



越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Stock Code: 1052)

二零一一年中期業績

2011 INTERIM RESULTS



Contents

- 1. Overview of Results**
2. Review and Prospect
3. Appendix



Results Highlights

Operating Revenue

623M
↑ 9.1%

Profit Attributable to shareholders

254 M
↑ 6.9%

Earnings per share

0.1521
↑ 6.9%



Results Highlights for the First Half of 2011

1

Operating revenue was 623 million, increased 9.10%, earning per share was 0.1521, increased 6.9%, while annualized return on equity increased from 6.21% to 6.47%.

2

Excluding incomparable factors (dividend received from Guangzhou Securities and profit and loss of Class 1 Highways) profit attributable to shareholders recorded double digit growth (increased 22.93% year-on-year).

3

The acquisition of 51% equity interest of Wuzhou Port Terminal marked the first successful foray into the transport infrastructure industry with longer operating period, and the company name was changed to “Yuexiu Transport Infrastructure Limited” accordingly.

4

Xian Expressway and Cangyu Expressway, which we hold controlling interests, both recorded robust growth in toll revenue, rising 63.9% and 183.9% respectively.

5

Toll revenue increase of Han-Xiao Expressway, which we invested in 2010, exceeded expectation, achieving year-on-year increase of 51.8%.



Consolidated Income Statement Highlights

RMB'000	30 June 2011 (unaudited)	30 June 2010 (unaudited)	increase/ (decrease)	change%
Revenue	623,333	571,359	51,974	9.1%
Cost of services	(188,686)	(217,302)	28,616	(13.2%)
Gross profit	434,647	354,057	80,590	22.8%
Other income	1,416	22,341	(20,925)	(93.7%)
Operating profit	365,555	300,993	64,562	21.4%
Profit of jointly controlled entity /associates	86,452	110,072	(23,620)	(21.5%)
Profit before tax	417,179	389,522	27,657	7.1%
Income tax expense	(76,893)	(64,302)	(12,591)	19.6%
Profit after tax	340,286	325,220	15,066	4.6%
Profit attributable to shareholders	254,460	238,133	16,327	6.9%



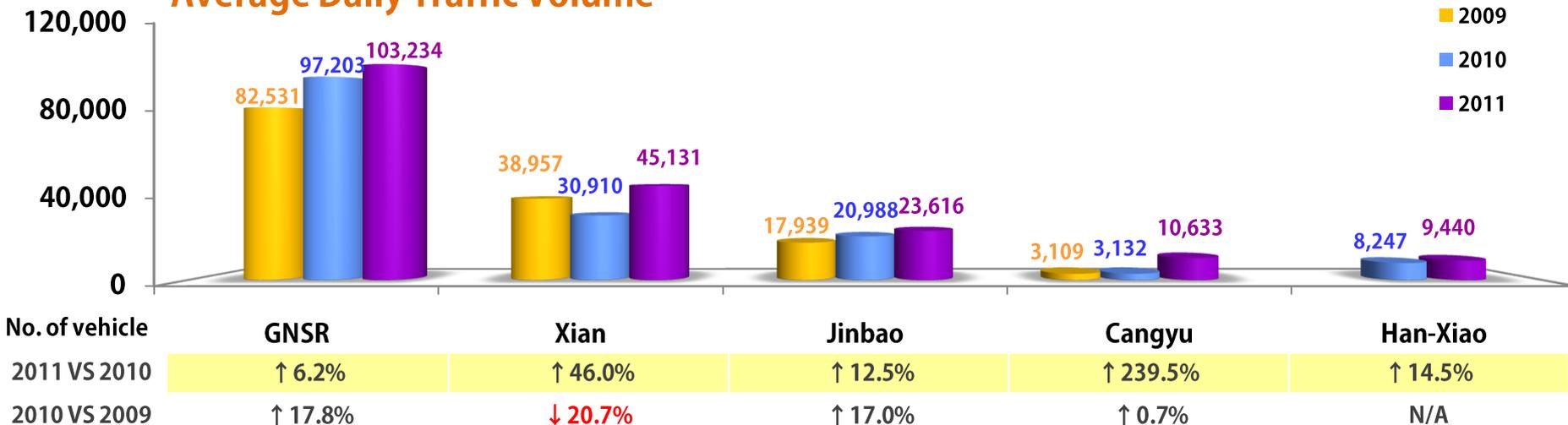
Major Balance Sheet Items

RMB'000	30 June 2011 (unaudited)	31 December 2010 (audited)	Change %
Total assets	15,746,982	13,842,966	13.8%
About 90% of which are:			
Cash and cash equivalents	934,790	2,111,929	(55.7%)
Intangible operating rights	10,408,268	7,740,035	34.5%
Investments in a jointly controlled entity and associates	1,999,402	2,082,316	(4.0%)
Receivable from Class 1 Highways	1,059,193	1,059,193	0%
Total liabilities	5,924,916	4,156,148	42.6%
About 90% of which are:			
Bank borrowings — due within 1 year	212,860	582,560	(63.5%)
— over 1 year	3,250,260	1,261,740	157.6%
Amounts due to non-controlling interests of subsidiaries	738,662	773,364	(4.5%)
Deferred income tax liabilities	1,158,168	1,100,669	5.2%
Total equity	9,822,066	9,686,818	1.4%
Attributable to Shareholders of the Company	7,865,890	7,813,584	0.7%
Gearing ratio (= Net debts /total capitalization)	30.7%	8.4%	↑ 22.3ppt
Debt ratio (=total liabilities/total assets)	37.6%	30.0%	↑ 7.6ppt

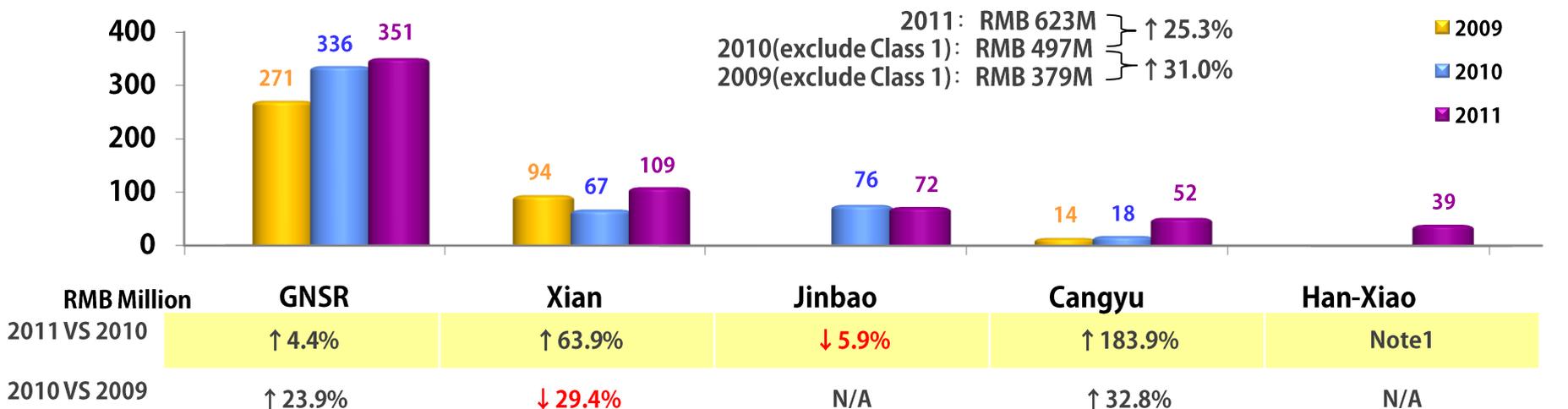


Subsidiaries in the First Half of 2011

Average Daily Traffic Volume



Operating Revenue

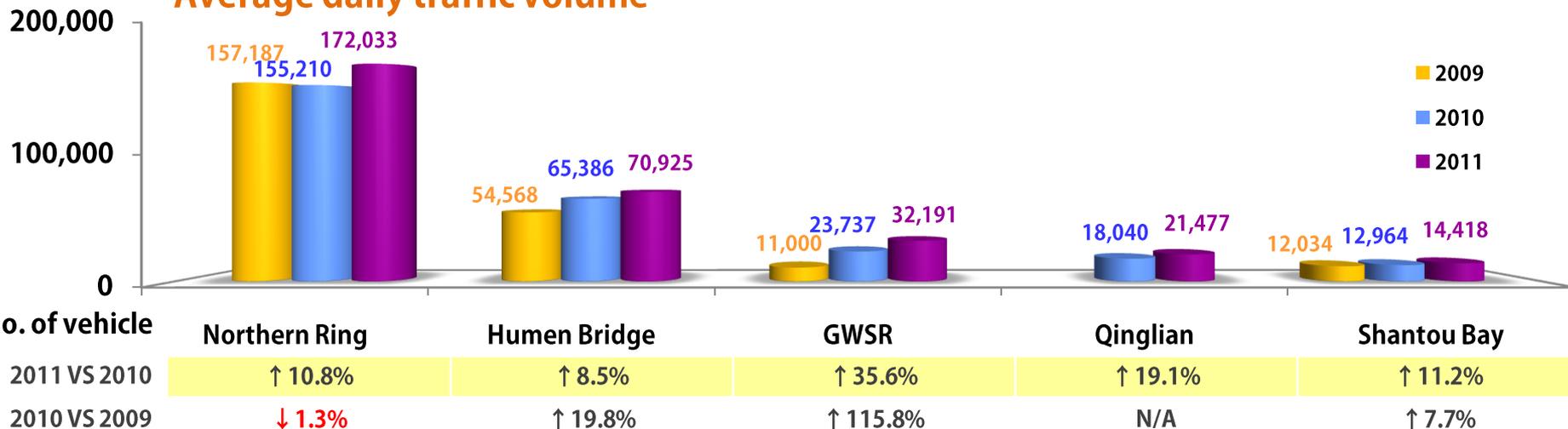


Note1: For comparison purpose, toll revenue of Han-xiao for the first half of 2010 was RMB 25.91M, by which the reporting period was higher by 51.8%.

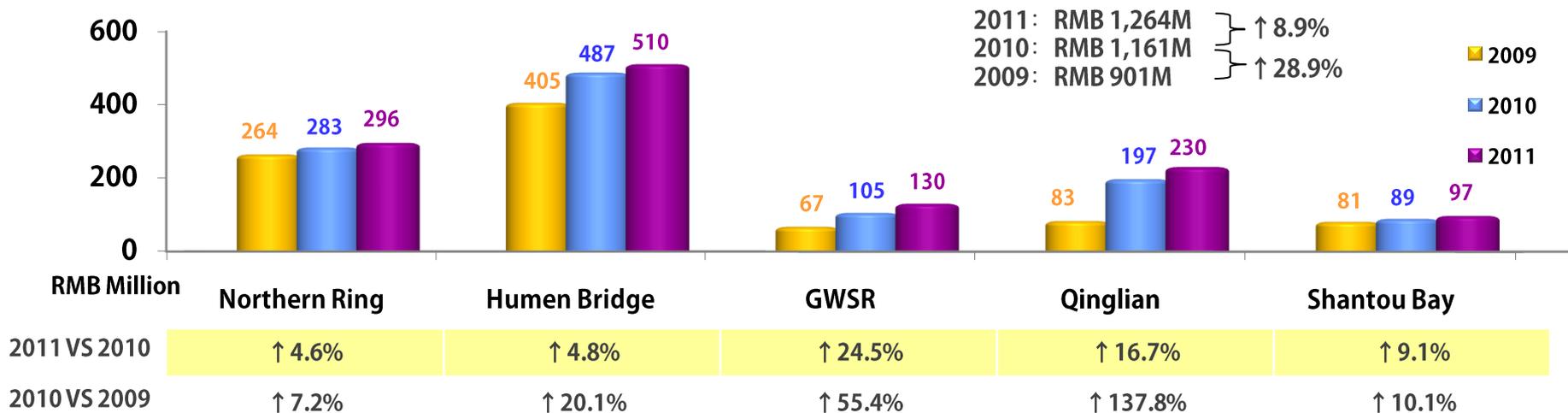


Associates/Jointly Controlled Entity in First Half of 2011

Average daily traffic volume

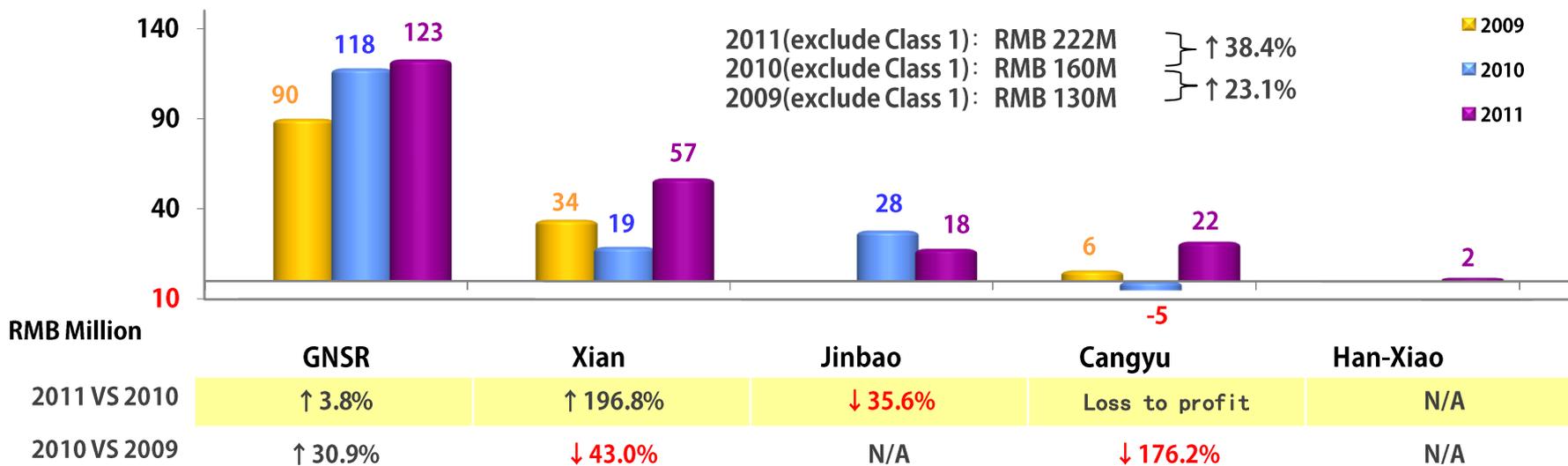


Operating revenue

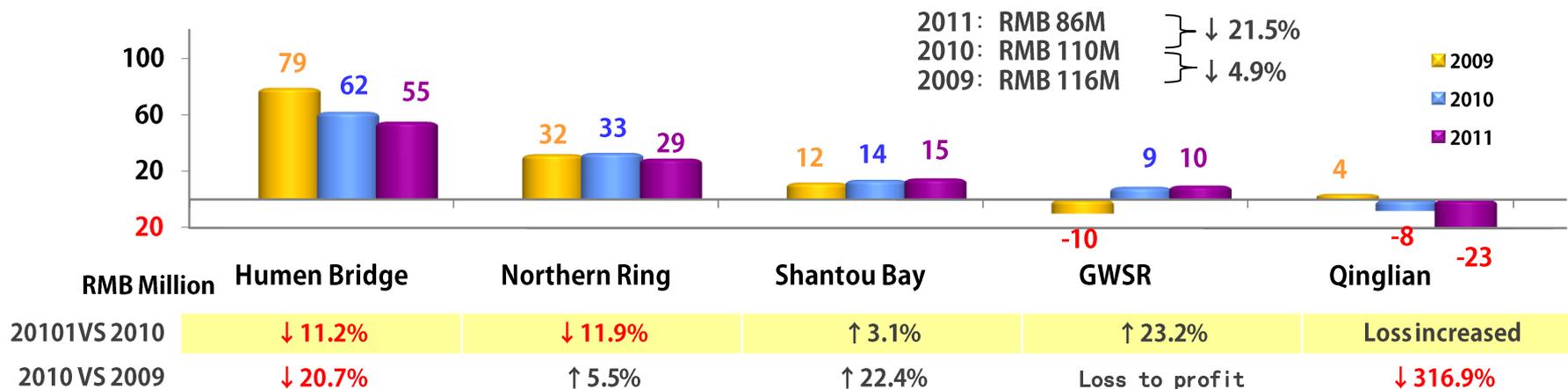




Profit Attributable to Shareholders from Subsidiaries in First Half of 2011

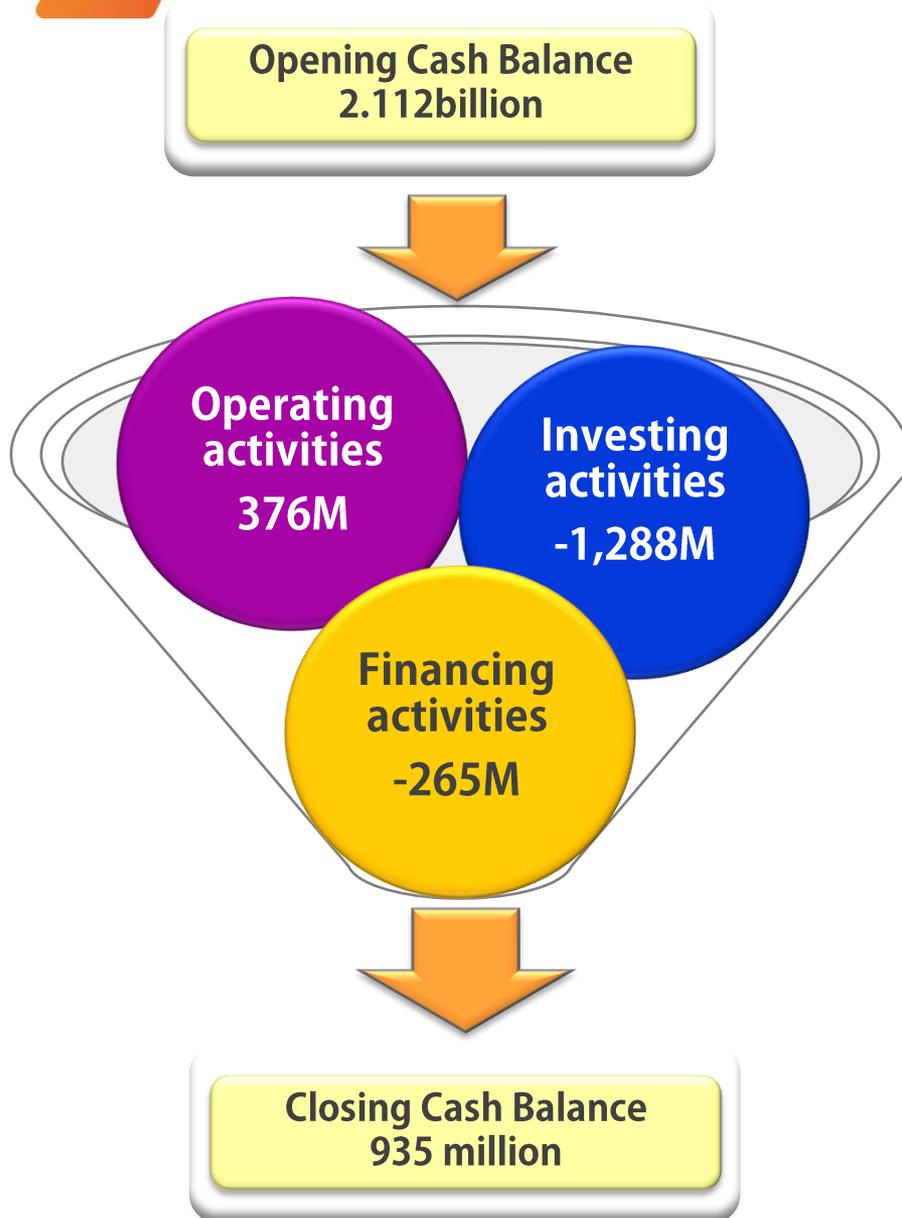


Profit Attributable to Shareholders from Associates/Jointly Controlled Entity in First Half of 2011





Cash Flows



- **Operating activities**

Toll revenue was 623 million, net of operating cost, fees and taxes, net cash inflow was 376 million.

- **Investing activities**

Including RMB 180M proceeds of dividend from associates, 770M paid for acquisition of Han-Xiao and 550M paid for acquisition of Changzhu. The net cash outflow was 1.288 billion.

- **Financing activities**

Including the repayment of 110 million bank loans by our subsidiaries and final dividend of 2010 of 169 million, resulting in net cash outflow of 265 million.

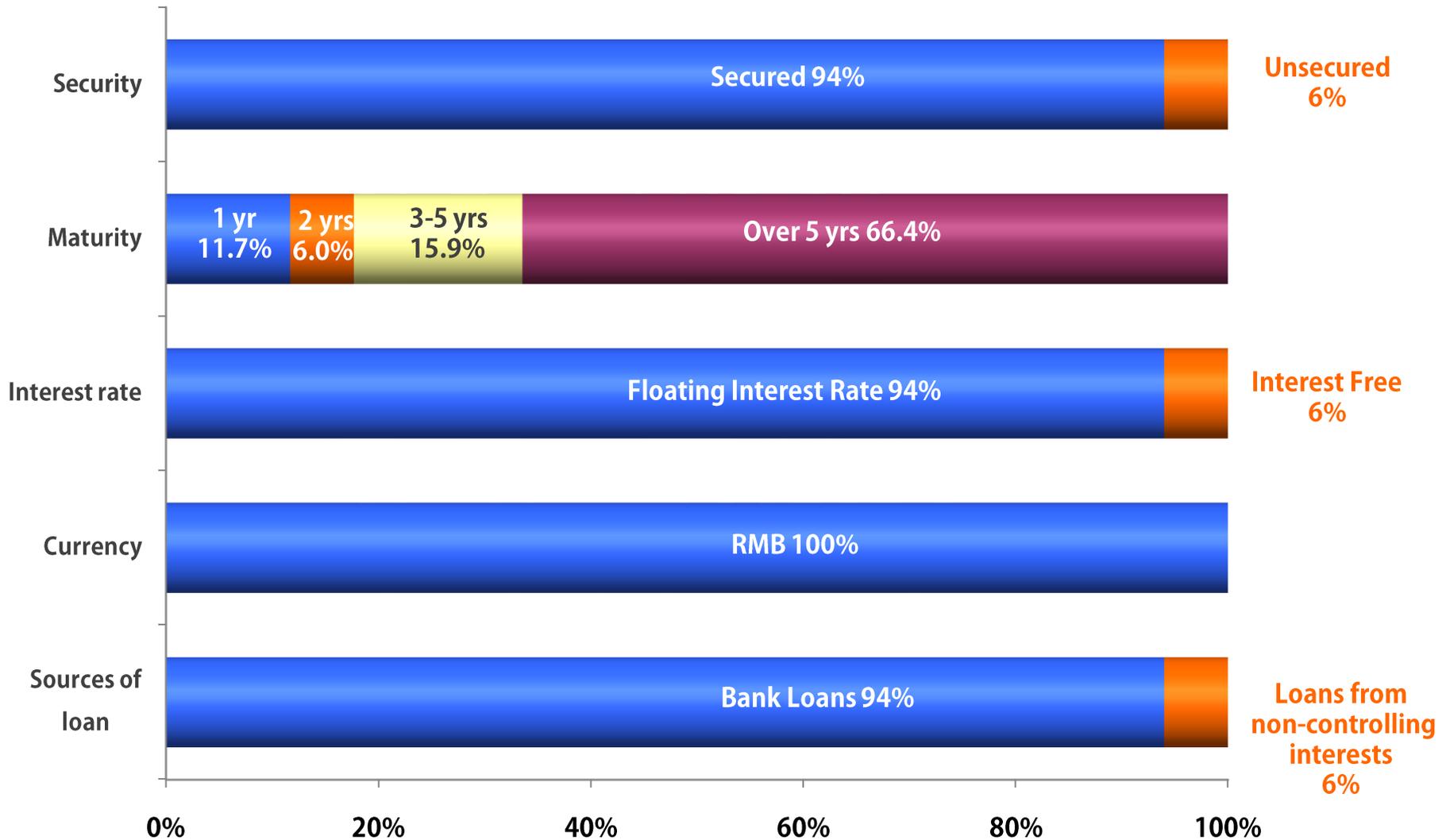


Bank Borrowings

RMB'000	30 June 2011	31 December 2010	Effective interest rate	
			30 June 2011	31 December 2010
GNSR	425,000	430,000	5.07%	5.27%
Cangyu	367,300	387,300	5.55%	5.30%
Jinbao	135,000	170,000	5.90%	5.63%
Han-Xiao	807,000	857,000	5.04%	-
Changzhu	1,728,820	-	-	-
Total	3,463,120	1,844,300	5.23%	5.34%



Borrowing Structure



Contents

1. Overview of Results
- 2. Review and Prospect**
3. Appendix



Invest in Wuzhou port and acquire remaining 10% equity interest in Cangyu Expressway



16 February 2011:

Investment in 51% equity interest in Wuzhou Port for 87.21 million.

- Cost of 51% equity interest: 87.21 million
- Estimated IRR: 15.25%
- Designed annual handling capacity: 1,980,000 tones

- Estimated year of achieving cash flow breakeven: 2012
- Estimated year of profitability: 2014
- Estimated payback: 12.5 years

Note: These statistics were derived from the valuation report issued by GCA (Greater China Appraisal Limited)



11 March 2011:

Acquired the remaining 10% equity interest of Cangyu Expressway for approximately RMB 54 million, Cangyu Expressway became a wholly-owned project of the Group

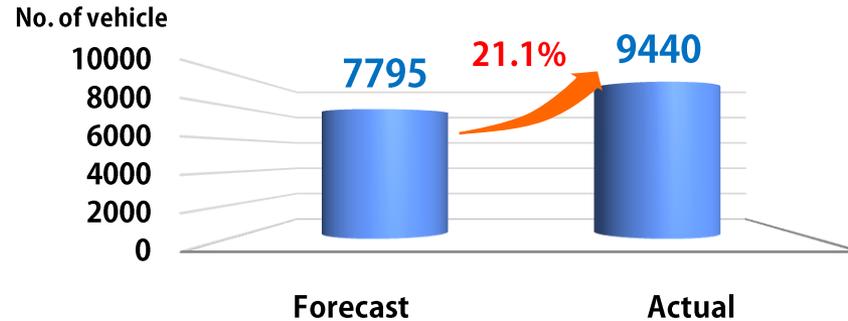


Investment Review

Han-Xiao Expressway



Traffic volume in the first half of 2011 was better than expectation



Changzhu Expressway



The acquisition approval of Changzhu Expressway was completed on 27 June 2011 and it has been handed over to the Company.



Investment Prospect

Regional Strategy

- Highly developed Pearl River Delta region and east coast areas.
- Central region, which capitalizes on the opportunities offered by Wuhan-Guangzhou High Speed Railway with more mature economic development and the full support of national policy
- Western region, which benefits from the development of ASEAN Free Trade Area and development opportunities brought about by the industrial transformation in Pearl River Delta region

- Focus on quality expressway projects and explore infrastructure projects with longer operating period, such as ports
- Prefer projects with control outside Guangdong Province, while joint-venture is an option for projects within the province

Investment Strategy

- IRR target of at least 10%
- With profit contribution in the year of acquisition

Acquisition Financial Criteria



Operation Prospect

Mature Projects

- GNSR Expressway, Xian Expressway, Jinbao Expressway, Humen Bridge, Northern Ring Road and Shantou Bay Bridge are expected to remain as our steady sources of profit, while GWSR Expressway has maintained earnings growth two years in a row
- Shantou Bay Bridge is expected to adopt toll-by-weight standards in the fourth quarter

Outstanding Projects

- After Guangwu Expressway commenced full operation in June 2010, the traffic volume and toll revenue of Cangyu Expressway increased sharply and substantial profit growth.
- Benefiting from the International Horticultural Exposition (from 28 April 2011 to 22 October), traffic volume of Xian Expressway hit historical high
- Toll revenue of Han-Xiao Expressway increased by over 50% during the first half of the year and breakeven was achieved. The opening of Airport North Connecting Line in the second half of 2011 (September) is expected to further stimulate revenue growth.

Growing Projects

- With the anticipated opening of Yilian Expressway in the 4th quarter of 2011, by then, Qinglian Expressway will link to Jinggangao Expressway (Hunan Section), toll revenue will likely to increase substantially.
- With the gradual improvement of the road networks of Chang-Zhu-Tan Region, Changzhu Expressway, which connects two central cities in Hunan provinces, namely Zhuzhou and Changsha, will witness continuous and steady growth in the future



The “National Eight Rules”, which was promulgated on 8 June 2011 and aims at promoting the robust and healthy development of logistic industry, would not have any substantial impact on the Group.

The “Five Departments’ Notice”, which was introduced on 14 June 2011 includes more concrete measures in rectifying non-compliance in the industry and would be beneficial to the development of the industry in the long run.

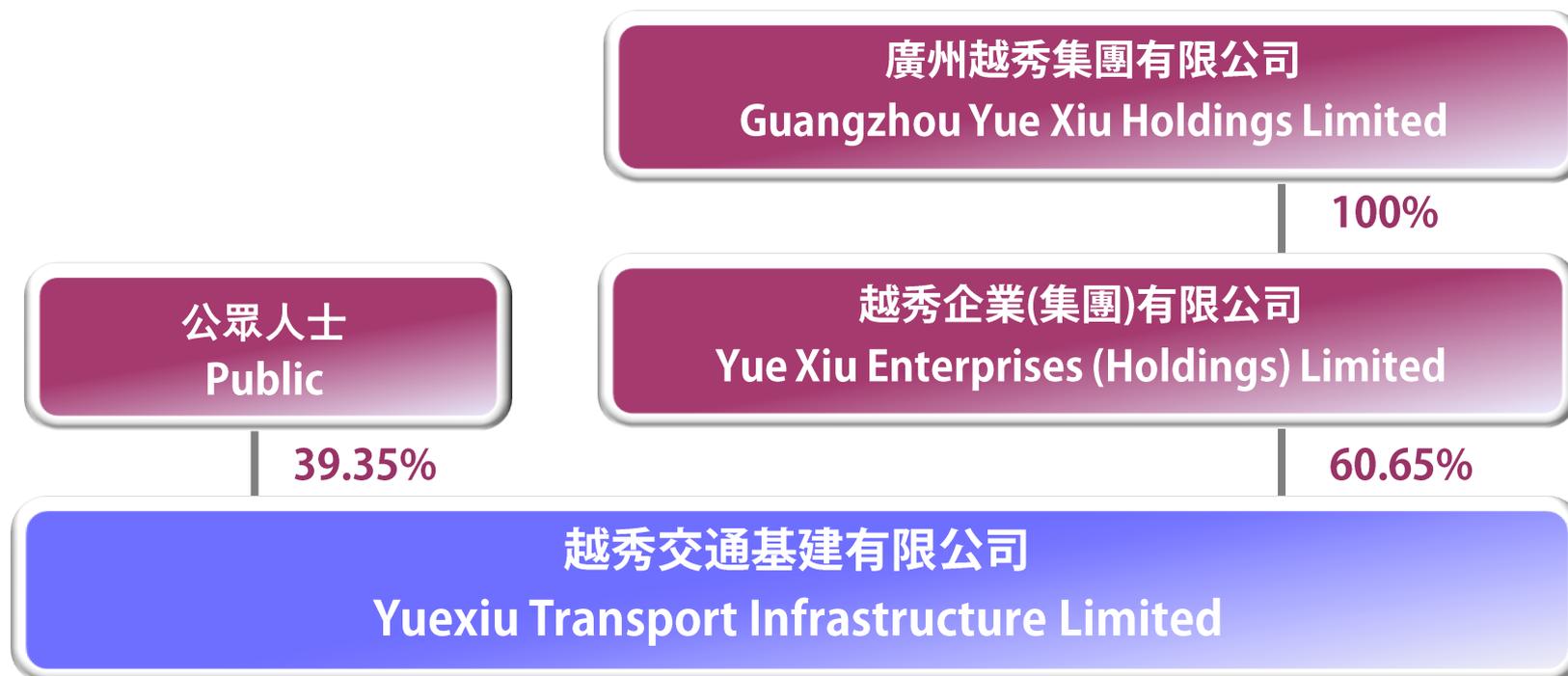
Our projects have secured approvals from relevant authorities and are in compliance with laws and regulations.

Contents

1. Overview of Results
2. Review and Prospect
- 3. Appendix**

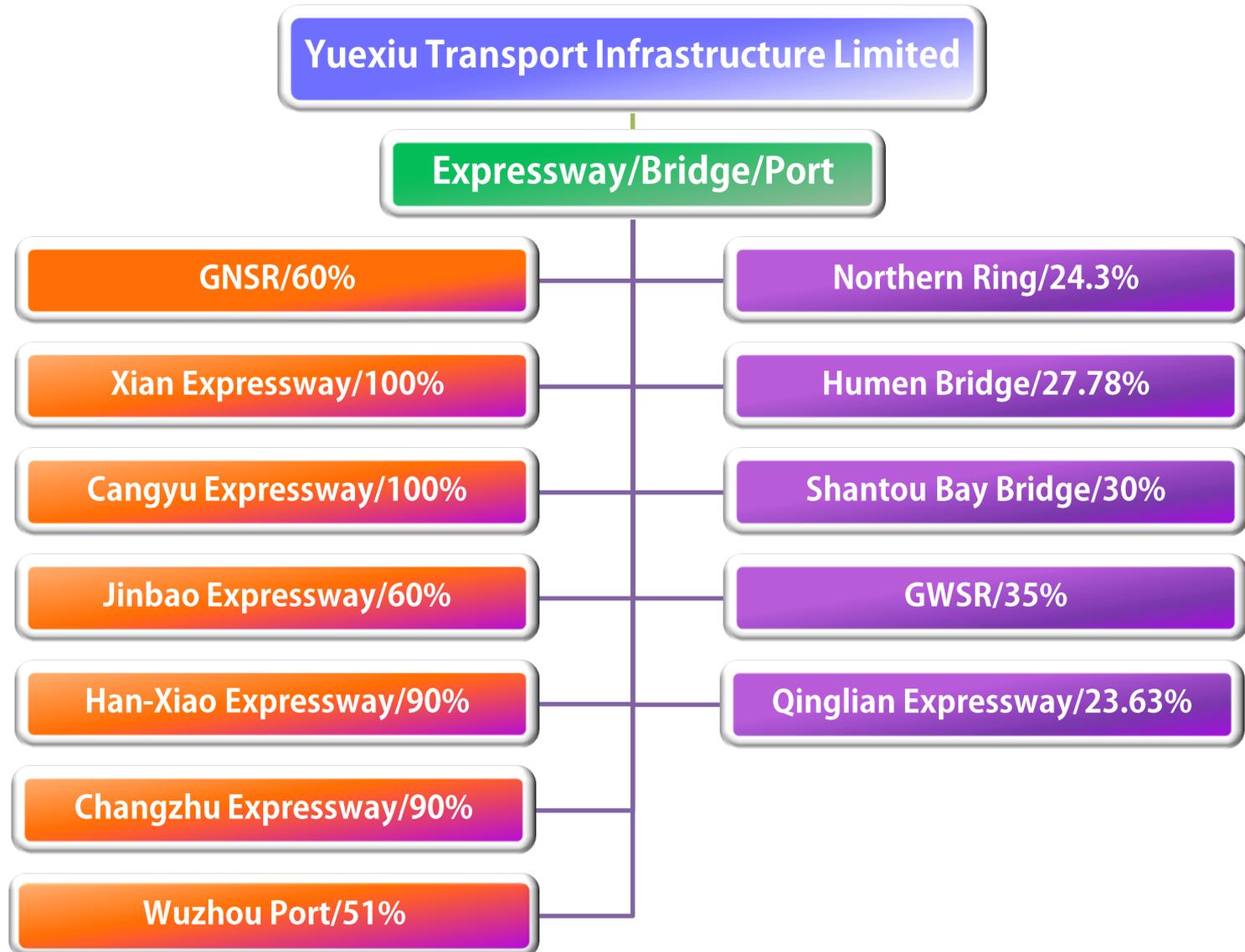


Shareholders Structure



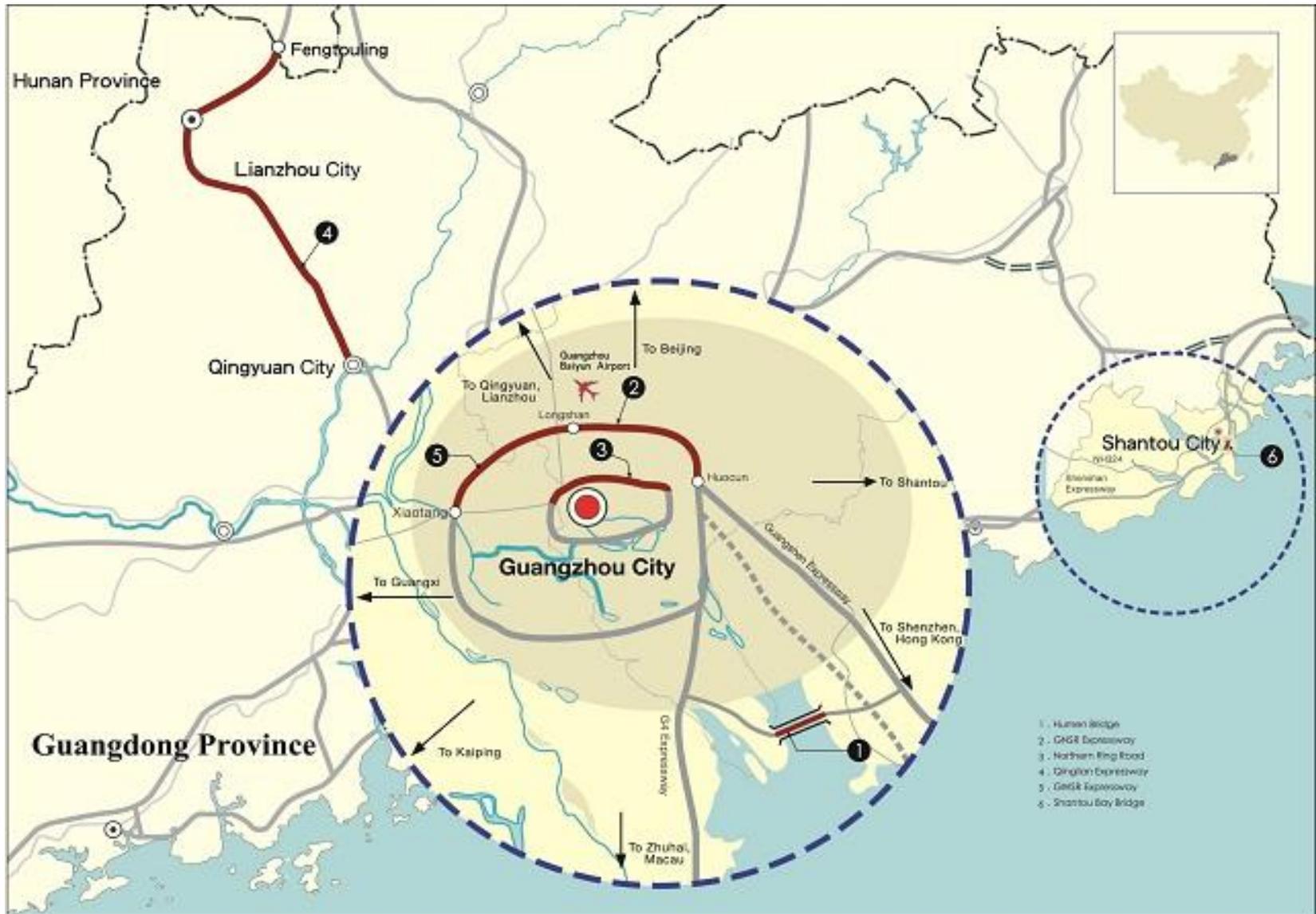


Business Structure



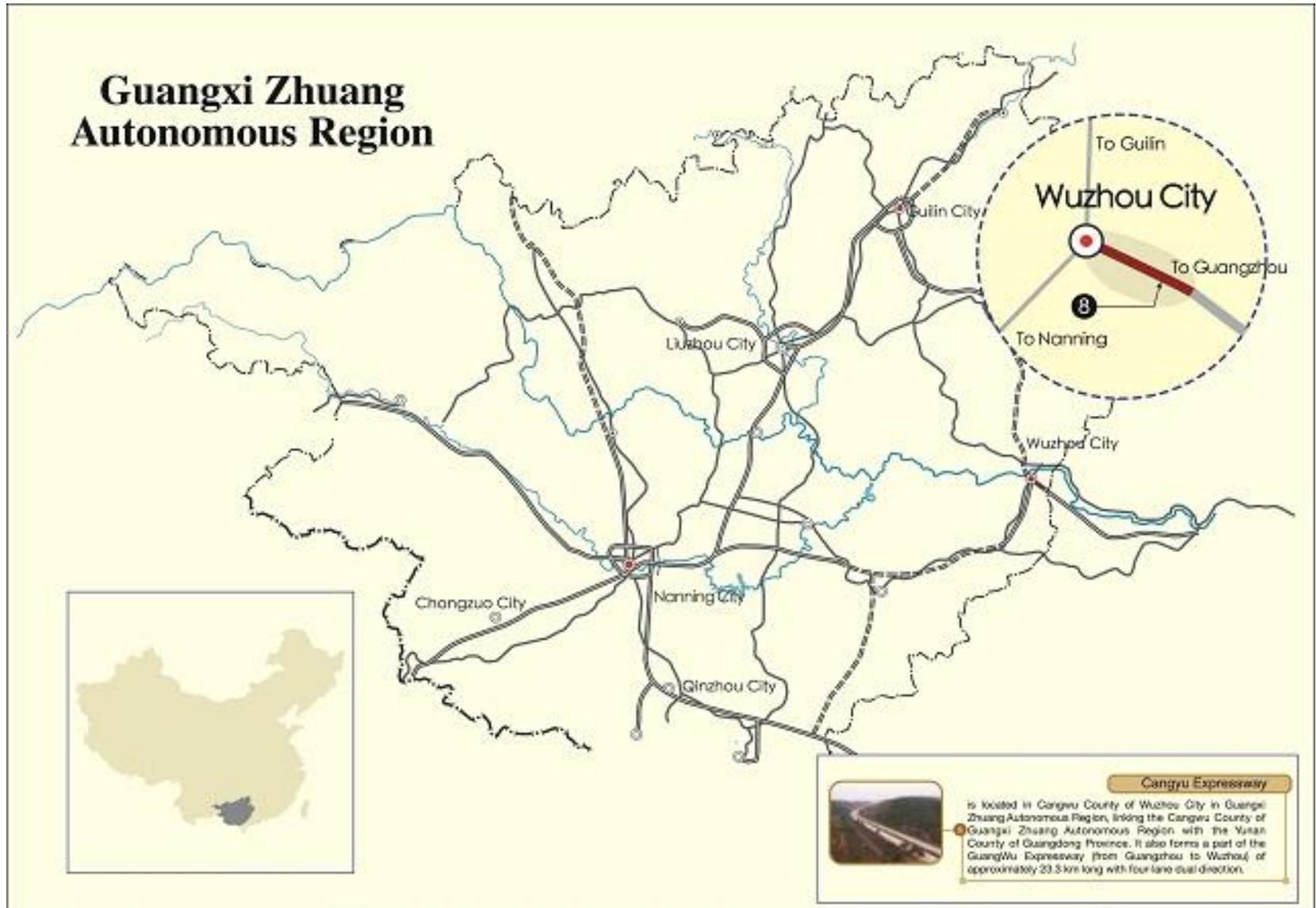


Location Maps of Projects — Guangdong



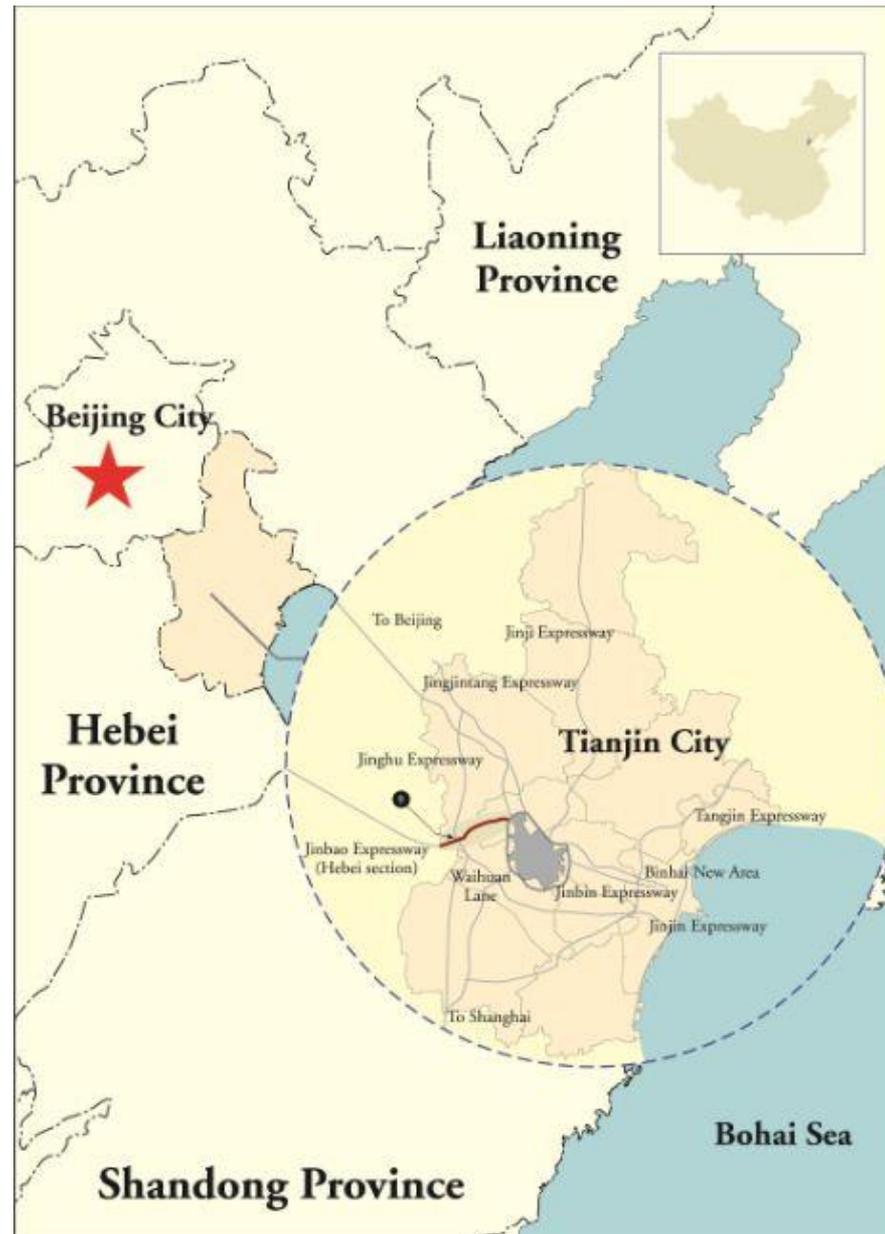


Location Maps of Projects — Guangxi



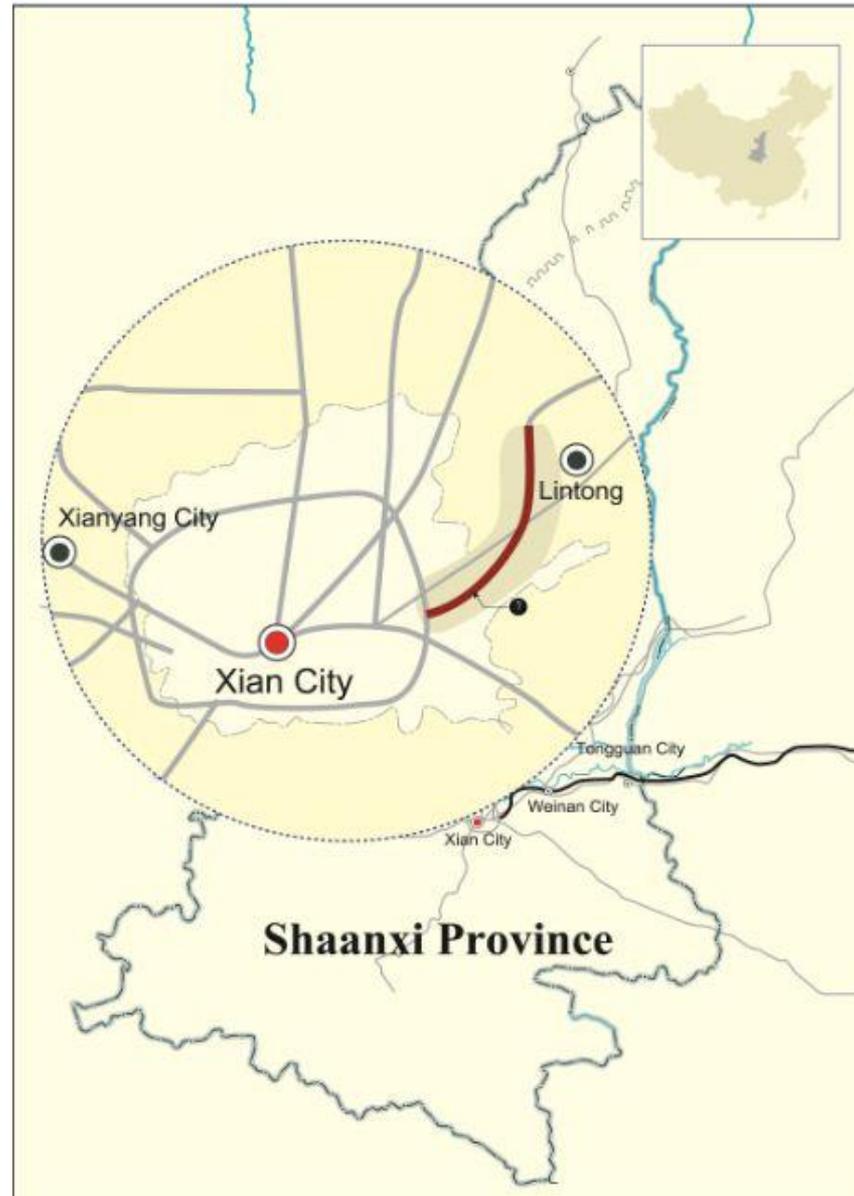


Location Maps of Projects — Tianjin



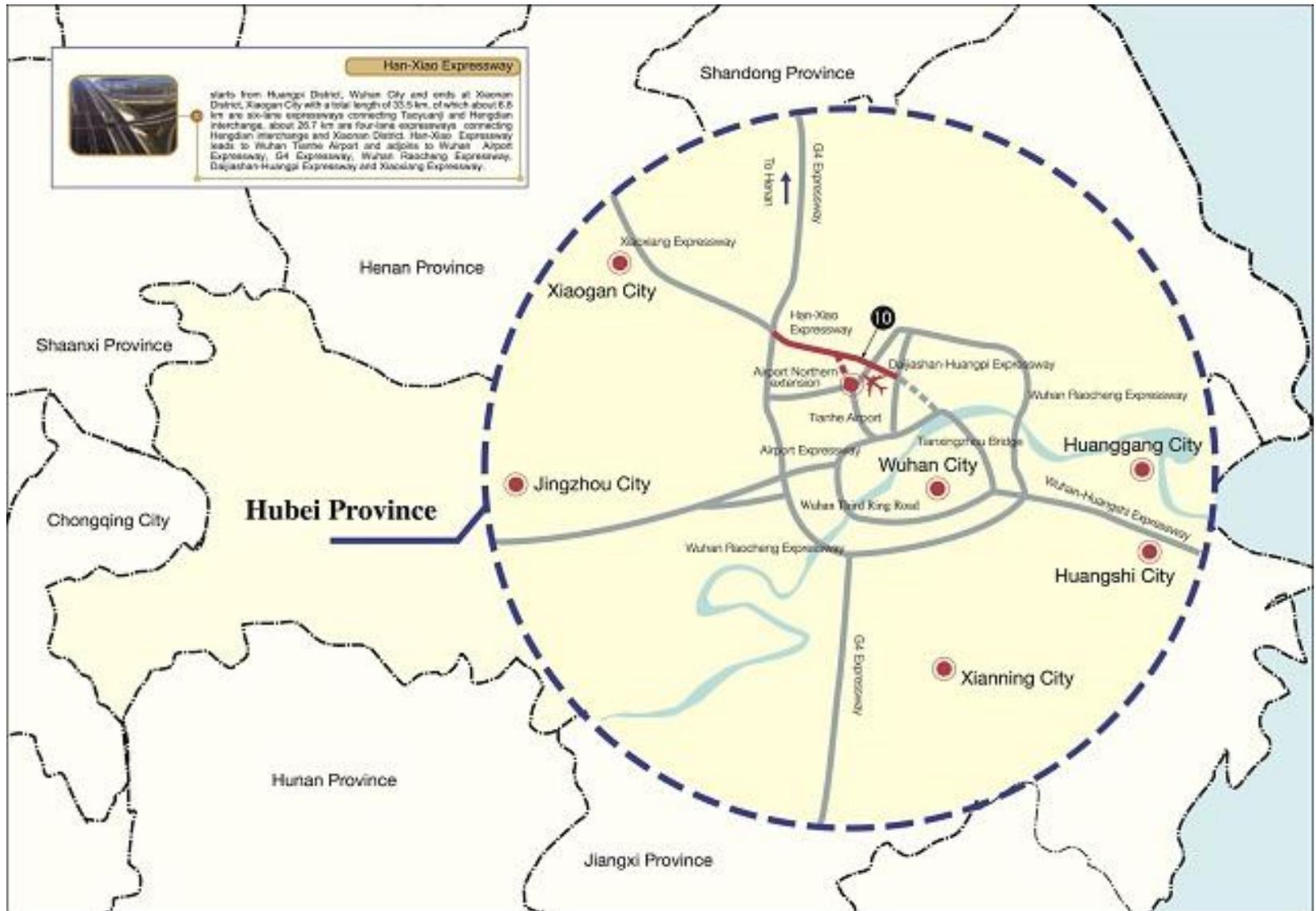


Location Maps of Projects — Shaanxi





Location Maps of Projects —Hubei





Location Maps of Projects —Hunan





Disclaimer

- ◆ ***The material in this document is a presentation of general background information about the Company's activities at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to potential investors. These documents are not an offer of securities for sale inside or outside of the United States. Securities may not be offered or sold in the United States unless they are registered or exempt from registration. Any offering of securities to be made in the United States will be made by means of an offering circular that may be obtained from the Bank. Such offering circular will contain detailed information about the company and its management, as well as the Company's financial statements.***
- ◆ ***This document may not be copied or otherwise reproduced and may not be distributed in the United States or to U.S. persons, or in Canada or Japan.***



越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Stock Code: 1052)

二零一一年中期業績

2011 INTERIM RESULTS

