



GZI Transport Limited

越秀交通有限公司

(Stock Code: 01052)

Annual Results for 2009



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1. Performance Summary

2009 Results Highlights

- ◆ With the strong growth from GNSR and the contributions from the newly-acquired Guangxi and Tianjin projects, top line revenue recorded overall growth of 12.0% during the year.
- ◆ Total aggregate revenues from Associate /Joint venture projects have also reversed from a downward trend of 6.3% in the first half year, and maintained at same level in the full year.

- ◆ Net of the provision effects, profit before tax was HK\$ 833 million, representing a decrease of HK\$ 3 million as compared to the corresponding period last year. (↓ 0.4% yoy)
- ◆ Net of the provision effects, profit attributable to shareholders was approximately HK\$ 550 million(↓ 8.8% yoy)

- ◆ In the second half, profit attributable to shareholders increased by 46.0% as compared with the first half.
- ◆ Profit contributions from subsidiaries represented 65.0% of the total profit.

Performance Summary for 2009

Operating revenue

HK\$1,140 million
↑ 12.0%

Earnings attributable to shareholders (after provisions)

\$434 million
↓ 28.5%

Earnings attributable to shareholders (before provisions)

\$550 million
↓ 8.8%

Operating profit

HK\$650 million
↑ 11.9%

Earnings per share (after provisions)

HK26.0 cents
↓ 28.5%

Earnings per share (before provisions)

HK33.1 cents
↓ 8.8%

Performance Summary – Income Statement

Currency: HK\$'000	2009	2008	increase/ (decrease)%
Revenue	1,136,566	1,014,486	12.0%
Operating profit	649,515	580,574	11.9%
Provision for impairment of intangible operating rights	(172,474)	--	N/A
Profit contributions from associates/joint ventures	225,755	281,863	(19.9%)
Profit before tax	661,222	836,232	(20.9%)
Income tax	(94,810)	(88,030)	7.7%
Profit for the year	566,412	748,202	(24.3%)
Earnings attributable to shareholders	434,241	607,533	(28.5%)
Earnings per share (after provisions)	HK 26 cents	HK 36.3 cents	(28.5%)
Dividend for the year	HK 16 cents	HK 16 cents	Unchanged
Dividend payout ratio	61.5%	44.1%	Increased by 17.4 percentage points ⁻⁶⁻

Performance Summary – Balance Sheet

Currency: HK\$'000	2009	2008	increase/ (decrease)%
Total assets	13,802,723	12,149,853	13.6%
Including: Cash	2,219,464	2,378,898	(6.7%)
Total liabilities	3,057,502	2,097,476	45.8%
Including: Bank loans	1,300,965	759,723	71.2%
Total equity	10,745,221	10,052,377	6.9%
Including: Equity attributable to shareholders ⁽¹⁾	8,650,316	8,399,710	3.0%
Net assets per share ⁽²⁾	HK\$ 5.17	HK\$ 5.02	3.0%
Gearing ratio ⁽³⁾	16.8%	11.7%	Increased by 5.1 percentage points

1. Excluding minority interests

2. Net assets per share = Equity attributable to shareholders/Total number of shares

3. Gearing ratio = Total borrowings/Total capital

2. Group Structures

Highlights of Changes in Group Structures

◆ Through the restructure of the Group at the end of 2009, Yue Xiu Enterprises is now the single largest shareholder of GZI Transport and directly holds about 61% interests in GZI Transport .

◆ After the restructuring,, both the liquidity of the stock and the administrative procedures of GZI Transport were significantly improved.

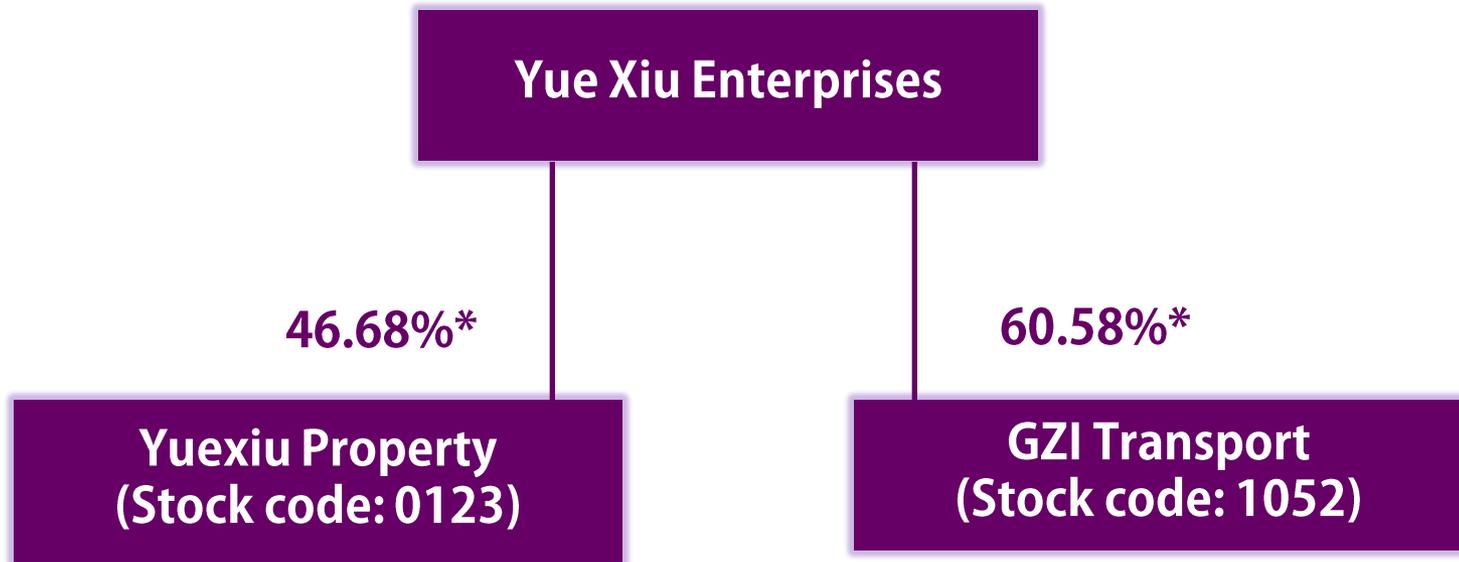
◆ The Board of Directors was also streamlined with the number of directors reducing from 15 to 9 (the number of independent non-executive directors remains at 3).

◆ During the year, GZT has furthered its efforts in area such as investment and development, operation and management, engineering cost control, internal audit and risk management and market value management in order to enhance the standard of corporate governance of the Company effectively.

◆ In 2009, the successful acquisitions of Guangxi Cangyu Expressway and Tianjin Jinbao Expressway together delivered operating income and net profit of approximately HK\$ 62 million and HK\$ 20 million.

◆ Class I Highways represented about 10.6% of the total assets of the Group. (2008: 20.1%)

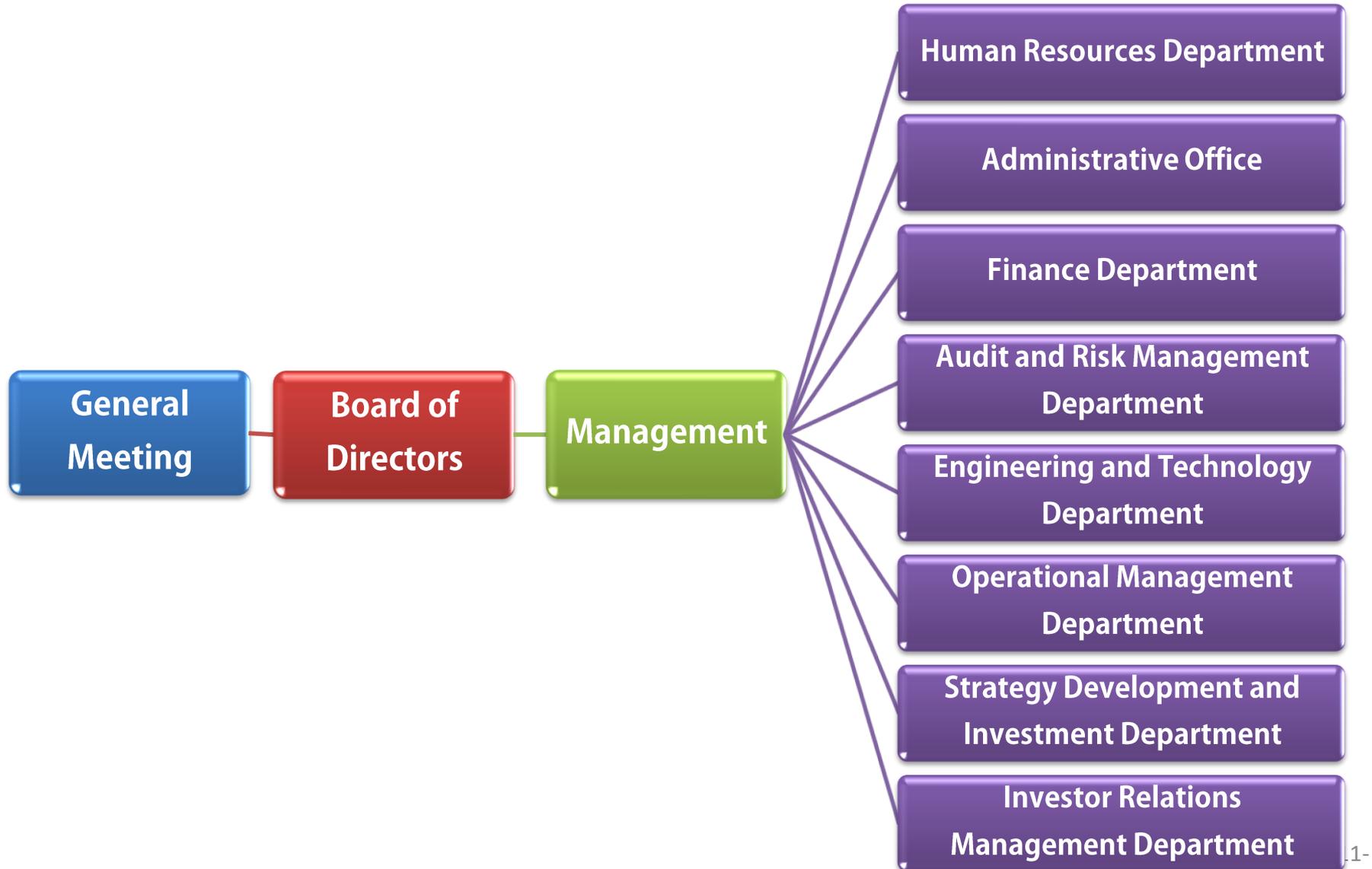
Shareholding Structure



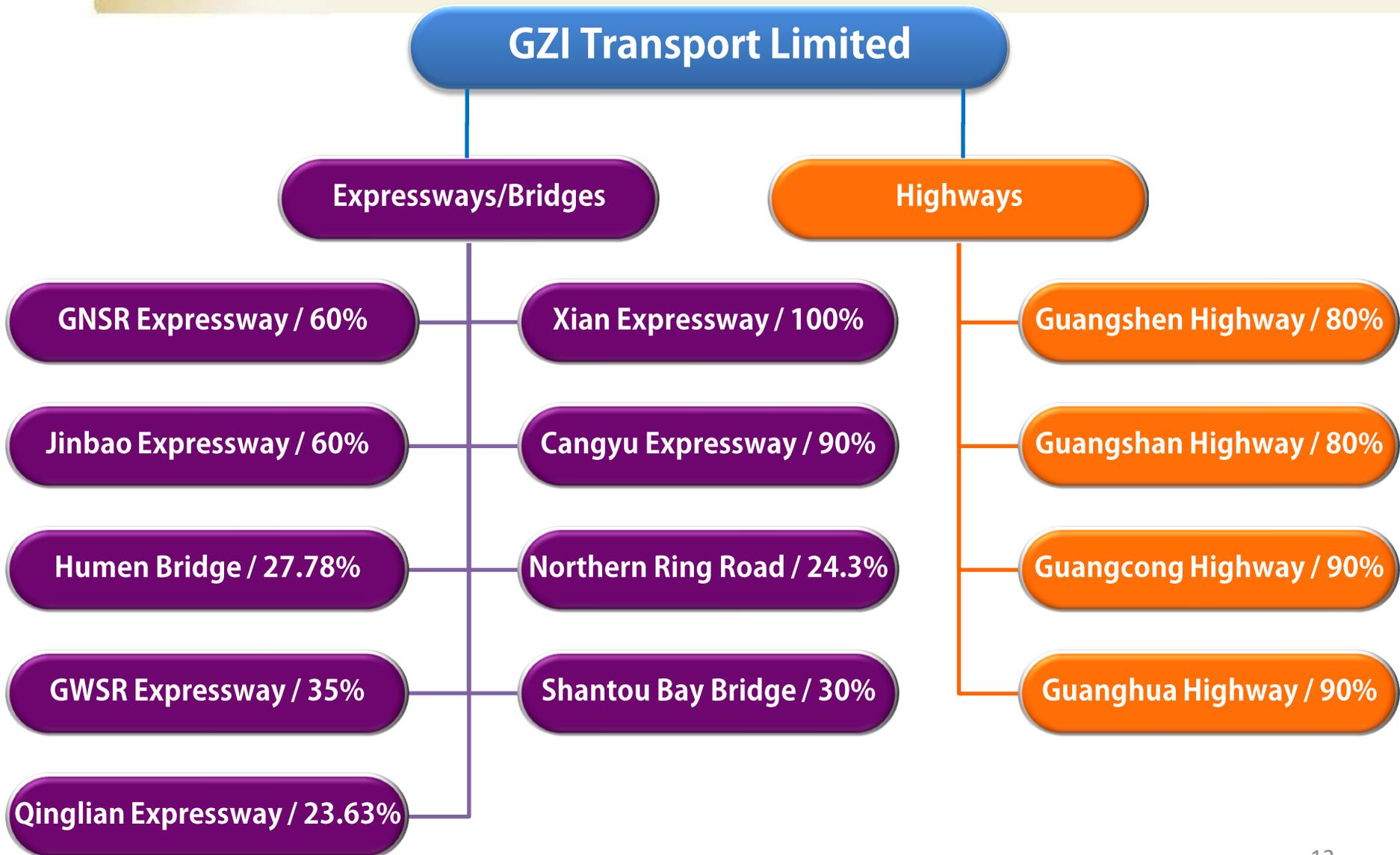
Note: Guangzhou Investment was renamed as Yuexiu Property upon completion of the spin off and restructuring.

* As at 31 December 2009

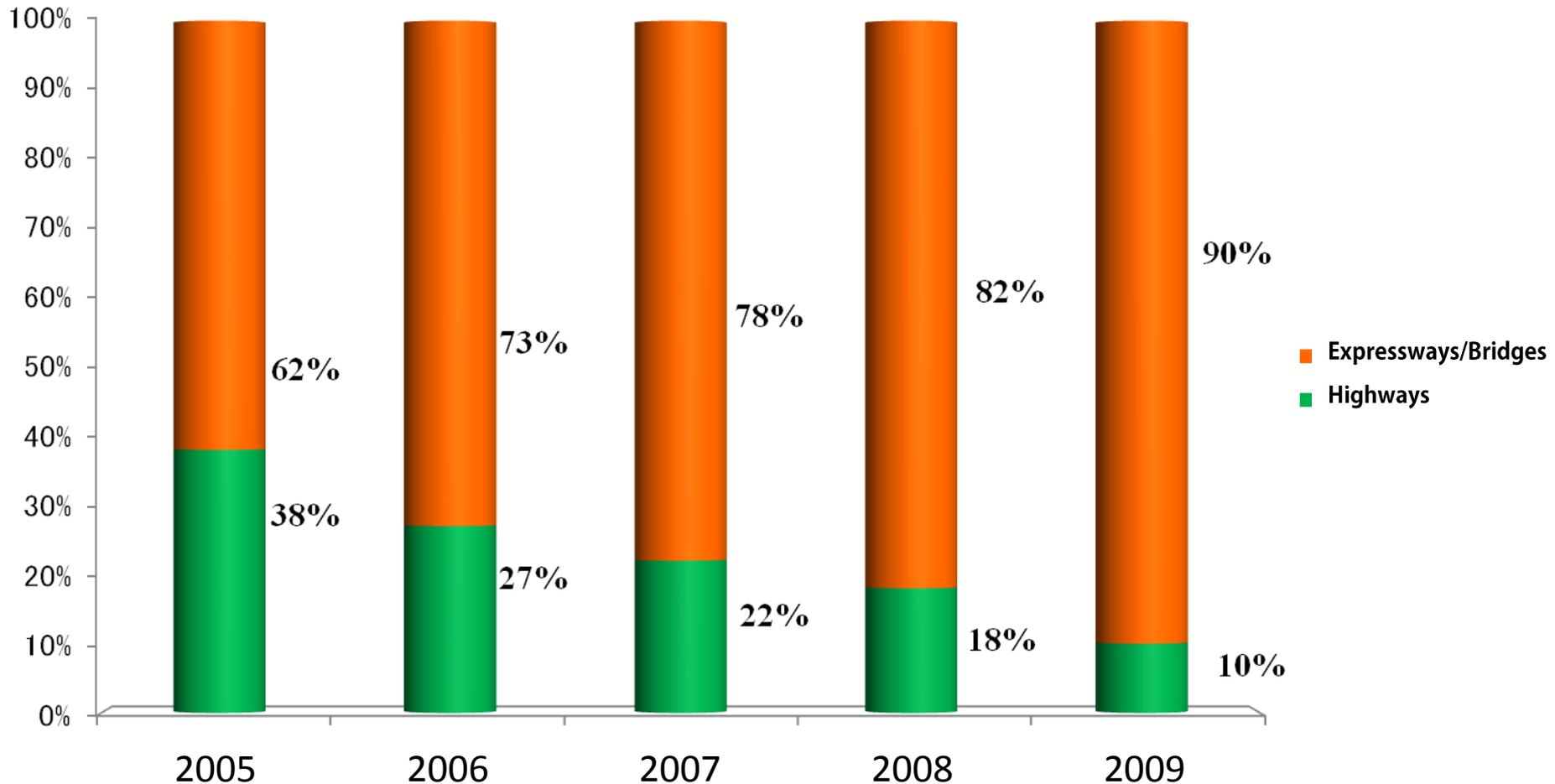
Management Structure



Business Structure

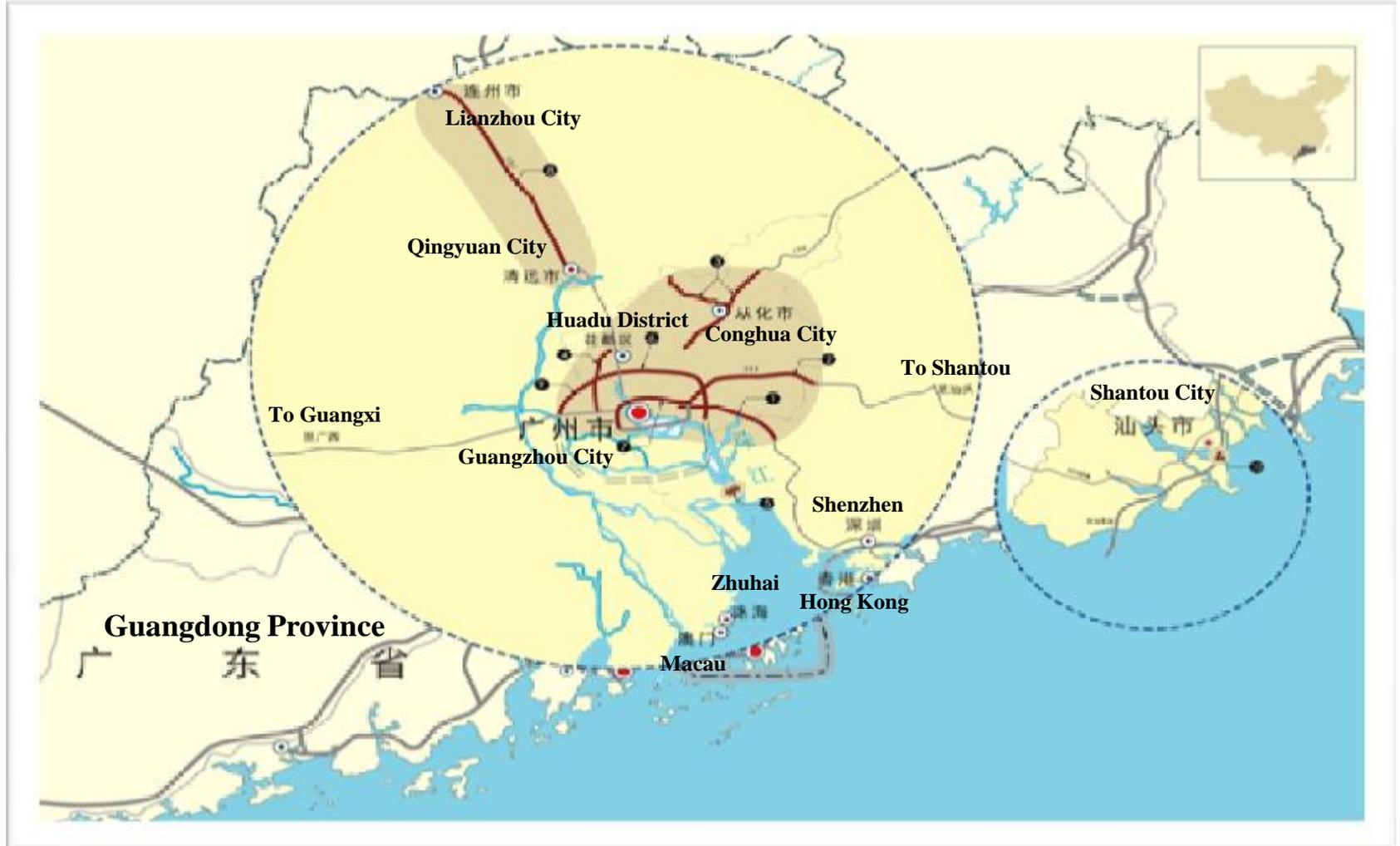


Proportions of Operating Revenue from Expressways/Bridges and Highways



Note: The above calculation is based on the amounts attributable to expressways/bridges of associates/joint ventures.

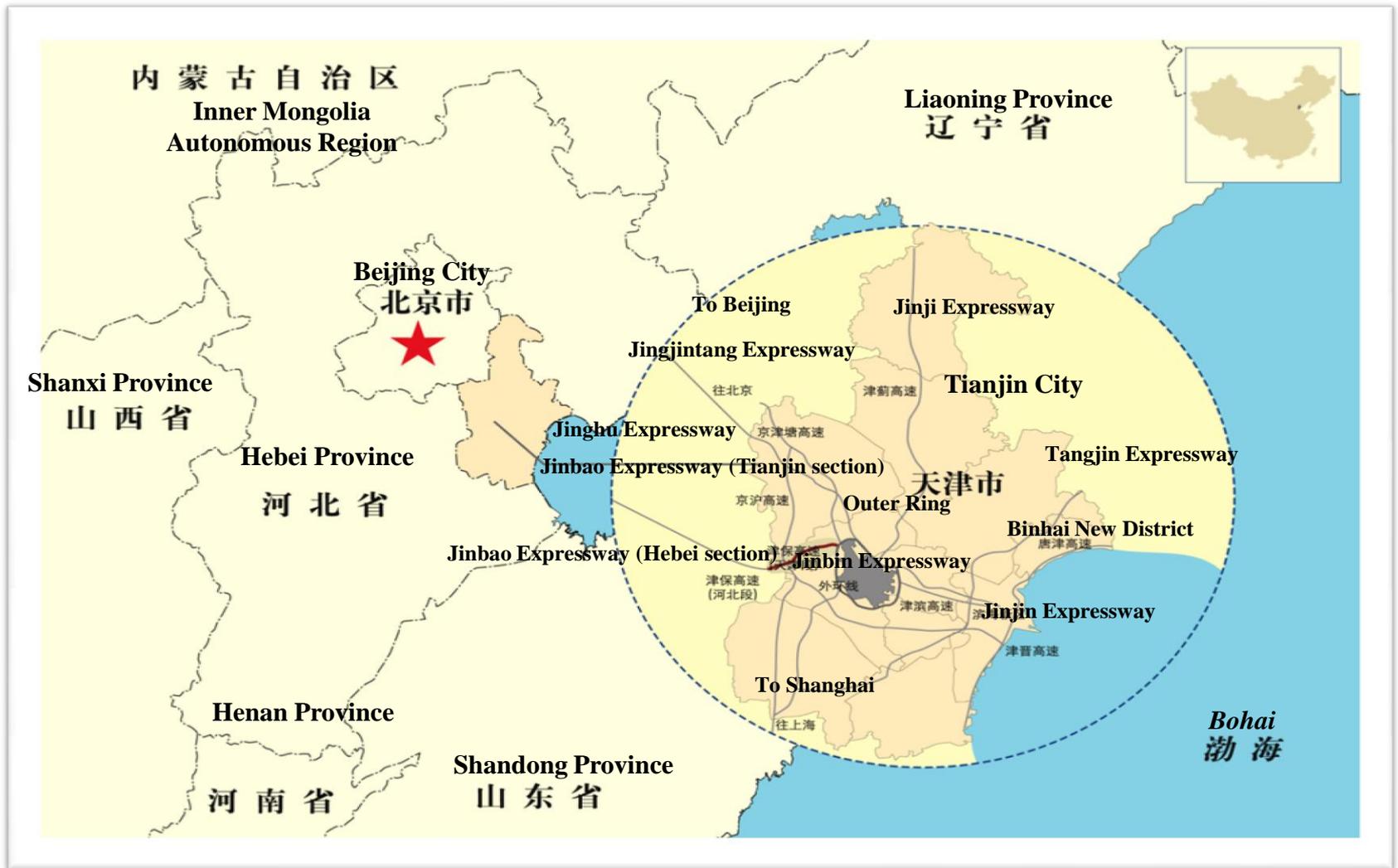
Location Map of Projects - Guangdong



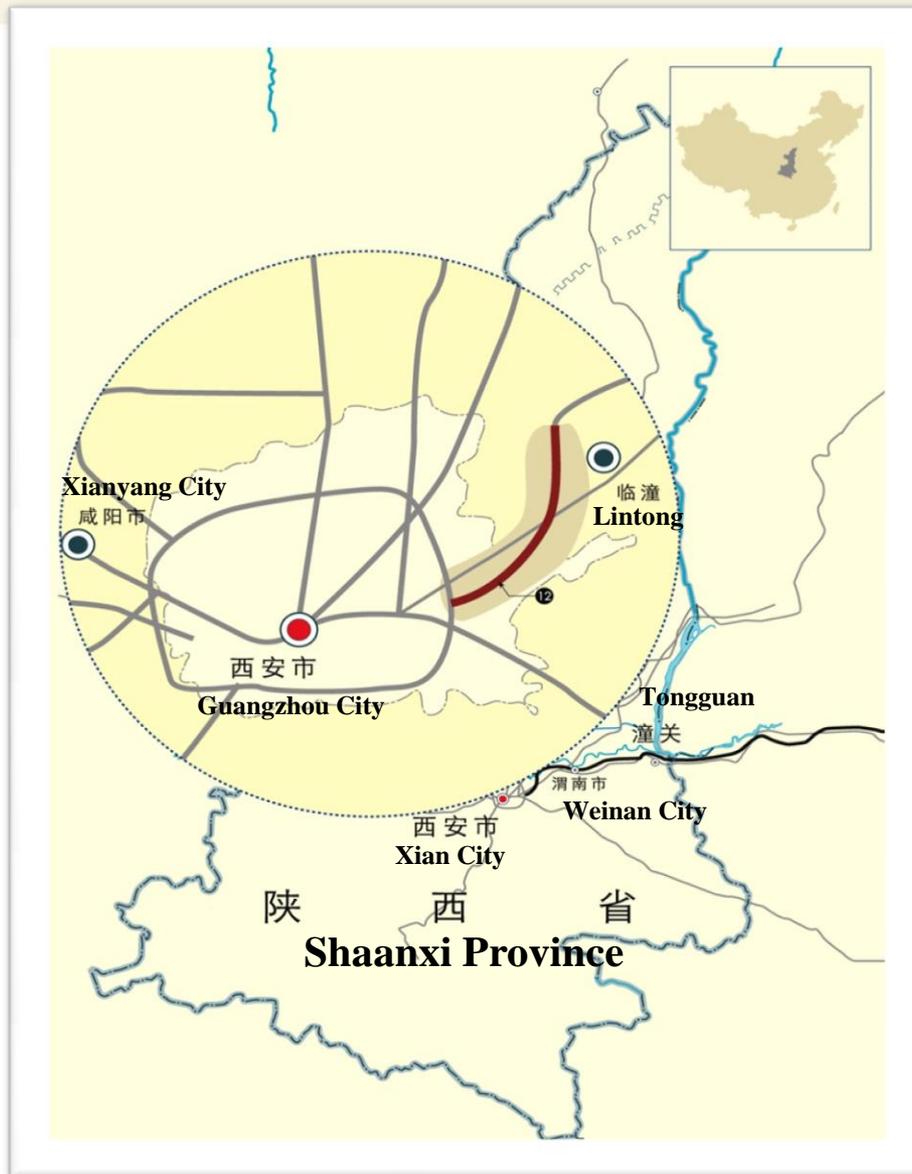
Location Map of Projects - Guangxi



Location Map of Projects - Tianjin



Location Map of Projects - Shaanxi





3. Operation Review

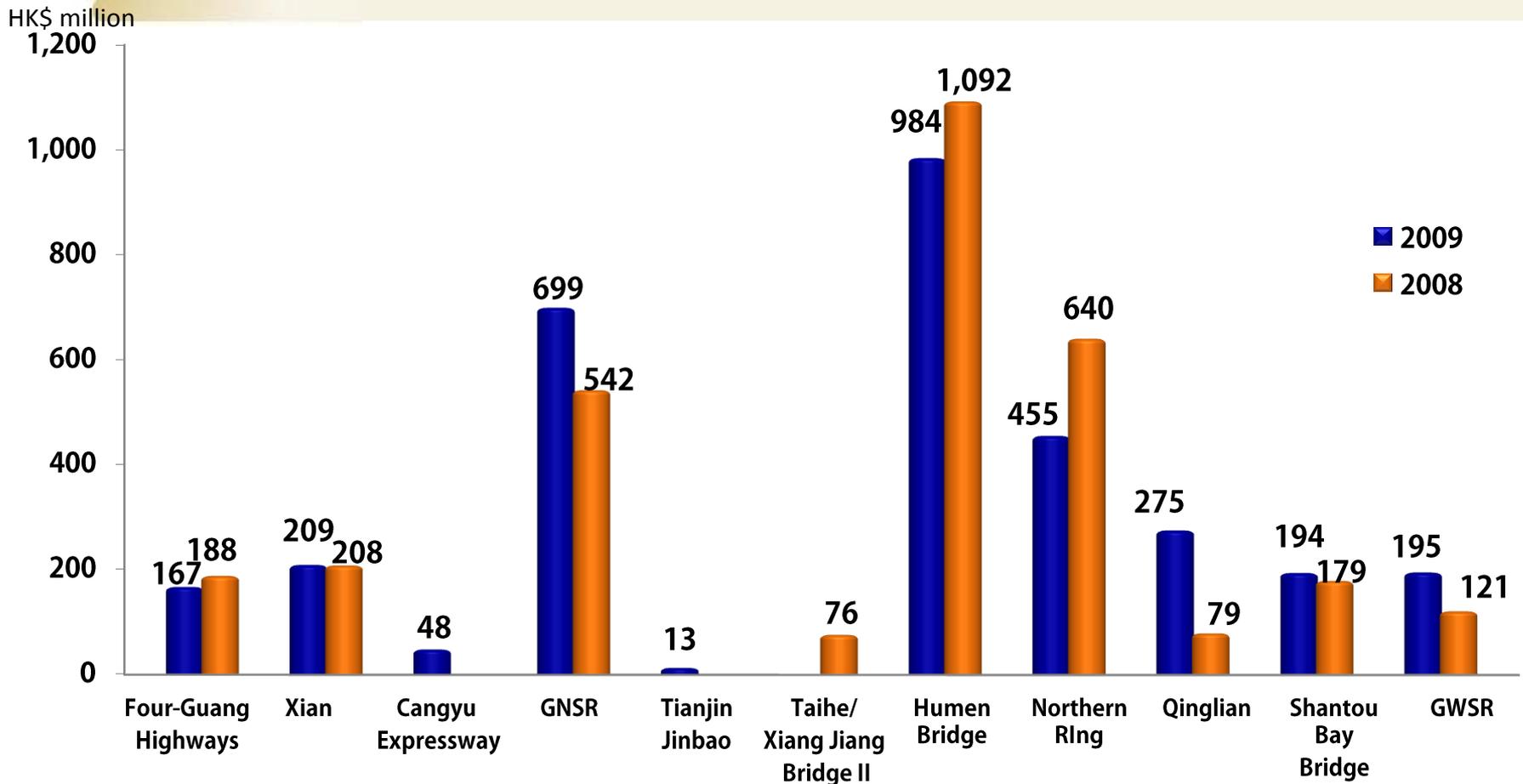
Operation highlights of 2009

- ◆ Profit attributable to shareholders from GNSR for 2009 increased 48% year on year, representing 53% of total profit.
- ◆ Net profit before provisions of the General Highway was HK\$ 34 million.

- ◆ Operating income of Humen Bridge in the second half of 2009 increase by 14.0% as compared to the first half of the year .
- ◆ Northern Ring Road commenced a dual-direction closure for maintenance which last for about five months in the second half of 2009 with traffic volume and income being temporarily affected , however, GNSR and GWSR have benefited from the diversion of traffic volume.

- ◆ In 2009, the full year average daily traffic volume of the Cangyu Expressway, which was newly acquired in early 2009, has increased by 337.8% as compared to 2008.
- ◆ In 2009, the full year average daily traffic volume of Tianjin Jinbao Expressway, which was newly acquired in December 2009, has surged 10.2% as compared to 2008.

Operating Revenue By Project in 2009

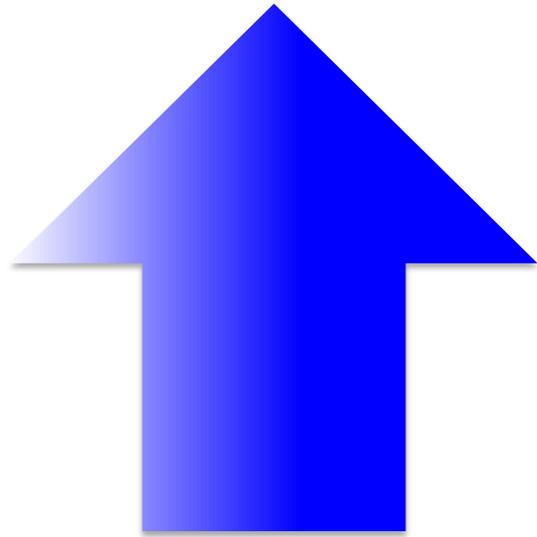


Total of Subsidiaries:
 2009: HK\$1.14 billion
 2008: HK\$1.01 billion

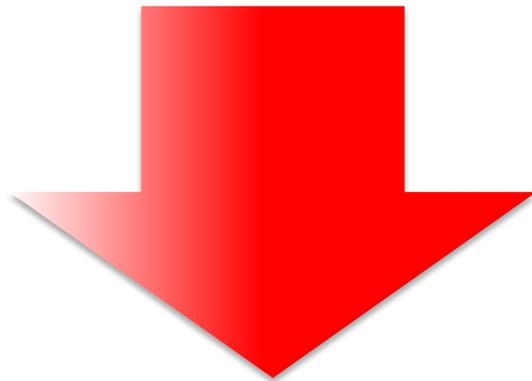
↑ 12%

Total of Associates/Joint Ventures:
 2009: HK\$2.10 billion
 2008: HK\$2.11 billion
 at the same level as last year

Increase/Decrease in Operating Revenue By Project in 2009

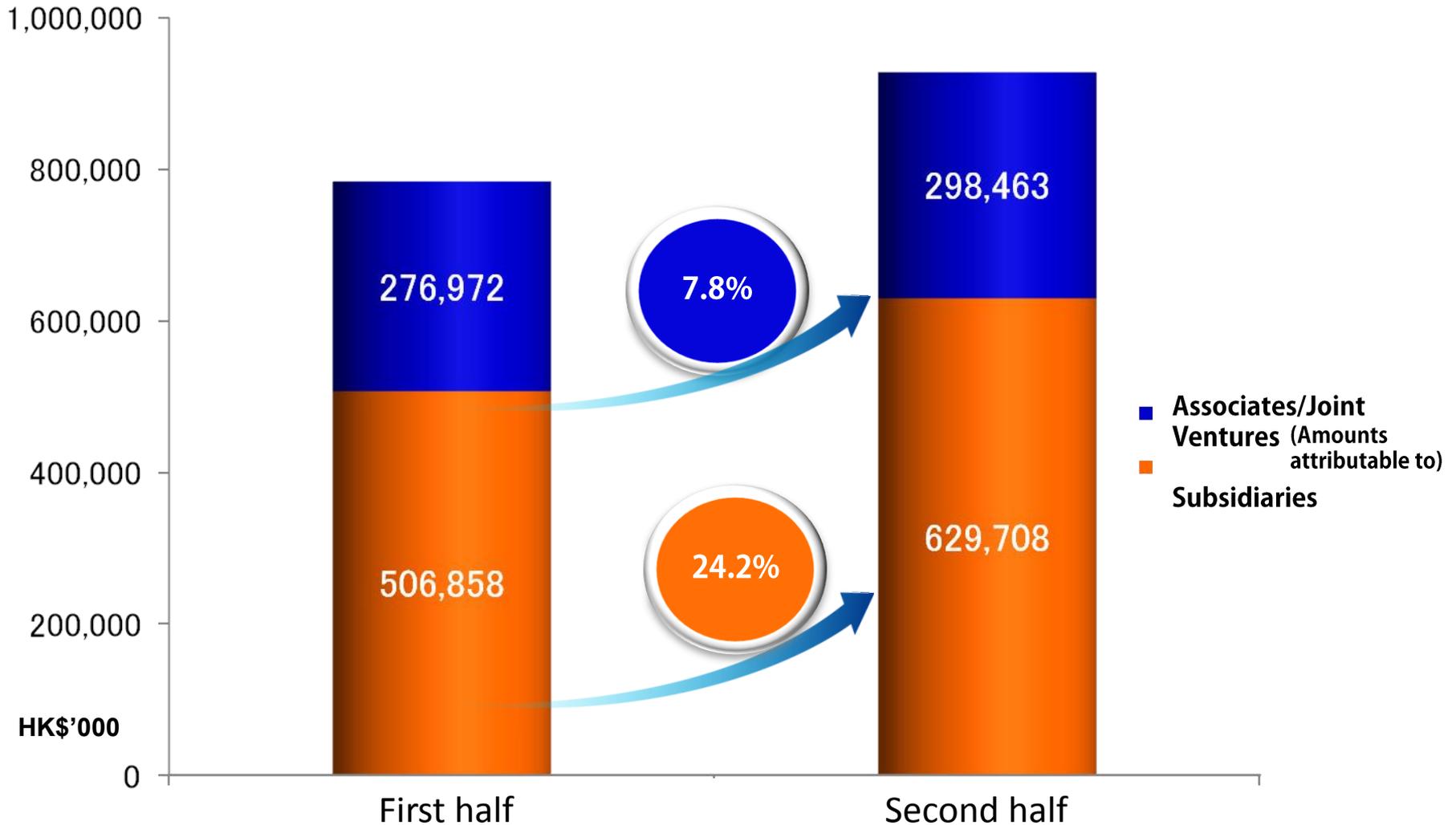


Qinglian	↑ 250.3%
GWSR	↑ 60.9%
GNSR	↑ 28.9%
Shantou Bay Bridge	↑ 8.1%
Xian Expressway	↑ 0.18%

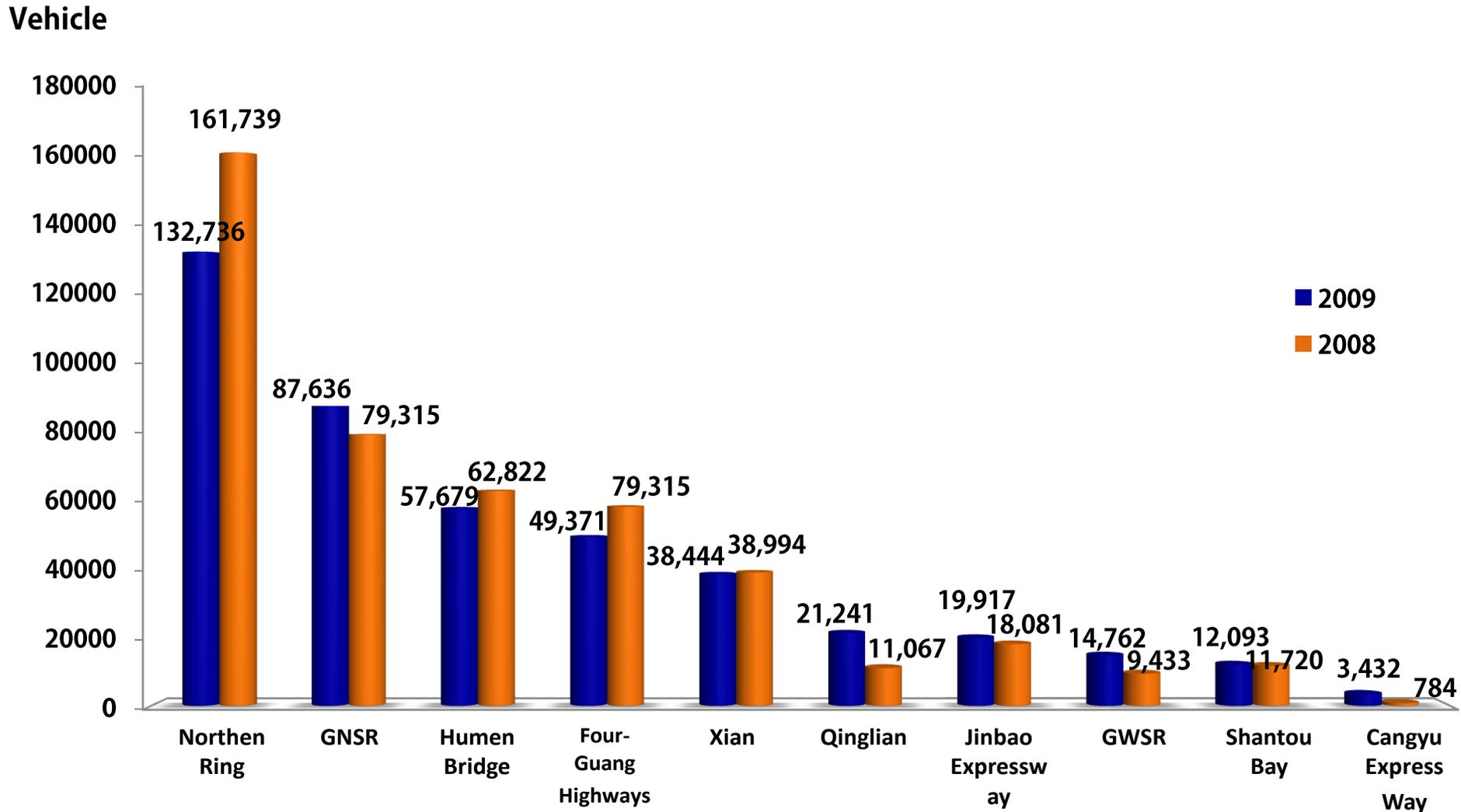


Humen Bridge	↓ 9.9%
Four-Guang Highways	↓ 11.2%
Northern Ring	↓ 28.9%

Analysis of Operating Revenue in First/Second Half of Year 2009

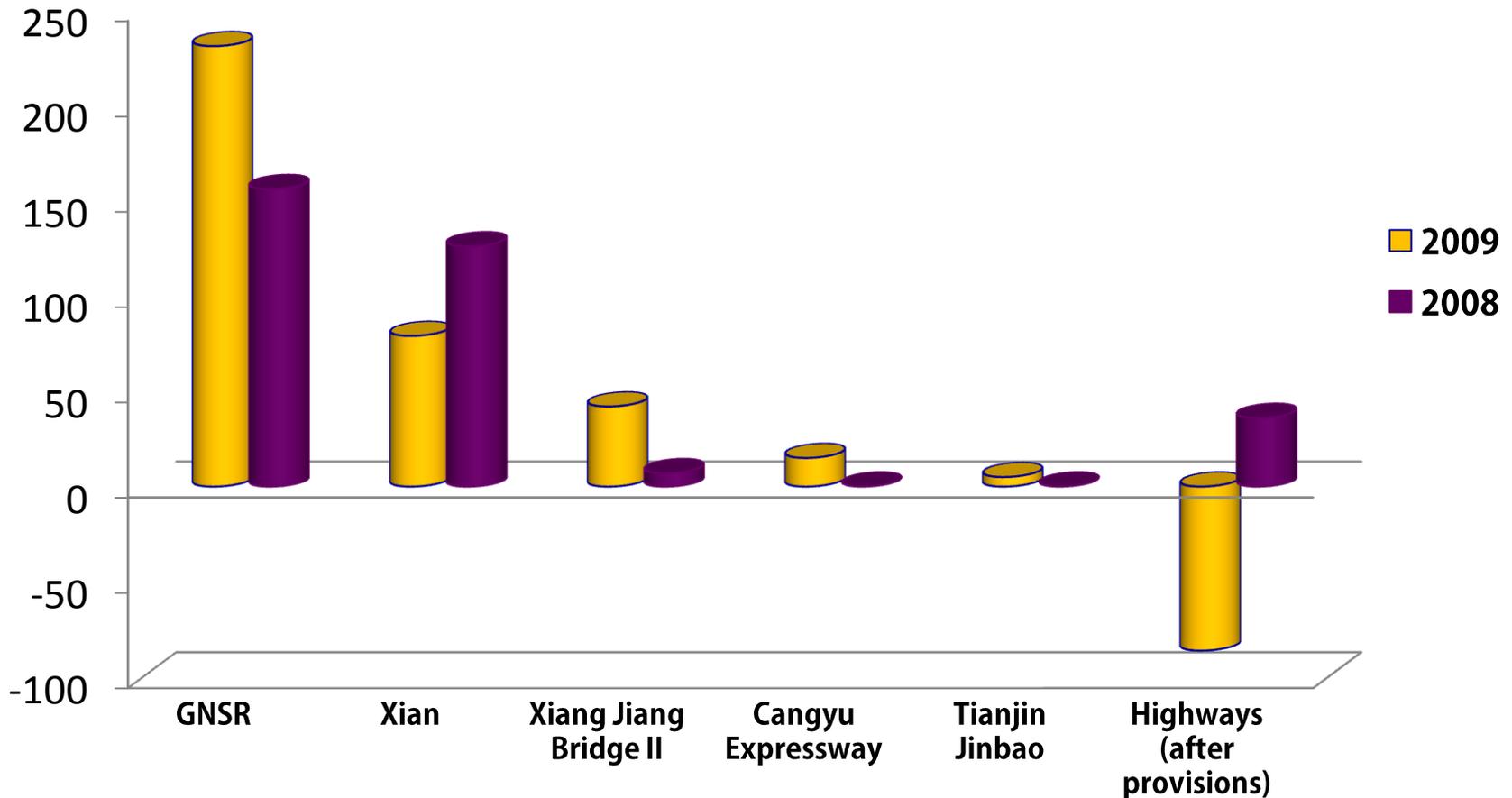


Average Daily Traffic Volumes By Project



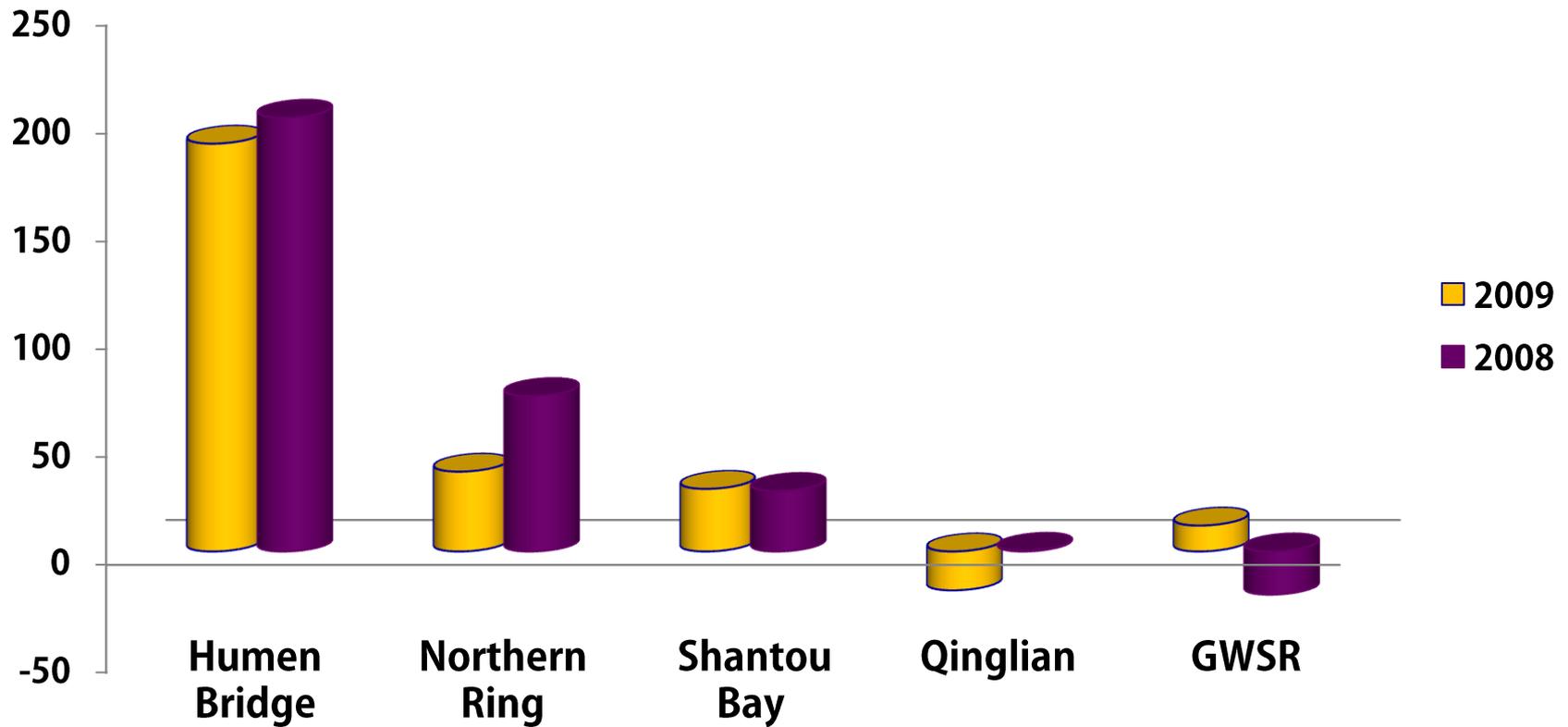
Earnings Attributable to Shareholders Contributed by Each Subsidiary

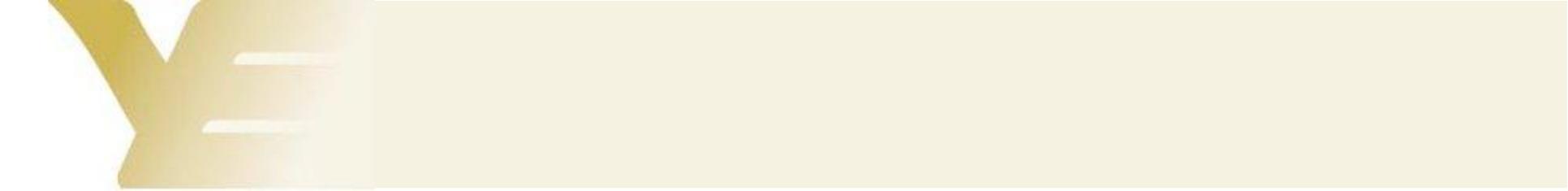
HK\$ million



Earnings Attributable to Shareholders Contributed by Each Associate/Joint Venture

HK\$ million





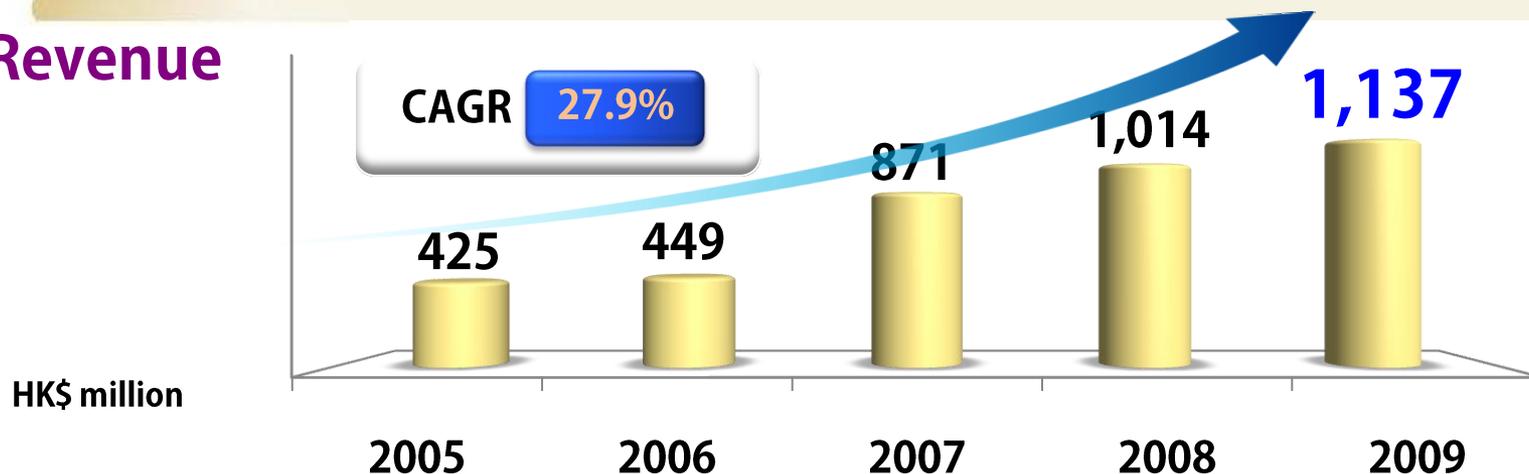
4. Five Years Financial Summary

Income Statement

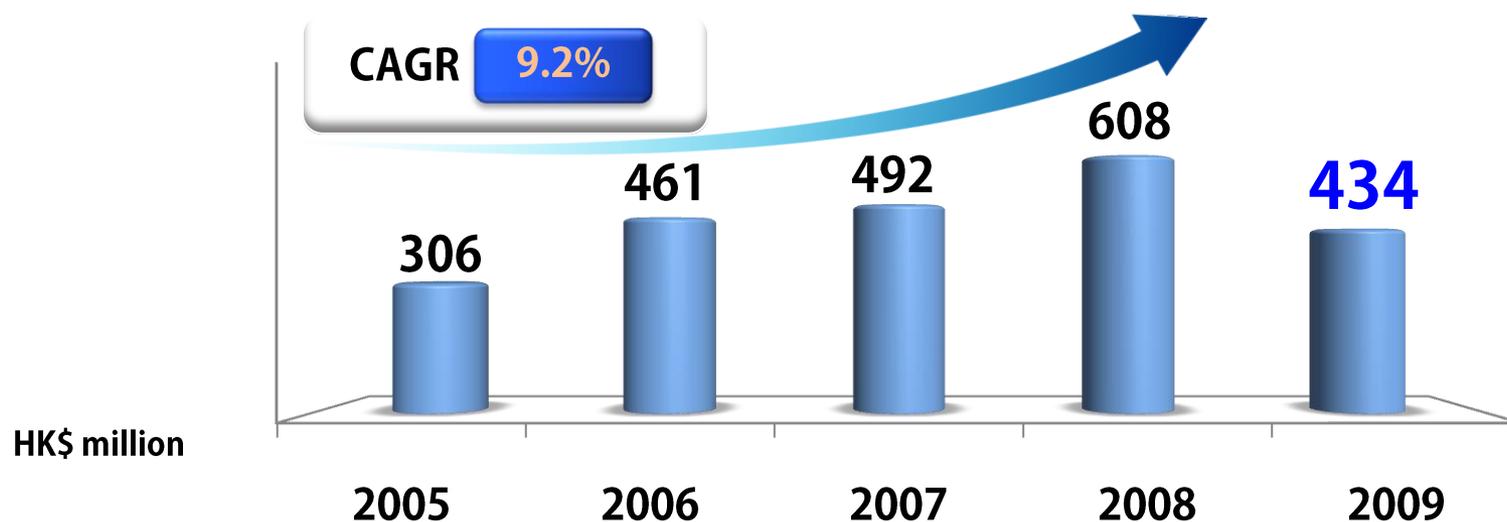
Year ended 31 December

	2009	2008	2007	2006	2005
(HK\$ million)					Restated
Revenue	1,137	1,014	871	449	425
Profit attributable to equity holders of the Company - After provisions	434	608	492	461	306
- Before provisions	554				
Basic earnings per share - After provisions	HK\$0.26	HK\$0.363	HK\$0.376	HK\$0.413	HK\$0.274
- Before provisions	HK\$0.33				
Dividend per share	HK\$0.16	HK\$0.16	HK\$0.135	HK\$0.135	HK\$0.10

Revenue



Profit attributable to equity holders of the Company



Balance Sheet

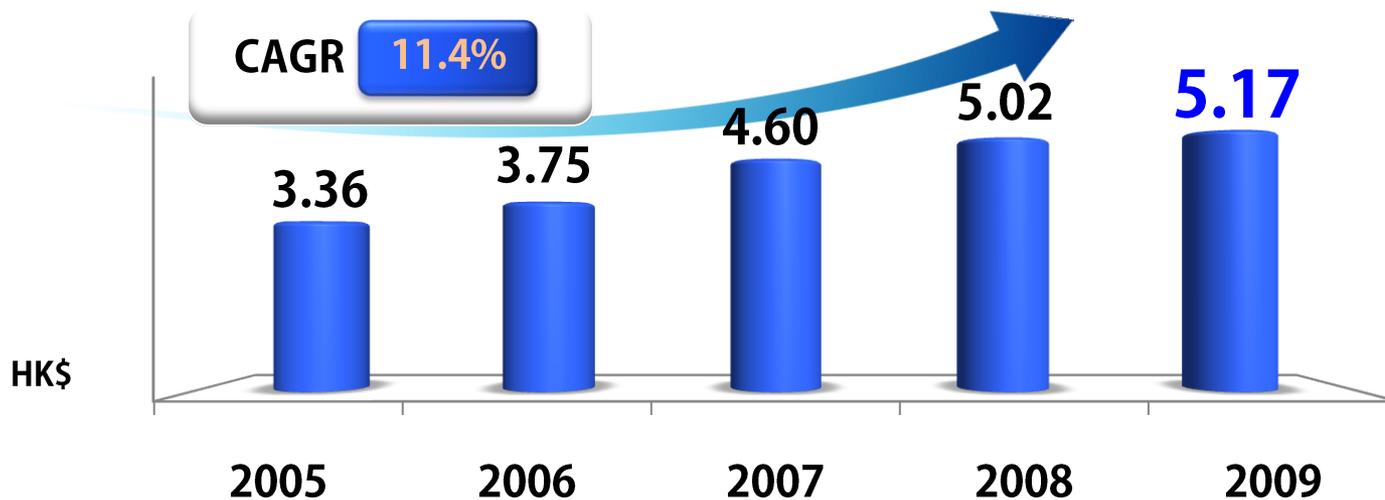
Year ended 31 December

	2009	2008	2007	2006	2005
(HK\$ million)					Restated
Total Assets	13,803	12,150	11,320	4,947	4,631
Total Liabilities	3,058	2,097	2,139	526	633
Net Assets	8,650	8,400	7,692	4,186	3,753
Net assets per share attributable to equity holders of the Company	HK\$5.17	HK\$5.02	HK\$4.60	HK\$3.75	HK\$3.36

Total assets



Net assets per share attributable to equity holders of the Company



Financial Ratios

	2009	2008	2007	2006	2005
					Restated
Return on equity of equity holders of the Company	(Before provisions) 6.40% (After provisions) 5.02%	7.20%	6.40%	11.00%	8.15%
Interest coverage	15 times	15 times	16 times	275 times	53 times
Gross gearing ratio (total borrowings/ total capitalization)	16.80%	11.70%	14.20%	9.70%	13.10%

5. Prospects

Overall Strategy

- ◆ A new 5-year development plan of the Company was set to gear up our efforts in investments and acquisitions
- ◆ To continue focusing new investments and acquisitions in expressways
- ◆ To double our total assets in the next three to five years

Regional Strategy

- ◆ Economically more developed regions such as Pearl River Delta
- ◆ Western provinces, which benefited from the development of ASEAN Free Trade Area
- ◆ Bohai Rim Region, this region has achieved robust economic growth and was supported by the policies of Chinese government in recent years.
- ◆ The economically more developed central regions, which are well positioned to capture the economic development opportunities brought about by Wuhan Guangzhou High Speed Rail

Business Outlook

- ◆ Projects such as GNSR, Humen Bridge and Northern Ring will continue to be the major and stable sources of profit of the Group.
- ◆ Projects such as Qinglian, GWSR and Cangyu will gradually become the profit growth drivers of the Group.
- ◆ It is expected that the Guangzhou Asian Games, which will open in November, will become a favorable factor for the toll operations of the Group.

Disclaimer

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