



Shenzhen International  
深國際

Advancing  
Together,  
Harvesting  
Together

共同進步  
分享快樂

# 2016

## Interim Results Investor Presentation

August 2016



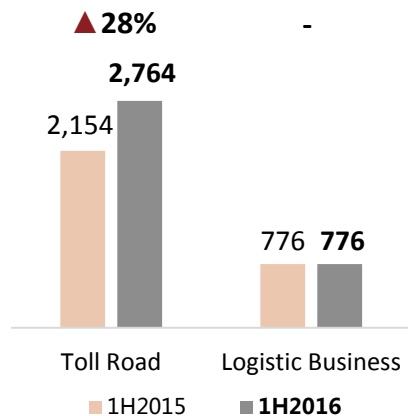
# 1. Results Highlights

<i>HK\$ Million</i> <i>For the 6 months ended at 30 June</i>	2016	2015	Increase/ (Decrease)
Revenue	<b>3,578</b>	2,931	<b>22%</b>
Operating profit	<b>1,292</b>	1,937	<b>(33%)</b>
<i>Of which: core business</i>	<b>1,418</b>	1,247	<b>14%</b>
Profit before finance costs and tax	<b>1,853</b>	2,444	<b>(24%)</b>
<i>Of which: core business</i>	<b>1,978</b>	1,755	<b>13%</b>
Profit attributable to shareholders	<b>632</b>	1,369	<b>(54%)</b>
<i>Of which: core business</i>	<b>888</b>	855	<b>4%</b>
Basic earnings per share (HK\$)	<b>0.33</b>	0.72	<b>(54%)</b>

## 2. Revenue and Profit Attributable to Shareholders

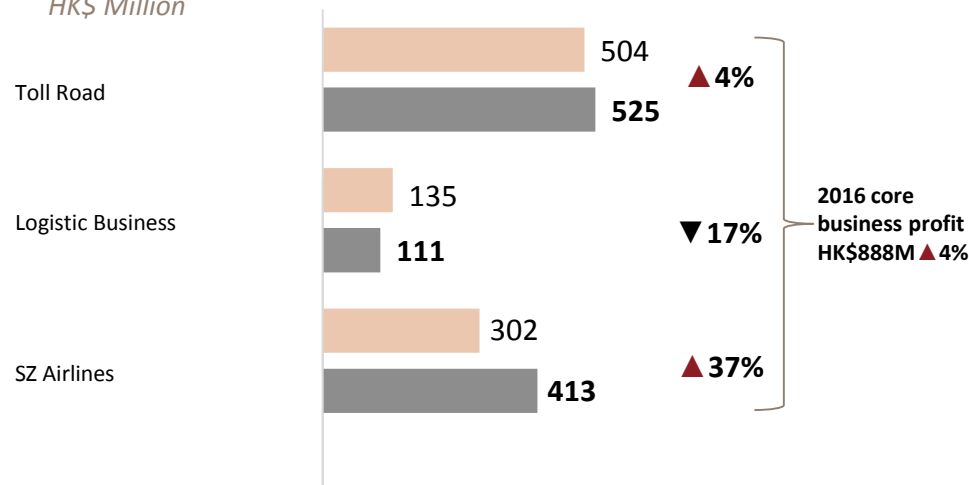
**Revenue HK\$3,578M ▲ 22%**

HK\$ Million

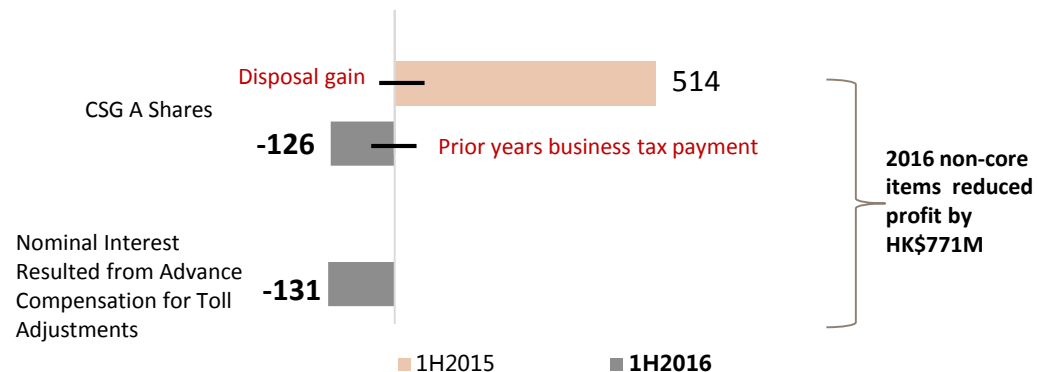
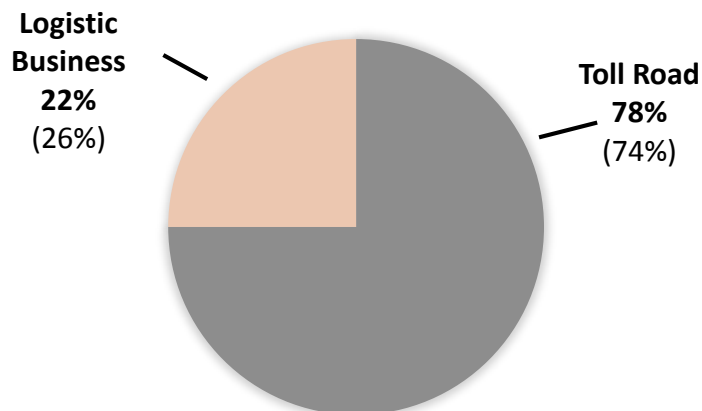


**Profit Attributable to Shareholders HK\$632M ▼ 54%**

HK\$ Million



**1H2016 Revenue Contribution (2015)**



# 3. Business Review

- Although China's economy grew at a slower pace, there is still immense potential for the increasing demand for quality logistics infrastructure facilities
- **Logistic Business**
  - [China Urban Integrated Logistics Hub] has presence in 15 logistic gateway cities with total land area of 4.21M sqm
  - Existing logistic parks maintained stable performance with average occupancy rate of 97%\*
- **Qianhai Project:** Strive to realize appreciation in value for partial land parcels by the end of the year
- **Meilin Checkpoint Urban Renewal Project:** Actively facilitate the relocation of HTY Logistic Centre to timely realize the commercial value of the land parcels
- **Toll Road Business**
  - Most of the toll road projects maintained stable growth
  - Acquisitions in 2H2015 provided additional revenue to the Group
- **Shenzhen Airlines**
  - Continuous demand in domestic aviation market coupled with low level of fuel cost resulted in solid growth in profitability
- **CSG A Shares**
  - No disposals made during the Period; however made payment for prior years disposals business tax of HK\$126M; the Group still owned 47.94M CSG A Shares(or 2.31%) as of 16 August
- The Group signed the Toll Adjustment and Compensation Agreements with Shenzhen government in relation to four toll roads in November 2015, and received the first compensation payment of RMB9,713M
  - A nominal interest cost of HK\$274M was charged in accordance with relevant accounting standards, increased financial costs and reduced profit attributable to shareholders by HK\$131M

\* Exclude HTY logistic centre

# 4. China Urban Integrated Logistics Hub

15 logistic gateway cities; total land area 4.21M sqm

## Shijiazhuang Project

- Planned site area: 335K sqm
- Acquired site area: 335K sqm

## Zhengzhou Project\*

- Planned site area: 267K sqm

## Wuhan Project

- Planned site area: 126K sqm
- First phase operating area: 68K sqm

## Chongqing Project\*

- Planned site area: 157K sqm

## Chengdu Project

- Planned site area: 173K sqm

## Guizhou Project\*

- Planned site area: 348K sqm
- Acquired site area: 311K sqm

## Changsha Project

- Planned site area: 347K sqm
- Acquired site area: 73K sqm

## Tianjin Project

- Planned site area: 295K sqm

## Nanchang Project

- Planned site area: 267K sqm
- Acquired site area: 156K sqm

## Shenyang Project

- Planned site area: 700K sqm
- First phase operating area: 240K sqm

## Hefei Project

- Planned site area: 138K sqm
- First phase operating area: 38K sqm

## Wuxi Project

- Planned site area: 347K sqm
- First phase operating area: 27K sqm

## Kunshan Project\*

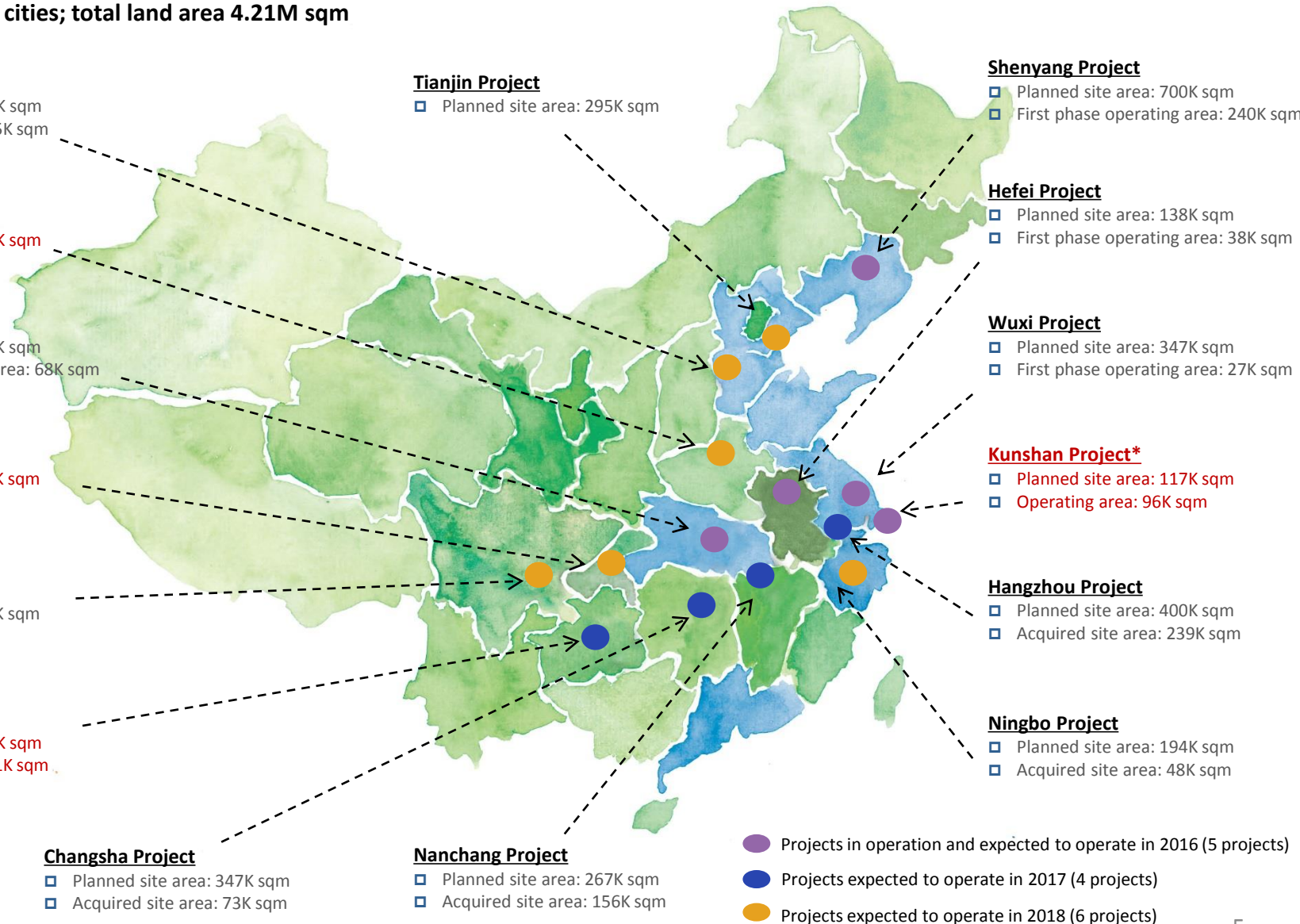
- Planned site area: 117K sqm
- Operating area: 96K sqm

## Hangzhou Project

- Planned site area: 400K sqm
- Acquired site area: 239K sqm

## Ningbo Project

- Planned site area: 194K sqm
- Acquired site area: 48K sqm



- Projects in operation and expected to operate in 2016 (5 projects)
- Projects expected to operate in 2017 (4 projects)
- Projects expected to operate in 2018 (6 projects)

\* 1H2016 new projects

## 4. China Urban Integrated Logistics Hub

- The Group entered into investment agreements for projects in Guizhou, Chongqing and Zhengzhou respectively and completed acquisition of a project in Kunshan in 1H2016
- The first phase of Shenyang project with site area of 240,000 sqm has commenced operation, stable operating performance with an occupancy rate of 46%
- Wuxi, Wuhan and Hefei projects expect to commence operation in 2H2016, with total operating area of 133,000 sqm. Average pre-lease occupancy rate at an encouraging 65%
- Shijiazhuang, Changsha, Hangzhou, Guizhou and Nanchang projects will commence construction work soon
- 15 investment agreements were signed, with total planned site area of 4.21M sqm, of which
  - 11 projects have already acquired land use rights with total site area of 1.86M sqm

## 5. Qianhai Project and Meilin Checkpoint Urban Renewal Project

### ■ Qianhai Project

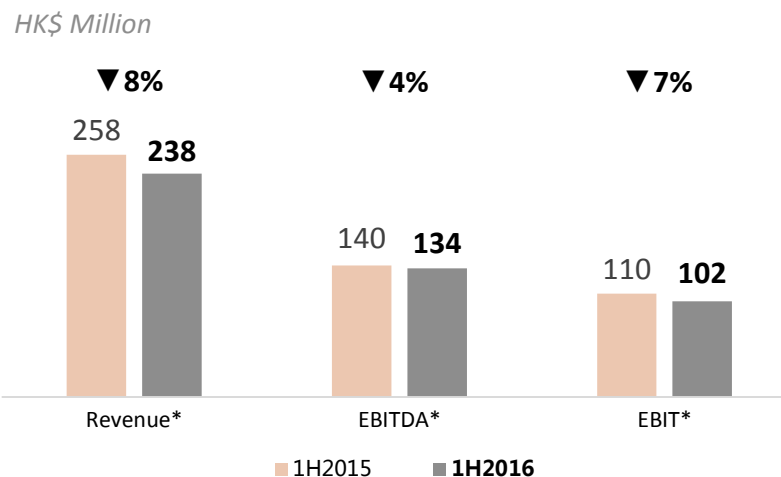
- Signed framework agreement and commenced construction of phase 1 project in 2015
- Phase 1 project with a site area of 38,800 sqm and 160,000 sqm GFA
  - Comprising integrated usage including office, commercial and residential area
- Listed as a key construction project for Qianhai Free Trade New City
- Final stage of negotiation with government in progress. Referring to a similar and major case recently completed, the Group will strive for a good return for shareholders with regard to monetary compensation and profit sharing
- Strive to realize appreciation in value for partial land parcels by the end of the year

### ■ Meilin Checkpoint Urban Renewal Project

- Payment for balance of RMB 2,497M made in June and the land premium was fully settled
- Relevant land parcel will be transformed and upgraded into a comprehensive development project with 486,000 sqm GFA
  - Comprising properties for residential, commercial, office, business apartments and public and ancillary uses
- HTY Logistic Centre is under relocation process to accommodate the project
- To seize the opportunity and to strive to realize the commercial value
  - Benefitting from the surge of property prices in Shenzhen in recent years, the land parcel is expected to enhance further economic value

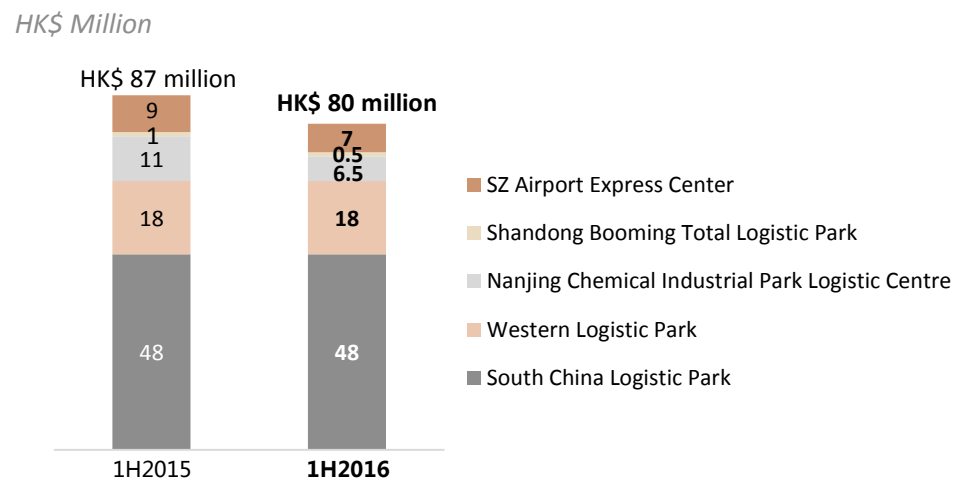
# 6. Logistic Business – Logistic Park

- **South China Logistic Park:** Stable operating performance with occupancy rate at 98%; revenue and net profit maintained at similar level
- **Western Logistic Park:** Partial land parcel have been occupied by Qianhai Project
  - Revenue was affected but profitability maintained at similar level
- Smaller scale logistic centers slightly affected by change in market demands
  - Nanjing and Shandong projects declined in revenue and profitability
- **HTY Logistic Centre:** Relocation in progress in accordance with Meilin Checkpoint Urban Renewal Project
  - No revenue contribution during the Period (2015: Revenue at HK\$60.71M, net profit at HK\$12.18M)



\* Exclude HTY logistic centre

**Net profit contribution ▼8%\***



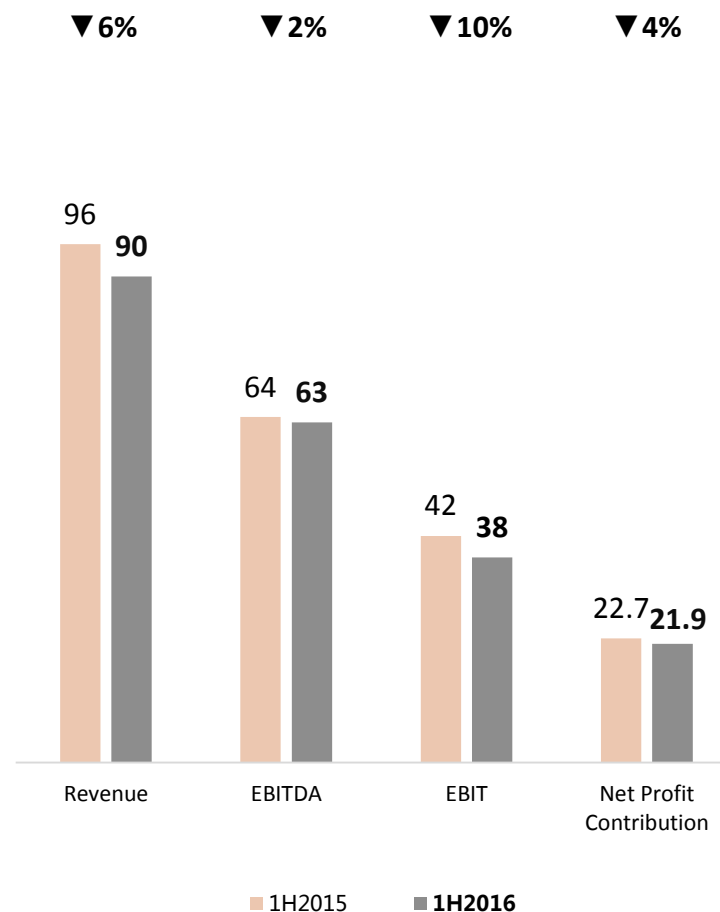
\* Exclude HTY logistic centre



## 6. Logistic Business – Nanjing Xiba Port

- Phase 2 in operation from 2015, Nanjing Xiba Port has become one of the most influential general bulk cargo terminals along the middle and lower reaches of Yangtze River
- Operating performance slightly affected by the challenging macroeconomy and business environment
- By sustaining existing customers and proactive marketing effects
  - 136 vessels berthed during the Period with total throughput reached 8.49M tons, increased by 10%

HK\$ Million

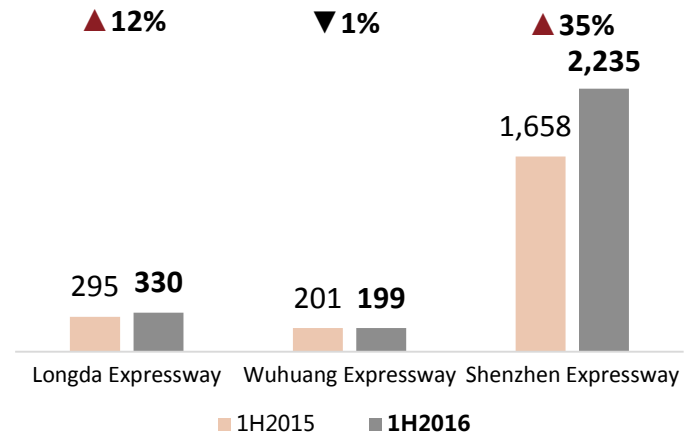


# 7. Toll Road

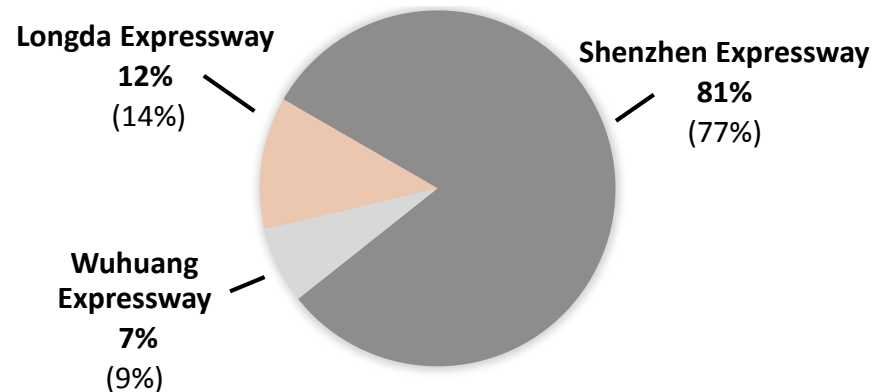
- Total revenue and operating profit increased by ▲ 28% and ▲ 23% respectively
- Stable growth in traffic volume and toll revenue for most of the toll road projects
- Implementation of toll-free policy at Nanguang Expressway, Yanpai Expressway, Yanba Expressway and Longda Expressway Shenzhen Section provided further growth in traffic volume for adjacent expressways
- Acquisition projects in 2H2015 provided additional revenue contributions

**Revenue: HK\$2,764M ▲ 28%**

HK\$ Million



**Revenue Contribution in 1H2016 (2015)**



# 7. Toll Road

## ■ Longda Expressway:

Implementation of toll-free policy for Shenzhen Section boosted traffic volume to remaining toll section

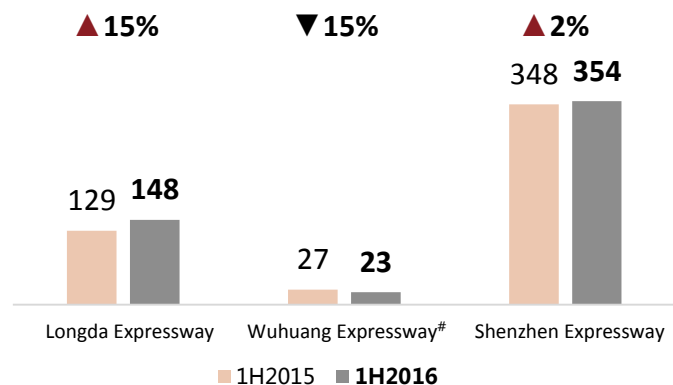
- Positive effect in overall operation

## ■ Wuhuang Expressway:

Increased in amortization costs resulted from traffic volume growth

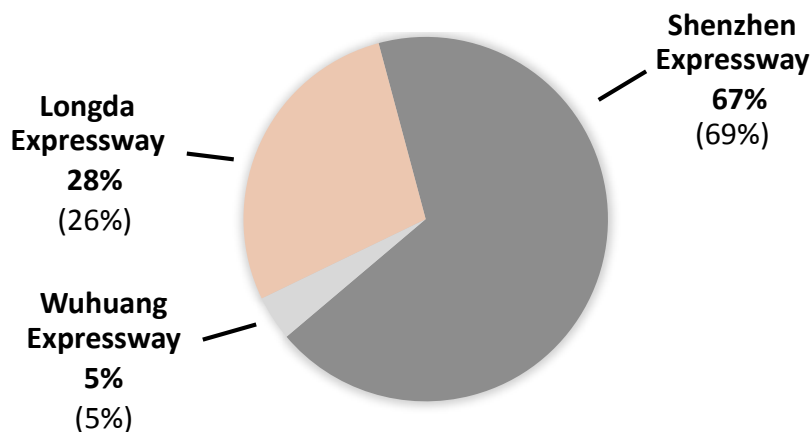
**Net Profit Contribution: HK\$525M ▲ 4%<sup>^</sup>**

HK\$ Million



<sup>#</sup>The Group's direct 45% share only

**Net Profit Contribution in 1H2016 (2015) <sup>^</sup>**



<sup>^</sup>Exclude nominal interest due to advance compensation for toll road adjustment

# 8. Shenzhen Airlines

- Passenger volume maintained sound growth
  - Passenger traffic and passenger carried ▲ 10% and ▲ 8% respectively
  - Total of 164 passenger aircrafts (2015: 159 aircrafts)
  - Total of 194 routes, including 164 domestic routes
  
- Revenue of RMB12,299M (2015: RMB11,295M), ▲ 9%
  
- Substantial decrease in aviation oil prices compared to the corresponding period of the previous year
  - Operating profit ▲ 60% to RMB1,888M (2015: RMB1,180M)
  
- Shenzhen Airlines reported foreign exchange loss of RMB383M as a result of RMB depreciation (2015: RMB4.67M)
  - USD debt ratio decreased from 66% to 59% during the Period
  
- Net profit of Shenzhen Airlines amounted to RMB790M (2015: RMB560M), ▲ 41%
  
- 49% profit attributable to the Group amounted to HK\$413M (2015: HK\$302M), ▲ 37%



# 9. Financial Position

	The Group			Excl. SZ Expressway #		
	<i>HK\$ Million</i>	30/6/2016	31/12/2015	Increase/ (Decrease)	30/6/2016	31/12/2015
Total Assets	<b>56,967</b>	58,998	(3%)	<b>30,914</b>	29,460	5%
Total Equity	<b>28,242</b>	28,700	(2%)	<b>21,015</b>	18,990	11%
NAV Attributable to Shareholders	<b>17,997</b>	18,160	(1%)	<b>18,050</b>	18,260	(1%)
Shareholders' NAV Per Share (HK\$)	<b>9.2</b>	9.6	(4%)	<b>9.2</b>	9.6	(4%)
Cash	<b>8,699</b>	15,635	(44%)	<b>4,699</b>	8,003	(41%)
Bank Borrowings	<b>4,490</b>	5,112	(12%)	<b>2,238</b>	2,746	(18%)
Notes & Bonds	<b>7,229</b>	7,925	(9%)	<b>2,342</b>	2,336	-
Total Borrowings	<b>11,719</b>	13,037	(10%)	<b>4,580</b>	5,082	(10%)
Net Borrowings/(Cash)	<b>3,020</b>	(2,598)	N.A	<b>(119)</b>	(2,921)	(96%)
Debt-asset Ratio (Total Liabilities / Total Assets)	<b>50%</b>	51%	(1)*	<b>32%</b>	36%	(4)*
Ratio of Total Borrowings to Total Assets	<b>21%</b>	22%	(1)*	<b>15%</b>	17%	(2)*
Ratio of Net Borrowings/(Cash) to Total Equity	<b>11%</b>	(9%)	N.A	<b>(1%)</b>	(15%)	N.A
Ratio of Total Borrowings to Total Equity	<b>41%</b>	45%	(4)*	<b>22%</b>	27%	(5)*

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

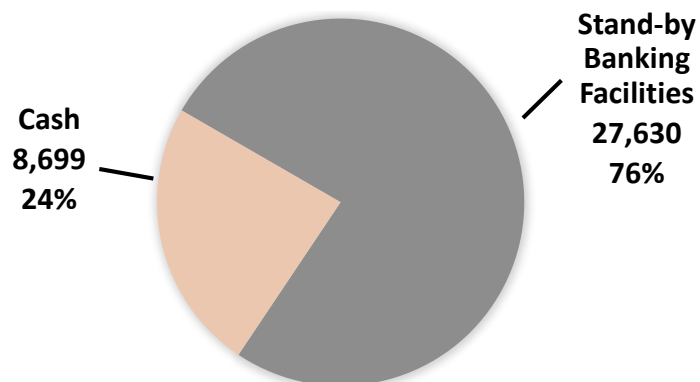
\*Change in percentage point

# 9. Financial Position

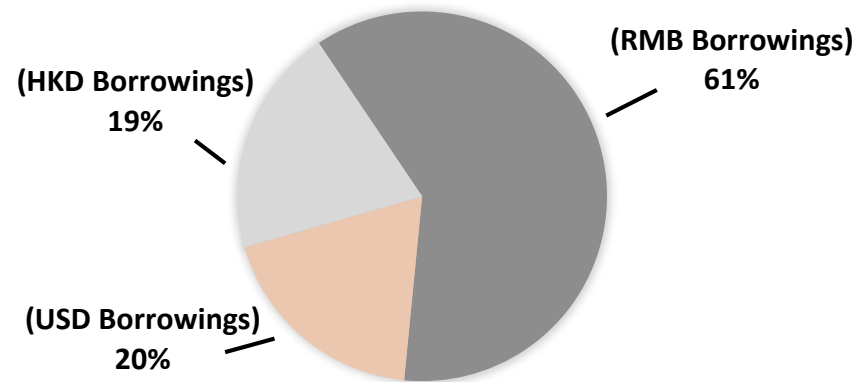
The Group's Borrowing Profile  
As at 30 June 2016

## Cash & Banking Facilities

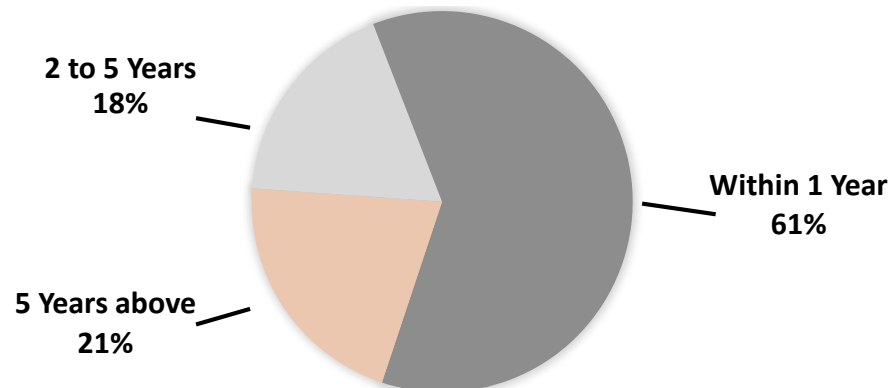
HK\$ Million



## Total Borrowings: HK\$11,719M - in Currency



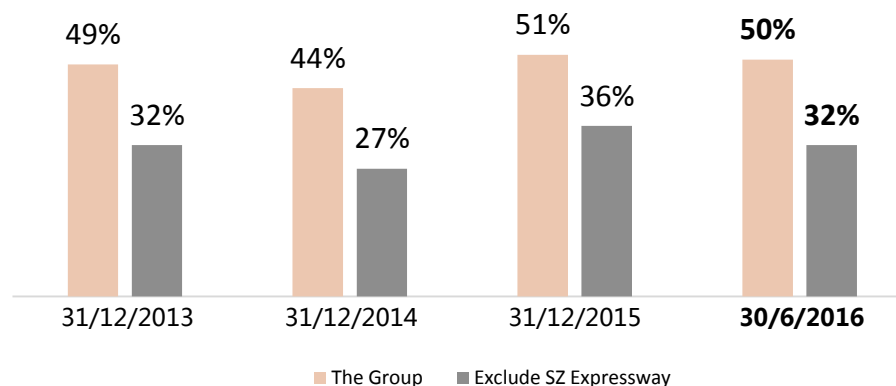
## Total Borrowings: HK\$11,719M – Repayment Period



# 9. Financial Position

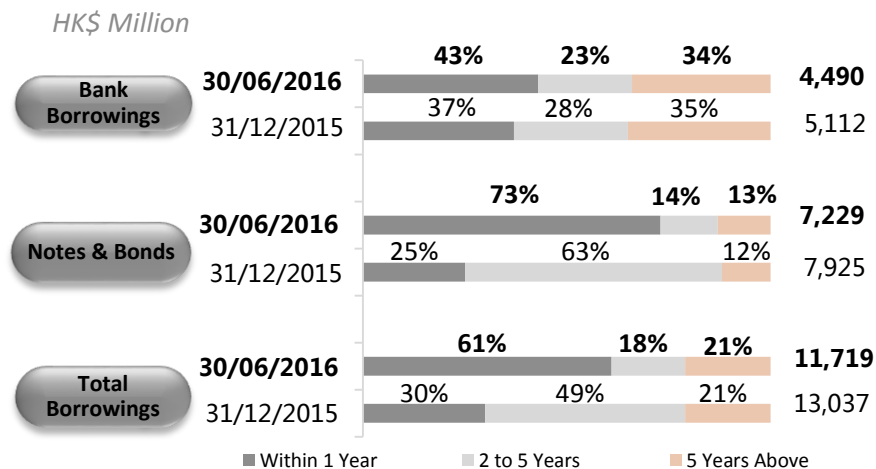
- Maintained healthy financial position
- Optimizing borrowing structure
  - Total borrowings decreased by 10% to HK\$11,720M (2015: HK\$13,037M)
  - Debt-asset ratio decreased to 50%
  - Ratio of total borrowings to total equity decreased by 4 percentage points to 41% (2015: 45%)
- 3 major international credit agencies maintained investment grade credit ratings
- Fluctuation in RMB exchange rate resulted in exchange loss of HK\$120M
  - HKD borrowings reduced by 18% compared to the end of 2015; will continue to adjust borrowing structure so as to minimize the impact of RMB exchange rate fluctuation

## Debt-asset Ratio



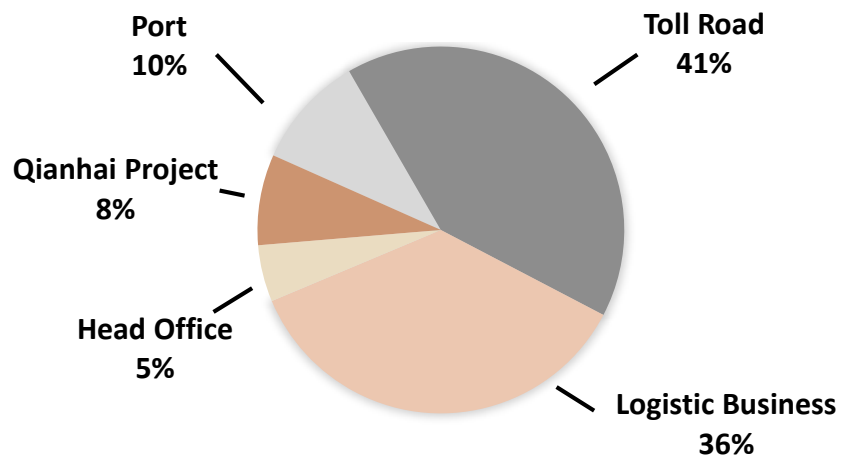
■ The Group ■ Exclude SZ Expressway

## Debt Maturity Profile



# 10. 2016 Capex – HK\$8,000M (RMB 6,800M)

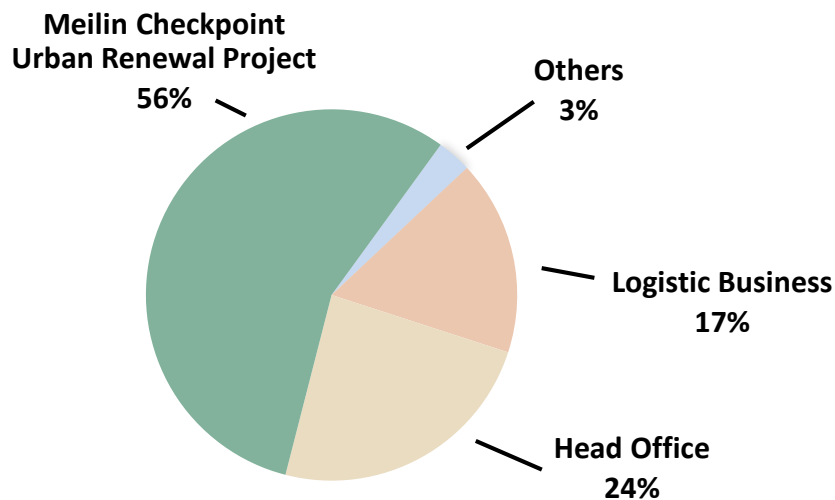
**2H2016 Estimate:  
HK\$2,747M (RMB 2,356M)**



2H2016 Estimate Major Capex Items :

- Logistic business: China Urban Integrated Logistics Hub projects RMB695M
- Toll road business: Outer Ring Expressway project RMB730M

**1H2016 Actual:  
HK\$5,214M (RMB 4,455M)**



1H2016 Major Capex Items :

- Meilin Checkpoint Urban Renewal Project: Remaining 70% land premium of RMB2,500M
- Logistic business: China Urban Integrated Logistics Hub projects RMB766M
- Head office: Purchase of Shenzhen head office building of RMB1,051M



# 11. 2H2016 Outlook and Major Plans

## ■ Logistic business

### 1 ) China Urban Integrated Logistics Hub

- Facilitate investment agreements in Xi'an, Nanning and Xiamen in 2H2016
- Strive to acquire land use rights for the 250,000 sqm GFA Liguang land parcels in Shenzhen and to commence preparation work for project construction

### 2 ) Exploration of cross-border e-commerce business in South China Logistic Park and Western Logistic Park

### 3 ) Identifying acquisition opportunities for well-developed logistic assets

- **Qianhai Project:** Actively negotiate with relevant government authorities to finalize land consolidation agreement, and strive to achieve land appreciation for partial land parcels by the end of the year

- **Meilin Checkpoint Project:** Relocation of Huatongyuan Logistic Centre and timely realize the commercial value of land parcel

## ■ Toll road business

- Outer Ring Expressway: Strengthen the Group's core advantage in investment, management and operation in toll road business

## ■ Other investments

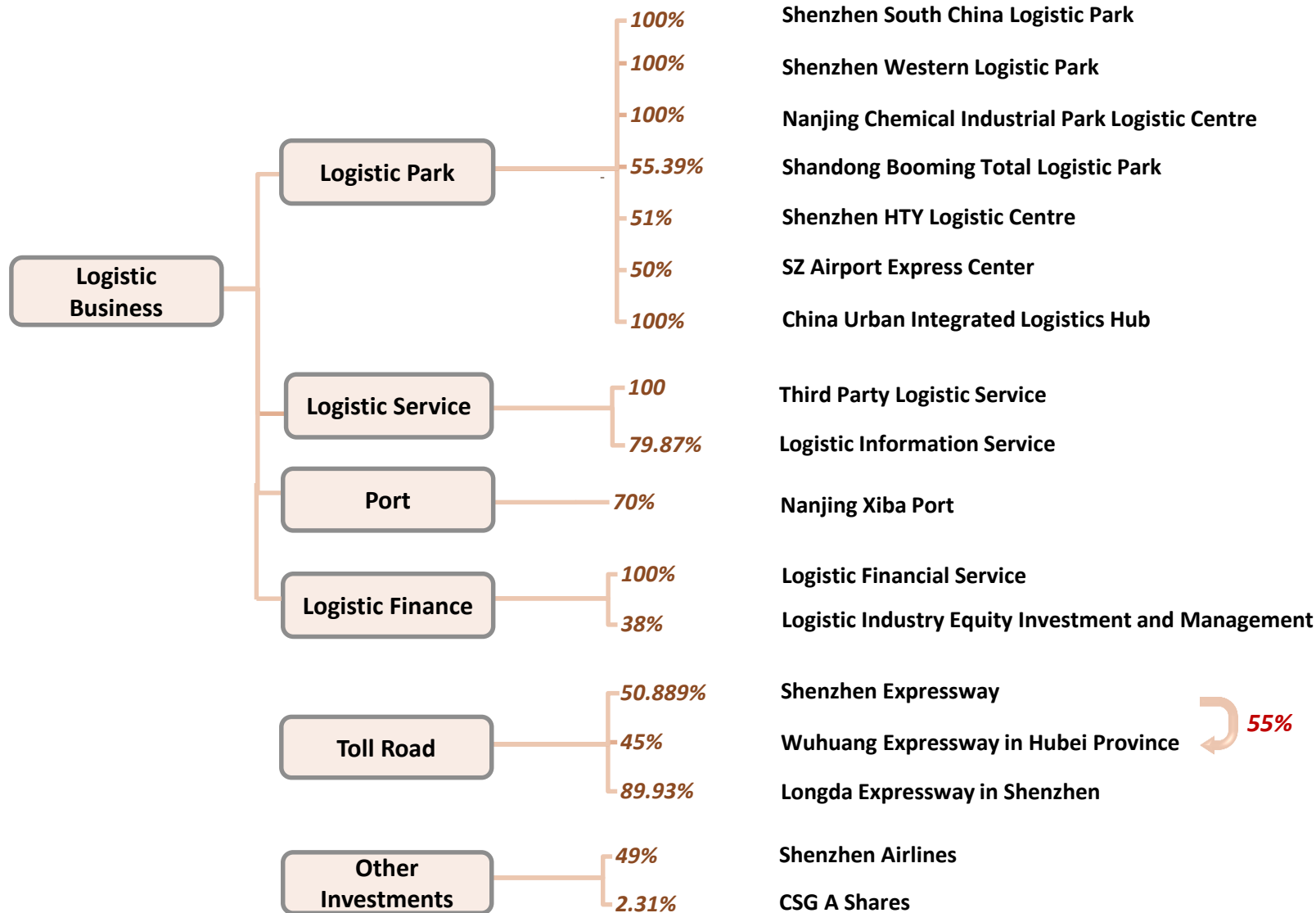
- **Shenzhen Airlines:** Strengthen its core competitiveness to further enhance profitability
- **CSG A Shares:** Divestment strategy continues so as to maximize the Group's and shareholders' interest



# Appendix



# Appendix 1 – Corporate Chart



# Appendix 2 – Illustration of 「China Urban Integrated Logistics Hub」



# Appendix 3 – Qianhai Development Plan – Geographical location of Qianhai

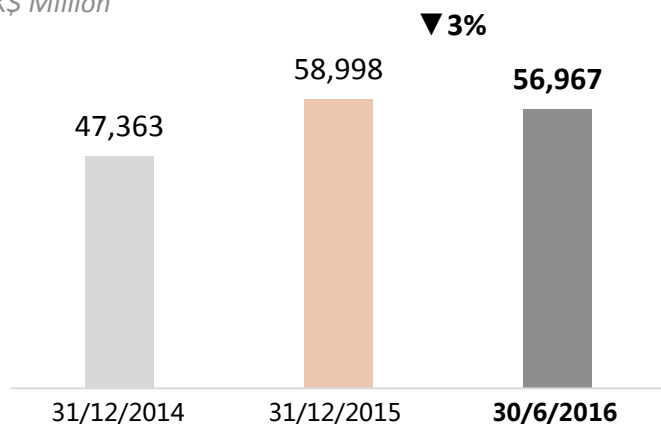


- Guiwan Area** – Core Commercial District, focus on financial sector
- Qianwan Area** – Integrated Development District, focus on technology and information services sector
- Mawan Area** – Bonded Port District, focus on modern logistic sector
- Area in Orange** – Shenzhen International Western Logistic Park (380K sqm)

# Appendix 4 – Results Highlights

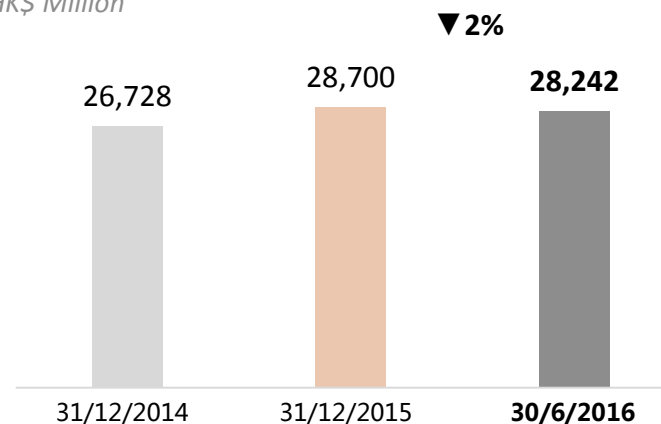
## Total Assets

HK\$ Million



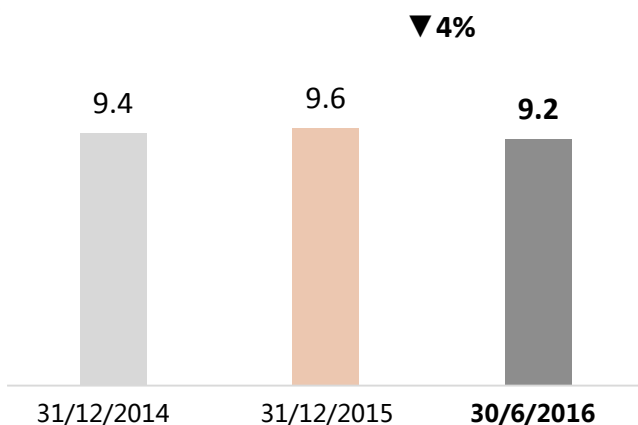
## Total Equity

HK\$ Million



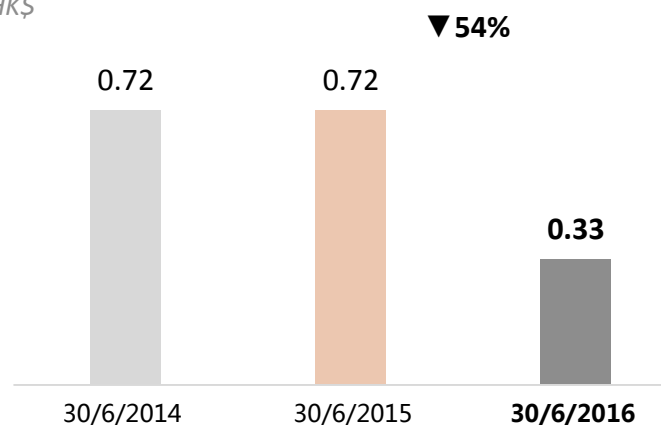
## Shareholders' Value Per Share

HK\$



## Earnings Per Share

HK\$



# Appendix 5 – Income Statement

<i>HK\$ Million</i> <i>For the 6 months ended at 30 June</i>	2016	2015	Increase/ (Decrease)
<b>Revenue</b>	<b>3,578</b>	2,931	22%
Cost of sales	<b>(2,012)</b>	(1,531)	31%
<b>Gross profit</b>	<b>1,566</b>	1,400	12%
Other (loss)/gain – net	<b>(122)</b>	683	N.A
Other income	<b>85</b>	62	37%
Distribution costs	<b>(36)</b>	(34)	6%
Administrative expenses	<b>(201)</b>	(174)	16%
<b>Operating profit</b>	<b>1,292</b>	1,937	(33%)
Share of profit of joint ventures	<b>21</b>	20	5%
Share of profit of associates	<b>540</b>	487	11%
<b>Profit before finance costs and tax</b>	<b>1,853</b>	2,444	(24%)
Finance costs - net	<b>(476)</b>	(230)	107%
<b>Profit before income tax</b>	<b>1,377</b>	2,214	(38%)
Income tax expense	<b>(320)</b>	(489)	(35%)
<b>Profit for the Period</b>	<b>1,057</b>	1,725	(39%)
Non-controlling interests	<b>(425)</b>	(356)	19%
Profit attributable to shareholders	<b>632</b>	1,369	(54%)
<b>Basic EPS (HK dollar per share)</b>	<b>0.33</b>	0.72	(54%)

# Appendix 6 – Segment Results

	Revenue		Operating Profit/(Loss)		Share of Results of Associates & JVs		EBIT	
	2016	2015	2016	2015	2016	2015	2016	2015
<i>HK\$ Million</i>								
<i>For the 6 months ended at 30 June</i>								
<b>Toll roads</b>								
Revenue	<b>2,764</b>	2,154	<b>1,354</b>	1,103	<b>116</b>	168	<b>1,470</b>	1,271
Construction service revenue	<b>38</b>	1	-	-	-	-	-	-
Toll roads subtotal	<b>2,802</b>	2,155	<b>1,354</b>	1,103	<b>116</b>	168	<b>1,470</b>	1,271
<b>Logistic business</b>								
Logistic parks	<b>238</b>	319	<b>90</b>	124	<b>8</b>	11	<b>98</b>	135
Logistic services	<b>448</b>	361	<b>10</b>	13	<b>2</b>	2	<b>12</b>	15
Port	<b>90</b>	96	<b>38</b>	42	-	-	<b>38</b>	42
Logistic business sub-total	<b>776</b>	776	<b>138</b>	179	<b>10</b>	13	<b>148</b>	192
Head office	-	-	<b>(200)</b>	655	<b>435</b>	326	<b>235</b>	981
	<b>3,578</b>	2,931	<b>1,292</b>	1,937	<b>561</b>	507	<b>1,853</b>	2,444
Finance income							<b>136</b>	157
Finance costs							<b>(612)</b>	(387)
Finance costs – net							<b>(476)</b>	(230)
<b>Profit before income tax &amp; NCI</b>							<b>1,377</b>	2,214

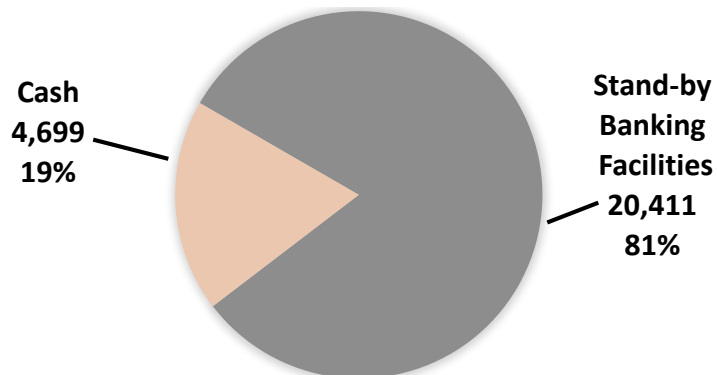


# Appendix 7 – Financial Position

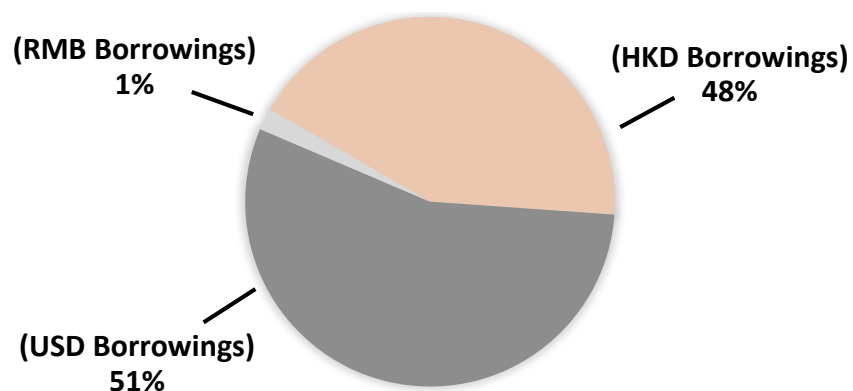
The Group's Borrowing Profile  
(Excl. Shenzhen Expressway)  
As at 30 June 2016

## Cash & Banking Facilities

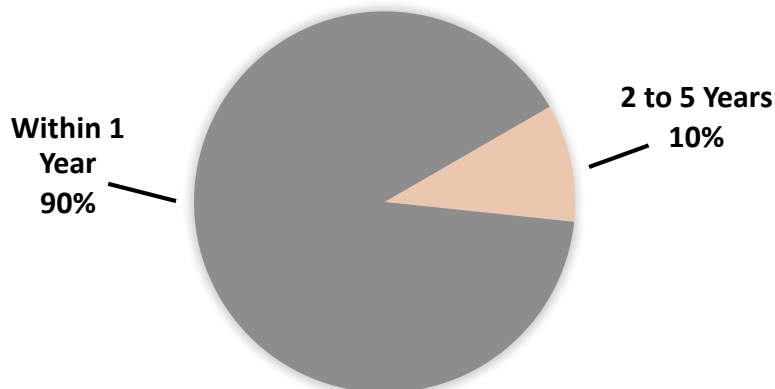
HK\$ Million



## Total Borrowings: HK\$4,580M - In Currency



## Total Borrowings: HK\$4,580M – Repayment Period



- This presentation is prepared in good faith, based on unaudited financial data, management information, publicly available information, and management's outlook as of 25 August 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  
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# Thank You

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