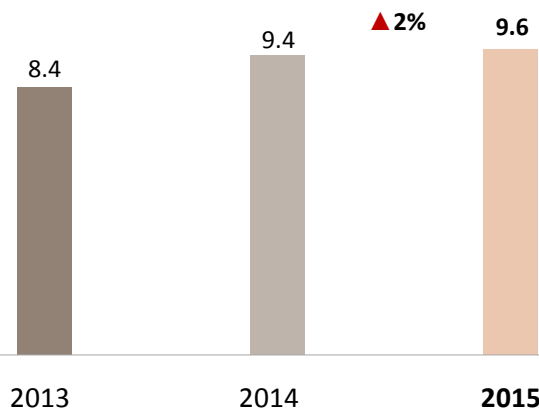
Total Equity

HK\$ Million



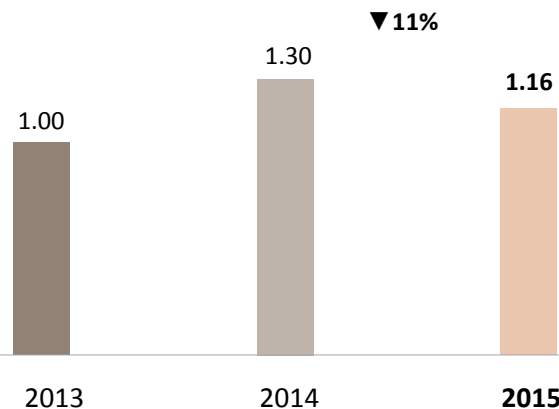
Shareholders' Value Per Share*

HK\$



Earnings Per Share*

HK\$



* The 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\$6,738M, ▲ 6%
- **Operating Profit[^]** was HK\$3,703M, ▼ 23%
- **EBITDA[^]** was HK\$5,801M, ▼ 16%
- **EBIT[^]** was HK\$4,492M, ▼ 19%
- **Profit attributable to shareholders[^]** was HK\$2,198M, similar level as of last year
 - Excluding one-off gain from Meiguan Expressway toll adjustment, profit attributable to shareholders increased by 47%
- **Basic EPS[^]** were HK\$1.16, ▼ 11%
- **Shareholders' value per share** was HK\$9.6, ▲ 2%

[^] The Group recorded an one-off gain from Meiguan Expressway toll adjustment of HK\$1,926 million in 2014, which contributed HK\$730 million to the Group's profit attributable to shareholders

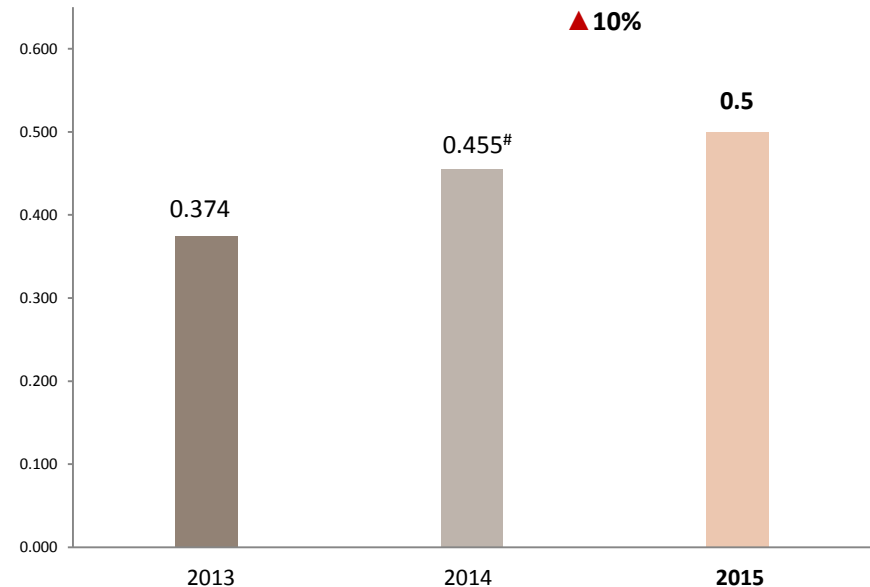


2. Dividend

- Dividend per share for the year ▲ 10% to HK\$0.5 (2014: HK\$0.455),
- Total dividend HK\$950M (2014: HK\$861M)
- Payout ratio increased to 43% (2014:39%)
- 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
- Maintain stable dividend policy

Dividend*

HK\$ per share



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

[#] Included special dividend of HK\$ 0.192 per share

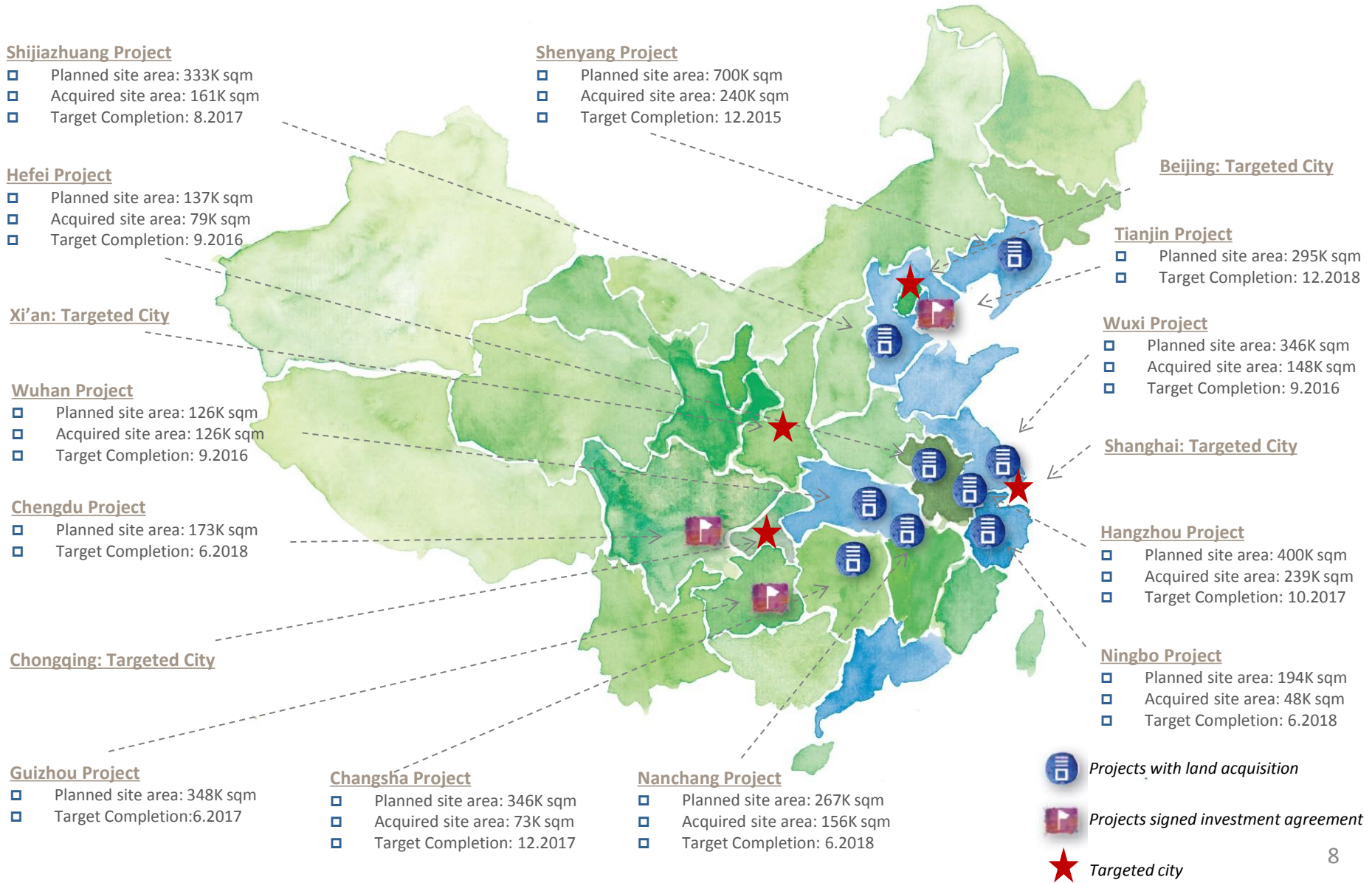
3. Business Review

- 2015 was full of challenges with weak global growth, low commodity prices and increased currency volatility
- Operating results of the Group remained stable despite volatile macroeconomic environment
- **Logistic Business**
 - Making good progress in building nationwide network for “China Urban Integrated Logistics Hub”
 - Nanjing Xiba Port Phase 2 commenced operation
- **Transformation and Upgrading of Existing Logistic Park**
 - Meilin Checkpoint Urban Renewal Project: Acquired land use right
 - Qianhai Project: Signed framework agreement and commenced construction of phase I during the year
- **Toll Road Business**
 - Most toll road projects maintained stable growth in traffic volume and revenue
 - Completed the acquisition of additional equity interest in Shuiguan Expressway
 - Signed toll adjustment and compensation agreements on Nanguang Expy, Yanpai Expy, Yanba Expy and Longda Expy Shenzhen section
 - Received compensation of first installment amounted to RMB 9,713M
- **Shenzhen Airlines**
 - Passenger traffic volume ▲ 12%
 - Fuel cost and RMB exchange rate had mixed effect on profit
- **CSG A Shares**
 - Recorded profit after tax of HK\$729M from disposal of 64.5M CSG A shares
 - The Group still own 2.48%(or 51.5M) CSG A shares

4. China Urban Integrated Logistics Hub

- The Group dedicates in establishing “China Urban Integrated Logistics Hub” network in accordance with the national development strategies including “One Belt, One Road”, “Coordinated Development of the Beijing-Tianjin-Hebei Area” and “Yangtze River Economic Belt”
 - Signed five new investment agreements in Hefei, Ningbo, Hangzhou, Chengdu and Guizhou respectively, with a total site area of 1.25M sqm since 2015
- Existing projects’ development in progress as scheduled
 - Shenyang phase 1 project with a site area of 240,000 sqm was completed and its marketing is in progress; operation to commence in 2016
 - Wuxi, Wuhan and Hefei projects under construction with total site area of 350,000 sqm; expects to complete at the end of 2016
 - 12 investment agreements were signed, with total planned site area of 3.67M sqm, in which
 - 9 projects have already acquired total land area of 1.27M sqm site area
- Marketing activities in progress

4. China Urban Integrated Logistics Hub



5. Transformation and Upgrading of Existing Logistic Park

■ Meilin Checkpoint Urban Renewal Project

- Signed land transfer agreement with relevant government authorities in June 2015 as scheduled
 - First instalment of 30% of the land premium amounted to RMB1,070M was paid, the Group officially acquired the land use right
- 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
- Residential property prices in Shenzhen area increased 48% in 2015, ranked top across the nation
 - According to a professional valuation by independent valuer at the end of 2015, relevant land parcel was valued at RMB9,400M, much higher than its cost
- To seize the opportunity and to strive to realize the commercial value in a timely manner

■ Qianhai Project

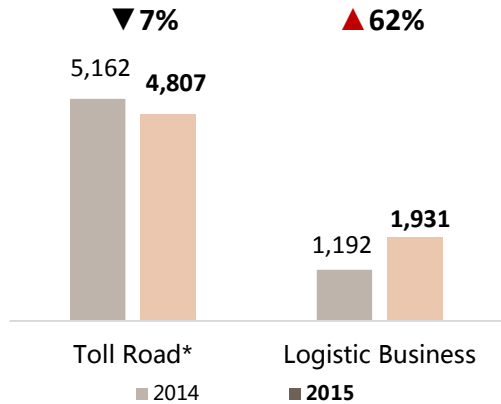
- “Shenzhen International Qianhai Intelligence Hub” phase 1 is one of the 20 major projects in Qianhai
- The Group entered into a framework agreement in September 2015 and commenced construction of phase 1 in December accordingly
- A major breakthrough to the Group’s Qianhai Project
- Phase 1 project with a site area of 38,800 sqm and 160,000 sqm GFA
- Comprising integrated usage including office, commercial and residential



6. Revenue & Profit Attributable to Shareholders

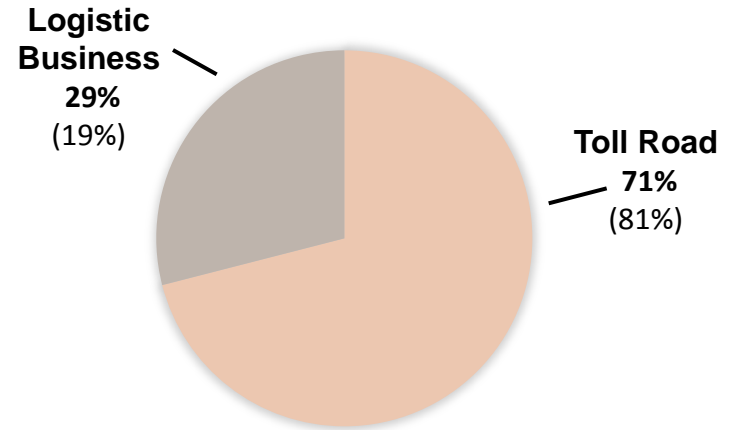
Revenue HK\$6,738M ▲ 6%

HK\$ Million



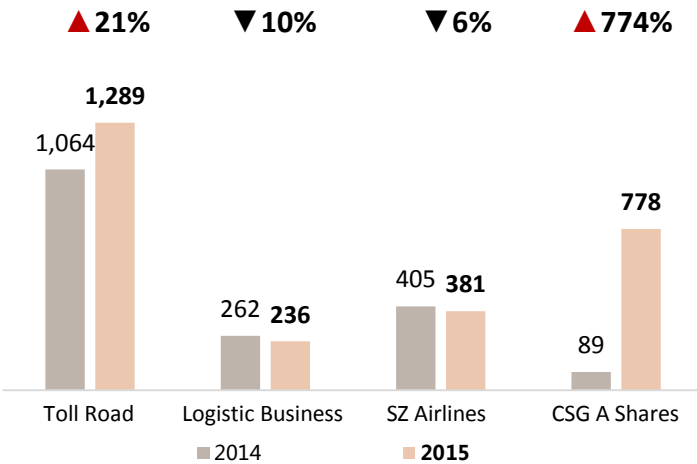
* Exclude construction service income from toll road business

2015 Revenue Contribution (2014)

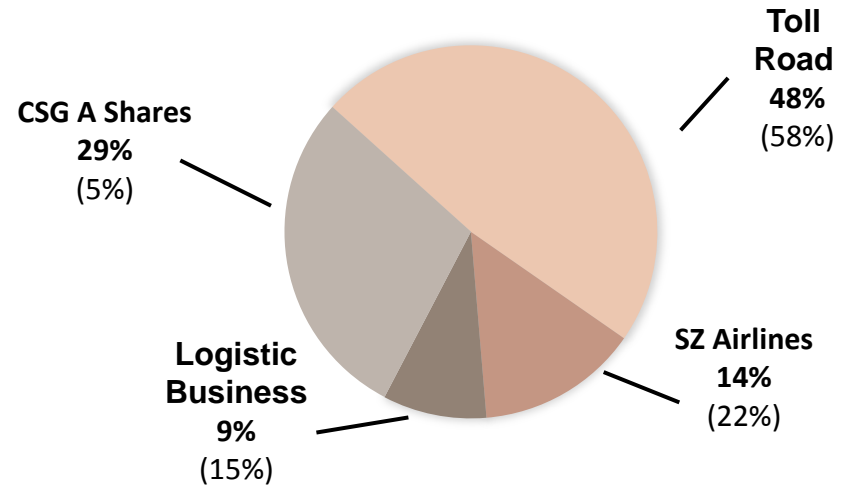


Profit Attributable to Shareholders HK\$2,198M ▼ 1%

HK\$ Million



2015 Profit Attributable to Shareholders Contribution (2014)^



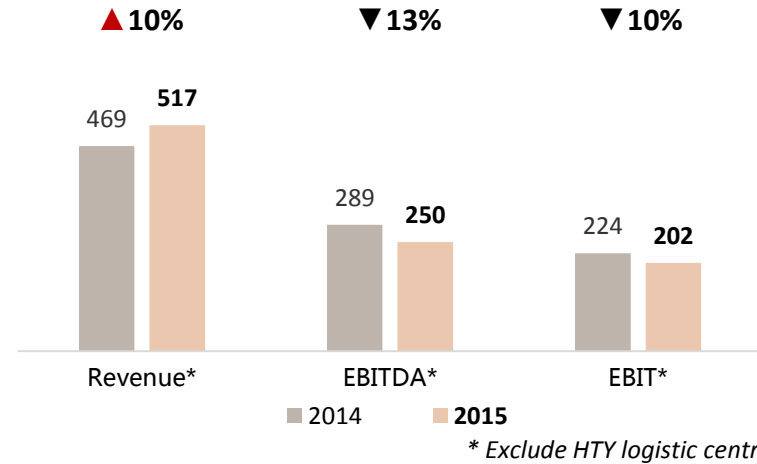
^ Exclude one-off gain from Meiguan Expressway toll adjustment in 2014



7. Logistic Business – Logistic Park

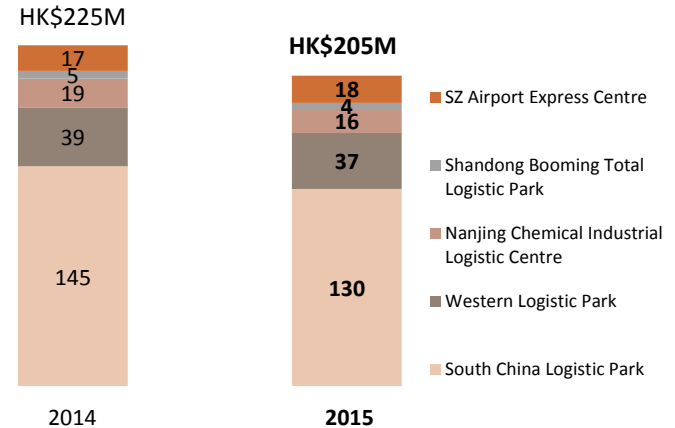
- Most existing logistic parks maintained stable operation
- Overall average occupancy rate at 95% (excluding HTY Logistic Centre)
- **Western Logistic Park:** Development of cross-border e-commerce business advocated demand for various value-added services, revenue ▲ 17%
- **South China Logistic Park:** Sound operating performance, revenue ▲ 3%
 - Newly built logistic centers started operation in 2H2014; profit before income tax decrease resulted from additional operating costs during the year
- **HTY Logistic Centre:** Relocation in progress as a result of Meilin Checkpoint Urban Renewal Project
 - Revenue and profit before income tax decreased by 23% and 47% respectively

HK\$ Million



Profit Before Income Tax ▼ 9%*

HK\$ Million

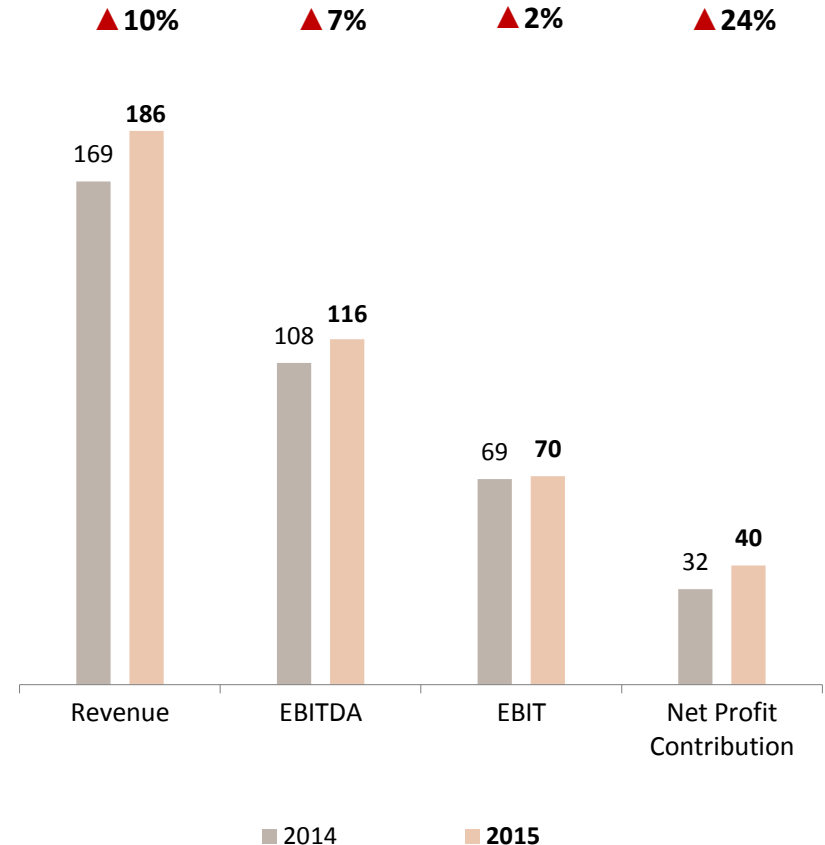


* Exclude HTY logistic centre

7. Logistic Business – Nanjing Xiba Port

- Benefited from phase 2 project commenced trial operation during the year, together with effective marketing efforts, Nanjing Xiba Port recorded satisfactory operating performance
- 245 vessels berthed during the year, total throughput reached 17.42M tons, increased by 17%
- Revenue and net profit contribution ▲ 10% and ▲ 24% respectively
- Nanjing Xiba Port
 - Named as major project of Jiangsu Province and largest port project in Nanjing
 - Total of five bulk terminals with capacity from 50K to 70K tons

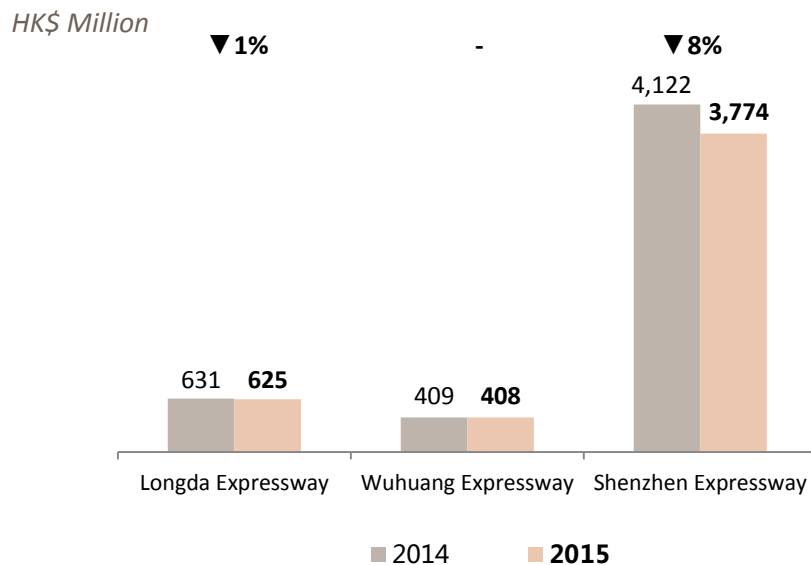
HK\$ Million



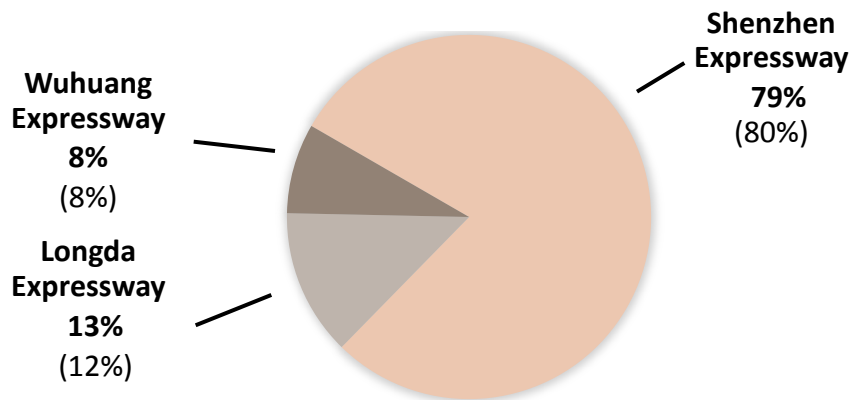
8. Toll Road

- Most toll road projects recorded steady growth, toll revenue ▲4% to HK\$4,713M (2014: HK\$4,551M)
- Total traffic volume and toll revenue in Shenzhen area ▲14% and ▲4% respectively
 - **Jihe Expressway:** improved surrounding road network and toll adjustment of connected Meiguan Expressway enhanced traffic volume, average daily traffic volume ▲16%
 - **Shuiguan Expressway:** became a subsidiary and contributed new toll revenue
- Total revenue decreased by HK\$516M resulted from reduction in entrusted construction management services revenue
- **Qinglian Expressway:** Toll revenue continued to be affected by traffic diversion of surrounding road network

Revenue: HK\$4,807M ▼7%



2015 Revenue Contribution (2014)



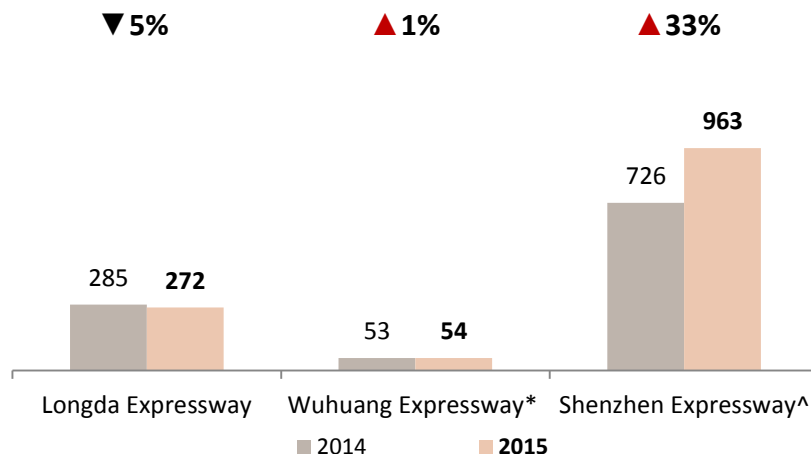
8. Toll Road

- Net profit ▲ 21% to HK\$1,289M (2014: HK\$1,064M)
 - Net profit increased by HK\$565M resulted from fair value gain on acquisitions during the year
 - Impairment loss on Qinglian Expressway concession rights decreased net profit by HK\$222M

- Toll adjustment phase 1 for Nanguang Expressway, Yanba Expressway, Yanpai Expressway and Longda Expressway Shenzhen Section (February 2016 to the end of 2018)

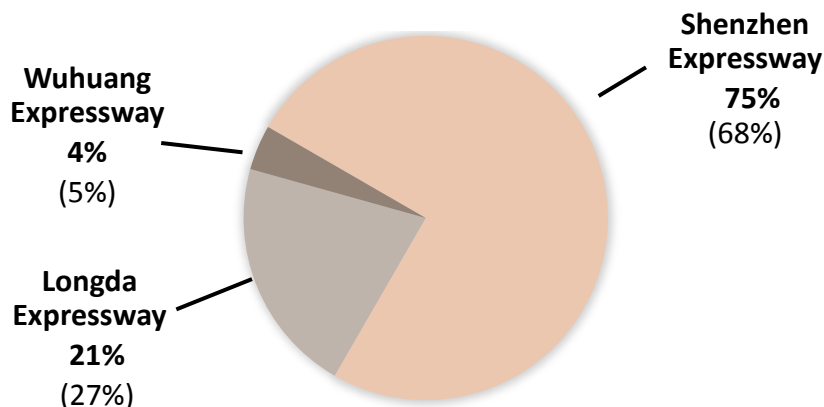
Net Profit Contribution: HK\$1,289M ▲ 21%

HK\$ Million



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

2015 Net Profit Contribution (2014)



9. Other Investments – Shenzhen Airlines

- Passenger volume for Shenzhen Airlines maintained steady growth benefited from continuous demand in domestic aviation market
 - Passenger traffic and passenger carried ▲ 12% and ▲ 10% respectively
 - Total of 164 passenger aircrafts (2014:150 aircrafts)
 - Total of 180 routes including 157 domestic routes
- Revenue was RMB23,863M (2014: RMB22,891M), ▲ 4%
 - Decline in aviation oil prices reduced fuel surcharges and average airfares of Shenzhen Airlines were lowered by 5%. Total revenue of Shenzhen Airlines still increased by 4%
- Shenzhen Airlines fuel cost reduced by 30% resulted from sharp reduction in oil prices
 - Operating profit ▲ 69% to RMB2,893M (2014: RMB1,711M)
- Shenzhen Airlines recorded exchange loss of RMB1,146M (2014: RMB46.67M) as a result of RMB depreciation
- Net profit of Shenzhen Airlines ▼ 5% to RMB744M (2014: RMB780M)
- The Group's 49% profit share ▼ 6% to HK\$381M (2014: HK\$405M)



10. Financial Position

	Group			Excl. SZ Expressway [#]		
	2015	2014	Increase/ (Decrease)	2015	2014	Increase/ (Decrease)
<i>HK\$ Million</i>						
Total Assets	58,998	47,363	25%	29,460	24,642	20%
Total Equity	28,700	26,728	7%	18,990	17,870	6%
NAV attributable to shareholders	18,160	17,702	3%	18,260	17,769	3%
Shareholders' NAV Per Share (HK\$)	9.6	9.4	2%	9.6	9.4	2%
Cash	15,635	7,635	105%	8,003	5,657	41%
Bank Borrowings	5,112	8,307	(38%)	2,746	3,358	(18%)
Notes & Bonds	7,925	7,440	7%	2,336	2,331	-
Total Borrowings	13,037	15,747	(17%)	5,082	5,689	(11%)
Net (Cash)/Borrowings	(2,598)	8,112	N.A	(2,921)	32	N.A
Debt-asset Ratio (Total Liabilities / Total Assets)	51%	44%	7*	36%	27%	9*
Ratio of Total Borrowings to Total Assets	22%	33%	(11*)	17%	23%	(6*)
Ratio of Net (Cash)/ Borrowings to Total Equity	(9%)	30%	N.A	(15%)	-	(15*)
Ratio of Total Borrowings to Total Equity	45%	59%	(14*)	27%	32%	(5*)

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

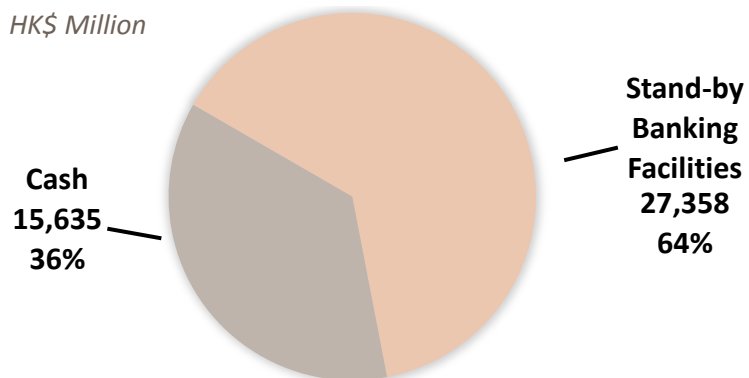
*Change in percentage point

10. Financial Position

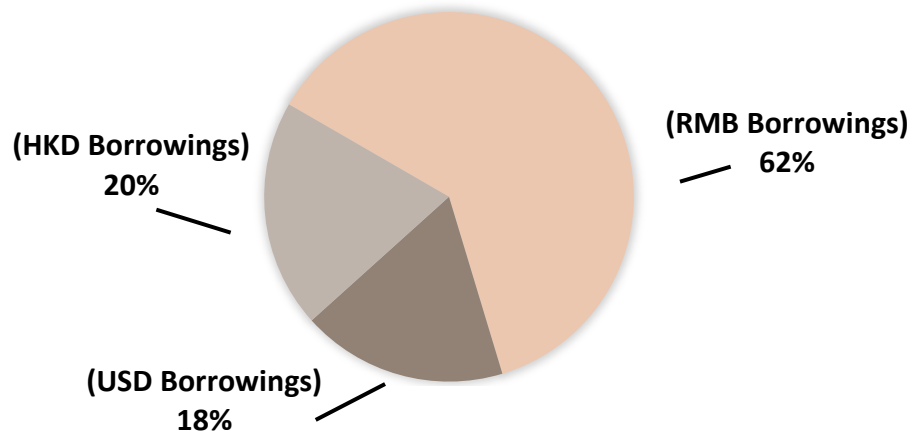
The Group's Borrowing Profile
As at 31 December 2015

Cash & Banking Facilities

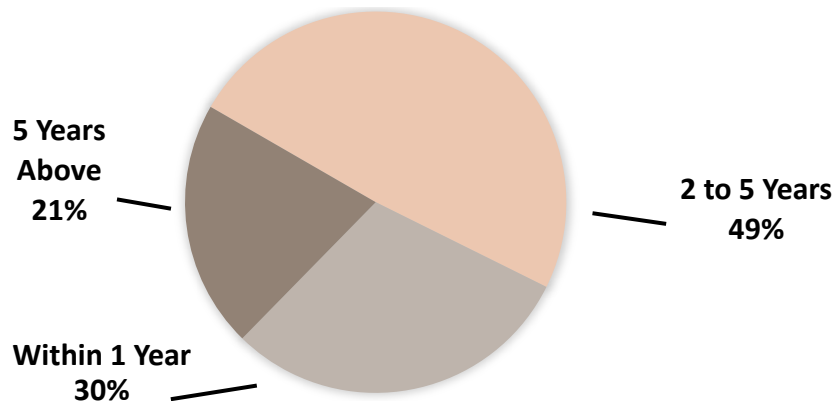
HK\$ Million



Total Borrowings: HK\$13,037M – in Currency



Total Borrowings: HK\$13,037M – Repayment Period

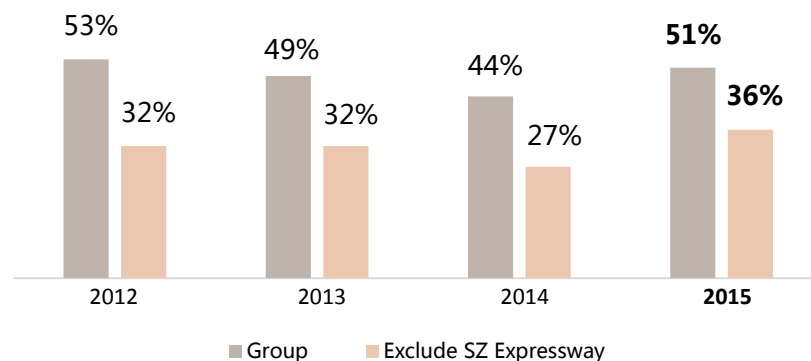


10. Financial Position

- Shareholders' NAV ▲ 3%
- Financial position remains strong
 - Total borrowings decreased by 17% to HK\$13,037M (2014: HK\$15,747M)
 - Ratio of total-borrowings/total-assets decreased to 22% (2014: 33%)
 - Fixed-rate borrowing ratio increased to 60%, further reduce risk on interest rate fluctuation
- Cash balance increased to HK\$15,635M
 - Compensation of RMB9,713M received from toll adjustments of Nanguang Expy, Yanpai Expy, Yanba Expy and Longda Expy Shenzhen section
- 3 international credit rating agencies maintained investment grade ratings
- Fluctuation in Renminbi exchange rate recorded exchange loss of HK\$249M
 - Minimize impact on RMB exchange rate fluctuation through repayment of borrowings denominated in foreign currency and adjustment of currency structure

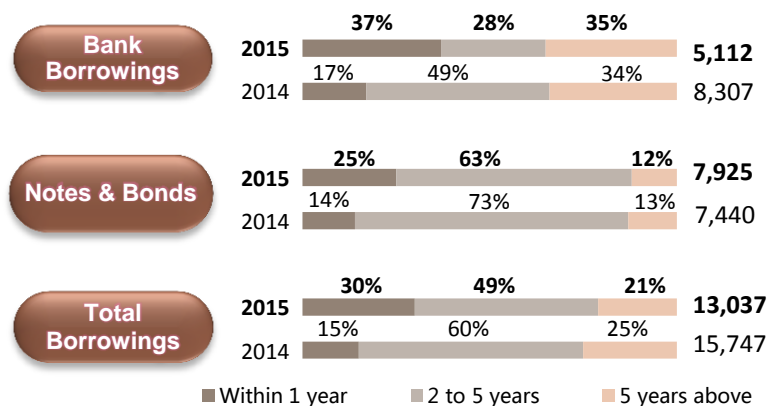
Debt-Asset Ratio

As of 31 Dec



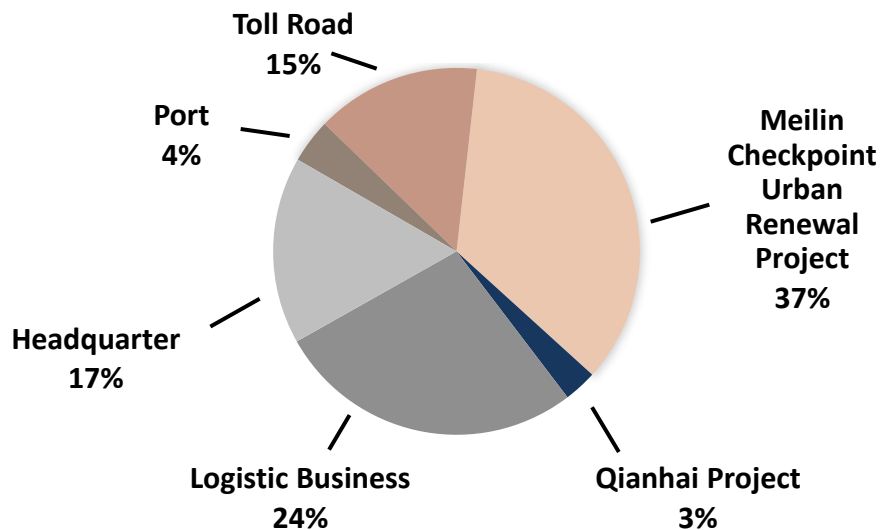
Debt Maturity Profile

HK\$ Million

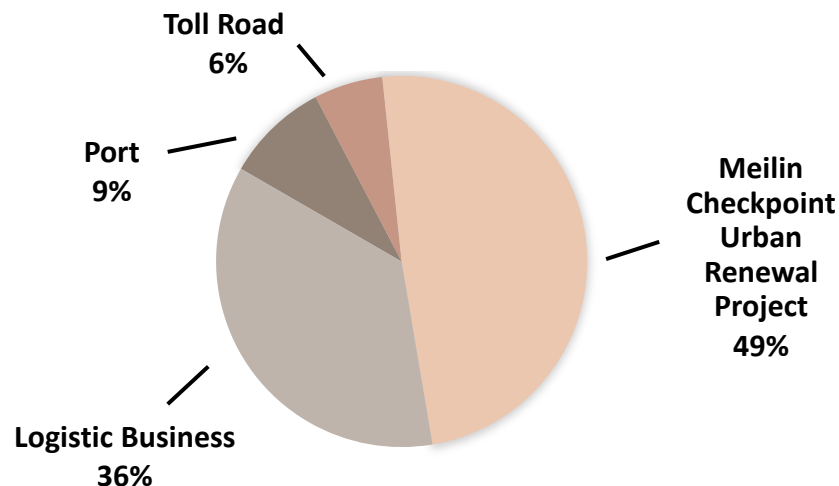


11. 2016 Capex Estimate – HK\$8,100M (RMB6,800M)

2016 Estimate
HK\$8,100M (RMB6,800M)



2015 Actual
HK\$2,610M (RMB2,185M)



2016 Estimate Major Capex items:

- Logistic Business: China Urban Integrated Logistics Hub projects RMB1,400M
- Meilin Checkpoint Urban Renewal Project remaining 70% land premium of RMB2,500M
- Headquarter: purchase of Shenzhen head office building

2015 Major Capex items:

- Logistic Business: China Urban Integrated Logistics Hub projects RMB776M
- Meilin Checkpoint Urban Renewal Project RMB1,070M
- Port: Phase 2 of Nanjing Xiba Port

12. 2016 Outlook and Major Plans

■ Logistic Business

■ 1) China Urban Integrated Logistics Hub

- Current projects: Shenyang phase 1 project to commerce operation; Wuxi, Wuhan and Hefei projects are in construction phase; Nationwide network gradually formed
- Strive to sign investment agreements in Beijing, Shanghai, Bohai Rim region, Pearl River Delta region, Xi'an and Chongqing
- Liguang land parcel with 250,000sqm GFA will be developed and served as a local node in Shenzhen
- Further accelerate strategic network development through acquisitions

■ 2) Transformation and upgrading of existing logistic park

• Meilin Checkpoint Urban Renewal Project

- Officially acquired the land use right
- The Group will accelerate the land consolidation and preparation work to seize the opportunity of urban development and realize the potential commercial value of the project

• Qianhai Project

- “Shenzhen International Qianhai Intelligence Hub” phase 1 project commenced construction phase in December 2015; the Group has entered into a new era in Qianhai
- Actively liaising with relevant government authorities for the execution of the land consolidation and preparation agreement
- Carry out land consolidation and preparation work, and also well-prepared for the marketing and development of the phase 1 project

12. 2016 Outlook and Major Plans

■ Logistic Business

- **3) Opportunities arising from central government’s support on logistic business and cross-border e-commerce**
 - **Western Logistic Park:** granted as “National Exemplary e-Commerce Base” by the Ministry of Commerce as the only exemplary base in China focusing on cross-border e-commerce
 - **South China Logistic Park:** designated as Shenzhen cross-border e-commerce exhibition center. The future cross-border e-commerce business in Northern Shenzhen will be primarily focused in **South China Logistic Park**
 - Established “Shenzhen International Modern Logistics Microfinance Company” to provide logistics supply chain and financing value-added services to solve the financing difficulty for the Group’s logistic parks’ clients
 - Invested for the establishment of “Shenzhen International Huazhang Logistics Industry Private Equity Funds” in order to help for resources integration in the logistic industry
- **4) Actively identify suitable opportunities for acquisition and development in Hong Kong to link up its logistic business, in particular the cross-border e-commerce business between China and Hong Kong**

■ Toll Road Business

- Outer Ring Expressway: Enlarge quality toll road assets and to enhance market share in the Shenzhen expressway network

■ Shenzhen Airlines

- Continuous demand and low fuel price to provide favorable operating environment; Shenzhen Airline strive to improve profitability by further optimizing air route network and stringent cost control

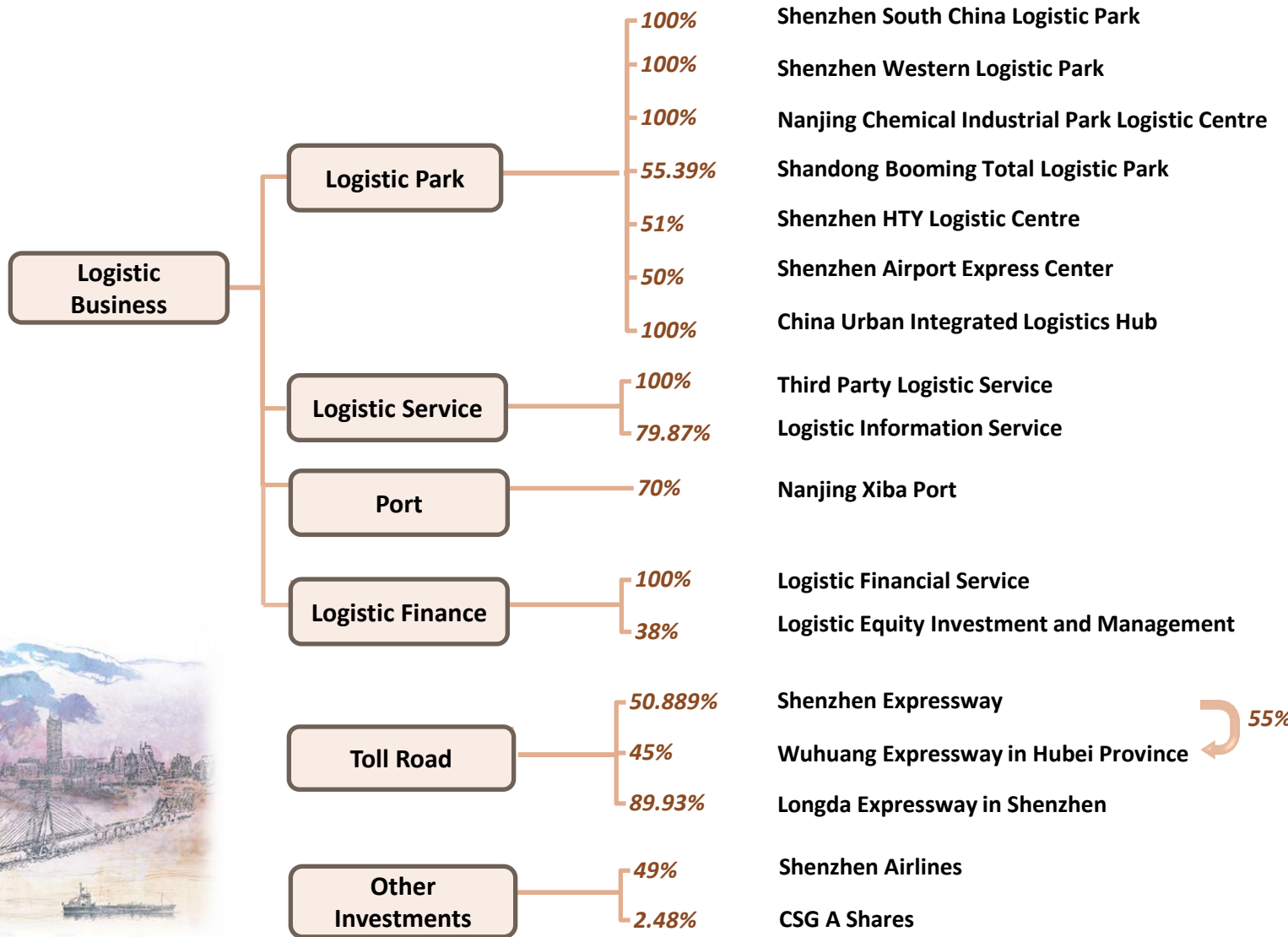
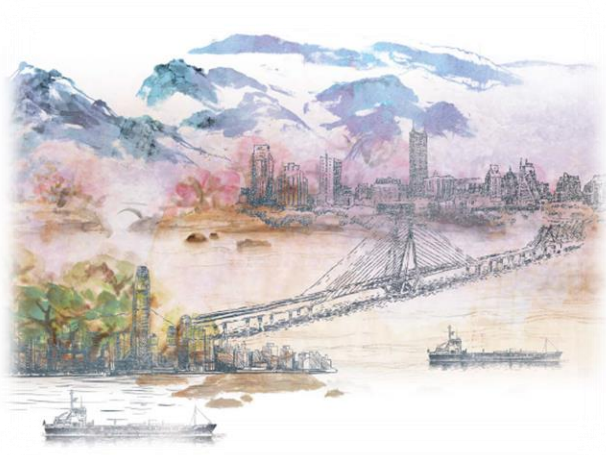


Shenzhen International
深國際

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</i> <i>For the 12 months ended</i> <i>at 31 December</i>	2015	2014	Change
Revenue	6,738	6,370	6%
Cost of sales	(3,873)	(3,228)	20%
Gross profit	2,865	3,142	(9%)
Other gain - net	1,328	1,999	(34%)
Other income	78	125	(38%)
Distribution costs	(73)	(57)	28%
Administrative expenses	(495)	(397)	25%
Operating profit	3,703	4,812	(23%)
Share of profit/(loss) of joint ventures	37	(12)	N.A
Share of profit of associates	752	726	4%
Profit before finance costs and tax	4,492	5,526	(19%)
Finance costs - net	(693)	(770)	(10%)
Profit before income tax	3,799	4,756	(20%)
Income tax expense	(737)	(1,069)	(31%)
Profit for the Year	3,062	3,687	(17%)
Non-controlling interests	(864)	(1,458)	(41%)
Profit attributable to shareholders	2,198	2,229	(1%)
Basic EPS (HK dollar per share)	1.16	1.30	(11%)

Appendix 5 – Segment Results

	Revenue		Operating Profit/(Loss)		Share of Results of Associates & JVs		EBIT	
	2015	2014	2015	2014	2015	2014	2015	2014
<i>HK\$ Million</i>								
<i>For the 12 months ended at 31 December</i>								
Toll Road								
Revenue	4,807	5,162	2,570	2,565	338	236	2,908	2,801
Gain from disposing Meiguan Expressway	-	-	-	1,926	-	-	-	1,926
Construction service revenue	-	16	-	-	-	-	-	-
Toll road subtotal	4,807	5,178	2,570	4,491	338	236	2,908	4,727
Logistic Business								
Logistic park	616	597	221	271	19	18	240	289
Logistic service	1,129	426	17	27	5	5	22	32
Port	186	169	70	69	-	-	70	69
Logistic business sub- total	1,931	1,192	308	367	24	23	332	390
Head Office	-	-	825	(46)	427	455	1,252	409
	6,738	6,370	3,703	4,812	789	714	4,492	5,526
Finance income							280	208
Finance cost							(973)	(978)
Finance cost - net							(693)	(770)
Profit before income tax & NCI							3,799	4,756

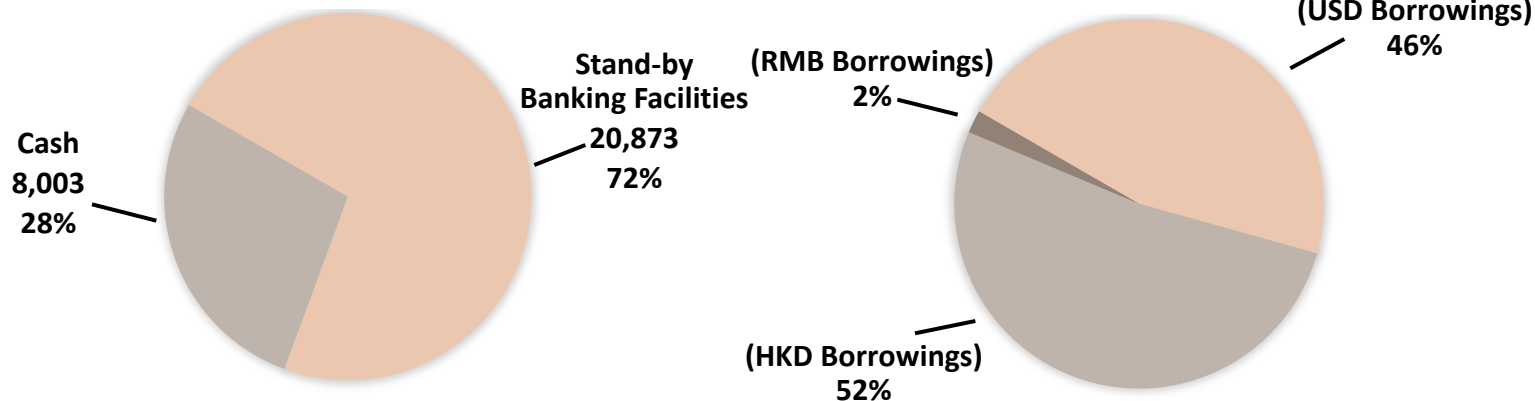
Appendix 6 – Financial Position

The Group's Borrowing Profile
(Excl. Shenzhen Expressway)
As at 31 December 2015

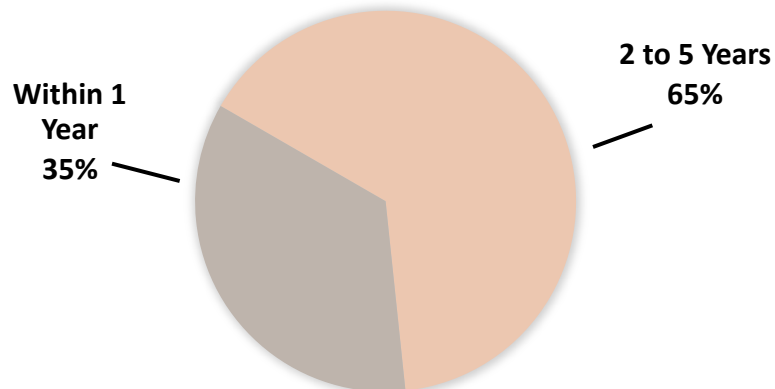
Cash & Banking Facilities

Total Borrowings: HK\$5,082M – In Currency

HK\$ Million



Total Borrowings: HK\$5,082M – Repayment Period



- This presentation is prepared in good faith, based on audited financial data, management information, publicly available information, and management's outlook as of 22nd March 2016. 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.



Shenzhen International
深國際

共同進步
分享快樂

Advancing
Together,
Harvesting
Together

Thank You

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

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

电邮 : ir@szihl.com

<http://www.szihl.com>

