



Shenzhen International

深國際

股份代号：00152

2019

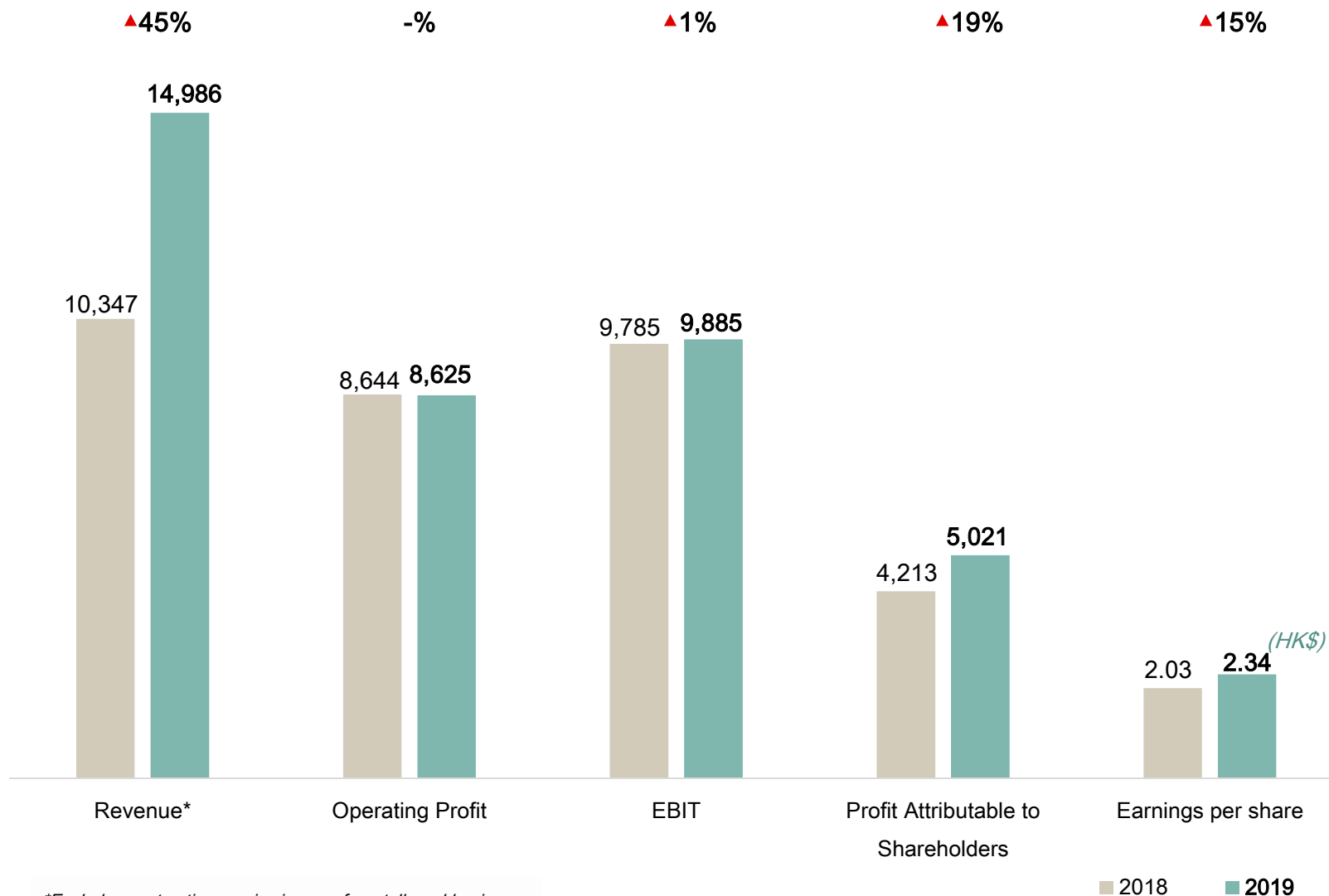
Annual Results Operations Analysis

共同创造 共享价值
Building Value, Sharing Future

- 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 2019. 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 2019 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

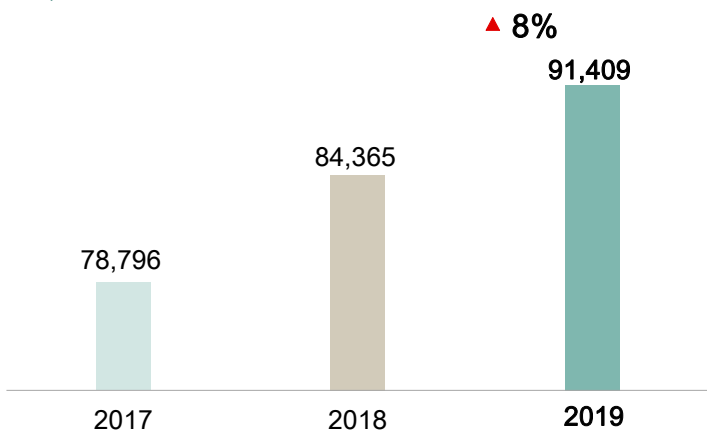


*Exclude construction service income from toll road business

1. Results Highlights (2)

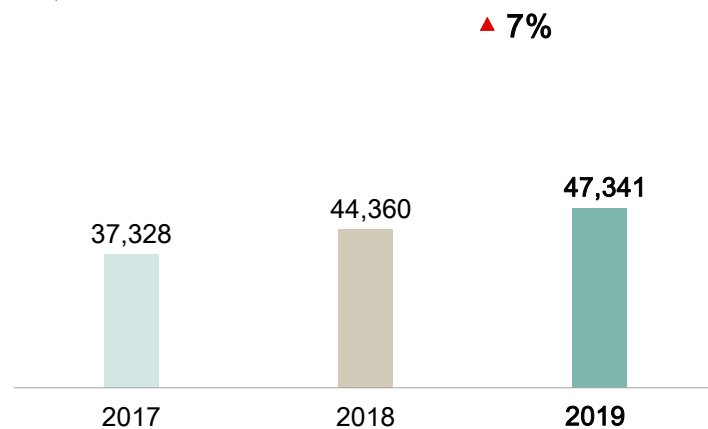
Total Assets

HK\$ Million



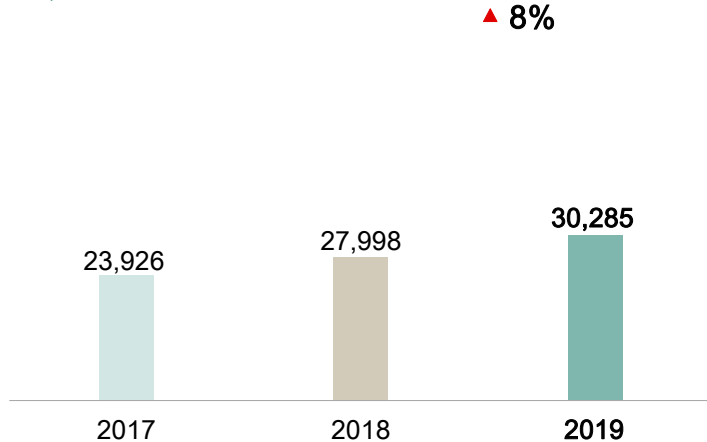
Total Equity

HK\$ Million



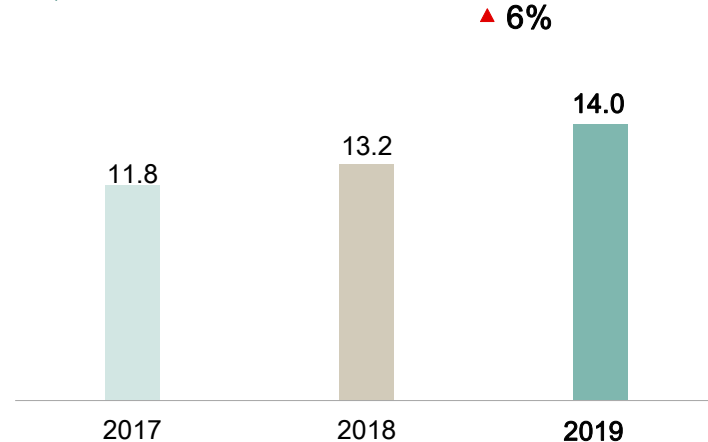
NAV Attributable to Shareholders

HK\$ Million



Shareholders' NAV Per Share

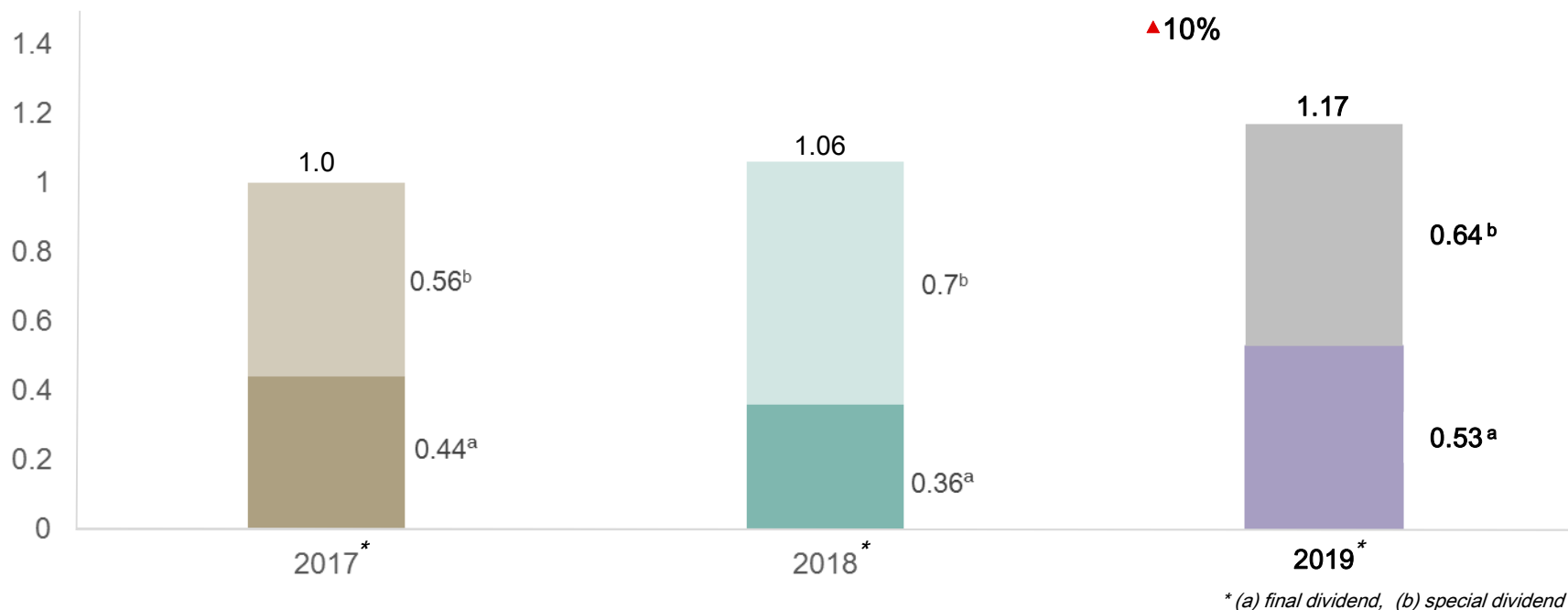
HK\$



2. Dividend Policy

Dividend

HK\$ per share



- Recommended a total dividend per share of HK\$1.17 for the year (2018: HK\$1.06), ▲ 10%, dividend payout ratio of 50%
 - Final dividend: HK\$0.53 (2018: HK\$0.36) per share, equivalent to 40% core business dividend payout ratio
 - Special Dividend: Benefit mainly from one-off gain of land consolidation in Qianhai, special dividend is HK\$0.64 per share (2018:HK\$0.70)
- Total dividend HK\$2,529M (2018: HK\$2,247M), ▲ 13%
- Maintains stable core business dividend payout policy and share most one-off gain with shareholders

3. Business Review

- In 2019, challenges arose from complicated global economy, together with the trade disputes between China and the United States
- The group seized the growth opportunities and stepping up its investment and the development, revenue and operating profit from its core businesses recorded historic high
- **Logistic Business**
 - The group's Logistic business has established in 27 logistics gateway cities across the country
 - The Logistics Park Transformation and Upgrading Business starts contributing notable revenue and profit
 - Revenue and profit attributable to shareholders significantly increased by ▲1.8 times and ▲4.5 times
- **Toll Road**
 - Orderly Progress of Major Toll Road Projects
 - Sound Returns from Investments and Acquisitions in Macro Environmental Protection Industry
- **Land Consolidation and Preparation in Qianhai**
 - Significant breakthrough has been made to further unlock the value of the land in Qianhai
 - Signed the Qianhai Second Phase Project, recognizing one-off gain before tax of HK\$2,457M

4. Integrated Logistics Hub

- Presence in 26 key logistics gateway cities with total planned site area of 6.63 million sqm
 - Entered into three investment agreements for integrated logistics hub projects including Wuxi, Jiangsu and Guangdong Zhanjiang projects
 - Acquired three projects in Tianjin, Zhongshan, and Qingpu of Shanghai

- 16 projects in operation with total operating area increase of 44% to 1.44M sqm and overall occupancy rate reached 85%
 - Contributed core logistics business contributed revenue and profit attributable to shareholders to the Group of HK\$407 million and HK\$43.28 million, a significant year-on-year increase of ▲100% and ▲11%

- Construction work of Xi'an, Chengdu, Wuhan, Hangzhou and Jiangsu projects in progress, expect to complete construction and commence operation in 2020 and 2021

5. Logistic Park Transformation and Upgrading

■ Qianhai project

- Remaining compensation amounted to RMB3,652 million, and the Group will strive to recognize all or part of it within 2020
- **The First Phase Project:**
 - Pre-sale of residential (GFA: 51,400 sqm) has begun and the sell through rate reached 90%.
- **The Second Phase Project:**
 - GFA 110,000 sqm including 91,000 sqm of residential project
 - Lands for residential use are highly scarce in Qianhai, which will increase significant value of the Group's assets

■ Meilin Checkpoint Project

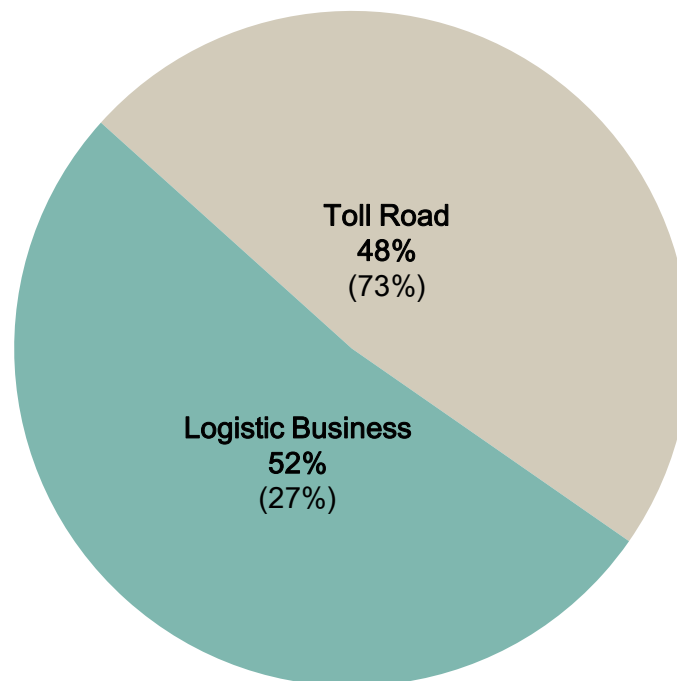
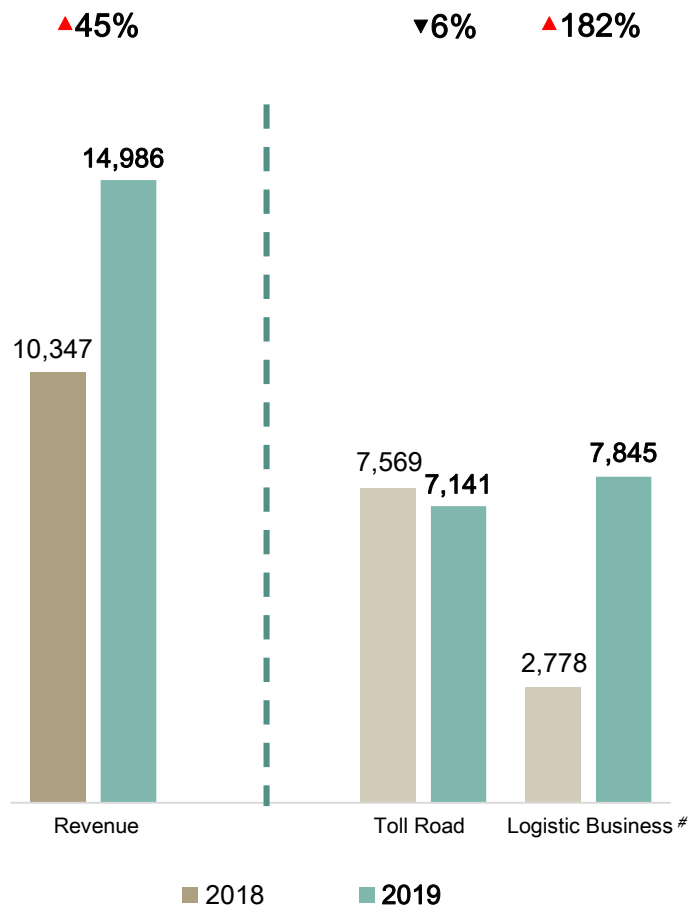
- All residential units for the first phase residential project He Feng Xuan (GFA: 75,000 sqm) has been sold out, contributed remarkable revenue and profit to the Group
- Pre-sale began for the second phase residential project He Ya Xuan (GFA: 68,000 sqm) in the end of 2019 and the sell through rate reached 87%

6. Revenue Contribution*

Revenue HK\$14,986M ▲45%

2019 (2018) Revenue Contribution

HK\$ Million



*Exclude construction service income from toll road business

Revenue from Logistic Business included revenue of HK\$4,569M from Meilin Checkpoint project

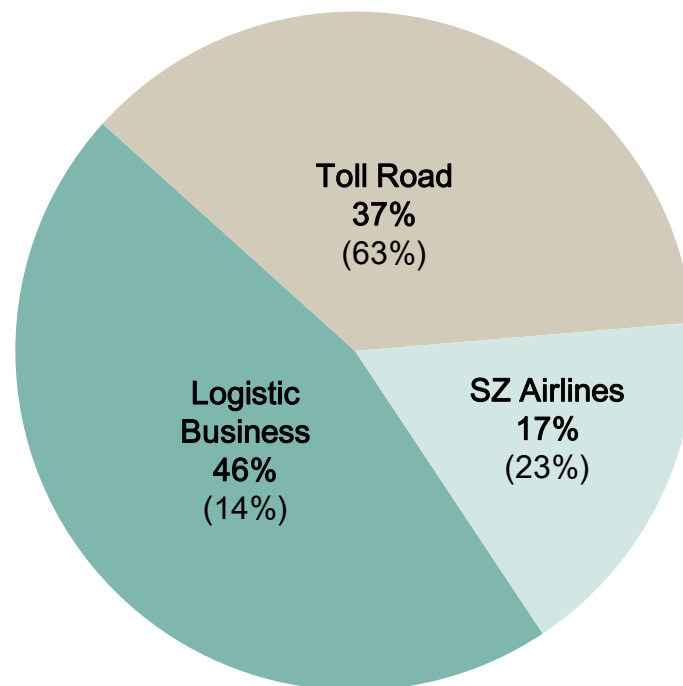
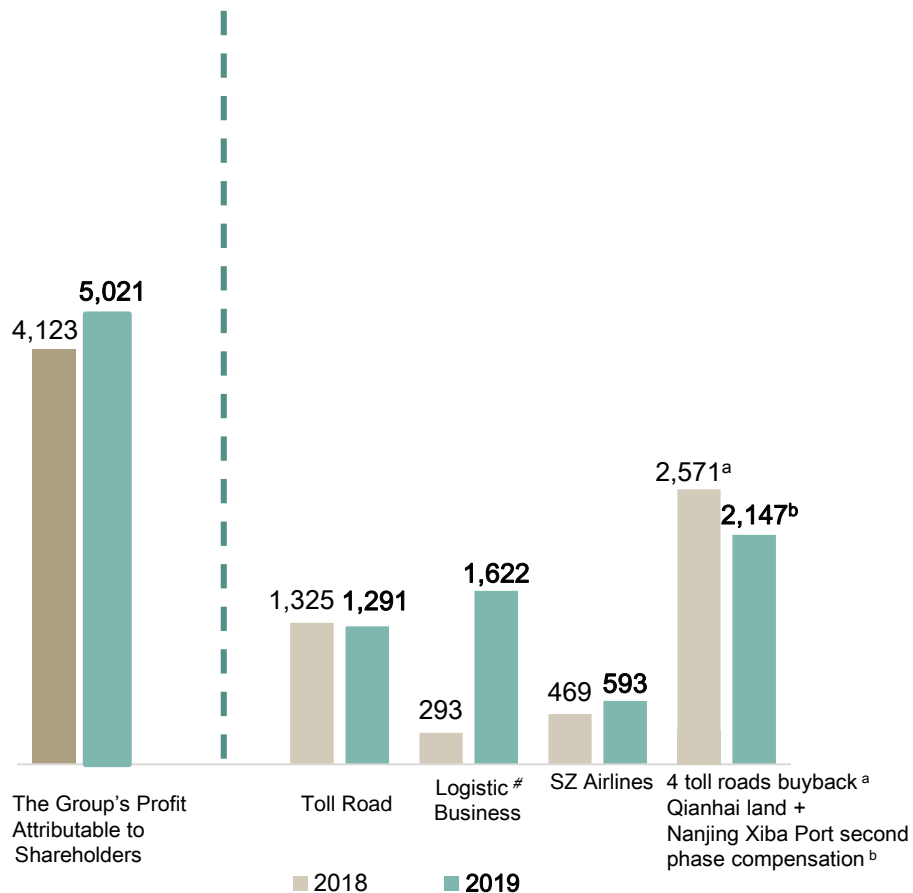
7. Profit Attributable to Shareholders

Profit Attributable to Shareholders
HK\$5,021M ▲19%

2019 (2018) Core Business Profit Attributable to Shareholders Contribution

HK\$ Million

▲19% ▼3% ▲453% ▲26% ▼16%

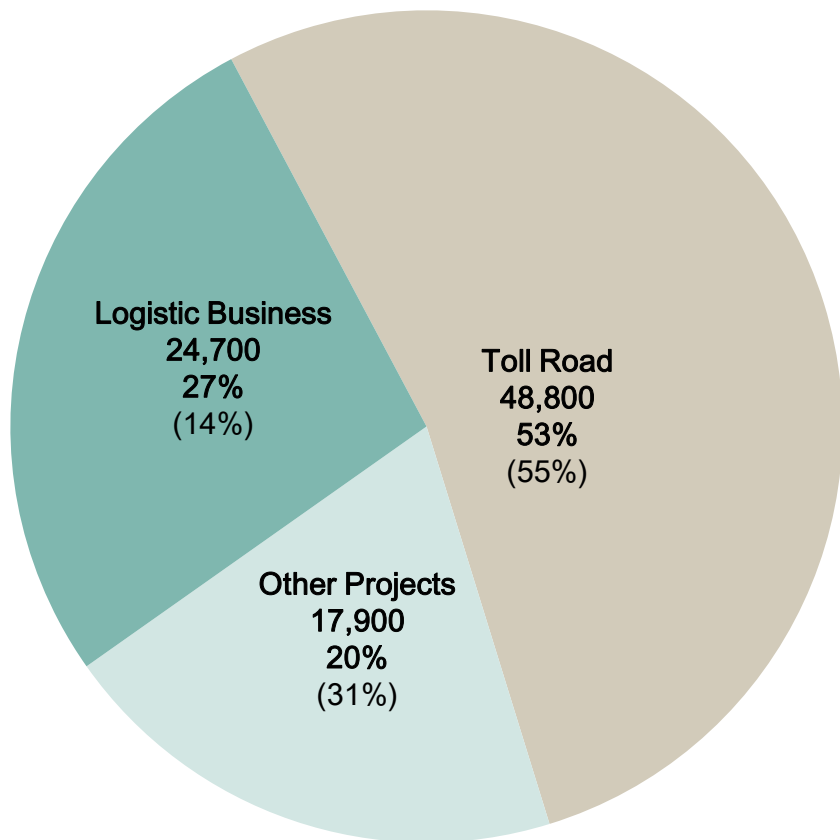


Profit attributable to shareholders from Logistic Business included profit attributable to shareholders of HK\$1,314M from Meilin Checkpoint project

8. Asset Contribution (1)

2019 (2018) Total Asset Contribution

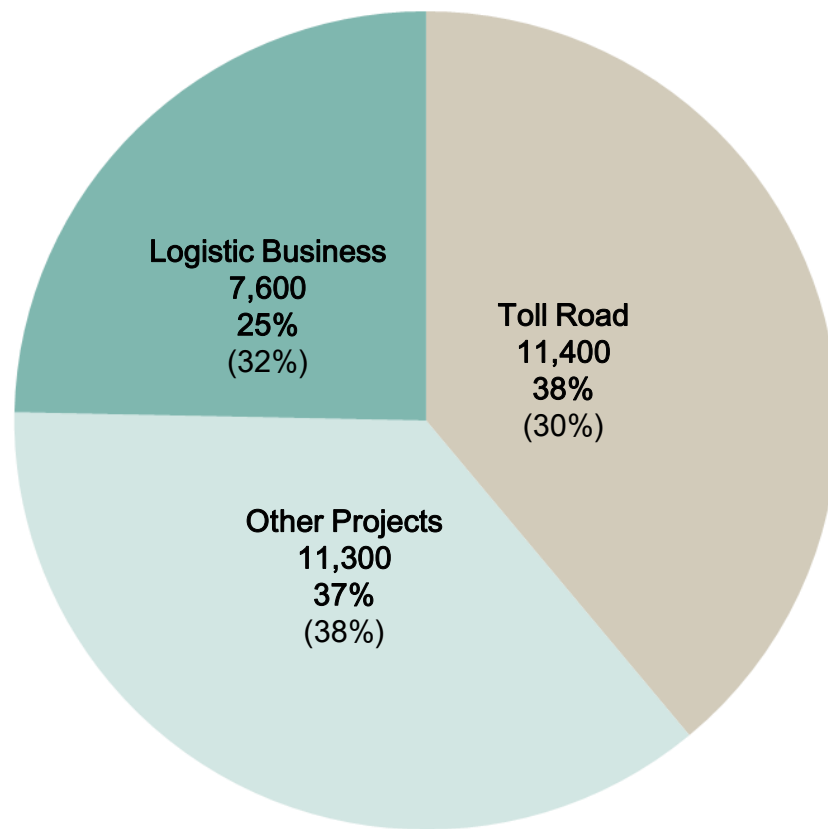
HK\$ Million



Total Asset HK\$91,400M

2019 (2018) NAV Attributable to Shareholders Contribution

HK\$ Million

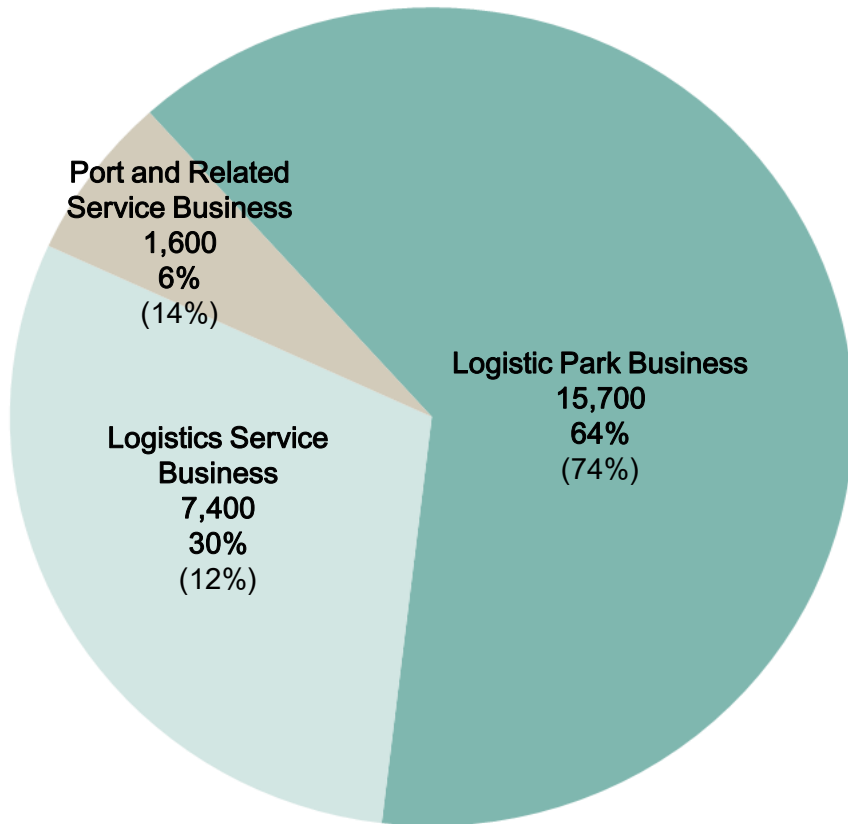


NAV Attributable to Shareholders
HK\$30,300M

8. Asset Contribution (2)

2019 (2018) Logistic Segment Asset Contribution

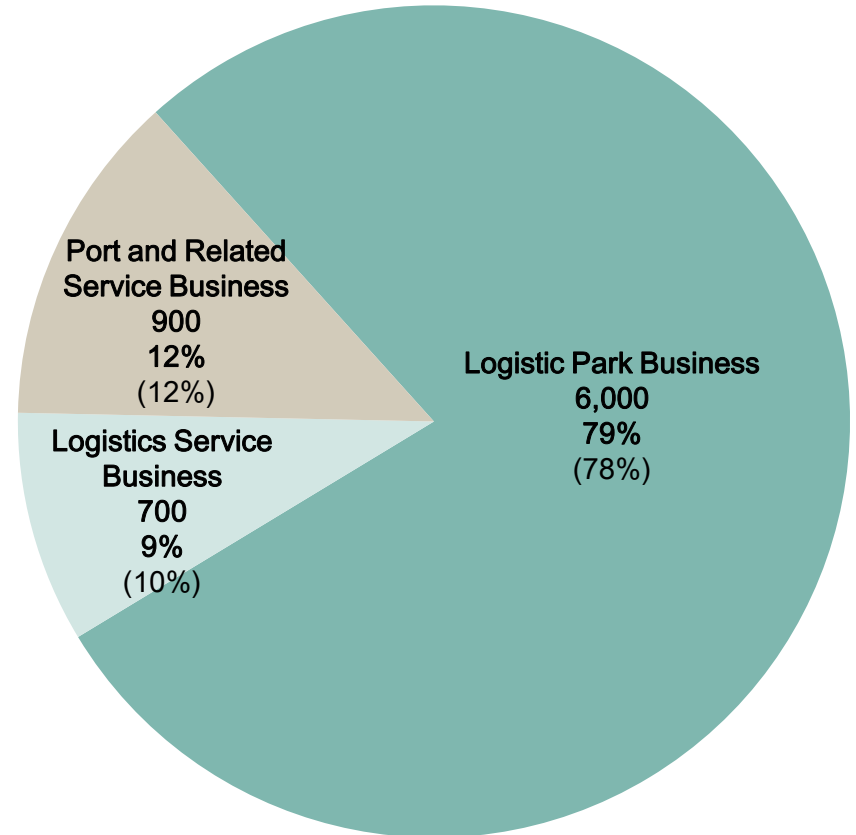
HK\$ Million



Total Asset of Logistic Segment HK\$24,700M

2019 (2018) Logistic Segment NAV Attributable to Shareholders Contribution

HK\$ Million



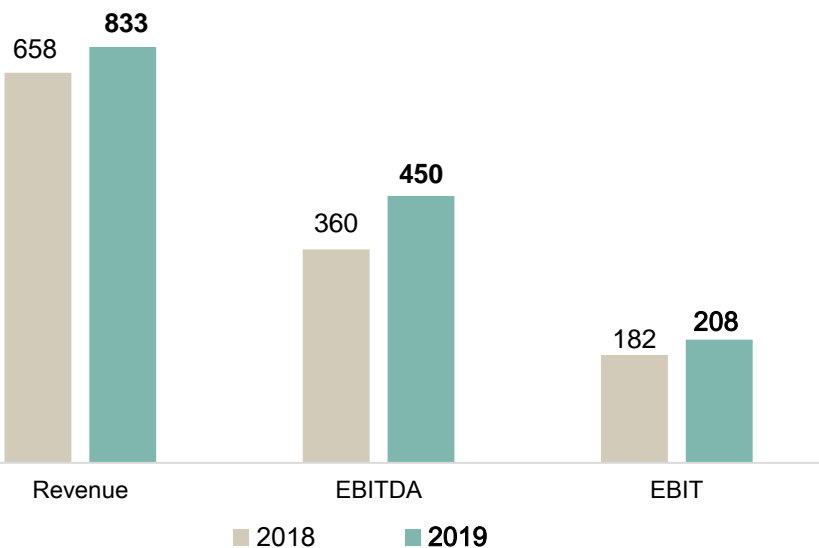
NAV Attributable to Shareholders of Logistic Segment HK\$7,600M

9. Logistic Business (1)

Logistic Park Business

HK\$ Million

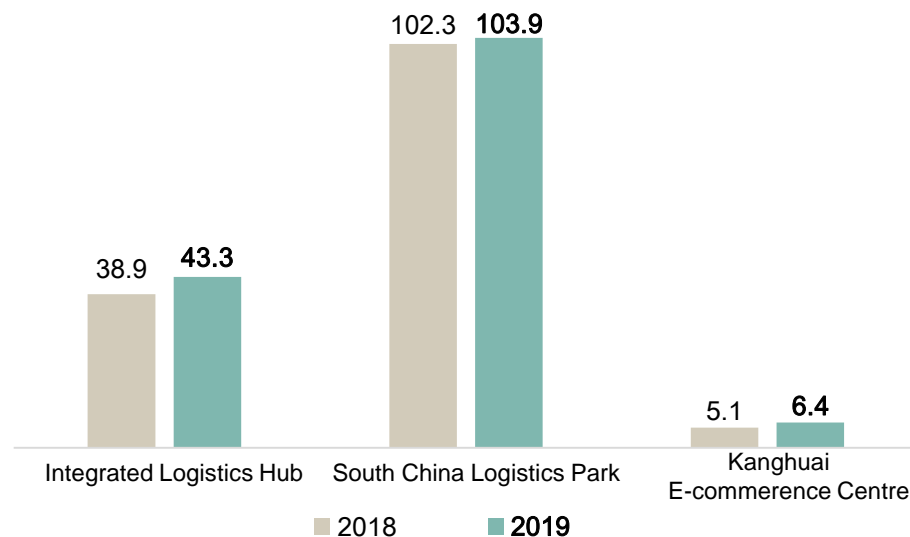
▲27% ▲25% ▲14%



Logistics Park Business Profit Attributable to Shareholders ▲6%#

HK\$ Million

▲ 11% ▲ 2% ▲ 25%



- Driven by the annual increases of the operational areas of integrated logistics hub projects and emerging economies of scale
 - Revenue ▲27%, Profit attributable to shareholders ▲6%

- Kuanghai E-commerce Centre: the Group's first asset-light project with operating area of GFA138,000 sqm in steady operation
 - Overall occupancy rate increased to 90%
 - Contributed revenue and profit attributable to shareholders of HK\$76.44M and HK\$6.38M respectively

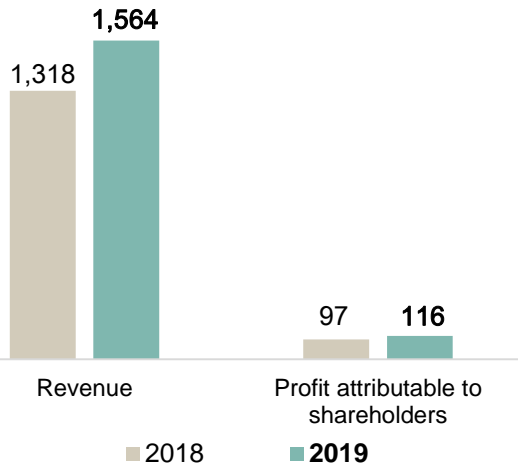
#Top right graphic includes profit attributable to shareholders of main logistic parks of the Group

9. Logistic Business (2)

Port and Related Service Business

HK\$ Million

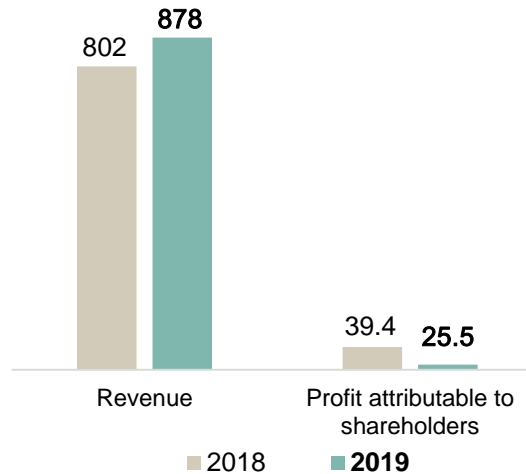
▲19% ▲20%



Logistic Service Business

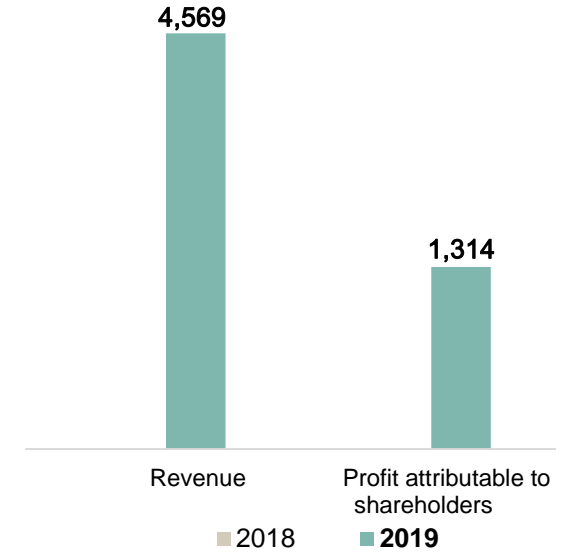
HK\$ Million

▲10% ▼35%



Logistic Parks Transformation and Upgrading

HK\$ Million



(N/A)

Port and Related Service Business

- 748 seagoing vessels berthed and total throughput reached 43.18M tons
 - Xiba Port continuously optimizing its customer structure
- Signed a compensation agreement with the Nanjing government, the Xiba second phase compensation was RMB1,500M
 - Recognized one-off gain of HK\$579M this year
 - Strive to negotiate with Nanjing Government for Xiba Port second phase leaseback operation

Logistic Service Business

- Some new projects are still in the ramp-up period offsetting revenue growth

Logistic Parks Transformation and Upgrading

- Meilin Checkpoint first Phase Hefengxuan (GFA75,000 sqm) sold satisfactory
- Contributed new logistic business revenue and profit attributable to shareholders to the Group

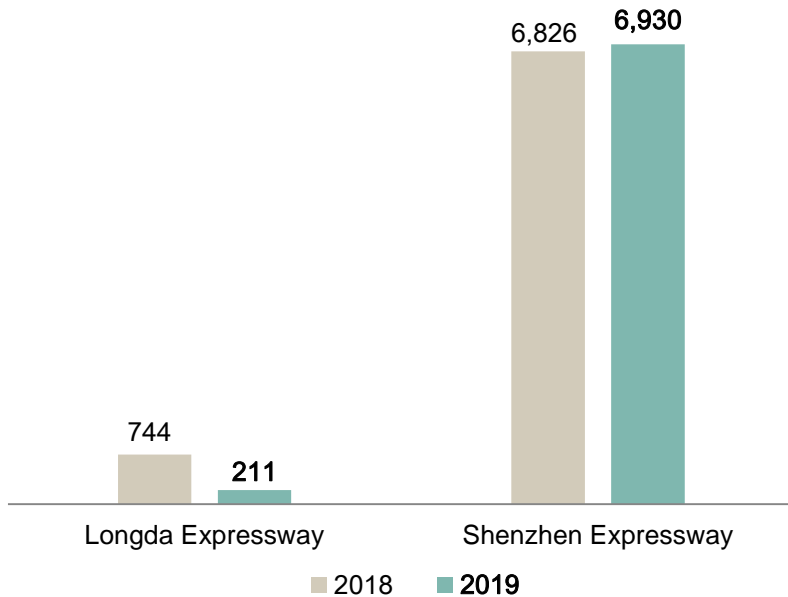
10. Toll Road

Revenue*: HK\$7,141M ▼6%

HK\$ Million

▼72%

▲2%

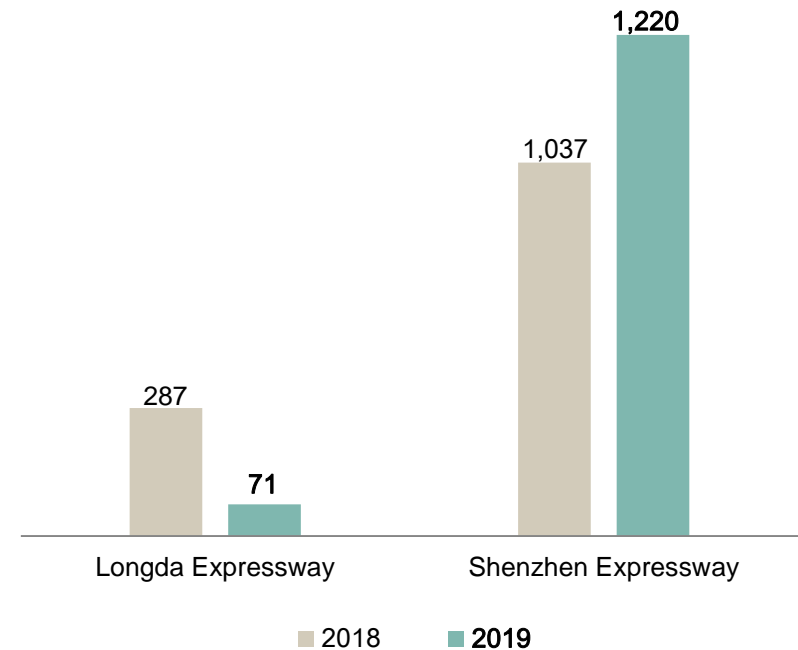


Profit Attributable to Shareholders
HK\$1,291M ▼3%

HK\$ Million

▼75%

▲18%



- Revenue mainly affected by 4 toll roads buyback by the government in 2018
 - Most toll road projects recorded steady growth in traffic volume and toll revenue during the period
- **Shenzhen Expressway:**
 - Exclude the impact of government's buyback last year, (Nanguang, Yanpai, Yanba) the toll revenue ▲5%
 - Environmental business: Derun Environment contributed profit of HKD195M (2018: HKD162M), ▲20%

*exclude construction service income from toll road business

11. Other Investments – Shenzhen Airlines

- Passenger volume growth continued
 - Passenger carried and passenger traffic ▲6% and ▲5.6%
 - Total of 218 passenger aircrafts
 - Total of 291 routes including 260 domestic routes
- Revenue was RMB31.95billion (equivalent to HK\$35.90billion), ▲3%
- Fuel cost of SZ Airlines decreased by 6% YoY.
 - Operating profit ▲20% to RMB2,967M (2018: RMB2,482M)
- SZ Airlines further enhanced its debt currency structure and recorded significantly less foreign exchange loss to RMB264M (2018: foreign exchange loss of RMB795M)
- Net profit of Shenzhen Airlines amounted to RMB1,194M (2018: RMB919M), ▲30%
- 49% profit attributable to the Group amounted to HK\$593M (2018: HK\$469M), ▲26%
- The Group will receive RMB123M as cash dividends



12. Financial Position (1)

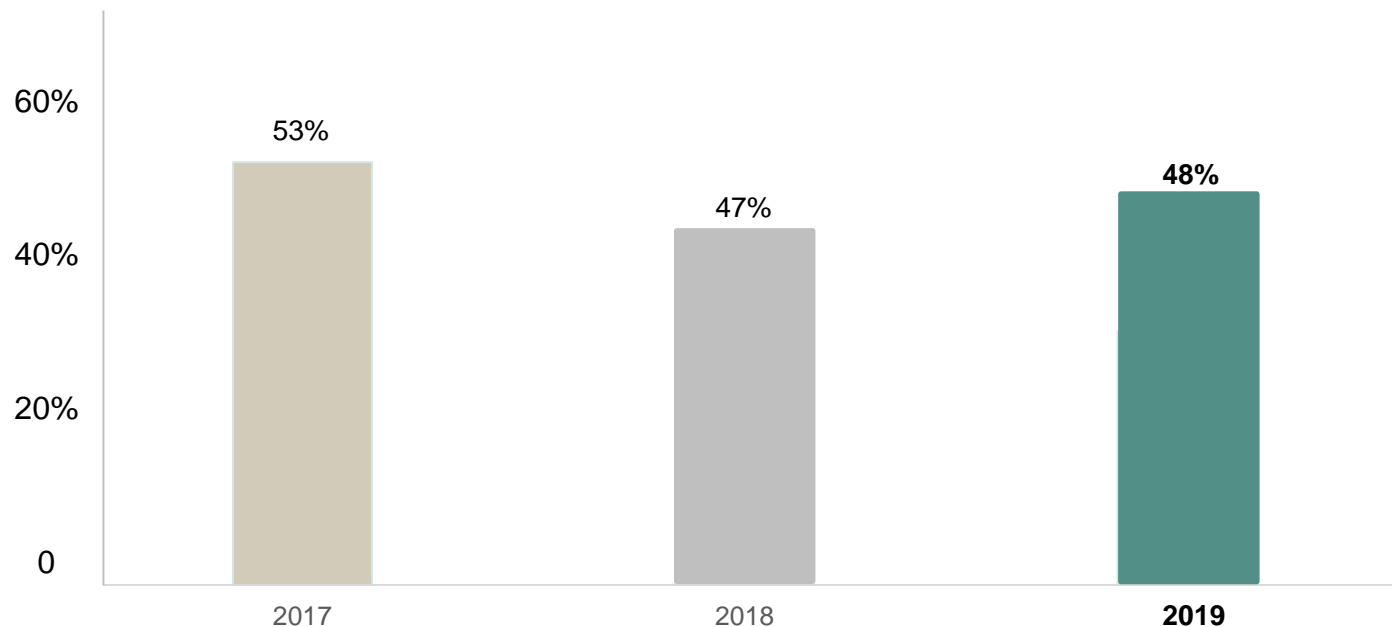
	The Group		
	2019	2018	Increase/ (Decrease)
<i>HK\$ Million</i>			
Total Assets	91,409	84,365	8%
Total Equity	47,341	44,360	7%
NAV Attributable to Shareholders	30,285	27,998	8%
Shareholders' NAV Per Share (HK\$)	14.0	13.2	6%
Cash	14,780	16,627	(11%)
Bank Borrowings	14,182	14,848	(4%)
Other Borrowings	737	-	N/A
Notes & Bonds	11,574	11,764	(2%)
Total Borrowings	26,493	26,612	-
Net Borrowings	11,713	9,985	17%
Debt-asset Ratio (Total Liabilities / Total Assets)	48%	47%	1*
Ratio of Total Borrowings to Total Assets	29%	32%	(3)*
Ratio of Net Borrowings to Total Equity	25%	23%	2*
Ratio of Total Borrowings to Total Equity	56%	60%	(4)*

*Change in percentage point

12. Financial Position (2)

Debt-Asset Ratio

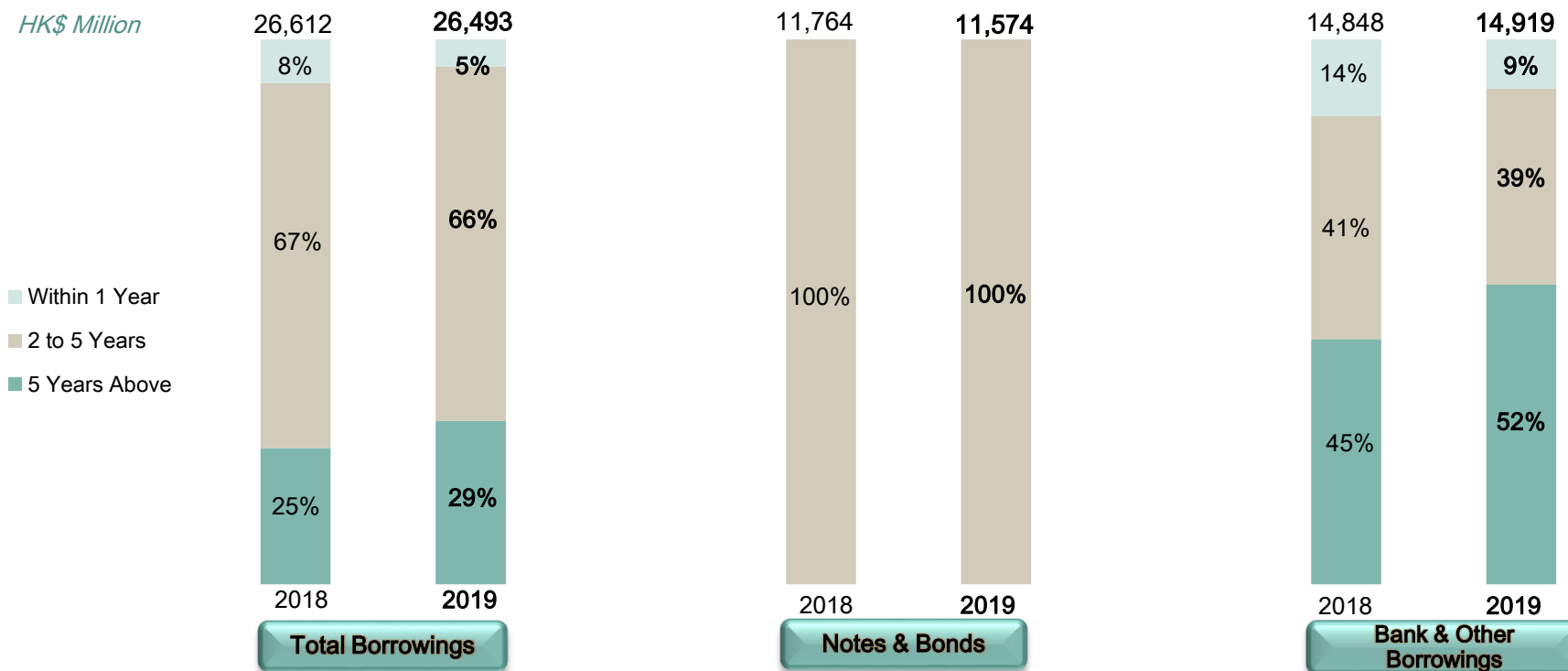
As of 31 December



- Maintained healthy financial position
 - NAV Attributable to Shareholders ▲8% to HK\$30,285 M
- 3 major international credit rating agencies maintained investment grade credit ratings
 - Domestic credit rating agencies assigned “AAA” credit rating

12. Financial Position (3)

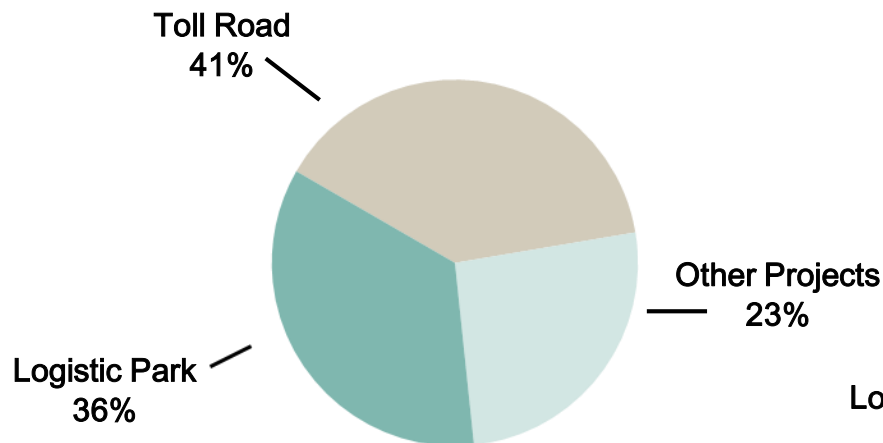
Debt Maturity Profile



- Recorded foreign exchange loss of HK\$35.96M (2018: foreign exchange loss of HK\$289M)
 - The Group continued to evaluate the RMB exchange rate fluctuation
 - The Group will adjust the debt's currency structure to reduce the impact of RMB exchange rate fluctuation
 - As of 31 December 2019, the Group's RMB borrowings to foreign currency borrowings ratio was 86% : 14%
 - Medium/long term debt to short term debt ratio was 95% : 5%

13. 2020 Capex Estimate – HK\$9,300M (RMB8,300M)

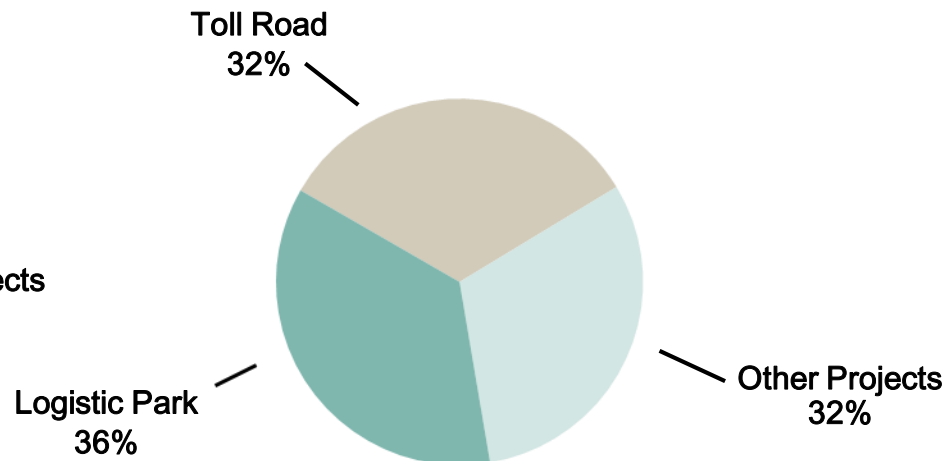
2020 Estimate
HK\$9,300M (RMB8,300M)



2020 Estimate Major Capex Items:

- Integrated Logistics Hub projects RMB2,500M
- Qianhai and Meilin Checkpoint Projects RMB1,600M
- Shenzhen Expressway RMB3,400M

2019 Actual
HK\$6,410M (RMB5,740M)



2019 Major Capex Items:

- Integrated Logistics Hub projects RMB2,060M
- Qianhai and Meilin Checkpoint Projects RMB 1,610M
- Outer Ring Expressway RMB1,350M

Macro Level (China)

Favorable policies:

- 「the Belt and Road Initiatives」 、 「the Guangdong-Hong Kong-Macao Greater Bay Area」 、 「Shenzhen Pioneering Demonstration Zones」
- “Qianhai Free Trade Zone”
- The epidemic control in Mainland China achieved stage victory, with work resumption implemented in an orderly manner;

Unfavorable Factors:

- The coronavirus impact to the economy
- Trade War

Conclusion:

- Downward pressure on economic keeps rising

Micro Level (The Group)

- Accelerate development – the KPI growth at high pace;
- Better management – comprehensive corporate governance structure + “1+N” strategic plan;
- Reputable brand – high dividend + one of the listed companies with the highest investment value;
- Higher quality – stable and healthy financial position + premium assets.

Maximize
Shareholder
Value



Shenzhen International

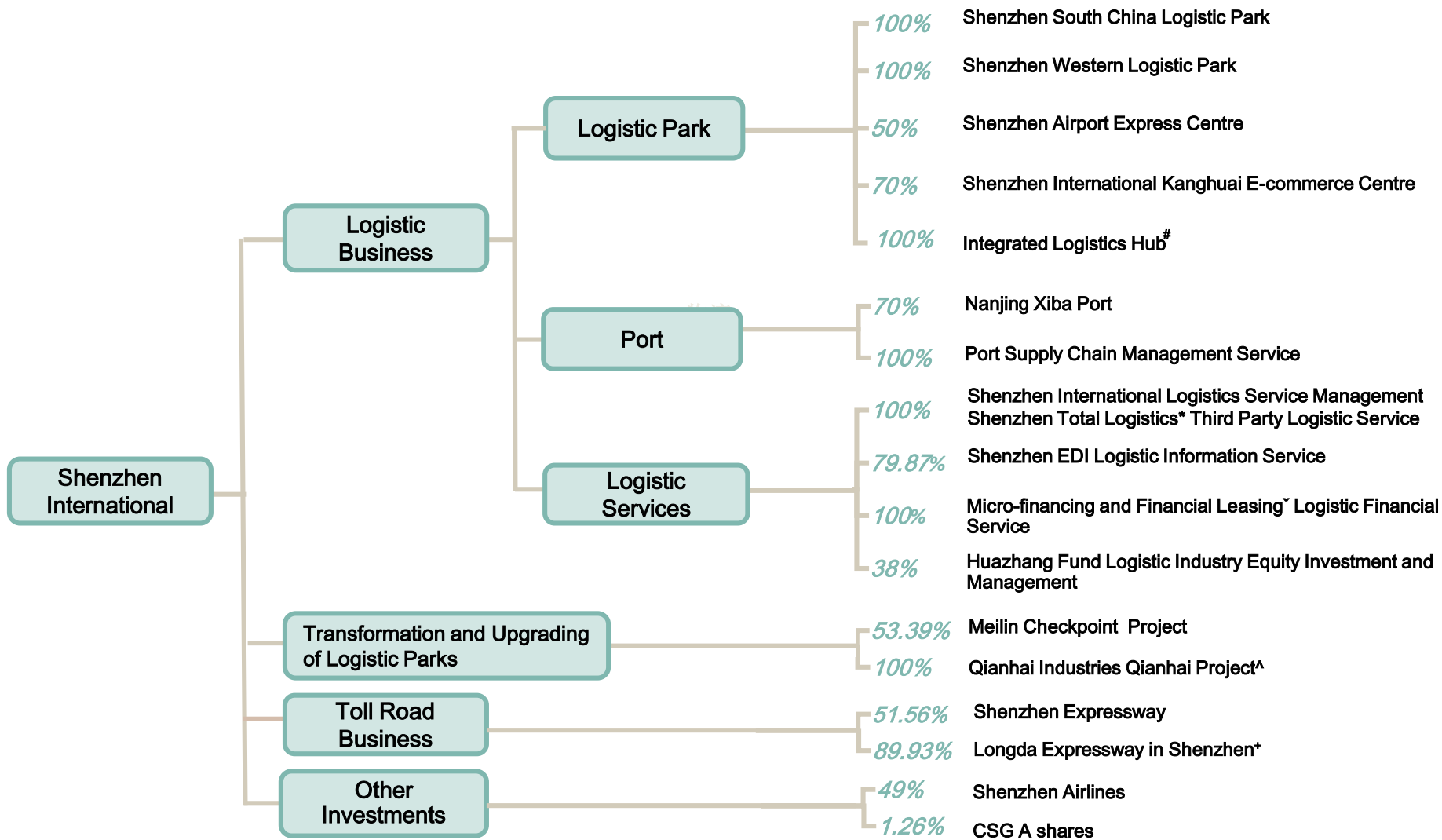
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Appendix

共同创造 共享价值
Building Value, Sharing Future

Appendix 1 – Corporate Chart



[#] 16 projects in operation (total 29), with small of non-wholly owned subsidiaries,

[~] 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

<i>HK\$ Million</i> <i>For the 12 months ended</i> <i>at 31 December</i>	2019	2018	Increase/(Decrease)
Revenue	16,820	11,581	45% ¹
Cost of sales	(10,121)	(7,006)	44%
Gross profit	6,699	4,575	46%
Other gain - net	2,860	4,703	(39%) ²
Other income	86	46	87%
Distribution costs	(151)	(87)	74%
Administrative expenses	(869)	(593)	47%
Operating profit	8,625	8,644	-
Share of profit of joint ventures	14	15	(7%)
Share of profit of associates	1,246	1,126	11%
Profit before finance costs and tax	9,885	9,785	1%
Finance costs - net	(737)	(1,423)	(48%) ³
Profit before income tax	9,148	8,362	9%
Income tax expense	(2,038)	(1,835)	11%
Profit for the Year	7,110	6,527	9%
Non-controlling interests	1,996	(2,221)	(10%)
Perpetual securities	93	93	-
Profit attributable to shareholders	5,021	4,213	19%
Basic EPS (HK dollar per share)	2.34	2.03	15%

1. Revenue increased yoy significantly mainly due to the revenue from Meilian checkpoint Project of HK\$4,569M

2. As of 31 December 2019, the group recognized Qianhai second phase one-off gain before tax of HK\$ 2,457M and Nanjing Xiba Port second phase compensation as one-off gain of HK\$579M; In the year of 2018, the group recorded one-off gain of HK\$4,722M from 4 toll roads buyback

3. Compared to the same period of previous year, finance cost decreased due to the 4 toll roads buyback in 2018 and exchange loss decreased in 2019

Appendix 3 – Segment Results

	Revenue		Operating Profit		Share of Results of Associates & JVs		EBIT	
	2019	2018	2019	2018	2019	2018	2019	2018
<i>HK\$ Million</i>								
<i>For the 12 months ended at 31 December</i>								
Toll Road								
Revenue	7,141	7,569	2,501	8,570	616	612	3,117	9,182
Construction service revenue	1,835	1,234	-	-	-	-	-	-
Toll road subtotal	8,976	8,803	2,501	8,570	616	612	3,117	9,182
Logistic Business								
Logistic park	833	658	195	167	14	15	209	182
Logistic service	878	802	53	68	-	1	54	69
Port and related services	1,564	1,318	193	166	-	(1)	192	165
Logistic Parks Transformation and Upgrading	4,569	-	2,820	-	-	-	2,820	-
Logistic business sub-total	7,844	2,778	3,261	401	14	15	3,275	416
Head Office	-	-	2,863	(327)	630	514	3,493	187
	16,820	11,581	8,625	8,644	1,260	1,141	9,885	9,785
Finance income							278	117
Finance cost							(1,015)	(1,540)
Finance cost - net							(737)	(1,423)
Profit before income tax & NCI							9,148	8,362

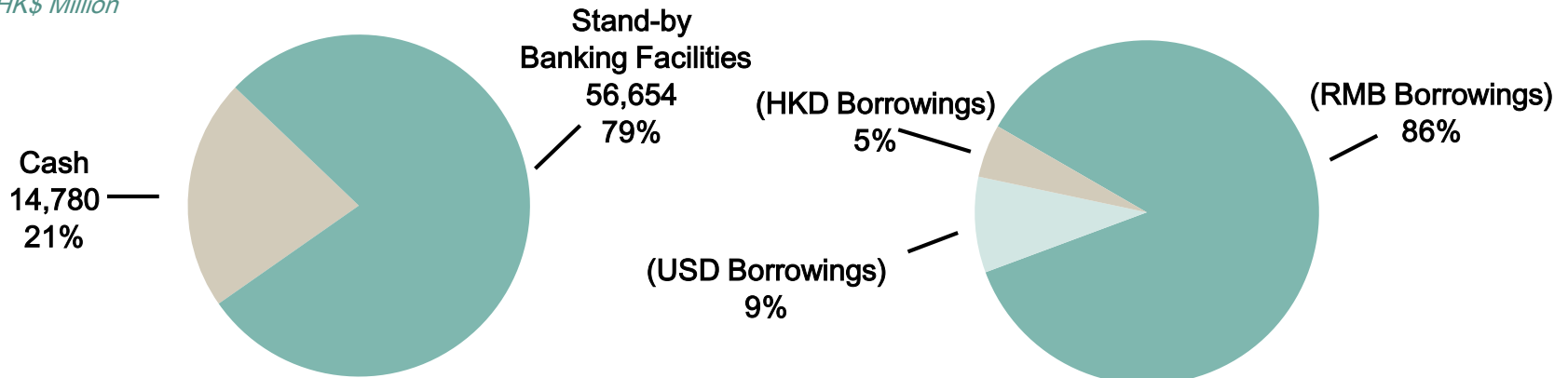
Appendix 4 – Financial Position (1)

The Group's Borrowing Profile
As at 31 December 2019

Cash & Banking Facilities

Total Borrowings: HK\$26,493M – In Currency

HK\$ Million



Total Borrowings: HK\$26,493M – Repayment Period



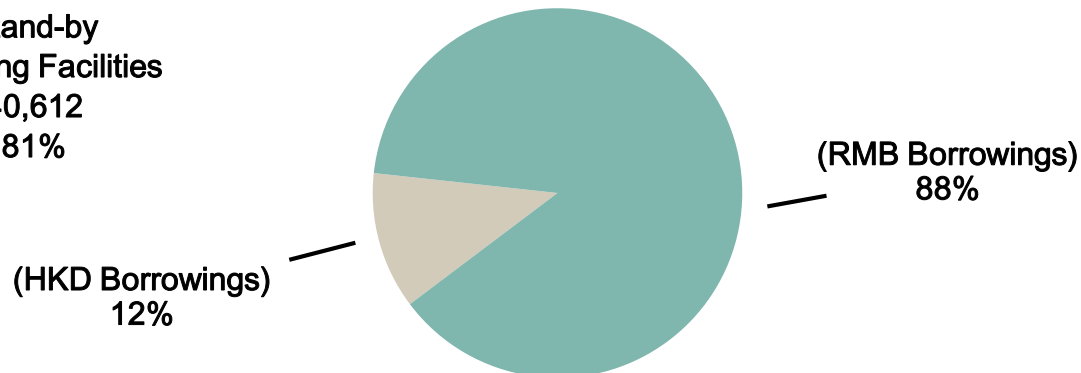
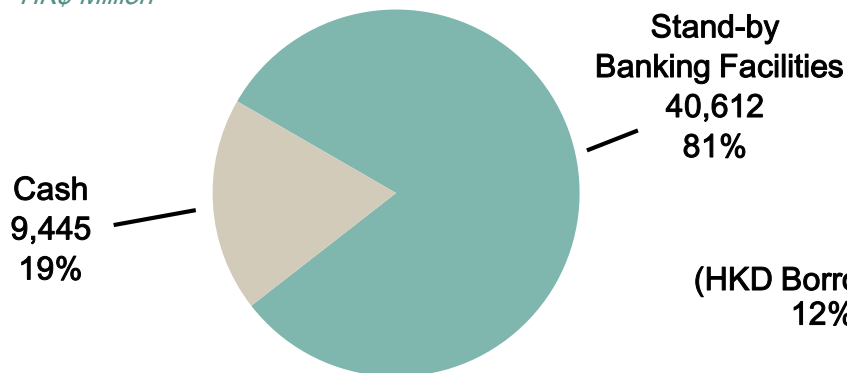
Appendix 4 – Financial Position (2)

The Group's Borrowing Profile
(Excl. Shenzhen Expressway)
As at 31 December 2019

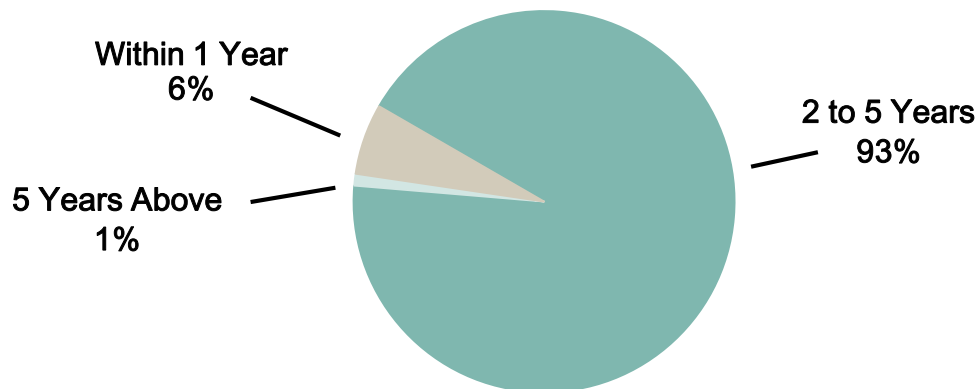
Cash & Banking Facilities

Total Borrowings: HK\$9,840M – In Currency

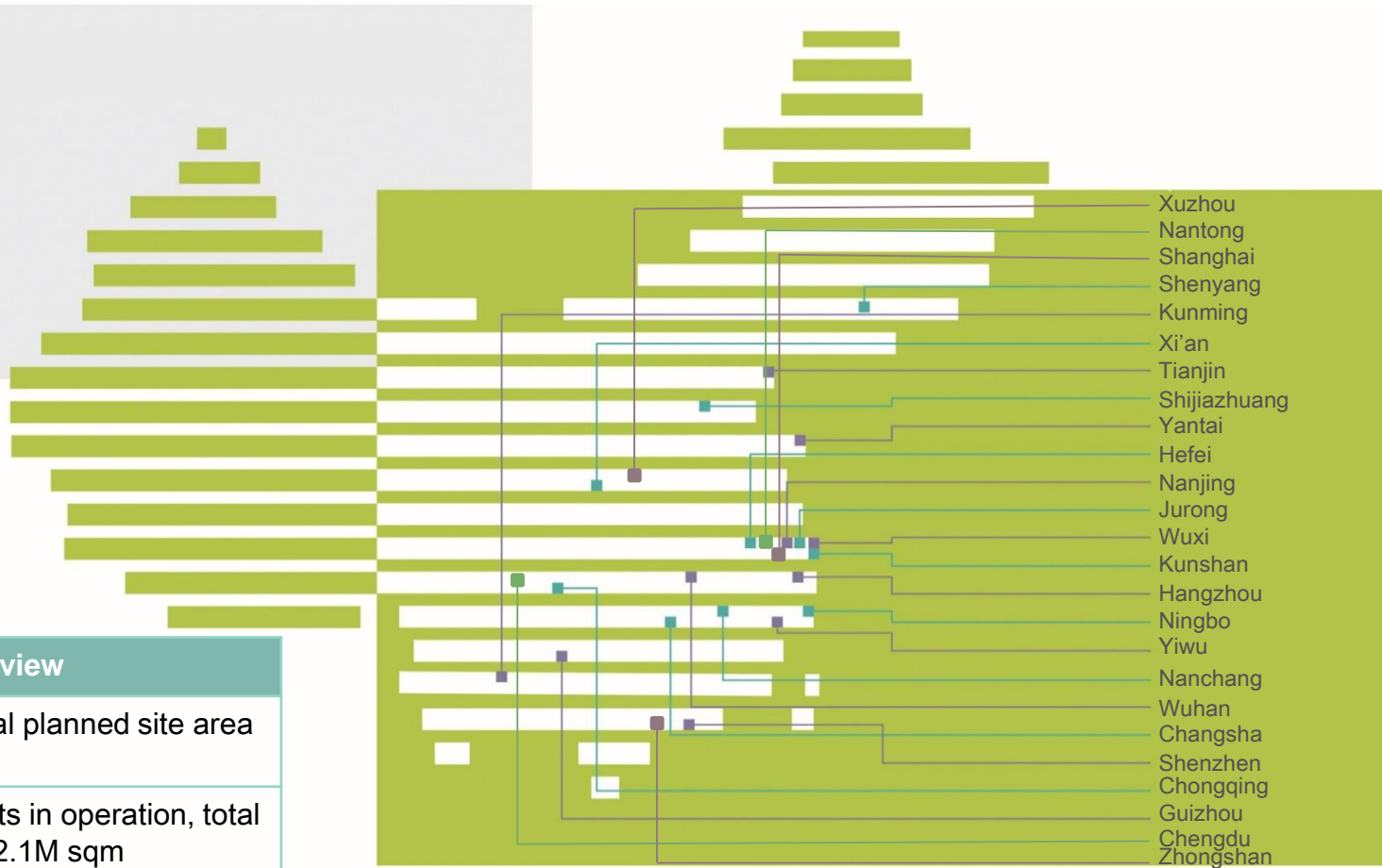
HK\$ Million



Total Borrowings: HK\$9,840M – Repayment Period



Appendix 5 – Locations Of Logistic Projects



Overview

- 33 Projects, total planned site area 7.28M sqm
- 2019: 19 projects in operation, total operating area 2.1M sqm
- 2020: 8 project expected to operate, total planned site area 1.86M sqm
- 2021: 5 projects expected to operate, total planned site area 910K 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	□ Operating Area: 111K sqm
	Kanghuai E-commerce Centre	□ Operating Area: 138K sqm
Integrated Logistic Hubs	Shenyang Project	□ Planned site area: 700K sqm; Operating Area: 256K sqm
	Kunshan Project	□ Planned site area: 117K sqm; Operating Area: 85K sqm
	Wuhan Dongxihu Project	□ Planned site area: 133K sqm; Operating Area: 67K sqm
	Hefei Project	□ Planned site area: 138K sqm; Operating Area: 98.6K 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: 124K sqm
	Hangzhou Project	□ Planned site area: 427K sqm; Operating Area: 147K sqm
	Guizhou Project	□ Planned site area: 348K sqm; Operating Area: 150K 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: 37K sqm
	Shanghai Project	□ Planned site area: 23K sqm; Operating Area: 30.5K sqm
	Zhongshan Project	□ Planned site area: 57K sqm; Operating Area: 58K sqm
Chongqing	□ Planned site area 157K sqm; Operating Area: 58K 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*
	Kunming Project	□ 172K sqm	2020
Integrated Logistic Hubs	Nantong Project	□ 152K sqm	2020
	Jurong Project	□ 400K 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
	Zhanjiang Project	□ 200K sqm	2021
	Logistic parks in Shenzhen	Liguang Project	□ 45K sqm

Appendix 7 – Integrated Logistics Hub (1) – Illustration



Appendix 7 – Integrated Logistics Hub (2)



Appendix 8 – Kanghuai E-commerce Centre

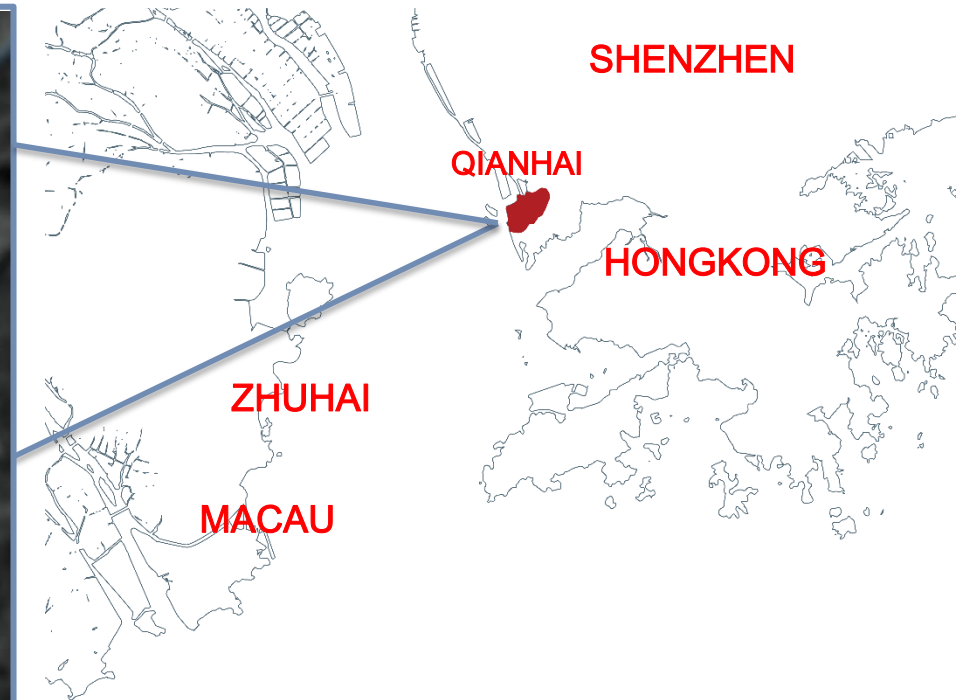


Appendix 9 – South China Logistic Park



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

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



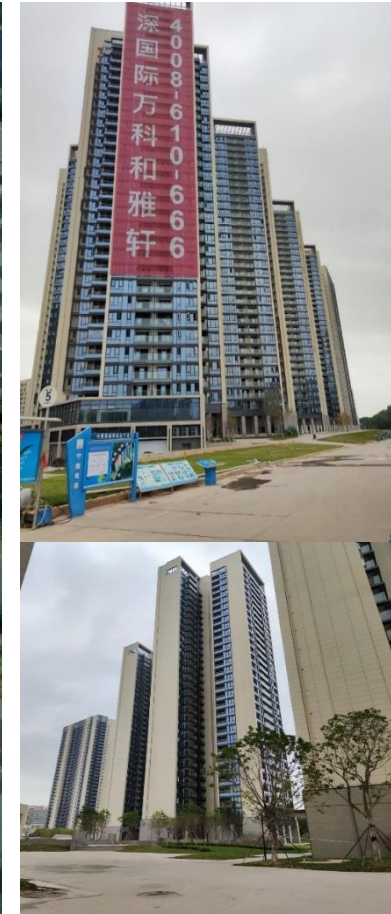
Building Shenzhen International Qianhai Intelligence Hub



Appendix 10 – Qianhai Project – Phase 1 Project Illustration



Appendix 11 – Meilin Checkpoint Project



Note: Left picture above is a project illustration

Appendix 12 – Nanjing Xiba Port





Shenzhen International

深國際

股份代号：00152

Thank you

Tel: (852) 2366 0268/ (86-755) 8307 9999
Fax: (852) 2739 5123/ (86-755) 8307 9988

Email: ir@szihl.com
<http://www.szihl.com>

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