



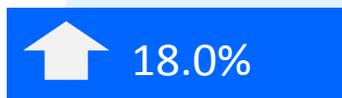
ANNUAL RESULTS 2013
19 Mar 2014

 **越秀交通基建有限公司**
YUEXIU TRANSPORT INFRASTRUCTURE LIMITED
(Stock code: 01052)



- 1. Results Overview** P.2
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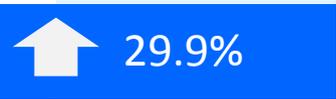
Results Highlights



Toll revenue
RMB 1.75B



Total assets
RMB 18.22B



**Profit attributable to
shareholders**
RMB 554M



Earnings per share
RMB 0.3314

Marco Economy

- Slow recovery in global economy in 2013.
 1. Relatively strong recovery in advanced economies like U.S.A and Japan
 2. Fragile recovery in Euro Zone.
 3. Growth slowing down in emerging markets and developing countries.
- A stabilized momentum with steady growth was achieved in China, GDP grew by 7.7% to RMB 56.9 trillion in 2013.
- Due to the effectiveness of the restructure to the economy, the western region become an important contributor to GDP, strengthening the western region coordination of regional development.
- In 2013, freight volume grew faster than passenger volume, grew by 11.3% and 5.3% respectively.

Government Policy

- Positive signs appeared in the sector:
 1. National Ministry of Transport issued the revised consultation draft to 'Regulation of Administration for Toll Roads' seeking for public opinions, in which clarified the principle of "investees as beneficiaries, user as payees" has been reiterated, recognizing the Government's effort in promoting long-term development of the toll road sector.
 2. The rate hiked and extended concessions approved in some regions:
 - (1) The extended concessions approved in regions like Jiangxi, Jiangsu and Hebei provinces.
 - (2) From 1 April, Jiangxi Province has adopted a unified toll rate standard with toll rate of Class I vehicle raised.
 - (3) The toll rate standard of the new projects in Guangxi Province is higher than the previous projects.

Profit attributable to shareholders recorded a new high, up 29.9%

- The Group still achieved a strong growth even under the effects of holiday toll-free measures and unified toll rate measure in Guangdong. Toll revenue up 18% to RMB 1.75B. Profit attributable to shareholders up 29.9% to RMB 554M.

The Group's projects sustained sound revenue growth

- Han-Xiao, Weixu and Changzhu Expressway remained strong growth. Toll revenue up 24.5%, 22.8% and 18.2% respectively. Weixu Expressway becomes a new significant profit catalyst for the Group.
- Guangdong projects exceeded expectation, goods vehicles' proportion increased. Toll revenue of Humen Bridge, GNSR up 16.1% and 12.4% respectively.
- Closure of Leiyi Section of G4 national expressway for overhaul boosted up the toll revenue of Qinglian Expressway by 32.4% YoY and realized profit initially after upgrade construction.

Tax refund approved & Obtained a “Baa2” rating

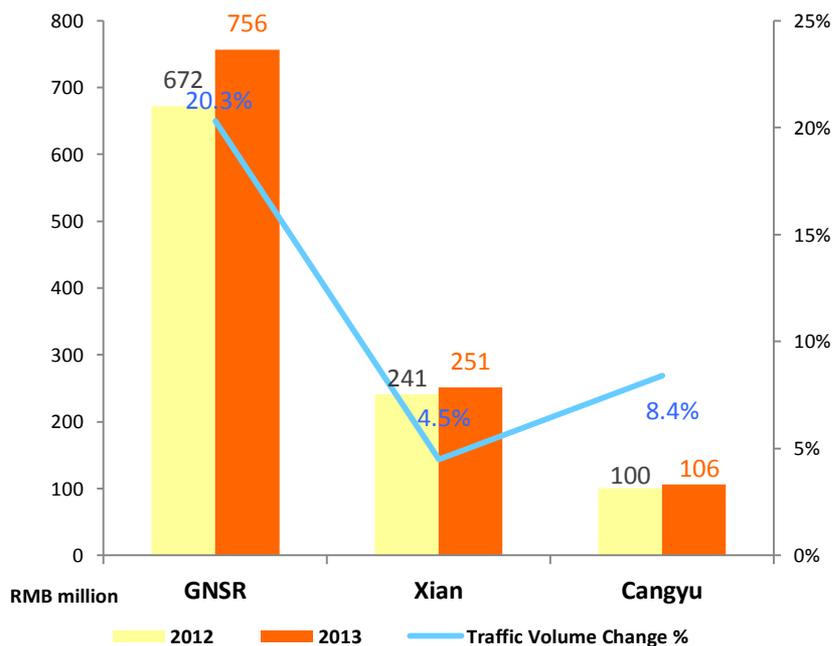
- Xian Expressway successfully applied for 2012 tax relief , refunded 2013 profit tax of RMB 15M.
- The Group obtained “Baa2” of corporate credit rating from Moody's, enhancing the ability of multiple financing.

Extract of Consolidated Income Statement

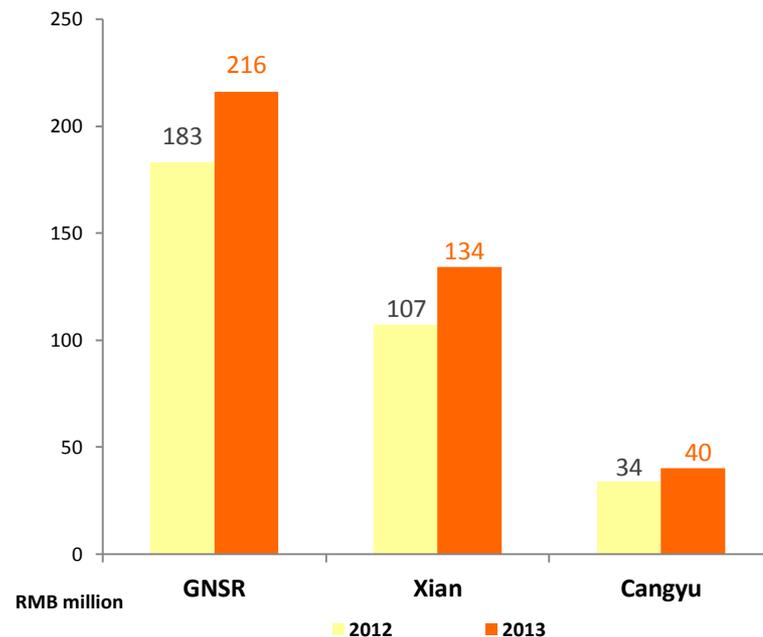
<i>RMB'000</i>	31 Dec 2013 (audited)	31 Dec 2012 (audited)	Increase/ (decrease)	Change %
Revenue	1,753,084	1,485,211	267,873	18.0%
Cost of services	581,625	501,995	79,630	15.9%
Gross profit	1,171,459	983,216	188,243	19.1%
Other income/gain-net	15,381	102,166	(86,785)	-84.9%
Impairment loss	131,074	-	131,074	N/A
General and administrative expenses	202,970	195,292	7,678	3.9%
Finance income	100,668	59,806	40,862	68.3%
Finance cost	337,430	330,643	6,787	2.1%
Share of result of a joint venture/associates	206,537	186,992	19,545	10.5%
Profit before tax	953,645	806,245	147,400	18.3%
Income tax	260,654	248,517	12,137	4.9%
Profit after tax	692,991	557,728	135,263	24.3%
Attributable to shareholders	554,419	426,915	127,504	29.9%
Earnings per share	0.3314	0.2552	0.0762	29.9%
Dividend	26 HK cents	20 HK cents		
Payout ratio	62.1%	63.7%		

Operating Analysis in 2013 (Subsidiaries)

Toll revenue from Subsidiaries



Attributable profit from Subsidiaries



2013 VS 2012	↑12.4%	↑4.2%	↑5.8%
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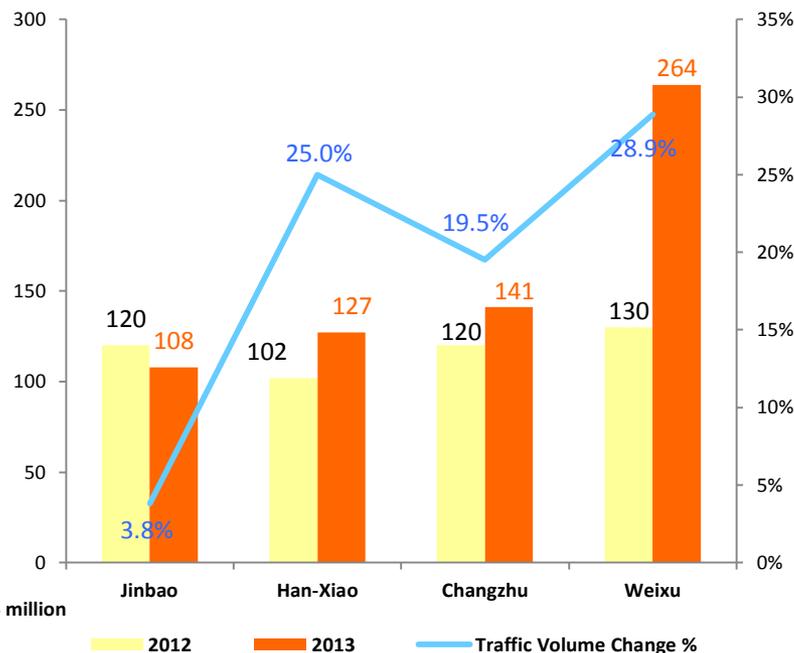
2013 VS 2012	↑18%	↑25.4%	↑20.1%
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Average daily traffic volume

2013	131,386	51,384	11,912
2012	109,229	49,186	10,989

Operating Analysis in 2013 (Subsidiaries)

Toll revenue from Subsidiaries

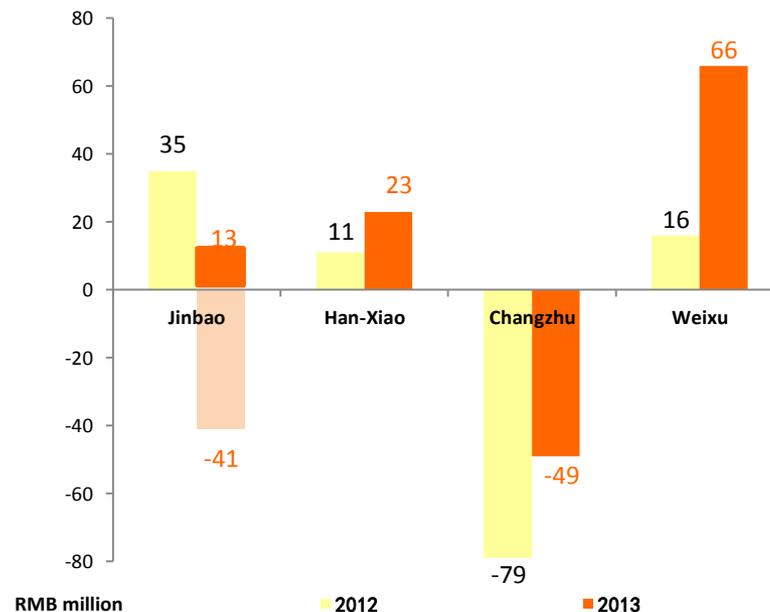


2013 VS 2012	Jinbao	Han-Xiao	Changzhu	Weixu
	↓10.1%	↑24.5%	↑18.2%	N/A (note 1)

Average daily traffic volume

	Jinbao	Han-Xiao	Changzhu	Weixu
2013	25,877	14,970	13,276	13,586
2012	24,927	11,978	11,112	10,539

Attributable profit from Subsidiaries



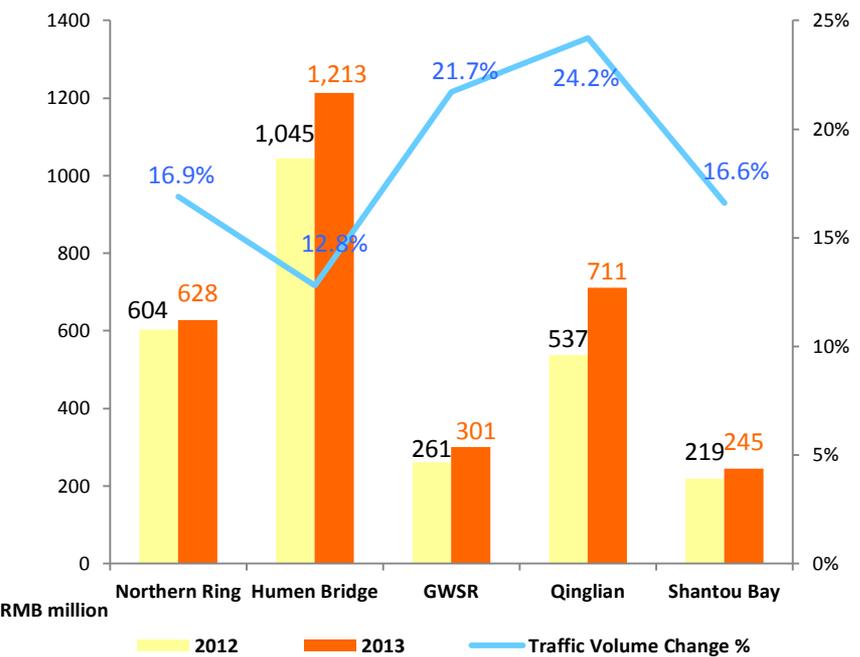
2013 VS 2012	Jinbao	Han-Xiao	Changzhu	Weixu
	N/A (note 2)	↑106.7%	Loss reduced 29.8M	N/A

Note 1: In 2012, toll revenue from Weixu Expressway was RMB 215M. Represented a 22.8% YOY growth.

Note 2: Jinbao Expressway profit sharing ratio has been adjusted from 90% to 40% from 2013 to 2016, 60% from 2016 onwards. RMB 41.2 M impairment loss was provided for Jinbao Expressway. Profit attributable to shareholders decreased by 62.7% if excluding the impact of impairment loss.

Operating Analysis in 2013 (Associates / Joint Venture)

Toll revenue from Associates/ Joint Venture

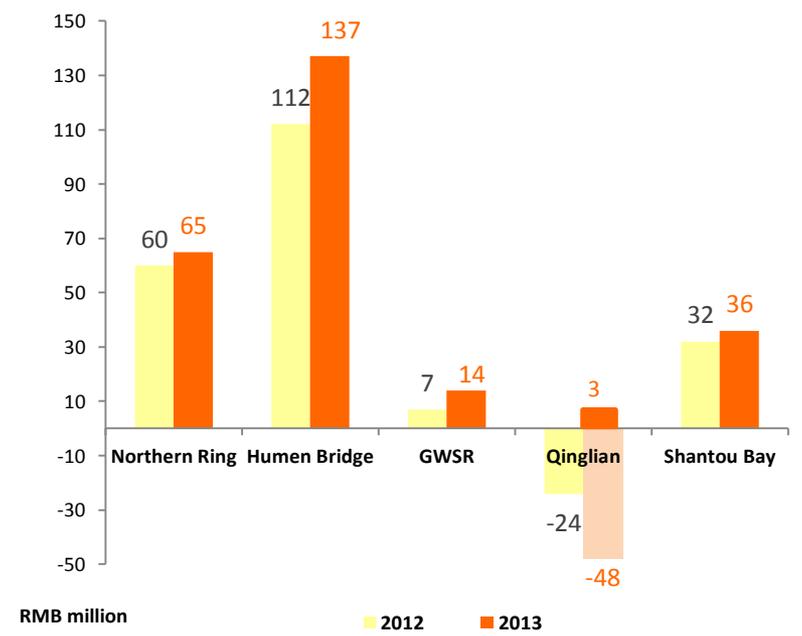


2013 VS 2012	↑3.9%	↑16.1%	↑15.3%	↑32.4%	↑12.0%
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Average daily traffic volume

2013	237,131	84,699	42,337	28,344	18,412
2012	202,808	75,081	34,796	22,827	15,797

Attributable profit from Associates/ Joint Venture



2013 VS 2012	↑9.1%	↑22.0%	↑102.6%	Turn into profitable (note)	↑9.5%
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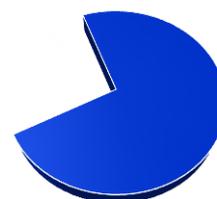
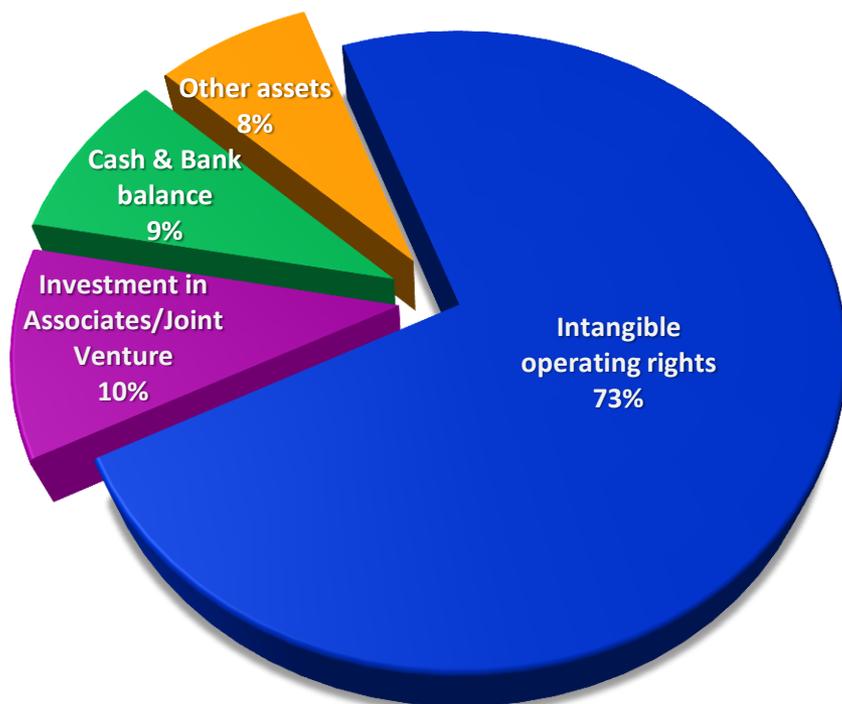
Note: Qinglian Expressway has turned to profit with the Group's share being RMB 2.8M as compared to the share of loss in 2012 of RMB 24.4M. Impairment loss for Qinglian Class 2 Road attributable for the Group was amounted RMB 48.1M (after deferred tax impact)

Extract of Balance Sheet

RMB '000	31 Dec 2013	31 Dec 2012	Change %
Total Assets	18,225,968	18,710,701	-2.6%
Mainly including:			
Intangible operating rights	13,314,416	13,612,830	-2.2%
Investment in a joint venture and associates	1,913,088	1,945,143	-1.6%
Cash and cash equivalents	1,604,676	1,057,124	51.8%
Total liabilities	7,947,642	8,626,339	-7.9%
Mainly including:			
Bank borrowings – due within 1 year	674,472	560,778	20.3%
– long term portion	4,986,007	5,691,636	-12.4%
Loans from minority shareholders	124,526	158,189	-21.3%
Deferred income tax	1,524,700	1,529,145	-0.3%
Total equity	10,278,326	10,084,362	1.9%
Attributable to the shareholders of the Company	8,275,767	8,094,466	2.2%
Gearing ratio (=net debt/total capital)	34.1%	40.2%	-6.1ppt
Total liabilities/Total assets	43.6%	46.1%	-2.5ppt
Debt to Equity ratio (=net debts/total equity)	41.7%	54.0%	-12.3ppt

As at the end of 2013, the Company had a total of 13 investments, including 12 expressways and bridges and 1 port.

As at 31 Dec 2013
Total Assets : 18.2B



73% Intangible operating rights

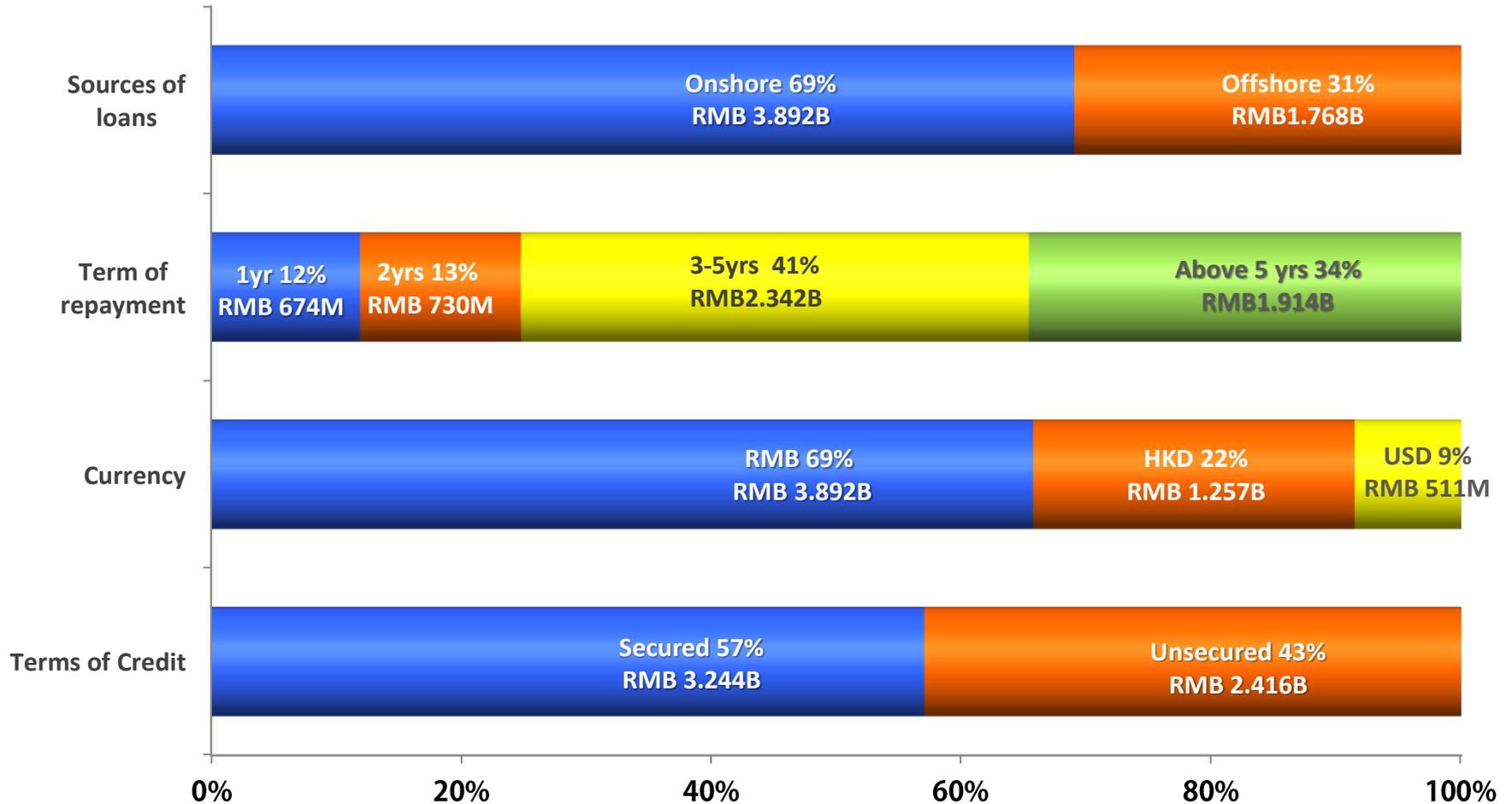
Net book value of intangible operating rights at the end of 2013 amounted to RMB 13.3B, decrease by 2.2% YOY or RMB 300M, which was caused by the amortization.



9% Cash and Bank balance

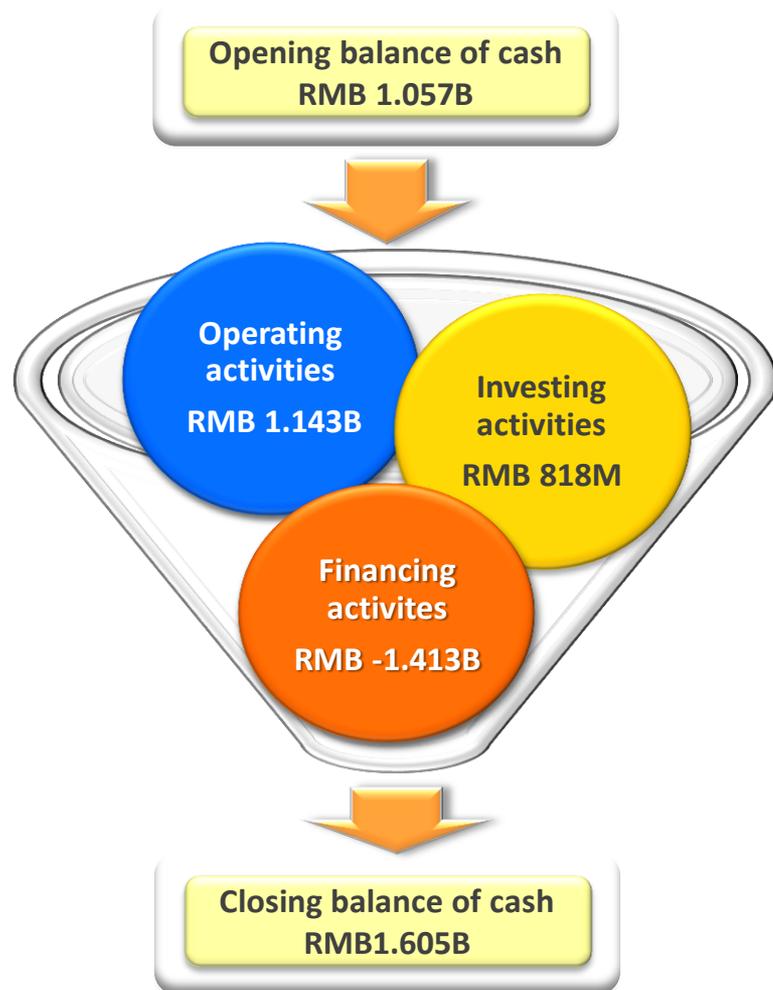
The closing balance of cash and bank balance was RMB 1.605B, increased by RMB 548M compared with opening balance.

Bank Borrowings Structure



Bank Borrowings by Projects

RMB'000	31 Dec 2013	31 Dec 2012	Effective interest rate	
			31 Dec 2013	31 Dec 2012
GNSR Expressway	200,000	365,000	6.00%	6.00%
Cangyu Expressway	229,910	309,910	5.90%	6.33%
Jinbao Expressway	60,000	75,000	6.15%	6.35%
Han-Xiao Expressway	506,848	705,108	6.00%	6.17%
Changzhu Expressway	1,384,244	1,732,874	6.55%	6.84%
Wuzhou Port	288,020	271,450	6.88%	6.80%
Weixu Expressway	1,223,000	1,604,000	6.55%	6.76%
Subtotal of onshore loans	3,892,022	5,063,342	6.43%	6.62%
Offshore-Hong Kong	1,768,457	1,189,072	3.23%	3.41%
Total	5,660,479	6,252,414	5.43%	6.01%



Operating activities

Toll revenue was 1.75B. Net cash inflow 1.14B (net of operating cost, expenses and tax)

Investing activities

Including the dividends received from associates of RMB 239M, proceeds from disposal of GZ securities of RMB 202M, compensation from Class I highways of RMB 472M and interest income for delay of compensation received of RMB 37M. Compensation of Xiang Jiang Bridge II of RMB 18.5M, interest income from bank deposit of RMB 13.2M, the third payment of Weixu Expressway of RMB 54.4M, other capital expenditure of RMB 108M. Net cash inflow was 818M.

Financing activities

Including new bank loans of RMB 1.08B, repayment of bank loans of RMB 1.62B, dividends paid to shareholders of 282M, dividends paid to non-controlling interest of RMB 222M, payment of interest of 330M, payment of loan arranging fee of RMB 11.99M, others outflow from financing activities of 23.9M. Net cash outflow was 1.41B.



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Macro-economy

- According to the latest “World Economic Outlook” by IMF, global growth is now projected at 3.7 in 2014. Deflation and risks in financial industries would still be the uncertainties affecting the global economy
- The central authorities will continue to make progress while ensuring stability of existing macro-control, adhere to a proactive fiscal policy and a prudent monetary policy, and keep economic activities from sliding out of the proper range.
- Growth in passenger and freight volume are expected to sustain a steady growth in 2014

Government Policy

- Clean-up campaigns almost ended, the outlook of the government policy in the toll road sector has become clearer as positive signs showed up
- Toll road sector began to loosen its policy: The adjustment on the toll rate or extended concessions approved in regions like Jiangsu, Jiangsu, Hebei, Shandong and Guangdong provinces
- Unified toll collection system and toll by weight measure will be adopted by the end of 2014.
- The Central Government is expected to further invest in expressways. Guangdong is expected to invest 722.6B in next five years and 8,140 km of expressway in operation by the end of 2017

Guangdong Projects

- Driven by the steady regional economic growth in Guangdong, the sustainable growth of passenger car ownership in Guangdong can ensure the steady growth of local projects
- With the escalating traffic restriction of goods vehicles on Guangzhou First Ring Road, and the adoption of unified toll collection system and toll by weight measures, projects like GNSR Expressway and GWSR Expressway are expected to gain further growth to boost up the Group's performance
- As Qinglian Expressway realized profit in the first half, its operation is expected to be further improved in future

Central and western provinces projects

- Weixu Expressway is becoming a new significant profit catalyst for the Group
- Benefiting from rapid economic growth, improvement of surrounding road network and facilities, the strong growth momentum of Han-Xiao Expressway, Changzhu Expressway will be maintained
- Xian Expressway will maintain flat growth in future
- With the impact of traffic diversion of surrounding road, the toll revenue of Cangyu Express is expected to have a decline in 2014. However, a resumption of growth is foreseeable after Gui-wu Expressway opened to traffic in early 2015

Operational Management

- Enhance existing projects management and profitability levels
- Optimize debt structure and reducing overall financing costs

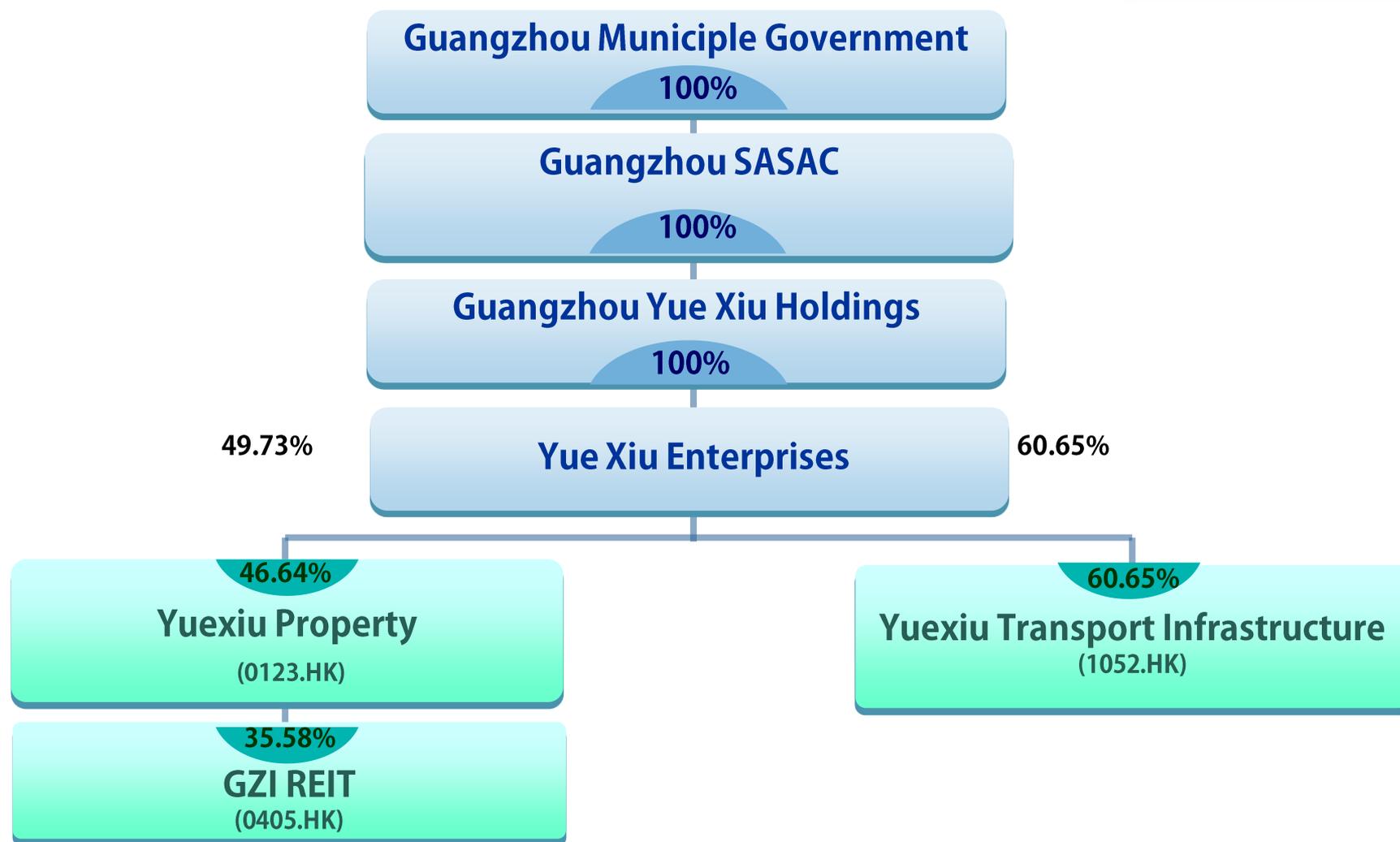
Investment Strategies

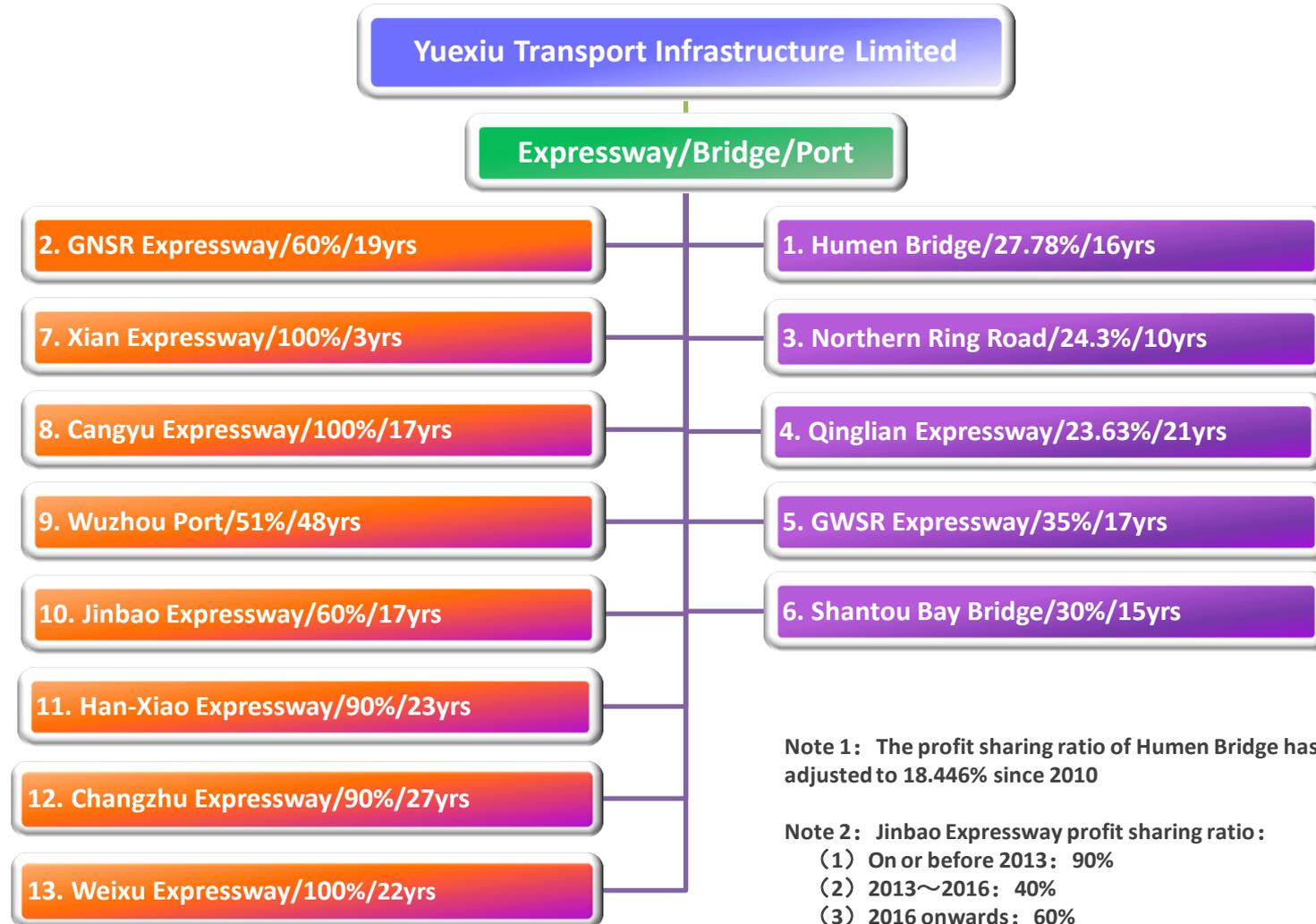
- Moderate expansion: Focus on high quality
- Focusing on central and western provinces and Pearl River Delta region
- Target to acquire projects with controlling interest outside Guangdong Province, while considering joint ventures for projects within Guangdong Province. Strived to acquire projects with IRR not lower than 10%.



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Shareholders Structure



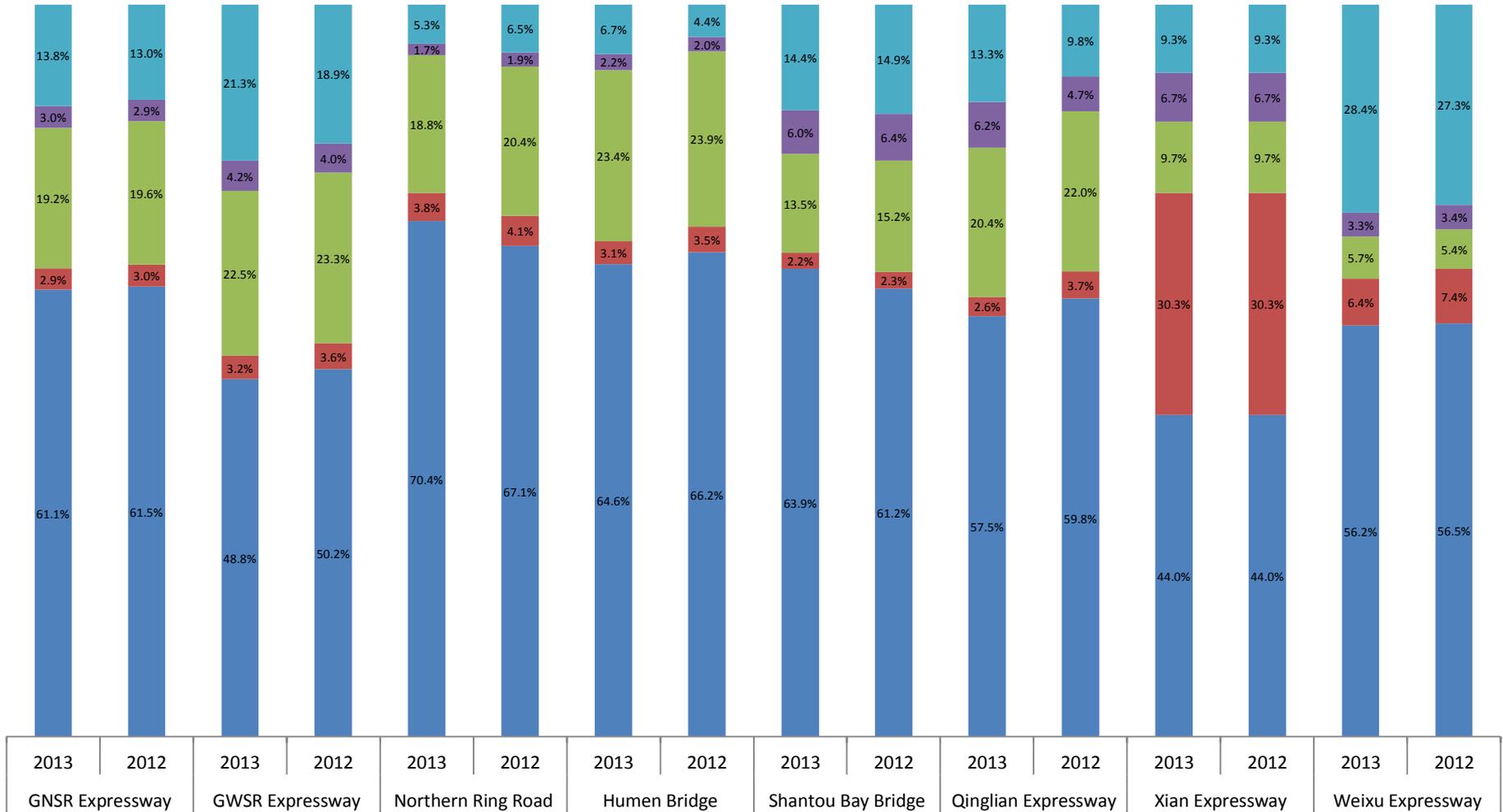


Note 1: The profit sharing ratio of Humen Bridge has been adjusted to 18.446% since 2010

Note 2: Jinbao Expressway profit sharing ratio:

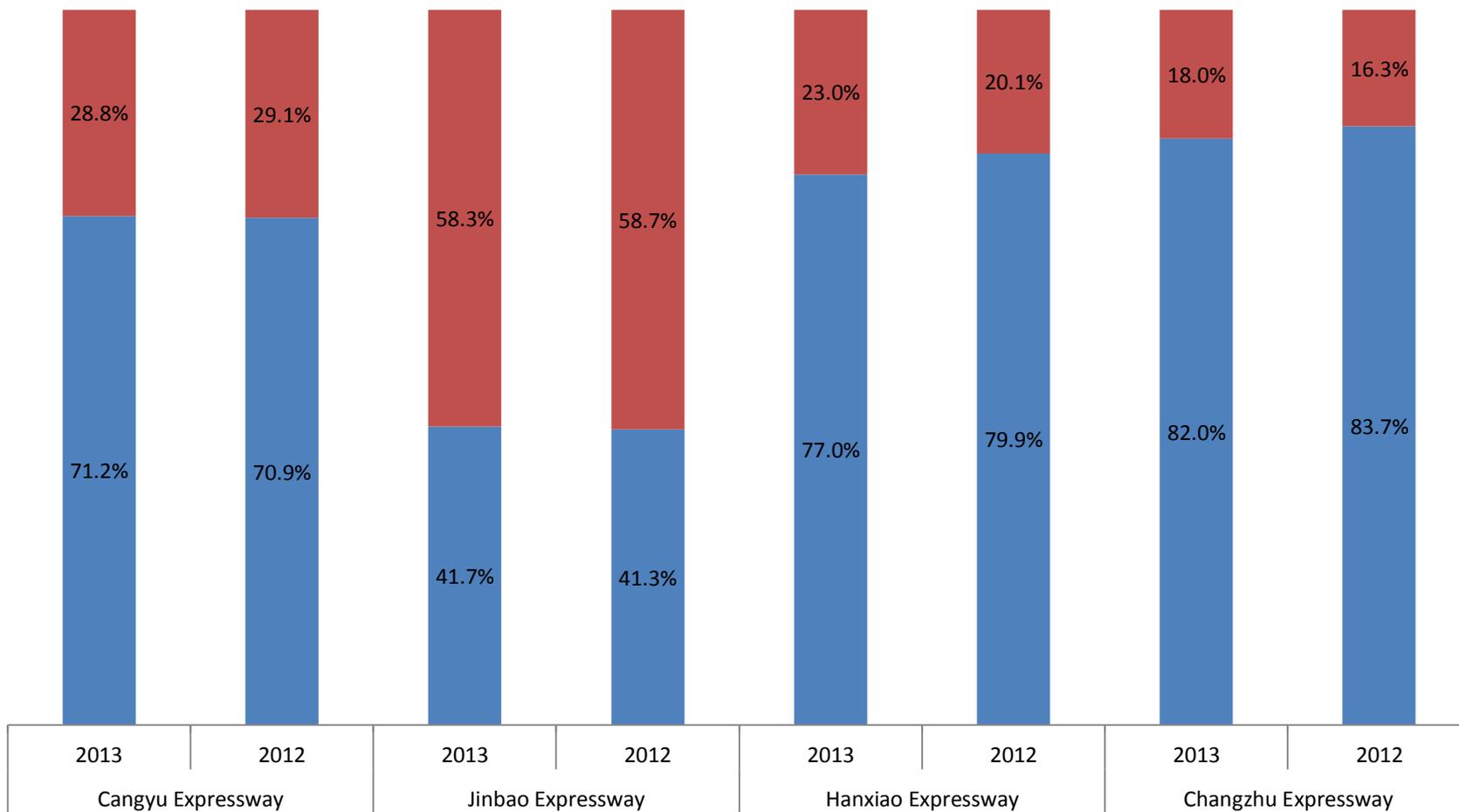
- (1) On or before 2013: 90%
- (2) 2013~2016: 40%
- (3) 2016 onwards: 60%

Traffic Mix (2012 VS 2013)



■ Class 1 ■ Class 2 ■ Class 3 ■ Class 4 ■ Class 5

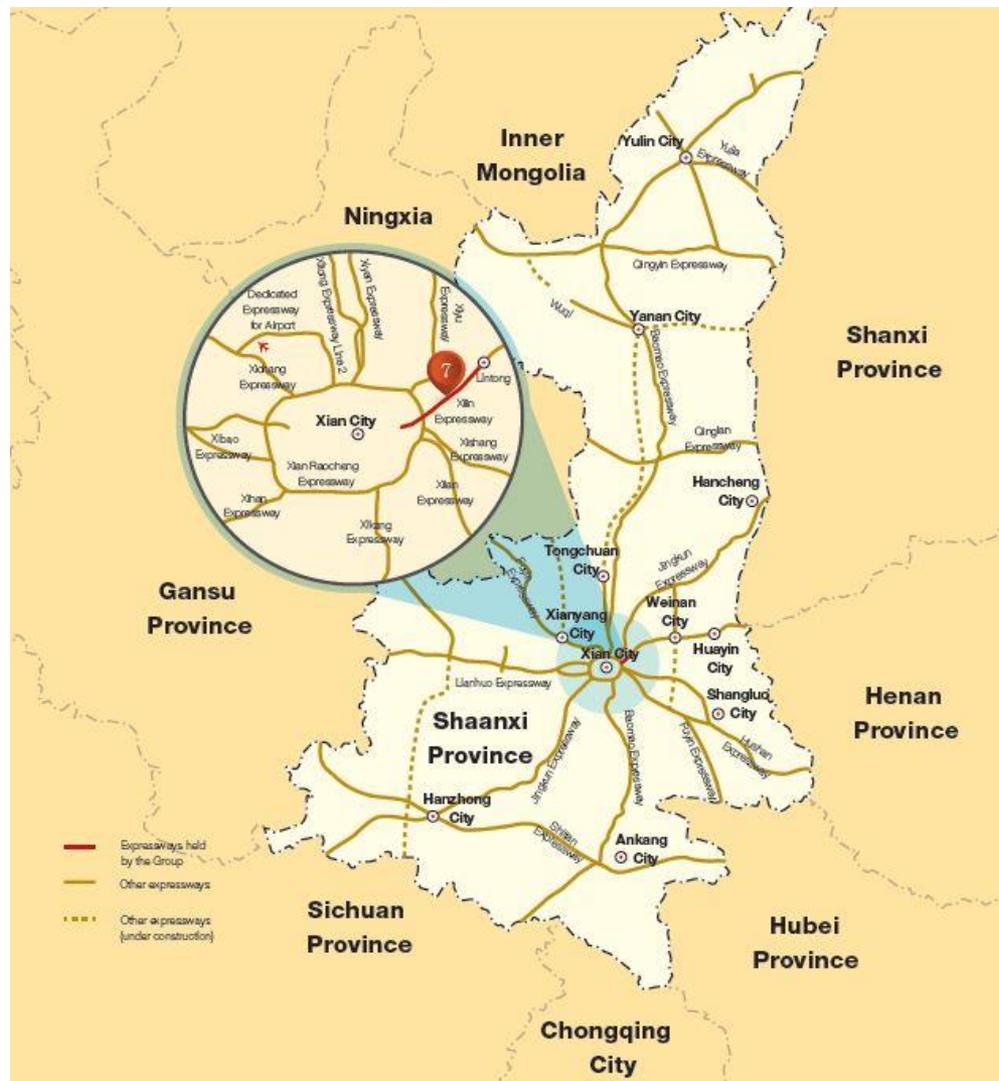
Traffic Mix (2012 VS 2013)



Location Maps of Projects — Guangdong



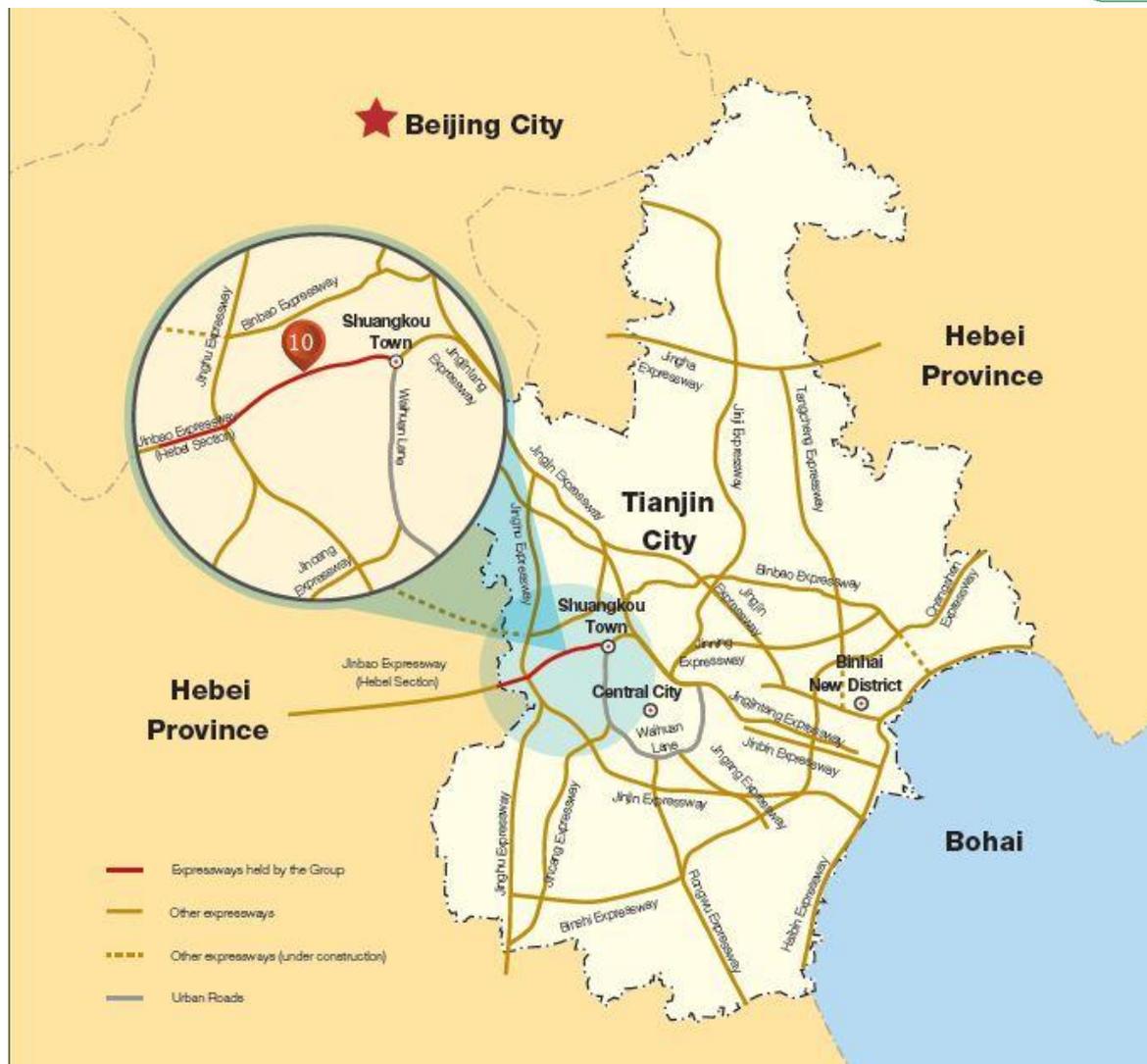
Location Maps of Projects — Shaanxi



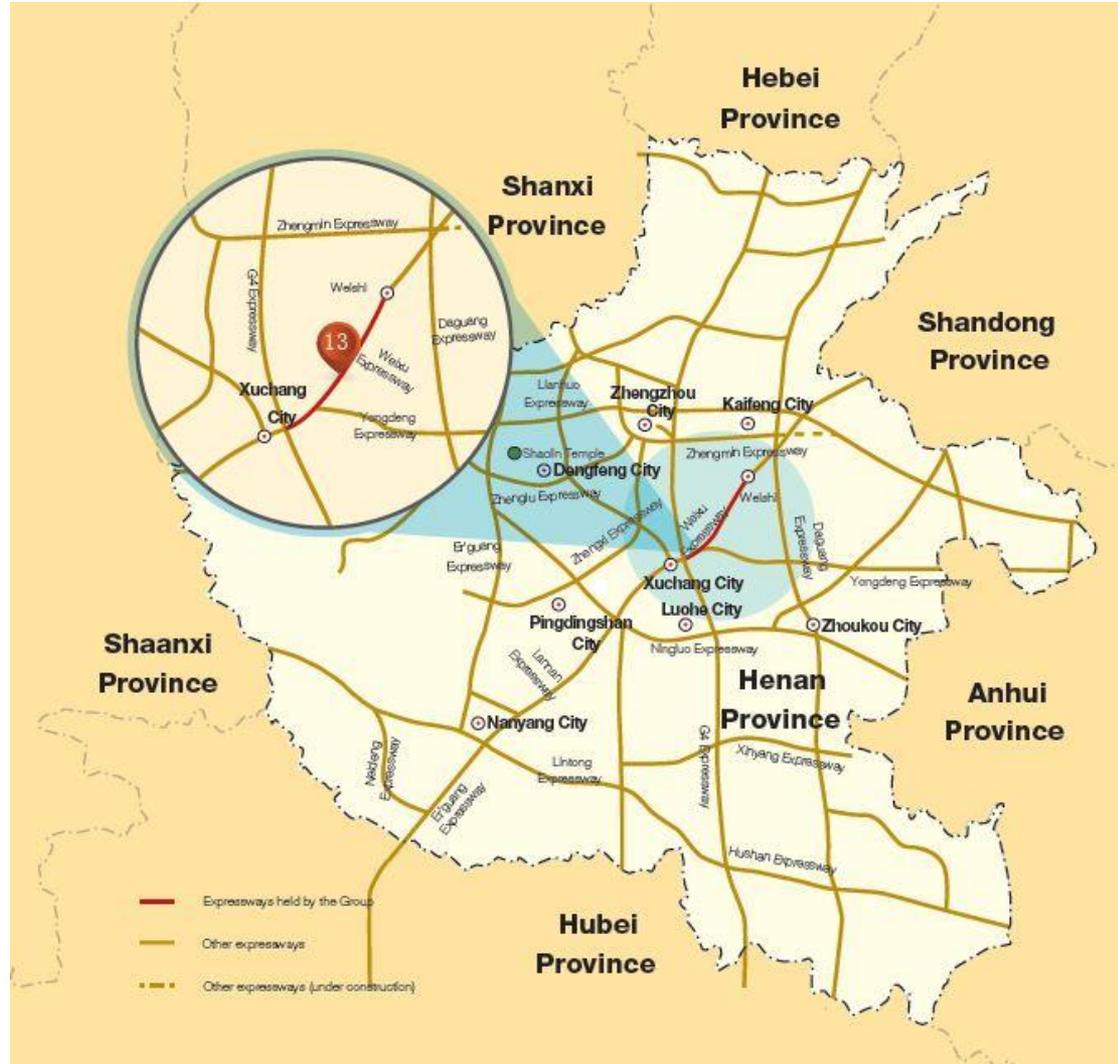
Location Maps of Projects — Guangxi



Location Maps of Projects — Tianjin



Location Maps of Projects — Henan



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