



越秀交通基建有限公司  
YUEXIU TRANSPORT INFRASTRUCTURE LIMITED

Stock Code: 01052

# 2014 Annual Result

2015.3.17



尉許路段永登高速由南向北K225 059米

北二環路段-八斗立交



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# Result Highlights

 6.0%

**Toll revenue**  
**RMB 1.859B**

 3.9%

**Total assets**  
**RMB 17.51B**

 9.9%

**Profit attributable to  
shareholders**  
**RMB 609M**

 9.9%

**Earnings per share**  
**RMB 0.3642**

## Marco-economy

In 2014, recovery in global economy was weak and uneven among major economies:

- (1) Among advanced economies: strong recovery in U.S.A, Europe remained stagnant and Japan tended to be flat
- (2) EME : still grew relatively fast
- (3) Economic recovery was dragged by the escalating geopolitical risks

“New Normal” for China’s economy:

- (1) GDP grew by 7.4%, overall economy remained stable while progressing
- (2) Investment of highway construction increased by 11.4%; Passenger and freight volumes of highway increased by 2.8% and 8.7% respectively
- (3) Showed progress on economic rebalancing

## Sector regulations

Policy of toll road sector in 2014 remained stable and positive.

- (1) 24 December 2014: The Ministry of Transport published the article ‘Contributions of Chinese Characteristic Toll Road Policy’ to emphasize the huge contribution, necessity and fairness of toll road policy.
- (2) 26 November 2014: State Council published an official documents “Guidance and Opinions on Innovation of Investment and Financing Mechanisms for and Encouraging Private Investment in Key Sectors” to propose reforms of investment and financing mechanism of transportation projects and toll road policy to encourage involvements of social capital.
- (3) Approvals of toll fare increase or extending concessions of certain toll roads by local government in Guangdong, Shandong, Guangxi, Henan and Xinjiang etc.

## New record high for key financial indicators

- In 2014, the Group sustained steady growth, and hit record highs in major financial indicators such as revenue and profit despite China's economic rebalancing and increased downward pressure on economy.

## Achieving a successful acquisition

- Acquired 70% equity interest of Suiyuenan Expressway on 17 Dec 2014. The toll length of the expressway is 98.06km, which is the largest in project portfolio.
- After the completion of the transaction, the total attributable toll length is approximately to 374km with total assets approximately to 23B.

## Optimized debt structure, lower finance costs

- Fully utilize on-shore and off-shore financing resources to reduce finance costs.
- Further optimized debt portfolio, maintained the "Baa2" credit rating tiers given by Moody's.

## Breakthrough in professional manager scheme

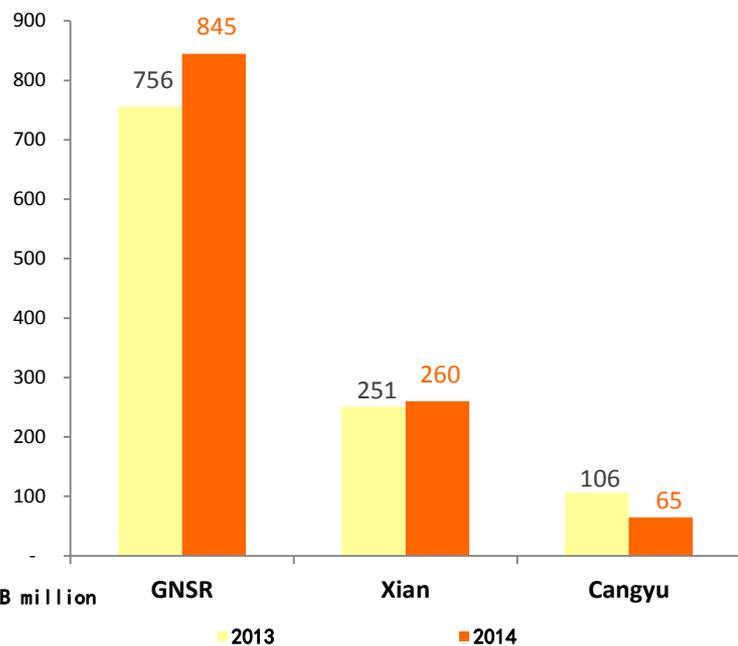
- Optimized project company structure and management team.
- Organization and talent overall review.
- Deepened the implementation of professional manager scheme.

# Extract of Consolidated Income Statement

RMB'000	2014	2013	Increase/ (decrease)	Change%
Revenue	1,858,706	1,753,084	105,622	6.0%
Cost of services	690,815	581,625	109,190	18.8%
Gross profit	1,167,891	1,171,459	(3,568)	-0.3%
Other income, gains and losses-net	32,789	15,381	17,408	113.2%
General and administrative expenses	203,979	202,970	1,009	0.5%
Net finance costs	253,933	236,762	17,171	7.3%
Share of result of a joint venture/ associates	271,472	206,537	64,935	31.4%
Profit before tax	1,014,240	953,645	60,595	6.4%
Income tax	236,510	260,654	(24,144)	-9.3%
Profit after tax	777,730	692,991	84,739	12.2%
Profit attributable to shareholders	609,370	554,419	54,951	9.9%
Earnings per share	0.3642	0.3314	0.0328	9.9%
Dividend per share	28 HK cents	26 HK cents	0.02	7.7%
Payout ratio	61.0%	62.1%		

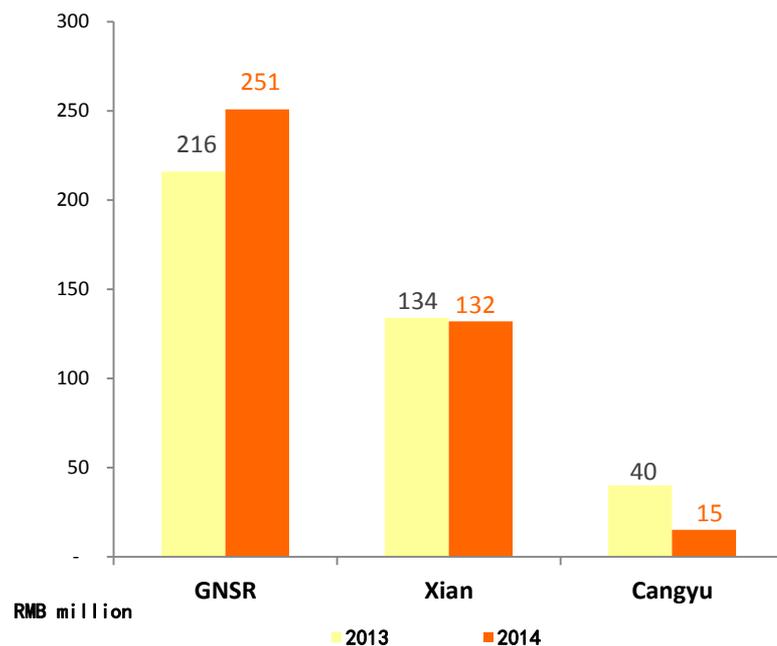
# Operating analysis of 2014 (subsidiaries)

## Toll revenue from subsidiaries



2014 VS 2013	GNSR	Xian	Cangyu
	↑ 11.8%	↑ 3.6%	↓ -38.9%

## Attributable profit from subsidiaries



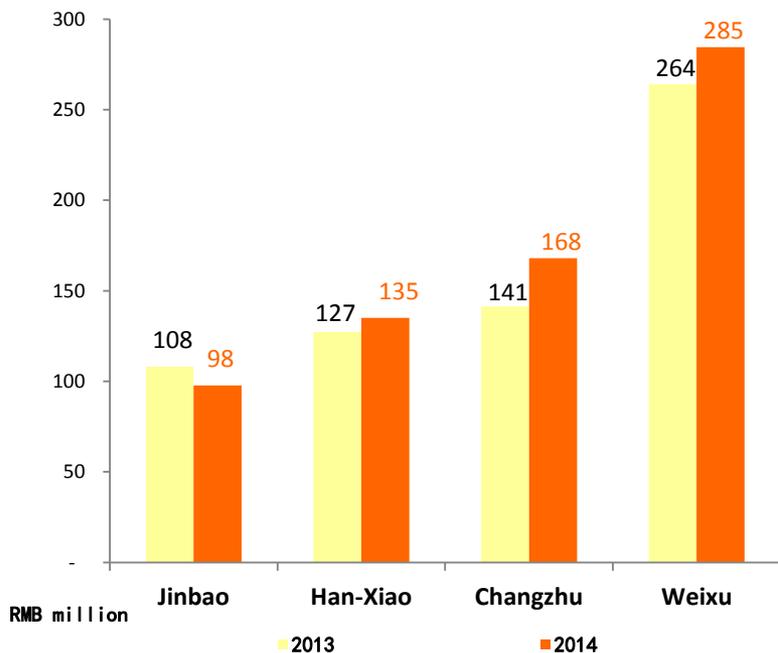
2014 VS 2013	GNSR	Xian	Cangyu
	↑ 16.1%	↓ -1.4%	↓ -62.8%

## Average daily traffic volume

2014	148,780	44,471	7,128
2013	131,386	51,384	11,912
YOY	+13.2%	-13.5%	-40.2%

# Operating analysis of 2014 (subsidiaries)

## Toll revenue from subsidiaries

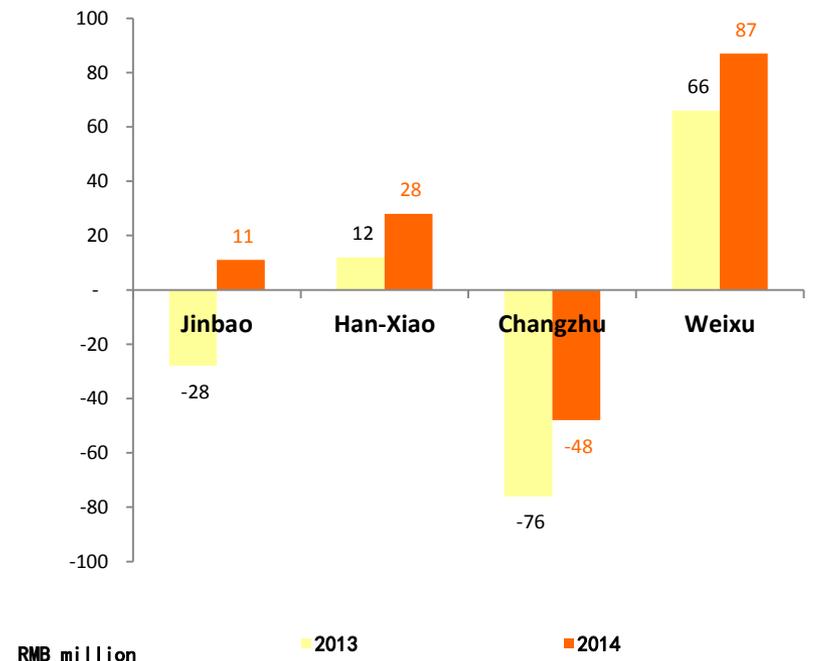


2014 VS 2013	Jinbao	Han-Xiao	Changzhu	Weixu
	↓9.6%	↑6.0%	↑18.9%	↑7.8%

## Average daily traffic volume

	Jinbao	Han-Xiao	Changzhu	Weixu
2014	25,371	17,468	16,100	16,298
2013	25,877	14,970	13,276	13,586
YOY	-2.0%	+16.7%	+21.3%	+20.0%

## Attributable profit from subsidiaries

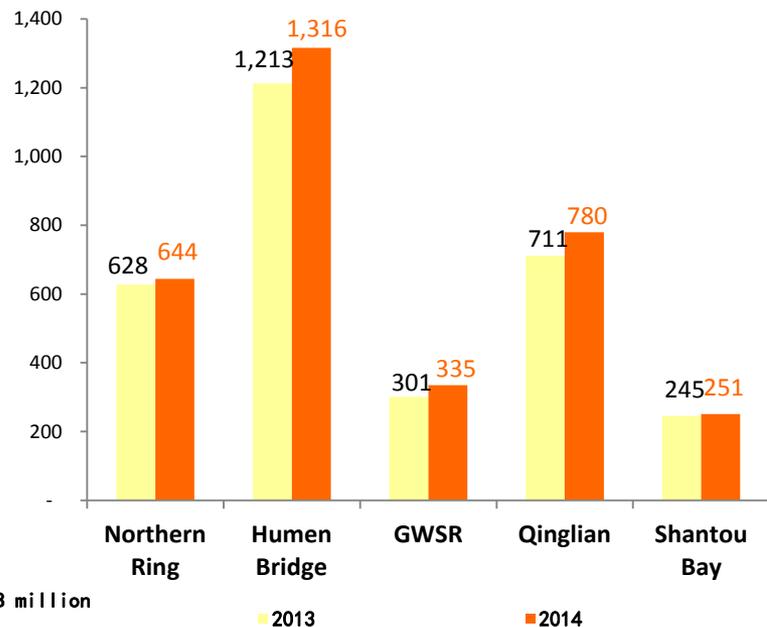


2014 VS 2013	Jinbao	Han-Xiao	Changzhu	Weixu
	Turn into profit <sup>1</sup>	↑124.0%	Loss reduce 36.6%	↑31.9%

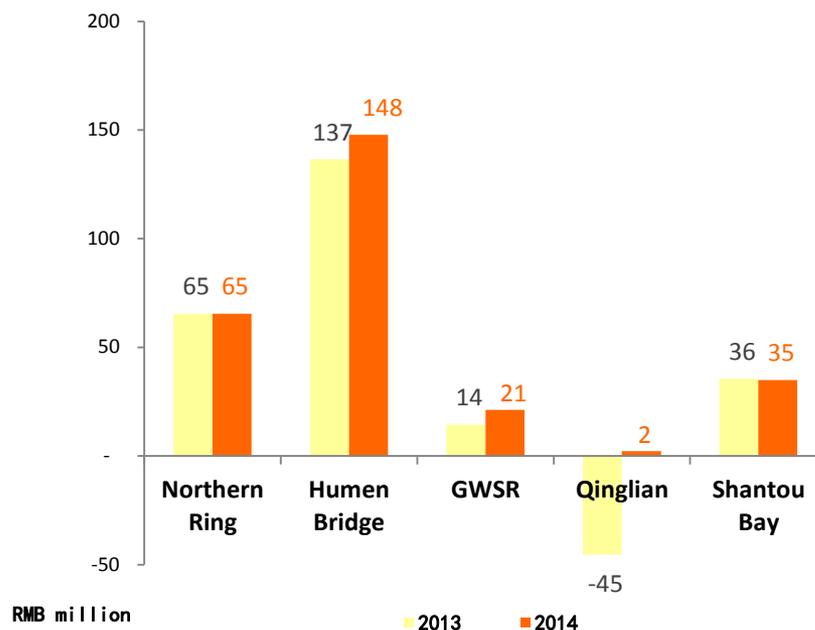
Note 1: Due to the impairment loss, attributable profit from Jinbao Expressway reduced by 41.22 million in 2013. If impairment loss is excluded, attributable profit reduced by RMB 2.53 million in 2014 YOY.

# Operating analysis of 2014 (associates/joint venture)

## Toll revenue from Associates/Joint venture



## Attributable profit from Associates/Joint Venture



2014 VS 2013	Northern Ring	Humen Bridge	GWSR	Qinglian	Shantou Bay
	↑2.7%	↑8.5%	↑11.2%	↑9.7%	↑2.3%

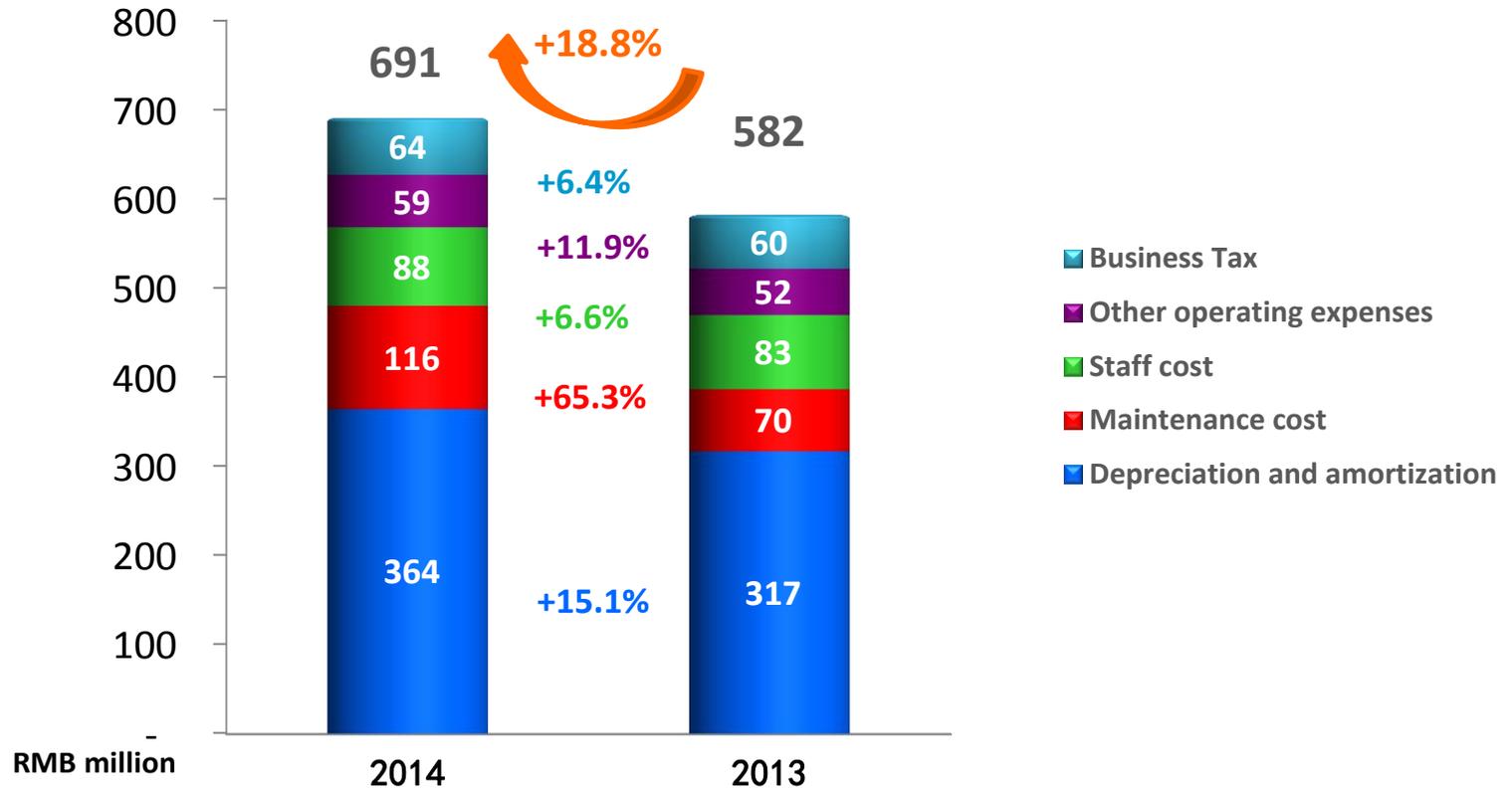
2014 VS 2013	Northern Ring	Humen Bridge	GWSR	Qinglian	Shantou Bay
	↑0.04%	↑8.2%	↑47.3%	Turn into profit <sup>1</sup>	↓1.8%

### Average daily traffic volume

	Northern Ring	Humen Bridge	GWSR	Qinglian	Shantou Bay
2014	250,773	92,951	45,813	33,026	19,820
2013	237,131	84,699	42,337	28,344	18,412
YOY	+5.8%	+9.7%	+8.2%	+16.5%	+7.6%

Note: Due to the impairment loss of intangible operation rights, attributable profit from Qinglian Expressway reduced by RMB 48.12 million in 2013. If the impairment loss is excluded, attributable profit reduced by RMB 0.62M in 2014 YOY.

# Analysis of cost services



**Note: Maintenance cost in 2014 including 32M of repair and maintenance expenditures in relation to the restoration of the Xian Expressway for handing over by the end of service concession period and installation of lighting system.**

# Analysis of finance costs(net)

RMB'000	2014	2013	Increase/Decrease	Change(%)
Loan interest expenses	296,055	357,157	(61,102)	-17.1%
Less: Interest capitalized	15,133	19,727	(4,594)	-23.3%
Finance cost	280,922	337,430	(56,508)	-16.7%
Less: Finance income	30,259	57,944	(27,683)	-47.8%
Bank interest income	22,451	13,175	9,276	70.4%
Other interest income	7,808	44,769	(36,961)	-82.6%
Add: exchange loss/gain	3,270	-42,724	45,994	N/A
Finance cost (net)	253,933	236,762	17,171	7.3%
Weighted average interest rate	5.40%	5.72%	-0.32ppt	

Finance cost(net) was RMB 254M for 2014, increased by RMB 17.17M year on year.

1. Interest expenses was RMB 296M in 2014, reduced by RMB 61.10M. This is mainly due to two factors:

(1) Interest expenses reduced by RMB 27.90M due to repayment of loans in 2014; (2) Repayment of on-shore loans amounted to RMB 1.7B through off-shore loans between 2013 and 2014. Due to lower interest rate for off-shore funding, interest expenses reduced by RMB 32.26M.

2. Interest income in respect of compensation receivable of Class 1 Highways amounted to RMB 36.55M in 2013, while no such income was recorded in 2014, thus finance income was reduced.

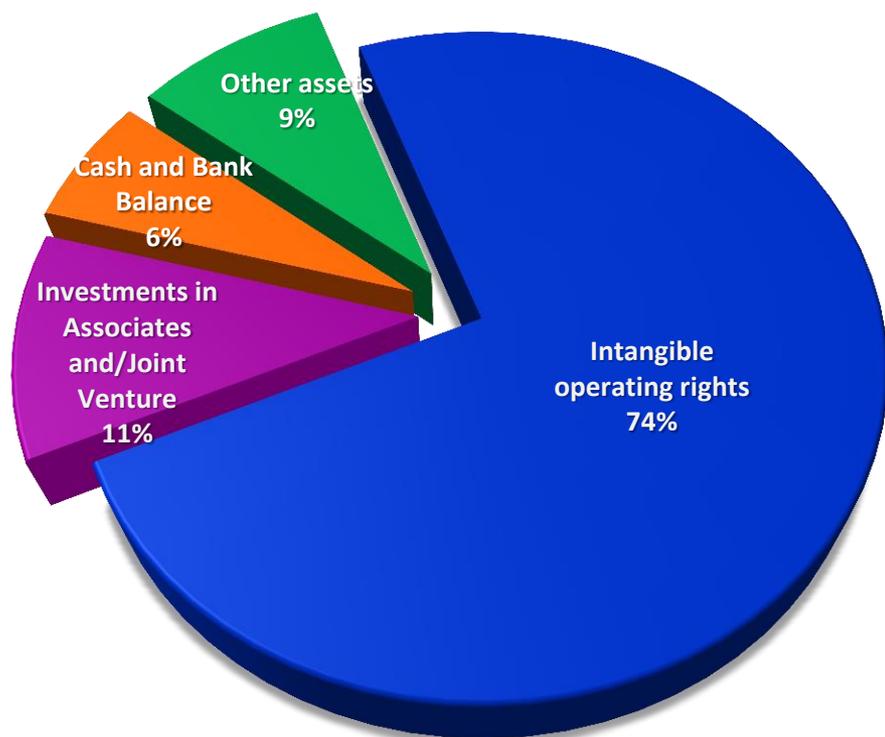
3. Due to exchange rate volatility, exchange loss of RMB 3.27M was recorded in 2014 while exchange gain of RMB 42.72M was recorded in 2014.

# Extract of Balance Sheet

RMB '000	31 Dec 2014	31 Dec 2013	Change%
<b>Total assets</b>	17,509,960	18,225,968	-3.9%
Approximately 90.0% of which:			
Intangible operating rights	12,991,487	13,314,416	-2.4%
Investment in a joint venture and associates	1,855,924	1,913,088	-3.0%
Cash and cash equivalents	1,123,517	1,604,676	-30.0%
<b>Total liabilities</b>	7,065,391	7,947,642	-11.1%
Approximately 90.0% of which:			
Bank borrowings -- current portion	358,338	674,472	-46.9%
-- long term portion	4,518,505	4,986,007	-9.4%
Loans from non-controlling interest	107,534	110,374	-2.6%
Deferred income tax	1,529,613	1,524,700	0.3%
<b>Total equity</b>	10,444,569	10,278,326	1.6%
Of which: Attributable to the shareholders of the company	8,527,595	8,275,767	3.0%
Gearing ratio (=net debt/(total equity + net debt) )	27.6%	29.4%	-1.8ppt
Total liabilities/total assets ratio	40.4%	43.6%	-3.2ppt
Debt to equity ratio (=net debt / total equity)	38.1%	41.7%	-3.6ppt

As at 31 December 2014, the Company had a total of 13 investments, including 12 expressways and bridges and 1 port.

As at 31 December 2014  
Total assets: 17.51B



**74% Intangible operating rights**

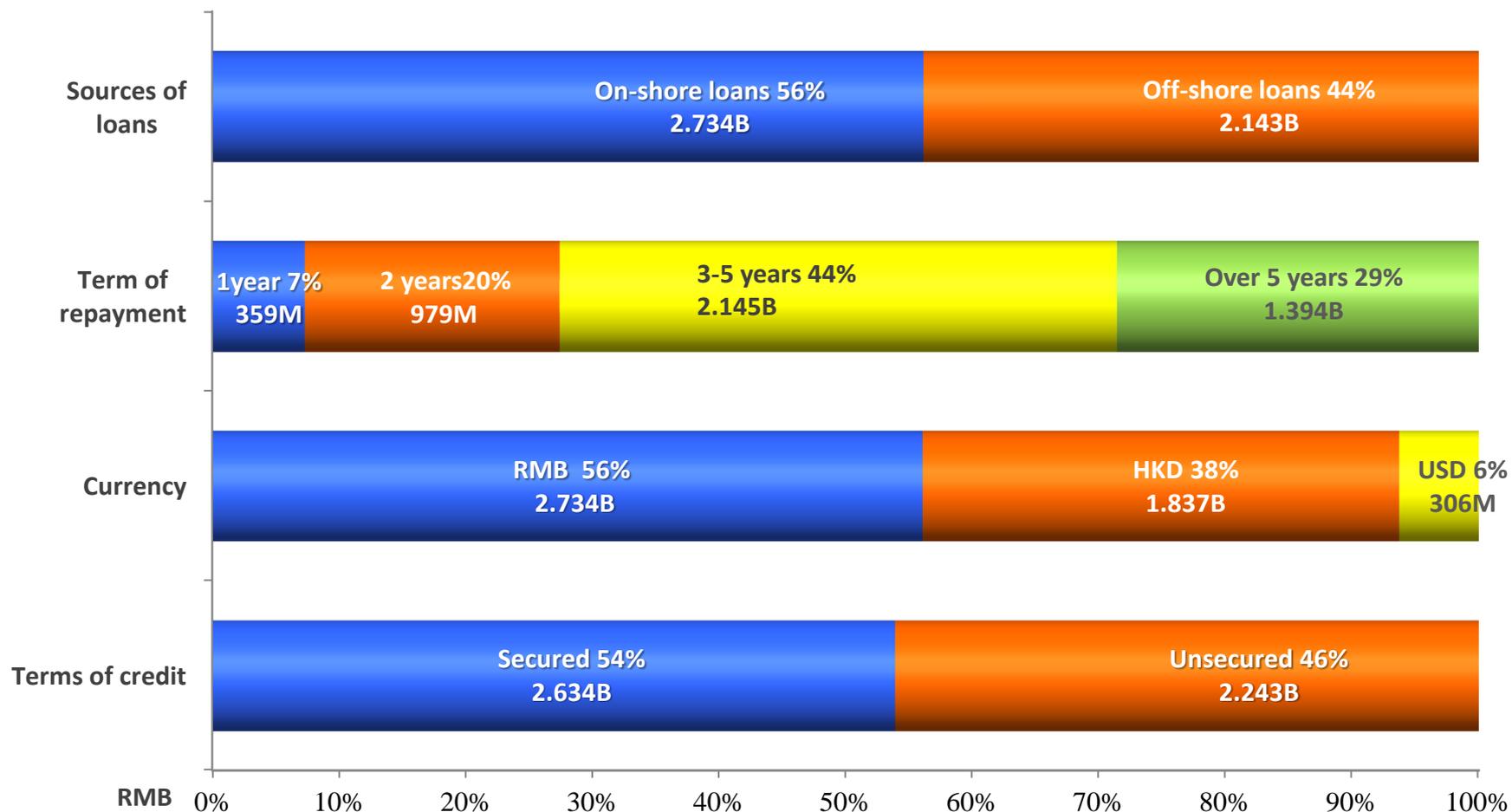
Net book value of intangible operating right at 31 Dec 2014 amounted to RMB 13B, decreased by 2.4% or RMB 320 million, which was mainly caused by amortization.



**6% Cash and Bank balance**

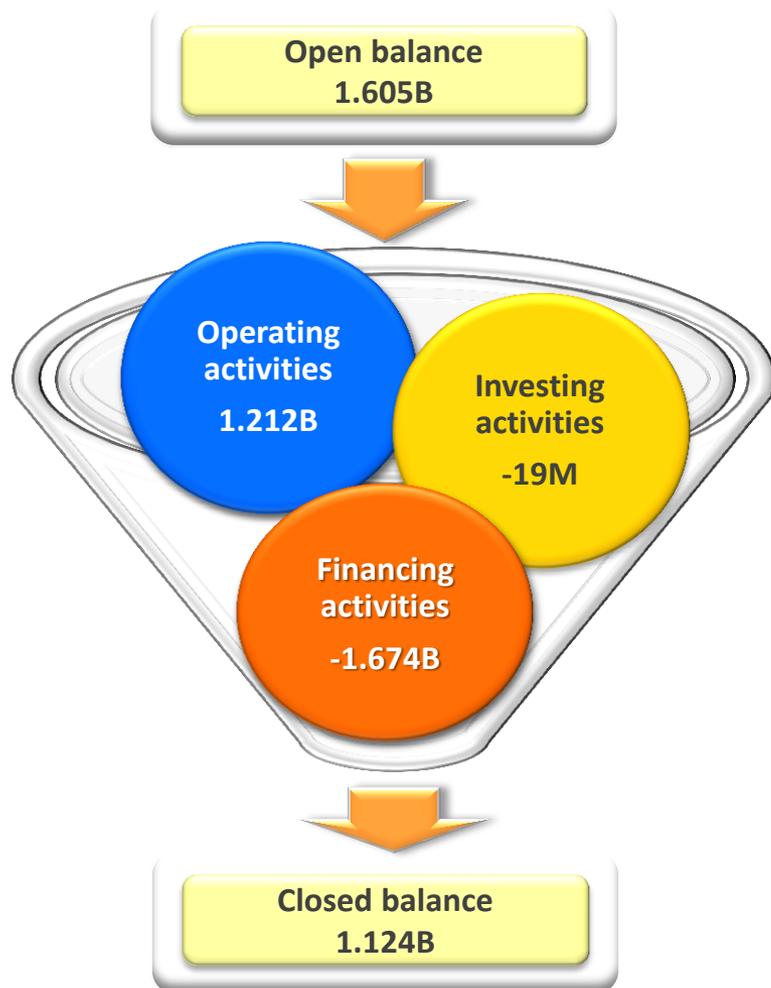
The closing balance of cash and bank balance was RMB 1.124 billion, decreased by RMB 481 million compared with opening balance, which was mainly due to one-off cash inflow in 2013, such as proceeds from disposal of investment in GZ securities and compensation related to Class I Highways; while repayment of bank borrowings was more than proceeds of new bank borrowings in 2014.

# Bank borrowings structure



# Bank borrowing by projects

RMB'000	31 Dec2014	31 Dec 2013	Effective interest rate	
			31 Dec2014	31 Dec 2013
GNSR Expressway	200,000	200,000	6.00%	6.00%
Cangyu Expressway	199,910	229,910	5.90%	5.90%
Jinbao Expressway	30,000	60,000	6.15%	6.15%
Han-Xiao Expressway	100,000	506,848	5.90%	6.00%
Changzhu Expressway	954,240	1,384,244	6.50%	6.55%
Wuzhou Port	348,300	288,020	6.88%	6.88%
Weixu Expressway	901,750	1,223,000	6.55%	6.55%
Subtotal of onshore loans	2,734,200	3,892,022	6.46%	6.43%
Offshore-Hong Kong	2,142,643	1,768,457	3.14%	3.23%
<b>Total</b>	<b>4,876,843</b>	<b>5,660,479</b>	<b>5.00%</b>	<b>5.43%</b>



## Operating activities

Toll revenue was RMB 1.859B. Net cash inflow was RMB 1.212B (net of operating cost, expense and tax)

## Investing activities

Including dividend distributions from associates of RMB 325M, payment of RMB 21M for partial consideration of Weixu Expressway, capital injection to Qinglian Expressway of RMB 60M, purchase of fix assets of RMB 74M. Net cash outflow was RMB 19M.

## Financing activities

Including proceeds from new bank loans of RMB 957M, repayment of bank loans of RMB 1.743B, acquired remaining 10% of Han-xiao Expressway of RMB 88M, dividends paid to shareholders of RMB 358M, dividends paid to non-controlling shareholders of RMB 153M, payment of interest of RMB 273M. Net cash outflow was RMB 1.674B.

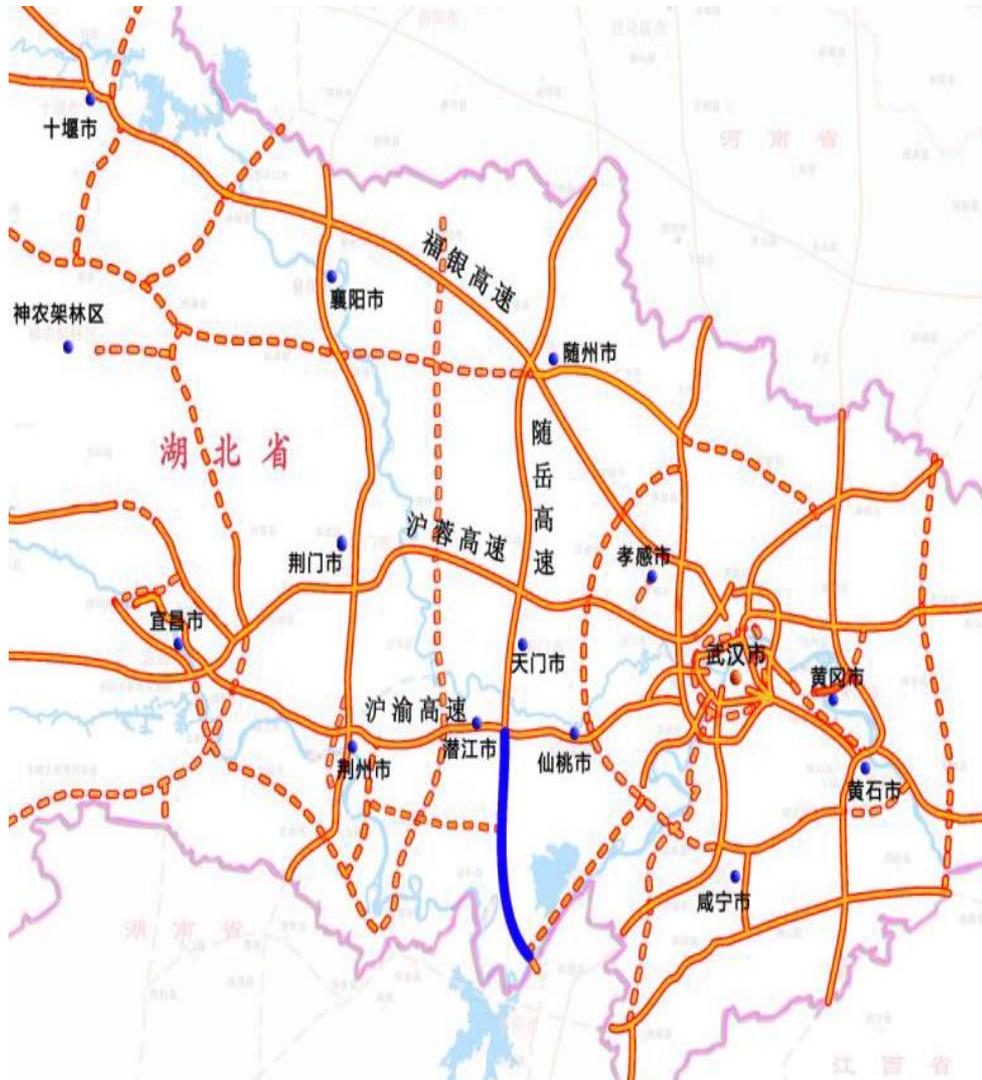


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# Suiyuenan Expressway Signing Ceremony on 17 Dec 2014



# Hubei Suiyuanan Expressway



Suiyuanan Expressway functioning as the Hubei section of the duplicate trunk line of the Beijing-Hong Kong –Macau expressway. The toll length of the expressway is 98.06km, comprising four dual lanes. Classification standard of Class 1 & 2 vehicles : RMB 0.7/km, Good vehicles : RMB 0.11/ton/km (adopted toll by weight system). The toll collection period is 30 years commenced on 10 March 2010 and ending on 9 March 2040.

The total consideration of Suiyuanan Expressway 70% equity interest amount of RMB 1.95B, comprising consideration in cash in the amount of RMB 1.792B.

Toll revenue of Suiyuanan Expressway in 2014 was amounted to RMB 426M, daily average revenue was RMB 1.17M.



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## Macro-economy

- Global economy remain complex:
  - (1) Global economy: weak recovery, inflation drop, insufficient demand.
  - (2) Major economies: continue to vary in economic performance and further divergence in monetary policy.
- China's economic development faces various risks, opportunities and challenges ahead:
  - (1) China will be stepping into a 'new normal' featuring a change of growth engines and transformation of development models.
  - (2) The strategic guidance of 'One Belt One Road' and Beijing-Tianjin-Hubei integration and the new energy revolution bring development opportunities.

## Regulatory outlook

- On 11 March 2015, the Head of National Ministry of Transport, Mr. Yang Chuantang emphasized the structural reform of toll road policy will be carried out and will strengthen the toll road regulation as well. The future reforms will adhere to four principles:
  - (1) adhere to the "users pay principle"
  - (2) controllable risk of government debts
  - (3) encourage involvement of social capital
  - (4) strengthen government regulatory controls and ensure the transparency of relevant information

## Guangdong Projects

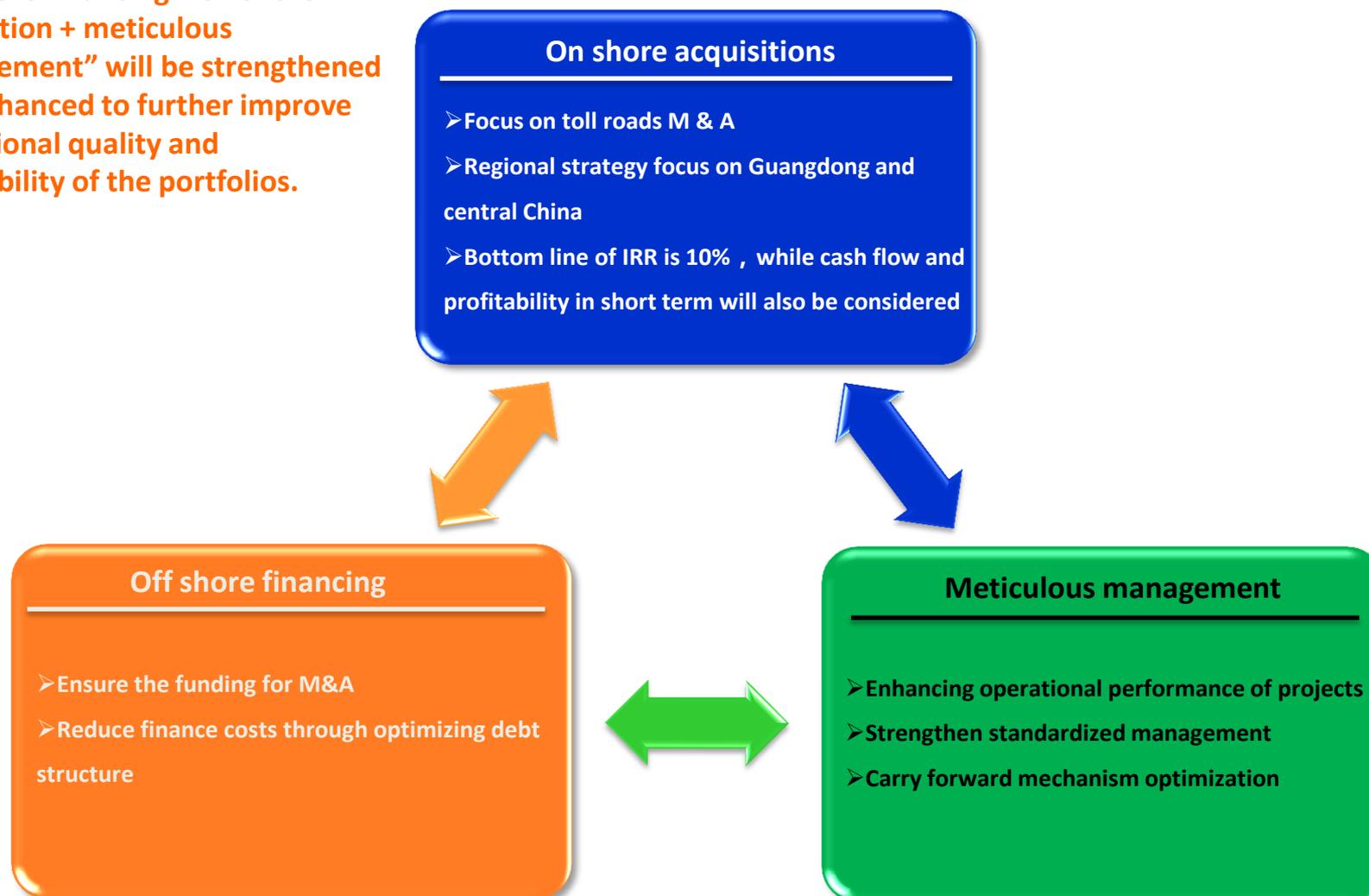
- Driven by the steady regional economic growth, the sustainable growth of passenger car ownership in Guangdong , the steady growth of local projects can be ensure.
- Projects including GNSR Expressway, Humen Bridge etc. will still be the major source of stable profit, while toll by weight policy will further boost GNSR Expressway and GWSR Expressway

## Central and western projects

- With increasing maturity and new growth engine, central and western projects become significant contributors.
  - 1) Changzhu Expressway: Benefiting from rapid economic growth, improvement of surrounding connectivity and facilities, the strong growth momentum will be maintained
  - 2) Han-Xiao Expressway, Weixu Expressway and Xian Expressway will maintain stable growth
  - 3) Cangyu Expressway: resumption of growth is foreseeable after Gui-wu Expressway opened to traffic

# Future prospects——Business strategies

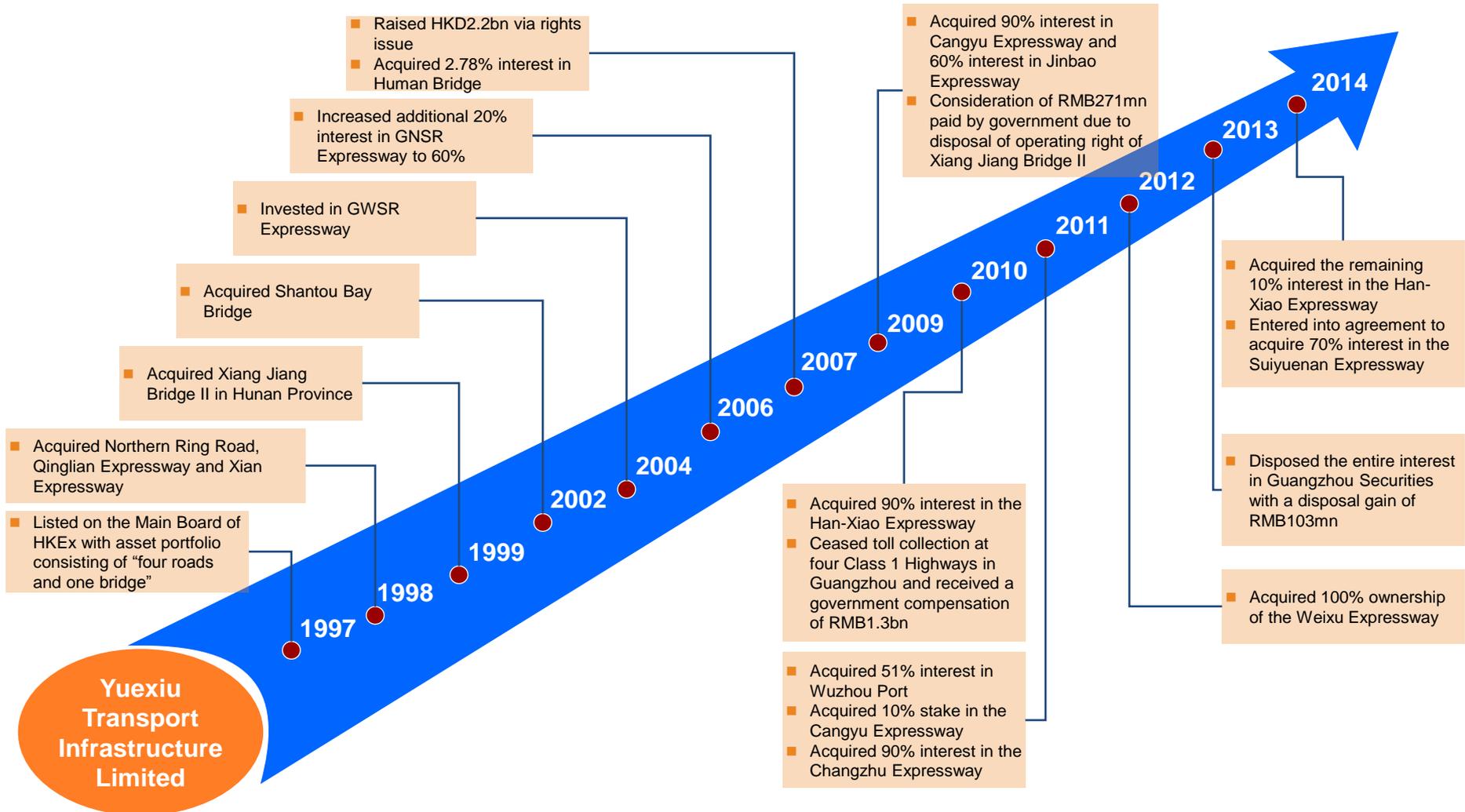
The integrated business model of “off shore financing + on shore acquisition + meticulous management” will be strengthened and enhanced to further improve operational quality and profitability of the portfolios.



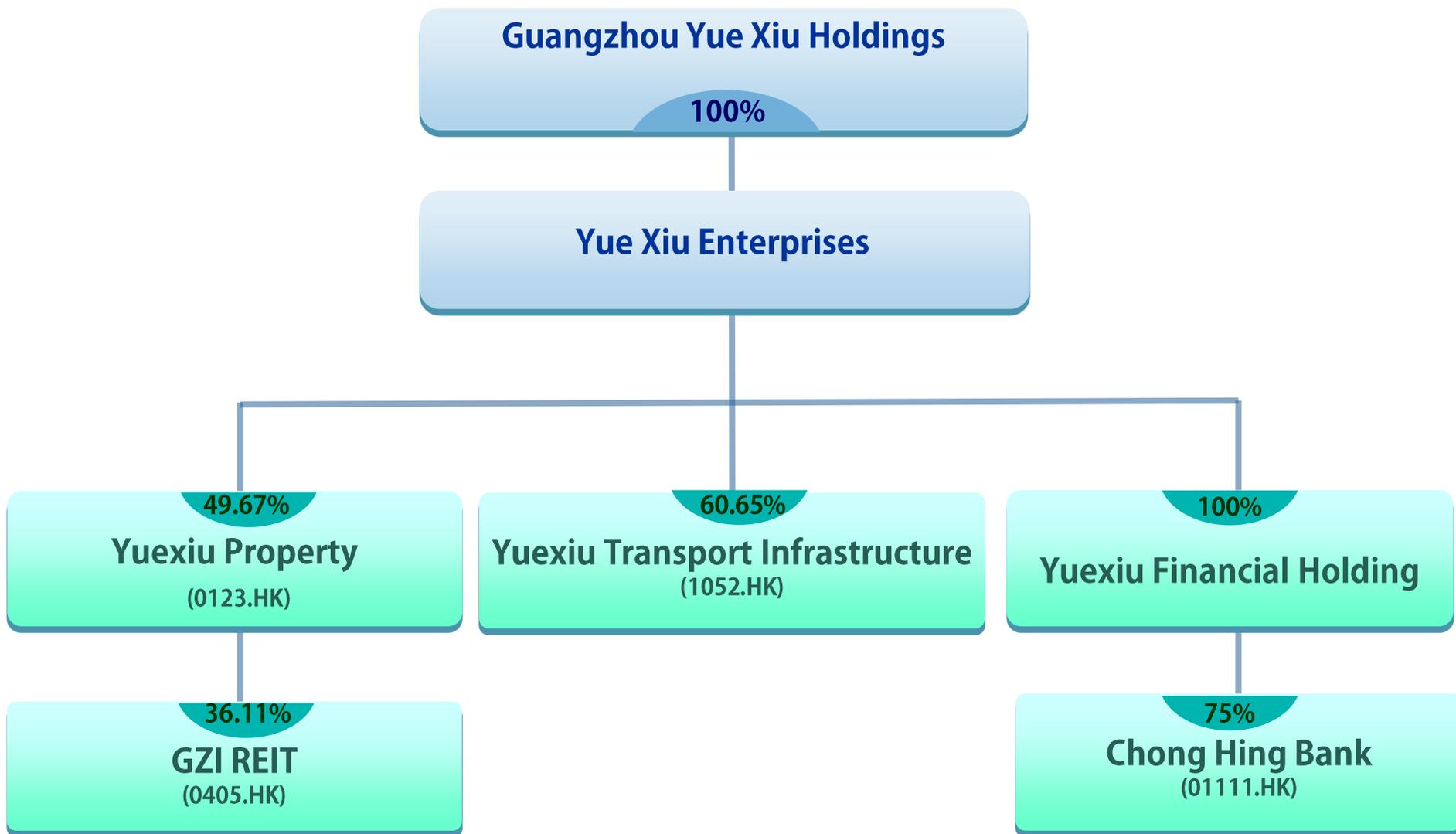


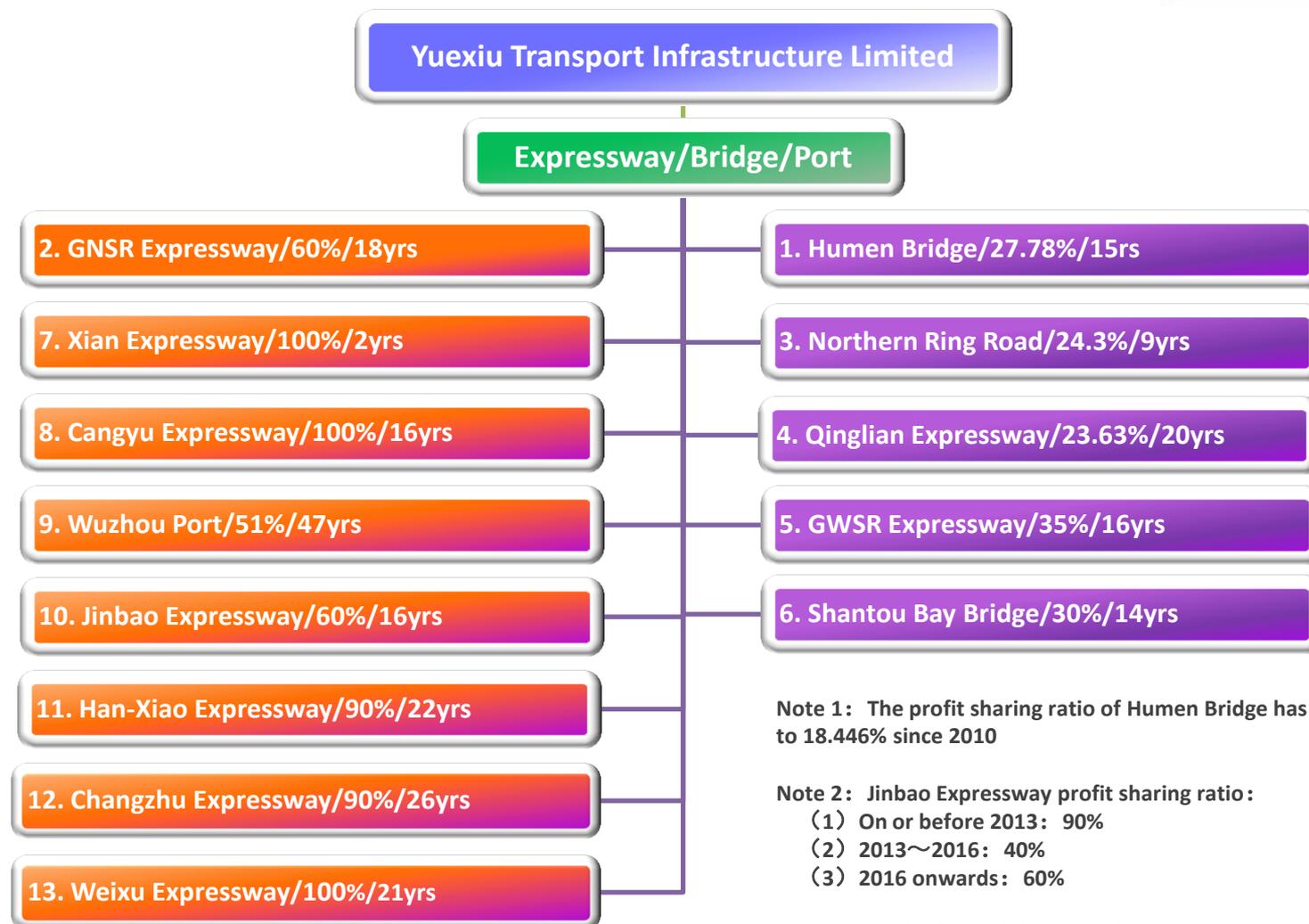
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# History



# 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:

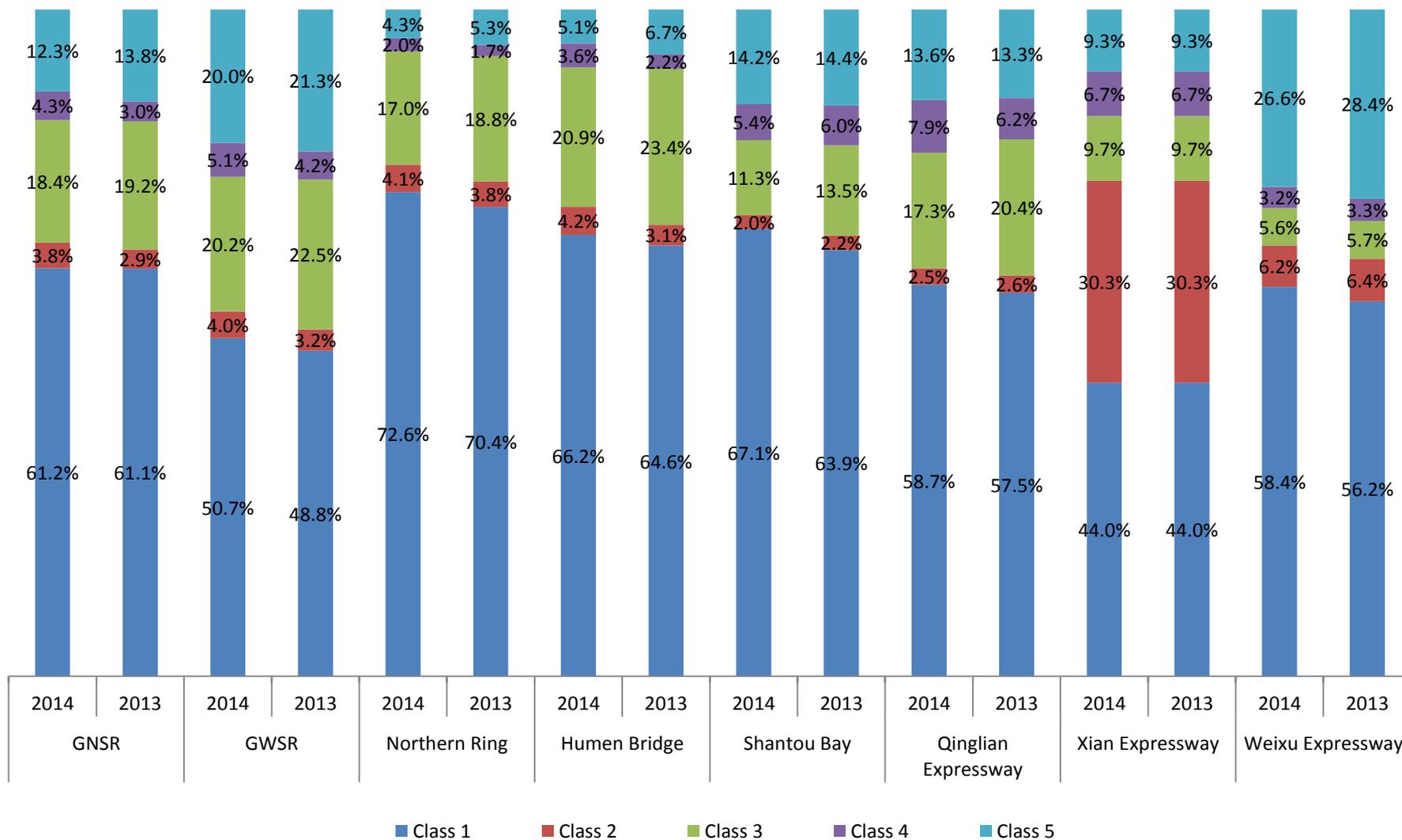
(1) On or before 2013: 90%

(2) 2013~2016: 40%

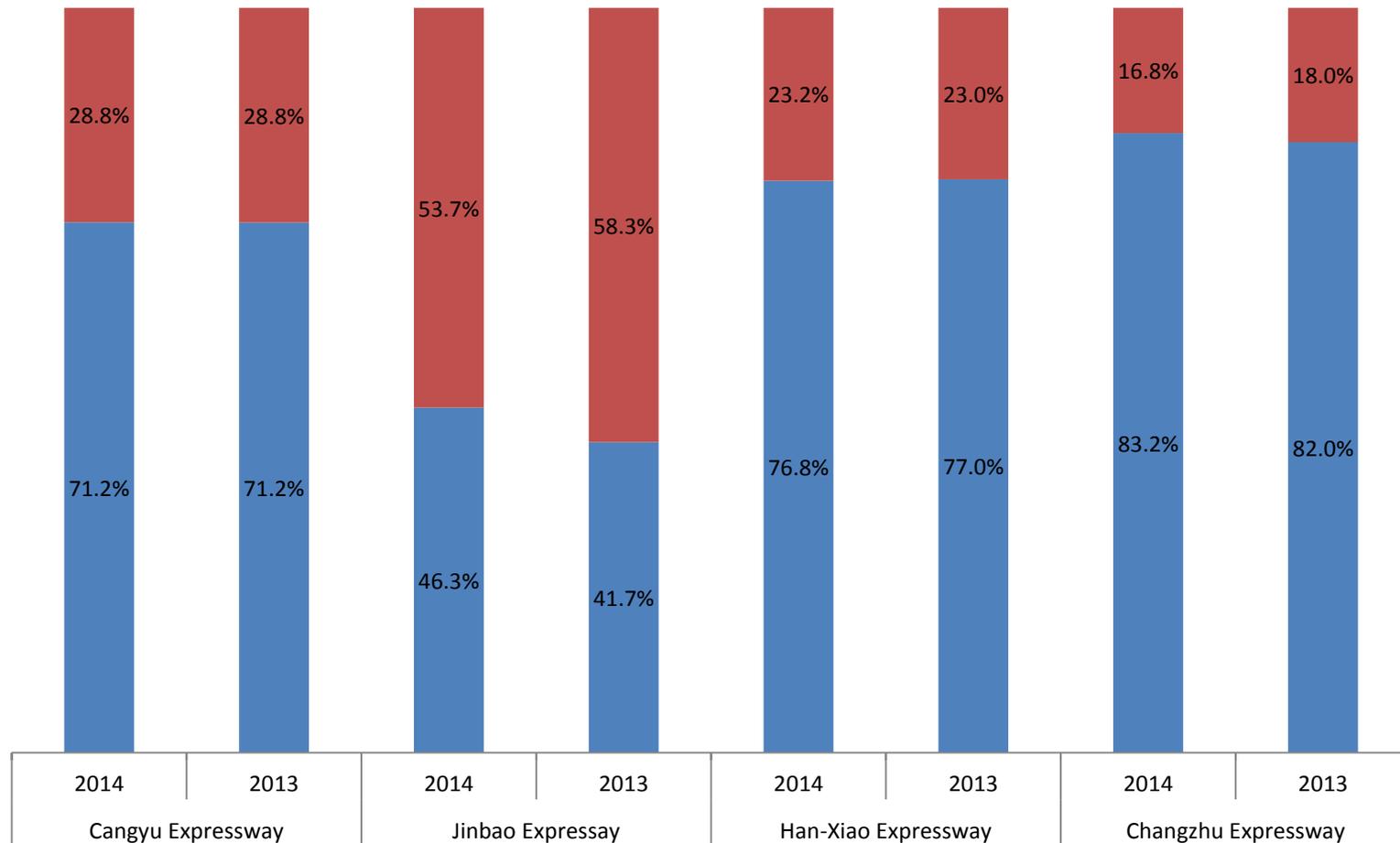
(3) 2016 onwards: 60%

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

# Traffic Mix (2014 VS 2013)



# Traffic Mix (2014 VS 2013)



■ Passenger Vehicle

■ Goods Vehicle

# Location Maps of Projects — Guangdong







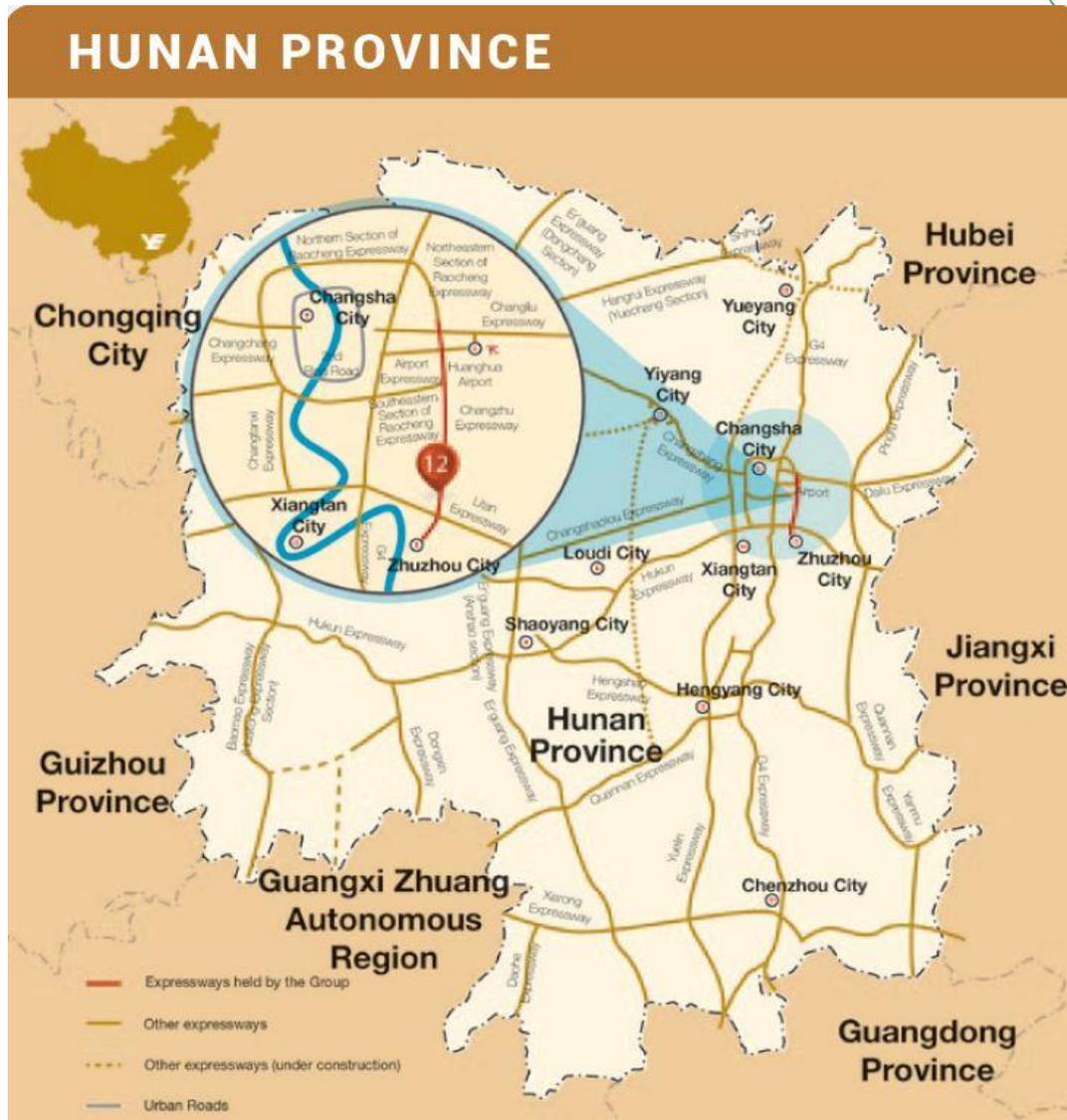
# Location Maps of Projects — Tianjin



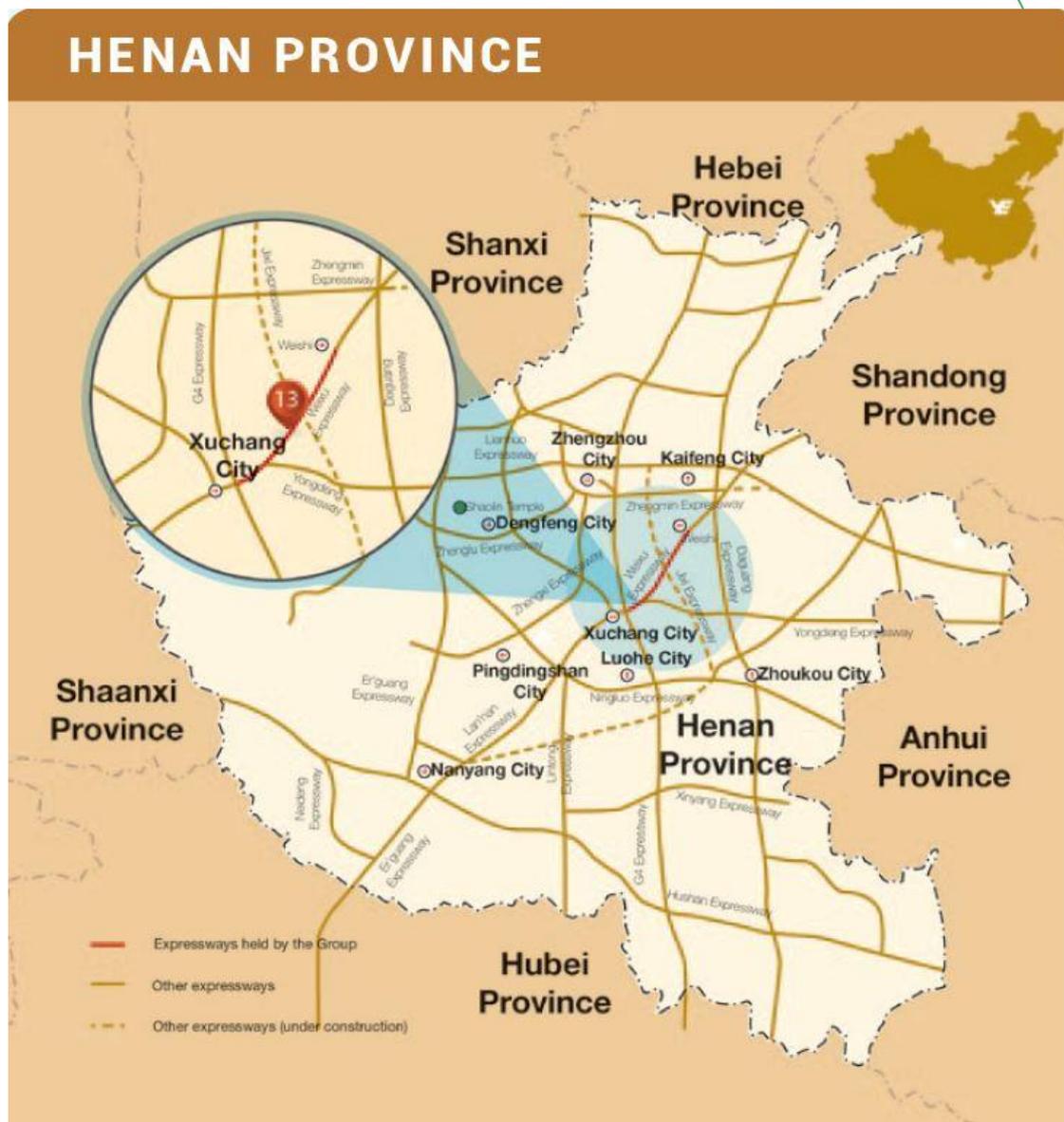
# Location Maps of Projects —Hubei



# Location Maps of Projects —Hunan



# Location Maps of Projects — Henan



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