



Shenzhen International
深國際
股份代号：00152

2020

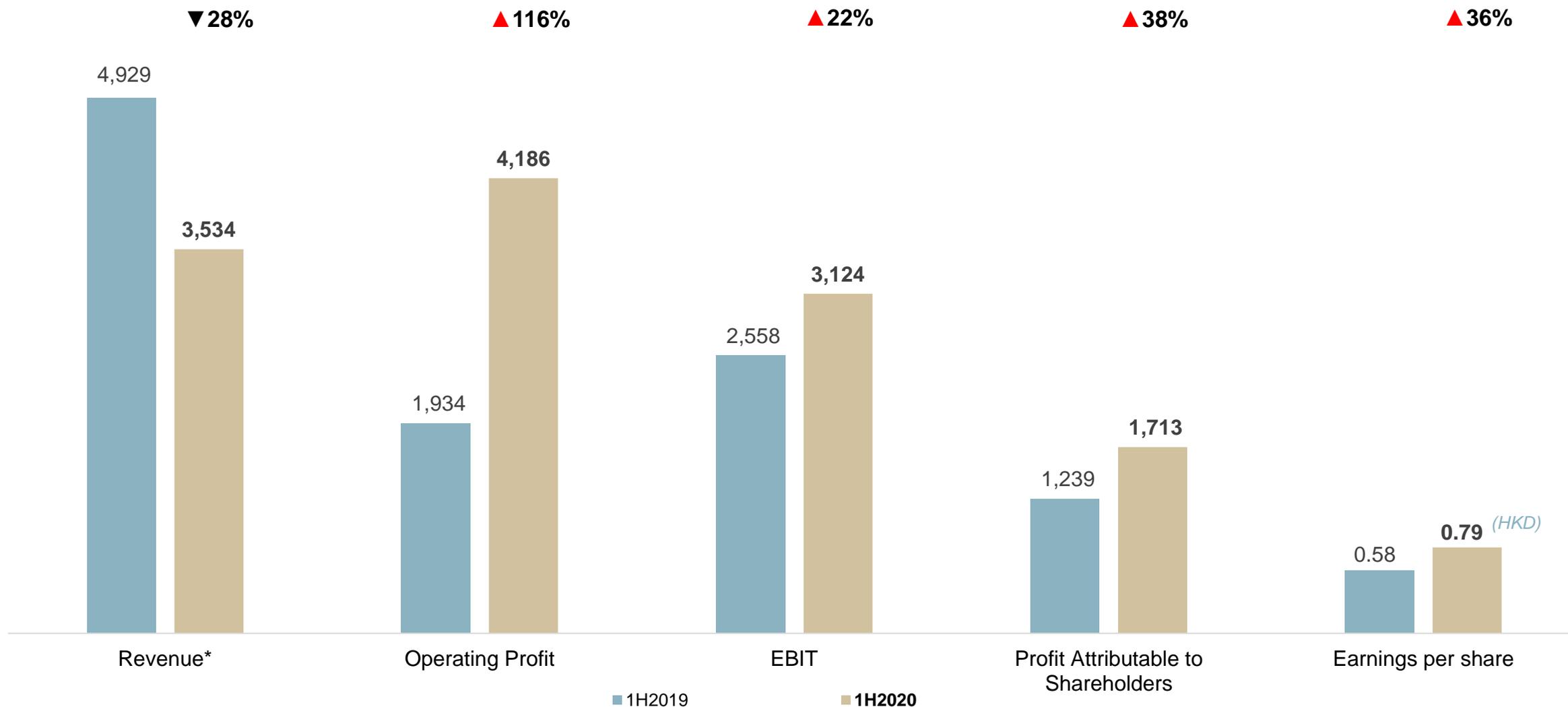
Interim Results

Operations Analysis

- 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 half year ended 30 June 2020. 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 2020 Interim Report for the unaudited results of the Company which are published in accordance with the Listing Rules of the Stock Exchange of Hong Kong Limited.

1. Results Highlights

HK\$ Million



*Exclude construction service income from toll road business

2. Business Review

- In 1H2020, the operations of the Group were impacted by Covid-19 especially the toll road and airline segments
- The Group proactively responded and adopted various measures to minimize impacts caused by Covid-19
- **Logistics Business**
 - The company has actively responded to national policy and fulfilled social responsibilities for waiving 2 months of rent for the Groups' tenants
 - The occupancy rate of logistics parks remained stable with overall occupancy rate at 90%
 - Driven by the new cross-boarder e-commerce business, the revenue of logistics services business increased by ▲ 62% YoY
- **Toll Road**
 - Caused by the National Toll-Free Policy, the Group's overall toll revenue decreased
 - After toll fee collection resumed, traffic volume is back to normal and exceeded to the corresponding period YoY
- **Qianhai Land Consolidation:**
 - The land consolidation and preparation agreement for “Qianhai Phase 3 Project” was signed in 1H2020
 - Recognized one-off profit before tax of HK\$3,906M

3. Integrated Logistics Hub

- Presence in 27 key logistics gateway cities with total 31 projects and planned site area of 6.84M sqm
 - Acquired new projects in Zhengzhou and Wuxi, with total newly obtained land area of 240,000 sqm
 - As at the end of June 2020, the obtained land with total site area exceeded 4.45M sqm
 - Strike to search for investment opportunities in economically developed regions, such as the Greater Bay Area, Yangtze River Delta and the Beijing-Tianjin-Hebei region

- 17 projects in operation with total operating area of approximately 1.57M sqm
 - The average occupancy rate reached 83%
 - Contributed revenue of HK\$211M and profits attributable to shareholders of HK\$34.06M to the Group's logistics business

- Construction work of Qingbaijiang in Chengdu, Caidian in Wuhan, Hangzhou Phase 2 and Xuzhou in progress, expect to complete construction and commence operation in 2H2020 and 2021

4. Transformation and Upgrading of Logistics Parks

■ Qianhai Project

■ Qianhai Phase 3 Project:

- A total GFA of 172,000sqm, including 50,000 sqm of residential and 25,000 sqm of saleable apartment
- Completed the land consolidation and preparation of the entire Qianhai Project and the total GFA of the project reached approximately 390,000 sqm, including:
 - Phase 1 Project:
 - GFA of 110,000 sqm including 51,000 sqm of residential. Residential pre-sale began at the end of 2019 and had been sold out. Completion and acceptance are expected at the end of 2020
 - Phase 2 Project:
 - GFA of 110,000 sqm including 91,000 sqm of residential. The project's design is in bidding progress
- As residential and apartments are highly scarce in Qianhai. Qianhai project is expected to promote the continued growth of the Group's performance and raise the asset value of the Group in Qianhai

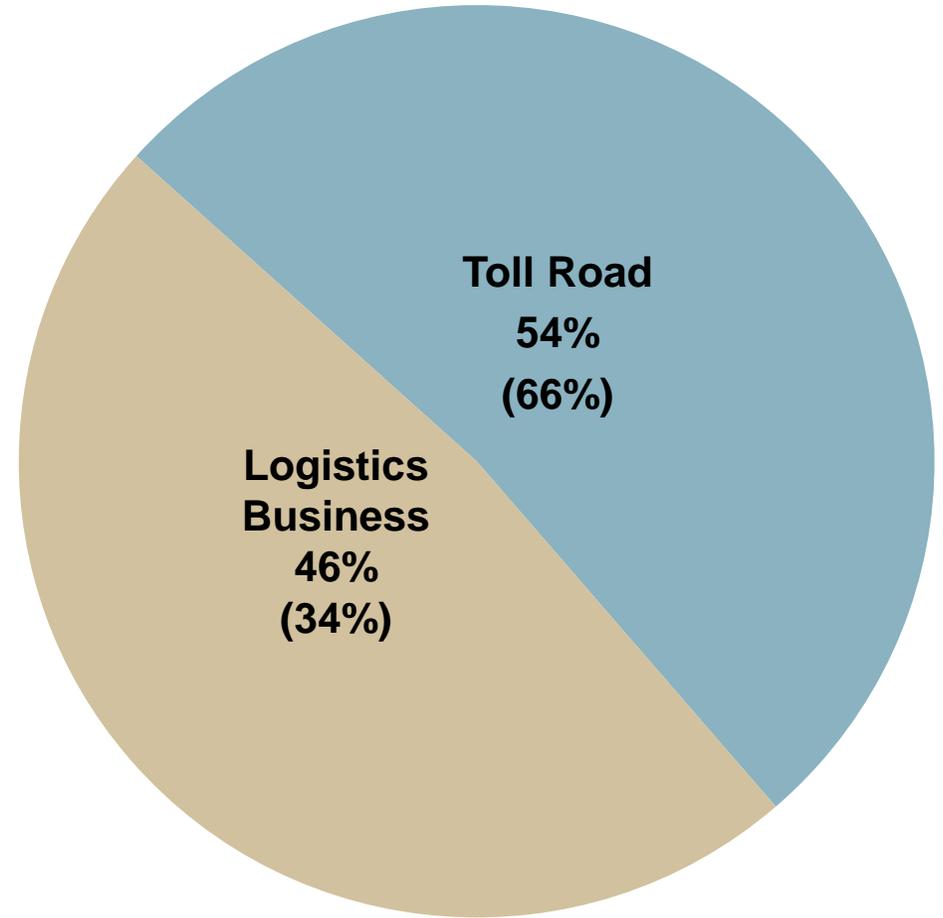
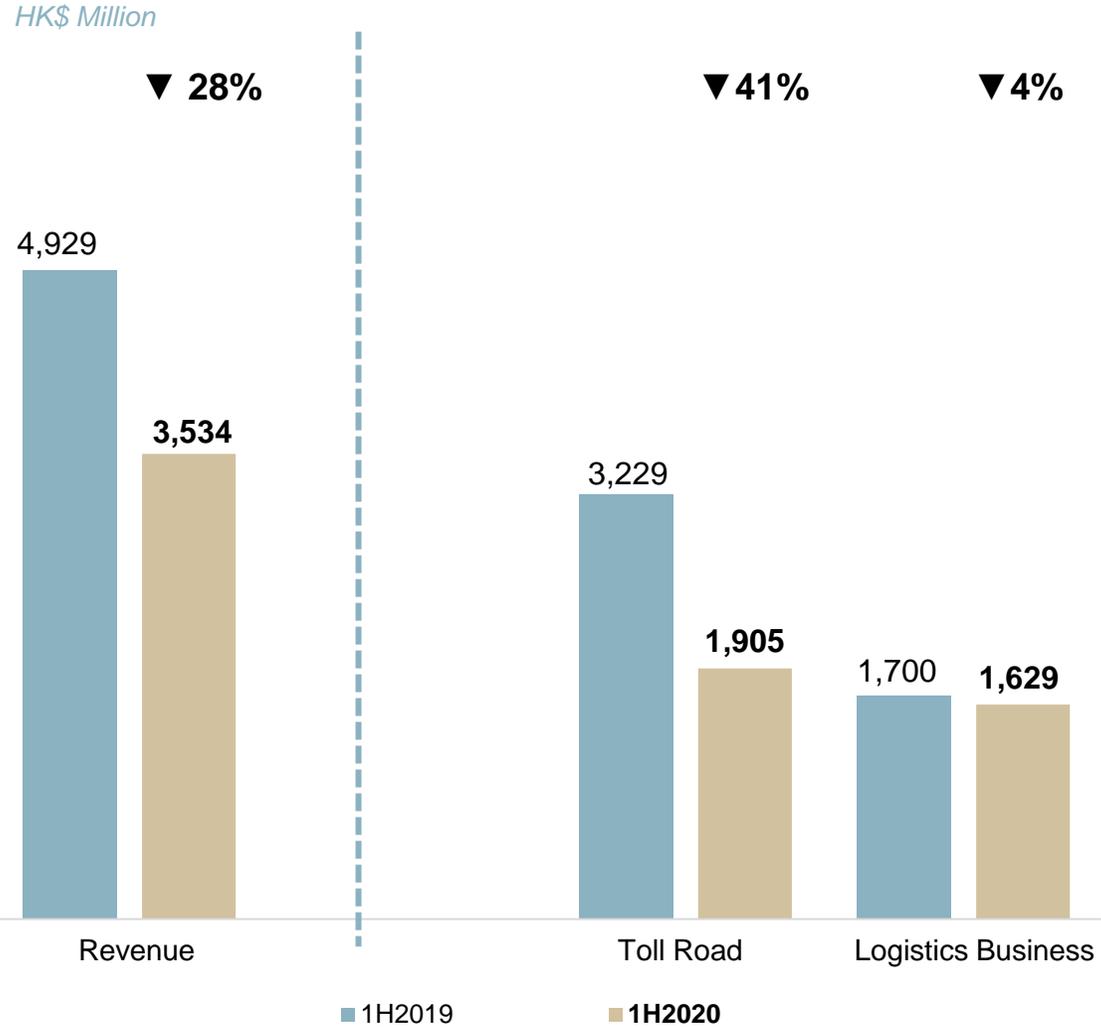
■ Meilin Checkpoint Project

- Phase 1 residential project –He Feng Xuan (和风轩)
 - Saleable area 75,000 sqm was completed acceptance and recognized the sale in 2019
- Phase 2 residential project –He Ya Xuan (和雅轩)
 - Saleable area 68,000 sqm began pre-sale at the end of 2019 and has been sold out. Completion and acceptance are expected at the end of 2020
- Phase 3 residential project –He Song Xuan (和颂轩)
 - Saleable area of 63,000 sqm and office/commercial/apartment complex of 190,000 sqm are under infrastructure work

5. Revenue Contribution*

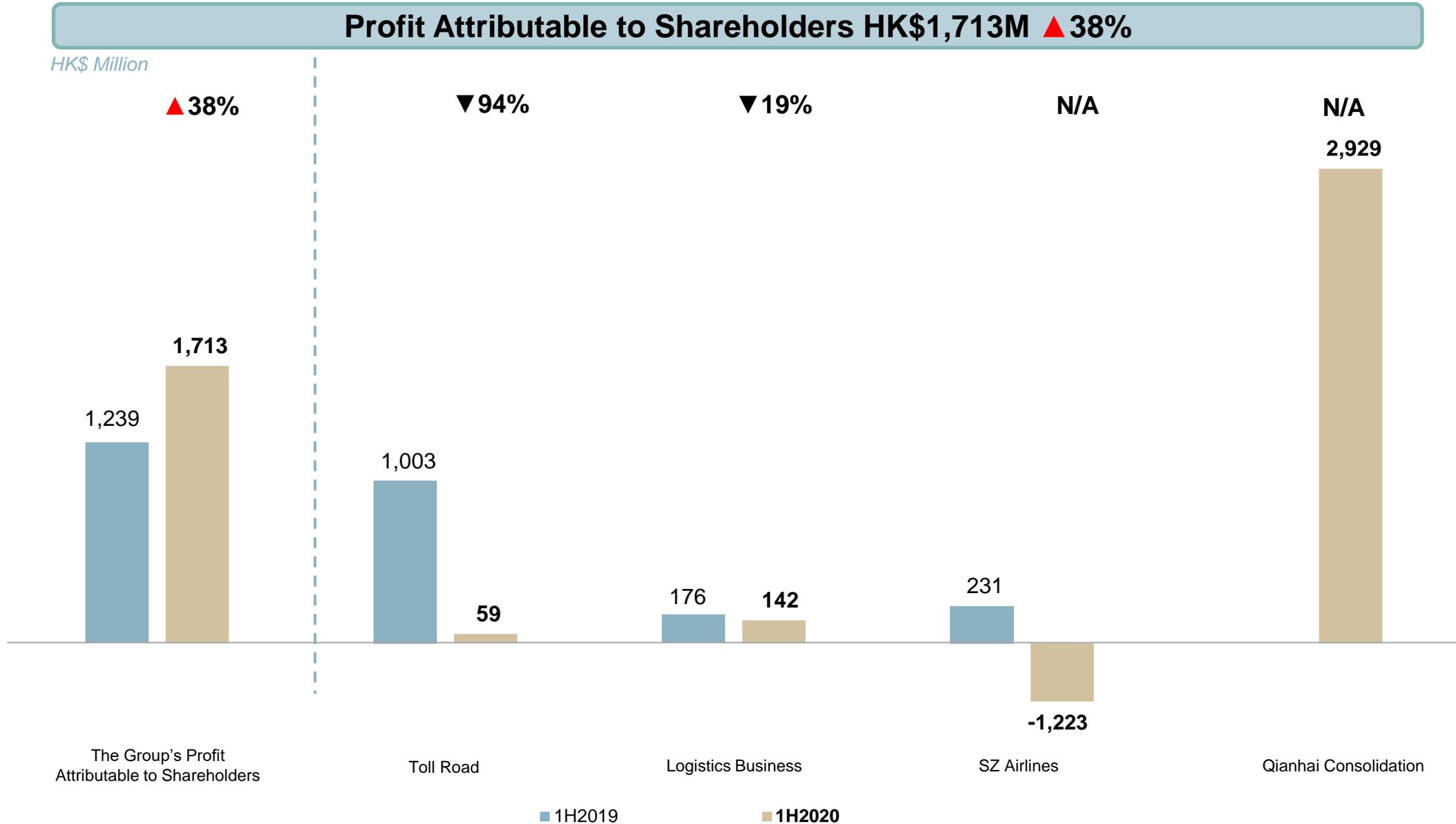
Revenue HK\$3,534M

1H2020 (2019) Revenue Contribution



*Exclude construction service income from toll road business

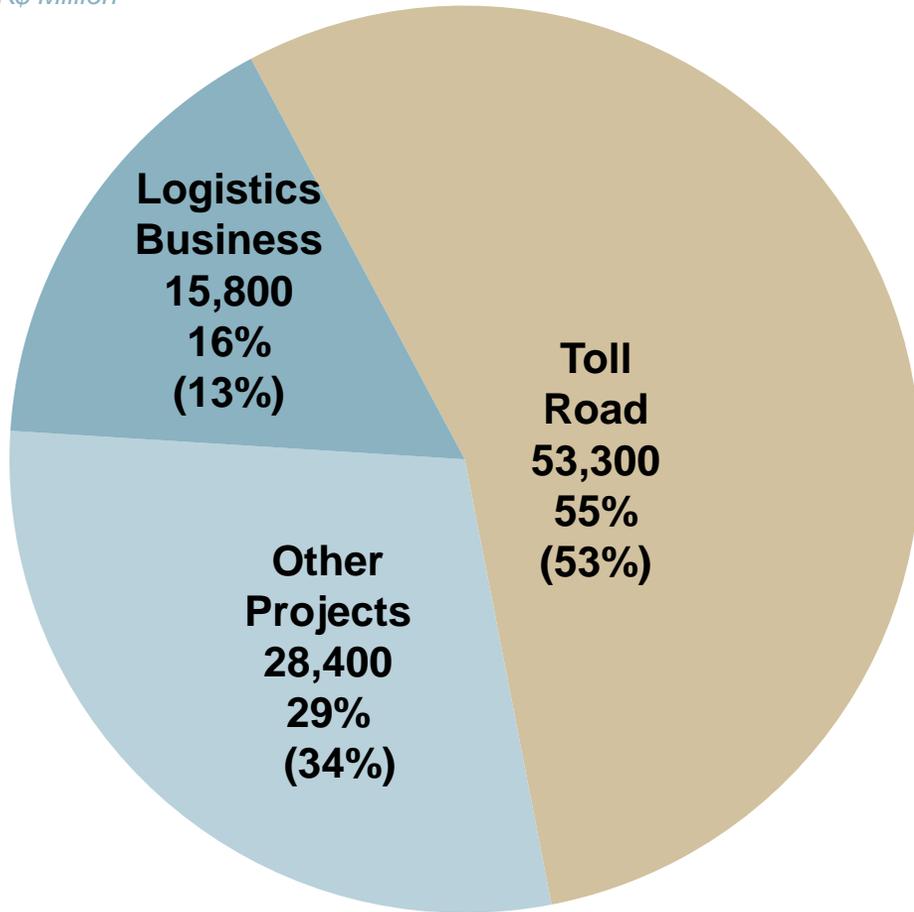
6. Profit Attributable to Shareholders Contribution



7. Asset Contribution – Total Asset

1H2020 (2019) Total Asset Contribution

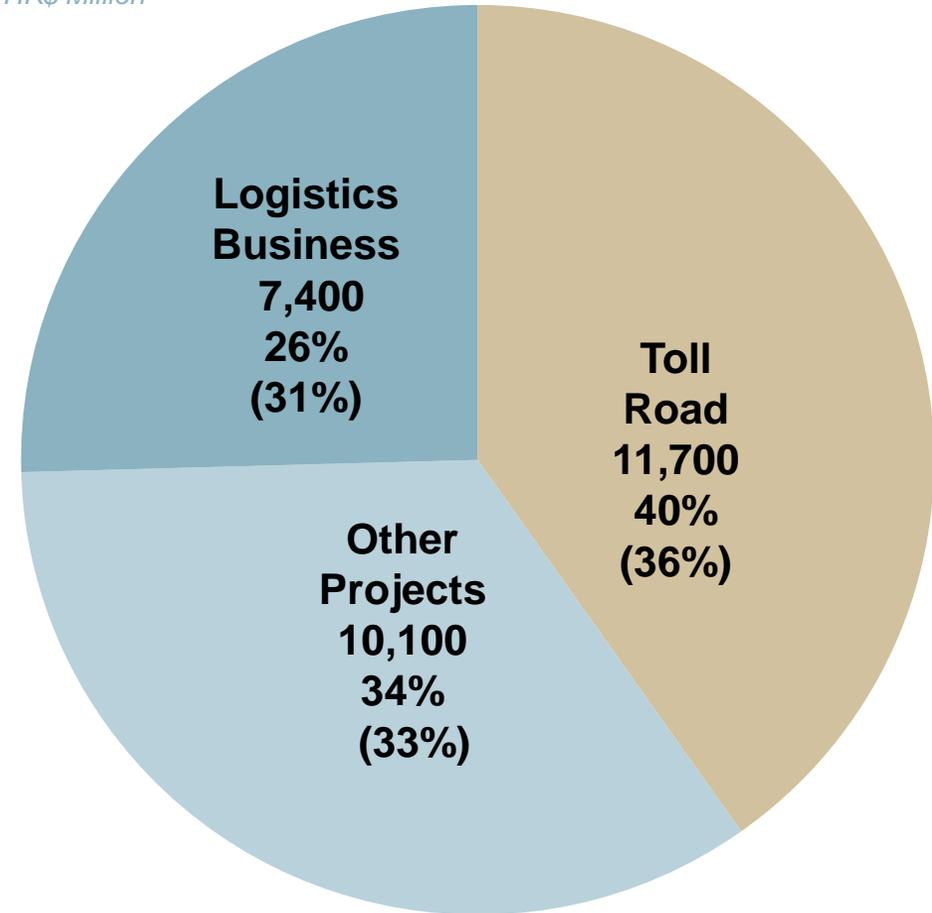
HK\$ Million



Total Asset HK\$97.5B

1H2020(2019) NAV Attributable to Shareholders Contribution

HK\$ Million

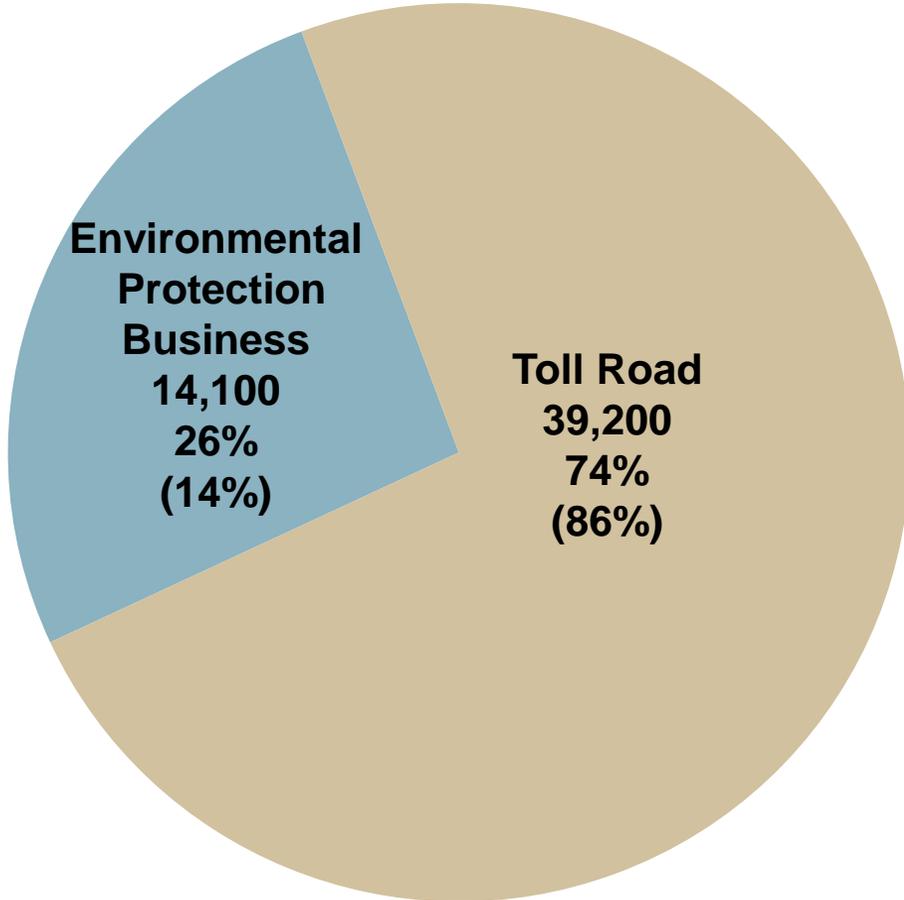


NAV Attributable to Shareholders HK\$29.2B

7. Asset Contribution – Toll Road Segment

1H2020 (2019) Total Asset Contribution

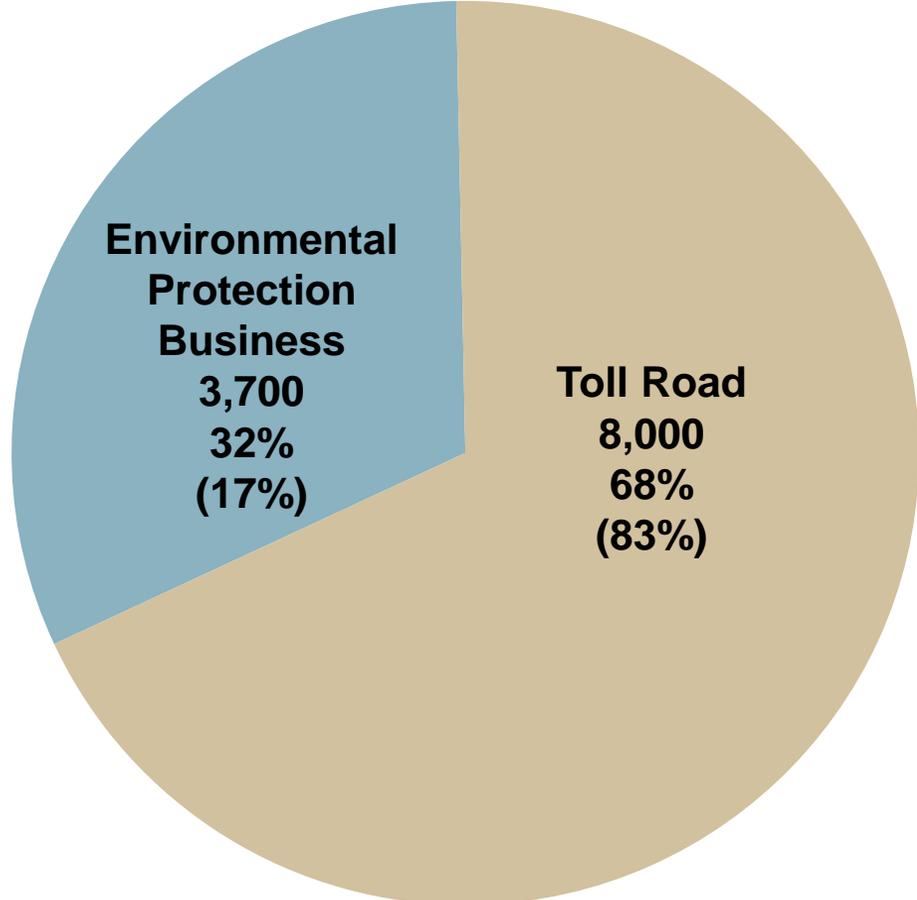
HK\$ Million



Total Asset of Toll Road Segment HK\$53.3B

1H2020 (2019) NAV Attributable to Shareholders Contribution

HK\$ Million

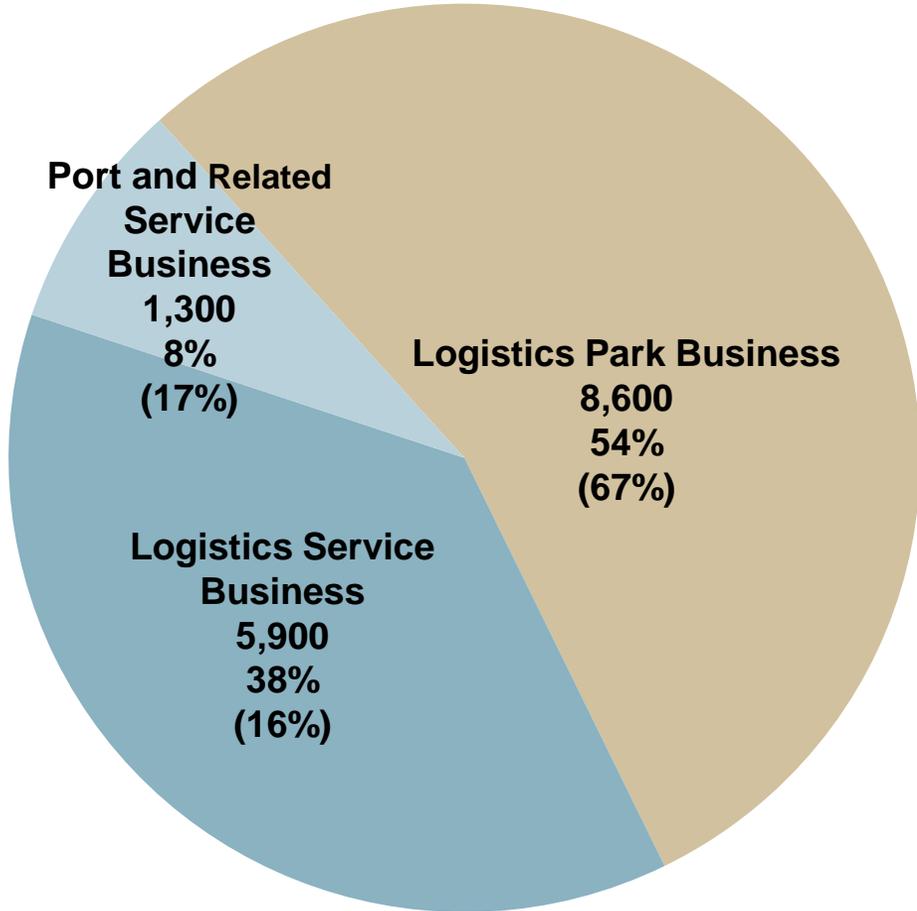


NAV Attributable to Shareholders of Toll Road Segment HK\$ 11.7B

7. Asset Contribution – Logistics Segment

1H2020 (2019) Total Asset Contribution

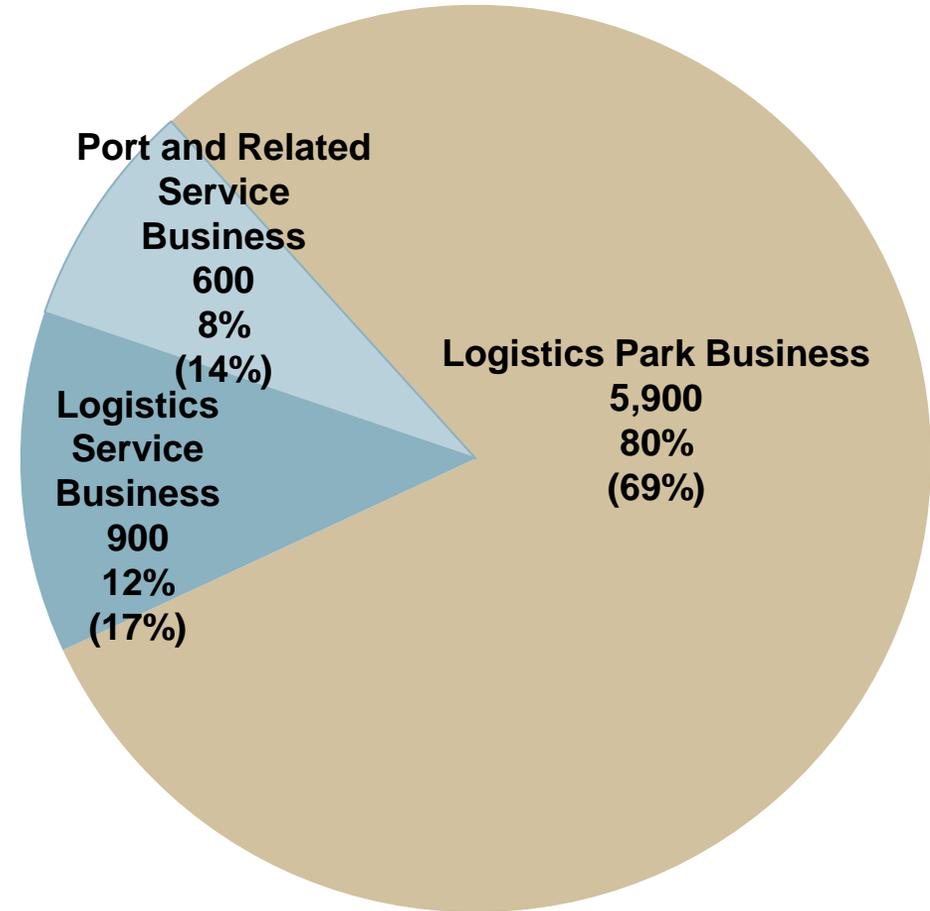
HK\$ Million



**Total Asset of Logistics Segment
HK\$15.8B**

1H2020 (2019) NAV Attributable to Shareholders Contribution

HK\$ Million

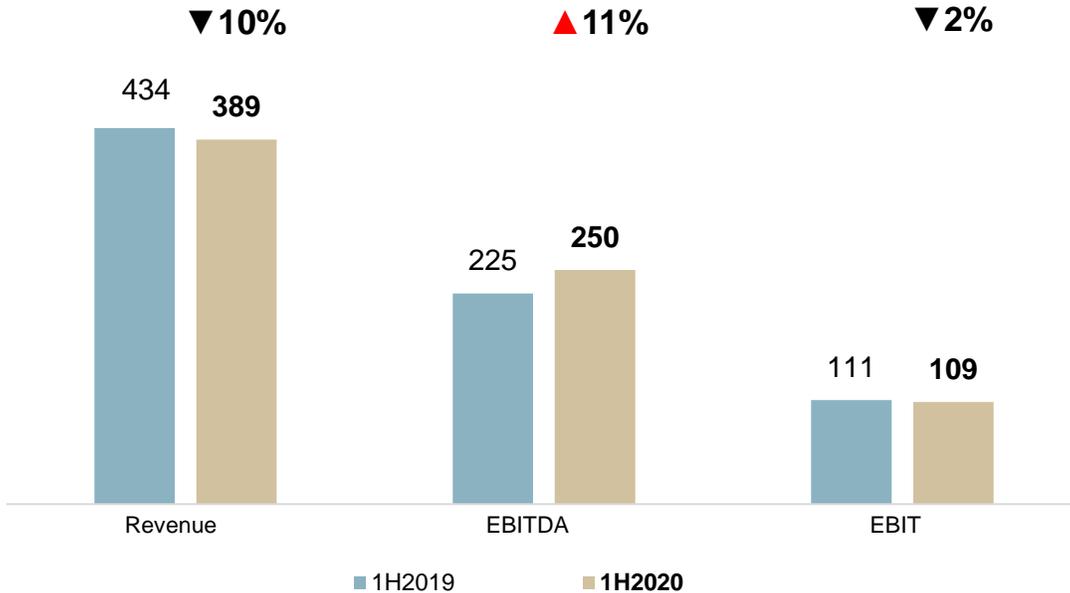


**NAV Attributable to Shareholders
of Logistics Segment HK\$7.4B**

8. Logistics Business (1)

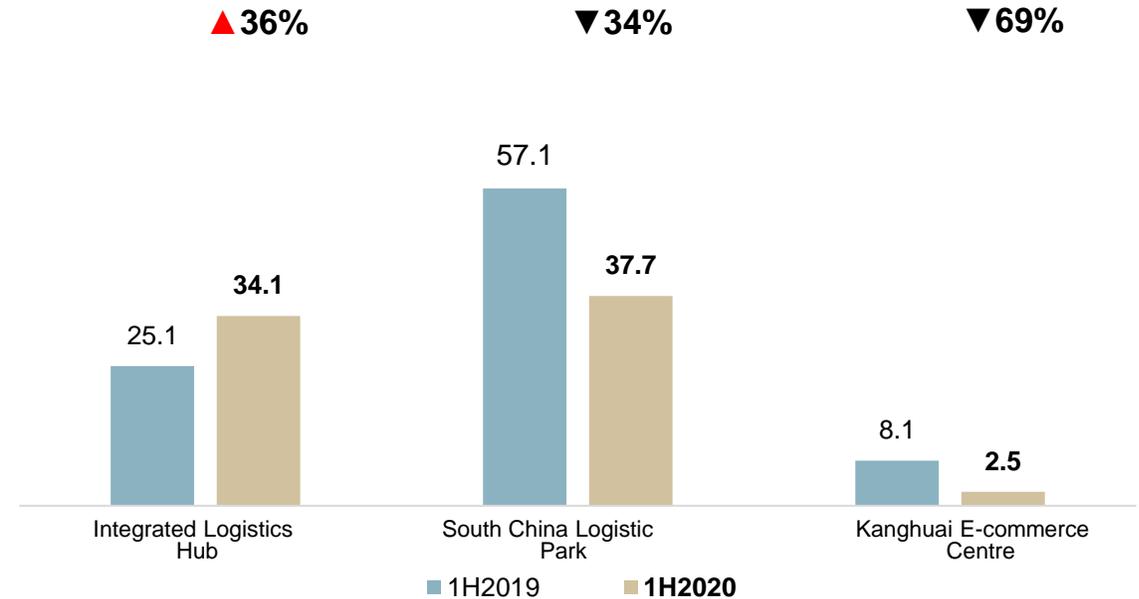
Logistics Park Business

HK\$ Million



Logistics Park Business Profit Attributable to Shareholders HK\$79.9M ▼ 16%#

HK\$ Million



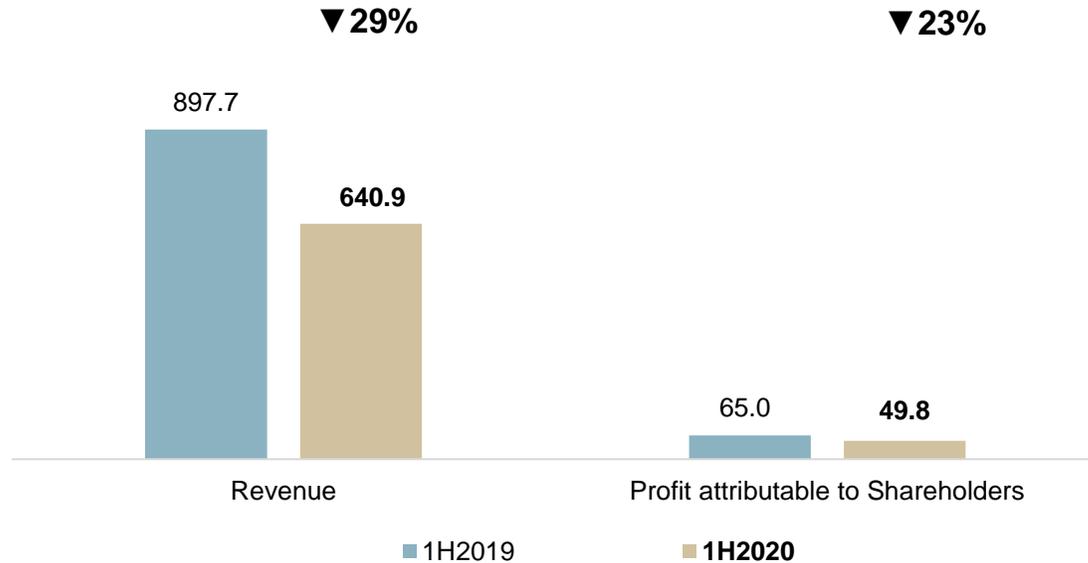
- Since the tenants of logistics parks were exempted from 2-month rents of approximately RMB100M along with increased operating costs
 - Revenue ▼ 10%, profit attributable to shareholders ▼ 16%
- **Integrated logistics hubs:** Due to cost reduction and efficiency improvement of expense control as well as social security subsidy and tax reduction
 - The profit attributable to shareholders ▲ 36%
- **South China Logistics Park & Kanghuai E-commerce Centre:** Due to the exemption of 2 month rents
 - The operation had been impacted
- **Liguang Project** (site area of 45,000 sqm; GFA of 265,000 sqm) commenced construction work at the end of 2019, and the project is expected to be completed in 2022
 - The project will further consolidate the Group's market share in the logistics market of Shenzhen

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

8. Logistics Business (2)

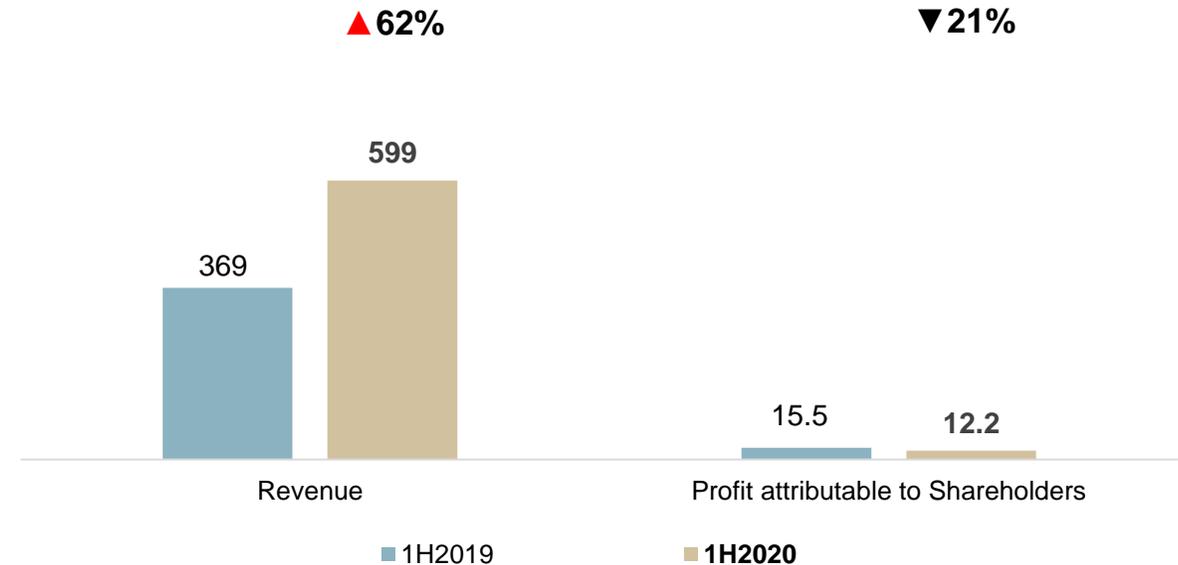
Port and Related Service Business

HK\$ Million



Logistics Service Business

HK\$ Million



■ Port and Related Services Business

- 307 seagoing vessels berthed, and total throughput reached 17.39M tons, profits attributable to shareholders ▼ 23%, due to
 - Covid-19 outbreak and weak economy, demand of coal decreased
- Signed a compensation agreement with Nanjing Government for expropriating the Xiba Port second phase partial asset with compensation of RMB1,500M
 - The first stage of transfer has been completed in 2019 with recognized one-off gain of HK\$579M, and the second stage of transfer will be completed in the 2H2020
 - Strive to negotiate with Nanjing Government for Xiba Port second phase leaseback operation

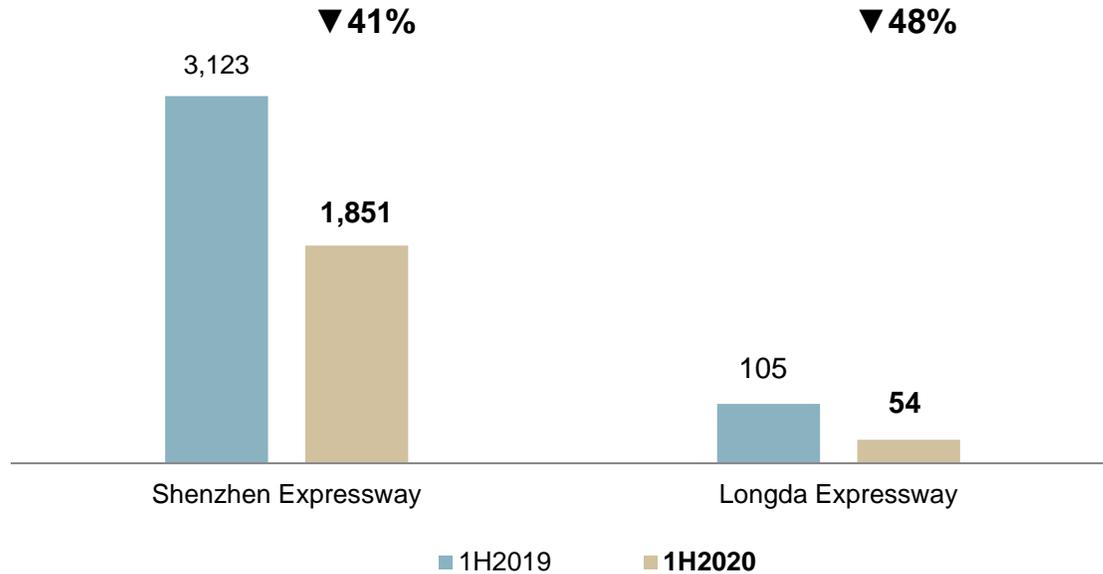
■ Logistics Service Business

- Introduced by newly commenced cross border e-commerce projects
 - Logistics service business revenue ▲ 62%
 - Profit attributable to shareholders decreased due to the increase of operating costs, and new projects are still in incubation period

9. Toll Road

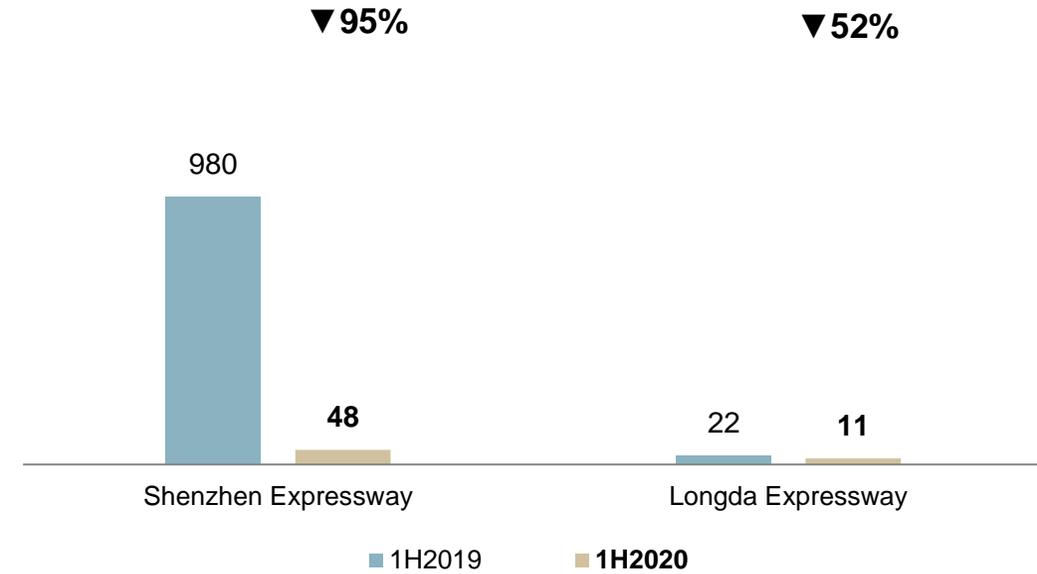
Revenue*: HK\$1,905M ▼41%

HK\$ Million



Profit Attributable to Shareholders: HK\$59.11M ▼94%

HK\$ Million



- Affected by the COVID-19, toll road fee has been exempted as per government requirement
 - The toll road industry has been greatly affected
 - The Group is actively communicating with transportation authority for reasonable compensation
- **Shenzhen Expressway:**
 - Outer Ring Project: The outer ring project is 65.7 kilometers and 76% of construction work is completed laying the foundation for opening the main line to traffic by the end of 2020
 - Environmental protection business: Focus on organic waste treatment, industrial hazardous waste, clean energy and other environmental subdivisions
 - Continue to actively explore environmental protection business

*Exclude construction service income from toll road

10. Other Investments – Shenzhen Airlines

- Airline industry was impacted by COVID-19 in 1H2020 resulting a plunge in demand for air transportation
 - Passenger traffic and passenger carried ▼53% and ▼51% respectively
 - Total of 218 passenger aircrafts
 - Total of 301 routes including 295 domestic routes and 6 HK, Macau, Taiwan routes
- Revenue dropped 57% to RMB6.641B(2019: RMB15.61B)
- Operating loss was RMB1.974B (2019 Operating profit: RMB1.313B)
- During the period, Shenzhen Airlines recorded foreign exchange loss of RMB259M (2019: foreign exchange gain of RMB8.03M)
- Net Loss of Shenzhen Airlines amounted to RMB2.227B (2019: Net Profit of RMB463M)
- 49% loss attributable to the Group amounted to HK\$1,223M (2019: Profit attributable to the Group HK\$231M)
- COVID-19 has been contained and the demands in the Mainland market is recovering. The average passenger seat occupancy rate has been recovered to 68.5% at the end of June. The Group will seize the opportunity of demand rebounding to maintain the market competitiveness



11. Financial Position (1)

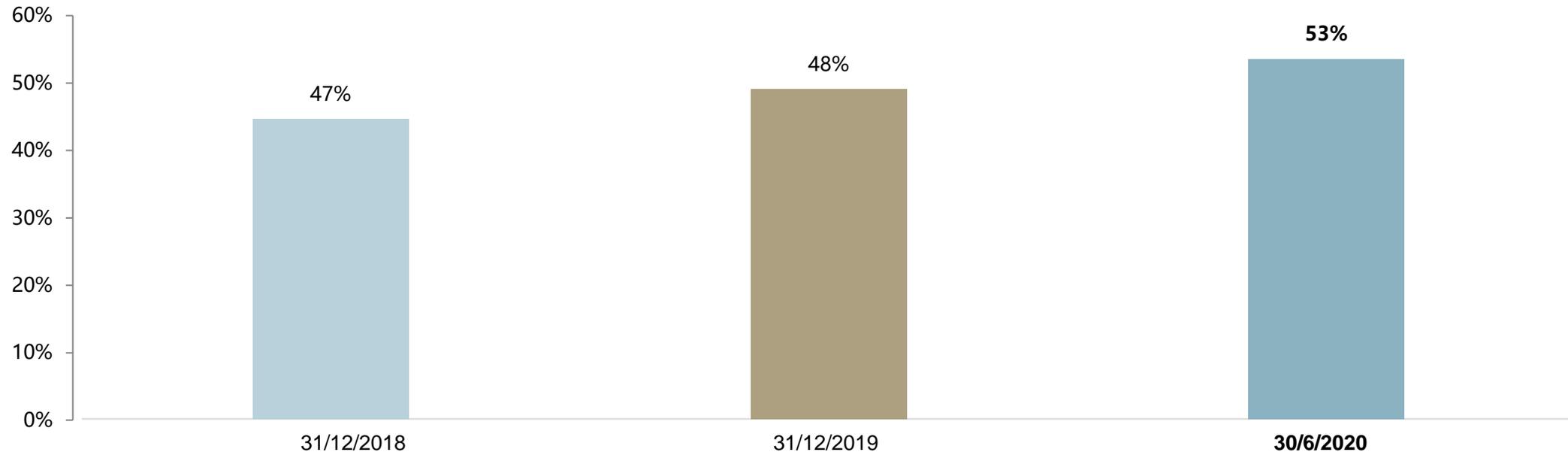
	Group		
	30/6/2020	31/12/2019	Increase/ (Decrease)
<i>HK\$ Million</i>			
Total Assets	97,530	91,409	7%
Total Equity	45,589	47,341	(4%)
NAV Attributable to Shareholders	29,247	30,285	(3%)
Shareholders' NAV Per Share (HK\$)	13.3	14.0	(5%)
Cash	13,354	14,780	(10%)
Bank Borrowings	16,711	14,182	18%
Other Borrowings	519	737	(30%)
Notes & Bonds	14,041	11,574	21%
Total Borrowings	31,271	26,493	18%
Net Borrowings	17,917	11,713	53%
Debt-asset Ratio (Total Liabilities / Total Assets)	53%	48%	5*
Ratio of Total Borrowings to Total Assets	32%	29%	3*
Ratio of Net Borrowings to Total Equity	39%	25%	14*
Ratio of Total Borrowings to Total Equity	69%	56%	13*

*Change in percentage point

11. Financial Position (2)

Debt-Asset Ratio

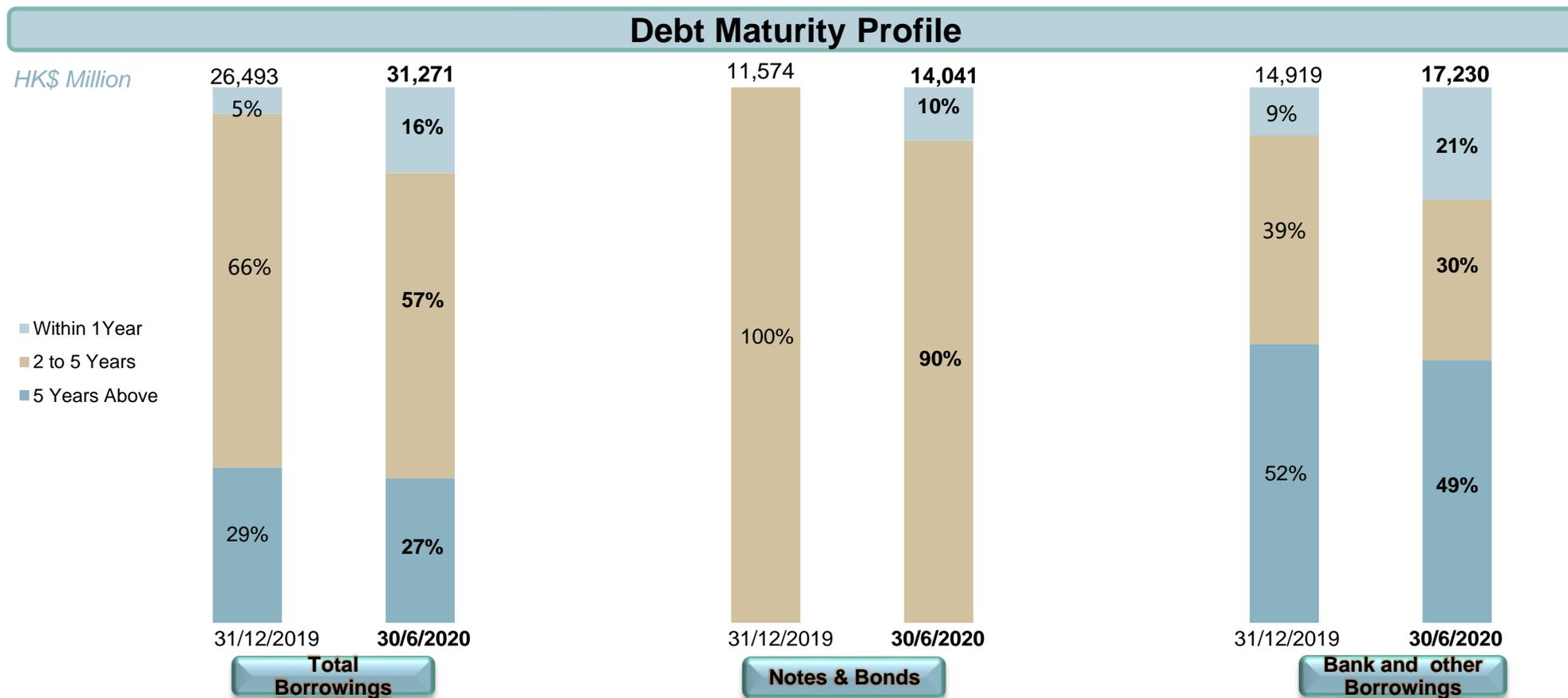
As of 30 June



- Maintained healthy financial position
 - Total assets amounted to HK\$ 97.53B, ▲7%
 - Cash amounted to HK\$ 13.354B, providing abundant cash reserve

- The capital market highly recognized the Group's financial robustness and credit capability
 - Domestic credit rating agencies assigned the highest "AAA" credit rating
 - 3 major international credit rating agencies maintained investment grade of credit ratings "Baa2", "BBB" & "BBB"

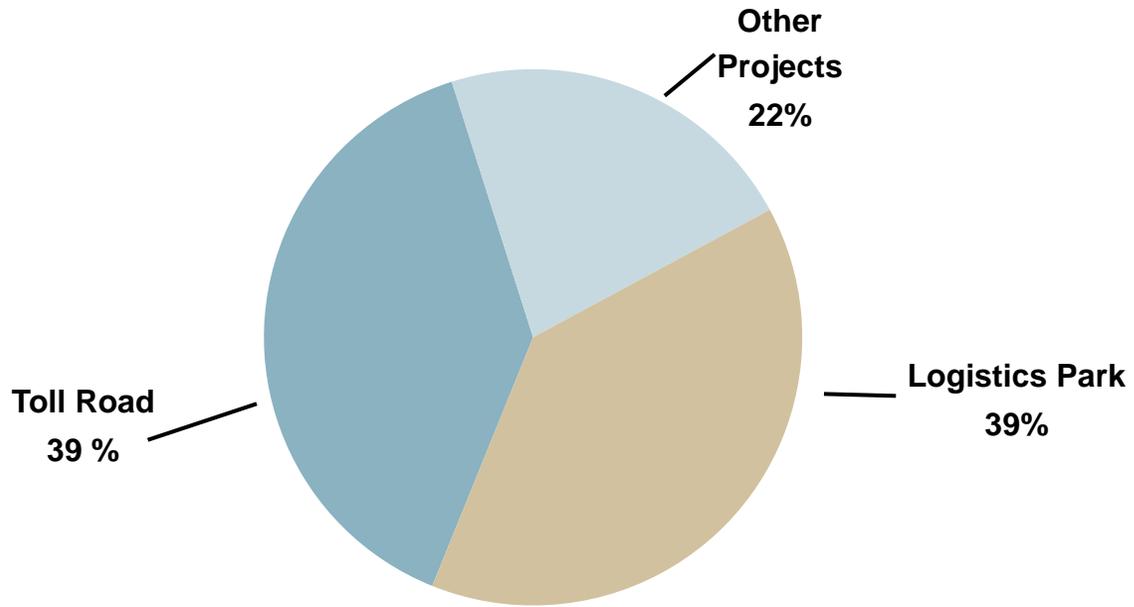
11. Financial Position (3)



- Recorded foreign exchange loss of HK\$25.52M (2019: foreign exchange gain of HK\$29.04M)
 - The Group will continuously adjust the borrowing currency structure and timely use hedging instruments to manage risks so as to minimize the impact of RMB exchange rate fluctuations
- The Group's RMB borrowings to foreign currency borrowings ratio 85% : 15% (Total Borrowings: RMB24,100M, HKD2,500M, USD300M)
- Medium/long term debt to short term debt ratio was 84% : 16%

12. 2020 Capex Estimate – HK\$ 9,162M (RMB8,346M)

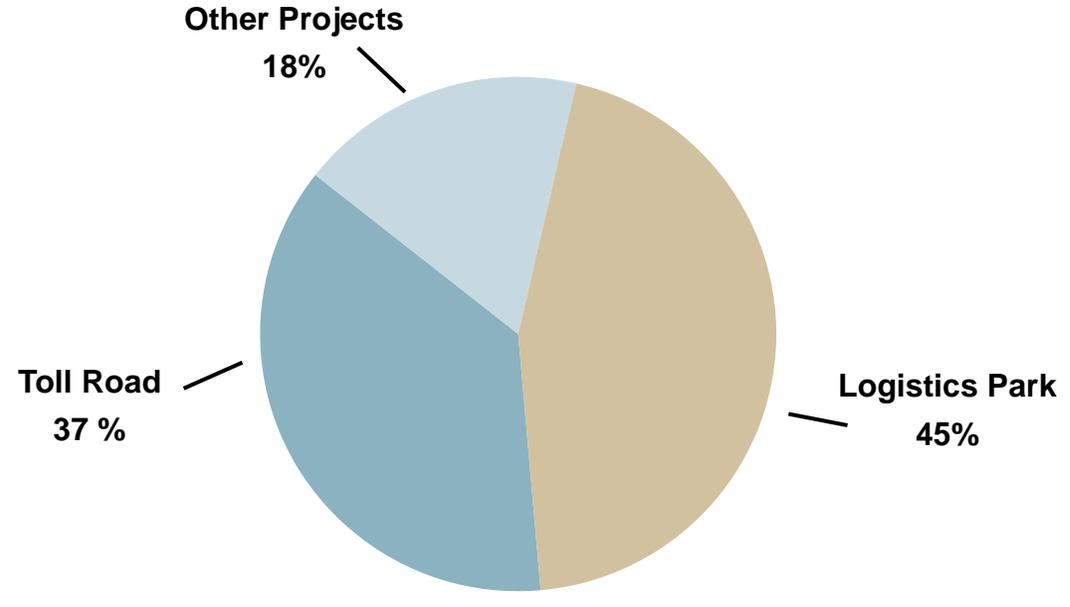
2H2020 Estimate
HK\$ 6,700M (RMB 6,100M)



2H2020 Estimate Major Capex Items:

- Integrated Logistics Hub RMB1,900M
- Projects related to Shenzhen Expressway RMB2,400M
- Meilin Checkpoint and Qianhai Projects RMB1,230M

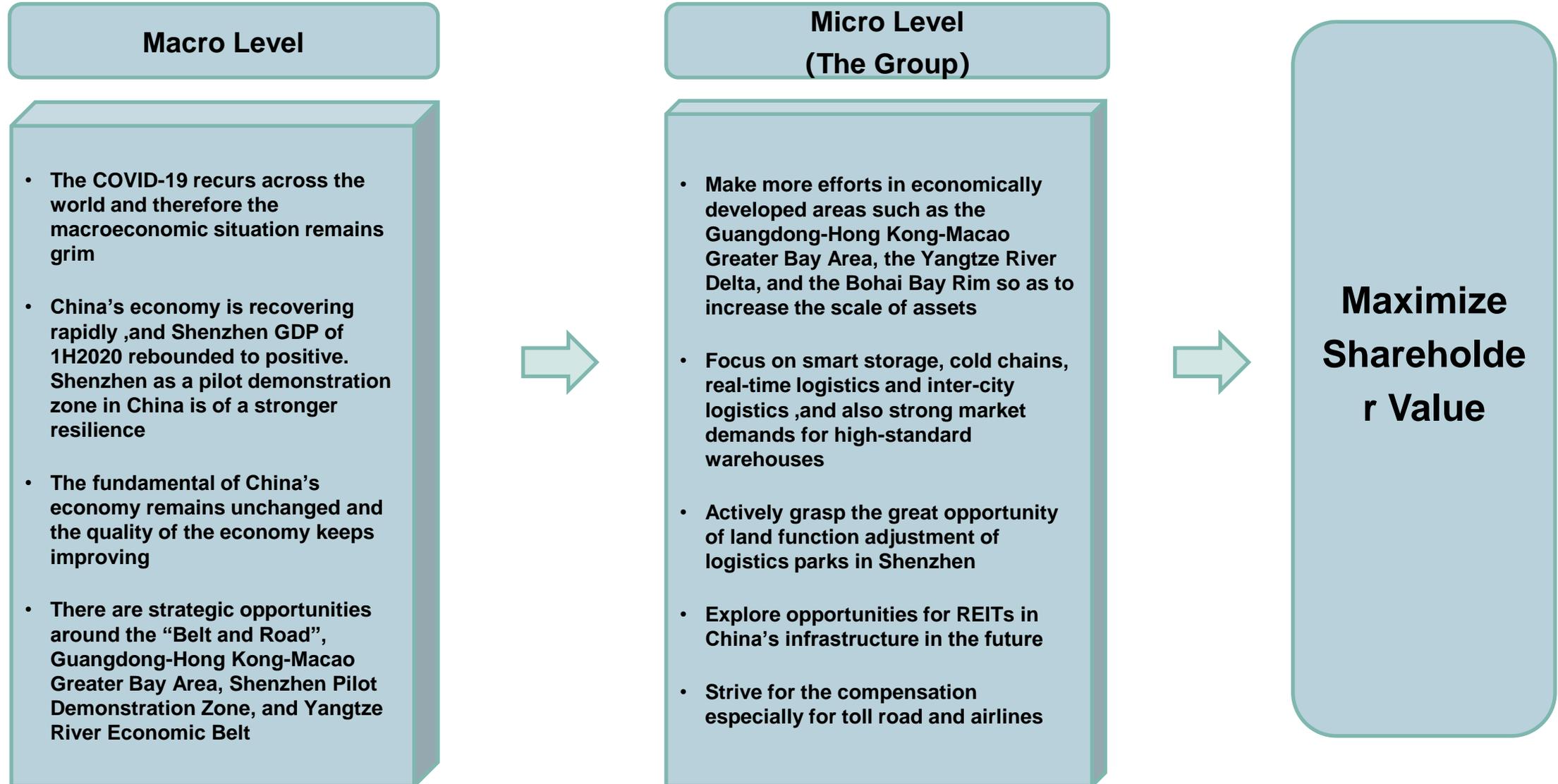
1H2020 Actual
HK\$ 2,462M (RMB 2,246M)



1H2020 Major Capex Items:

- Integrated Logistics Hub RMB980M
- Projects related to Shenzhen Expressway RMB840M
- Meilin Checkpoint and Qianhai Projects RMB320M

13. 2H2020 Outlook



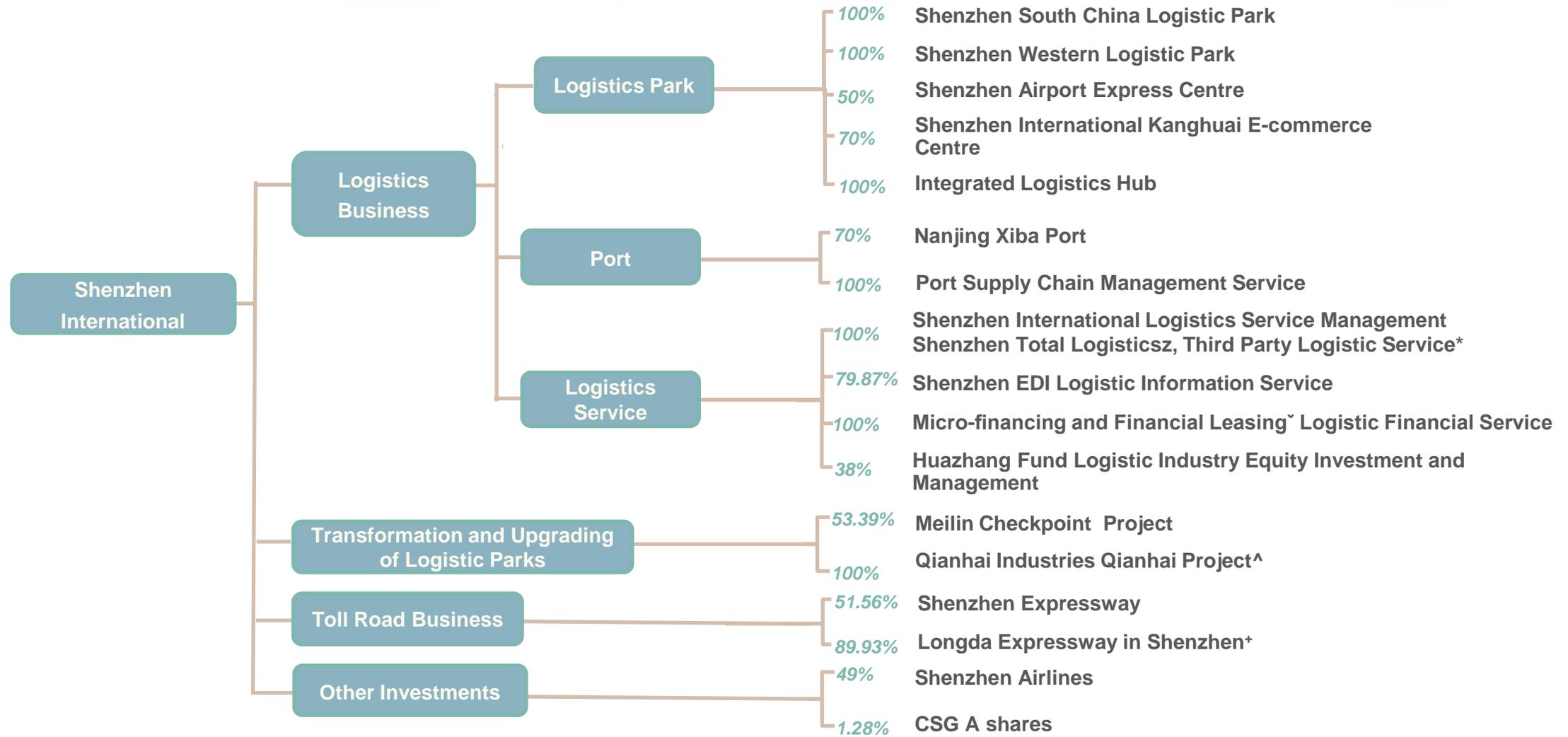


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Appendix

Building Value
Sharing Future
共同創造 共享價值

Appendix 1 – Corporate Chart



17 projects in operation (total 31), with some of non-wholly owned subsidiaries,

* 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

HK\$ Million For the 6 months ended 30 June	2020	2019	Increase/(Decrease)
Revenue	4,402	5,712	(23%)
Cost of sales	(3,835)	(3,825)	N/A
Gross profit	567	1,886	(70%)
Other gain - net	3,918	342	1045% ¹
Other income	73	48	52%
Distribution costs	(51)	(53)	(4%)
Administrative expenses	(321)	(289)	11%
Operating profit	4,186	1,934	116%
Share of profit of joint ventures	6	6	NA
Share of profit of associates	(1,068)	618	N/A
Profit before finance costs and tax	3,124	2,558	22%
Finance costs - net	(364)	(333)	9%
Profit before income tax	2,760	2,225	24%
Income tax expense	(1,015)	138	N/A ²
Profit for the Year	1,745	2,363	(26%)
Non-controlling interests	14	(1,077)	N/A
Perpetual securities	(46)	(47)	(2%)
Profit attributable to shareholders	1,713	1,239	38%
Basic EPS (HK dollar per share)	0.79	0.58	36%

1. Impact of one-off pre-tax income of HK\$3,906 million in Qianhai Phase III project
2. In 2019, Yanjian Company completed debt restructuring and confirmed deferred income tax assets

Appendix 3 – Segment Results

	Revenue		Operating Profit		Share of Results of Associates & JVs		EBIT	
	2020	2019	2020	2019	2020	2019	2020	2019
<i>HK\$ Million For the 6 months ended 30 June</i>								
Toll Road								
Revenue	1,905	3,229	175	1,806	155	360	330	2,165
Construction service revenue	868	782	-	-	-	-	-	-
Toll road subtotal	2,773	4,011	175	1,806	155	360	330	2,165
Logistic Business								
Logistic park	389	434	103	105	6	6	109	111
Logistic service	599	369	17	19	-	-	17	19
Port and related services	641	898	89	113	-	-	89	113
Logistic business sub-total	1,629	1,701	209	237	6	6	215	243
Head Office	-	-	3,802	(109)	(1,223)	258	2,579	150
	4,402	5,712	4,186	1,934	(1,062)	624	3,124	2,558
Finance income							120	113
Finance cost							(484)	(446)
Finance cost - net							(364)	(333)
Profit before income tax & NCI							2,760	2,225

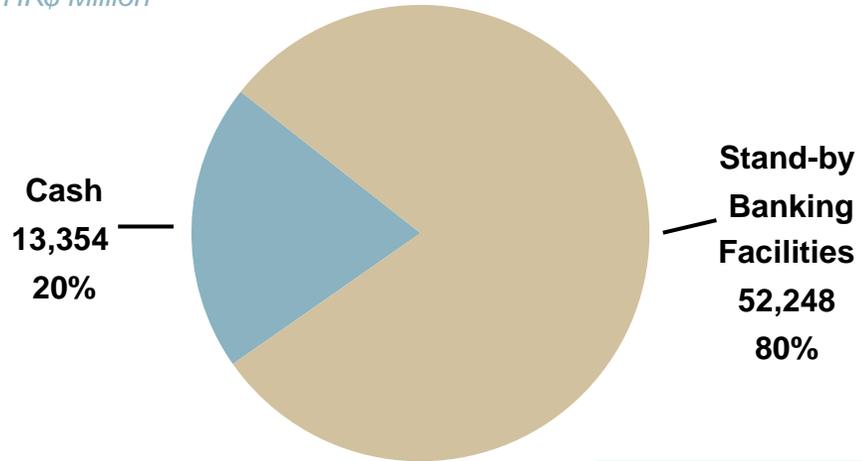
Appendix 4 – Financial Position (1)

Group's Borrowing Profile

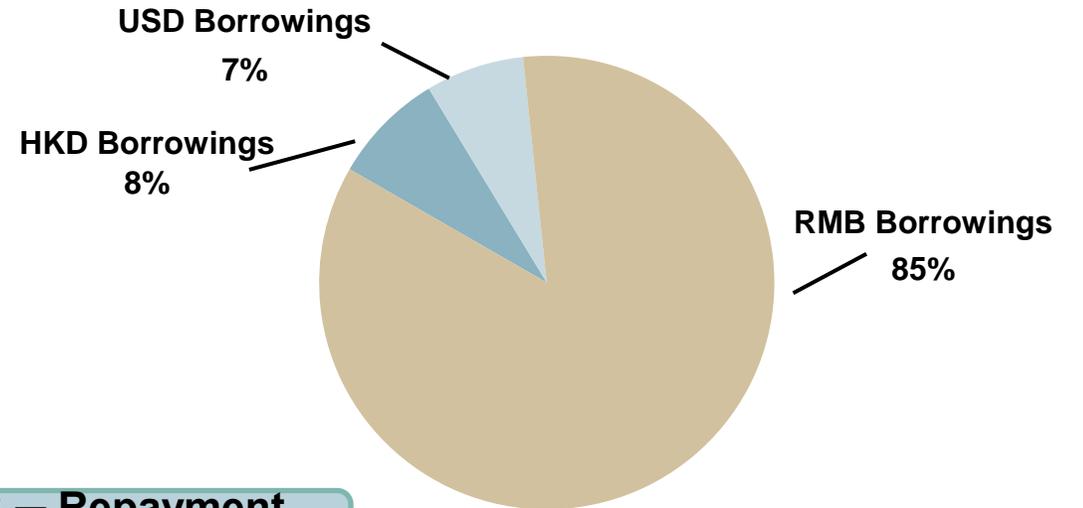
As at 30 June 2020

Cash & Banking Facilities

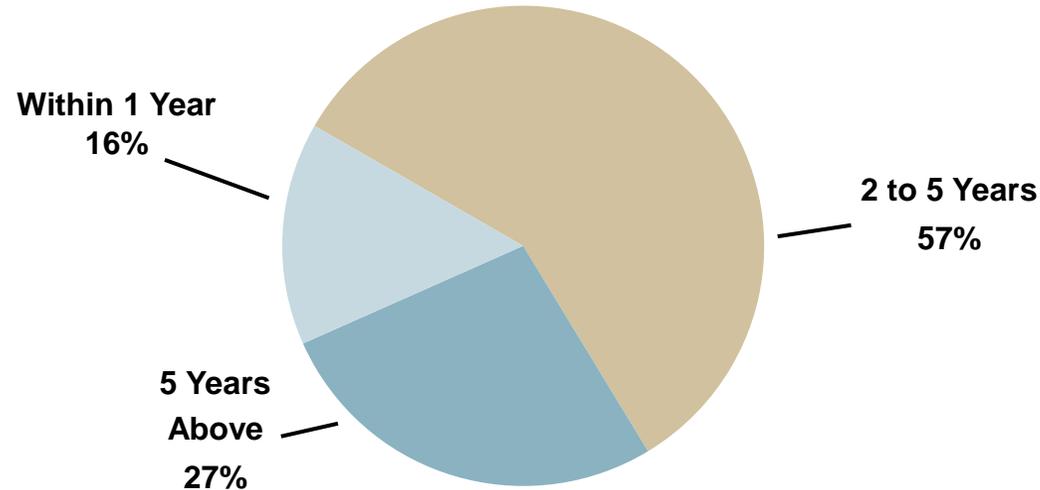
HK\$ Million



Total Borrowings: HK\$31.271B – In Currency



Total Borrowings: HK\$31.271B – Repayment Period



Appendix 4 – Financial Position (2)

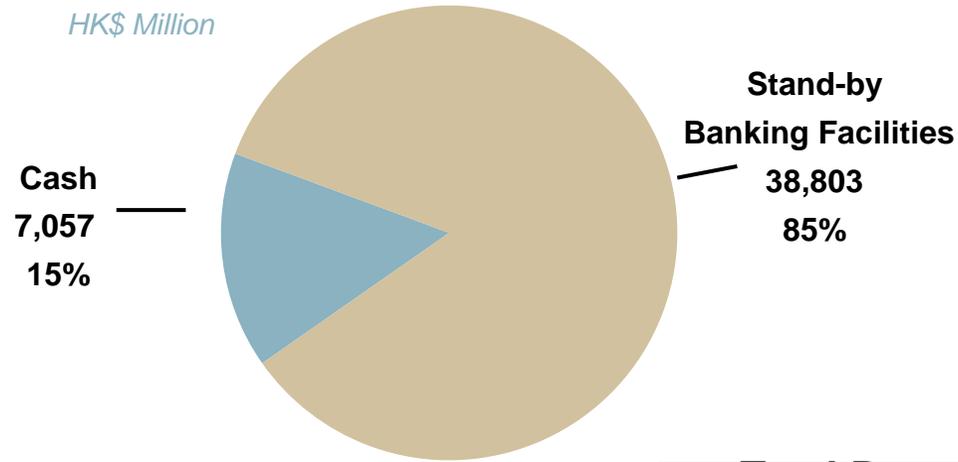
The Group's Borrowing Profile

(Excl. Shenzhen Expressway)

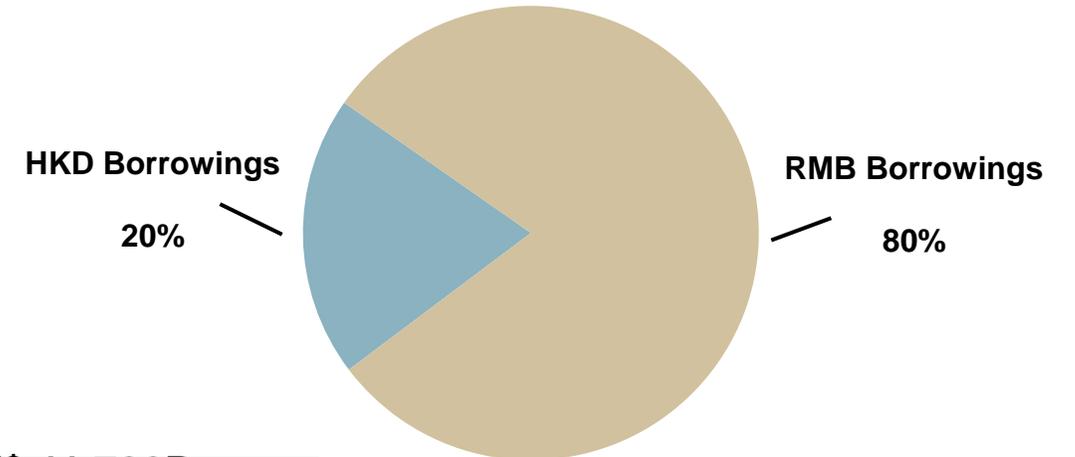
As at 30 June 2020

Cash & Banking Facilities

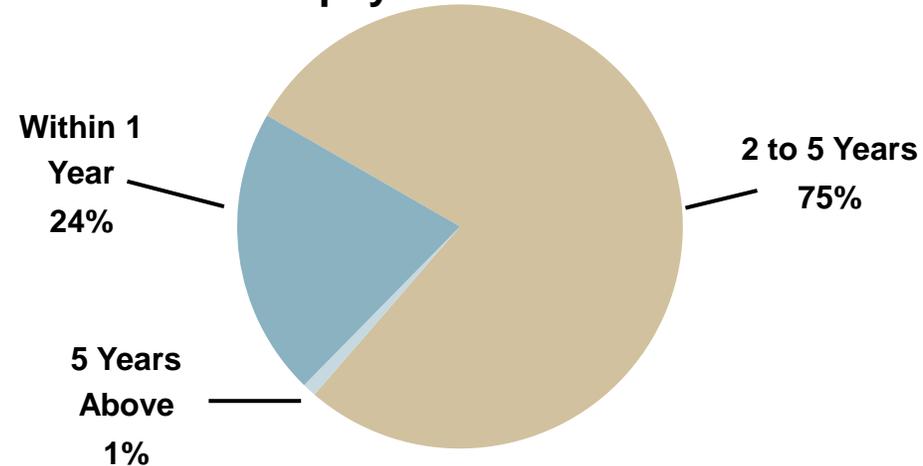
HK\$ Million



Total Borrowings: HK\$11.726B – In Currency



Total Borrowings: HK\$ 11.726B – Repayment Period



Appendix 5 – Locations Of Logistic Projects



Overview

- ❑ 35 Projects, total planned site area 7.5M sqm
- ❑ 1H2020: 20 projects in operation, total operating area 2.14M sqm
- ❑ 2H2020: 4 project expected to operate, total planned site area 980K sqm
- ❑ 2021: 2 projects expected to operate, total planned site area 270K 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	□Planned site area: 336K sqm; Operating Area: 111K sqm
	Kanghuai E-commerce Centre	□Operating Area: 138K sqm(Operated by lease)
Integrated Logistic Hubs	Guizhou Project	□Planned site area: 348K sqm; Operating Area: 150K sqm
	Chongqin Project	□Planned site area: 157K sqm; Operating Area: 58K sqm
	Kunming Project	□Planned site area: 172K sqm; Operating Area: 121K sqm
	Wuhan Dongxihu Project	□Planned site area: 133K sqm; Operating Area: 67K sqm
	Nanchang Project	□Planned site area: 267K sqm; Operating Area: 91K sqm
	Changsha Project	□Planned site area: 347K sqm; Operating Area: 85K sqm
	Hangzhou Project	□Planned site area: 427K sqm; Operating Area: 147K sqm
	Ningbo Project	□Planned site area: 194K sqm; Operating Area: 60K sqm
	Wuxi Project	□Planned site area: 347K sqm; Operating Area: 124K sqm
	Kunshang Project	□Planned site area: 117K sqm; Operating Area: 85K sqm
	Hefei Project	□Planned site area: 138K sqm; Operating Area: 98.6K sqm
	Shanghai Qingpu Project	□Planned site area: 23K sqm; Operating Area: 31K sqm
	Shenyang Project	□Planned site area: 700K sqm; Operating Area: 256K sqm
	Shijiazhuang Project	□Planned site area: 467K sqm; Operating Area: 64K 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	
Zhongshan Torch Project	□Planned site area: 57K sqm; Operating Area: 58K sqm	

* As of the reporting date, 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
Integrated Logistic Hubs	Wuhan Caidian Project	267K sqm	2020
	Yiwu Project	440K sqm	2020
	Nantong Project	152K sqm	2020
	Xi'an Project	120K sqm	2020
	Chengdu Qingbaijiang Project	129K sqm	2021
	Xuzhou Project	140K sqm	2021
	Chengdu Xinjin Project	173K sqm	2022
	Zhuzhou Project	126K sqm	2022
	Jiangyin Project	133K sqm	2022
	Jurong Project	400K sqm	2022
	Jinan Zhangqiu Project	180K sqm	2022
	Zhengzhou Project	267K sqm	2022
	Zhengzhou 27-district Project	89K sqm	2022
	Zhanjiang Project	200K sqm	2022
Logistic parks in Shenzhen	Liguang Project	45K sqm	2022

Appendix 7 – Integrated Logistics Hub



Appendix 8 – Kanghuai E-commerce Centre

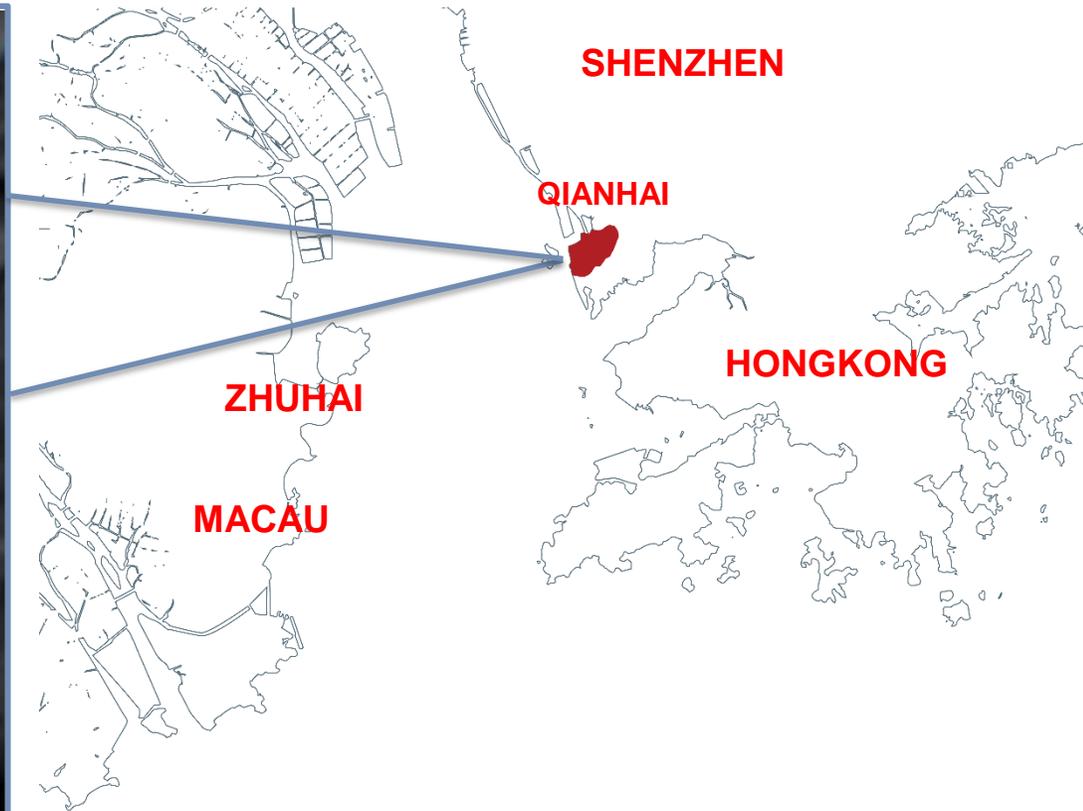


Appendix 9 – South China Logistic Park



Note: Illustrations above are South China Logistic Park phase 2

Appendix 10 – Qianhai Project – Geographical Location



Area in Blue—Qianhai Phase 1 Project (110K sqm)

Area in Green—Qianhai Phase 2 Project (110K sqm)

Area in Yellow—Qianhai Phase 3 Project (172K sqm)

Appendix 10 – Qianhai Project – Phase 1 Project



Note: Left picture above is a project illustration



Note: Real scene picture above is Qianhai Phase 1 Yingwanfu (颐湾府)

Appendix 11 – Meilin Checkpoint Project



Note: Picture above is a project illustration



Note: Meilin Checkpoint Phase 1 He Feng Xuan (和风轩)



Note: Meilin Checkpoint Phase 2 He Ya Xuan (和雅轩)

Appendix 12 – Nanjing Xiba Port





Shenzhen International

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股份代号：00152

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