



**GZI Transport Limited**

**越 秀 交 通 有 限 公 司**

(Stock Code: 01052)

# **GZI 2010 Interim Report**



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# Performance Summary

**Operating  
revenue**

**RMB 571 million  
↑ 27.8%**

**Profit  
attributable to  
equity holders**

**RMB 238 million  
↑ 53.2%**

**Earnings per  
share**

**RMB 0.1423  
↑ 53.2%**

# Highlights

## Double-digit growth of revenue and profits

- Operating revenue: increased by 27.8% YoY.
- Profit attributable to shareholders: increased by 53.2% YoY.

## Enhanced cost control and profitability

- The headquarter further strengthened engineering management of subsidiaries.
- Gross profit margin in reporting period was 62.0%, increased by 2.7 percentage points as compared to the same period in 2009.

## Better performance in subsidiaries

- Profit attributable to shareholders from subsidiaries was RMB 169 million, increased by 21.7% YoY.
- Profit from associates/JCE was RMB 110 million, decreased by 4.9% YoY.

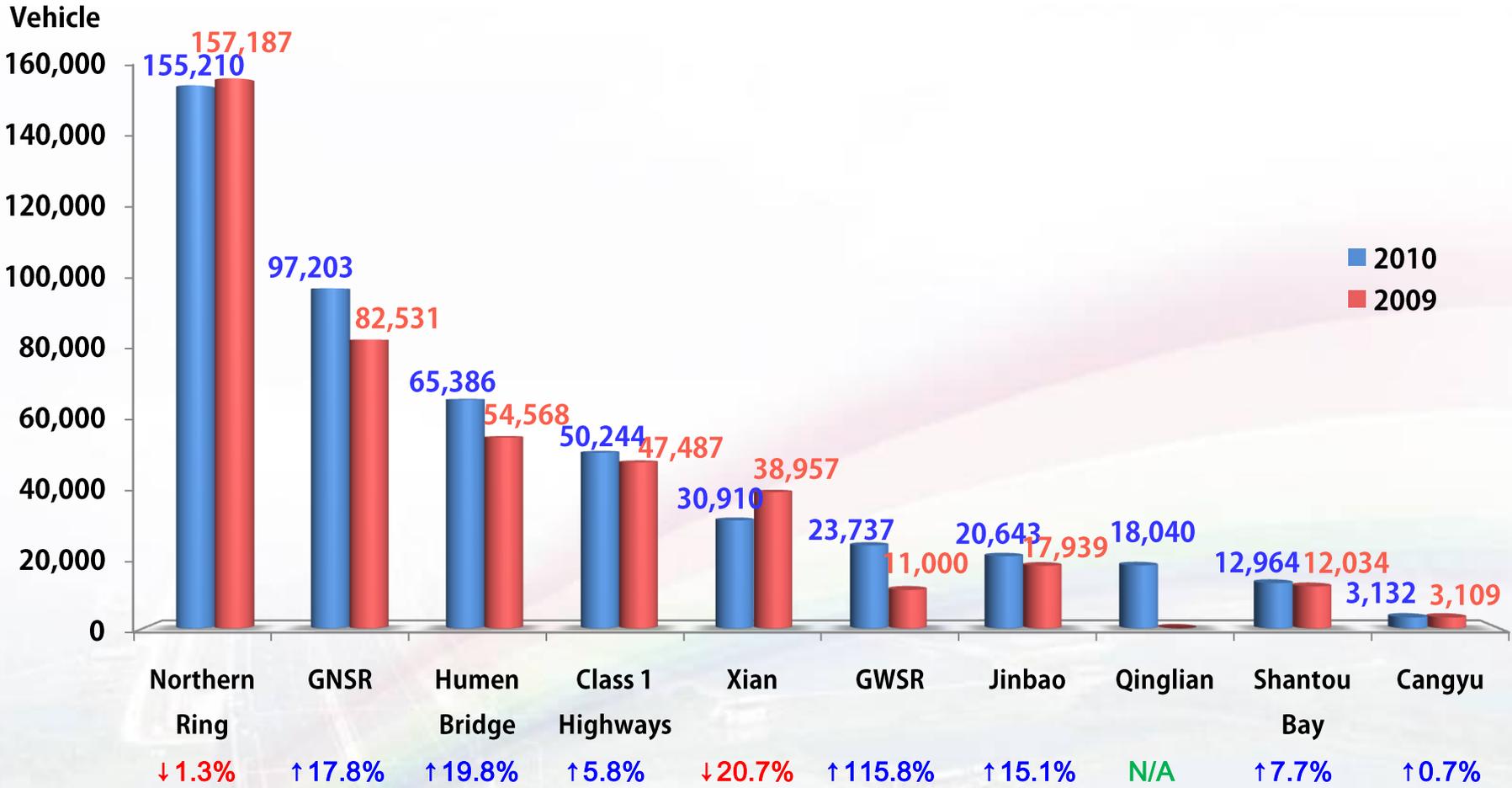
## Performance of individual projects

- In Guangzhou: GNSR'S revenue and profit both increased by over 20%. GWSR started to make profit. Profit from these two projects increased by RMB 47 million YoY.
- Humen Bridge's revenue increased by over 20%. But profit decreased by RMB 16 million YoY due to adjustment of GZT's attributable interest(Note).

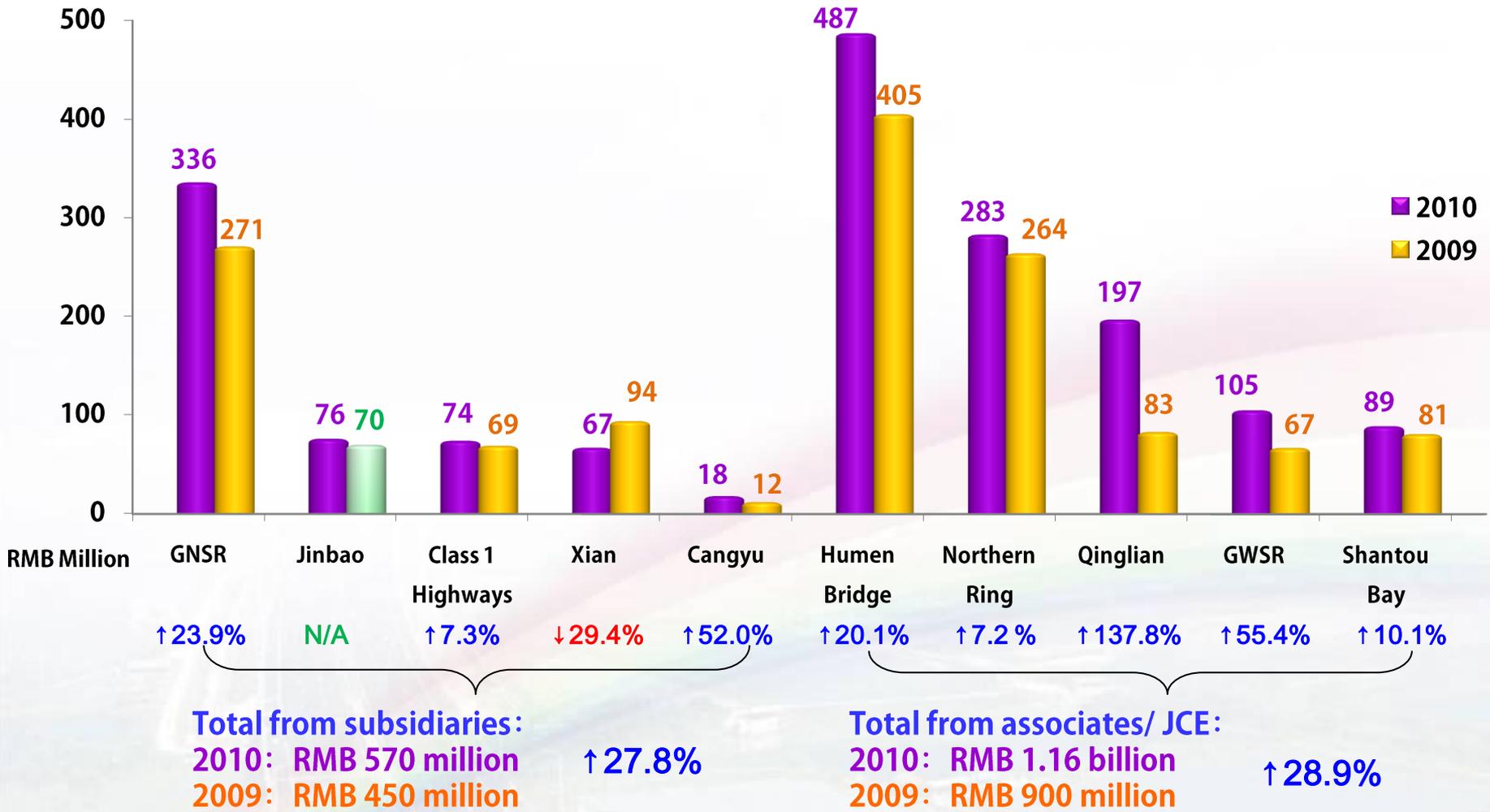
# Consolidated Income Statement

RMB' 000	30/06/2010	30/06/2009	increase/ (decrease)%
Operating revenue	571,359	446,998	27.8%
Gross profit	354,057	265,013	33.6%
Operating profit	300,993	288,537	4.3%
Profit contribution from associates/JCE	110,072	115,728	(4.9%)
Profit before tax	389,522	224,274	73.7%
Income tax	(64,302)	(44,967)	43.0%
Profit after tax	325,220	179,307	81.4%
Profit attributable to equity holders	238,133	155,444	53.2%
Earnings per share	RMB 0.1423	RMB 0.0929	53.2%
Suggested dividend (to be paid in HKD)	HKD 0.10	HKD 0.04	150%
Dividend payout ratio ( = dividend for the year/earnings per share)	61.3%	38.0%	Increased by 23.3 percentage points

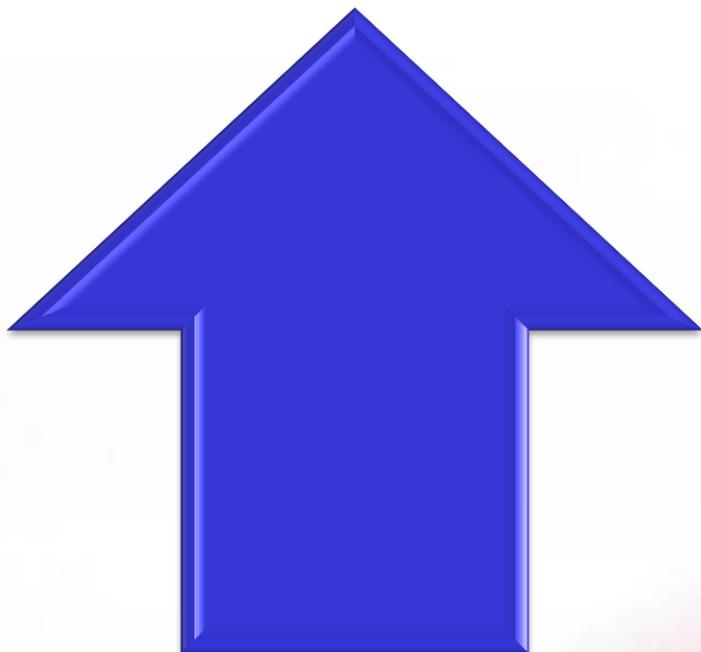
# Average Daily Toll Traffic Volume



# Operating Revenue of Projects



# Increase/Decrease of Operating Revenue of Projects

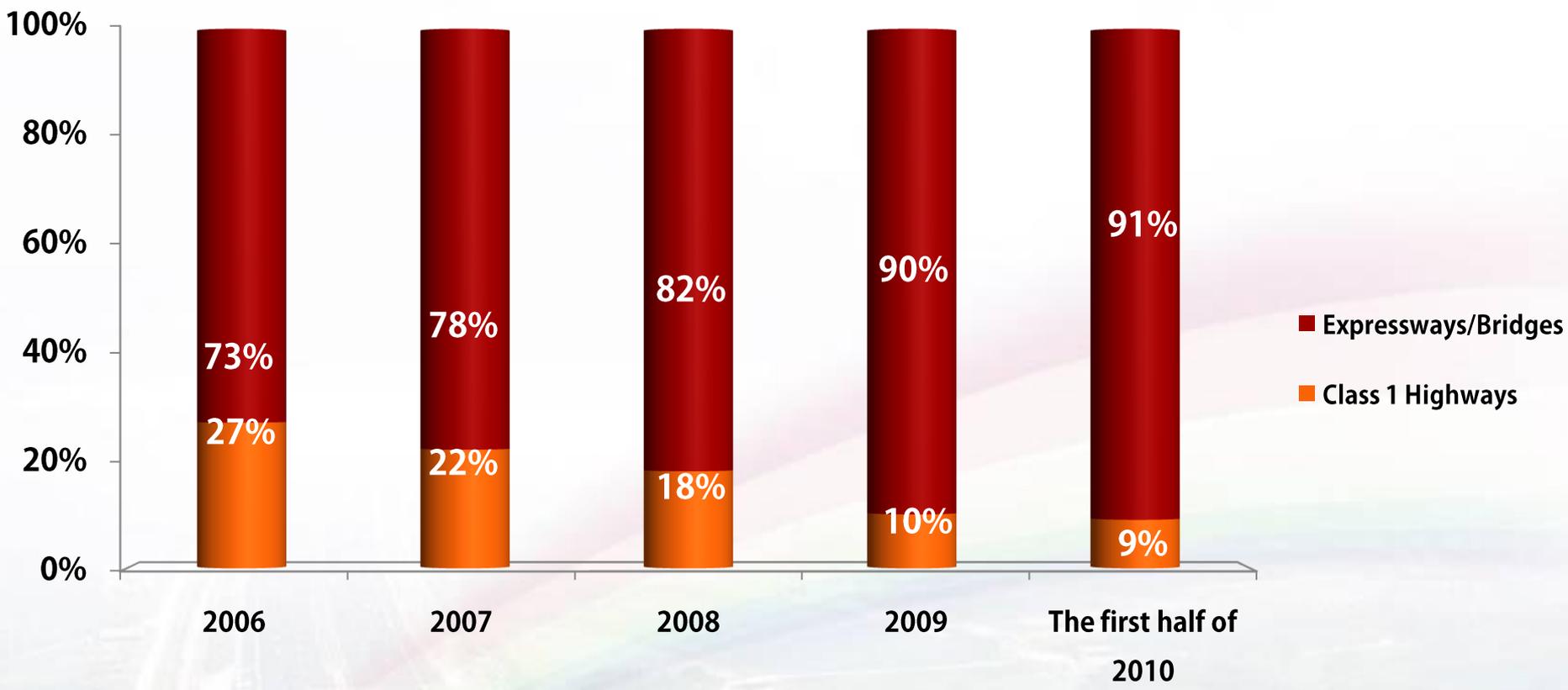


Qinglian	↑ 137.8%
GWSR	↑ 55.4%
Cangyu	↑ 52.0%
GNSR	↑ 23.9%
Humen	↑ 20.1%
Shantou Bay	↑ 10.1%
Class 1 Highways	↑ 7.3%
North Ring	↑ 7.2%

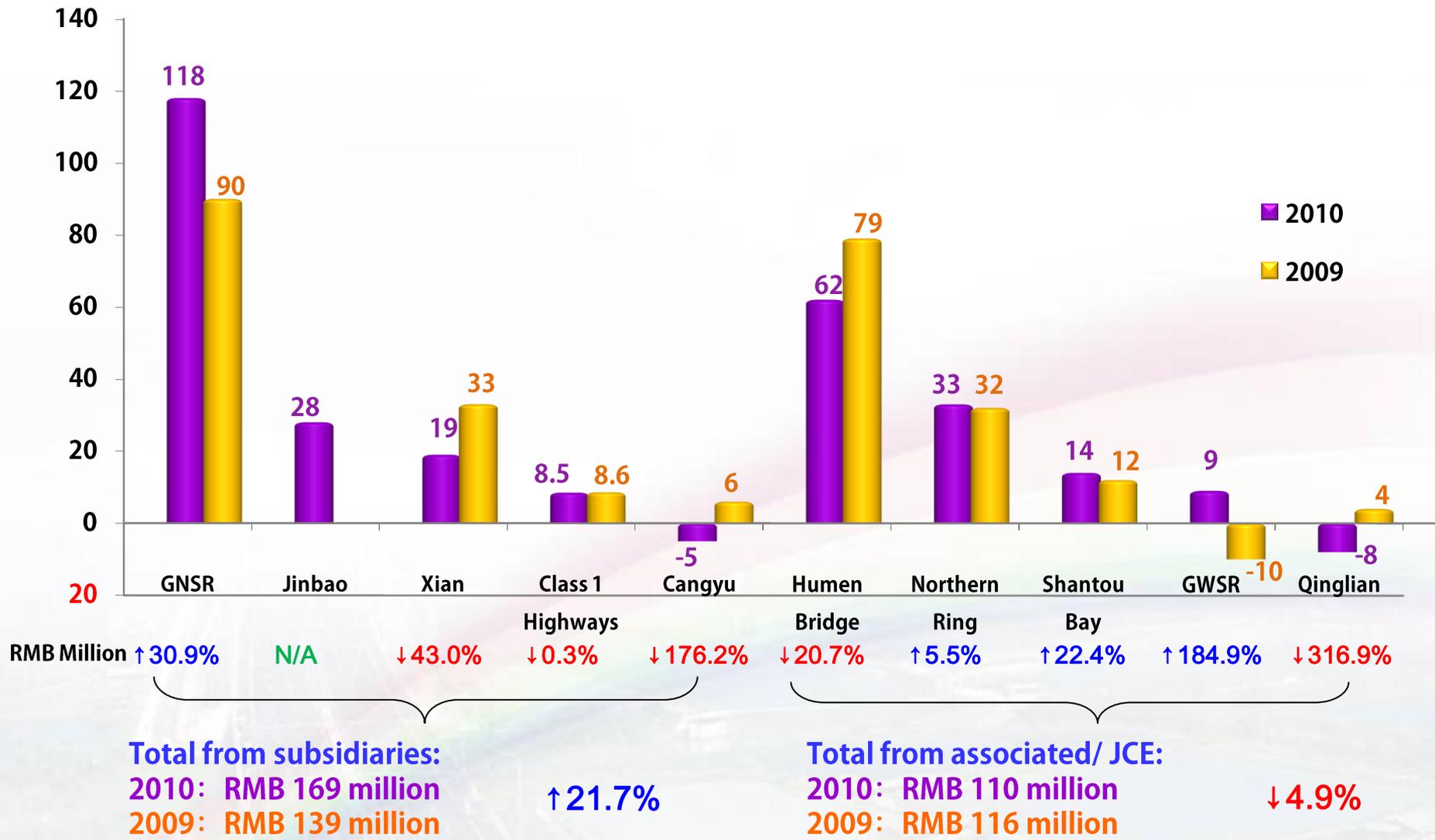


**Xian**      ↓ 29.4%

# Proportions of Operating Revenue: Expressways/Bridges VS Class 1 Highways



# Attributable Profit from Projects



# Analysis of Major Items in Balance Sheet

RMB' 000	30/06/2010	31/12/2009	increase/ (decrease)%
<b>Total asset</b>	<b>12,108,492</b>	<b>12,152,740</b>	<b>(0.4%)</b>
<b>About 90% of total asset:</b>			
Intangible operating rights	7,087,474	7,193,211	(1.5%)
Investments in associates/ JCE	2,014,469	2,055,666	(2.0%)
Cash and cash equivalents	2,038,756	1,954,238	4.3%
<b>Total liabilities</b>	<b>2,637,276</b>	<b>2,692,150</b>	<b>(2.0%)</b>
<b>About 90% of total liabilities:</b>			
Bank borrowings—due within one year	306,980	312,980	(1.9%)
—due beyond one year	812,520	832,520	(2.4%)
Loans from minority shareholders	397,764	393,340	1.1%
Deferred income tax liabilities	943,885	943,312	0.1%
<b>Total equity</b>	<b>9,471,216</b>	<b>9,460,590</b>	<b>0.1%</b>
Including: Equity attributable to the Company's equity holders	7,675,001	7,619,861	0.7%
<b>Gross gearing ratio (= total borrowings / total capitalization)</b>	<b>16.5%</b>	<b>16.8%</b>	<b>Decreased by 0.3 percentage points</b>

# Cash Flow

RMB'000

	30/06/2010	30/06/2009	Increase/ (decrease)%
Net cash flow from operating activities	280,632	271,064	3.5%
Net cash flow from investment activities	137,884	(126,261)	209.2%
Net cash flow from financing activities	(334,140)	(212,963)	56.9%
Increase/(decrease) in cash and cash equivalents	84,376	(68,160)	223.8%
Cash balance	2,038,756	2,007,156	1.6%

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# Business Review in the First Half of 2010

## Seized development opportunities and strengthened meticulous management

- As functions of Guangzhou road network created positive changes, projects such as GNSR and GWSR sustained rapid growth in toll revenue.
- By continuous spreading of successful management experience, encouraging internal communication, GZT accelerated the standardization of Cangyu Expressway's management, and achieved 'management enhanced efficiency'.

## Professional engineering management

- Jinbao Expressway and Xian Expressway successfully completed overhauls required by the 'State Inspection' Programme.
- Some of the projects in Guangzhou area smoothly carried out the 'Greet Asian Games' and 'State Inspection' programmes.
- Toll revenue was not substantially affected by the above constructions, and construction costs were controlled within budget.

## Strengthened relationship with investors and enhanced transparency

- Operational statistics (unaudited) were announced monthly in accordance with industry's practice.
- Both GZT's share price and market value increased by 24.6% in the first half of 2010, performed much better than the HK stock market and peers.

# Prospect

## To effectively carry out investment and structural adjustment

- Performance of projects acquired in 2009 was better than expected.
- Management will continue to fine-tune the asset portfolio timely.
- We will continue to focus on: (1) the middle China region, where economy is relatively mature and which benefits from the Wuguang Hi-speed Railway (2) Provinces in Western Region where economy benefits from development of the ASEAN Free Trade Area (3) Pearl River Delta where economy is relatively advanced.

## To strengthen cost control and engineering management of subsidiaries

- To strictly and comprehensively inspect controlling projects starting from the designing stage for the "State Inspection" and "Greet Asian Games" programmes.
- To continue to ensure toll revenue not substantially affected by reconstructions and and to ensure costs of engineering are controlled within the budgets.

## Professional management under the supervision of headquarter

- Strictly carry out company plans, and hire Towers Watson to implement HR management programme.
- To apply management tools such as 'Balance scorecard' to improve management and supervision standard and to implement performance evaluation system.

- Since the macro economy of mainland China is expected to maintain its growth momentum, toll roads and bridges of our Group are expected to keep a sustainable and steady increase in the second half of 2010.
- With the successive implementation of governmental traffic plans, expressways in Guangzhou area will continue to be the main sources of income and income growth.

GNSR's  
Huocun  
Toll station



•Due to the completion of “Four lanes to Eight” reconstruction of Xitong Line, Xian Expressway is expected to have better performance in the second half of 2010.



With the opening on 30 June 2010 of Yunwu Expressway, which connects Yunfu Hekou and Pingtai section, Guangwu Expressway is now open for the whole length. The travel time from Wuzhou to Guangzhou through Cangyu Expressway is reduced from more than 4 hours to about 3 hours. It is expected that traffic volume of Cangyu Expressway will have significant growth.



## Influence of Guangzhou Asian Games to Our Group

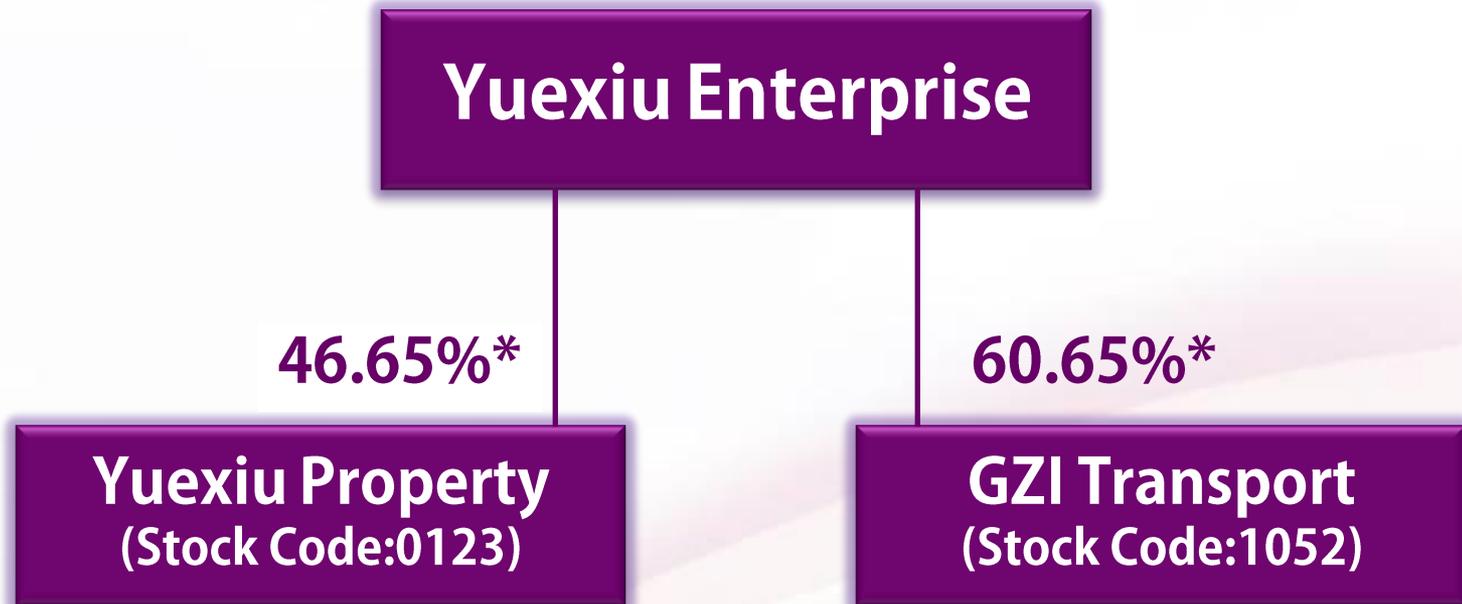
**Guangzhou will hold the Asian Games in November 2010 and the government has announced the “odd-even plate number” restriction measure to be implemented during the Games. The traffic volume will change in neighbouring road networks of Guangzhou accordingly. The Company is cautiously optimistic about the impact on Guangzhou Asian Games.**

**From the actual function of the Group’s toll roads in Guangzhou, we expect traffic volumes in Northern Ring Road and the four Class 1 highways will be affected, and remain cautiously optimistic on the traffic volumes of GNSR and GWSR.**

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# Shareholding Structure



**\*As at 30 June 2010**

# Management Structure



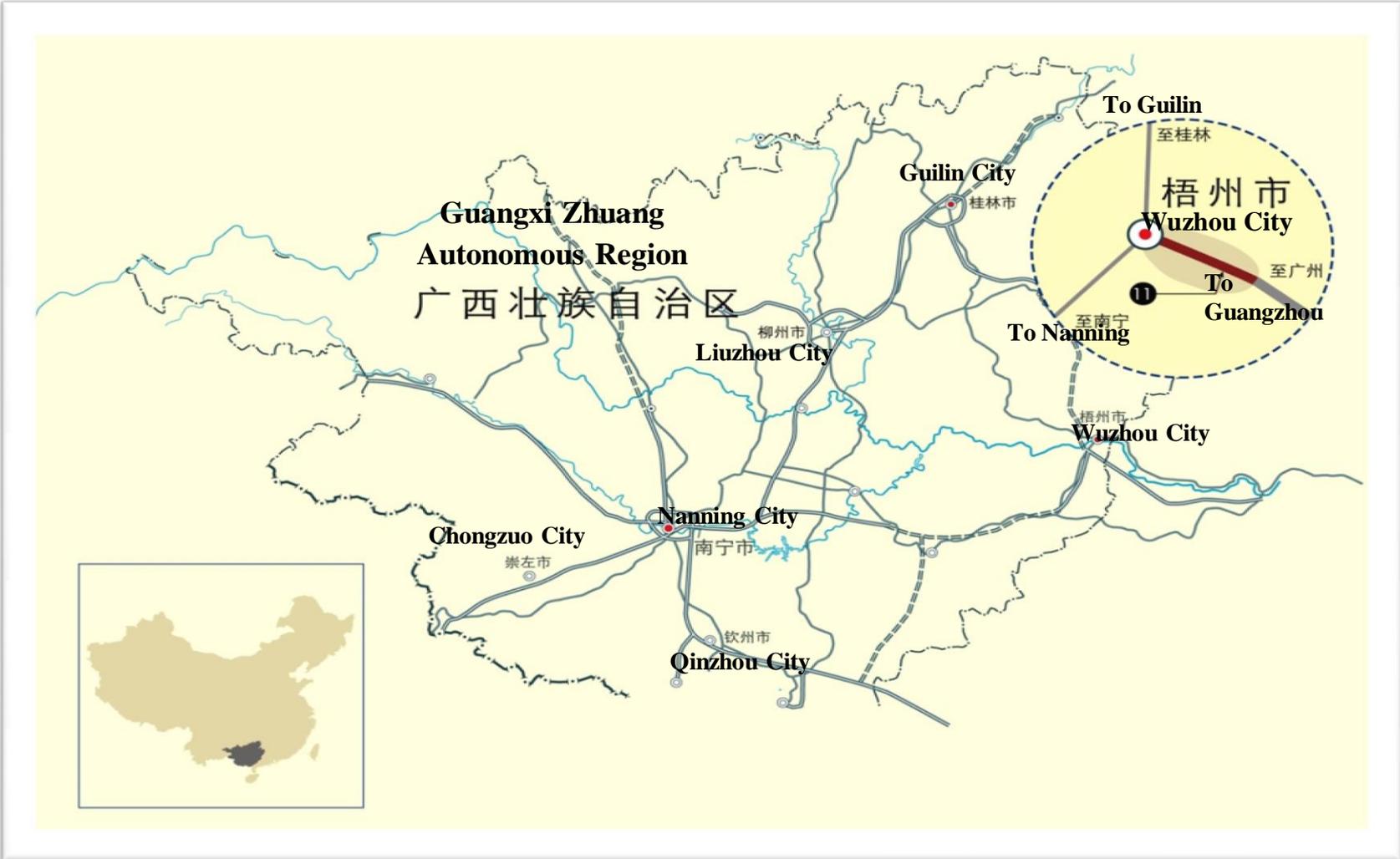
# Business Structure



# Location of Road Projects-Guangdong



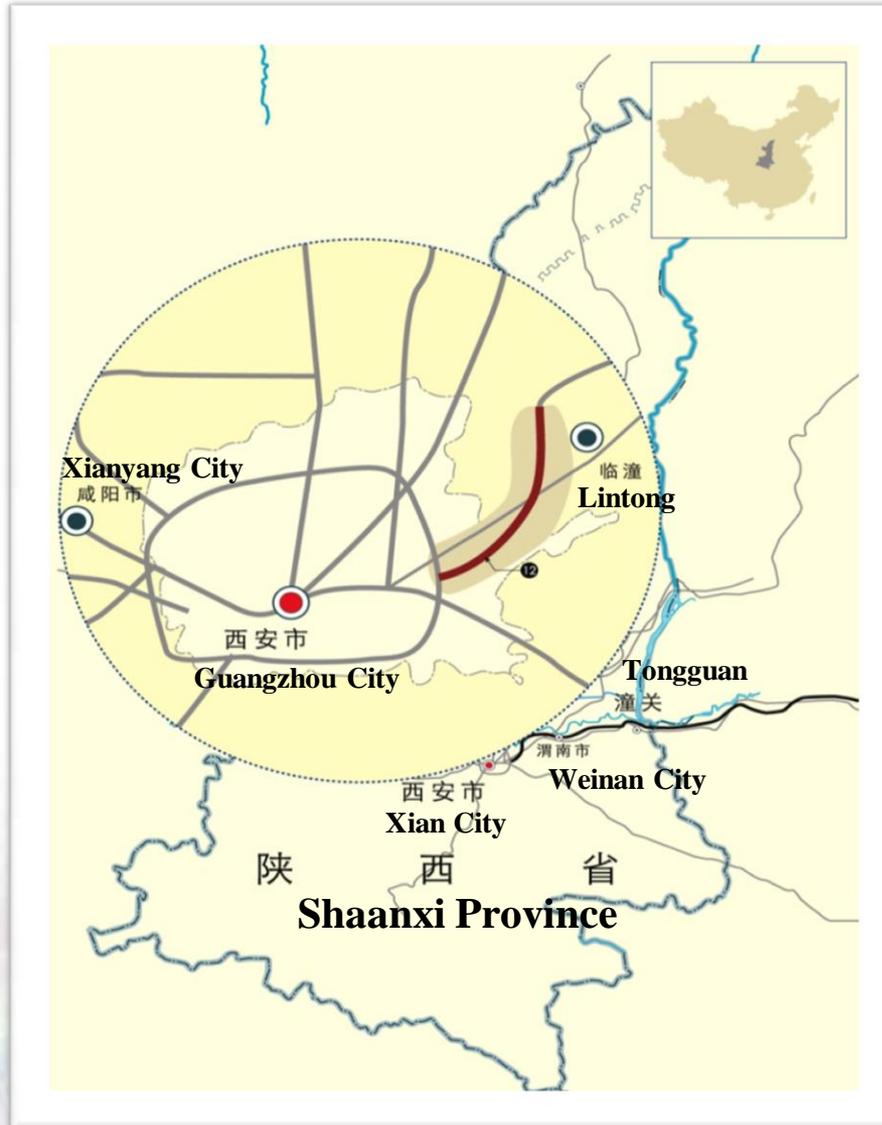
# Location of Road Projects-Guangxi



# Location of Road Projects-Tianjin



# Location of Road Projects-Shaanxi



# Disclaimer

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