

Shenzhen International Holdings Limited  
深圳國際控股有限公司

Stock code: 00152.HK



Shenzhen International  
深國際

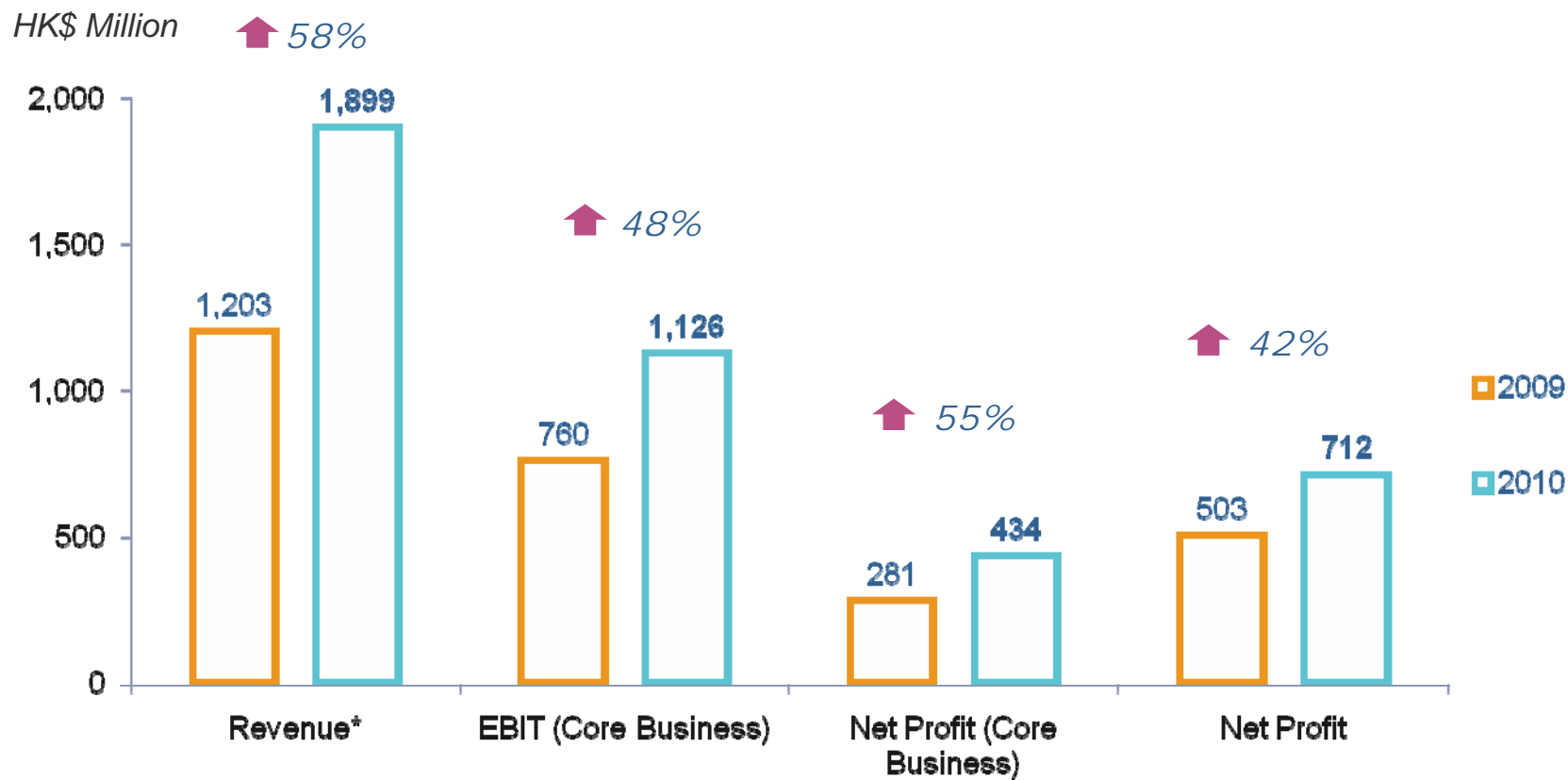


***Interim Results 2010***

**Investors Presentation  
25 August 2010**

# 1. Results Highlights

Six months ended 30 June



\* Exclude construction service income from toll road

## 1. Results Highlights

- **Group's revenue amounted to HK\$2,266M (2009: HK\$1,694M), up 34%; Exclude construction service income, revenue was HK\$1,899M (2009: HK\$1,203M), up 58%**
- **Net profit was HK\$712M (2009: HK\$503M), up 42%**
- **Core business: EBITDA HK\$1,572M, up 58%; EBIT HK\$1,126M, up 48%**
- **Core earnings HK\$434M (2009: HK\$281M), up 55%**
- **CSG A Shares disposal gain HK\$257M (2009: HK\$218M)**
- **Diluted EPS was HK cents 4.79 (2009: HK cents 3.46), up 38%**
- **Shareholders' value per share HK\$0.49 (31/12/2009: HK\$0.50)**

## 2. Business Overview

- **China economy continued with a moderate growth in 1H 2010**
- **Freight turnover of SZ highways up by 49.7%; Passenger turnover grew by 19%**
- **Shenzhen Port's throughput up by 22%; Container throughputs up by 29.4%**
- **Toll road and logistic business benefit from these favorable operating environment**
- **Toll road business outperformed rest of business segment**
- **Investment in Shenzhen Airlines added 10% (HK\$42M) to core earnings**
- **RMB appreciation by 1.3% in 1H contributes HK\$37.3M or 8.6% growth in core earnings**

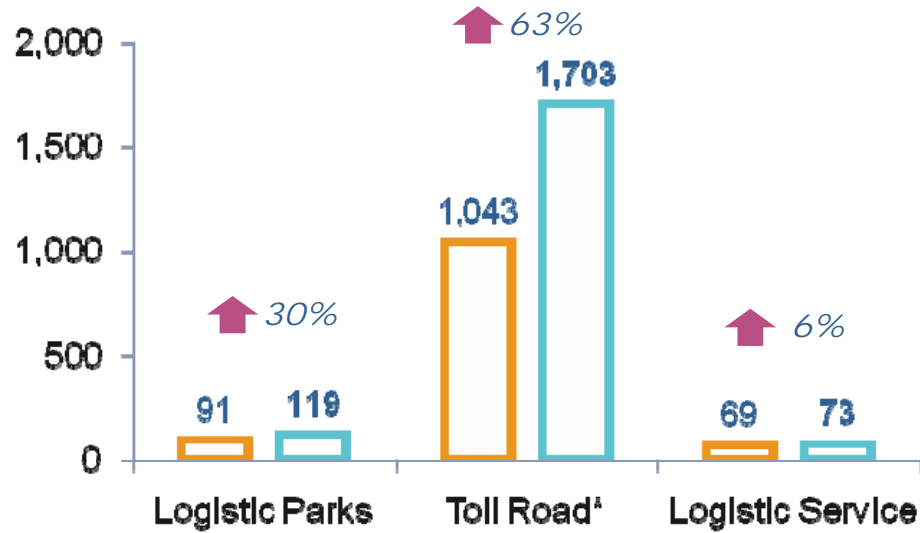
### 3. Core Business

- Revenue ↑ 58%; EBIT ↑ 48%

#### Revenue

HK\$1,899M, up 58%

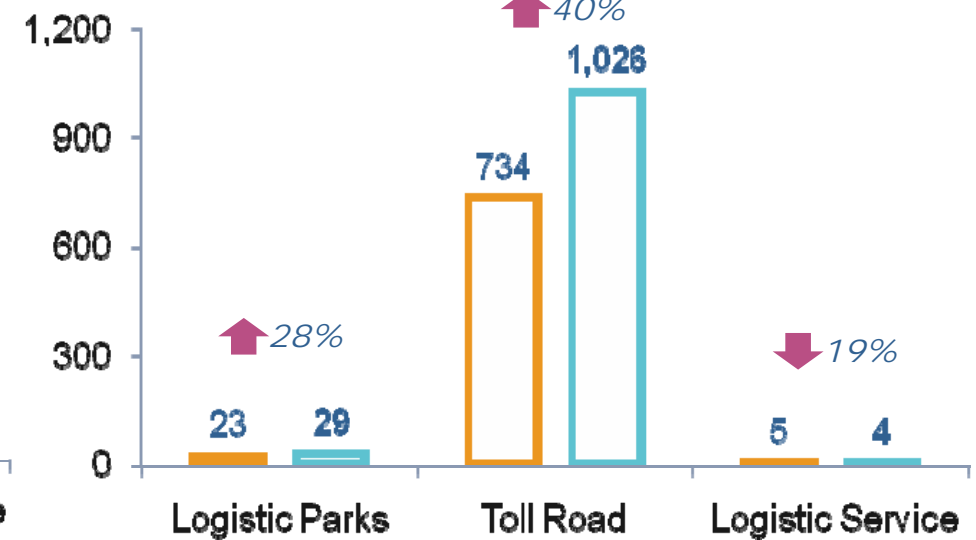
HK\$ Million



#### EBIT

HK\$1,126M, up 48%

HK\$ Million



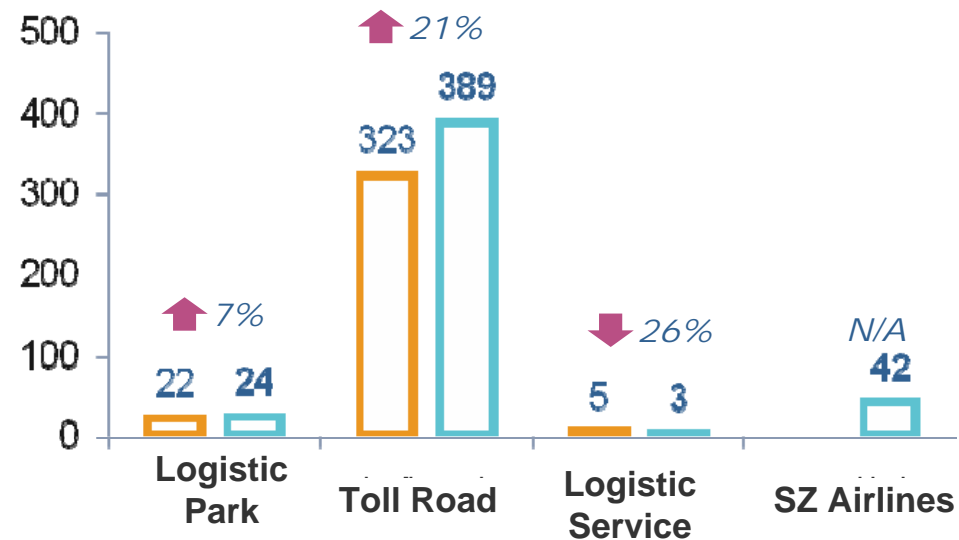
■ 2009

■ 2010

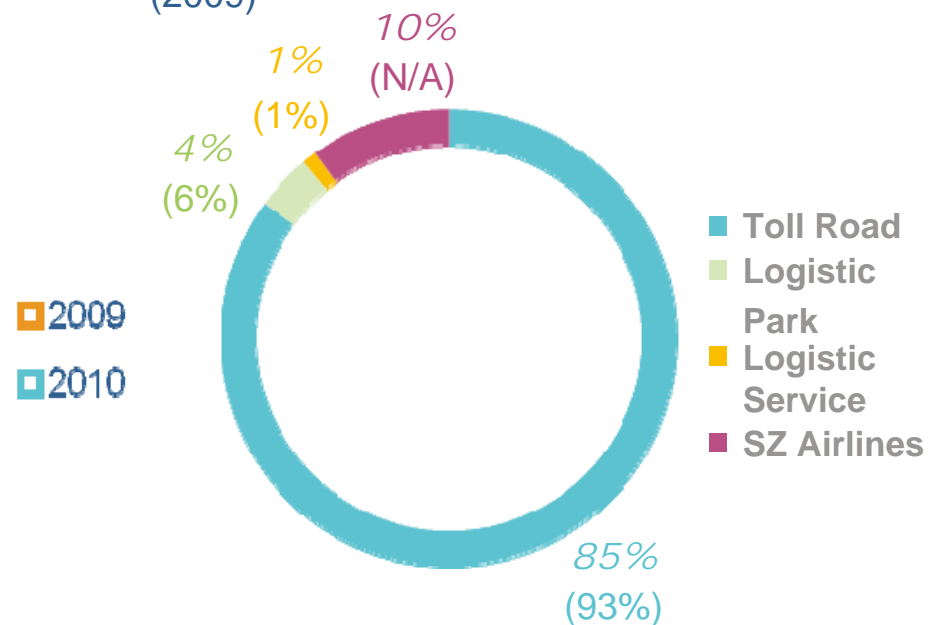
\* Toll income only; exclude construction service income.

### 3. Core Business

Net Profit  
 HK\$434M, up 55%  
 HK\$ Million



Net Profit Contribution 2010  
 (2009)

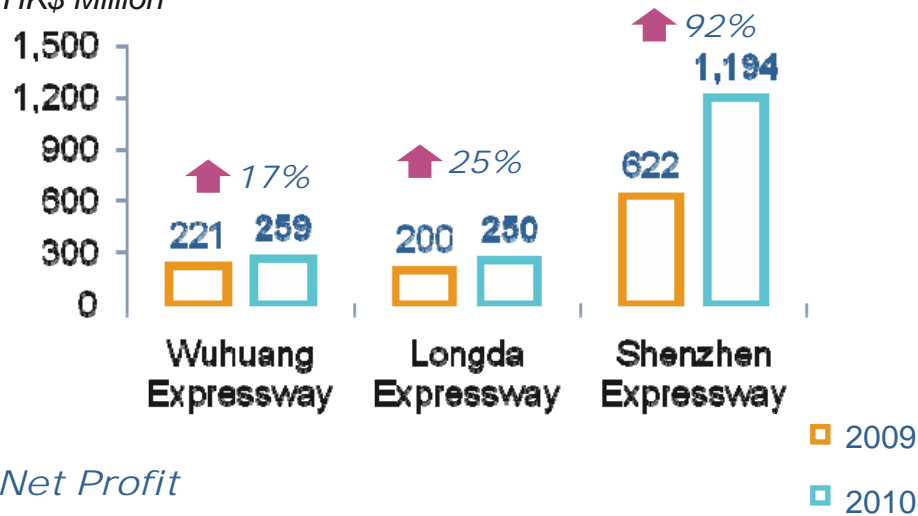


## 4. Toll Road

### Toll Income

HK\$1,703M, up 63%

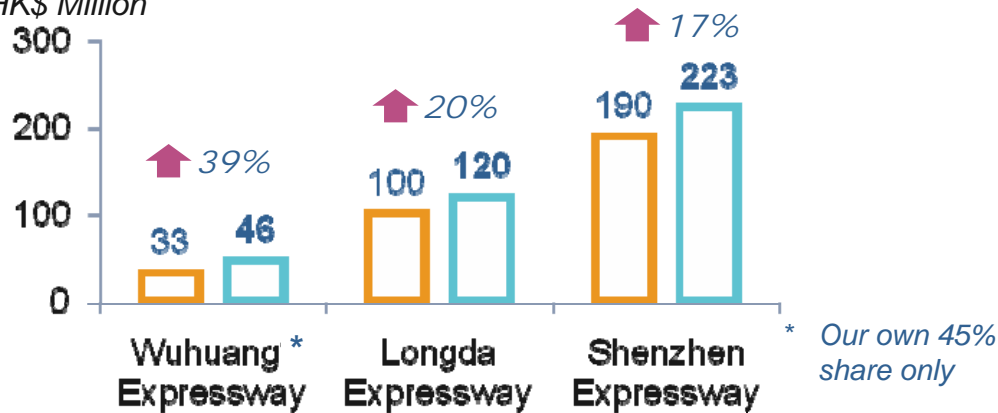
HK\$ Million



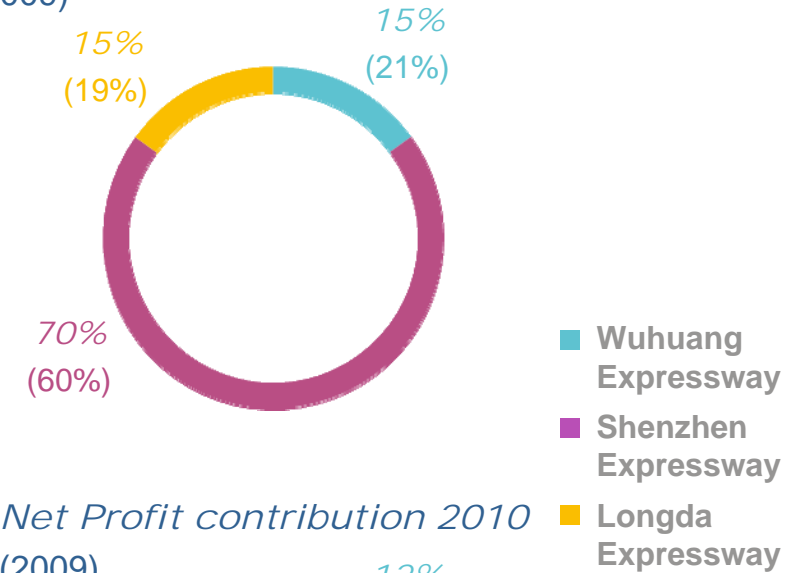
### Net Profit

HK\$389M, up 21%

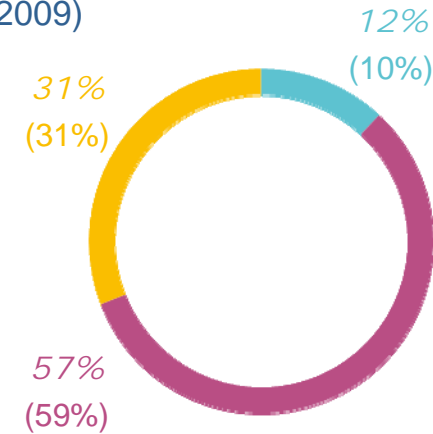
HK\$ Million



### Toll income contribution 2010 (2009)

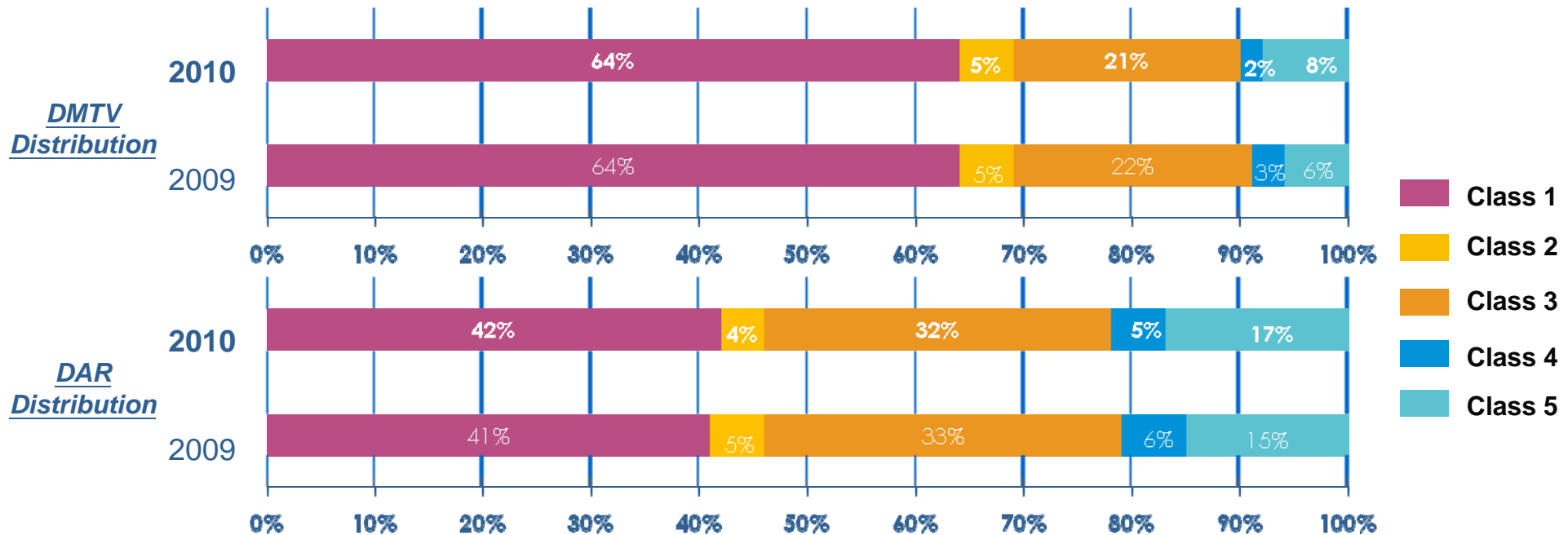


### Net Profit contribution 2010 (2009)



## 4.1 Toll Road - Longda Expressway

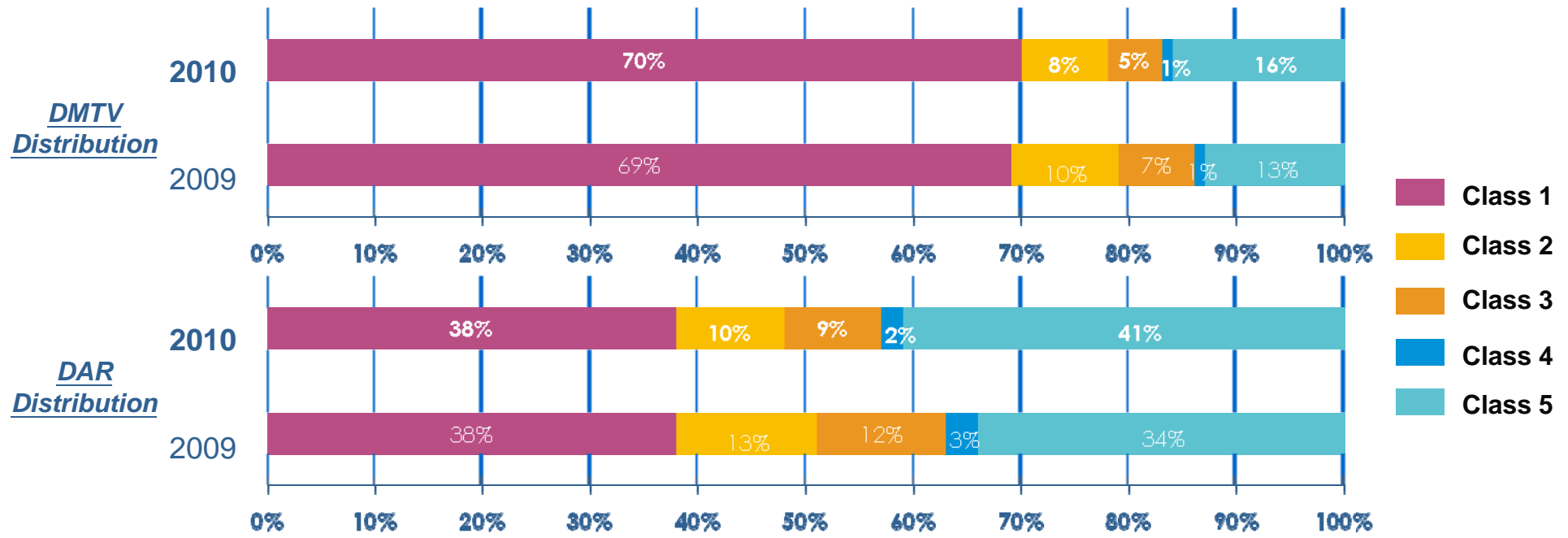
- Daily Average Revenue (“DAR”) HK\$1.38M; up 25%  
Daily Mixed Traffic Volume (“DMTV”) 68,000 vehicles; up 30%
- Major traffic growth drivers:
  - Class 1 vehicles: up 30%
  - Class 5 vehicles (container truck): up 63%





## 4.2 Toll Road - *Wuhuang Expressway*

- DAR HK\$1.43M, up 17%  
DMTV 37,500 vehicles; up 19%
- Hubei Province 2010 1H GDP Growth 15.4%
- Hurongxi Expressway (沪蓉西高速公路) 320km in full operation drives traffic volume growth in whole Hubei Province by 39.3%



## 4.3 Toll Road - *Shenzhen Expressway*

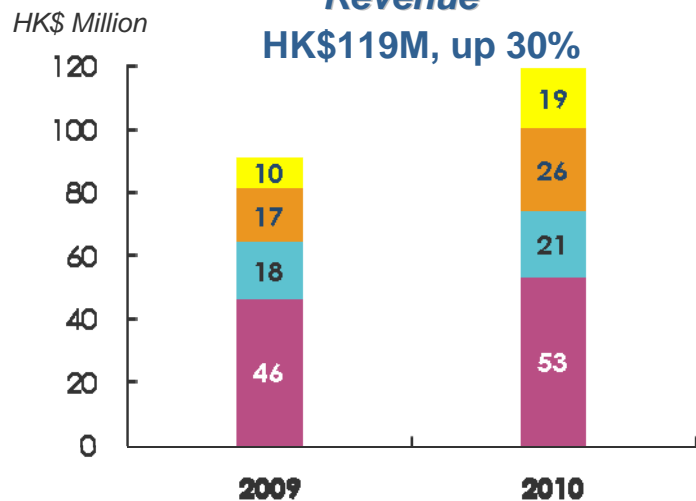
- **Toll income grew by 92% to HK\$1,194M**
  - Jihe East fully consolidated in 1H, contributed 20% increase in toll income
  - New toll roads Qinglian, Nanguang and Yanba
  - Overall traffic volume growth by >20%
  
- **EBIT up 47% but Net Profit up 17% only**
  - Finance cost up by 94%
  - Increase in income tax rate
  
- **Debt ratio 60% (31/12/2009: 60%); Net Gearing 103.2% (31/12/2009: 102.8%)**
  
- **SZ Expressway has passed its capex spending peak period; expect new cashflow contributions from these investments**



# 5. Logistic Park

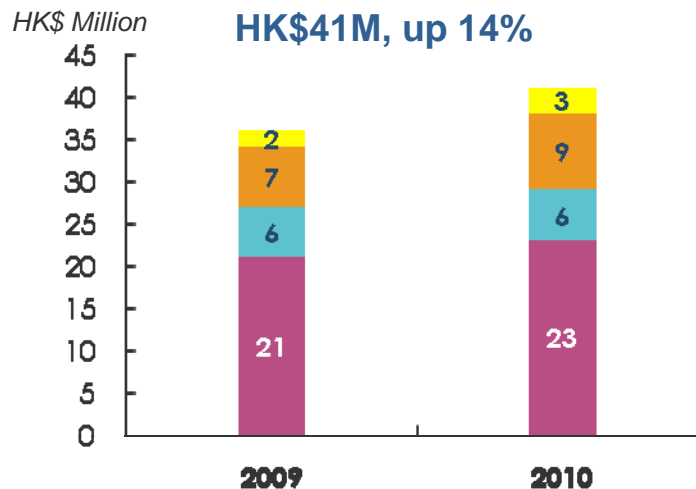
## Revenue

HK\$119M, up 30%



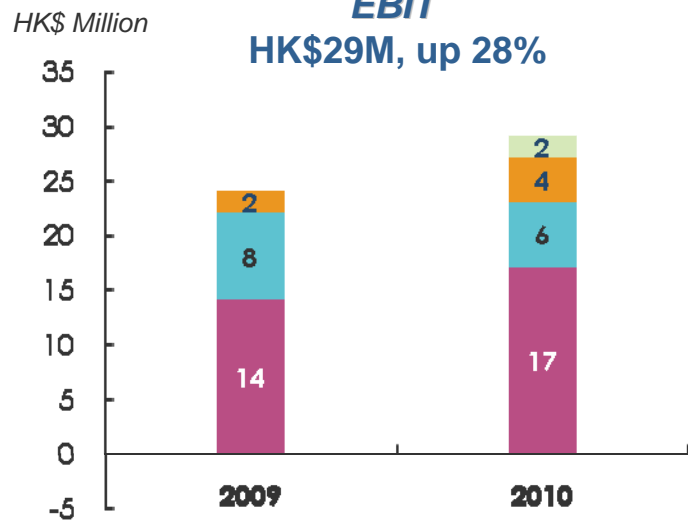
## Gross Profit

HK\$41M, up 14%



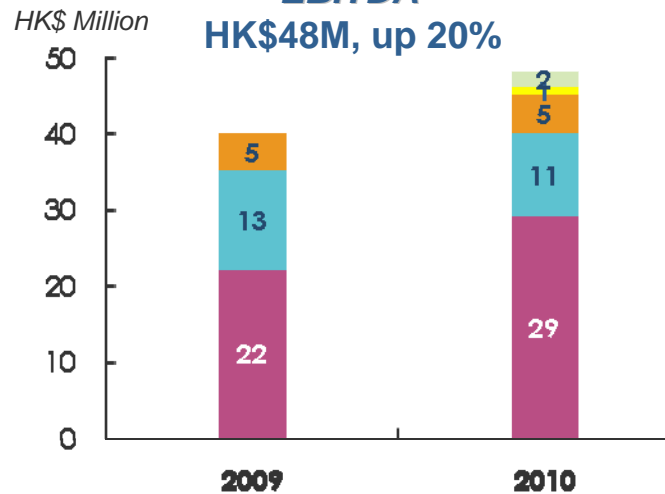
## EBIT

HK\$29M, up 28%



## EBITDA

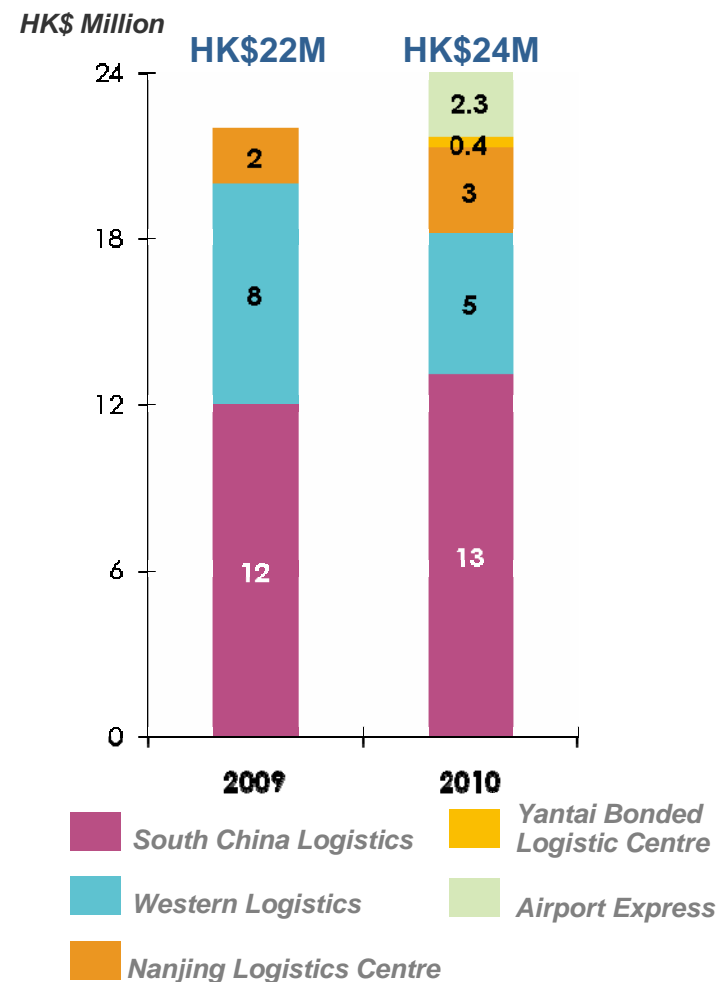
HK\$48M, up 20%



## 5. Logistic Park

- China's export trade value increased by 43% yoy
- But global trade activities remained uncertain
- Logistic Centre operating area increased from 335,000m<sup>2</sup> to 450,000m<sup>2</sup> in 1H; expect to meet planned operating scale of 549,000m<sup>2</sup> by year end
- Revenue grew by 30% to HK\$119M
- Demand for lease commitment still soft; unit rental remained stable
- Operating margin dropped due to new fixed costs on new area. But expect to recover in 2H
- Tax holiday ended plus rise in income tax rate further diminished net profit

### Net Profit Contribution



## 6. Port – Nanjing Xiba Port

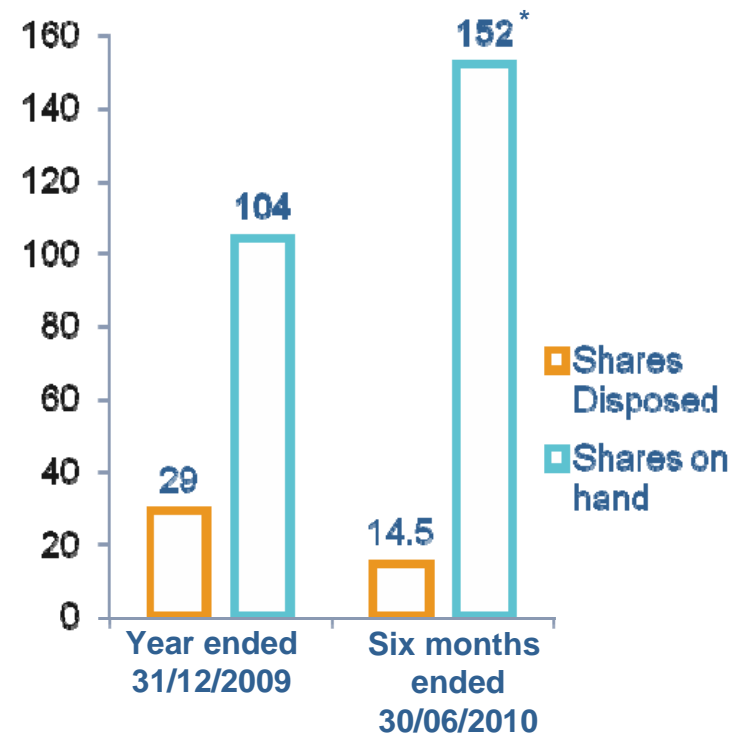
- Phase 1 operation of two bulk and general terminals commenced on 26 April 2010
- Designed annual throughput capacity 8M tons
  - ≡ Import of iron ore and transshipment of coal
  - ≡ Dry bulk cargo within Nanjing Chemical Industrial Park
- From 26 April 2010 to 30 June 2010, revenue HK\$4.9M; handled throughput 270,000 tons, mainly coal
- Target operating scale 3M tons to breakeven in 2010 remain unchanged



## 7.1 Other Business – CSG A Shares

- Divestment of CSG A shares continue.
- Disposed 14.5M shares in 1H 2010 at average price of HK\$25.17 (RMB22.07) per share, realised cash RMB320M; Net Profit HK\$257M (2009: HK\$218M).
- At 30 June 2010, CSG A shares valued at market price of HK\$10.53 (RMB9.15) per share, with fair value movement vs cost of HK\$1.30 per share credit to shareholders' equity totalled HK\$1,060M.
- Upon disposal, gains are calculated using HK\$1.30 per share as cost.

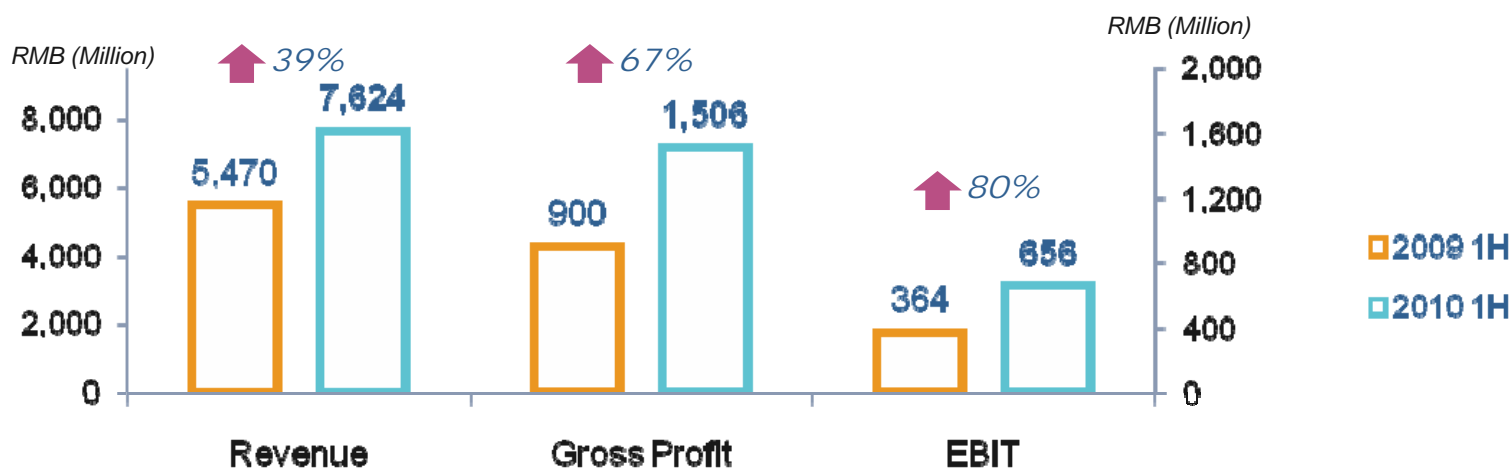
Shares (Million)



\* After bonus issue of 7 for every 10 shares on 14 May 2010

## 7.2 Other Business – Shenzhen Airlines

- ❑ Completed capital injection of RMB348M to Shenzhen Airlines on 19 April 2010.
- ❑ Shareholding increased from 10% to 25% and became our associate.
- ❑ Recognised a fair value gain on previous 10% holding of HK\$29.5M.
- ❑ Total book value on 25% investment amount to HK\$464M.
- ❑ In line with strong recovery of domestic airlines industry, Shenzhen Airlines recorded promising results in 1H of the year.



## 7.2 Other Business – Shenzhen Airlines

- **Net profit in 1H 2010 amount to HK\$415M (RMB364M)**
- **Our share for the Period (20 April 2010 to 30 June 2010) was HK\$42M (RMB37M)**
- **Since completion of capital injection, we participate in management of Shenzhen Airlines and nominated key personnel in senior management**
- **Participation in daily management of Shenzhen Airlines strengthened our positive view on its business development**
- **We believe the investment in Shenzhen Airlines will bring considerable return to shareholders**



## 8. Financial Position

	Group			Excl. Shenzhen Expressway #		
	30 June 2010 HK\$ million	31 Dec 2009 HK\$ million	Increase / (Decrease)	30 June 2010 HK\$ million	31 Dec 2009 HK\$ million	Increase / (Decrease)
<b>Total Assets</b>	<b>33,114</b>	32,448	2%	<b>11,940</b>	11,586	3%
<b>Total Equity</b>	<b>12,725</b>	12,720	-	<b>6,634</b>	6,857	(3%)
<b>NAV attributable to shareholders</b>	<b>6,916</b>	7,025	(2%)	<b>6,804</b>	7,041	(3%)
<b>Shareholders' NAV Per Share (HK\$)</b>	<b>0.49</b>	0.50	(2%)	<b>0.48</b>	0.50	(4%)
<b>Cash and Cash Equivalents</b>	<b>1,677</b>	1,683	-	<b>594</b>	562	6%
<b>Bank Borrowings</b>	<b>10,427</b>	10,751	(3%)	<b>2,314</b>	1,869	24%
<b>Debt Instruments - CB</b>	<b>3,271</b>	3,203	2%	<b>1,792</b>	1,776	1%
- Note & bond	1,715	899	91%	-	-	-
- Others	40	39	3%	40	39	3%
<b>Total Borrowings</b>	<b>15,453</b>	14,892	4%	<b>4,146</b>	3,684	13%
<b>Net Borrowings</b>	<b>13,776</b>	13,209	4%	<b>3,552</b>	3,122	14%
<b>Debt Asset Ratio (Total Liabilities / Total Assets)</b>	<b>62%</b>	61%	1%*	<b>44%</b>	41%	3%*
<b>Total Borrowings / Total Assets</b>	<b>47%</b>	46%	1%*	<b>35%</b>	32%	3%*
<b>Ratio of Net Borrowings to Total Equity</b>	<b>108%</b>	104%	4%*	<b>54%</b>	46%	8%*
<b>Ratio of Total Borrowings to Total Equity</b>	<b>122%</b>	118%	4%*	<b>62%</b>	54%	8%*

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

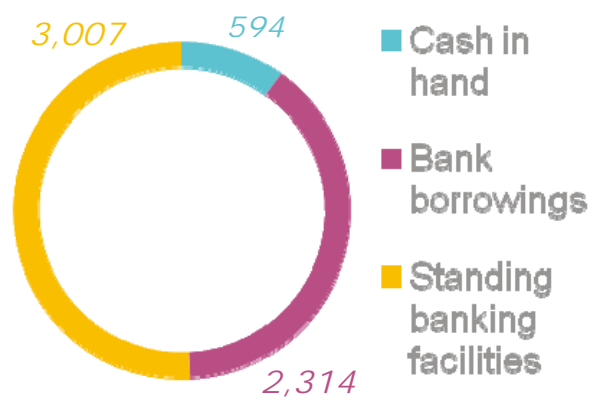
\* Change in percentage point

## 8. Financial Position

### As at 30 June 2010

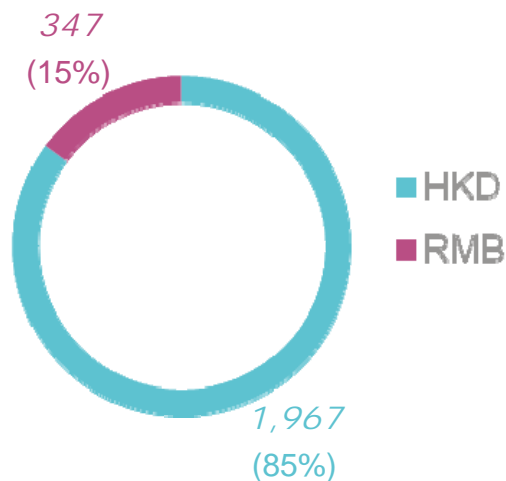
#### Cash & Banking Facilities

(HK\$ Million)

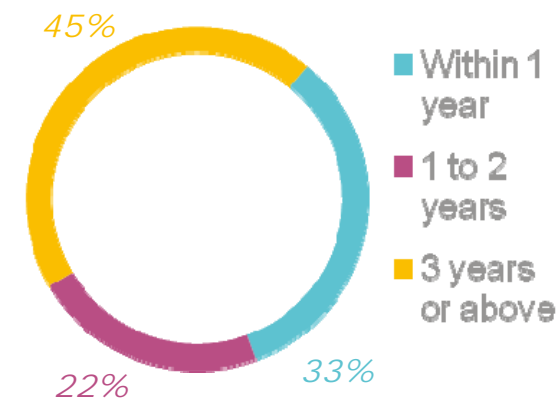


#### Bank Borrowings in currency

(HK\$ Million)



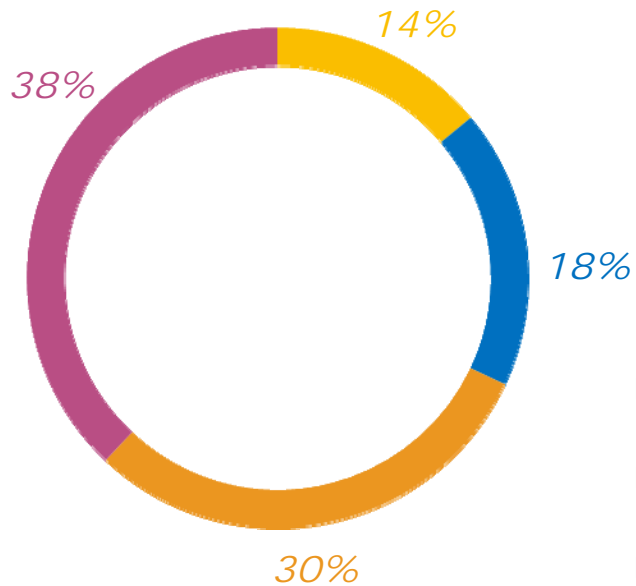
#### Bank Borrowings Repayment Period



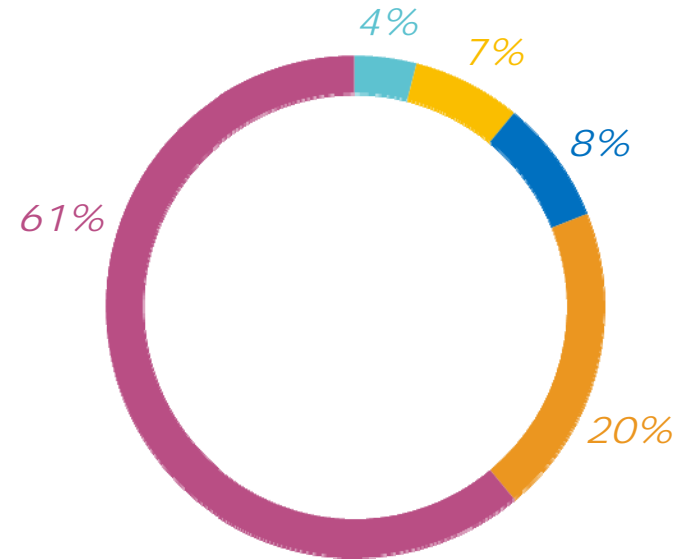
\* All figures above exclude Shenzhen Expressway

# 9. 2010 1H Capex – HK\$1,575M (RMB1,380M)

**2010 1H Actual**  
**HK\$1,575M**



**2010 Whole Year Estimate**  
**HK\$3,340M**



- Other Toll Road
- Logistic Park
- Port
- Head Office
- Shenzhen Expressway

## 10. 2010 2H Outlook

- **China economic development is in a period of steady growth**
- **We take a proactive approach in improving and innovating our business and profit model; enlarging profitability and operation scale**
- **Toll road business will maintain a strong growth momentum from the continued growth in automobile ownership and successive opening of new toll roads in recent years.**
- **Logistic Park revenue will increase following large-scale operation of new logistic centres**
- **Nanjing Xiba Port and Shenzhen Airlines become new profit growth drivers**



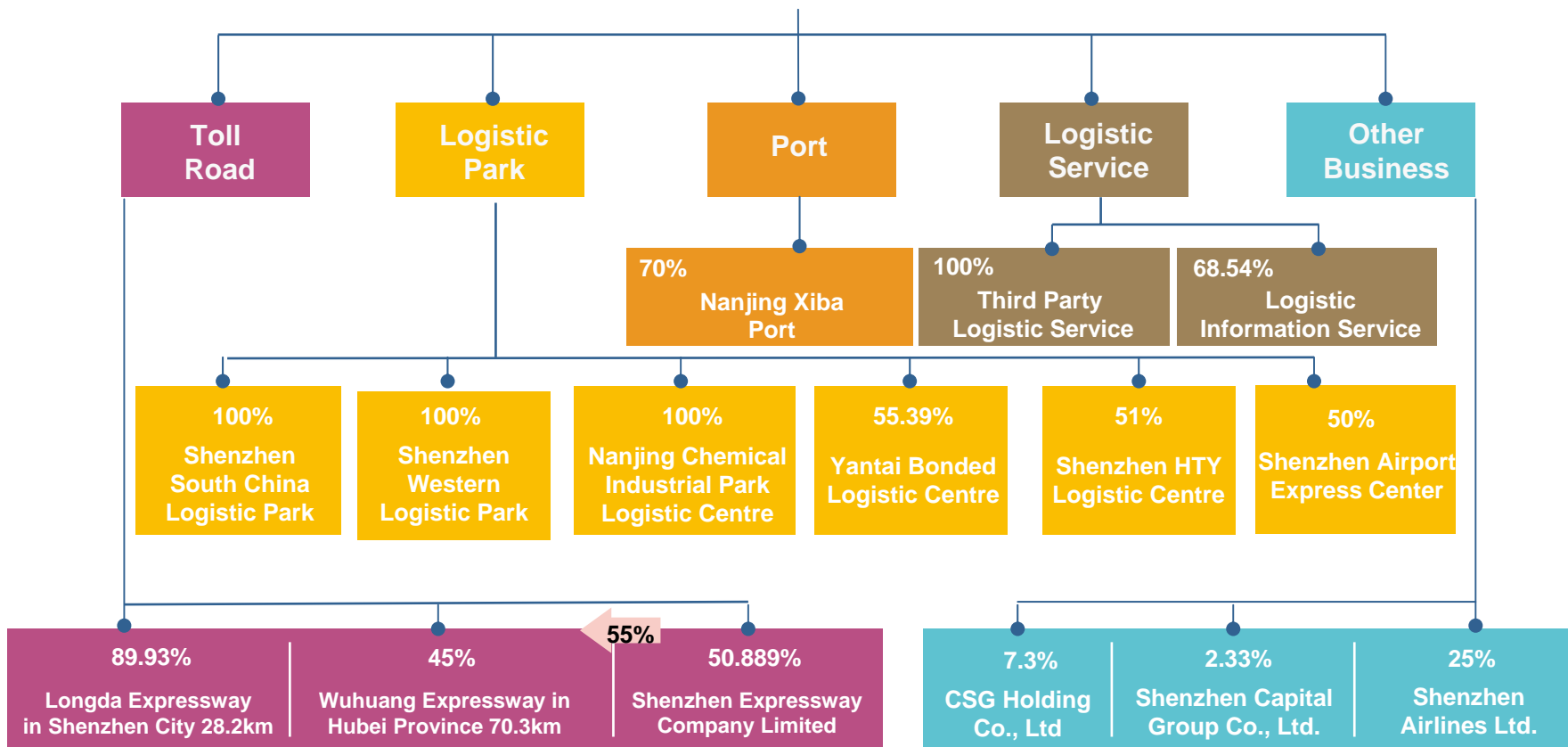
Shenzhen International  
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# Appendix



# Appendix i Corporate Chart

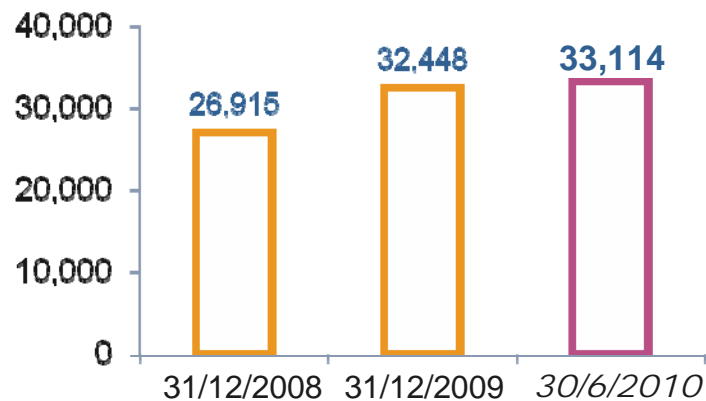
## Shenzhen International Holdings Limited



## Appendix ii Financial Positions

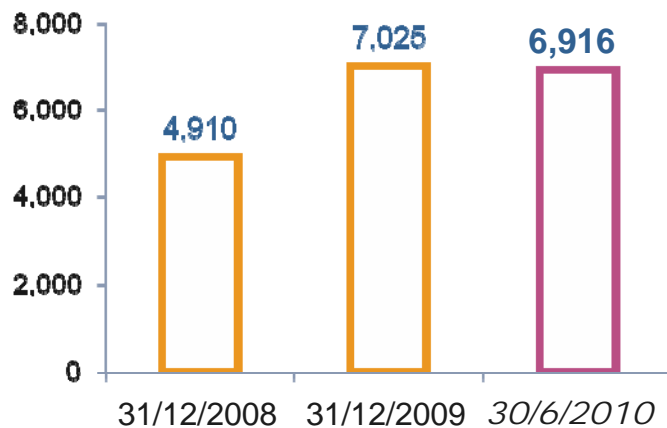
### Total Asset

HK\$ Million



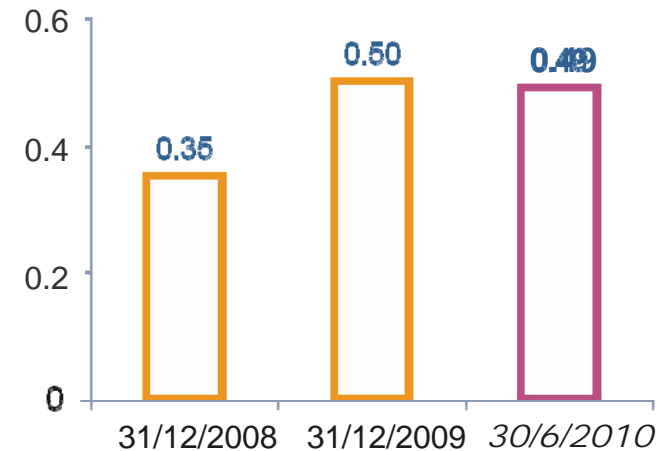
### Shareholders' Value

HK\$ Million



### Shareholders' Value Per Share

HK dollar



## Appendix iii Income Statement

HK\$ Million  
Six months ended 30 June

	2010	2009	% Change
<b>Revenue</b>	<b>2,266</b>	1,694	34%
<b>Cost of sales</b>	<b>(1,256)</b>	(1,070)	17%
<b>Gross profit</b>	<b>1,010</b>	624	62%
<b>Other gains – net</b>	<b>380</b>	290	31%
<b>Other income</b>	<b>50</b>	30	67%
<b>Distribution costs</b>	<b>(12)</b>	(9)	33%
<b>Administrative expenses</b>	<b>(86)</b>	(79)	9%
<b>Other operating expenses</b>	<b>-</b>	(11)	N/A
<b>Operating profit</b>	<b>1,342</b>	845	59%
<b>Share of profit of jointly controlled entities</b>	<b>4</b>	152	(97%)
<b>Share of profit of associates</b>	<b>139</b>	45	209%
<b>Profit before finance costs and tax</b>	<b>1,485</b>	1,042	43%
<b>Finance costs – net</b>	<b>(323)</b>	(217)	49%
<b>Profit before income tax</b>	<b>1,162</b>	825	41%
<b>Income tax expense</b>	<b>(248)</b>	(132)	88%
<b>Profit for the Period</b>	<b>914</b>	693	32%
<b>Non-controlling interests</b>	<b>202</b>	190	6%
<b>Net profit attributable to Shareholder</b>	<b>712</b>	503	42%
<b>Diluted EPS (HK cents per share)</b>	<b>4.79</b>	3.46	38%



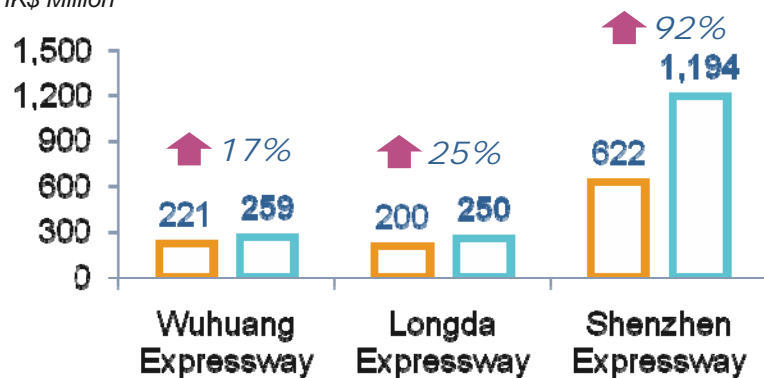
# Appendix iv Segment Results

<i>HK\$ Million</i> <b>Six months ended 30 June</b>	<i>Revenue</i>		<i>Operating profit/(loss)</i>		<i>Share of results of associates &amp; JVs</i>		<i>EBIT</i>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>Toll Road</i>								
<i>Toll income</i>	<b>1,703</b>	1,043	<b>927</b>	537	<b>99</b>	196	<b>1,026</b>	733
<i>Construction service income</i>	<b>366</b>	491	-	1	-	-	-	1
	<b>2,069</b>	1,534	<b>927</b>	538	<b>99</b>	196	<b>1,026</b>	734
<i>Logistic Park</i>	<b>119</b>	91	<b>27</b>	23	<b>2</b>	-	<b>29</b>	23
<i>Logistic Service</i>	<b>73</b>	69	<b>4</b>	4	-	1	<b>4</b>	5
<i>Port</i>	<b>5</b>	-	<b>(1)</b>	-	-	-	<b>(1)</b>	-
	<b>2,266</b>	1,694	<b>957</b>	565	<b>101</b>	197	<b>1,058</b>	762
<i>Head office</i>	-	-	<b>385</b>	280	<b>42</b>	-	<b>427</b>	280
	<b>2,266</b>	1,694	<b>1,342</b>	845	<b>143</b>	197	<b>1,485</b>	1,042
<i>Finance income</i>							<b>11</b>	13
<i>Finance costs</i>							<b>(334)</b>	(230)
<i>Finance costs - net</i>							<b>(323)</b>	(217)
<i>Profit before income tax &amp; MI</i>							<b>1,162</b>	825

# Appendix v Toll Road

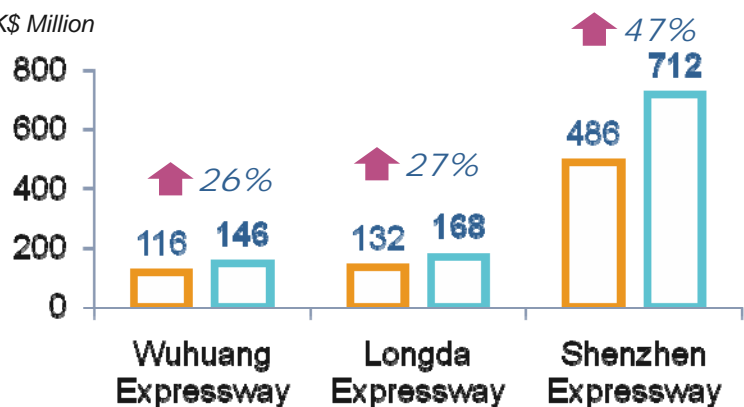
## Toll Income HK\$1,703M, up 63%

HK\$ Million



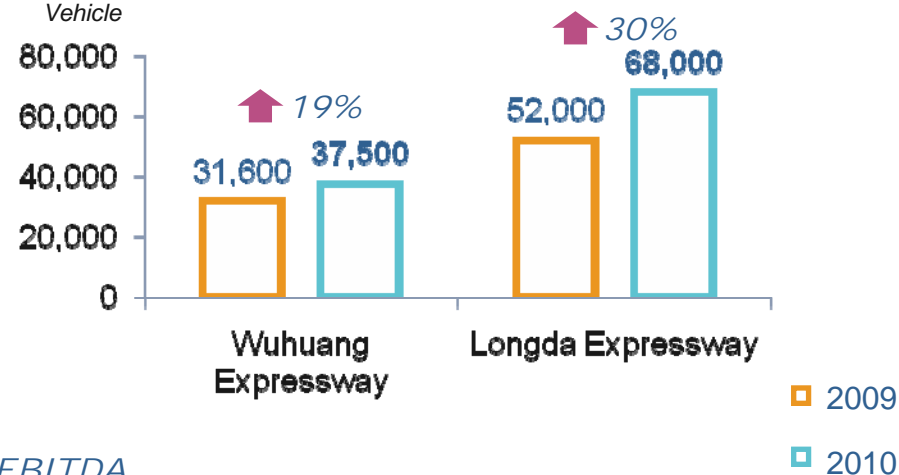
## EBIT HK\$1,026M, up 40%

HK\$ Million



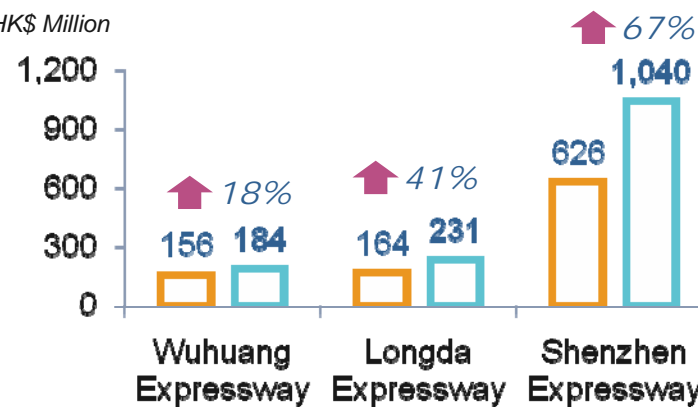
## Daily Mixed Traffic Volume

Vehicle



## EBITDA HK\$1,440M, up 52%

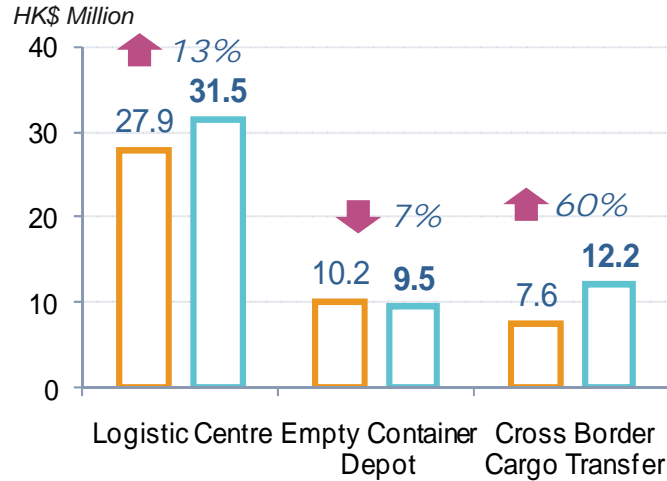
HK\$ Million



# Appendix vi(a) Logistic Park – South China Logistics

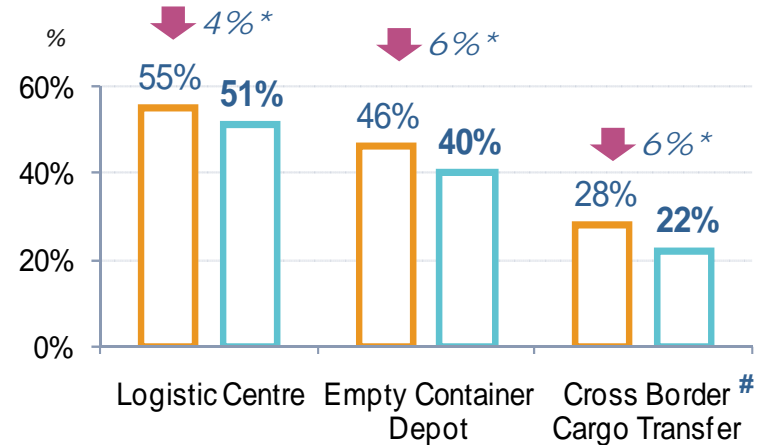
## Revenue

HK\$53.2M, up 15%



## Gross Profit %

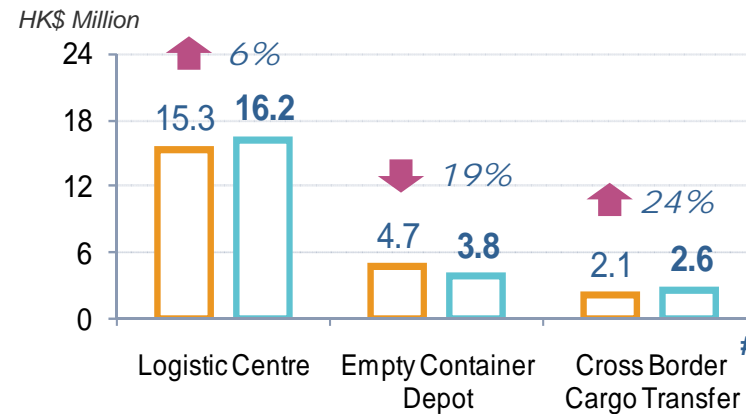
42%, down 3%\*



\* Change in percentage point

## Gross Profit

HK\$22.6M, up 7%

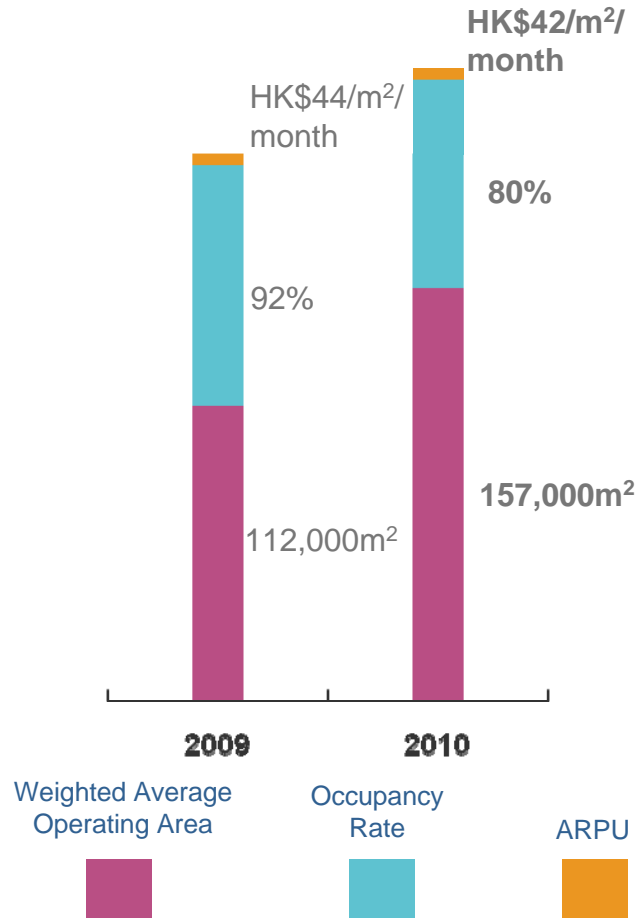


■ 2009  
■ 2010

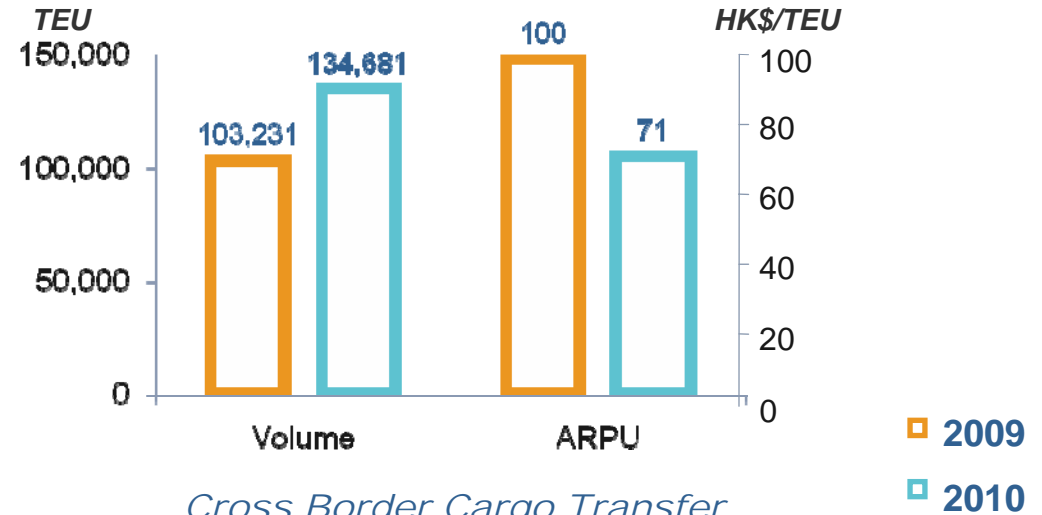
# In 2010, certain labour related costs totalling HK\$1.37M (2009: HK\$1.07M) are re-classified from administrative expenses to cost of sales.

# Appendix vi(b) Logistic Park – South China Logistics

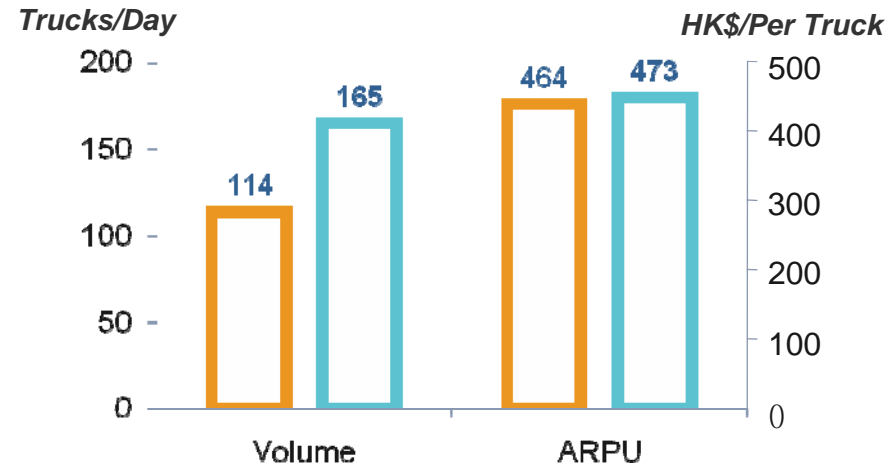
*Logistic Centre*



*Empty Container Depot*

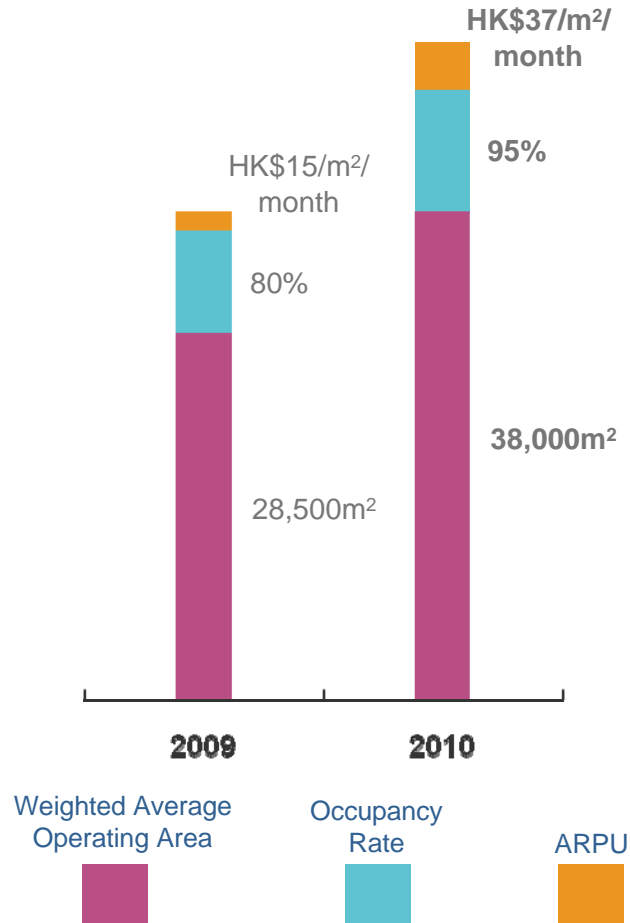


*Cross Border Cargo Transfer*



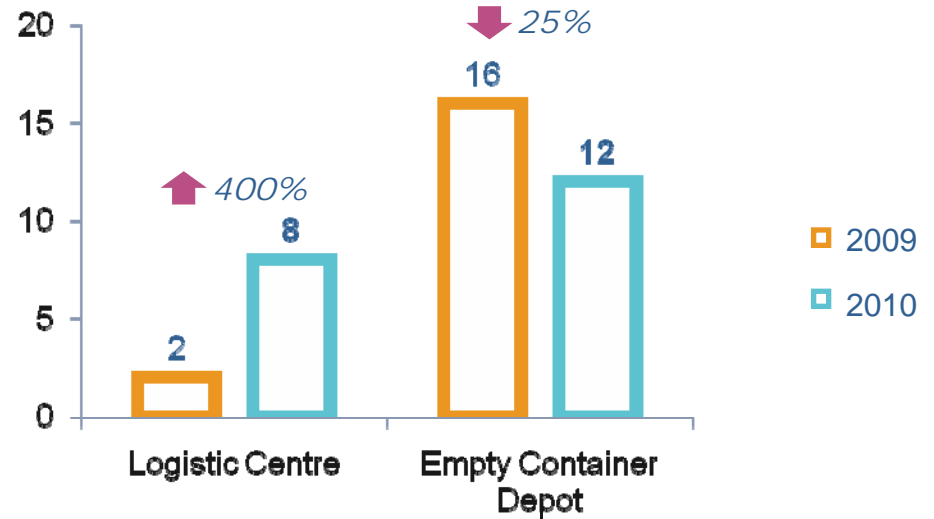
# Appendix vii Logistic Park – Western Logistics

## Logistic Centre



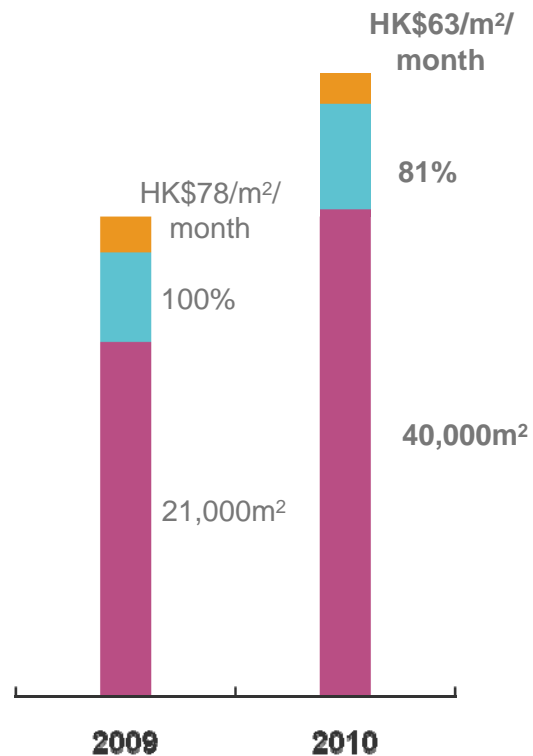
## Revenue

HK\$20M, up 14%  
HK\$ Million



# Appendix viii Logistic Park – Nanjing Chemical Industrial Park Logistic Centre

## Logistic Centre



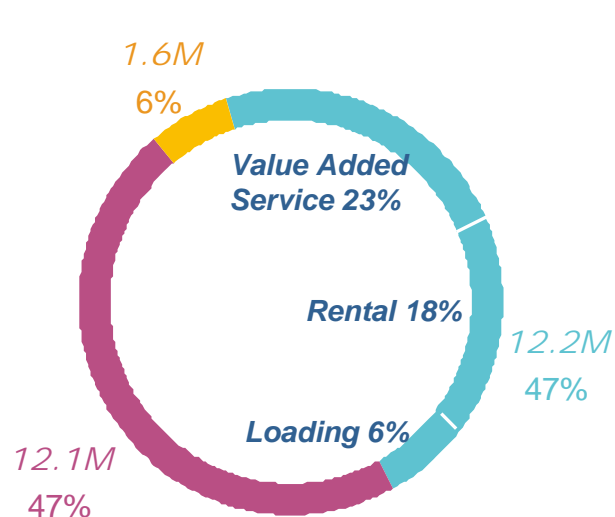
Weighted Average Operating Area

Occupancy Rate

ARPU

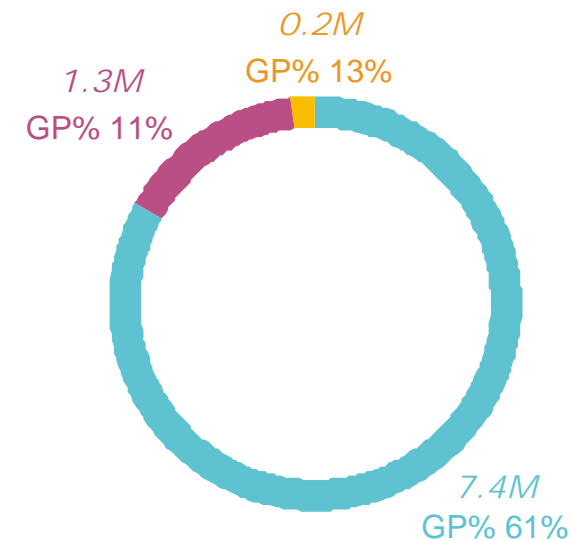


## Revenue HK\$ 25.9M, up 57%



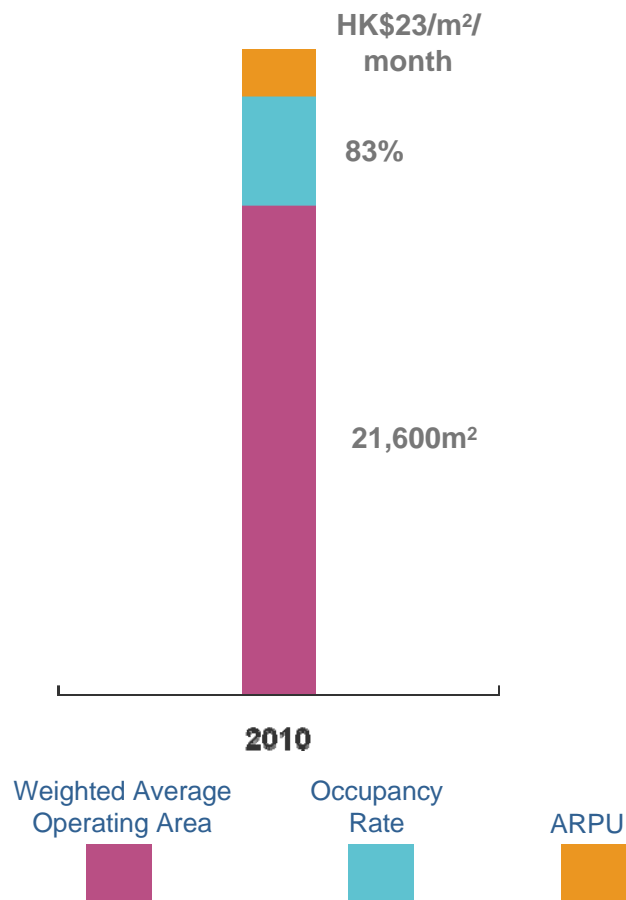
Logistic Centre  
Transportation  
Other

## Gross Profit HK\$ 8.9M, up 25%

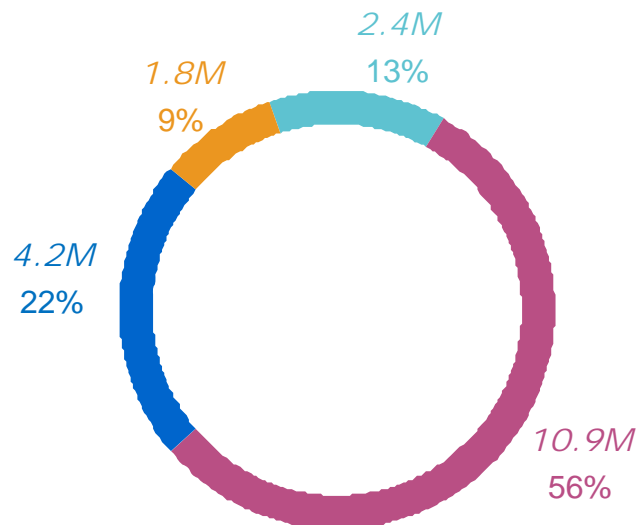


# Appendix ix Logistic Park – Yantai Bonded Logistic Centre

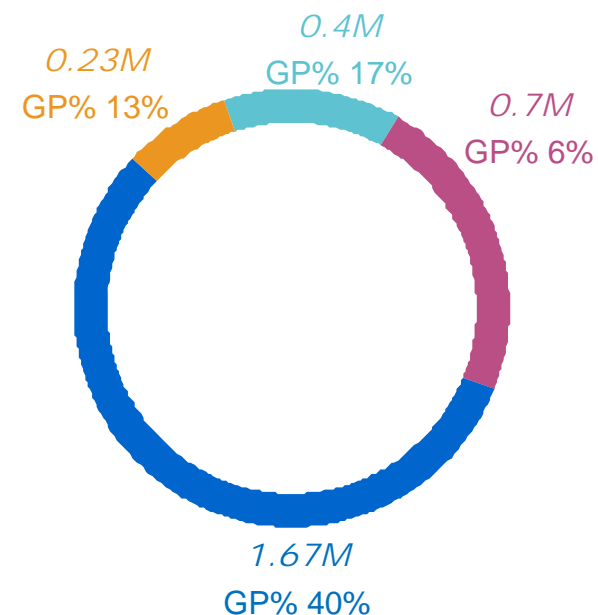
## Logistic Centre



## Revenue HK\$ 19.3M, up 84%



## Gross Profit HK\$ 3M, up 100%



- Logistic Centre
- Transportation
- Logistic Service
- Other

## Appendix x(a) Other Business – Shenzhen Airlines

<i>RMB 'Million</i>	<b>Six Months ended 30 June</b>		Increase/ (Decrease)
	<b>2010</b>	2009	
Transportation Revenue	<b>6,956</b>	5,181	34%
Passenger Revenue (excl. Fuel)	<b>6,302</b>	4,924	28%
Revenue from fuel	<b>361</b>	38	850%
Cargo revenue	<b>293</b>	219	34%
Transportation Costs	<b>6,594</b>	5,210	27%
Transportation Profit	<b>362</b>	(29)	N/A
Operating Profit	<b>524</b>	159	230%
ASK revenue — excl. fuel (RMB)	<b>0.4447</b>	0.4019	11%
ASK revenue — incl. fuel (RMB)	<b>0.4701</b>	0.4050	16%
Cost per ASK	<b>0.4652</b>	0.4252	9%



## Appendix x(b) Other Business – Shenzhen Airlines

		<b>Six months ended 30 June</b>		Increase/ (Decrease)
<b><i>Passenger</i></b>		<b>2010</b>	2009	
Capacity – Available Seat Kilometres	<i>Million</i>	<b>14,170</b>	12,250	16%
Revenue Passenger Kilometres (“RPK”)	<i>Million</i>	<b>11,230</b>	9,500	18%
Passenger load factor	%	<b>79.23</b>	77.56	1.67%*
Passenger yield	<i>RMB ‘M</i>	<b>6,663</b>	4,962	34%
Yield per RPK	<i>RMB</i>	<b>0.4701</b>	0.4050	16%
Average ticket fare				15%
<b><i>Cargo</i></b>				
Capacity – Available freight tonne kilometres	<i>Million</i>	<b>255.66</b>	233.44	10%
Revenue Freight Tonne Kilometres (“RFTK”)	<i>Million</i>	<b>158</b>	129.03	22%
Cargo & Mail load factor	%	<b>61.80</b>	55.28	6.52%*
Cargo yield	<i>RMB ‘M</i>	<b>293.1</b>	218.6	34%
Yield per RFTK	<i>RMB</i>	<b>1.15</b>	0.94	22%

\* Change in percentage point

## Appendix x(c) Other Business – Shenzhen Airlines

		<u>Six months ended 30 June</u>		Increase/ (Decrease)
		2010	2009	
Passengers	<i>Thousand</i>	<b>8,178</b>	6,984	17%
Cargo & Mail carried	<i>Tonnes</i>	<b>106,248</b>	85,341	24%
Kilometers flown	<i>Million</i>	<b>91.37</b>	79.80	14%
Block hours	<i>Thousand</i>	<b>148.70</b>	129.13	15%
Number of flights		<b>86,897</b>	64,074	36%
Domestic		<b>82,755</b>	62,205	33%
International		<b>4,142</b>	1,869	122%
Fleet				
Total no. of aircraft in service for the Period		<b>87</b>	79	10%
Aircraft utilisation	<i>Block hours per day</i>	<b>9.58</b>	9.54	0.04 hr

## Disclaimers

- This presentation is prepared in good faith, based on unaudited financial data, management information, publicly available information, and management's outlook as of 24 August 2010. Macroeconomic parameters could change unexpectedly. The Company's operating environment and thus strategies could change as a result and without notice.
- This presentation does not constitute an invitation to trade this or any other stock. Stock price can go down as well as up. Historical performance is no guarantee for the future.

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# Thank You!



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