

Shenzhen International Announces 2021 Interim Results

Core Businesses Return to Growth Trend and Total Revenue Increased Significantly by 100% YOY

Financial Highlights:

- Revenue was HK\$7,062 million, representing a year-on-year increase of 100%
- Profit attributable to shareholders was HK\$961 million, and the basic EPS was HK\$0.44
- Profit attributable to shareholders of the logistics business increased by 766% as compared to the corresponding period of the previous year to HK\$1,230 million
- Profit of Shenzhen Expressway attributable to the Company for the Period increased by 1,167% as compared to the corresponding period of the previous year to HK\$749 million

On 27 August, the leading logistics infrastructure development operator in the Guangdong-Hong Kong-Macao Greater Bay Area, Shenzhen International Holdings Limited (“Shenzhen International” or the “Company”, Stock Code: 00152.HK) and its subsidiaries announced the interim results for the six months ended 30 June, 2021 (the “Period”). In the first half of 2021, the Pandemic was under effective control in China and the overall development was stable, the revenue of the Company increased by 100% as compared with the corresponding period of the previous year to HK\$7,062 million. Profit attributable to shareholders was HK\$961 million and basic EPS was HK\$0.44. The operating performance of core businesses such as logistics and toll roads have grown strongly with outstanding highlights. Significant progress has also been made in investments, mergers and acquisitions in first-tier cities, business model optimization and other aspects related to the long-term development, and the comprehensive competitiveness has been further enhanced.

Dual Growth In Revenue And Profit Of Core Businesses

In the first half of 2021, the total revenue of the logistics business increased by 37% YOY to HK\$2,224 million. Profit attributable to shareholders was HK\$1,230 million, representing a year-on-year increase of 766%. Mainly benefited from considerable investment incomes brought by the implementation of the “investment, construction, financing and operation” integrated logistics hub business model and the delivery of the residential project of the first phase of the Qianhai Project.

In respect of logistics park business, focusing on the development goal of establishing a comprehensive logistics ecosystem combining “Inland Port Networking, Logistics Parks, Air Freight and Railway Freight Logistics Infrastructure + Intelligent and Cold Chain Logistics”, the Company continued to promote the large-scale and intelligent business strategy. As at the end of 30 June 2021, the Company has established footholds in a total of 30 key logistics gateway cities across the country

such as Shanghai and Shenzhen, with a total operating floor area of approximately 2.78 million square meters, and the overall occupancy rate exceeded 92%. There are approximately 110,000 square meters of smart warehouses and approximately 120,000 square meters of cold storage under construction and in operation respectively, which are expected to become a new profit stream. The excellent business performance reflects the advantages and strength of the Company's logistics park business model.

The port and related service business continued to maintain a good growth trend in the first half of the year. Due to a series of measures taken by the Company such as continuously optimizing customer structure, providing high-quality services and actively launching new business, the total revenue and profit attributable to shareholders increased by 65% and 11% to HK\$1060 million and HK\$55.45 million respectively as compared to the corresponding period of the previous year.

The performances of the toll road business and the environmental protection business operated by Shenzhen Expressway (00548.HK, 600548.SH) as a whole, a subsidiary of the Company, were both outstanding in the first half of the year. Benefiting from the launch of the first phase of the Shenzhen Outer Ring Project and the increase in investment income of the environmental protection business, the overall revenue of Shenzhen Expressway was HK\$4,838 million during the Period, representing a year-on-year increase of 154%; Net profit was HK\$1,595 million, representing a year-on-year increase of 4,421%; and profit attributable to the Company increased by 1,167% to HK\$749 million as compared to the corresponding period of the previous year.

Shenzhen Airlines, an associate of the Company, actively responded to the adverse effects caused by the resurgence of the Pandemic. During the Period, total revenue of Shenzhen Airlines grew by 46% YOY to RMB9,681 million; net loss decreased by 39% YOY to RMB1,366 million, and the Company's share of losses incurred by Shenzhen Airlines decreased by 34% YOY to HK\$811 million.

Overall, the Company achieved steady growth and strong business resilience in the first half of the year. However, due to the disposal of land use right transfer of Qianhai Project in the first half of 2020, the Company recognized an one-off gain before taxation of approximately HK\$3,906 million. Due to the absence of such one-off gain during the Period, the operating profit and profit attributable to the shareholders decreased as compared to the corresponding period of the previous year. In the second half of the year, the Company will grasp the current situation of China's real estate regulation policies, and will consider unlocking the value of related assets such as residential, commercial, office buildings in Shenzhen held by the Company in advance to optimize its financial performance.

Achieved Breakthrough In Optimizing Industrial Layout And Business Model

Worth noticing, the Company has recently made important progress in implementing strategies such as obtaining long-term high-quality resources and building a sustainable growth business model, and

the competitiveness and profitability of its main businesses will be gradually improved.

In terms of obtaining long-term and high-quality resources, by adhering to the strategy of “Focusing on the layout of core economic regions and gateway logistics cities”, the Company succeeded in acquiring its first batch of logistics park assets including high-standard logistics warehouse projects located in three municipalities directly under the central government, namely Shanghai, Tianjin and Chongqing. Upon the completion of such transaction, the gross floor area will be approximately 250,000 square meters. The Company and China Railway Guangzhou Group Co., Ltd. established a joint venture to officially start the investment and development of Shenzhen PingHunan Integrated Logistics Hub Project, which covers a floor area of nearly one million square meters, which being the largest single logistics park developed in Shenzhen in the past 20 years. Shenzhen Expressway, a subsidiary of the Company, proposed to complete the acquisition of 71.83% equity interests in Bay Area Development (00737.HK), which has interests in high quality road assets such as Guangshen Expressway and Guangzhu West Expressway, which are located in the Guangdong-Hong Kong-Macao Greater Bay Area. The above acquisitions will further enhance the Company’s industrial resources and business advantages in the core economic regions. In addition, during the Period, the Company entered into a capital injection agreement to invest in China Comservice Supply Chain Management Company Ltd. (“China Comservice”), a leading enterprise in the ICT (Communication Equipment) logistics market under China Telecom, thus further increasing the layout of the intelligent logistics innovation business.

In terms of optimizing the business model, the Company successfully issued its first logistics real estate private equity investment fund and completed the asset securitization operation of Nanchang Integrated Logistics Hub, realizing a profit attributable to shareholders of approximately HK\$175 million and an asset appreciation of 64%. The said securitization of assets was a monumental attempt under the development model of “investment, construction, financing and operation” for integrated logistics hubs. The Company has formed considerable reserves of high-quality logistics infrastructure projects in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Economic Belt and the Bohai Rim Economic Belt. Expanding diversified equity financing channels will help the Company shorten the return period, reduce financial costs and improve asset efficiency. Meanwhile, based on the successful transformation of traditional logistics park projects in Qianhai and Meilin Checkpoint, the Company is actively building the long closed-loop “investment, construction, operation and transformation” development model, and significant progress has been made again in the first half of this year, the land of South China Logistics Park, the largest logistics park of the Company located in Shenzhen, has been included in one of the six key redevelopment and preparation projects in the city center of Shenzhen and Longhua District. The South China Logistics Park Project, with a site area of approximately 580,000 square meters, is located at important intersection node of Longhua, Futian and Longgang districts in Shenzhen, occupying a convenient prime location, where the surrounding areas have gathered digital leading industrial clusters such as Huawei and Foxconn. The Company is actively cooperating with local government to plan to build new generation digital industry cluster and functional headquarters base in line with regional planning

and future trends. If successfully transformed, it is expected that it will gradually release great value in the next few years and provide sufficient financial guarantee for the Company to expand its main businesses.

The Company believes that with the implementation of the above strategic measures, its profitability will be gradually improved in the future. Looking forward to the future, despite the resurgence of the Pandemic and that the short-term economic environment will be full of challenges, the Company is full of confidence in China's economic fundamentals and the strong development trend of the logistics infrastructure industry. Coupled with the national strategies such as vigorously developing new infrastructure construction, building a "dual circulation" development pattern etc, the Company believes that the logistics infrastructure development operators are entering the "Best Era". The Company will seize the development opportunities, accelerate the expansion of industrial scale and enhance profitability to create long-term value for shareholders.