



越秀交通基建有限公司

YUEXIU TRANSPORT INFRASTRUCTURE LIMITED

(股份代號：01052)

2014 Interim Results





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- 1. Results Highlights P.2**
- 2. Future Prospect P.17**
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Results highlights

 6.4%

Toll revenue
RMB 877M

 3.2%

Total assets
RMB 17.635B

 13.8%

**Profit attributable to
shareholders**
RMB 291M

 13.8%

**Earnings
per share**
RMB 0.1736

Marco-economy

- Global economy remained slow recovery in the first half:
 1. Advanced economies: Recovery was relatively strong in U.S.A but weak in Euro Zone. A number of uncertainties underline in Japan's economy
 2. Emerging markets & developing countries: Economic growth slowed down due to inflations and outflows of capital.
 3. China: Steady momentum continued with GDP increased by 7.4% to RMB 26.9 trillion during the period
- Stabilized sector economy in 1H 2014:
 1. Highway constructions investment increased by 10.9% year on year.
 2. Highway's volumes of passenger and freight increased by 1.5% and 9.2% year on year respectively.

Sector regulations

- Regulations remained environmental friendly for toll road sector:
 1. Guangdong: Fo Kai expressway got approval of extended concessions by 9 years due to lane-expansion.
 2. Shandong: A series of concession period extension were approved and reinforced in 15 expressways ,of which the longest extension was 5 years.
 3. Guangxi: On 16 May 2014, the public hearing of expressway toll rates approved the proposal of rate adjustments for expressways commenced operation since 2008.
- The unified tolling system and toll-by-weight policy have been introduced in Guangdong, expecting to boom the operational performance of GNSR Expressway and GWSR expressway of the Company

GNSR Expressway



Solid growth for key financial indicators

Despite the economic downside pressure in the first half, toll revenue and profit before tax achieved steady growth. Double-digit growth was recorded for profit attributable to shareholders (growth of 13.8% year on year).

Well performance on core projects

- (1) Matured Guangdong projects such as GNSR Expressway and Humen Bridge beat expectation, with double-digit growth in both revenue and net profit.
- (2) Continuous improvement of profits for central inland projects: net profits grew by 36.1% for Weixu Expressway. Loss making for Changzhu expressway was significantly reduced by RMB 21.94 million.



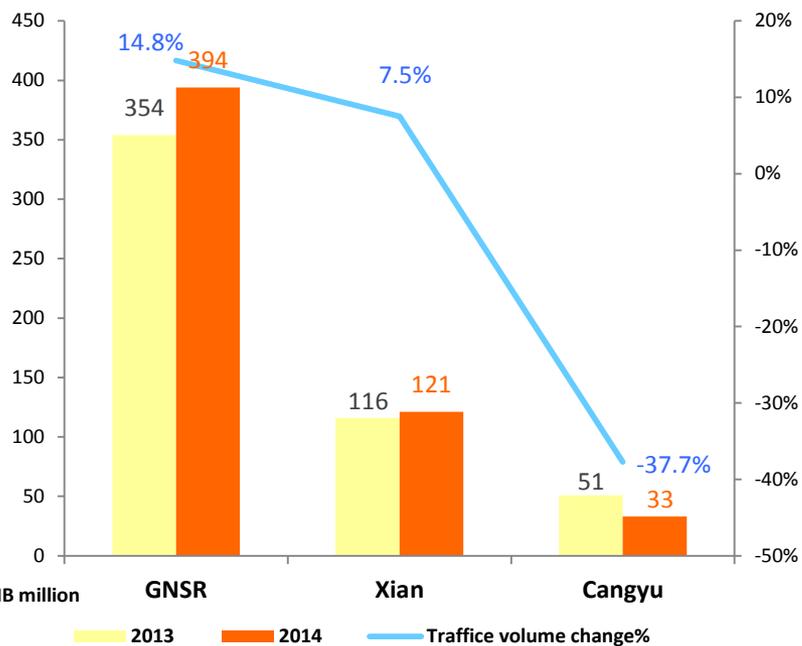
Weixu Expressway

Extract of Consolidated Income Statement

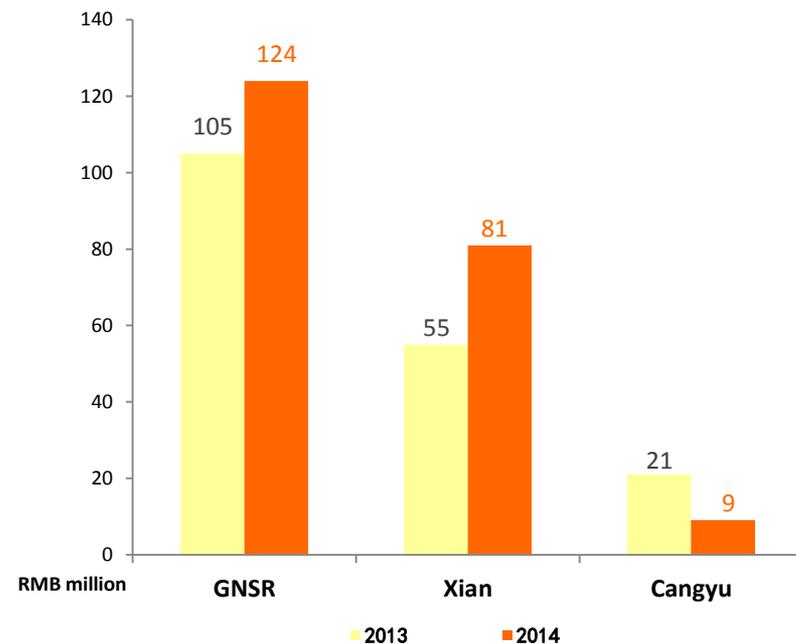
RMB'000	30 Jun 2014 (unaudited)	30 Jun 2013 (unaudited)	Increase/ decrease	Change%
Revenue	877,495	824,815	52,680	6.4%
Cost of services	287,690	267,473	20,217	7.6%
Gross profit	589,805	557,342	32,463	5.8%
Other income, gains and losses-net	8,951	12,915	-3,964	-30.7%
Administrative expenses	105,234	101,515	3,719	3.7%
Net finance costs	143,098	126,008	17,090	13.6%
Share of result of a joint venture/ associates	136,194	119,999	16,195	13.5%
Profit before tax	486,618	462,733	23,885	5.2%
Income tax	108,090	130,204	-22,114	-17.0%
Profit after tax	378,528	332,529	45,999	13.8%
Attributable to shareholders	290,519	255,369	35,150	13.8%
Earnings per share	17.36 cents	15.26 cents	2.10 cents	13.8%
Interim dividend	11 HK cents	10 HK cents		
Payout ratio	50.3%	52.1%		

Operating analysis 1H 2014(subsidiaries)

Toll revenue from subsidiaries



Attributable profit from subsidiaries



2014 VS 2013

↑11.3%

↑3.9%

↓-36.1%

2014 VS 2013

↑18.6%

↑47.8%

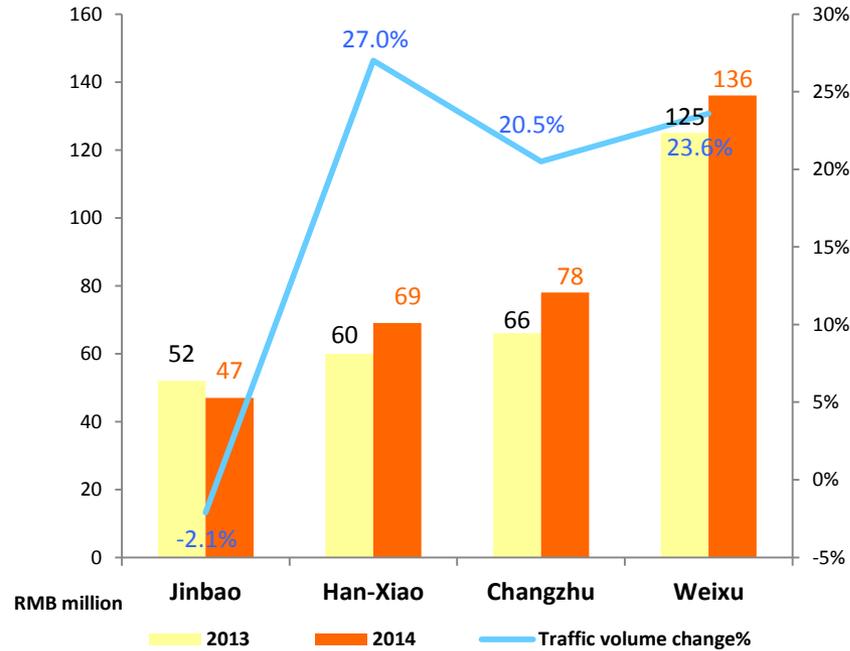
↓-56.8%

Average daily traffic volume

2014	141,177	51,747	7,542
2013	122,940	48,155	12,106

Operating analysis 1H 2014(subsidiaries)

Toll revenue from subsidiaries

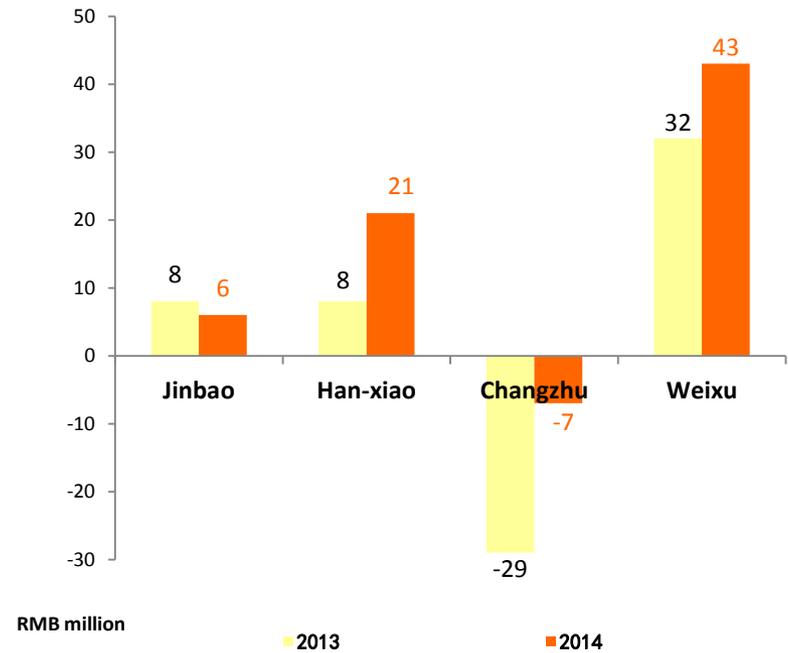


2014 VS 2013	Jinbao	Han-Xiao	Changzhu	Weixu
	↓8.9%	↑14.0%	↑18.0%	↑8.6%

Average daily traffic volume

Year	Jinbao	Han-Xiao	Changzhu	Weixu
2014	24,622	18,144	15,011	15,574
2013	25,146	14,281	12,457	12,603

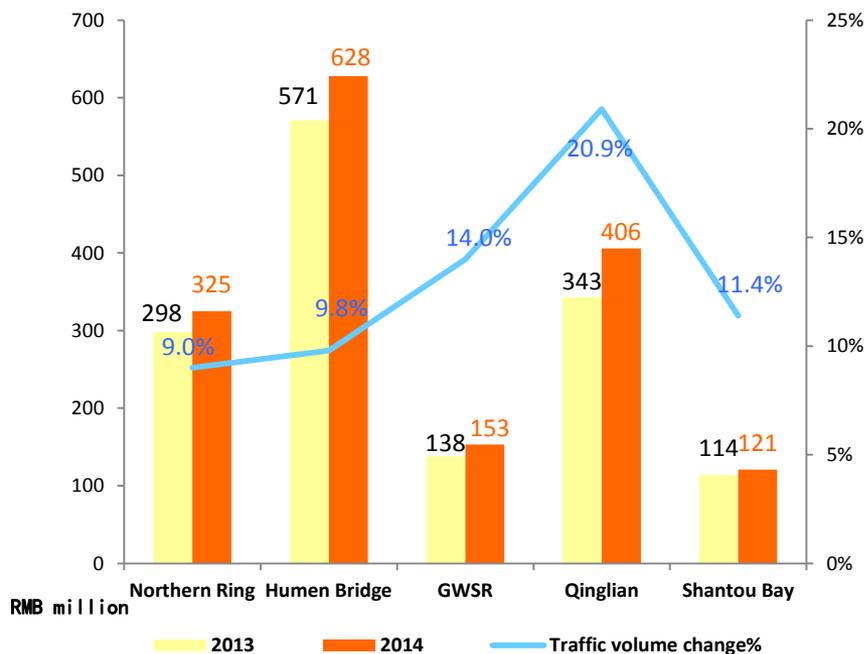
Attributable profit from subsidiaries



2014 VS 2013	Jinbao	Han-xiao	Changzhu	Weixu
	↓34.1%	↑171.7%	Loss reduce 21.9M	↑36.1%

Operating analysis in 1H 2014(Associates/Joint Venture)

Toll revenue from associates/joint venture

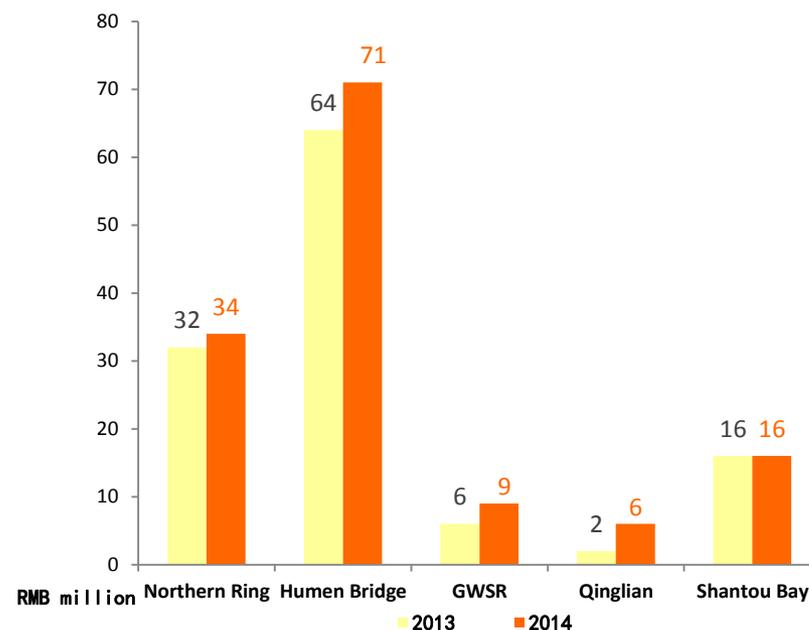


2014 VS 2013	↑8.9%	↑10.0%	↑10.7%	↑18.5%	↑5.8%
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Average daily traffic volume

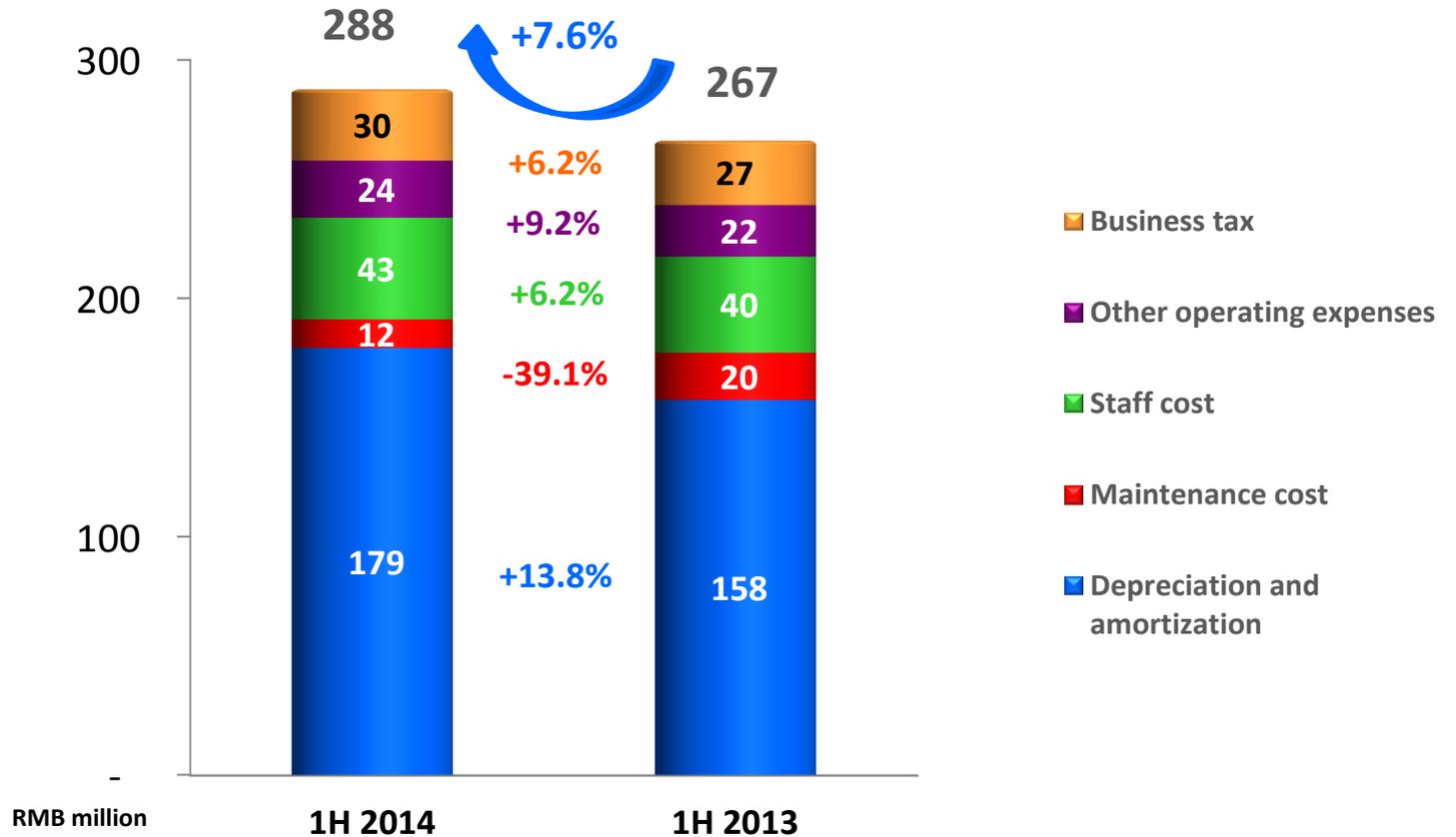
	2014	245,732	88,248	44,436	33,018	19,097
2013		225,415	80,391	38,982	27,300	17,148

Attributable profit from associates/joint venture



2014 VS 2013	↑5.9%	↑11.1%	↑53.0%	↑186.3%	↓0.5%
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Analysis of cost of services



Cost of services was RMB 108.5M if excluding depreciation and amortization, representing a year on year decline of 1.3%.

Analysis of finance costs (net)

RMB '000	1H 2014 (Unaudited)	1H 2013 (Unaudited)	Increase/ decrease	Change(%)
Loan interest expenses	155,308	186,056	-30,748	-16.5%
Less: Interest capitalized	11,175	9,310	1,865	20.0%
Finance cost	144,133	176,746	-32,613	-18.5%
Less: Finance income	17,672	30,298	-12,626	-41.7%
Bank interest income	13,709	8,017	5,692	71.0%
Interest received on compensation receivable	3,963	22,281	-18,318	-82.2%
Add: exchange gain/loss	16,637	(20,440)	37,077	-181.4%
Finance cost (net)	143,098	126,008	17,090	13.6%
Weighted average interest rate	5.65%	5.85%	-0.2ppt	-3.3%

Finance costs(net) was RMB 143M for 1H 2014, increased by RMB 17.09M year on year.

1、 Finance costs was RMB 144M for 1H 2014, decreased by RMB 32.61M. There are two main factors: (1) Interest expense decreased due to repayment of loans in the first half; (2) Repayment of onshore loans through offshore loans which incurred lower interest rate helped to reduce interest expense.

2、 Finance income was RMB 17.67M for the first half, decreased by RMB 12.63M. Interest income in respect of compensation receivable of Class I expressway was amounted to RMB18.13M while no such income as recorded in 1H 2014.

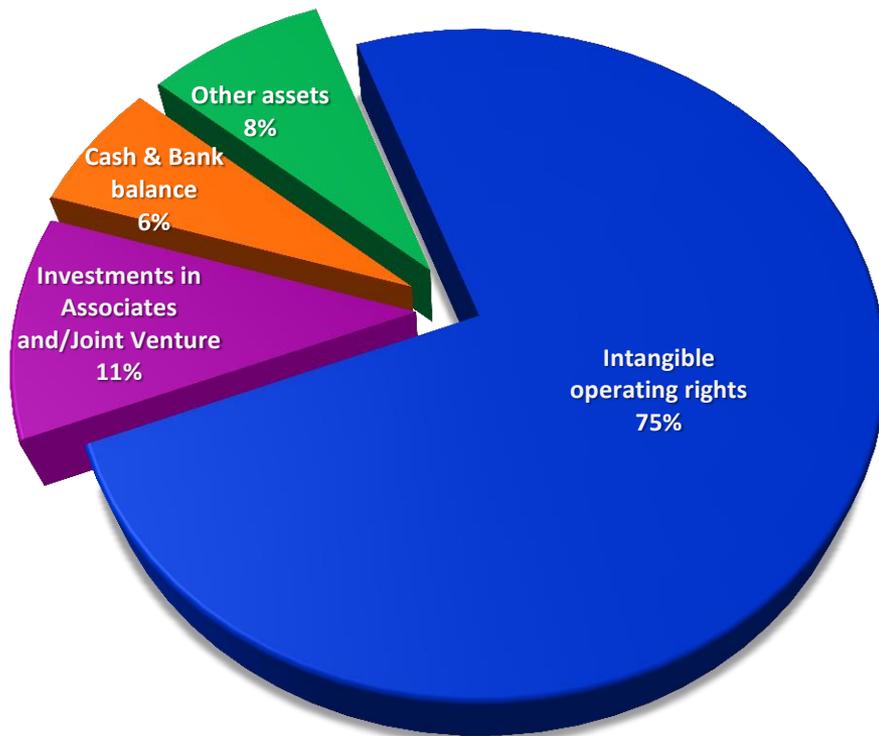
3、 Due to exchange rate volatility, exchange loss of RMB 16.64M was recorded in 1H 2014, while in 1H 2013 exchange gain of RMB 20.44M was recorded.

Extract of Balance Sheet

RMB '000	30 Jun 2014	31 Dec 2013	Change%
Total assets	17,634,538	18,225,968	-3.2%
Approximately 90.0% of which:			
Intangible operation rights	13,143,869	13,314,416	-1.3%
Investment in a joint venture and associates	1,893,220	1,913,088	-1.0%
Cash and cash equivalents	1,135,891	1,604,676	-29.2%
Total liabilities	7,354,921	7,947,642	-7.5%
Approximately 90.0% of which:			
Bank borrowings -- current portion	528,064	674,472	-21.7%
-- long term portion	4,716,121	4,986,007	-5.4%
Loans from non-controlling interest	124,129	124,526	-0.3%
Deferred income tax	1,527,338	1,524,700	0.2%
Total equity	10,279,617	10,278,326	0.0%
Of which: Attributable to the shareholders of the company	8,355,042	8,275,767	1.0%
Gearing ratio (=net debt/(total equity + net debt))	29.7%	29.4%	0.3ppt
Total liabilities/total assets ratio	41.7%	43.6%	-1.9ppt
Debt to equity ratio (=net debt / total equity)	42.2%	41.7%	0.5ppt

As at 30 June 2014, the Company had a total of 13 investments, including 12 expressways and bridges and 1 port.

As at 30 June 2014
Total assets: RMB 17.63B



75% Intangible operating rights

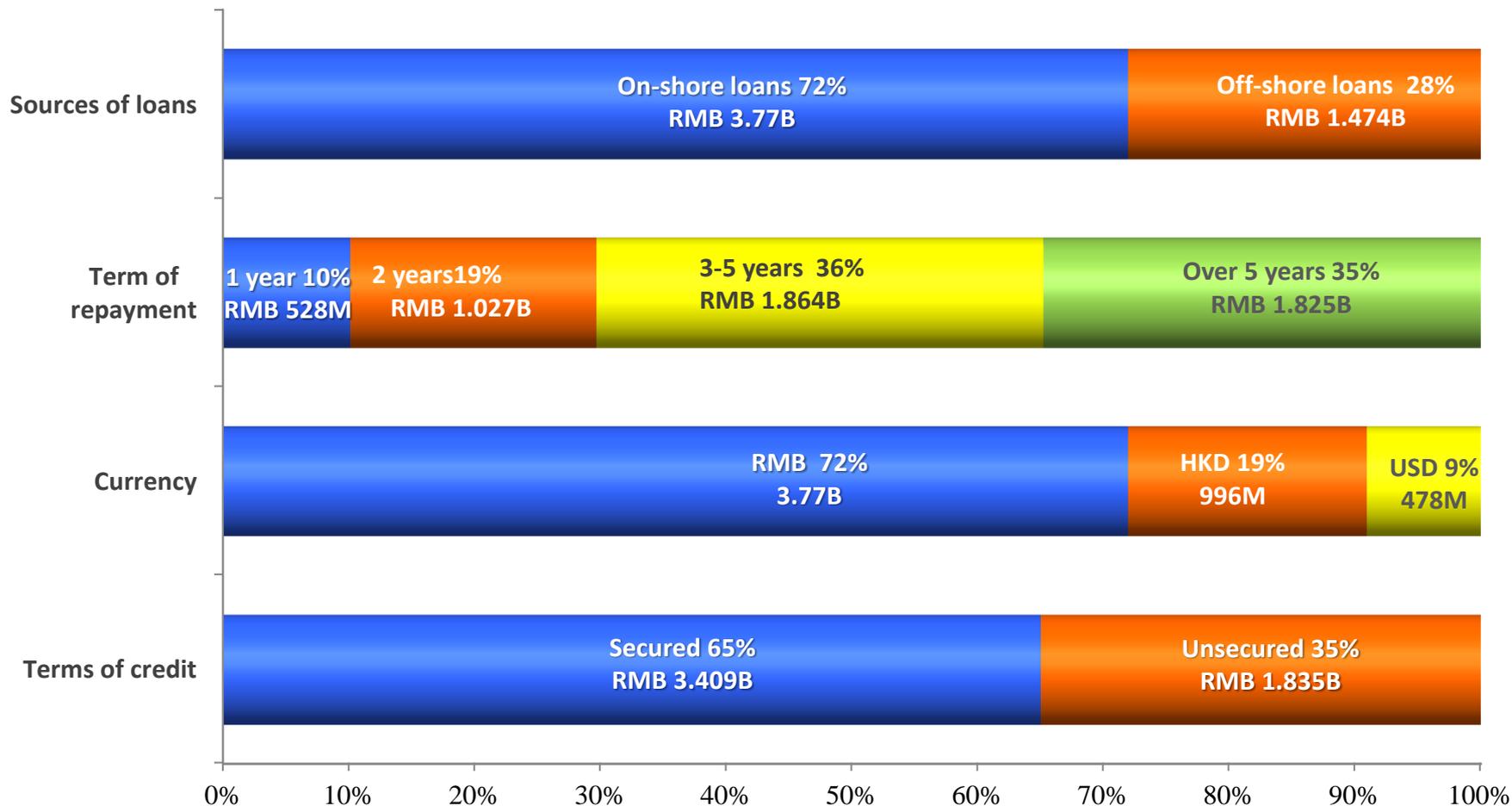
Net book value of intangible operating right at 30 June 2014 amounted to RMB 13.14B, decreased by 1.3% YOY or RMB 170M, which is caused by amortization.



6% Cash and Bank balance

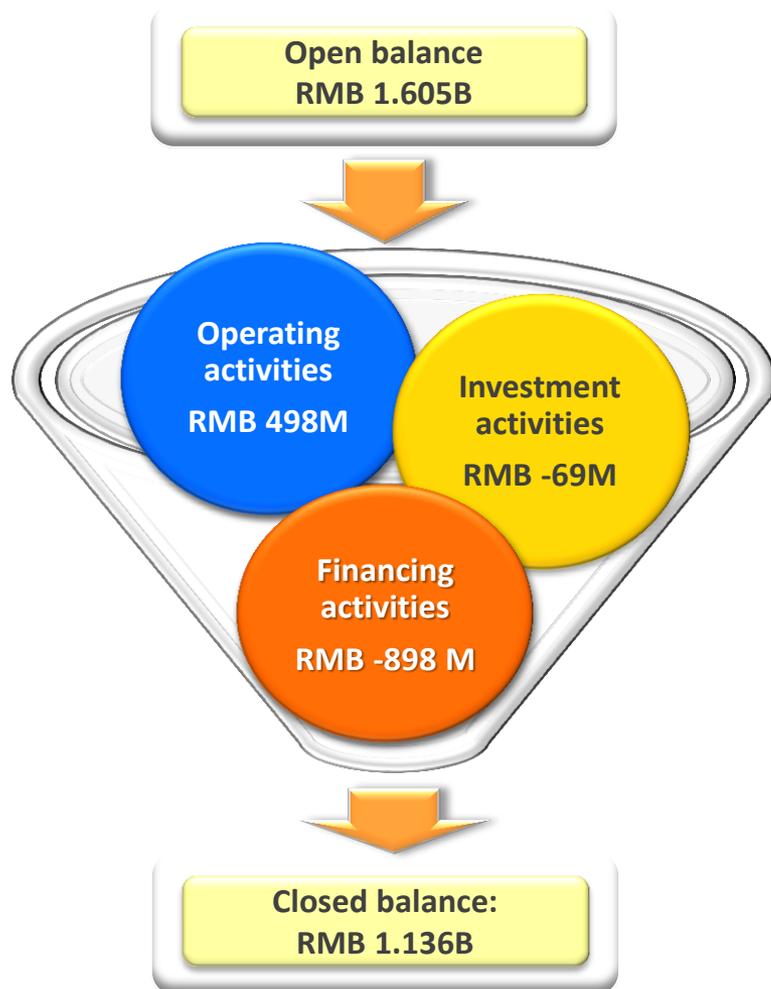
The closing balance of cash and bank balance was RMB 1.136B as at 30 June 2014, decreased by RMB 469M compared with opening balance.

Bank borrowings structure



Bank borrowing by projects

RMB '000	30 June 2014	31 Dec 2013	Effective interest rate	
			30 June 2014	31 Dec 2013
GNSR Expressway	200,000	200,000	6.00%	6.00%
Cangyu Expressway	213,910	229,910	5.90%	5.90%
Jinbao Expressway	40,000	60,000	6.15%	6.15%
Han-Xiao Expressway	502,788	506,848	6.00%	6.00%
Changzhu Expressway	1,384,244	1,384,244	6.55%	6.55%
Wuzhou Port	316,920	288,020	6.88%	6.88%
Weixu Expressway	1,111,750	1,223,000	6.55%	6.55%
Subtotal of onshore loans	3,769,612	3,892,022	6.43%	6.43%
Offshore-Hong Kong	1,474,573	1,768,457	3.28%	3.23%
Total	5,244,185	5,660,479	5.55%	5.43%



Operating activities

Toll revenue was RMB 877M. Net cash inflow was RMB 498M (net of operating cost, expense, tax and exchange).

Investment activities

Including capital expenditures of RMB 281M, dividends received from associates of RMB 194M, interest income from bank deposit of RMB 13.7M. Net cash outflow was RMB 69.41M.

Financing activities

Including new bank loans of RMB 29M, repayment of bank loans of RMB 465M, dividends paid to shareholders of RMB 211M, dividend paid to non-controlling interest of RMB 108M, payment of interest of RMB 143M. Net cash outflow of RMB 898M.



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Macro-economy

- Uneven recovery remains in global economy according to IMF latest ‘World Economic Outlook’. The global growth for 2015 projected at 4%. Downside risks including geopolitical risk and financial market risk remain a concern.
- With China government strengthen the “steady growth, mini-stimulus” package to boost economic growth and unveils relevant measures, a steady economic growth is expected in 2014 2H.
- Steady growth in passenger and freight volume are expected in 2014.

Sector regulations

- Stable regulatory environment in toll road sector.
- Unified tolling system and toll by weight policy introduced in Guangdong will keep booming GNSR Expressway and GWSR Expressway.
- Investments in transport infrastructure facilities have been increased in Guangdong and other central and western provinces, and encourage social capital investment. New investment opportunities is expected to bring to the company.

The integrated business model of “off shore financing + on shore acquisition + meticulous management” will be strengthened and enhanced to further improve operational quality and profitability of the portfolios.

On shore acquisitions

- Focus on toll roads M & A
- Guangdong and central China will be the central of our regional strategy
- Bottom line of IRR is 10% , while cash flow and profitability in short term will also be considered

Off shore financing

- Ensure the funding for M&A
- Reduce finance costs through optimizing debt structure

Meticulous management

- Enhancing operational performance of projects
- Strengthen standardized management
- Carry forward mechanism optimization



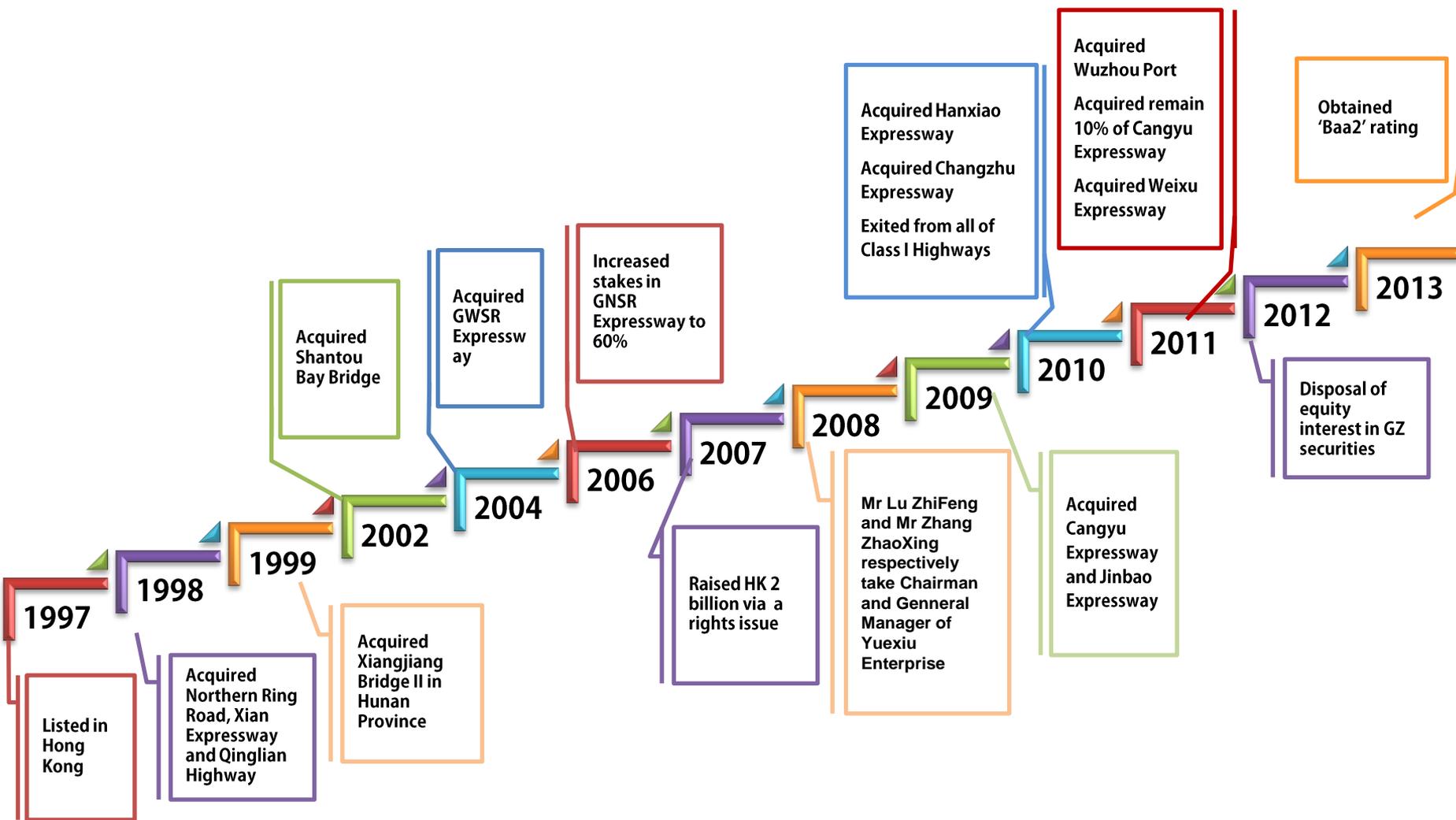
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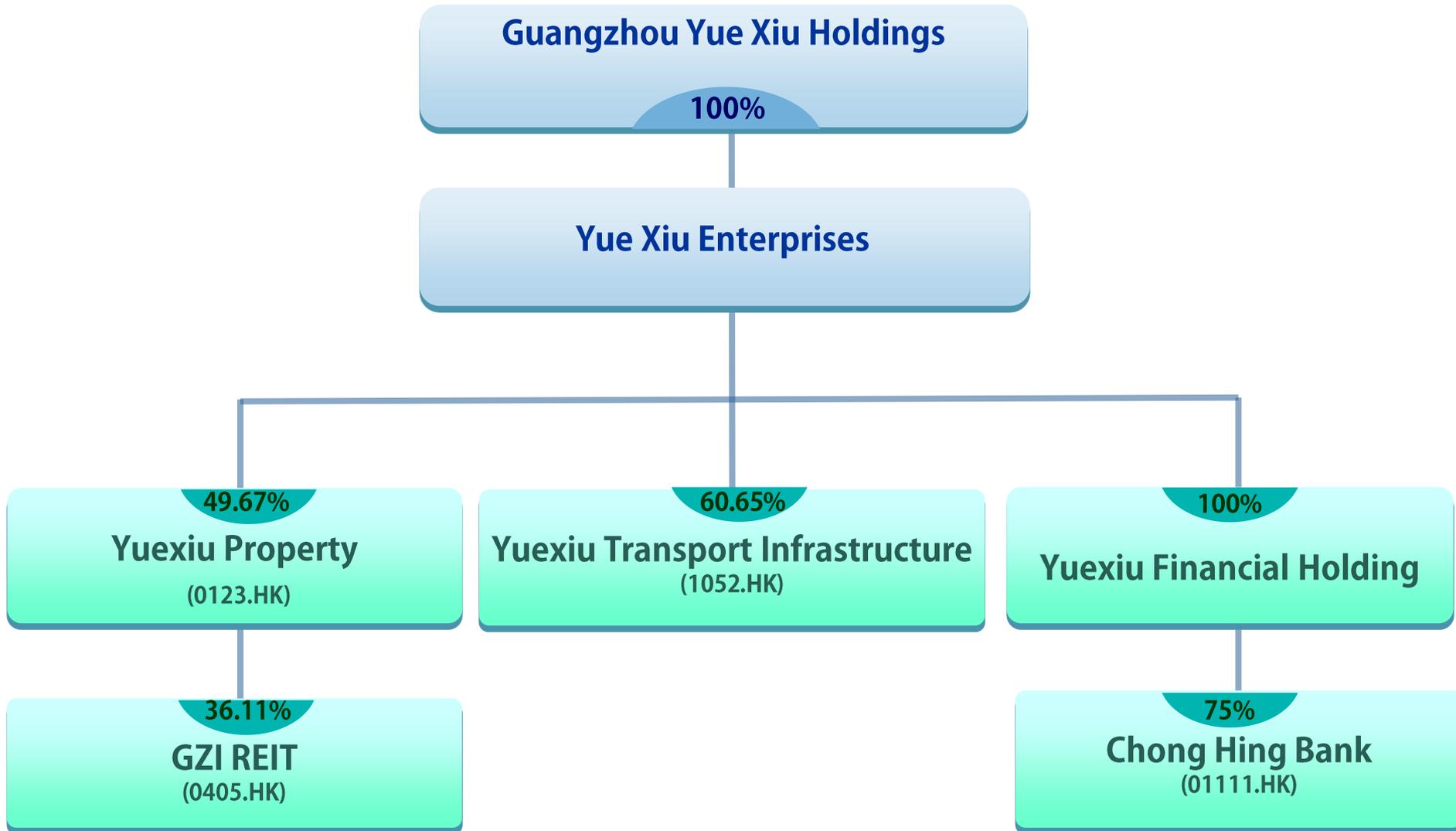
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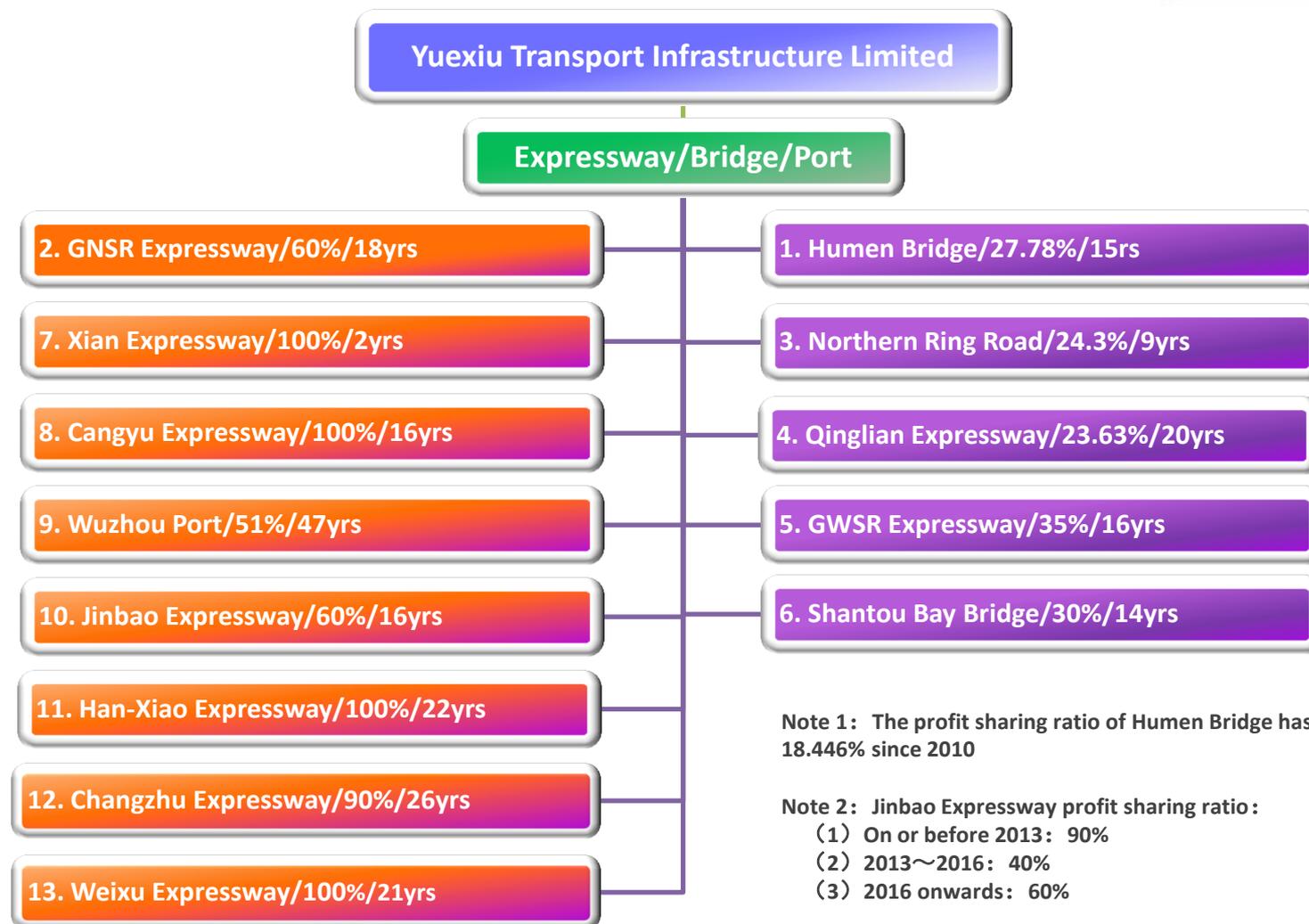


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Shareholders structure





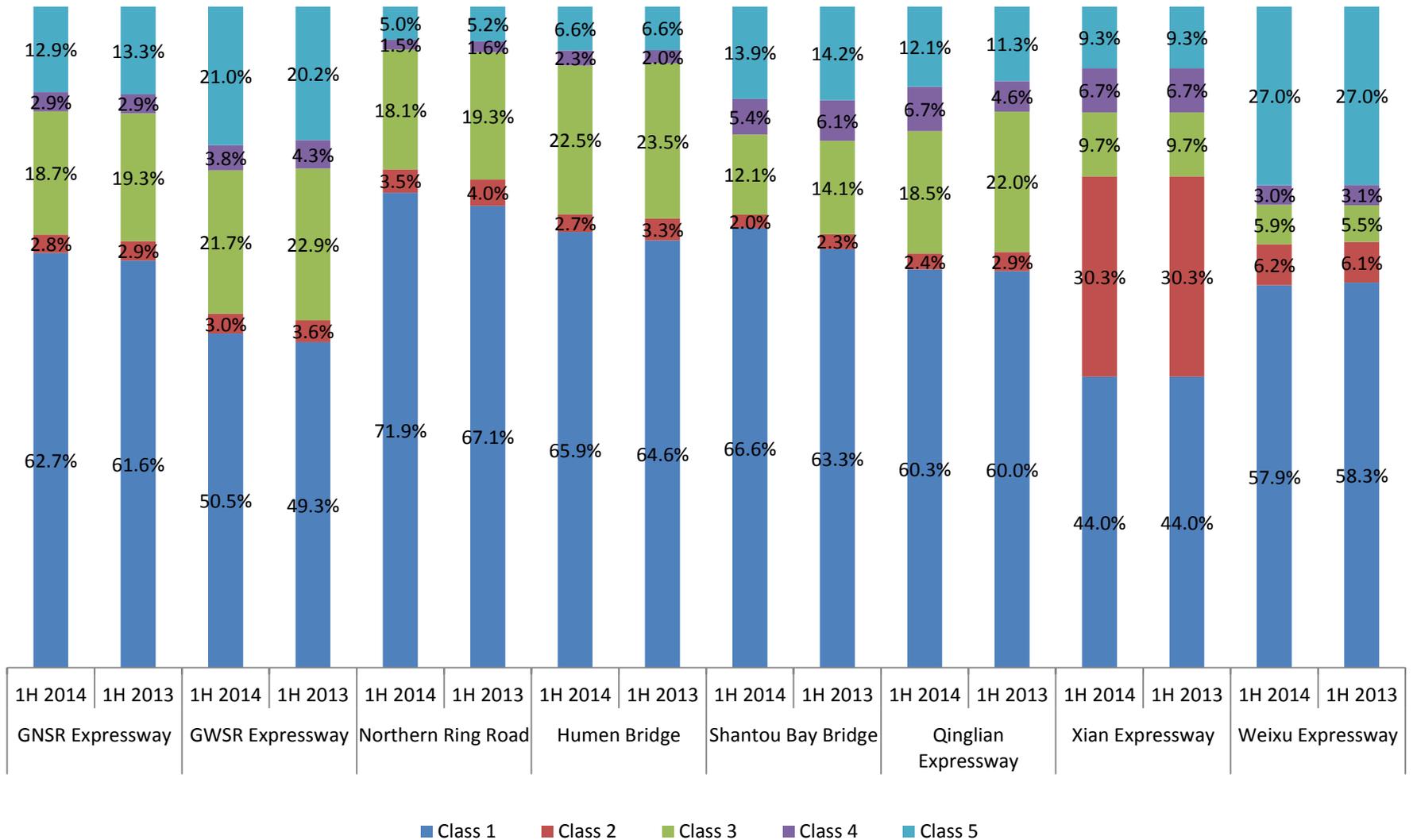
Note 1: The profit sharing ratio of Humen Bridge has been adjusted to 18.446% since 2010

Note 2: Jinbao Expressway profit sharing ratio:

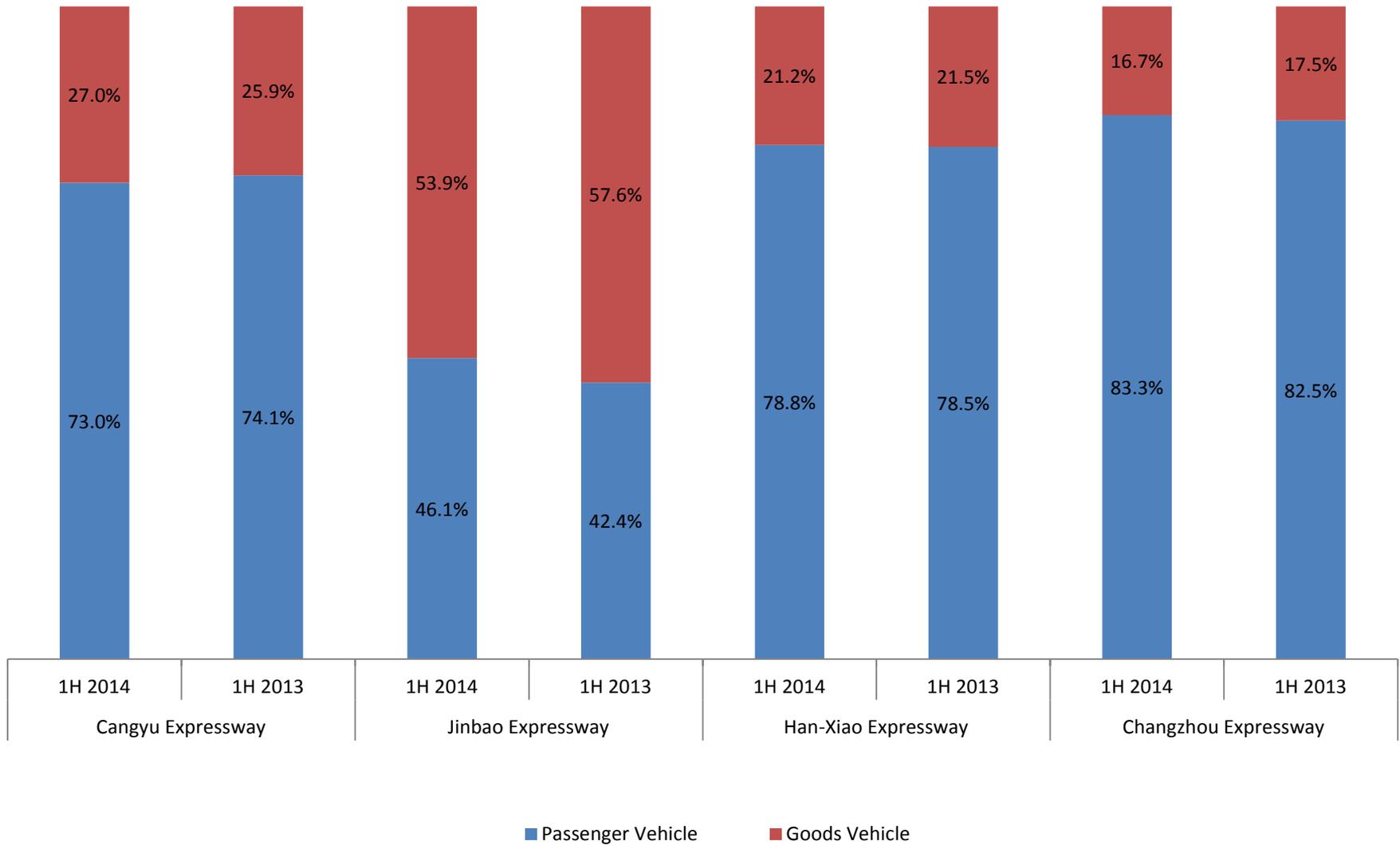
- (1) On or before 2013: 90%
- (2) 2013~2016: 40%
- (3) 2016 onwards: 60%

Note 3: Acquired remaining 10% of Han-xiao Expressway on 16 Jun 2014 and completed the equity transfer on 10 Jul 2014.

Traffic mix (1H 2014 VS 1H 2013)



Traffic mix (1H 2014 VS 1H 2013)



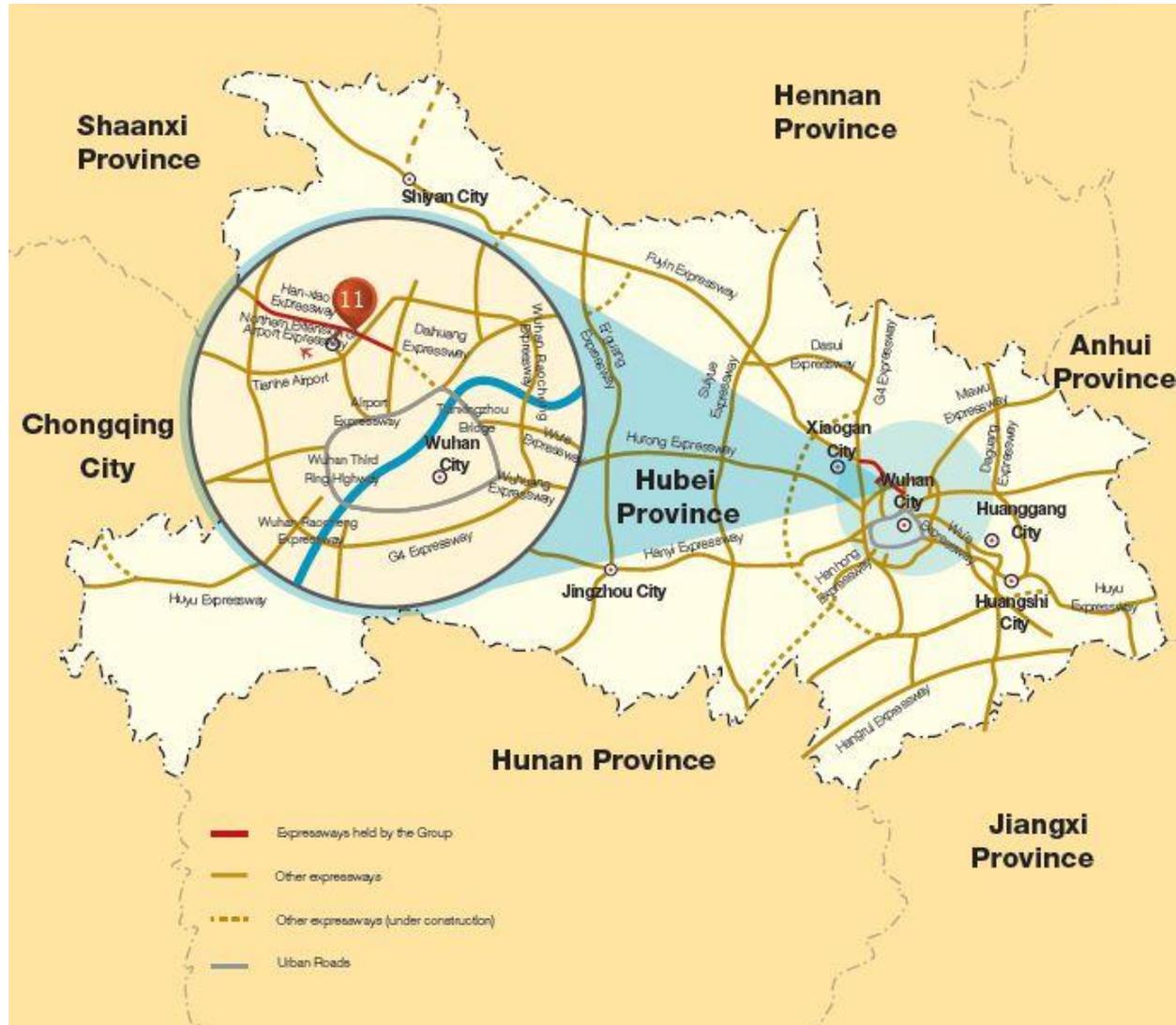
Location Maps of Projects — Guangdong



Location Maps of Projects — Guangxi



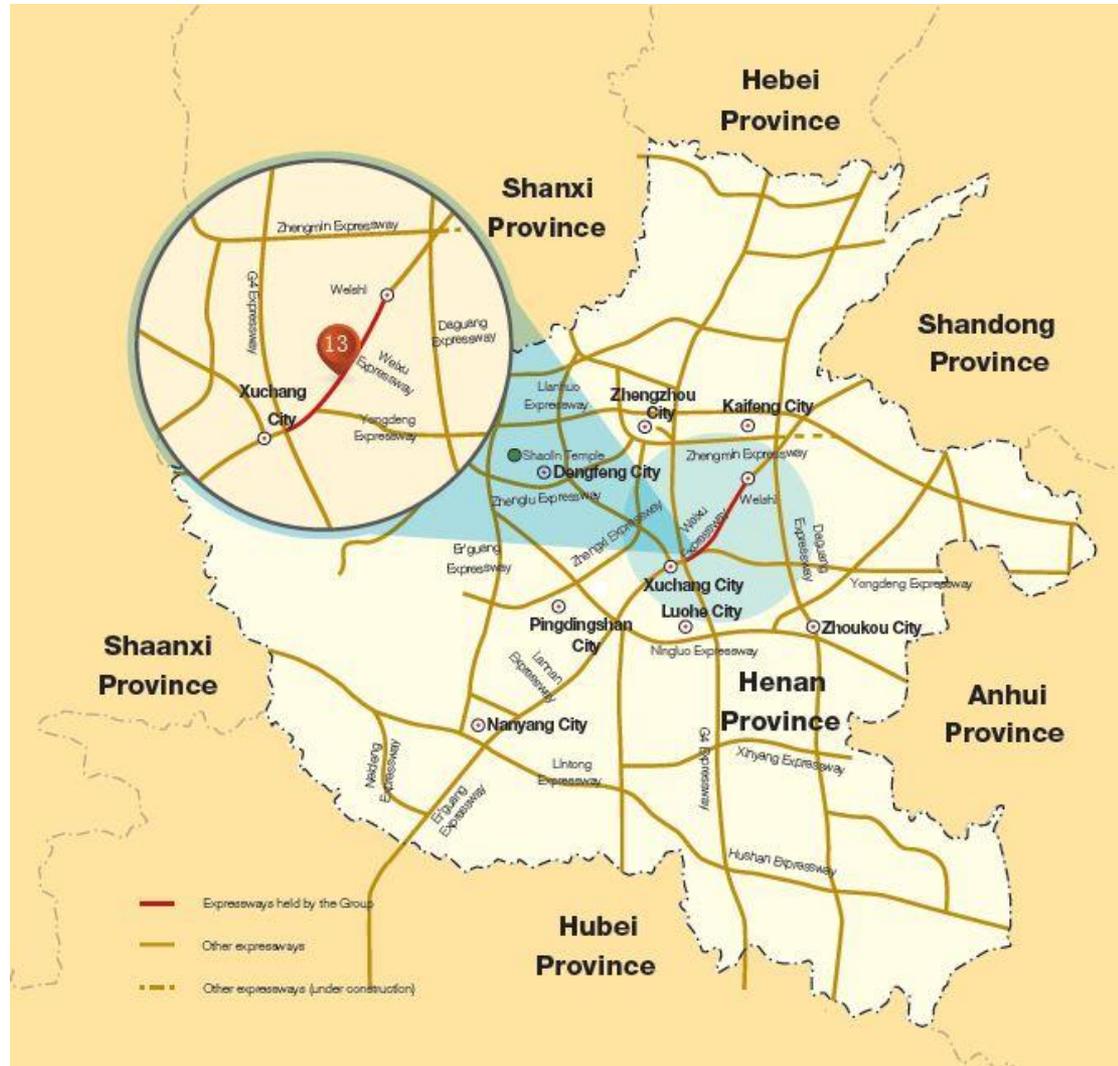
Location Maps of Projects — Hubei



Location Maps of Projects —Hunan



Location Maps of Projects —Henan



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