

Shenzhen International Announces 2022 Interim Results

Operating profit hit HK\$5 billion underpinned by steady growth of core businesses

On 30 August 2022, **Shenzhen International Holdings Limited** (“Shenzhen International” or the “Company”, Stock Code: 00152.HK) announced its 2022 interim results. In the first half of this year, the Company realized total revenue of approximately HK\$7,487 million, up 3% year-on-year, operating profit hit HK\$5 billion. Dragged by the repeated outbreaks of pandemic, widespread restrictive measures and the global economic downturn, in particular the greater loss of its associate Shenzhen Airlines Company Limited (“Shenzhen Airlines”), profit attributable to shareholders dropped by 39% year-on-year to HK\$582 million. In the face of complicated and ever-changing external environment, the Company focused on developing a comprehensive logistics ecosystem which integrates “Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure + Intelligent and Cold Chain Logistics”, further strengthening its business layout in core economic regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and the Beijing-Tianjin-Hebei areas. It reinforced the economies of scale, cultivated new drivers for results growth, emphasized long-term development and geared up to enhance its development quality.

Fundamentals Remained Sound with More Balanced Revenue Structure

Logistics business generated revenue of HK\$969 million. Profit attributable to shareholders from this segment decreased by 46% year-on-year to HK\$173 million, mainly due to the absence of a one-off gain from the disposal of Nanchang Integrated Logistics Hub Project recorded in the corresponding period last year. Excluding this one-off gain, profit attributable to shareholders from this segment increased by 19% year-on-year.

In respect of Port and Related Services business, the throughput handled by Nanjing Xiba Port in the first half of 2022 continued to outstrip the peers along the Yangtze River. Revenue from this segment increased by 49% year-on-year to HK\$1,580 million; profit attributable to shareholders from this segment was approximately HK\$53.49 million.

Shenzhen Expressway Corporation Limited (“Shenzhen Expressway”), a listed subsidiary of Shenzhen International, coordinates the operation of toll road and general-environmental protection

businesses. Revenues from toll road business and general-environmental protection business amounted to HK\$2,895 million and HK\$1,005 million respectively. Profit attributable to shareholders from them was approximately HK\$673million.

Revenue from the mature core business of toll road accounted for 39% of total revenue from four core businesses; revenue from the growing core businesses of logistics and port accounted for 34%; and revenue from the startup core business of general-environmental protection accounted for 13%. The revenue structure driven by four pillars was further balanced and optimized.

Logistics Park Transformation and Upgrading business grew steadily. In the first half of 2022, the Company disposed of the project company which held the development rights of two residential plots in Qianhai in the form of capital increase. It generated a gain before tax of approximately HK\$2,988 million. This segment provided capital for the development of core business. The pre-sale of the second phase of the Qianhai Project, Yicheng Qiwanli, a high-end residential project, is scheduled to commence in September 2022.

Enhanced Business Layout and Forward-Looking Strategy for Future Expansion

In the first half of 2022, Shenzhen International actively expanded businesses and achieved remarkable results, laying a solid foundation for its long-term development.

Firstly, it reinforced the resource strengths for core businesses in China's most dynamic economic areas. For Logistics business, the Company added 1,941 acres of rare and premier warehousing land plots in Foshan, Zhengzhou and Hefei in the first half of 2022. The planned site area exceeded 10 million square meters. Six logistics parks were under or pending development in the Guangdong-Hong Kong-Macao Greater Bay Area with Shenzhen plays a crucial role in it. Their total GFA exceeds 1.6 million square meters. As for other businesses, the third phase of the Shenzhen Outer Ring Project, and the port projects at Jingjiang, Shenqiu and Fengcheng were developed in full swing. When these new projects will commence operation in the next one to three years, it is expected that the Company's profit will be further boosted.

Secondly, the Company continued to strengthen its efforts to cultivate new drivers. In the first half of 2022, it vigorously expanded strategic emerging and value-added supporting services such as cold-chain logistics and intelligent warehouses. The Group's intelligent and cold chain logistics projects completed, under construction or planned had a total area of 0.37 million square meters. Trial runs of distributed photovoltaic applications were carried out at Hangzhou Integrated Logistics Hub and Kanghuai E-commerce Center, and the potential of rooftops at logistics parks throughout the nation with total area of more than 1 million square meters was actively explored. Shenzhen Expressway completed the acquisition of 70% interest in Shenzhen Lisai Environmental Technology Limited. Besides, it cooperated with State Power Investment Corporation Fujian Electric Power Co., Ltd. to form a joint venture, and acquired a 51% equity interest in Nanjing AVIS Transmission

Technology Company Ltd. through the joint venture and further enhanced its business layout.

Thirdly, the Company further improved the business model. The asset securitization of the integrated logistics hub projects in Hebei and Hangzhou was actively promoted. Prelisting procedure of the Hefei Project had already commenced. Transformation and upgrading of Shenzhen (Longhua) South China Logistics Park in Shenzhen gained various policy support from local government in the first half. The Company is seeking greater breakthroughs in its development. Through the closed-loop business models of “investment, construction, financing and operation” and “investment, construction, operation and transformation”, it enhanced the sustainability of large-scale asset business.

Mr. Liu Zhengyu, Chief Executive Officer of the Company, said that the Company’s results performance in the first half of 2022 was disturbed by the pandemic. In particular, its associate Shenzhen Airlines was hit by a number of uncontrollable factors like the persisting pandemic, rising fuel costs and exchange rate fluctuations. Loss of Shenzhen Airlines attributable to the Company amounted to approximately RMB 2,256 million (equivalent to approximately HK\$2,710 million). In addition, the Company’s core businesses of logistics, transportation and ports were unavoidably affected by the pandemic. Even though the implementation of anti-epidemic measures hindered the business operation, it would not lead to the contraction of demand in the long run. The Company will actively explore business potentials, improve its efficiency, expedite the development of core projects and take strategic measures to reduce high-risk, low return businesses, thereby retaining sound fundamentals and its resilience. In the second half, it will further leverage the solid financial position and financial strength to increase investments, acquisitions and capital operation. The Company will reinforce the “four growth engines” and gather strength for future growth.