

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**越秀交通基建有限公司**  
**Yuexiu Transport Infrastructure Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 01052)**

**ANNOUNCEMENT OF 2013 ANNUAL RESULTS**

**CHAIRMAN'S STATEMENT**

**OPERATING RESULTS AND DIVIDEND**

During the year ended 31 December 2013 (the "Reporting Year"), the toll revenue of the Group (being the Company and its subsidiaries) reached a new record by increasing 18.0% year-on-year to RMB1,753 million. Profit attributable to shareholders amounted to RMB554 million, representing a year-on-year increase of 29.9%.

The Board has recommended the payment of a final dividend for 2013 of HK\$0.16 per share which is equivalent to RMB0.126387 per share (2012: HK\$0.11 per share which was equivalent to RMB0.0889706). Together with the paid interim dividend of HK\$0.10 per share which is equivalent to RMB0.079542 per share, total dividends for the Reporting Year amounted to HK\$0.26 (equivalent to RMB0.205929) per share, representing a dividend payout ratio of 62.1% (2012: 63.7%), which reflects the Group's stable and continuous dividend policy.

## ANNUAL REVIEW

- **Macro-economy review**

Given the continuous pattern of slow recovery for global economy during the reporting year, overall complexities still exist due to the subsequent impacts by financial crisis. Development patterns of major economies differentiated obviously. Relatively strong recovery occurred in advanced economies like U.S.A and Japan, and Euro Zone was turning the corner from debt crisis to fragile recovery. Emerging markets and developing countries, however, were slowing down in growth momentum while entered to an adjustment period.

Confronting such complexities, Chinese government maintained the strength of measures to ensure an overall stable economy, and went further with structural balancing. According to the National Bureau of Statistics, the 2013 GDP amounted to RMB 56.88 trillion with a Y-O-Y growth of 7.7%. A stabilized momentum with steady growth was achieved for the economy.

- **Sector policy review**

As no more severe or negative measures were introduced by central government, the policy environment of toll road sector in China remained stable during the Reporting Year. On 8 May 2013 a revised consultation draft of “Regulations for Administration of Toll Roads” (《收費公路管理條例》(修正案徵求意見稿) (hereinafter referred to as the “Consultation Draft”) was issued to seek opinions from the public. The Consultation Draft mentioned operators’ losses caused by measures like toll-free holiday policy should be compensated by measures such as extended toll concessions, and issues like construction costs and inflation should be factored into toll rate mechanism. The rate increase and extended concessions approved in regions like Yunan, Jiangxi, Guangxi also reflected prominent contradictions between the current fixed rate mechanism and rising construction costs of expressways especially the new ones. Currently, discussions of amendments and supplements are still undergone amidst National Ministry of Transport and other departments, to which the Group will pay close attention.

- **Operation review**

During the Reporting Year, the Group's projects sustained sound revenue growth. Central region projects including Weixu Expressway recorded strong double-digit revenue growth, while Guangdong projects outperformed expectation with over 10% revenue growth recorded amidst mature projects like GNSR Expressway and Humen Bridge, driven by steady regional economic growth, infrastructure investments, enhanced domestic consumption and other favorable factors.

The Group's cash resource was strengthened by receiving consideration for the transfer of the entire equity interest in Guangzhou Securities Co. Ltd. and remaining compensation for Guangzhou Class 1 Highways during the Reporting Year. Additionally, the Group obtained "Baa2" of corporate credit rating with a "stable" outlook from Moody's, creating favorable conditions for future capital operation.

## **FUTURE PROSPECT**

- **Macro-economy Outlook**

Given the relatively strong recovery in the United States, Japan and other advanced economies, the projection of global economy growth by the International Monetary Fund ("IMF") in its latest report 'World Economic Outlook 2014' rose from 3% to 3.7%. However, IMF also pointed out that deflation and risks in financial industries would still be the uncertainties affecting the overall recovery of economy.

On the other hand, since the tapering of Quantitative Easing has been triggered by U.S.A, the emerging markets and developing countries will confront adjustment of investments along with the risk of capital outflow due to their inherent economic fragility. In general, the global economy will still follow the track of slow recovery in 2014.

Given the complicated external economic landscape, resolutions of deepening domestic economic reforms were passed at the Third Plenum of the 18th Central Committee of the Communist Party of China, requesting accelerated economic transition through certain reforms to shift the economy towards higher efficiency, more fairness with strengthened sustainability. A steady and progressing economic momentum will be expected in China during the economic transition by reforms.

- **Sector Policy Outlook**

According to ‘National Highway Network Plan (2013~2030)’(‘the Plan’) issued by National Ministry of Transport on June 20th 2013, China still has huge needs of expressway constructions. Meanwhile, the Plan also pointed out that toll collection policy should continuously be implemented, and social capital should be encouraged to engage as a way of diversifying investment parties and source of financing. Management expect the central government to, by considering factors like fiscal capacity of local government, liability position of expressways and escalating construction costs, persistently updating and perfecting the legal requirements, so as to effectively protect legal benefits of investors and operators, and maintaining a overall stable policy environment of toll road sector.

- **Operation outlook**

The Group’s projects such as GNSR Expressway, Xian Expressway, Cangyu Expressway, Northern Ring Road, Humen Bridge and Shantou Bay Bridge, which have become relatively mature, continue to be the main source of stable profits. In particular, operational performance of projects in central Guangzhou will become stronger catalyzed by toll-by-weight policy anticipated to be carried out in 2014. New projects acquired in recent years like Han-xiao Expressway, Changzhu Expressway and Weixu Expressway will maintain strong double-digit growth of traffic volume and revenue driven by rapid growth of local economy.

- **Expansion of investments**

The Group will continue to focus on the investment and operations of quality expressways, while still paying close attention to investment opportunities in the following areas in terms of regional strategies: (1) the Pearl River Delta region which is more matured in economic development; (2) central and western provinces in China, which have enjoyed rapid economic growth, strong support from the central government and development opportunities brought by the relocation of industries from eastern coastal areas.

The Group remains optimistic about the investment opportunities of transport infrastructure in mainland China, and is actively reserving quality expressways. By fully leveraging the advantages of its access to

financing platforms both in Hong Kong and mainland China as well as its internal resources, the Group will adjust and optimize its debt structure and actively explore diversified debt financing methods in order to lower its overall finance costs. It will also acquire quality projects as and when opportunities arise and optimize its overall portfolio to improve the profitability of its assets as a whole and continue to generate reasonable returns to shareholders.

## **APPRECIATION**

During the year, our directors, senior management officers and staff continued to adhere to their pragmatic resolute working attitude, in pursuit of performance excellence, and completed a substantial amount of work. On behalf of the Board, I would like to express my sincere gratitude for their invaluable contribution.

Finally, on behalf of the Board, I would like to take this opportunity to express my gratitude and appreciation to our shareholders, our colleagues in the banking and commercial sectors, and our business partners for their continued support over the years.

**Zhu Chunxiu**

*Chairman*

Hong Kong, 19 March 2014

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	<i>Note</i>	<b>2013</b> <i>RMB'000</i>	2012 <i>RMB'000</i>
Revenue	2	<b>1,753,084</b>	1,485,211
Cost of services	4	<b>(581,625)</b>	(501,995)
Construction income under service concession upgrade services		<b>97,400</b>	64,768
Construction cost under service concession upgrade services		<b>(97,400)</b>	(64,768)
Other income and other gains - net	3	<b>15,381</b>	102,166
General and administrative expenses	4	<b><u>(202,970)</u></b>	<u>(195,292)</u>
<b>Operating profit</b>		<b>983,870</b>	890,090
Finance income	5	<b>100,668</b>	59,806
Finance costs	5	<b>(337,430)</b>	(330,643)
Share of result of a joint venture		<b>14,404</b>	7,109
Share of results of associates		<b><u>192,133</u></b>	<u>179,883</u>
<b>Profit before income tax</b>		<b>953,645</b>	806,245
Income tax expense	6	<b><u>(260,654)</u></b>	<u>(248,517)</u>
<b>Profit for the year</b>		<b><u>692,991</u></b>	<u>557,728</u>
<b>Attributable to:</b>			
Shareholders of the Company		<b>554,419</b>	426,915
Non-controlling interests		<b><u>138,572</u></b>	<u>130,813</u>
		<b><u>692,991</u></b>	<u>557,728</u>
Earnings per share for profit attributable to the shareholders of the Company		<i>RMB</i>	<i>RMB</i>
Basic and diluted earnings per share	7	<b><u>0.3314</u></b>	<u>0.2552</u>
		<i>RMB'000</i>	<i>RMB'000</i>
Dividends	8	<b><u>344,552</u></b>	<u>271,999</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>2013</b>	2012
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the year</b>	<b>692,991</b>	557,728
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Fair value (loss)/gain on available-for-sale financial assets, net of tax	(135)	47,548
Release of reserve upon disposal of asset classified as held for sale, net of tax	(91,158)	—
Currency translation differences	<u>123</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<b><u>601,821</u></b>	<b><u>605,276</u></b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	<b>463,249</b>	474,463
Non-controlling interests	<b><u>138,572</u></b>	<u>130,813</u>
	<b><u>601,821</u></b>	<b><u>605,276</u></b>

## CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2013

	<i>Note</i>	<b>31 December 2013 RMB'000</b>	31 December 2012 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible operating rights		<b>13,314,416</b>	13,612,830
Goodwill		<b>368,806</b>	408,276
Property, plant and equipment		<b>648,148</b>	597,519
Investment properties		<b>16,354</b>	16,876
Investment in a joint venture		<b>345,949</b>	331,545
Investments in associates		<b>1,567,139</b>	1,613,598
Available-for-sale financial asset		<b>812</b>	992
Other non-current receivables	9	<b><u>127,508</u></b>	<u>135,579</u>
		<b><u>16,389,132</u></b>	<u>16,717,215</u>
<b>Current assets</b>			
Trade receivables	10	<b>32,210</b>	33,105
Other receivables, deposits and prepayments	10	<b>177,950</b>	701,714
Short term bank deposits		<b>22,000</b>	—
Cash and cash equivalents		<b><u>1,604,676</u></b>	<u>1,057,124</u>
		<b>1,836,836</b>	1,791,943
<b>Asset classified as held for sale</b>		<b><u>—</u></b>	<u>201,543</u>
		<b><u>1,836,836</u></b>	<u>1,993,486</u>
<b>Total assets</b>		<b><u>18,225,968</u></b>	<u>18,710,701</u>



	<i>Note</i>	<b>31 December 2013 RMB'000</b>	31 December 2012 RMB'000
<b>EQUITY</b>			
Equity attributable to the shareholders of the Company			
Share capital		147,322	147,322
Reserves			
Others		7,916,979	7,798,282
Proposed final dividend		<u>211,466</u>	<u>148,862</u>
		<b>8,275,767</b>	<b>8,094,466</b>
<b>Non-controlling interests</b>		<b><u>2,002,559</u></b>	<b><u>1,989,896</u></b>
<b>Total equity</b>		<b><u>10,278,326</u></b>	<b><u>10,084,362</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		5,096,381	5,812,058
Deferred income tax liabilities		<u>1,524,700</u>	<u>1,529,145</u>
		<b><u>6,621,081</u></b>	<b><u>7,341,203</u></b>
<b>Current liabilities</b>			
Borrowings		705,504	615,425
Amounts due to non-controlling interests of subsidiaries		148,461	244,192
Amounts due to holding companies		225	239
Amount due to a joint venture		42,000	31,500
Trade and other payables and accrued charges	11	348,939	336,234
Current income tax liabilities		<u>81,432</u>	<u>57,546</u>
		<b><u>1,326,561</u></b>	<b><u>1,285,136</u></b>
<b>Total liabilities</b>		<b><u>7,947,642</u></b>	<b><u>8,626,339</u></b>
<b>Total equity and liabilities</b>		<b><u>18,225,968</u></b>	<b><u>18,710,701</u></b>
<b>Net current assets</b>		<b><u>510,275</u></b>	<b><u>506,807</u></b>
<b>Total assets less current liabilities</b>		<b><u>16,899,407</u></b>	<b><u>17,425,565</u></b>

## NOTES

### 1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

#### *New/revised standards, amendments and improvements*

The following new standards, amendments and improvements to existing standards relevant to its operations are mandatory for adoption for the financial year beginning 1 January 2013 for the Group.

HKAS 1 (amendment)	Presentation of financial statements — Presentation of items of other comprehensive income
HKAS 19	Employee Benefits
HKAS 27	Separate Financial Statements
HKAS 28	Investments in Associates and Joint Ventures
HKASs and HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HKFRS 7 (amendment)	Financial Instruments: Disclosures — Offsetting Financial Assets and Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 10 (amendment)	Consolidated Financial Statements: Transition guidance
HKFRS 11	Joint Arrangements
HKFRS 11 (amendment)	Joint Arrangement: Transition guidance
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 12 (amendment)	Disclosure of Interests in Other Entities: Transition guidance
HKFRS 13	Fair Value Measurement

The application of the above new or revised HKFRSs in the current year has had no material impact on the Group's results and financial position except for certain disclosures in respect of amendments to HKAS 1, HKFRS 12 and HKFRS 13.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

		<b>Effective for accounting periods beginning on or after</b>
HKAS 32 (amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Liabilities	1 January 2014
HKAS 36 (amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKAS 39 (amendment)	Financial Instruments: Recognition and Measurement — Novation of derivatives	1 January 2014
HK(IFRIC)-Int 21	Levies	1 January 2014
HKFRS 10, 12 and HKAS 27 (amendment)	Investment Entities	1 January 2014
HKASs and HKFRSs	Annual improvements 2012	1 July 2014
HKASs and HKFRSs	Annual improvements 2013	1 July 2014
HKAS 19 (amendment)	Defined benefit plans	1 July 2014
HKFRS 7 and 9 (amendment)	Mandatory Effective Date and Transition Disclosures	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015

Management is in the process of making an assessment of the impact of the standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

## 2. Revenues and segment information

The Group is principally engaged in the operation and management of toll highways, bridges and port in the PRC.

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors reviews the Group's internal reporting in order to assess performance of the Group's main reporting segment - Toll highways and bridges projects in the PRC. The Board of Directors assesses the performance of this main reporting segment based on measurement of profit after income tax for the year. Other operations mainly comprise port operation, investment and others. There have been no sales carried out between segments. None of these operations constitutes a separate segment.

<b>Business segment</b>	<b>Toll roads operations RMB'000</b>	<b>Port and all other segments RMB'000</b>	<b>Total RMB'000</b>
31 December 2013			
Revenue (from external customers)	<u>1,753,084</u>	<u>—</u>	<u>1,753,084</u>
Operating profit	863,999	119,871	983,870
Finance income	100,668	—	100,668
Finance costs	(337,430)	—	(337,430)
Share of result of a joint venture	14,404	—	14,404
Share of results of associates	<u>192,133</u>	<u>—</u>	<u>192,133</u>
Profit before income tax	833,774	119,871	953,645
Income tax expense	<u>(242,498)</u>	<u>(18,156)</u>	<u>(260,654)</u>
Profit for the year	<u>591,276</u>	<u>101,715</u>	<u>692,991</u>
31 December 2012			
Revenue (from external customers)	<u>1,485,211</u>	<u>—</u>	<u>1,485,211</u>
Operating profit	885,915	4,175	890,090
Finance income	59,806	—	59,806
Finance costs	(330,643)	—	(330,643)
Share of result of a joint venture	7,109	—	7,109
Share of results of associates	<u>179,883</u>	<u>—</u>	<u>179,883</u>
Profit before income tax	802,070	4,175	806,245
Income tax (expense)/credit	<u>(249,138)</u>	<u>621</u>	<u>(248,517)</u>
Profit for the year	<u>552,932</u>	<u>4,796</u>	<u>557,728</u>

<b>Assets and liabilities</b>	<b>Toll roads operations RMB'000</b>	<b>Port and all other segments RMB'000</b>	<b>Total RMB'000</b>
As at 31 December 2013			
Total segment assets	<b>17,644,834</b>	<b>581,134</b>	<b>18,225,968</b>
Total segment assets include:			
Investment in a joint venture	<b>345,949</b>	<b>—</b>	<b>345,949</b>
Investments in associates	<b>1,567,139</b>	<b>—</b>	<b>1,567,139</b>
Total segment liabilities	<b>(7,532,087)</b>	<b>(415,555)</b>	<b>(7,947,642)</b>
Total segment liabilities include:			
Amount due to a joint venture	<b><u>(42,000)</u></b>	<b><u>—</u></b>	<b><u>(42,000)</u></b>
As at 31 December 2012			
Total segment assets	17,972,044	738,657	18,710,701
Total segment assets include:			
Investment in a joint venture	331,545	—	331,545
Investments in associates	1,613,598	—	1,613,598
Total segment liabilities	(8,225,966)	(400,373)	(8,626,339)
Total segment liabilities include:			
Amount due to a joint venture	<b><u>(31,500)</u></b>	<b><u>—</u></b>	<b><u>(31,500)</u></b>

The Group is domiciled in the PRC. All revenues of the Group from external customers are generated in the PRC. Besides, most of the assets of the Group are located in the PRC. Thus no geographic information is presented.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

### 3. Other income and other gains — net

	<b>2013 RMB'000</b>	<b>2012 RMB'000</b>
Fair value gain on investment properties	—	5,283
Fair value loss on derivative financial instrument	—	(3,481)
Exchange gain - net	<b>949</b>	6,524
(Loss)/gain on disposal of property, plant and equipment	<b>(290)</b>	47
Reversal of business tax provision (note a)	—	72,230
Disposal gain of asset classified as held for sale	<b>121,543</b>	—
Provision for impairment losses		
- Goodwill	<b>(39,470)</b>	—
- Intangible operating rights	<b>(91,604)</b>	—
Others	<b><u>24,253</u></b>	<u>21,563</u>
	<b><u>15,381</u></b>	<u>102,166</u>

*Note:*

- (a) The amount represents the reversal of the provision for business tax expenses in 2012 in respect of the compensation for the resumption of four Class I Highways by the Guangzhou City Government.

#### 4. Expenses by nature

Expenses included in cost of services and general and administrative expenses are analysed as follows:

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Business tax	59,477	51,098
Amortisation of intangible operating rights	304,210	256,291
Depreciation of property, plant and equipment	19,132	22,613
Toll highways and bridges maintenance expenses	70,155	51,036
Toll highways and bridges operating expenses	52,370	49,692
Staff costs (including Directors' emoluments)		
- Wages and salaries	141,291	134,096
- Pension costs (defined contribution plan) (note a)	14,406	13,350
- Social security costs	14,901	14,041
- Staff welfare and other benefits	38,512	34,318
Auditor's remuneration		
- Audit services	2,665	2,110
- Non-audit services	1,523	107
Rental expenses	9,577	10,543
Legal and professional fee	7,088	6,202
Transportation expenses	9,089	9,561
Others	<u>40,199</u>	<u>42,229</u>
Total cost of services and general and administrative expenses	<u>784,595</u>	<u>697,287</u>

*Note:*

- (a) The Group operates a defined contribution scheme ("ORSO Scheme") for certain Hong Kong employees as defined in the Occupational Retirement Schemes Ordinance. Contributions to the scheme by the employer and employees are calculated at 15% and 5% respectively of basic salaries of the employees.

The Group also participates in the Mandatory Provident Fund Scheme ("MPF Scheme") for other Hong Kong employees. The Group's MPF Scheme contributions are at 5% of the employees' relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HKD1,250 (equivalent to RMB999) per employee per month. The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HKD6,500 per month (equivalent to RMB5,192), and more than HKD7,100 per month (equivalent to RMB5,671) effective from 1 November 2013. The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid.

Subsidiaries of the Company in the PRC are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal People's Government, and make monthly contributions to the retirement plans of up to 20% of the monthly salaries of the employees or three times the preceding year's local monthly average wage, whichever is lower.

## 5. Finance income/costs

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Bank interest income	13,175	10,538
Interest income on other non-current receivables	8,217	8,701
Interest income on compensation receivable	36,552	39,213
Exchange gain of bank borrowings	<u>42,724</u>	<u>1,354</u>
Finance income	<u>100,668</u>	<u>59,806</u>
Interest expenses:		
- Bank borrowings	(348,357)	(342,128)
- Loans from non-controlling interests of certain subsidiaries	(7,767)	(16,484)
- Fair value adjustment on non-interest bearing loans from non-controlling interests of certain subsidiaries	6,622	7,225
- Bank facility fees	(6,534)	(1,702)
- Other loans	<u>(1,121)</u>	<u>(1,813)</u>
	(357,157)	(354,902)
Less: amount capitalised in construction in progress	<u>19,727</u>	<u>24,259</u>
Finance costs incurred	<u>(337,430)</u>	<u>(330,643)</u>

The capitalisation rate used to determine the amounts of borrowing costs eligible for capitalisation is 6.88% (2012: 6.72%) for the year.

## 6. Income tax expense

- (a) No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group had no income assessable to Hong Kong profits tax during the year (2012: Nil).
- (b) During the year ended 31 December 2013, PRC enterprises income tax was provided on the profits of the Group's subsidiaries, associates and a joint venture in the PRC in accordance with the Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises. The applicable principal income tax rate for the year ended 31 December 2013 is 25% (2012: 25%).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to withholding income tax at a rate of 5% or 10%. During the year, withholding income tax was provided for undistributed profits of the Group's subsidiaries and associates in the PRC at a rate of 5% or 10% (2012: 5% or 10%).

(c) The amount of income tax charged to the consolidated income statement represents:

	<b>2013</b>	2012
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current income tax		
PRC enterprise income tax		
- current year	<b>232,537</b>	214,279
- under-provision in prior years	<b>2,132</b>	4,055
Deferred income tax	<b><u>25,985</u></b>	<u>30,183</u>
	<b><u>260,654</u></b>	<u>248,517</u>

The tax on the Group's profit before income tax less share of results of associates and a joint venture differs from the theoretical amount that would arise using the principal applicable tax rate as follows:

	<b>2013</b>	2012
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Profit before income tax	<b>953,645</b>	806,245
Less: share of results of associates	<b>(192,133)</b>	(179,883)
Less: share of result of a joint venture	<b><u>(14,404)</u></b>	<u>(7,109)</u>
	<b><u>747,108</u></b>	<u>619,253</u>
Calculated at a tax rate of 25% (2012: 25%)	<b>186,778</b>	154,813
Income not subject to tax	<b>(20,541)</b>	(6,101)
Expenses not deductible for tax purposes	<b>42,092</b>	35,029
Profit of a subsidiary with preferential tax treatment (note (a))	<b>(14,937)</b>	—
Unrecognised temporary differences	<b>—</b>	(3,457)
Tax losses not recognised (note (b))	<b>32,650</b>	45,620
Utilisation of previously unrecognised tax losses	<b>(5,345)</b>	(9,548)
Under-provision in prior year	<b>2,132</b>	4,055
Withholding tax on undistributed profits of subsidiaries and associates	<b><u>37,825</u></b>	<u>28,106</u>
Income tax expense	<b><u>260,654</u></b>	<u>248,517</u>

*Note:*

- (a) A subsidiary of the Group enjoys six years' preferential tax treatment of income tax from 2012 to 2017, at a preferential income tax rate of 15%.
- (b) Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately RMB149,933,000 (2012: RMB152,484,000) in respect of unused losses amounting to approximately RMB599,731,000 (2012: RMB609,934,000). Unused tax losses will expire in 2014 to 2018.



## 7. Earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Profit attributable to shareholders of the Company (RMB'000)	554,419	426,915
Weighted average number of ordinary shares in issue ('000)	1,673,162	1,673,162
Basic and diluted earnings per share (RMB)	<u>0.3314</u>	<u>0.2552</u>

The diluted earnings per share for the year ended 31 December 2013 equals to the basic earnings per share as there are no potential dilutive ordinary shares in issue during the year.

## 8. Dividends

### *Company*

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Interim, paid, of HKD0.10 equivalent to RMB0.08 (2012: HKD0.09 equivalent to RMB0.07) per share	133,086	123,137
Final, proposed, of HKD0.16 equivalent to RMB0.13 (2012: HKD0.11 equivalent to RMB0.09) per share	<u>211,466</u>	<u>148,862</u>
	<u>344,552</u>	<u>271,999</u>

The final dividend was proposed after the balance sheet date and has not been recognised as a liability at the balance sheet date.

## 9. Other non-current receivables

Non-current receivable represents the non-current portion of the present value of consideration receivable, discounted at a rate of 5.32% in relation to the disposal of the Group's toll operating rights of Xiang Jiang Bridge II completed in 2009.

As at 31 December 2013, the total remaining balance of the consideration receivable is RMB143.1 million (2012: RMB151.8 million) which will be settled by 17 half yearly installments until the end of its concessionary period, i.e. 30 November 2021. Approximately RMB127.5 million (2012: RMB135.6 million) will be received after 31 December 2014 (2012: 31 December 2013) according to the repayment schedule.

The fair value of the consideration receivable is estimated by discounting at the applicable current interest rate and is approximately RMB147.2 million (2012: RMB154.9 million).

## 10. Trade and other receivables, deposits and prepayments

### *Group*

	<b>31 December 2013 RMB'000</b>	31 December 2012 RMB'000
Trade receivables (note a)	<b>32,210</b>	33,105
Other receivables, deposits and prepayments	<u><b>177,950</b></u>	<u>701,714</u>
	<u><b>210,160</b></u>	<u>734,819</u>

### *Note:*

- (a) As at 31 December 2013, trade receivables were all aged below 30 days (2012: 30 days).

The Group's revenue is generally settled in cash and it usually does not maintain any account balances owing. Accordingly, the Group does not have any specified credit period for its customers.

As at 31 December 2013 and 2012, trade receivables were neither past due nor impaired and no provision for impairment loss has been provided for trade receivables.

As at 31 December 2013 and 2012, all other receivables and deposits were performing.

The Group and the Company do not hold any collateral as security. The maximum exposure to credit risk at the reporting date is the carrying value of the receivables as stated in the balance sheets.

The carrying amounts of trade and other receivables and deposits approximate their fair values and are mainly denominated in RMB.

11. Trade and other payables and accrued charges

*Group*

	<b>31 December</b> <i>2013</i> <i>RMB'000</i>	31 December 2012 <i>RMB'000</i>
Trade payables	<b>98,471</b>	65,338
Other payables and accrued charges	<u><b>250,468</b></u>	<u>270,896</u>
	<u><b>348,939</b></u>	<u>336,234</u>

Trade payables mainly represent construction costs payable to contractors.

The ageing analysis of trade payables is as follows:

	<b>31 December</b> <i>2013</i> <i>RMB'000</i>	31 December 2012 <i>RMB'000</i>
0 - 30 days	<b>20,606</b>	6,615
31 - 90 days	<b>14,453</b>	604
Over 90 days	<u><b>63,412</b></u>	<u>58,119</u>
	<u><b>98,471</b></u>	<u>65,338</u>

Trade and other payable and accrued charges are mainly denominated in RMB except for other payable of approximately RMB 71.4 million (2012: RMB 118.9 million) which was denominated in HKD and the carrying amounts approximate their fair values.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Summary Information of Operating Toll Roads and Bridges

	Tolled Mileage	Width (lanes)	Toll Station(s)	Road Type	Attributable Interests (%)	Remaining Operating Term (years)
<b>Subsidiaries</b>						
GNSR Expressway	42.5	6	9	Expressway	60.00	19
Xian Expressway	20.1	4	3	Expressway	100.00	3
Cangyu Expressway	23.3	4	1	Expressway	100.00	17
Jinbao Expressway	23.9	4	3	Expressway	60.00 <sup>(1)</sup>	17
Han-Xiao Expressway	38.5	4	2	Expressway	90.00	23 <sup>(2)</sup>
Changzhu Expressway	46.5	4	5	Expressway	90.00	27
Weixu Expressway	64.3	4	2	Expressway	100.00	22
<b>Associates and Joint Venture</b>						
GWSR Expressway	42.1	6	5	Expressway	35.00	17
Humen Bridge	15.8	6	4	Suspension Bridge	27.78 <sup>(3)</sup>	16
Northern Ring Road	22.0	6	10	Expressway	24.30	10
Shantou Bay Bridge	6.5	6	1	Suspension Bridge	30.00	15
Qinglian Expressway	215.2	4	17	Expressway	23.63	21

- (1) The Group holds 60% interests; profit sharing ratio: 90% up to 2012, 40% from 2013 to 2015, and 60% from 2016 onwards.
- (2) According to the Notice of Hubei Provincial Price Bureau (2013 No. 4), the concession period was adjusted from 29 years to 30 years, but the trial operation period was included in the concession period, that is, from 9 December 2006 to 9 December 2036, which is ten months shorter than the original concession period.
- (3) The profit sharing ratio was 18.446% from 2010 onwards.

## Toll Summary of Toll Roads and Bridges

For the twelve months ended 31 December 2013

	Average daily toll traffic volume		Average daily toll revenue		Weighted average toll revenue per vehicle	
	(vehicle/day)	Change %	(RMB/day)	Change %	(RMB)	Change %
<b>Subsidiaries</b>						
GNSR Expressway	131,386	20.3%	2,070,784	12.7%	15.8	-6.3% <sup>(1)</sup>
Xian Expressway	51,384	4.5%	686,839	4.5%	13.4	0.0%
Cangyu Expressway	11,912	8.4%	290,091	6.1%	24.4	-2.1%
Jinbao Expressway	25,877	3.8%	296,091	-9.8%	11.4	-13.1% <sup>(2)</sup>
Han-Xiao Expressway	14,970	25.0%	348,828	24.9%	23.3	-0.1%
Changzhu Expressway	13,276	19.5%	387,239	18.6%	29.2	-0.8%
Weixu Expressway	13,586	28.9%	723,096	23.1%	53.2	-4.5% <sup>(3)</sup>
<b>Associates and Joint Venture</b>						
GWSR Expressway	42,337	21.7%	824,777	15.6%	19.5	-5.0% <sup>(1)</sup>
Humen Bridge	84,699	12.8%	3,322,775	16.4%	39.2	3.2%
Northern Ring Road	237,131	16.9%	1,719,579	4.2%	7.3	-10.9% <sup>(4)</sup>
Shantou Bay Bridge	18,412	16.6%	671,337	12.3%	36.5	-3.7%
Qinglian Expressway	28,344	24.2%	1,947,843	32.7%	68.7	6.9%

- (1) Due to the enforcement of unified toll rates on all expressways across Guangdong Province since 1 June 2012, the weighted average toll revenue per vehicle of GNSR Expressway and GWSR Expressway decreased year-on-year.
- (2) Due to the diversion impact of Binbao Expressway, a change of traffic mix has incurred on Jinbao Expressway. As a result, the percentage of long-mileage volumes dropped, leading to a year-on-year decrease of weighted average toll revenue per vehicle.
- (3) As renovation and expansion works were carried out at the Hebei section of G4 National Expressway since May 2013, causing certain vehicles to use Weixu Expressway instead and in turn leading to a change of proportion of long-haul and short-haul traffic, and with the rectification of overloaded vehicles in Henan Province since 1 May 2013 which resulted in a decrease in the number of overloaded goods vehicles, the weighted average toll revenue per vehicle of Weixu Expressway decreased.
- (4) Due to the traffic restrictions against certain goods vehicles during specific hours on the First Ring Road of Guangzhou since 10 January 2013 and the enforcement of unified toll rates on all expressways across Guangdong Province since 1 June 2012, the weighted average toll revenue per vehicle of Northern Ring Road decreased year-on-year.

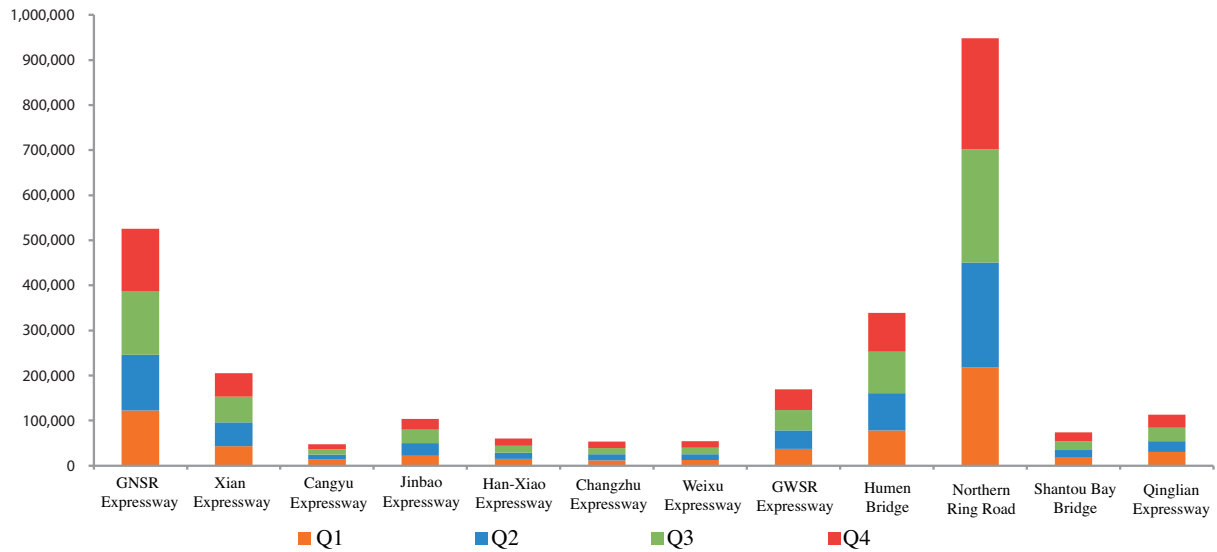
## Toll Roads and Bridges

### Quarterly analysis of average daily toll traffic volume for 2013

	Average daily toll traffic volume (vehicle/day)			
	first quarter	second quarter	third quarter	fourth quarter
<b>Subsidiaries</b>				
GNSR Expressway	122,458	123,417	141,326	138,065
Xian Expressway	43,452	52,717	57,011	52,108
Cangyu Expressway	14,287 <sup>(1)</sup>	9,949	12,469	10,973
Jinbao Expressway	21,776	28,480	29,353	23,838
Han-Xiao Expressway	14,685	13,882	15,454	15,839
Changzhu Expressway	12,024	12,885	13,912	14,251
Weixu Expressway	12,327	12,876	14,750	14,675
<b>Associates and Joint Venture</b>				
GWSR Expressway	37,487	40,461	45,471	45,804
Humen Bridge	78,070	82,685	92,281	85,594
Northern Ring Road	217,466	233,277	251,210	246,101
Shantou Bay Bridge	17,613	16,688	20,141	19,170
Qinglian Expressway	30,489 <sup>(1)</sup>	24,146	29,482	29,260

- (1) During the Spring Festival, the traffic volume of Cangyu Expressway (being an important road connecting Guangdong Province and Guangxi Province) and Qinglian Expressway (being an important road connecting Guangdong Province and Hunan Province) grew significantly, resulting in a much higher average daily toll traffic volume in the first quarter than that in the second quarter.

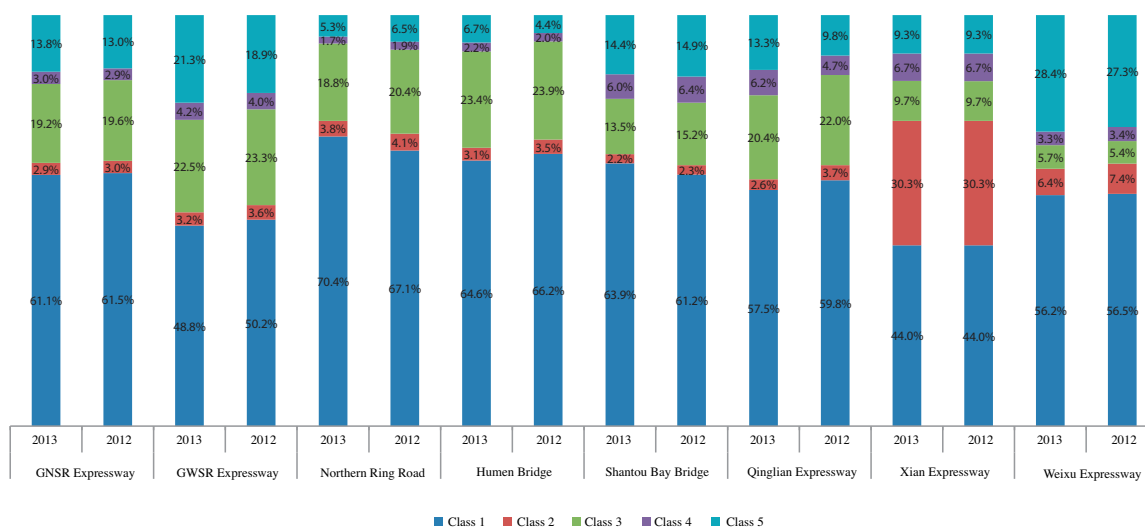
## Quarterly analysis of average daily toll traffic volume for 2013



## Vehicle type analysis (based on statistics of traffic volume)

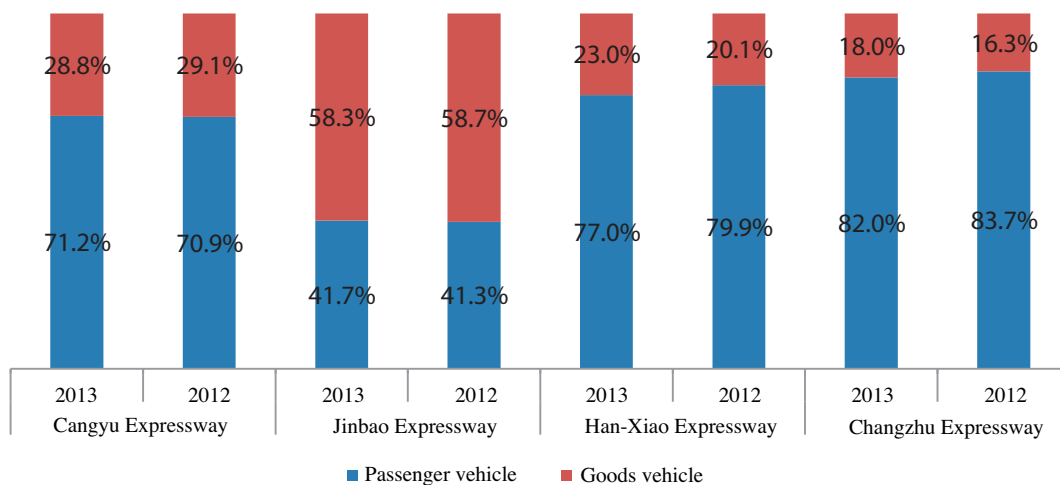
As a result of the implementation of its investment strategies in recent years, the operating projects of the Group have become widely distributed in seven provinces/municipalities including Guangdong, Guangxi, Hunan, Hubei, Shaanxi, Henan and Tianjin. During the Reporting Year, according to the vehicle type classification, which was based on the location where the Group invested and operated its projects, the vehicle types of projects operated in the provinces of Guangdong, Shaanxi and Henan were classified as Class 1 to Class 5, for projects operated in other areas, the vehicle types were classified into passenger (vehicle) and goods (vehicle).

## Vehicle type analysis on projects operated in the provinces of Guangdong, Shaanxi and Henan for 2013 (based on statistics of traffic volume)



Note: Weixu Expressway's data for 2012 represents its full year data.

## Vehicle type analysis on projects operated in other regions for 2013 (based on statistics of traffic volume)



The traffic restriction against certain types of goods vehicles during specific hours became effective on the First Ring Road of Guangzhou since 10 January 2013, resulting in certain volumes structural changes of the Northern Ring Road, the GNSR Expressway and the GWSR Expressway during the Reporting Year. In particular, percentage of Class 1 vehicles rose significantly in Northern Ring Road but dropped slightly in GNSR and GWSR Expressway, however, the percentage of goods vehicles of Class 5 increased.



As a result of commencement of operation of neighboring roads and the close-for-major overhaul of G4 national expressway from May to November 2013, the percentages of Class 4 and 5 goods vehicles of Qinglian Expressway increased significantly within the period.

As the tax rebate policy for departure port was implemented in Yangluo Port , and traffic restriction against goods vehicles which was implemented from 1 March 2013 was escalated on the third ring road of Wuhan city, the percentage of goods vehicles of Han-Xiao Expressway within the period rose significantly.

Due to continued and centralized actions against toll evasion since January 2013, the percentage of Class 5 vehicles within the period rose significantly for Humen Bridge.

## **Summary of operating performance**

### **Macroeconomic environment**

In 2013, the Chinese government, confronting the internal and worldwide complexities, upheld the tone of ‘making progress while ensuring stability’ as the framework of policy-making to press ahead with reforms and open-up. By the scientific and innovative manner of macroeconomic control by Chinese government, reforms were taken to promote new development and progress, economic transition and upgrades as well as improved living standards. Therefore, the overall economy in China was growing steadily at a sound momentum. The 2013 GDP of China, as primarily estimated, totaled RMB 56.8845 trillion which equaled to a Y-O-Y growth of 7.7%. The aggregate national traffic demand remained stable as highways’ volumes of passenger and freight. The growth rate of freight volumes was higher than that of passenger volumes.

Meanwhile, China’s motor vehicle market in 2013 maintained its steady growth, with global record highs in production and sales volumes of 22.117 million units and 21.984 million units, respectively, representing an increase of 14.8% and 13.9%, respectively, year-on-year.

In 2013, the economy of Guangdong Province remained stable with continuous improvement in economic structure and further advancement in the quality and efficiency of economic growth. The overall economy developed steadily with a positive momentum for improvement in quality. The GDP of Guangdong Province reached RMB6,216.4 billion, growing by 8.5% year-on-year. The economic growth in regions where the Group had controlling interests in projects (including Shaanxi, Tianjin, Guangxi, Hunan, Hubei and Henan) remained relatively fast; their GDPs in 2013 grew by 11%, 12.5%, 10.2%, 10.1%, 10.1% and 9.0% respectively, all of which were higher than the national average for the same period.

(Unit: RMB100 million)

	National	Guangdong Province	Shaanxi Province	Tianjin City	Guangxi Autonomous Region	Hunan Province	Hubei Province	Henan Province
GDP in 2013	568,845	62,164	16,045	14,370	14,378	24,502	24,668	32,156
Growth rate in 2013	7.7%	8.5%	11.0%	12.5%	10.2%	10.1%	10.1%	9.0%
Growth rate in 2012	7.8%	8.2%	12.9%	13.8%	11.3%	11.3%	11.3%	10.1%

Source: National and Provincial Bureaux of Statistics, Ministry of Transport

## Policy Environment of the Industry

During the Reporting Year, the “Green Passage Toll Free Policy” was enforced on the expressways and bridges of the Group in compliance with the relevant national requirements, resulting in a decrease of approximately RMB128.23 million in the Group’s toll revenue (a decrease of RMB95.83 million was recorded in 2012).

In compliance with the national regulations, the toll-free policy for passenger cars with seven seats or less during major holidays were implemented at all of the Group’s expressways and bridges. There were a total of 20 days meeting such requirements in 2013, 12 days more than that for the last year because the policy was first implemented in the second half of 2012. During these toll free holidays, the twelve expressways and bridges operated by the Group’s subsidiaries, associates and jointly-controlled entity recorded actual toll revenue of approximately RMB110,000,000, representing a decrease of approximately 33%<sup>(1)</sup> year-on-year.

The outlook of policy in the toll road sector became clearer as positive signs revealed during the Reporting Year. The Ministry of Transport issued a revised consultation

<sup>(1)</sup> Weixu Expressway has been consolidated since 28 May 2012. As such, actual toll revenue of 12 expressways and bridges operated by subsidiaries, associates and jointly-controlled entities of the Group in 2012 only included the toll revenue of such expressways and bridges during the relevant holidays after consolidated in the statement.

draft on “Regulations for Administration of Toll Roads” (《收費公路管理條例》(修正案徵求意見稿)) (hereinafter referred to as the “Consultation Draft”) on 8 May 2013 to seek opinions from the public. To summarise, the consultation draft sought to clarify the principles of “Investors as beneficiaries, users as payers” (「誰投資、誰受益、誰使用、誰付費」原則), and the procedure for equity transfer of toll roads. Also, the reasonable return from investment in toll roads was ascertained, recognizing the government’s effort in promoting long-term development of the toll road sector. On the other hand, on 1 April 2013, subsequent to the increase in toll rate for goods vehicles in previous year, the Jiangxi Province officially implemented a unified toll rate standard, with toll rate of Class 1 passenger vehicles increased from RMB0.4/km to RMB0.45/km. Moreover, the Guangxi Autonomous Region approved a higher toll rate for newly constructed expressways (with toll rate for Class I vehicles at RMB0.6/km) as compared to prior projects (with toll rate for Class I vehicles at RMB0.4/km).

### **Business Improvements and Innovations**

During the Reporting Year, the Group managed to increase its revenue with reinforced efforts in marketing and basically developed a compound marketing pattern covering “road networks study, road signage improvement, customer visits, advertising and promotion and civilized services”. Traffic volume maintained a good momentum for growth as the Group’s measures to attract traffic volume achieved remarkable results. Meanwhile, the Group put more efforts on the maintenance and management of road works by carefully organising construction works to mitigate the impact on operations and toll revenue. The Group further improved its interactive mechanism covering “traffic monitoring, road administration, traffic police, maintenance and rescue” and improved its capabilities to divert traffic flows during rush hours and deal with emergencies, in order to provide road users with faster and safer traffic movement service to enhance the competitiveness and operational performance of its projects. Furthermore, the Group continued to improve its operation and management systems and mechanisms by carrying out a series of activities to further enhance its enterprise standardization and meticulous management, including comprehensive cost control, comprehensive risk management, the establishment of a professional manager mechanism and knowledge management.

### **Progress of Investments**

After several acquisitions in recent years, the Group has achieved rapid growth in its asset size. During the Reporting Year, the emphasis of the Group was shifted to the continuous improvement of the operational management and profitability of its existing projects. In the long run, the Group will timely select projects with high growth potential for acquisition.

## **Performance of Expressways and Bridges**

### **Subsidiaries**

#### **GNSR Expressway**

During the Reporting Year, the average daily toll traffic volume was 131,386 vehicles and the average daily toll revenue was RMB2,071,000, representing an increase of 20.3% and 12.7%, respectively, when compared with 2012.

Benefiting from the stabilization and recovery of regional economy, the traffic restriction regarding certain types of goods vehicles during specific hours enforced on the First Ring Road of Guangzhou since 10 January 2013 and the closure of the Lei Yi section of the Beijing-Hong Kong-Macau Expressway for major overhaul between May and November 2013, the average daily toll traffic volume maintained rapid growth. The YoY growth of the average daily toll revenue was lower than that of the average daily toll traffic volume mainly due to the implementation of unified toll rates on all expressways across Guangdong Province since 1 June 2012.

#### **Xian Expressway**

During the Reporting Year, the average daily toll traffic volume was 51,384 vehicles and the average daily revenue was RMB687,000, representing an increase of 4.5% and 4.5%, respectively, when compared with 2012.

Benefiting from the rapid development of the economy in Shaanxi, as well as the improvement in road traffic environment and the establishment of a sound mechanism to ensure smooth traffic through the improvement in ETC auxiliary projects of Baqiao station of Xian Expressway and the optimization of road signs and markings in order to increase revenue, the average daily toll traffic volume and the average daily toll revenue continued to maintain steady growth momentum.

#### **Cangyu Expressway**

During the Reporting Year, the average daily toll traffic volume was 11,912 vehicles and the average daily toll revenue was RMB290,000, representing an increase of 8.4% and 6.1%, respectively, when compared with 2012.

With the deterioration of its surrounding road conditions and its repair from June to November 2013, measures regarding optimizing road signs and sign boards and dissemination of road network information were timely adopted on Cangyu Expressway for attracting traffic. As a result, the toll traffic volume and the toll revenue continued to maintain growth momentum.

### **Jinbao Expressway**

During the Reporting Year, the average daily toll traffic volume was 25,877 vehicles and the average daily toll revenue was RMB296,000, representing an increase of 3.8% and a decrease of 9.8%, respectively, when compared with 2012.

The average daily traffic volume continued to maintain growth, but the average daily toll revenue decreased year-on-year, which was mainly due to the continued impact of traffic diversion from Binbao Expressway. However, since the second half of 2013, the cumulative YOY decline showed a trend of narrowing month by month.

### **Han-Xiao Expressway**

During the Reporting Year, the average daily toll traffic volume was 14,970 vehicles and the average daily toll revenue was RMB349,000, representing an increase of 25.0% and 24.9%, respectively, when compared with 2012.

Benefiting from the tax rebate policy for departure port at Yangluo Port and escalating traffic restriction against trucks on the third ring road of Wuhan City enforced from 1 March 2013, the average daily toll traffic volume and the average daily toll revenue of Han-Xiao Expressway continued to maintain significant growth on a year-on-year basis during the Reporting Period.

### **Changzhu Expressway**

During the Reporting Year, the average daily toll traffic volume was 13,276 vehicles and the average daily toll revenue was RMB387,000, representing an increase of 19.5% and 18.6%, respectively, when compared with 2012.

As a result of continuous improved traffic signs and boards, strengthened market promotion and enhanced operational service, Changzhu Expressway became increasingly familiar among growing number of drivers who then chose to use the road. Therefore, both the average daily toll traffic volume and the average daily toll revenue continued to maintain rapid growth on a year-on-year basis.

### **Weixu Expressway**

During the Reporting Year, the average daily toll traffic volume was 13,586 vehicles and the average daily toll revenue was RMB723,000, representing an increase of 28.9% and 23.1%, respectively, when compared with 2012.

Benefiting from the reconstruction and expansion of the Hebei section of the G4 National Expressway since May 2013, traffics were partially diverted to the Weixu Expressway. Therefore, both the average daily toll traffic volume and average daily toll revenue grew rapidly on YOY basis.

## **Associates and Joint Venture**

### **GWSR Expressway**

During the Reporting Year, the average daily toll traffic volume was 42,337 vehicles and the average daily toll revenue was RMB825,000, representing an increase of 21.7% and 15.6%, respectively, when compared with 2012.

Benefiting from the stabilization and recovery of regional economy and enforcement of restricted access to Guangzhou first ring road regarding certain types of goods vehicles during specific hours since 10 January 2013, the average daily toll traffic volume and the average daily toll revenue maintained rapid growth. The YOY growth of the average daily toll revenue is lower than that of the average daily toll traffic volume, which was attributable to the enforcement of unified toll rates on all expressways across Guangdong Province since 1 June 2012.

### **Humen Bridge**

During the Reporting Year, the average daily toll traffic volume was 84,699 vehicles and the average daily toll revenue was RMB3,323,000, representing an increase of 12.8% and 16.4%, respectively, when compared with 2012.

Benefiting from the continuous growth of car ownership and actions against toll evasion across the board since January 2013, the average daily toll traffic volume and the average daily toll revenue experienced rapid growth.

### **Northern Ring Road**

During the Reporting Year, the average daily toll traffic volume was 237,131 vehicles and the average daily toll revenue was RMB1,720,000, representing an increase of 16.9% and 4.2%, respectively, when compared with 2012.

As traffic restriction against specific goods vehicles during specific hours was enforced on the First Ring Road of Guangzhou since 10 January 2013 which greatly improved traffic conditions, the toll traffic volumes increased significantly mainly driven by rapid growth of small passenger vehicles. The YoY growth of the toll

revenue was lower than that of the toll traffic volume mainly due to the traffic restrictions against certain goods vehicles during specific hours on the First Ring Road of Guangzhou since 10 January 2013 and the enforcement of unified toll rates on all expressways across Guangdong Province since 1 June 2012.

### **Shantou Bay Bridge**

During the Reporting Year, the average daily toll traffic volume was 18,412 vehicles and the average daily toll revenue was RMB671,000, representing an increase of 16.6% and 12.3%, respectively, when compared with 2012.

Benefiting from the relocation of industries in surrounding areas and the continuous growth of car ownership, the average daily toll traffic volume and the average daily toll revenue maintained steady growth year-on-year.

### **Qinglian Expressway**

During the Reporting Year, the average daily toll traffic volume was 28,344 vehicles and the average daily toll revenue was RMB1,948,000, representing an increase of 24.2% and 32.7%, respectively, when compared with 2012.

Benefiting from the completion of surrounding road networks and the closure of the Leiyi section of the Beijing-Hong Kong-Macau Expressway for major overhaul during the period between May and November 2013 which resulted in the diversion of some vehicles to Qinglian Expressway, the proportion of the traffic volume with long-distance gains increased, the average daily toll traffic volume and the average daily toll revenue also showed rapid growth.

## FINANCIAL REVIEW

<b>Key operating results figures</b>	<b>Reporting Year RMB'000</b>	<b>2012 RMB'000</b>	<b>Change %</b>
Toll Revenue	<b>1,753,084</b>	1,485,211	18.0
Gross profit of toll collection	<b>1,171,459</b>	983,216	19.1
Operating profit	<b>983,870</b>	890,090	10.5
Earnings before interests, tax, depreciation and amortization ("EBITDA") <sup>1</sup>	<b>1,687,068</b>	1,406,065	20.0
Finance costs	<b>(337,430)</b>	(330,643)	2.1
Share of results of associates	<b>192,133</b>	179,883	6.8
Share of result of a joint venture	<b>14,404</b>	7,109	102.6
Profit attributable to shareholders of the Company	<b>554,419</b>	426,915	29.9
Basic and diluted earnings per share	<b>RMB0.3314</b>	RMB0.2552	29.9
Dividends	<b>344,552</b>	271,999	

<sup>1</sup> EBITDA includes profit from associates and joint venture and excludes non-cash gains and losses

### I. Overview of operating results

With an encouraging performance in the first half of 2013 after the tough 2012 had passed, the positive momentum continued in the second half with overall operating results in whole year 2013 concluded with toll revenue increased by 18.0 percent to RMB1,753.1 million and profit attributable to the shareholders of the Company increased by 29.9 percent to RMB554.4 million. The Directors have recommended the payment of final dividend for 2013 of HK\$0.16 which is equivalent to approximately RMB0.126387 (2012: HK\$0.11 which was equivalent to approximately RMB0.0889706), together with the interim dividend of HK\$0.10 which was equivalent to approximately RMB0.079542 (2012 HK\$0.09 which was equivalent to approximately RMB0.0735952) per share, total dividends for the year ended 31 December 2013 will amount to HK\$0.26 which is equivalent to approximately RMB0.205929 (2012: HK\$0.20 which was equivalent to approximately RMB0.1625658) per share, represented a dividend payout ratio of 62.1 percent (2012: 63.7 percent).



With the implementation of Standardization Scheme on toll distance calculation in Guangdong Province in June 2012 and the nationwide implementation of toll-free holiday policy for passenger vehicles during statutory holidays effective in the second half of 2012 of which 8 days were affected versus 20 days (full year) in 2013; despite that, China's economic recovery has stimulated traffic growth which led to toll revenue of all the controlled and non-controlled toll projects except Jinbao Expressway to show continued growth in the Reporting Year. Controlled toll projects such as GNSR Expressway, Changzhu Expressway, Han-Xiao Expressway and Weixu Expressway, all recorded double digits growth of 12.4 percent, 18.2 percent, 24.5 percent and 22.8 percent respectively. Toll revenue of all the non-controlled toll projects have in aggregate grown by 16.2 percent, with Humen Bridge growing 16.1 percent; Northern Ring Road growing 3.9 percent; Qinglian Expressway growing 32.4 percent; Shantou Bay Bridge growing 12.0 percent and GWSR Expressway growing 15.3 percent.

In the profit attributable to shareholders of the Company, controlled toll projects contributed RMB402.4 million in the Reporting Year with a 31.0 percent increase despite the impairment loss provision of RMB41.2 million (after deferred tax impact) to the intangible operating rights of Jinbao Expressway based on an independent valuation performed by independent traffic consultant and independent valuer. Apart from the aforementioned impairment loss, Jinbao Expressway's normal operating profit attributable to the shareholders of the Company amounted to RMB13.1 million, a drop of RMB21.9 million which was mainly due to the change in profit sharing ratio from 90.0 percent to 40.0 percent effective 2013 and ending 2016 pursuant to the relevant joint venture agreement, as the impact of the profit sharing ratio adjustment was RMB15.7 million. Weixu Expressway has contributed its first full year net profit of RMB66.0 million versus its 7 months net profit of RMB16.2 million consolidated in 2012. Xian Expressway has taken advantage of the Great Western Expansion Campaign Tax Relief Policy and successfully applied for a preferential tax rate of 15.0 percent. The 2012 profit tax refund of RMB14.9 million was recorded leading to its overall net profit increased by 25.4 percent to RMB133.6 million in the Reporting Year. Cangyu Expressway has recorded net profit increased by 20.1 percent to RMB40.3 million. Han-Xiao Expressway continued to grow significantly with its net profit increased by 106.7 percent in the Reporting Year to RMB23.1 million due to the rapid economic development in the region. Changzhu Expressway (commenced toll operation only in August 2010) which was still in its incubation period, further narrowed its net loss down by 37.9 percent to RMB48.8 million in the Reporting Year. The non-controlled toll projects contributed RMB206.5 million net profit to the Group with 10.5 percent increase despite the loss from disposal of Qinglian Class 2 Road. According to the notice published by the Communication Department of Guangdong Province, toll collection rights of some highways in

Guangdong Province, including Qinglian Class 2 Road held by Guangdong Qinglian Highway Development Company Limited (“Qinglian Company”), had been cancelled with effect from 24:00 of 30 June 2013. Qinglian Company has been trying to work with relevant government departments on the arrangement details of the cancellation of toll collection at the Qinglian Class 2 Road and any related subsequent works. Pending an outcome of such negotiation, Qinglian Company has fully provided against the carrying value of Qinglian Class 2 Road of which the Group shared RMB48.1 million (after deferred tax impact) as at the end of the Reporting Year. With respect to the Expressway, with the opening of the Liannan section of Qinglian Expressway in early 2011 followed by the opening of Yilian Expressway on 25 September 2011, enabling overall surrounding road networks highly connected, Qinglian Expressway started to operate with profit in the Reporting Year versus the operating loss in 2012. Share of after tax profit of Qinglian Expressway amounted RMB2.8 million in the Reporting Year while share of loss in 2012 amounted RMB24.4 million. Humen Bridge contributed RMB136.5 million to the net profit of the Group representing 22.0 percent increase. GWSR Expressway has recorded two-fold net profit attributable to the Group of RMB14.4 million in the Reporting Year. Northern Ring Road and Shantou Bay Bridge have contributed RMB65.5 million and RMB35.5 million net profit representing 9.1 percent and 9.5 percent increase respectively.

The overall profit attributable to the shareholders of the Company has included the following corporate level transactions which have significant impacts on the Reporting Year: (1) The disposal of the Group’s entire interest in Guangzhou Securities Co., Ltd. (“GZ Securities”) (for details of the disposal, please refer to the Company’s announcements dated 7 November 2012 and 22 April 2013) was completed on 4 November 2013 with a disposal gain (net of estimated corporate tax of its Holding Company) of approximately RMB103.4 million; (2) with the appreciation of RMB against HKD and USD, an aggregate of RMB42.7 million exchange gain in respect of the translation of HK\$1.6 billion and US\$83.8 million (equivalent to aggregate RMB1.77 billion) offshore loans was recorded; (3) there was an impairment loss of RMB39.5 million provided for goodwill related to Tianjin Jinfu Expressway Co., Ltd. based on an independent valuation performed by independent traffic consultant and independent valuer.

## II. Analysis of operating results

### *Toll Revenue*

The Group recorded toll revenue of RMB1,753.1 million in the Reporting Year, represented a 18.0 percent growth over 2012.

<b>Analysis of toll revenue by each controlled toll project</b>					
<b>Controlled Toll Projects</b>	<b>Reporting Year</b>	<b>Percentage of total</b>	<b>2012</b>	<b>Percentage of total</b>	<b>Change</b>
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>	<b>%</b>
GNSR Expressway	<b>755,836</b>	<b>43.0</b>	672,228	45.3	12.4
Weixu Expressway	<b>263,930</b>	<b>15.1</b>	130,397	8.8	N/A <sup>(1)</sup>
Xian Expressway	<b>250,696</b>	<b>14.3</b>	240,618	16.2	4.2
Changzhu Expressway	<b>141,344</b>	<b>8.1</b>	119,533	8.0	18.2
Han-Xiao Expressway	<b>127,322</b>	<b>7.3</b>	102,235	6.9	24.5
Jinbao Expressway	<b>108,073</b>	<b>6.2</b>	120,165	8.1	-10.1
Cangyu Expressway	<b>105,883</b>	<b>6.0</b>	100,035	6.7	5.8
<b>Total</b>	<b><u>1,753,084</u></b>	<b><u>100.0</u></b>	<b><u>1,485,211</u></b>	<b><u>100.0</u></b>	<b>18.0</b>

(1) Acquisition of Weixu Expressway was completed on 28 May 2012. For comparison purpose, toll revenue from 1 January 2012 to 31 December 2012 amounted to RMB214.9 million by which the toll revenue in the Reporting Year was higher by 22.8 percent.

GNSR Expressway accounted for 43.0 percent (2012: 45.3 percent) to the total toll revenue of the Group's controlled toll projects in the Reporting Year. Despite the full year impact from the implementation of Standardization Scheme on toll distance calculation in Guangdong Province which took effect in June 2012 and the nationwide implementation of toll-free holiday for passenger vehicles during statutory holidays effective in the second half of 2012 with 8 days affected versus 20 days in the Reporting Year, toll revenue of GNSR Expressway in the Reporting Year has rebounded and increased by 12.4 percent to RMB755.8 million.

Weixu Expressway was consolidated to the Group in late May 2012 and its full year's toll revenue amounted to RMB263.9 million. It accounted for 15.1 percent of the total toll revenue from controlled toll projects. For comparison purpose, toll revenue for full year 2012 was RMB214.9 million, by which the toll revenue in the Reporting Year was higher by 22.8 percent.

Xian Expressway, ranked third in terms of toll revenue contribution representing approximately 14.3 percent (2012: 16.2 percent) of the total revenue from controlled toll projects. Toll revenue of Xian Expressway grew 4.2 percent to RMB250.7 million in the Reporting Year.

Changzhu Expressway, ranked fourth in terms of toll revenue contribution representing approximately 8.1 percent (2012: 8.0 percent) of the total toll revenue from controlled toll projects. Toll revenue in the Reporting Year amounted to RMB141.3 million being 18.2 percent higher than 2012.

With the rapid economic development in the region, Han-Xiao Expressway continued to record strong toll revenue amounted to RMB127.3 million, a growth of 24.5 percent in the Reporting Year. Han-Xiao Expressway ranked fifth in toll revenue contribution representing approximately 7.3 percent (2012: 6.9 percent) of the total toll revenue from controlled toll projects.

Jinbao Expressway, ranked sixth in terms of toll revenue contribution representing approximately 6.2 percent (2012: 8.1 percent) of the total toll revenue from controlled toll projects. Due to the opening of the Binbao Expressway in second half of 2010 which changed the structure of regional traffic pattern and led to a decrease of long-haul toll traffic volume, Jinbao Expressway's toll revenue declined 10.1 percent in the Reporting Year to RMB108.1 million.

Cangyu Expressway, accounted for 6.0 percent (2012: 6.7 percent) of the total toll revenue from controlled toll projects. Despite the full year impact from the implementation of Standardization Scheme on toll distance calculation in Guangdong Province which took effect in June 2012 and the nationwide implementation of toll-free holiday policy for passenger vehicles during statutory holidays effective in the second half of 2012 with 8 days affected versus 20 days in the Reporting Year, Cangyu Expressway recorded an increase in toll revenue of 5.8 percent to RMB105.9 million.

### ***Cost of services***

In the Reporting Year, cost of services of the Group's toll highways amounted to RMB581.6 million (2012: RMB502.0 million), representing an increase of RMB79.6 million or 15.9 percent over 2012. Cost ratio was 33.2 percent in the Reporting Year which was 0.6 percentage point lower than 2012. An analysis of cost of services showed that the increase was mainly due to (1) full year cost of services from Weixu Expressway (consolidated in late May 2012) with its increment of RMB40.8 million in the Reporting Year; (2) increase in amortization of intangible operating rights; and (3) GNSR Expressway's toll highways and bridges maintenance expenses in the Reporting Year increased by RMB13.5 million mainly due to the additional toll road reinforcement repairs works carried out.

### Analysis of cost of services by each controlled toll project

Controlled Toll Projects	Reporting Year	Percentage of total	Percentage		Change %
	RMB'000	%	2012 RMB'000	of total %	
GNSR Expressway	243,889	41.9	221,935	44.2	9.9
Weixu Expressway	77,154	13.3	36,335	7.2	N/A
Xian Expressway	68,479	11.8	70,492	14.0	-2.9
Changzhu Expressway	55,710	9.6	49,096	9.8	13.5
Han-Xiao Expressway	48,010	8.3	34,563	6.9	38.9
Jinbao Expressway	58,011	10.0	59,697	11.9	-2.8
Cangyu Expressway	30,372	5.1	28,822	5.8	5.4
	581,625		500,940		16.1
Others	—	—	1,055	0.2	N/A
Total	581,625	100.0	501,995	100.0	15.9

### Analysis of cost of services by nature

	Reporting Year	Percentage of total	Percentage		Change %
	RMB'000	%	2012 RMB'000	of total %	
Amortization of intangible operating rights	304,210	52.3	256,291	51.1	18.7
Toll highways and bridges maintenance expenses	70,155	12.1	51,036	10.2	37.5
Staff costs	82,955	14.3	77,861	15.5	6.5
Business tax	59,477	10.2	51,098	10.2	16.4
Toll highways and bridges operating expenses	52,370	9.0	49,692	9.9	5.4
Depreciation of other fixed assets	12,458	2.1	16,017	3.1	-22.2
Total	581,625	100.0	501,995	100.0	15.9

### ***Gross profit***

Gross profit of toll collection in the Reporting Year increased by 19.1 percent to RMB1,171.5 million of which RMB186.8 million was derived from Weixu Expressway's full year contribution (consolidated in late May 2012). Gross profit margin in the Reporting Year was 66.8 percent being 0.6 percentage point higher than that of 2012.

<b>Controlled Toll Projects</b>	<b>Reporting Year</b>		<b>2012</b>	
	<b>Gross Profit</b>	<b>Gross Margin</b>	<b>Gross Profit</b>	<b>Gross Margin</b>
	<i>RMB'000</i>		<i>RMB'000</i>	
GNSR Expressway	<b>511,947</b>	<b>67.7%</b>	450,293	67.0%
Weixu Expressway	<b>186,776</b>	<b>70.8%</b>	94,062	72.1%
Xian Expressway	<b>182,217</b>	<b>72.7%</b>	170,126	70.7%
Changzhu Expressway	<b>85,634</b>	<b>60.6%</b>	70,437	58.9%
Han-Xiao Expressway	<b>79,312</b>	<b>62.3%</b>	67,672	66.2%
Jinbao Expressway	<b>50,062</b>	<b>46.3%</b>	60,468	50.3%
Cangyu Expressway	<b><u>75,511</u></b>	<b>71.3%</b>	<u>71,213</u>	71.2%
	<b>1,171,459</b>	<b>66.8%</b>	984,271	66.3%
Others	<u>—</u>	—	<u>(1,055)</u>	N/A
Total	<b><u>1,171,459</u></b>	<b>66.8%</b>	<u>983,216</u>	66.2%

### ***General and administrative expenses***

The Group's general and administrative expenses in the Reporting Year amounted to RMB203.0 million (2012: RMB195.3 million), representing an increase of RMB7.7 million or 3.9 percent over 2012. Such increase was mainly attributed to (1) full year general and administrative expenses from Weixu Expressway (consolidated in late May 2012) with its increment of RMB2.7 million in the Reporting Year; and (2) overall increase in staff costs.

### ***Other income and other gains — net***

The disposal of the Group's entire interest in GZ Securities was completed on 4 November 2013 and a disposal gain (before tax impact) of approximately RMB121.5 million was recorded. In the Reporting Year, management has considered an impairment indicator existed in respect of Jinbao Expressway and has engaged an independent traffic consultant and independent valuer to perform an independent valuation. The assessment based on the independent valuation resulted to a total impairment loss provision (before tax impact) of RMB131.1 million, of which RMB39.5 million was allocated to impairment of goodwill and RMB91.6 million was allocated to impairment of intangible operating rights.

### ***Finance income / Finance costs***

The Group's finance income in the Reporting Year amounted to RMB100.7 million which was 68.3 percent higher than 2012 mainly due to the appreciation of RMB against HKD and USD, by which an aggregate of RMB42.7 million exchange gain in respect of the translation of HK\$1.6 billion and US\$83.8 million (equivalent to aggregate RMB1.77 billion) offshore loans was recorded.

The Group's finance costs in the Reporting Year amounted to RMB337.4 million (net of amount capitalized in construction in progress of RMB19.7 million) as compared to 2012 of RMB330.6 million (net of amount capitalized in construction in progress of RMB24.3 million), representing an increase of approximately 2.1 percent or RMB6.8 million. Finance costs attributed to Weixu Expressway's full year's consolidation amounted to RMB95.4 million as compared to 2012 (consolidated in late May 2012) with only 7 months' consolidation in the amount of RMB68.7 million, representing increase of RMB26.7 million. During the Reporting Year, net change in balance of offshore bank borrowings in aggregate showed an increase of approximately RMB579.4 million and the total corporate finance costs amounted to approximately RMB56.8 million, representing increase of approximately RMB21.4 million. The Group's onshore bank borrowings have net decrease in aggregate of RMB1.17 billion (of which RMB710.0 million in aggregate was for loan restructure) and the related finance costs totaled RMB280.6 million, of which RMB95.4 million was related to Weixu Expressway with RMB26.7 million increase as aforementioned and RMB185.2 million was related to other controlled project companies with decrease of RMB41.3 million. The Group's overall average interest rate in the Reporting Year was 5.72 percent as compared to 6.26 percent in 2012 which has started to reflect the beneficial impact from loan restructure carried out in 2013.

### *Share of results of associates and a joint venture*

The Group's share of results of associates has increased by 6.8 percent in the Reporting Year to RMB192.1 million and share of result of a joint venture increased 102.6 percent to RMB14.4 million in the Reporting Year.

Share of post-tax profit of Humen Bridge in the Reporting Year amounted to RMB136.5 million, representing 22.0 percent increase over 2012. Benefited from continued growth in car ownership, toll revenue at the project company level increased by 16.1 percent to RMB1,212.8 million in the Reporting Year.

Share of post-tax profit of Northern Ring Road in the Reporting Year increased by 9.1 percent to RMB65.5 million. Toll revenue at the project company level has rebounded with a growth of 3.9 percent to RMB627.6 million since the implementation of unified toll collection policy on expressways in Guangdong Province effective from 1 June 2012.

Share of post-tax profit of Shantou Bay Bridge in the Reporting Year increased by 9.5 percent to RMB35.5 million. With the continuous growth in car ownership, Shantou Bay Bridge's toll revenue at project company level enjoyed continued growth of 12.0 percent to RMB245.0 million in the Reporting Year.

In the Reporting Year, Qinglian Expressway's normal operating performance has turned to profit with the Group's share being RMB2.8 million as compared to the share of loss in 2012 of RMB24.4 million. According to the notice published by the Communication Department of Guangdong Province, toll collection rights of some highways in Guangdong Province, including Qinglian Class 2 Road held by Qinglian Company, had been cancelled with effect from 24:00 of 30 June 2013. Qinglian Company has been trying all feasible ways to work with relevant government departments on the arrangement details of the cancellation of toll collection at the Qinglian Class 2 Road and any related subsequent works. As at the end of the Reporting Year, Qinglian Company has fully provided against the carrying value of Qinglian Class 2 Road of which the Group shared RMB48.1 million (after deferred tax impact). Toll revenue from Qinglian Expressway at the project company level posted a growth of 32.4 percent to RMB711.0 million in the Reporting Year. Management believed that the completion of surrounding road networks will further boost the toll revenue of Qinglian Expressway, which is anticipated to become a more meaningful contributor to the Group's profitability.

Despite the full year impact from the implementation of Standardization Scheme on toll distance calculation in Guangdong Province which took effect in June 2012 and the nationwide implementation of toll-free holiday policy for passenger vehicles during statutory holidays effective in the second half of 2012 with 8 days affected



versus 20 days in the Reporting Year, toll revenue of GWSR Expressway at the project company level has rebounded with a growth of 15.3 percent to RMB301.0 million in the Reporting Year and share of its post-tax profit has increased by 102.6 percent to RMB14.4 million.

<b>Analysis of share of results of associates and a joint venture and respective revenue</b>					
	Profit	Revenue <sup>(1)</sup>		Share of results	
	Sharing	Reporting	YoY	Reporting	YoY
	ratio	Year	change	Year	change
	%	RMB'000	%	RMB'000	%
<b>Associates</b>					
Humen Bridge	18.446	<b>1,212,813</b>	16.1	<b>136,525</b>	22.0
Northern Ring Road	24.3	<b>627,646</b>	3.9	<b>65,455</b>	9.1
Shantou Bay Bridge	30.0	<b>245,038</b>	12.0	<b>35,507</b>	9.5
Qinglian Expressway	23.63	<b>710,963</b>	32.4	<b>2,764<sup>(2)</sup></b>	N/A
Qinglian Class 2 Road	23.63	<u>—</u>	—	<u>(48,118)<sup>(2)</sup></u>	N/A
Sub-total		<b>2,796,460</b>	16.3	<b>192,133</b>	6.8
<b>Joint venture</b>					
GWSR Expressway	35.0	<u><b>301,045</b></u>	15.3	<u><b>14,404</b></u>	102.6
Total		<u><b>3,097,505</b></u>	16.2	<u><b>206,537</b></u>	10.5
(1) Represented figures at the respective project companies' level					
(2) The performance of Qinglian Expressway has turned profitable in the Reporting Year, with the Group's share of profit amounted to RMB2.8 million compared to share of loss in 2012 of RMB24.4 million. Share of impairment loss of RMB48.1 million (net of deferred tax impact) was in respect of the written off of Qinglian Class 2 Road.					

### ***Income tax expense***

Total income tax expense of the Group in the Reporting Year amounted to RMB260.7 million, representing an increase of RMB12.1 million or 4.9 percent in the Reporting Year mainly due to the increase in PRC enterprise income tax.

In the Reporting Year, a total of RMB18.2 million (2012: RMB15.4 million) was reversed from deferred tax assets and charged to the income tax expense.

### *Profit attributable to shareholders of the Company*

The Company reported profit attributable to its shareholders of RMB554.4 million in the Reporting Year, representing an increase of 29.9 percent over 2012.

<b>Analysis of the profit attributable to shareholders of the Company</b>					
	<b>Reporting Year</b>	<b>Percentage of total</b>	<b>2012</b>	<b>Percentage of total</b>	<b>Change</b>
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>	<b>%</b>
Net profit from controlled toll projects	<b>402,437</b>	<b>66.1</b>	307,210	62.2	31.0
Net profit from non-controlled toll projects <sup>(1)</sup>	<u><b>206,537</b></u>	<u><b>33.9</b></u>	<u>186,992</u>	<u>37.8</u>	10.5
Net profit from toll projects	<b>608,974</b>	<u><b>100.0</b></u>	494,202	<u>100.0</u>	23.2
Withholding tax on PRC dividends/income	<b>(49,600)</b>		(28,106)		76.5
Corporate expenses	<b>(110,436)</b>		(106,833)		3.4
Corporate income / gains	<b>24,579</b>		27,384		-10.2
Corporate finance income	<b>49,531</b>		8,805		462.5
Corporate finance costs	<b>(56,848)</b>		(35,455)		60.3
Net impact from exemption of business tax of Class 1 Highways	—		49,158		N/A
Net impact of interest income on compensation receivable	<b>24,301</b>		22,620		7.4
Goodwill impairment	<b>(39,470)</b>		—		N/A
Disposal gain of asset classified as held for sale (net of estimated corporate tax)	<b>103,388</b>		—		N/A
Expenses subsequent to cessation of toll operation <sup>(2)</sup>	<u>—</u>		<u>(4,860)</u>		N/A
Profit attributable to shareholders of the Company	<u><b>554,419</b></u>		<u>426,915</u>		29.9

(1) Representing share of results of associates and a joint venture.

(2) All being from Class 1 Highways.

An analysis of the profit attributable to shareholders of the Company showed net profit derived from toll projects amounted to RMB609.0 million in the Reporting Year which represented a 23.2 percent growth or RMB114.8 million over 2012. Of which, net profit from controlled toll projects accounted for 66.1 percent (2012: 62.2 percent) while net profit from non-controlled toll projects accounted for 33.9 percent (2012: 37.8 percent) in the Reporting Year.

Net profit from controlled toll projects amounted to RMB402.4 million in the Reporting Year representing an increase of 31.0 percent over 2012. With toll revenue rebounded, net profit of GNSR Expressway grew 18.0 percent to RMB216.4 million. Xian Expressway recorded an increase of 25.4 percent in its net profit to RMB133.6 million. Xian Expressway has taken advantage of the Great Western Expansion Campaign Tax Relief Policy and successfully applied for a preferential income tax rate of 15.0 percent and the 2012 profit tax refund of RMB14.9 million was recorded in the Reporting Year. Weixu Expressway's first full year's net profit since its consolidation to the Group in late May 2012 amounted to RMB66.0 million (only seven months' net profit recorded in 2012 amounted RMB16.2 million). Cangyu Expressway has rebounded in the second half of Reporting Year with its net profit increased by 20.1 percent to RMB40.3 million. Han-Xiao Expressway recorded net profit of RMB23.1 million, representing an increase of 106.7 percent over 2012 due to the rapid economic development in the region. Having experienced traffic diversion due to the opening of the Binbao Expressway in second half of 2010 which changed the structure of regional traffic volume and led to a decrease of long-haul toll traffic volume, Jinbao Expressway has provided for an impairment loss of RMB41.2 million (after deferred tax impact) in the Reporting Year based from an independent valuation performed by independent traffic consultant and independent valuer. Moreover, apart from the aforementioned impairment loss provision, Jinbao Expressway's normal operating profit attributable to the shareholders of the Company amounted to RMB13.1 million, a drop of RMB21.9 million which was mainly due to the change in profit sharing ratio from 90.0 percent to 40.0 percent effective 2013 and ending 2016 pursuant to the relevant joint venture agreement, as the impact of the profit sharing ratio adjustment was RMB15.7 million. Changzhu Expressway (commenced toll operation only in August 2010) being still in its incubation period, its net loss further narrowed down by 37.9 percent to RMB48.8 million in the Reporting Year.

**Analysis of net profit by each controlled toll project <sup>(2)</sup>**

Controlled Toll Projects	Reporting Year	Percentage of total	2012	Percentage of total	Change
	RMB'000	%	RMB'000	%	%
GNSR Expressway	<b>216,426</b>	<b>35.6</b>	183,420	37.1	18.0
Xian Expressway	<b>133,638</b>	<b>22.0</b>	106,537	21.6	25.4
Weixu Expressway	<b>65,959</b>	<b>10.8</b>	16,163 <sup>(1)</sup>	3.2	N/A
Cangyu Expressway	<b>40,280</b>	<b>6.6</b>	33,527	6.8	20.1
Han-Xiao Expressway	<b>23,065</b>	<b>3.8</b>	11,160	2.3	106.7
Jinbao Expressway					
—normal operation	<b>13,054</b>	<b>2.1</b>	34,969	7.1	-62.7
Jinbao Expressway					
—impairment loss	<b>(41,221)</b>	<b>-6.8</b>	—	—	N/A loss reduce
Changzhu Expressway	<u><b>(48,764)</b></u>	<u><b>-8.0</b></u>	<u>(78,566)</u>	<u>-15.9</u>	<u>37.9</u>
Total	<u><b>402,437</b></u>	<u><b>66.1</b></u>	<u>307,210</u>	<u>62.2</u>	31.0

(1) Acquisition of Weixu Expressway was completed on 28 May 2012 and only seven months' operating results were consolidated to the Group in 2012.

(2) The analysis was after elimination of inter-company transactions between the controlled toll project companies and the holding company of the Group.

Net profit from non-controlled toll projects (an analysis was shown in the aforementioned table “analysis of share of results of associates and a joint venture and respective revenue”) amounted to RMB206.5 million which was 10.5 percent higher than 2012. Among the non-controlled toll projects, profits attributable to the shareholders of the Company from Humen Bridge, Northern Ring Road, Shantou Bay Bridge and GWSR Expressway accounted for 22.4 percent (2012: 22.6 percent), 10.7 percent (2012: 12.1 percent), 5.8 percent (2012: 6.6 percent) and 2.4 percent (2012: 1.4 percent) respectively. According to the notice published by the Communication Department of Guangdong Province, toll collection rights of some highways in Guangdong Province, including Qinglian Class 2 Road held by Qinglian Company, had been cancelled with effect from 24:00 of 30 June 2013. Qinglian Company has been trying all feasible ways to work with relevant government departments on the arrangement

details of the cancellation of toll collection at the Qinglian Class 2 Road and any related subsequent works. As at the end of the Reporting Year, Qinglian Company has fully provided against the carrying value of Qinglian Class 2 Road of which the Group shared RMB48.1 million (after deferred tax impact). On the normal operation side, with the opening of the Liannan section of Qinglian Expressway early in 2011 followed by the opening of Yilian Expressway on 25 September 2011, enabling overall surrounding road networks highly connected, Qinglian Expressway started to operate with profit in the Reporting Year versus the operating loss in 2012. Share of after tax profit of Qinglian Expressway amounted to RMB2.8 million in the Reporting Year while share of loss in 2012 amounted to RMB24.4 million.

The overall profit attributable to the shareholders of the Company has included the following corporate level transactions which have material impacts on the Reporting Year: (1) The disposal of the Group's entire interest in Guangzhou Securities was completed on 4 November 2013 with a disposal gain (net of estimated corporate tax of its Holding Company) of approximately RMB103.4 million; (2) with the appreciation of RMB against HKD and USD, an aggregate of RMB42.7 million exchange gain (included in "corporate finance income") in respect of the translation of HK\$1.6 billion and US\$83.8 million (equivalent to aggregate RMB1.77 billion) offshore loans was recorded; (3) there was an impairment loss of RMB39.5 million provided for goodwill related to Tianjin Jinfu Expressway Co., Ltd. based on an independent valuation performed by independent traffic consultant and independent valuer.

### ***Final dividend***

The Directors have recommended the payment of final dividend for 2013 of HK\$0.16 which is equivalent to approximately RMB0.126387 (2012: HK\$0.11 which was equivalent to approximately RMB0.0889706) per share payable to shareholders whose names appear on the register of members of the Company at 5:00 p.m. on 30 May 2014. Subject to the approval of shareholders at the Annual General Meeting to be held on 27 May 2014, the final dividend will be paid on or about 26 June 2014. Together with the interim dividend of HK\$0.10 which was equivalent to approximately RMB0.079542 (2012 HK\$0.09 which was equivalent to approximately RMB0.0735952) per share, total dividends for the year ended 31 December 2013 will amount to HK\$0.26 which is equivalent to approximately RMB0.205929 (2012: HK\$0.20 which was equivalent to approximately RMB0.1625658) per share, representing a dividend payout ratio of 62.1 percent (2012: 63.7 percent).

Dividend payable to shareholders will be paid in Hong Kong dollars ("HK\$"). The exchange rate adopted by the Company for its dividend payable is the average middle rate of HK\$ to RMB, as announced by the People's Bank of China, for the five business days preceding the date of declaration of dividends.

### III. Analysis of financial position

Key financial position figures	Reporting	2012	Change
	Year		%
	RMB'000	RMB'000	
Total assets	<b>18,225,968</b>	18,710,701	-2.6
Total liabilities	<b>7,947,642</b>	8,626,339	-7.9
Cash and cash equivalents	<b>1,604,676</b>	1,057,124	51.8
Total borrowings	<b>5,801,885</b>	6,427,483	-9.7
Bank borrowings	<b>5,660,479</b>	6,252,414	-9.5
Current ratio	<b>1.4 times</b>	1.4 times	
Interest coverage	<b>4.5 times</b>	4.1 times	
Equity attributable to the shareholders of the Company	<b>8,275,767</b>	8,094,466	2.2

#### *Assets, Liabilities and Equity*

As at 31 December 2013, the Group's total assets amounted to RMB18.2 billion representing a decrease of 2.6 percent over the balance as at 31 December 2012. The Group's total assets comprised mainly of intangible operating rights of RMB13.3 billion (31 December 2012: RMB13.6 billion); investments in joint venture and associates of RMB1.91 billion (31 December 2012: RMB1.95 billion); and cash and cash equivalents of RMB1.60 billion (31 December 2012: RMB1.06 billion). The compensation receivable of RMB587.6 million in 2012 was fully repaid in 2013, being the balance of compensation for closure of the four Class 1 Highways (before 30 September 2012, the Group and GZ Government have entered into a supplemental agreement, where GZ Government agreed to repay the remaining balance on or before 30 September 2013 along with the interests (based on bank's benchmark lending rate) during the period between 1 October 2012 and date of payment). The asset classified as held for sale of RMB201.5 million in 2012 was disposed with consideration fully settled in November 2013 (this asset was related to the Group's entire interest in GZ Securities which the Directors of the Company have approved to sell in November 2012 (for details of the disposal, please refer to the Company's announcements dated 7 November 2012 and 22 April 2013).

As at 31 December 2013, the Group's total liabilities amounted to RMB7.95 billion which was 7.9 percent lower than the balance as at 31 December 2012. The Group's total liabilities comprised mainly of bank borrowings of RMB5.7 billion (31 December 2012: RMB6.3 billion); loans from non-controlling interests of RMB124.5 million (31 December 2012: RMB158.2 million); other loan of RMB16.9 million (31 December 2012: RMB16.9 million) being short-term borrowing from an external

party; deferred income tax liabilities of RMB1.52 billion (31 December 2012: RMB1.53 billion); and balance payable in respect of prior acquisition totaled RMB221.8 million included in “trade and other payables and accrued charges”. Movement in deferred income tax liabilities during the Reporting Year included payments made in respect of PRC distributable dividend tax of RMB29.9 million.

As at 31 December 2013, the Group’s total equity amounted to RMB10.3 billion (31 December 2012: RMB10.1 billion), of which amount attributable to the shareholders of the Company amounted to RMB8.3 billion, an increase of RMB181.3 million over the balance as at 31 December 2012.

<b>Analysis of major assets, liabilities and equity items</b>			
<b>Items</b>	<b>Reporting Year RMB'000</b>	<b>31 December 2012 RMB'000</b>	<b>Change %</b>
<b>Total assets</b>	<b>18,225,968</b>	18,710,701	-2.6
Approximately 90.0 % of which:			
Intangible operating rights	<b>13,314,416</b>	13,612,830	-2.2
Investments in joint venture and associates	<b>1,913,088</b>	1,945,143	-1.6
Compensation receivable	—	587,583	-100.0
Cash and cash equivalents	<b>1,604,676</b>	1,057,124	51.8
<b>Total liabilities</b>	<b>7,947,642</b>	8,626,339	-7.9
Approximately 90.0 % of which:			
Bank borrowings — current portion	<b>674,472</b>	560,778	20.3
— long term portion	<b>4,986,007</b>	5,691,636	-12.4
Other loans	<b>16,880</b>	16,880	0.0
Loans from non-controlling interests	<b>124,526</b>	158,189	-21.3
Deferred income tax liabilities	<b>1,524,700</b>	1,529,145	-0.3
<b>Total equity</b>	<b>10,278,326</b>	10,084,362	1.9
Of which: Attributable to the shareholders of the Company	<b>8,275,767</b>	8,094,466	2.2

## *Cash flows*

It has been the primary objective of the Group to focus on preventing risk and managing liquidity. The Group has maintained an appropriate level of cash on hand so as to prevent liquidity risk. As at the end of the Reporting Year, the Group's cash and cash equivalents amounted to approximately RMB1.60 billion which was 51.8 percent higher than the level at 31 December 2012. The Group's cash was deposited in commercial banks, with no deposit in non-bank institutions or any amount applied to securities investment. As at 31 December 2013 there were short term bank deposits in aggregate of RMB22.0 million with original maturity over 3 months placed in PRC banks.

<b>Analysis of cash flow movement</b>		
	<b>Reporting Year RMB'000</b>	<b>2012 RMB'000</b>
Net cash generated from operating activities	<b>1,142,090</b>	747,418
Net cash generated/(used in) investing activities	<b>817,717</b>	(821,187)
Net cash used in financing activities	<b><u>(1,412,939)</u></b>	<u>(168,115)</u>
Increase/(decrease) in cash and cash equivalents	<b>546,868</b>	(241,884)
Cash and cash equivalents at 1 January	<b>1,057,124</b>	1,298,476
Effect of foreign exchange rate changes	<b><u>684</u></b>	<u>532</u>
Cash and cash equivalents at 31 December	<b><u>1,604,676</u></b>	<u>1,057,124</u>

Net cash generated from operating activities during the Reporting Year amounted to RMB1,142.1 million (2012: RMB747.4 million) which was arrived from cash generated from operations of RMB1,352.9 million (2012: RMB947.3 million) less China enterprise income tax and withholding tax paid of RMB210.8 million (2012: RMB199.9 million).

Net cash generated from investing activities during the Reporting Year amounted to RMB817.7 million (2012: net cash used of RMB821.2 million). On the outflow side mainly were capital expenditures amounted to approximately RMB140.9 million (2012: RMB1.16 billion); and an aggregate of RMB22.0 million placed to bank fixed deposits with original maturity over 3 months. The inflow side mainly consisted of proceeds from compensation arrangements of RMB490.7 million; proceeds from



disposal of GZ Securities of RMB201.5 million; investment returns from associates of RMB238.6 million (2012: RMB258.8 million); interest income received in respect of the compensation receivable of RMB36.6 million (2012: RMB39.2 million) and bank interest income amounted to approximately RMB13.2 million (2012: RMB21.0 million).

Net cash used in financing activities during the Reporting Year amounted to RMB1,412.9 million (2012: RMB168.1 million). The inflow side mainly included new bank borrowings amounted to approximately RMB1,074.6 million (2012: RMB988.2 million); capital injection from non-controlling interest of RMB4.5 million (2012: RMB8.1 million); proceeds of loans from joint venture of RMB10.5 million (2012: RMB14.0 million); and proceeds of loan from a non-controlling interest of a subsidiary of RMB4.9 million. The outflow side mainly included repayment of bank borrowings amounted to RMB1,617.7 million (2012: RMB411.4 million); payment of bank borrowings interest and bank facility fees of RMB342.2 million (2012: RMB341.3 million); repayments of loans from non-controlling interest of subsidiaries of RMB43.7 million (2012: RMB43.4 million); no repayment of short term loans in the Reporting Year (2012: RMB25.8 million); dividends paid to non-controlling interests of RMB221.9 million (2012: RMB42.6 million); and dividends paid to the shareholders of the Company of RMB281.9 million (2012: RMB313.9 million).

### *Current ratio*

The current ratio (current assets over current liabilities) as at 31 December 2013 was 1.4 times (2012: 1.4 times). The current assets balance as at 31 December 2013 was RMB1.84 billion (2012: RMB1.79 billion) and current liabilities balance was RMB1.33 billion (2012: RMB1.29 billion). Cash and cash equivalents were the major components of the Group's current assets with balance as at 31 December 2013 of RMB1.60 billion (2012: RMB1.06 billion). As at 31 December 2013 there were short term bank deposits in aggregate of RMB22.0 million with original maturity over 3 months placed in PRC banks. The compensation receivable of RMB587.6 million being the consideration receivable balance in relation to the compensation arrangement of the closure of toll stations of the Class 1 Highways was settled in December 2013. Included in the Group's current liabilities as at 31 December 2013 was short term borrowings (i.e. maturity within one year) of approximately RMB705.5 million (2012: RMB615.4 million), of which bank borrowings amounted to RMB674.5 million (2012: RMB560.8 million). In view of the various capital expenditures committed and investments acquired since the second half of 2010 which had utilized a significant portion of the Group's cash and cash equivalents in

the past three years and increased the Group's bank borrowings level, management will take a prudent approach to effectively match the existing cash and cash equivalents and future operating cash flow and cash return from investments with capital and debt commitments to minimize liquidity risk.

### ***Interest coverage***

The interest coverage is measured as the ratio of earnings before interests, tax, depreciation and amortisation ("EBITDA") to interest expenses (with cash flow effect). Interest coverage for the year ended 31 December 2013 was 4.5 times (31 December 2012: 4.1 times).

### ***Capital expenditures and investments***

During the Reporting Year, total capital expenditures amounted to RMB140.9 million. Capital expenditures related to investment funds included payments of cash considerations to acquisition of subsidiaries of approximately RMB54.4 million. Capital expenditures related to intangible operating rights and fixed assets included payments of construction costs of toll highways and bridges upgrade services of RMB15.7 million and purchase of property, plant and equipment of RMB70.8 million. Apart from the aforementioned, no material capital expenditures were paid during the Reporting Year. Going forward, management believes that the Group's steady operating cash flow and appropriate financing arrangements can satisfy its future capital expenditures and investments needs.

### *Capital structures*

It is also one of the Group's financial policies to maintain a rational capital structure which aims to enhance profitability on one hand while ensuring financial leverage ratios to remain at safe levels on the other hand.

<i>Analysis of capital structures</i>		
	<b>Reporting Year</b>	2012
	<b>RMB'000</b>	<b>RMB'000</b>
Bank borrowings	<b>5,660,479</b>	6,252,414
Other loan	<b>16,880</b>	16,880
Loans from non-controlling interests	<b>124,526</b>	158,189
Amounts due to non-controlling interests of subsidiaries	<b>42,254</b>	43,070
Amount due to a joint venture	<b>42,000</b>	31,500
Total debts	<b>5,886,139</b>	6,502,053
Less: cash and cash equivalents	<b>(1,604,676)</b>	(1,057,124)
Net debts	<b>4,281,463</b>	5,444,929
Total Equity	<b>10,278,326</b>	10,084,362
Of which: Equity attributable to the shareholders of the Company	<b>8,275,767</b>	8,094,466
Total capitalization (Net debts + Equity attributable to the shareholders of the Company)	<b>12,557,230</b>	13,539,395
<b><i>Financial ratios</i></b>		
Gearing ratio (net debts/total capitalization)	<b>34.1%</b>	40.2%
Debt to Equity ratio (net debts/total equity)	<b>41.7%</b>	54.0%
Total liabilities / Total assets ratio	<b>43.6%</b>	46.1%

### *Financing structures*

In a way to ensure the Group is carrying out its financing activities at a safe leverage level, the Company is keeping a close watch on the Group's overall borrowing structure from time to time, so as to optimize its debt portfolio further. In order to effectively control the increase of finance costs, the Group will continue to maintain close banking relationship with financial institutions both in Hong Kong and China to capitalize on the different levels of liquidity offered by and to take advantage of the cost differentials of these two markets. As at the end of the Reporting Year, the Group's borrowings comprised of bank borrowings, other loans and loans from non-controlling interests.

Bank borrowings of the Group as at 31 December 2013 amounted to approximately RMB5.66 billion (31 December 2012: RMB6.25 billion). During the Reporting Year, the Group has carried out its debt optimization plan which resulted in onshore bank loans' ratio falling to 68.8 percent from 81.0 percent in 2012. Secured bank loans' ratio fell to 57.3 percent from 70.9 percent in 2012. All the bank borrowings are at floating rates. The effective interest rate of these bank borrowings at 31 December 2013 was 5.43 percent (31 December 2012: 6.01 percent).

<i>Analysis of bank borrowings</i>		
	<b>Reporting Year Percentage of total</b>	2012 Percentage of total
Source		
Onshore	<b>68.8%</b>	81.0%
Offshore	<u>31.2%</u>	<u>19.0%</u>
	<u><b>100.0%</b></u>	<u>100.0%</u>
Repayment term		
Within 1 year	<b>11.9%</b>	9.0%
1 to 2 year	<b>12.9%</b>	16.1%
More than 2 years and less than 5 years	<b>41.4%</b>	35.2%
Above 5 years	<u>33.8%</u>	<u>39.7%</u>
	<u><b>100.0%</b></u>	<u>100.0%</u>
Currency		
RMB	<b>68.8%</b>	81.0%
HKD	<b>22.2%</b>	15.0%
USD	<u>9.0%</u>	<u>4.0%</u>
	<u><b>100.0%</b></u>	<u>100.0%</u>
Terms of credit		
Secured	<b>57.3%</b>	70.9%
Unsecured	<u>42.7%</u>	<u>29.1%</u>
	<u><b>100.0%</b></u>	<u>100.0%</u>

Other loan was short term borrowing from an external party both at 2013 and 2012. As at 31 December 2013 and 2012, this other loan of RMB16.9 million is unsecured. This borrowing is bearing interest at a rate of 6.55 percent per annum during the Reporting Year and 2012.

Loans from non-controlling interests are unsecured and denominated in RMB, of which RMB4.7 million was interest bearing at 6.6 percent per annum and RMB9.4 million was interest bearing at 7.04 percent per annum, both were repayable within one year; the rests were interest free and the carrying amounts of these loans were stated at fair values.

Amounts due to non-controlling interests of subsidiaries/holding companies and joint venture are unsecured, interest free, repayable on demand and are mainly denominated in RMB.

#### ***Foreign-currency denominated assets and liabilities***

The Group's businesses are principally conducted in the PRC. Except that certain fund-raising exercises were conducted in Hong Kong, all of its revenue, operating payments, expenses and capital expenditures are denominated in RMB. As at the end of the Reporting Year, the Group has cash and cash equivalent of approximately RMB156.4 million and RMB0.024 million denominated in HK\$ and US\$ respectively, equivalent to HK\$198.9 million and US\$0.0039 million respectively; and approximately RMB1,257.6 million and RMB510.8 million offshore bank borrowings denominated in HK\$ and US\$ respectively, equivalent to HK\$1,599.6 million and US\$83.8 million respectively. The Group will closely review and assess its currency risk and will adopt appropriate currency hedge measures when appropriate. Meanwhile, the Group has taken advantage of the current relaxed measures in the RMB business in Hong Kong with dividends from PRC joint venture can now be remitted to Hong Kong either in Hong Kong dollar or directly in Renminbi.

#### **IV. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 December 2013, the Group had capital commitments related to intangible operating rights and property, plant and equipment of approximately RMB68.4 million being contracted but not provided for and approximately RMB35.7 million being authorized but not contracted for.

Except for the aforementioned, the Group had no material capital commitments as at 31 December 2013. There were no significant contingent liabilities as at 31 December 2013.

## **V. EMPLOYEES**

As at 31 December 2013, the Group had approximately 1,770 employees of whom about 1,495 were directly engaged in the daily operation, management and supervision of toll projects. The Group remunerates its employees largely based on industry practice, including contributory provident funds and other staff benefits. The Group has also adopted a share option scheme.

## **INVESTOR RELATIONS REPORT**

Investor relations is very important for a listed company so as to reinforce its communications with investors and prospective investors, gain investors' further understanding and recognition on the company, enhance corporate governance, maximize the overall benefits of the company and protect the lawful interests of investors through information disclosure and exchange.

Since the establishment of the Investor Relations Department, the Group has been actively developing continuous and focused investor relations. Through establishing and continuously improving the platform for the Group to exchange information with capital markets and financial media, the Group continued to enhance its transparency to gain an objective and reasonable assessment for its intrinsic value.

## **INVESTOR RELATIONS ACTIVITIES**

During the Reporting Period, the Group has actively organized and engaged in various types of investor relations activities. For example, the Group has participated in the post results non deal roadshow (“NDR”) in Hong Kong, Singapore and major cities in mainland China (such as Beijing, Shanghai) respectively and major conferences organized by investment banks. Through persistent efforts, investors obtain more in-depth knowledge of the Company and generally agree to the Company's development strategies and continuously pay attention to its operating conditions.

## **COVERAGE REPORTS**

During the Reporting Year, the Group obtained a total of 29 coverage reports issued by professional analysts from renowned international investment banks such as JP Morgan Chase, Citibank, Bank of America Merrill Lynch, DBS Vickers, HSBC and Daiwa Capital, assigning a “Buy” or “Hold” rating to the Group, reflecting the recognition of the development strategies of the Company by the analysts and their positive outlook of the Company. With coverage reports issued by analysts from the professional institutions mentioned above, the Group became more well-known in the stock market. Currently, most of the Group's shareholders are long-term value

investors from Europe, United States, Singapore, Australia and etc. For instance, Matthews International Capital in San Francisco, United States, further increased its shareholding in the Group during the reporting period to 11.06%, which indicated that the Group's operation, development and intrinsic value have been further acknowledged by renowned international institutional investors.

## **PUBLIC MEDIA RELATIONS**

Through various forms of events, the Group has strengthened and developed good relationship with the mainstream and internet financial media in Hong Kong. During the Reporting Year, the Group obtained increasing media coverage and received four awards for listed companies from the mainstream financial media in Hong Kong as follows:

- “The 8th Outstanding China Enterprise Awards” by Capital Weekly
- “The Excellence of Listed Enterprise Awards 2013” by Capital Weekly
- “Hong Kong Outstanding Enterprise 2013” by Economic Digest
- “Hong Kong Outstanding Enterprise 2013” by Wen Wei Po

In particular, the Group has received both “The Excellence of Listed Enterprise Awards” and the “Hong Kong Outstanding Enterprise Award” for four consecutive years and “The Outstanding China Enterprise Awards” for two consecutive years.

During our communication with investors, they have provided us with their valuable suggestions and opinions which are beneficial to the development of the Group and we would like to hereby express our sincere gratitude to investors for their active feedback and constructive opinions, such that the Company will be able to formulate development strategies in line with shareholders' interest and be capable of delivering more fruitful rewards to our shareholders.



## **PARTICIPATION OF INVESTOR RELATIONS ACTIVITIES IN 2013**

March	Hong Kong	NDR organized by JP Morgan Chase
	Beijing	NDR organized by HSBC
	Shanghai	NDR organized by HSBC
	Singapore	NDR organized by Daiwa Capital
April	Hong Kong	Conference organized DBS Vickers
May	Hong Kong	Conference organized by JP Morgan Chase
	Hong Kong	Conference organized by Bank of America Merrill Lynch
June	Beijing	Conference organized by JP Morgan Chase
August	Hong Kong	NDR organized by Citigroup
	Singapore	NDR organized by Bank of America Merrill Lynch
September	Beijing	NDR organized by HSBC
	Shanghai	NDR organized by HSBC
November	Beijing	Conference organized by Bank of America Merrill Lynch
	Macau	Conference organized by Citigroup
December	Hong Kong	Conference organized by JP Morgan Chase

## **CORPORATE GOVERNANCE**

Throughout the year ended 31 December 2013, the Company has complied with the code provisions as set out in the Corporate Governance Code, with the exception of code provision A.4.1 and A.6.7.

### *Code Provision A.4.1*

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Bye-Laws. All the non-executive directors of the Company had retired by rotation and have been re-elected during the past three years.

### *Code Provision A.6.7*

Code Provision A.6.7 stipulates that independent non-executive directors should attend general meetings of the Company. Mr Cheung Doi Shu and Mr Lau Hon Chuen Ambrose, the independent non-executive directors of the Company, were unable to attend the annual general meeting of the Company held on 29 May 2013 because they were either indisposed or had other urgent business engagement.

## **REVIEW OF ANNUAL RESULTS ANNOUNCEMENT**

The annual results announcement has been reviewed by the audit committee of the Company.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto as set out in the results announcement for the year ended 31 December 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers, Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers, Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers, Hong Kong on the results announcement.

## **PURCHASE, SALE OF REDEMPTION OF THE COMPANY'S SHARES**

During the year, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 21 May 2014 to Tuesday, 27 May 2014, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the forthcoming annual general meeting of the Company to be held on 27 May 2014, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong up to 30 March 2014 and thereafter at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 20 May 2014.

Shares will be traded ex-entitlement on Thursday, 29 May 2014. The record date for the entitlement to the final dividend is at 5:00 p.m. on Friday, 30 May 2014. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited, for registration no later than 4:30 p.m. on 30 May 2014.

By Order of the Board  
**Yuexiu Transport Infrastructure Limited**  
**ZHU Chunxiu**  
*Chairman*

Hong Kong, 19 March 2014

*As at the date of this announcement, the Board comprises:*

*Executive Directors:*                      *ZHU Chunxiu (Chairman), LIANG Youpan, HE Baiqing and QIAN Shangning*

*Independent Non-executive Directors:*                      *FUNG Ka Pun, LAU Hon Chuen Ambrose and CHEUNG Doi Shu*