



越秀交通基建有限公司

YUEXIU TRANSPORT INFRASTRUCTURE LIMITED

(Stock Code: 01052)

Interim Result 2016





- 1. Result Highlights** **P.2**
- 2. Future Prospects** **P.12**
- 3. Appendices** **P.15**

Financial Highlights

Income from operations

+32.4%
RMB 1.234B

Profit attributable to shareholders

+8.9%
RMB 350M

Total assets

+0.03%
RMB 23.427B

Dividend per share

HKD 0.13

Review of operating environment of 2016 1H

In 2016 1H, economic and political uncertainty increased, the global economic recovery continued to be sluggish.

China's economy was operated with reasonable range and registered a stable growth, the GDP grew by 6.7% in 2016 1H.

Investment of highways increased by 7.6% YoY in 2016 1H; Highway Passenger-mile decreased by 5.8% and Highway Ton-mile increased 3.8% in 2016 1H.

In 2016 1H, China domestic car sales volume at 12.8M, up 8% YoY. Car ownership volume at 184M, up 12.8% YoY.

For expressways the construction of which commenced before 30 April 2016 the tax rate on toll revenue imposed on the road operators will be reduced to 3% by adopting an applicable simplified tax calculation method.

2016 1H Performance Highlights

- ✓ **Overcome the downside pressure of the economy, income from operations and profit after tax achieved double digits growth in 2016 1H.**
- ✓ **Breakthrough in financing channels: completed the first public offering of Panda Bonds in China, which “3+2” years coupon rate at 2.85% hit record low.**
- ✓ **Effective exchange risk management: significantly reduced the exchange risk exposure by repaying all HKD borrowings.**

Extract of consolidated income statement

RMB million	2016 1H	2015 1H
Income from operations	1,234	932
EBITDA	1,190	879
Gross profit	844	619
Attributable profit	350	321
Earnings per share (RMB)	0.2090	0.1918
Dividend per share(HKD)	0.13	0.12
Payout ratio	53.3%	49.9%

Income from operations

- 2016 1H increased 32.4% or RMB 302M
- SYN Expressway recorded RMB 190M
- GNSR Expressway increased RMB 66M
- Changzhu Expressway increased RMB 22M

EBITDA

- 2016 1H increased RMB 311M
- SYN Expressway contributed RMB 178M
- GNSR Expressway increased RMB 54M

Attributable profit

- Increased 8.9% or RMB 28.7M

Dividend per share

- Equivalent to RMB 0.11 per share, increased 16.3%

2016 1H operating analysis of controlled toll projects

RMB million	Income from operations	Attributable profit ⁽¹⁾	Average daily traffic volume
GNSR Expressway	+ 496 15.3%	+ 164 14.8%	+ 183,561 16.5%
Xian Expressway	+ 128 2.4%	+ 75 8.9%	+ 41,564 N/A
Cangyu Expressway	+ 41 27.5%	+ 19 111.4%	+ 11,319 58%
Jinbao Expressway	+ 51 16.2%	+ 10 144.2%	+ 27,139 8.9%
Han-Xiao Expressway	+ 77 13.6%	+ 23 2.0%	+ 23,186 24.4%
Changzhu Expressway	+ 113 24.0%	Loss turned profit 25	+ 19,452 11.3%
Weixu Expressway	- 132 3.4%	- 49 0.9%	- 16,135 1.0%
Suiyuan Expressway	190 ⁽²⁾ N/A	22 N/A	- 16,538 0.4%

Note: 1 The amounts represented attributable profit before elimination of inter-company loan interest.

2. SYN Expressway was consolidated in Jul 2015. 2016 1H VS 2015 1H decreased 16.4%.

3. Income from operations of May and June were recorded excluding value added taxes in the books.

2016 1H operating analysis of non-controlling projects

RMB million	Income from operations		Share of results		Average daily traffic volume	
Northern Ring Road	+	359 6.4%	+	41 12.6%	+	292,088 11.5%
Humen Bridge	+	717 8.7%	+	83 11.5%	+	103,260 6.8%
GWSR Expressway	+	184 15.3%	+	18 111.5%	+	54,266 19.5%
Qinglian Expressway	+	344 5.1%	Loss turned profit 3		+	36,320 7.9%
Shantou Bay Bridge	+	121 5.2%	+	16 8.1%	+	22,292 10.7%

Note : Income from operations of May and June were recorded excluding value added taxes in the books.

Extract of Balance sheet

RMB million	30 Jun 2016	31 Dec 2015
Total assets	23,427	23,419
Total liabilities	12,465	12,590
Total equity	10,962	10,829

Mainly including:

- **80.0% intangible operating rights**
Net book value of intangible of operating rights as at 30 Jun 2016 amounted to RMB 18.7B, decreased by 1.1% or RMB 217M, which mainly due to the amortization.
- **4.6% cash and cash equivalents**
The closing balance of cash and cash equivalents was RMB 1.08B, increased RMB 217M compared with the opening balance, which mainly due to issuance of corporate bonds and the repayment of bank borrowings.

Mainly including:

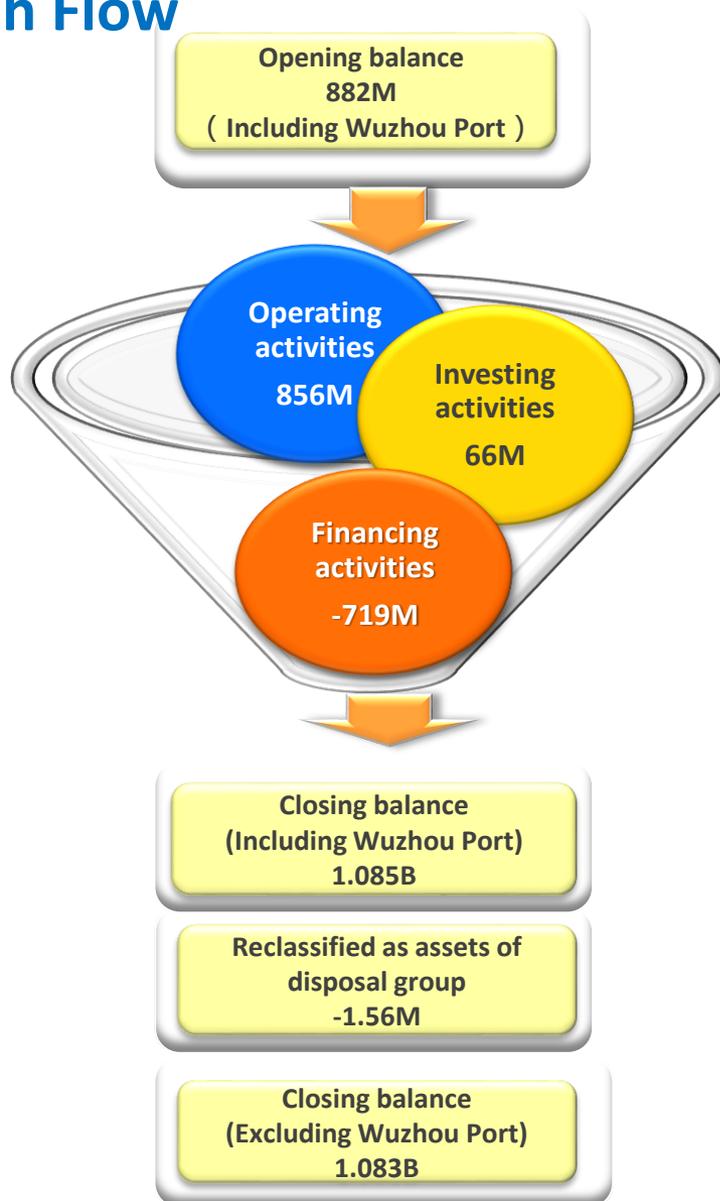
- Bank borrowings of RMB 6.64B
- Notes payable (Euro bonds) of RMB 1.46B
- Corporate bonds (Panda bonds) of RMB 995M

	30 Jun 2016	31 Dec 2015
Gearing ratio (=net debt/(total equity + net debt))	42.7%	43.9%
Total liabilities/total assets ratio	53.2%	53.8%
Debt to equity ratio (=net debt/total equity)	74.6%	78.4%

External debts structure (Bank borrowings, notes payable and corporate bonds)



Cash Flow



Operating activities

- Cash generated from operation of RMB 1.234B
- Net cash inflow was RMB 856M (net of operating cost, expense and tax)

Investing activities

- Proceeds from compensation of Xiang Jiang II bridge of RMB 10.2M
- Dividend distributions from associates and joint venture of RMB 86.8M
- Cash proceed of RMB 10M originally placed to fixed deposits
- Interest received of RMB 5.6M
- Repairs and maintenance expenses of RMB 43.4M
- Net cash inflow RMB 65.5M

Financing activities

- New bank borrowings of RMB 1.96B
- Net proceeds from corporate bonds of RMB 995M
- Repayment of interest of RMB 211M
- Repayment of bank borrowings of RMB 3.118B
- Dividends paid to the shareholders of the company of RMB 224M
- Dividends paid to non-controlling interest of RMB 110M
- Net cash outflow RMB 719M



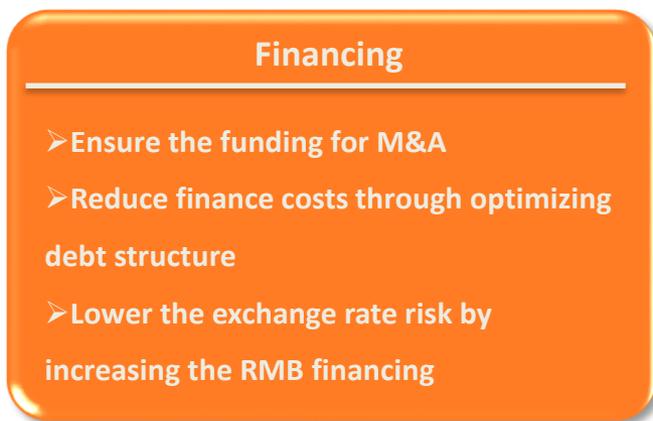
- 1. Result Highlights** **P.2**
- 2. Future Prospects** **P.12**
- 3. Appendices** **P.15**

Future prospects – analysis of operating environment

- The IMF lowered down the projection of 2016 and 2017 global economic growth by 0.1% to 3.1% and 3.4% respectively, increasing the downside pressure of global economy .
- China's economy is still within the reasonable range and remain stable and improving. The Chinese Government is adhere to advance structural reforms of supply side, foster new economic structure and strengthen the growth engine in order to maintain the sustainable development of national economy.
- Affected by the downside pressure of the macro-economy, a slow growth of transportation sector is expected while demand is relatively steady.
- Regulatory environment remain steady with an improving trend. Development will continue in toll road sector.

Future prospects——Business strategies

The integrated business model of “Investment + Financing+ management” will be strengthened and enhanced to further improve operational quality and profitability of the portfolios.





- 1. Result Highlights** **P.2**
- 2. Future Prospects** **P.12**
- 3. Appendices** **P.15**

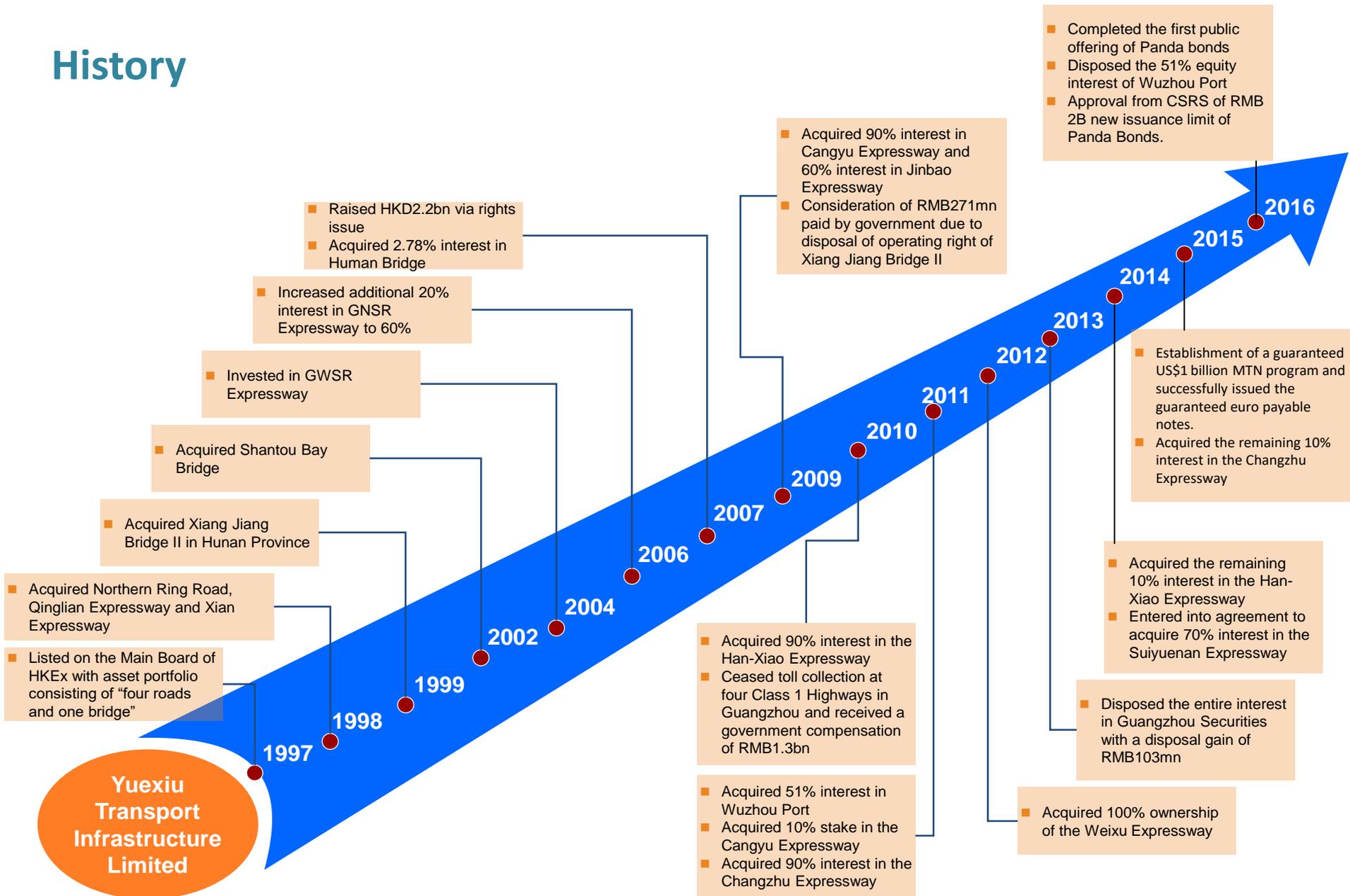
Extract of consolidated income statement

RMB'000	2016 1H	2015 1H	Increase/ decrease	Change%
Income from operations	1,233,888	932,023	301,865	32.4%
Cost of services	389,502	313,317	76,185	24.3%
Other income, gains and losses-net	15,583	(149)	15,732	10558.4%
General and administrative expenses	104,174	102,102	2,072	2.0%
Operating profit	755,795	516,455	239,340	46.3%
Net finance costs	276,776	101,040	175,736	173.9%
Share of result of a joint venture/ associates	160,677	127,791	32,886	25.7%
Profit before tax	639,696	543,206	96,490	17.8%
Income tax	173,032	135,889	37,143	27.3%
Profit after tax	466,664	407,317	59,347	14.6%
Profit attributable to shareholders	349,619	320,933	28,686	8.9%
Earnings per share (RMB)	0.2090	0.1918	0.0172	8.9%
Dividend per share (HKD)	0.13	0.12		
Payout ratio	53.3%	49.9%		

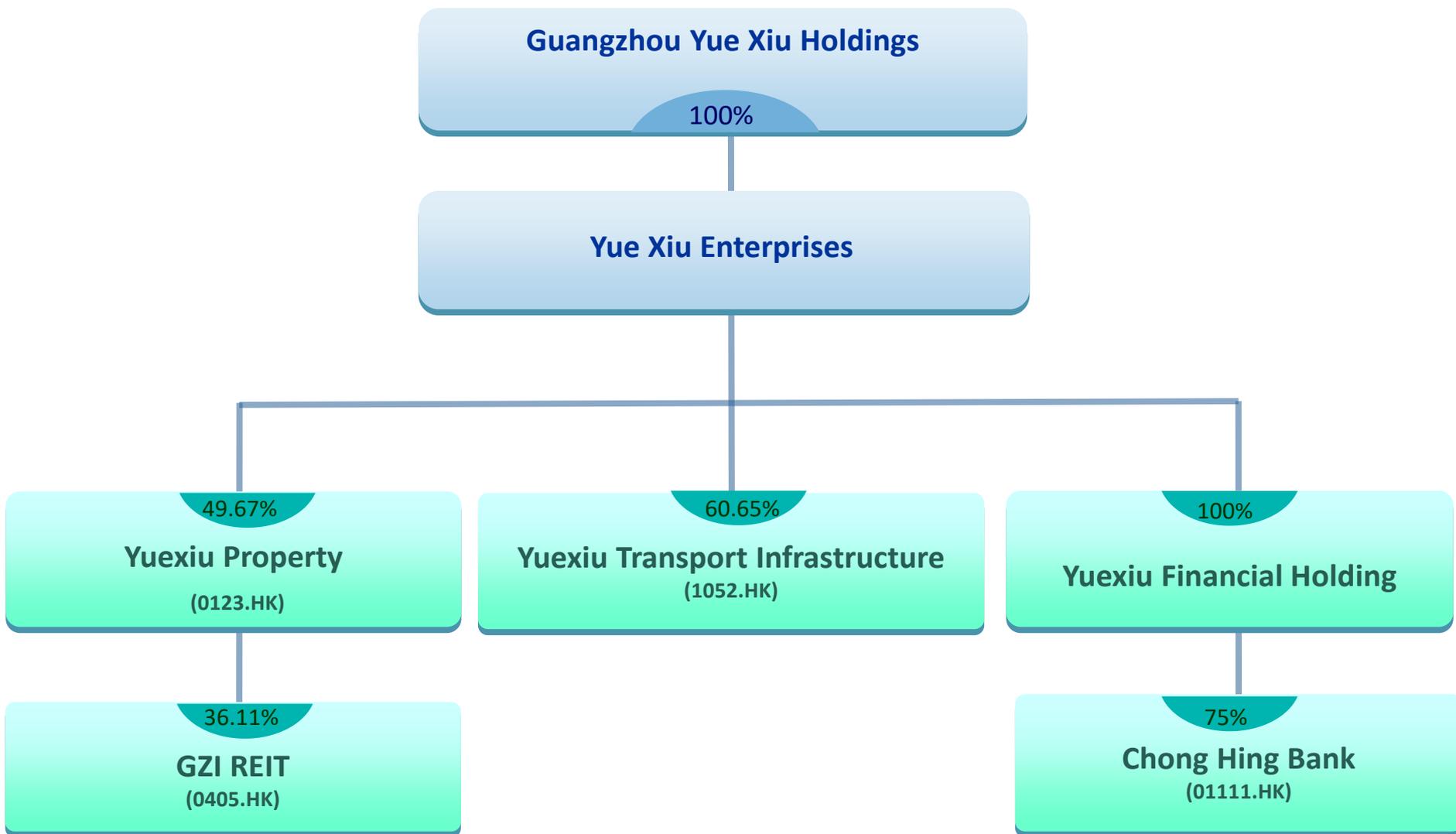
Extract of Balance Sheet

RMB'000	As at 30 Jun 2016	As at 31 Dec 2015	Change %
Total assets	23,426,718	23,419,273	0.0%
Mainly including:			
Intangible operating rights	18,736,246	18,952,996	-1.1%
Investments in a joint venture and associates	1,919,333	1,845,439	4.0%
Cash and cash equivalents	1,083,402	866,665	25.0%
Assets of disposal group classified as held for sale	587,044	599,192	-2.0%
Total liabilities	12,464,878	12,590,180	-1.0%
Mainly including:			
Bank borrowings -- current portion	212,713	675,268	-68.5%
-- long term portion	6,422,792	7,109,620	-9.7%
Loans from non-controlling interest	106,282	107,227	-0.9%
Notes payable	1,462,582	1,403,973	4.2%
Corporate bonds	994,990	-	N/A
Deferred income tax	1,962,328	1,932,015	1.6%
Liabilities of disposal group classified as held for sale	417,137	417,749	-0.1%
Total equity	10,961,840	10,829,093	1.2%
Of which: attributable to the shareholders of the Company	8,697,805	8,571,746	1.5%

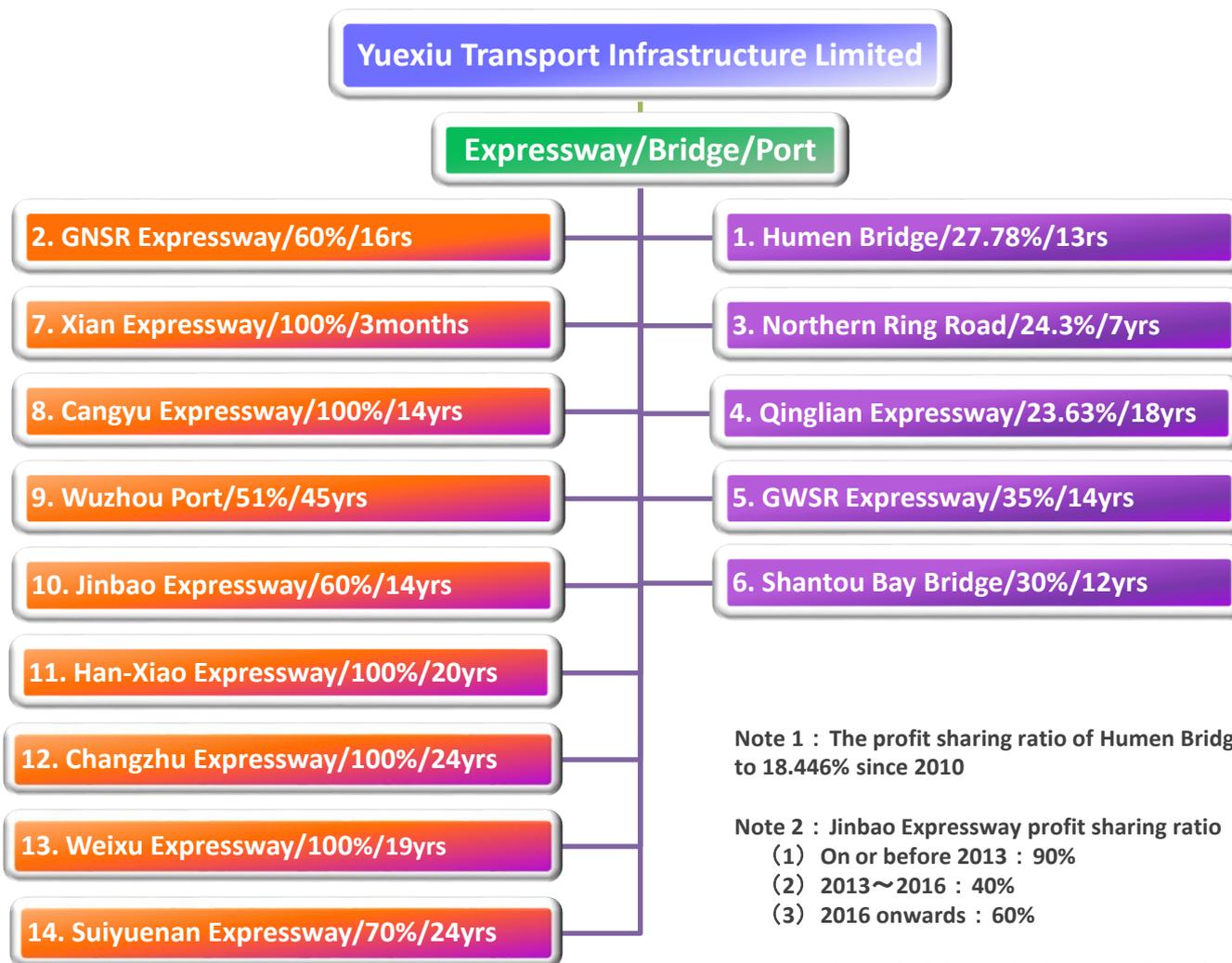
History



Shareholders Structure



Asset portfolios



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%

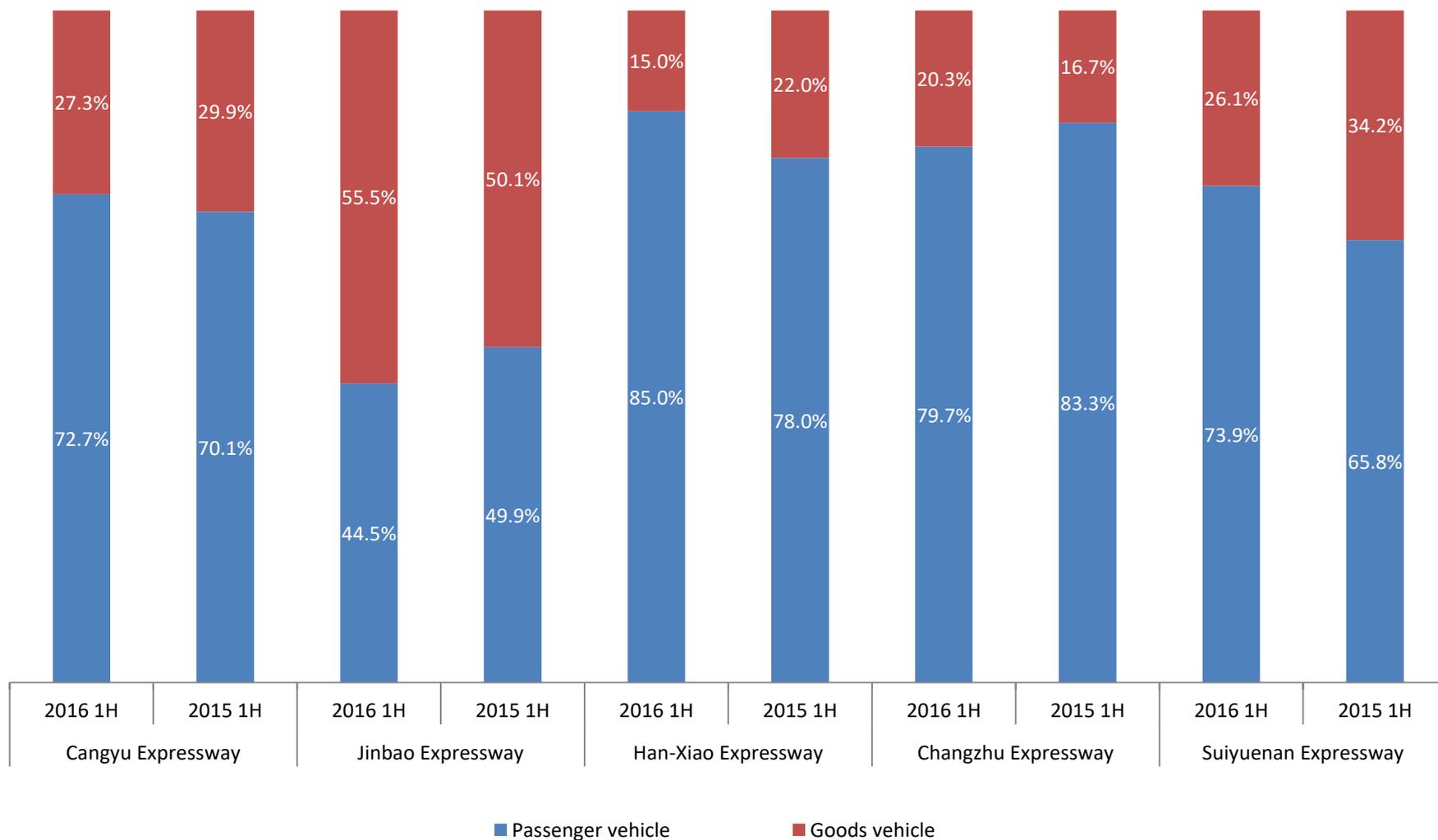
(3) 2016 onwards : 60%

Note 3: Disposal of the entire interest of Wuzhou port has been completed on 1 Aug 2016

Traffic Mix (2016 1H vs 2015 1H)



Traffic Mix (2016 1H vs 2015 1H)



Location Maps of Projects — Guangdong



Location Maps of Projects — Shaanxi



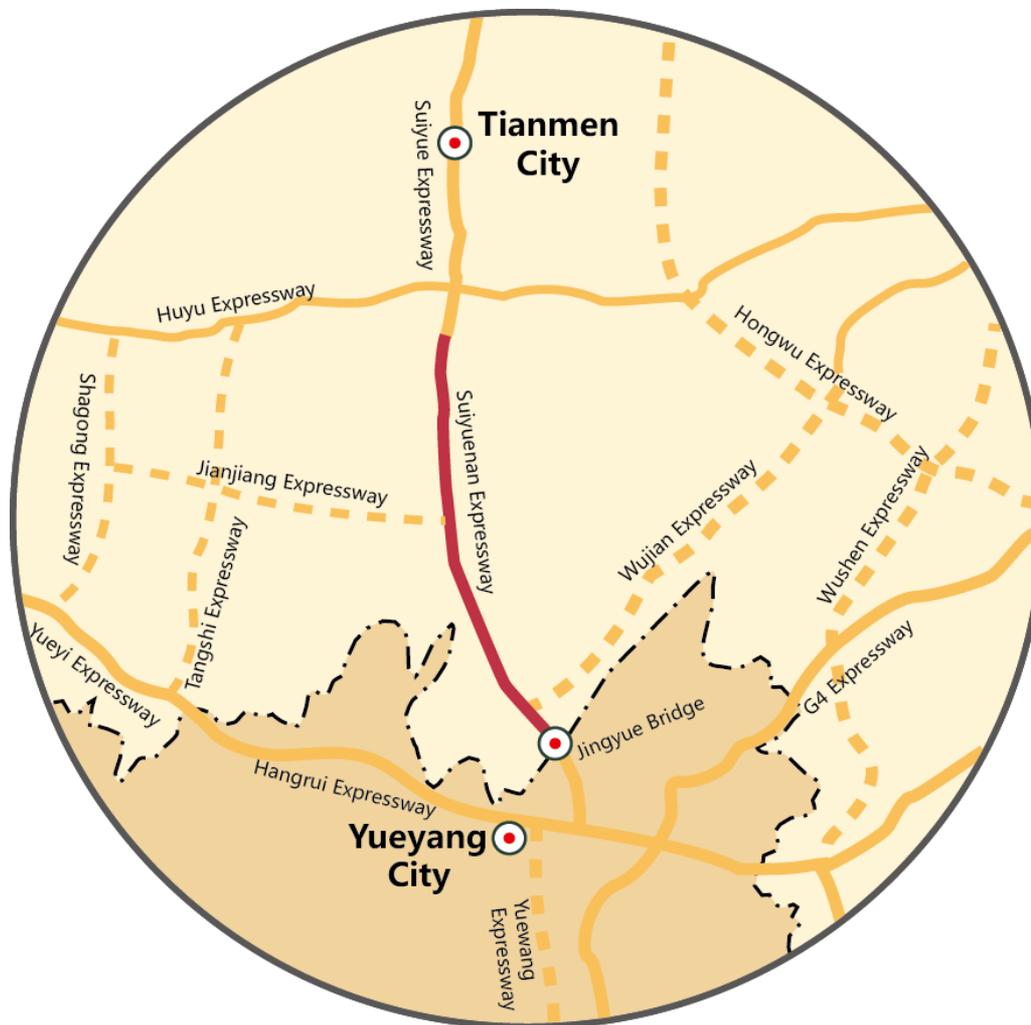
Location Maps of Projects — Guangxi



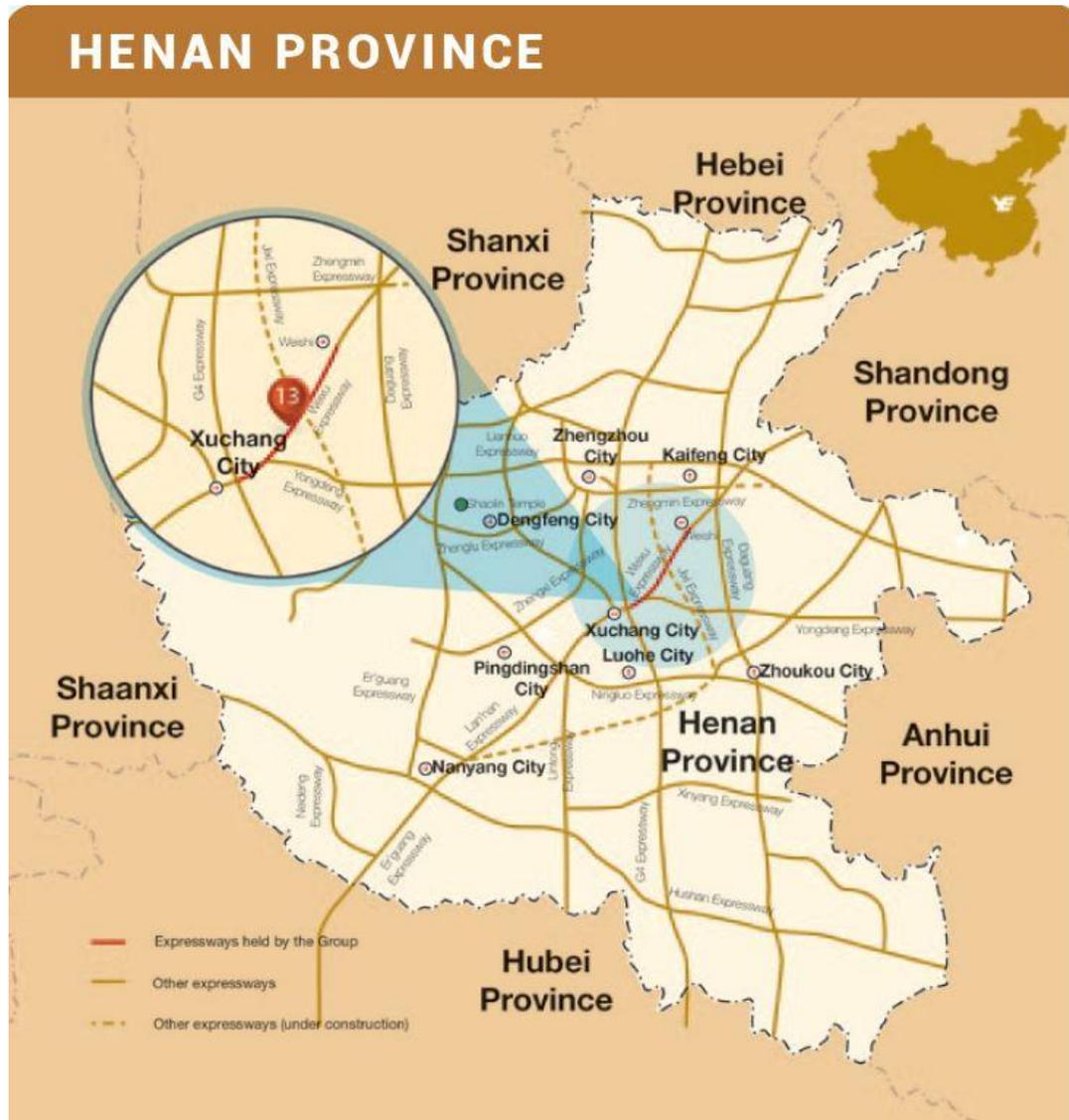
Location Maps of Projects — Tianjin



Location Maps of Projects — Hubei



Location Maps of Projects — Henan



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.*