

暢通
創造價值

年度報告 2016

Annual Result 2016





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Financial Highlights

Income from operations

RMB 2.52B



Profit attributable to shareholders

RMB 919M



Total assets

RMB 22.57B



Total liabilities

RMB 11.26B



Dividend per share

Final: HKD 0.20

Total: HKD 0.33



Review of operating environment of 2016

➤ International :

(1) The Global economic recovery continued to be sluggish, divergence of growth in advance economies remained, economic growth of emerging markets and developing countries stabilized gradually.

(2) Black swan event: UK referendum to leave EU

(3) Rising populism and trade protectionism

(4) Divergence of monetary policy among major economies

➤ Domestic :

(1) The domestic economy remained stable, 2016 GDP of China grew by 6.7% to 74.41 trillion

(2) Jan – Nov 2016 : Investment of highways increased 9.2% to RMB 1.64 trillion. Highways freight volume increased 5.7% to 30.27 billion tons and highways freight ton-miles increased 5.1% to 5.53 trillion ton-miles.

(3) The regulatory environment of the toll road sector remained steady, the amendment of the “Toll Road Management Regulations” is expected to be completed by the end of 2017.

2016 Performance Highlights

- Operating results hit a new record high. Ensure organic enhancement in asset and management quality.
- Completed the first public offering of Panda Bonds in China, financing costs hit record low.
- Significantly reduced the foreign debts exposure by multiple ways.
- Disposal the equity interest of Wuzhou Port and handover of the Xian Expressway were completed.

Extract of consolidated income statement

RMB million	2016	2015
Income from operations	2,519	2,226
EBITDA	2,356	2,038
Gross profit	1,684	1,451
Attributable profit	919	532
Earnings per share (RMB)	0.5491	0.3180
Dividend per share(HKD)	0.33	0.28
Payout ratio	52.5%	72.2%

Income from operations

- 2016 increased 13.2% or RMB 292M
- SYN Expressway recorded RMB 421M
- GNSR Expressway increased 91M
- Cangyu Expressway increased 19M

EBITDA

- 2016 increased RMB 319M
- SYN Expressway contributed RMB 370M
- GNSR Expressway increased RMB 83M

Attributable profit

- Increased 72.7% or RMB 387M

Dividend per share

- Equivalent to RMB 0.2885 per share, increased 25.6%

2016 operating analysis of controlled toll projects

RMB million	Income from operations	Attributable profit ⁽¹⁾	Average daily traffic volume
GNSR Expressway	+ 1,041 9.6%	+ 338 11.4%	+ 194,227 14.3%
Xian Expressway	203 N/A	99 N/A	44,200 N/A
Cangyu Expressway	+ 86 28.4%	+ 38 79.7%	+ 11,043 51.4%
Jinbao Expressway	+ 99 4.9%	+ 16 87.7%	+ 26,993 4.7%
Han-Xiao Expressway	+ 155 10.5%	- 49 17.6%	+ 23,806 26.0%
Changzhu Expressway	+ 226 4.4%	+ 42 23.0%	+ 20,577 9.6%
Weixu Expressway	+ 281 2.7%	+ 105 18.5%	+ 17,167 6.5%
Suiyuanan Expressway	421 N/A	51 N/A	+ 16,302 4.0%

- Notes:
1. Income from operations of May to Dec were recorded excluding value added taxes in the books.
 2. The amounts represented attributable profit before elimination of inter-company loan interest.
 3. The concession period of Xian Expressway ended on 30 Sept 2016.
 4. Profit before tax of Han-Xiao Expressway increased 22.3% or RMB 12M, profit attributable to shareholders decreased 17.6% which mainly due to the impact of the deferred tax.
 5. SYN Expressway was consolidated in Jul 2015. 2016 VS 2015 decreased 8.7%

2016 operating analysis of non-controlling projects

RMB million	Income from operations		Share of results		Average daily traffic volume	
Northern Ring Road	+	742 7.5%	+	80 8.1%	+	307,147 13.1%
Humen Bridge	+	1,490 6.3%	+	169 7.6%	+	107,429 7.6%
GWSR Expressway	+	393 8.7%	+	41 51.1%	+	58,615 16.6%
Qinglian Expressway	+	672 5.4%		0.2 Breakeven	+	36,753 10.4%
Shantou Bay Bridge	+	293 17.7%	+	49 48.8%	+	26,368 24.4%

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

Extract of Balance sheet

RMB million	2016	2015
Total assets	22,568	23,419
Total liabilities	11,264	12,590
Total equity	11,304	10,829

Mainly including:

- **81.9% intangible operating rights**
Net book value of intangible of operating rights as at 31 Dec 2016 amounted to RMB 18.5B, decreased by 2.5% or RMB 470M, which mainly due to the amortization.
- **4.6% cash and cash equivalents**
The closing balance of cash and cash equivalents was RMB 1.05B, increased 179M compared with the opening balance.

Mainly including:

- Bank borrowings of RMB 4.94B
- Notes payable (Euro bonds) of RMB1.45B
- Corporate bonds (Panda bonds) of RMB 1.99B

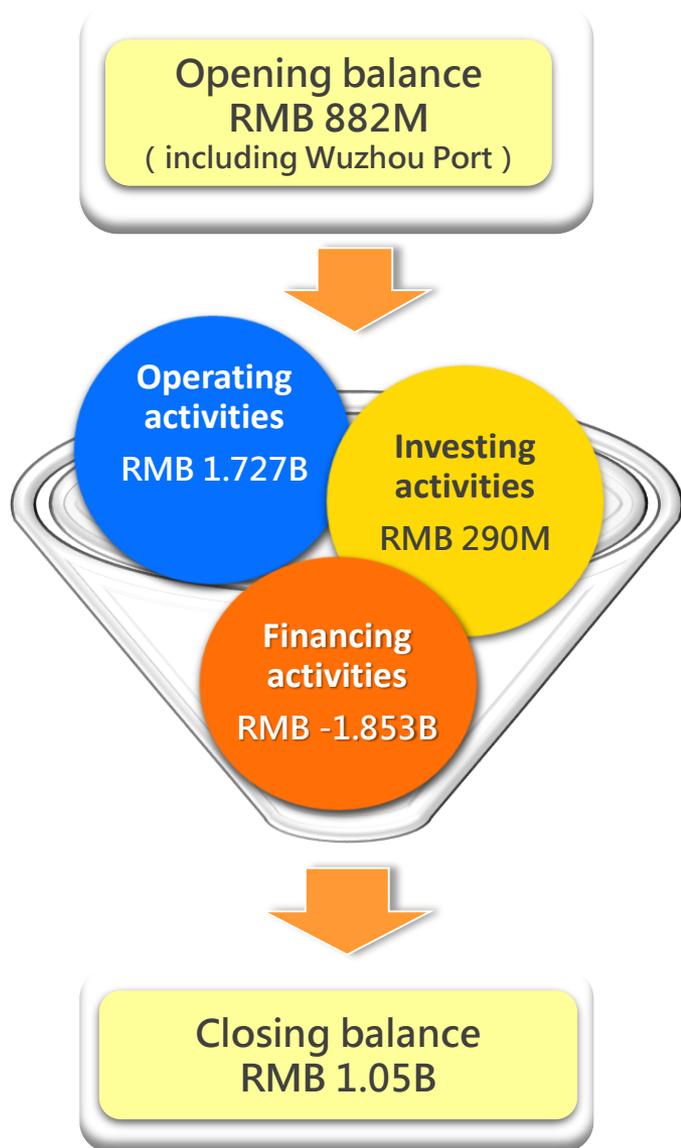
	2016	2015
Gearing ratio (=net debt/(total equity + net debt))	40.0%	43.9%
Total liabilities/total assets ratio	49.9%	53.8%
Debt to equity ratio (=net debt/total equity)	66.6%	78.4%

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



Note : The Company hedged the foreign exchange risk of the notes payable (Euro bonds) through CCS tool

Cash Flow



Operating activities

- Cash generated from operation of RMB 2.52B
- Net cash inflow was RMB 1.727B (net of operating cost, expense and tax)

Investing activities

- Dividend distribution from associates of RMB 252M
- Proceeds of RMB 231M from disposed the equity interest of Wuzhou Port.
- Payment of RMB 179M for consideration of SYN Expressway
- Net cash inflow RMB 290M

Financing activities

- New bank borrowings of RMB 4.08B
- Net proceeds from corporate bonds of RMB 1.99B
- Repayment of interest of RMB 356M
- Repayment of bank borrowings of RMB 6.94B
- Dividends paid to the shareholders of the company of RMB 410M
- Dividends paid to non-controlling interest of RMB 237M
- Net cash outflow RMB 1.853B



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Future prospects – analysis of operating environment

IMF predicted the economic activity is projected to pick up pace in 2017, especially in the emerging markets and developing economies. Risks to the global politics and economy are skewed to the downside.

The central government will adhere to the basic tone of seeking progress while maintaining stability, deepen supplyside structural reform, improve product quality and core competitiveness to bolster the real economy and will put more emphasis on preventing and controlling financial risk.

A steady growth of transportation sector is expected, investment in highways will over one trillion in the 13th Five Year Plan.

According to the requirements of the National Development and Reform Commission of the PRC, the amendment of the “Toll Road Management Regulations” is expected to be completed by the end of 2017.

Future prospects——Business strategies

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

Investment strategy

- Adhere to the strategic focus, continue to focus on toll roads investment
- Looking for the expansion opportunities in existing mature projects

Financing strategy

- Ensure the funding for M&A
- Reduce finance costs through optimizing debt structure
- Lower the exchange rate risk by increasing the RMB financing

Management strategy

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



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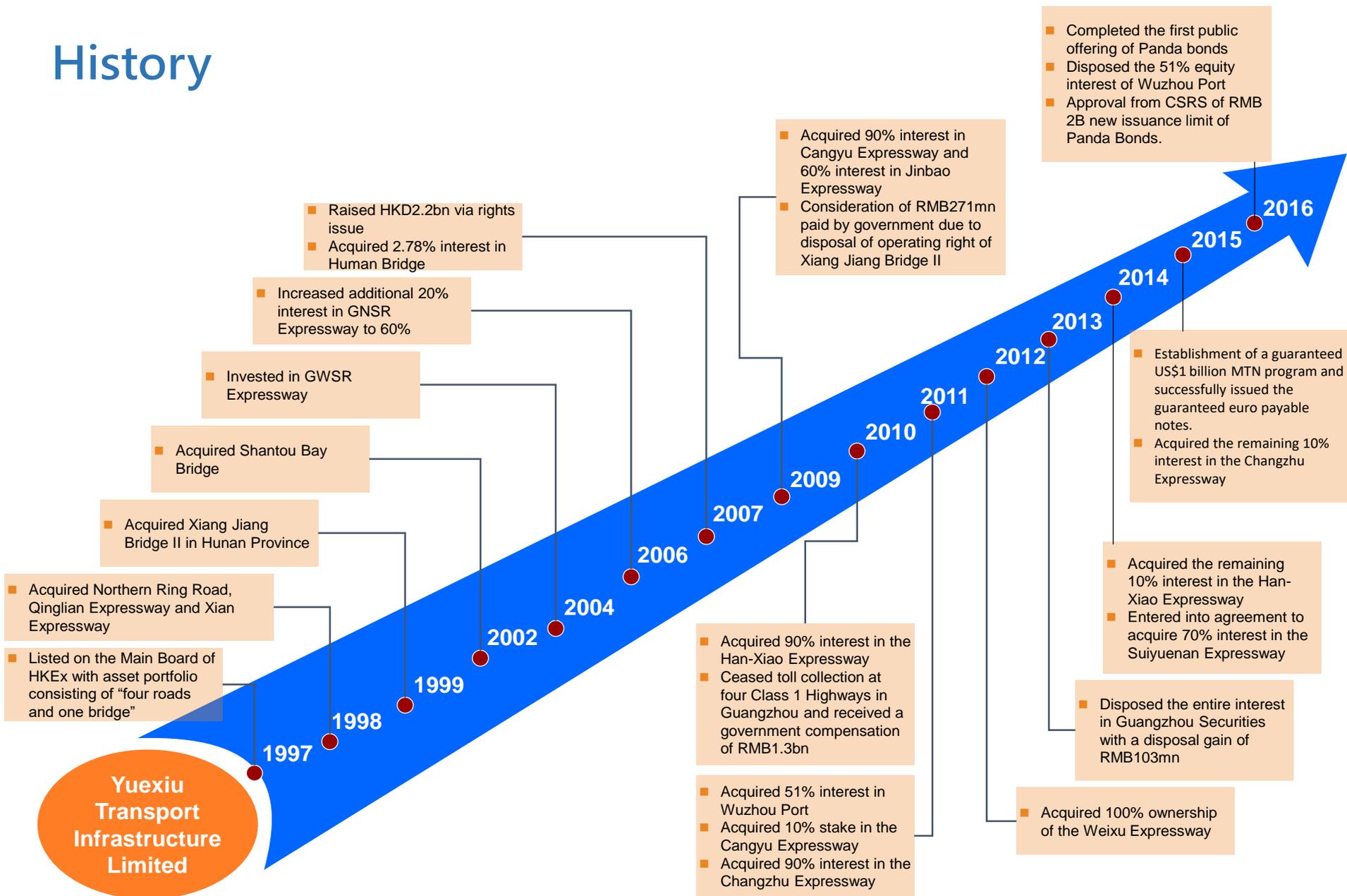
Extract of consolidated income statement

RMB'000	2016	2015	Increase/ decrease	Change%
Income from operations	2,519,003	2,226,023	292,980	13.2%
Cost of services	834,900	775,247	59,653	7.7%
Gross profit	1,684,103	1,450,776	233,327	16.1%
Other income, gains and losses-net	135,950	138,195	-2,245	-1.6%
Impairment loss of IOR	-	266,435	-266,435	-100.0%
General and administrative expenses	226,238	202,091	24,147	11.9%
Net finance costs	412,327	508,439	-96,112	-18.9%
Share of result of a joint venture/ associates	339,076	257,926	81,150	31.5%
Profit before tax	1,520,564	869,932	650,632	74.8%
Income tax	354,087	216,910	137,177	63.2%
Profit after tax	1,166,477	653,022	513,455	78.6%
Profit attributable to shareholders	918,817	532,086	386,731	72.7%
Earnings per share (RMB)	0.5491	0.3180	0.2311	72.7%
Dividend per share (HKD)	0.33	0.28		
Payout ratio	52.5%	72.20%		

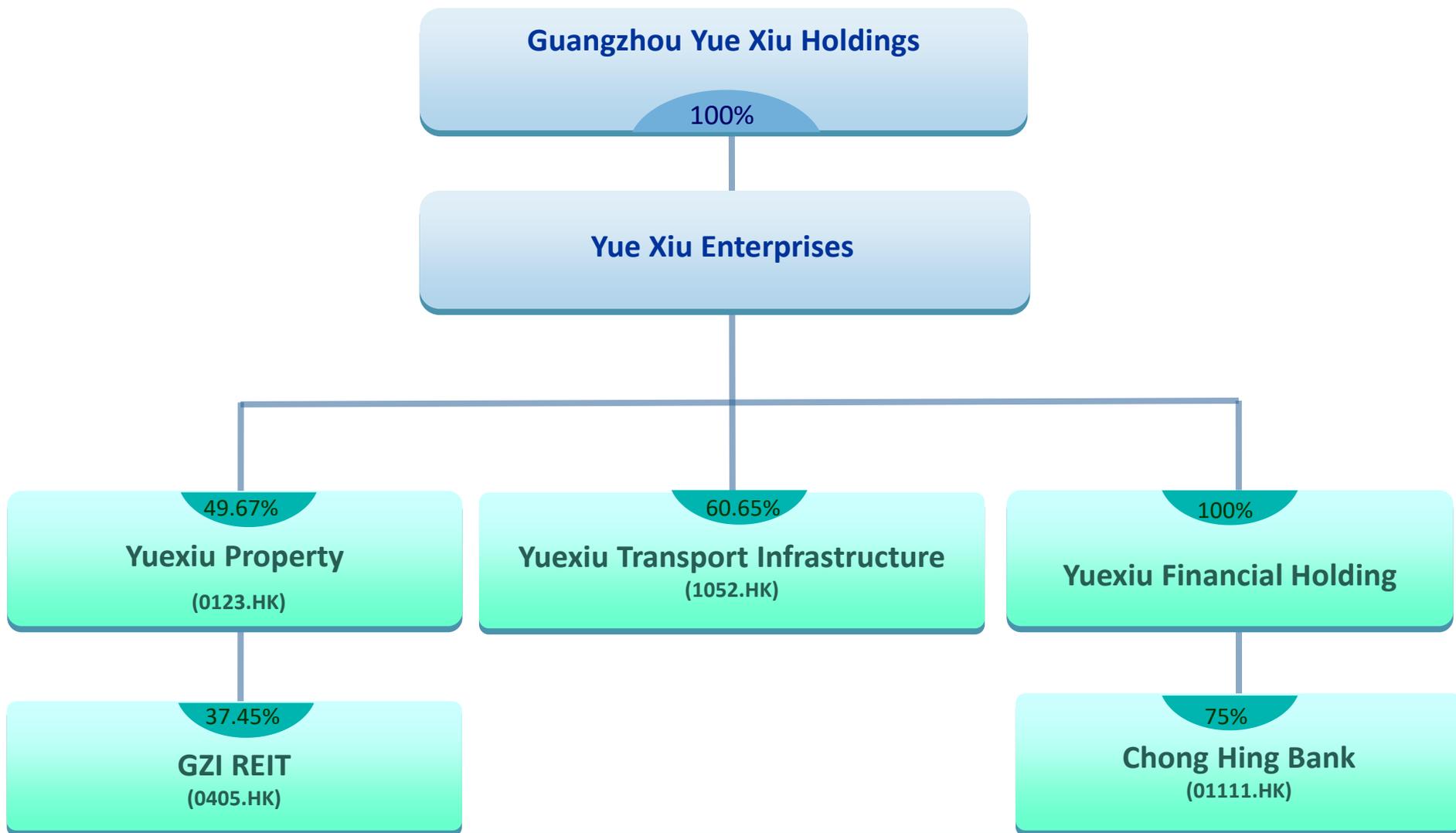
Extract of Balance Sheet

RMB' 000	2016	2015	Change %
Total assets	22,568,556	23,419,273	-3.6%
Mainly including:			
Intangible operating rights	18,485,580	18,952,996	-2.5%
Investments in a joint venture and associates	1,923,901	1,845,439	4.3%
Cash and cash equivalents	1,045,922	866,665	20.7%
Assets of disposal group classified as held for sale	-	599,192	-100.0%
Total liabilities	11,264,254	12,590,180	-10.5%
Mainly including:			
Bank borrowings -- current portion	235,193	675,268	-65.2%
-- long term portion	4,704,698	7,109,620	-33.8%
Loans from non-controlling interest	103,650	107,227	-3.3%
Notes payable	1,452,359	1,403,973	3.4%
Corporate bonds	1,990,978	-	N/A
Deferred income tax	1,975,343	1,932,015	2.2%
Liabilities of disposal group classified as held for sale	-	417,749	-100.0%
Total equity	11,304,302	10,829,093	4.4%
Of which: attributable to the shareholders of the Company	9,081,958	8,571,746	6.0%
Net assets per share	5.43	5.12	6.0%
Gearing ratio (=net debt/(total equity + net debt))	40.0%	43.9%	-3.9ppt
Total liabilities/total assets ratio	49.9%	53.8%	-3.9ppt
Debt to equity ratio (=net debt/total equity)	66.6%	78.4%	-11.8ppt

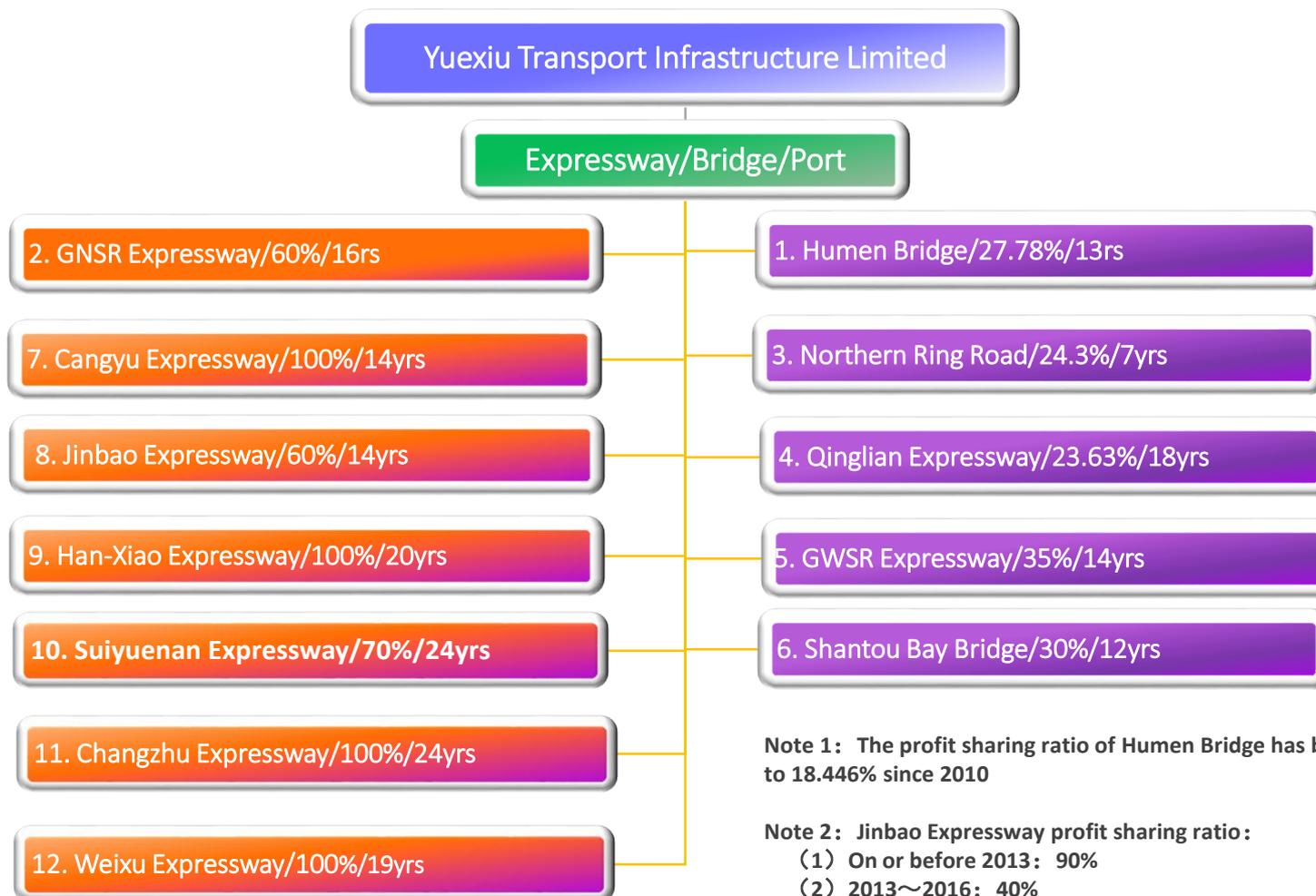
History



Shareholders Structure



Asset portfolios

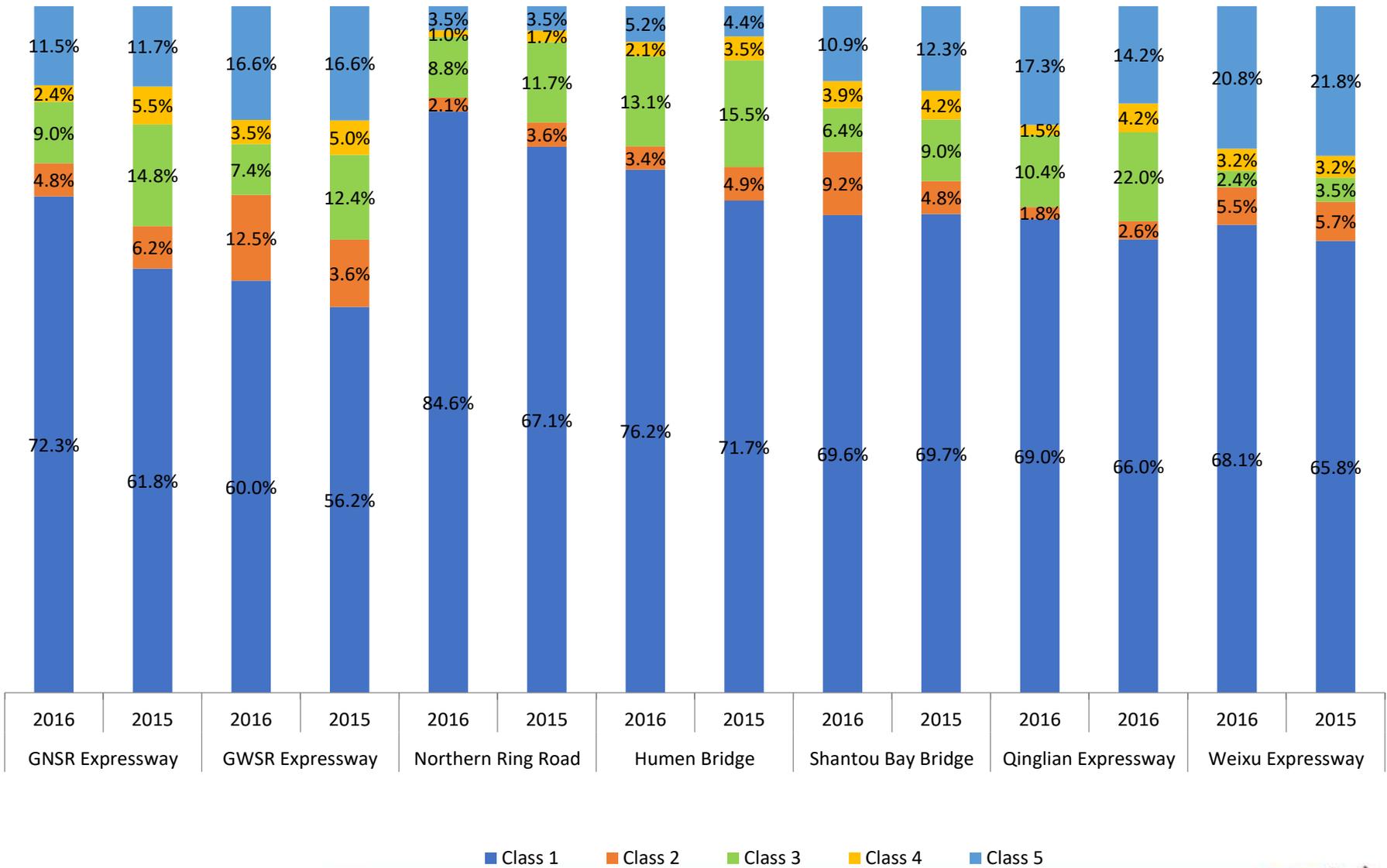


Note 1: The profit sharing ratio of Humen Bridge has been adjusted to 18.446% since 2010

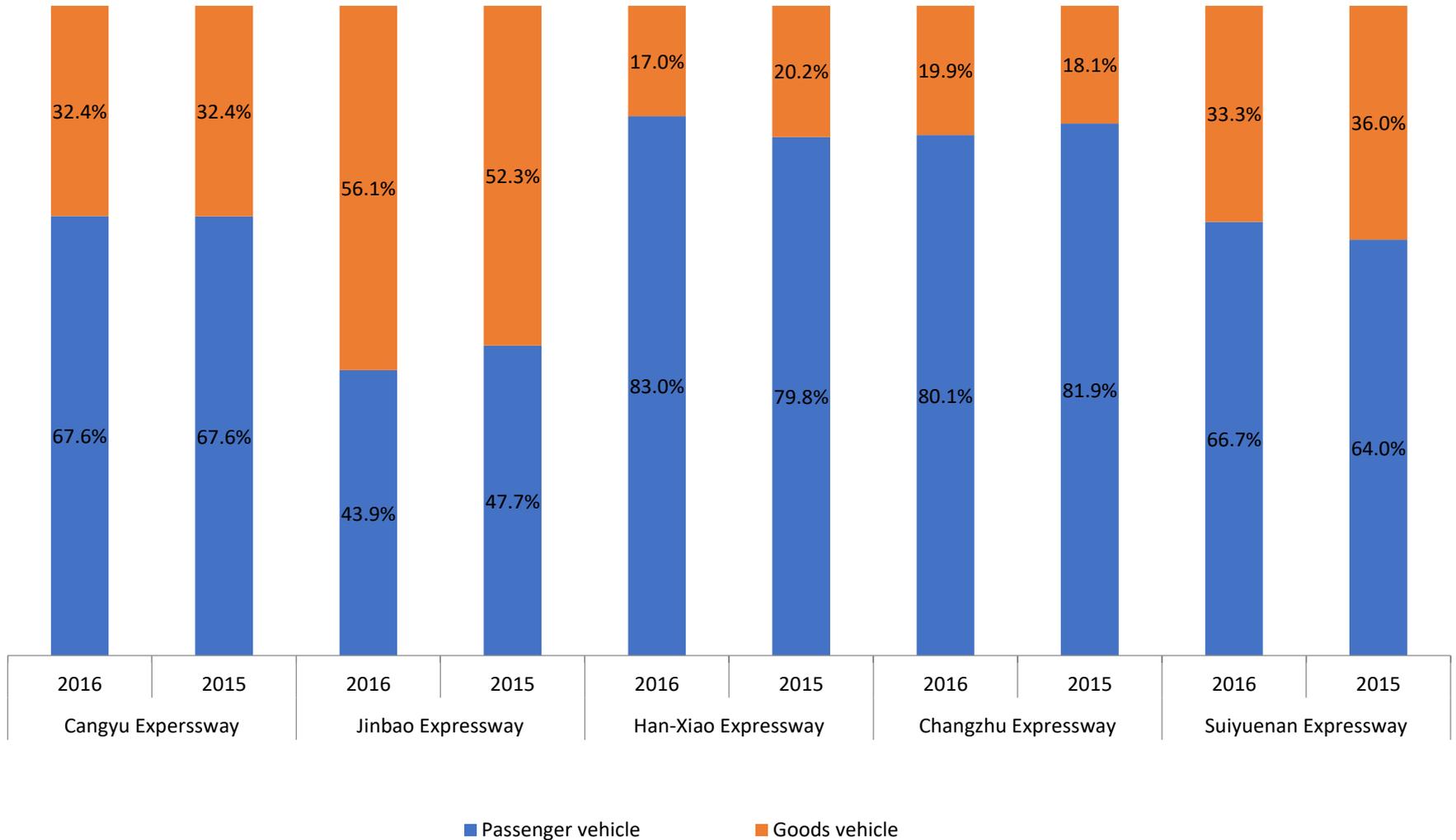
Note 2: Jinbao Expressway profit sharing ratio:

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

Traffic Mix (2016 vs 2015)



Traffic Mix (2016 vs 2015)



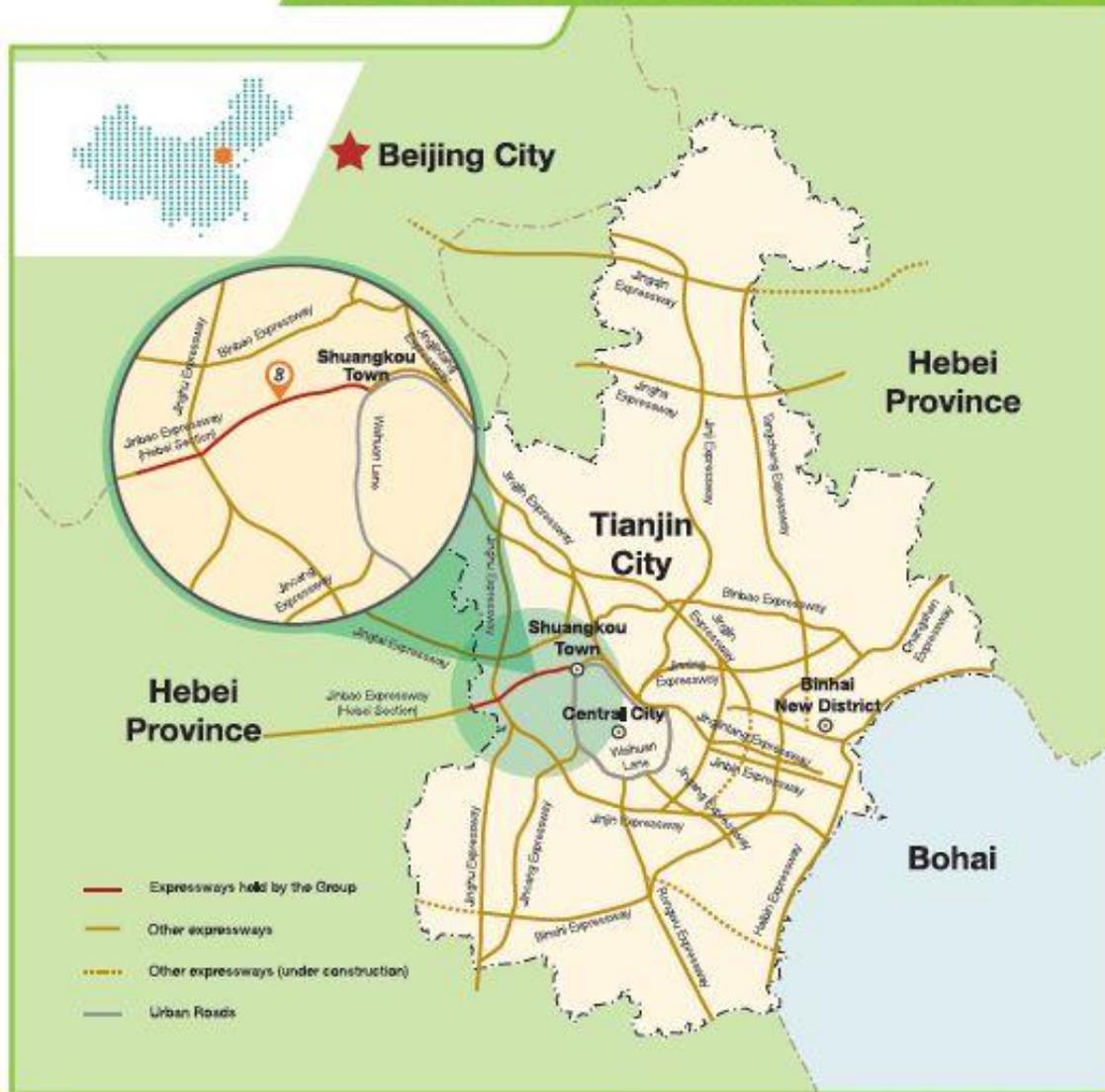
GUANGDONG



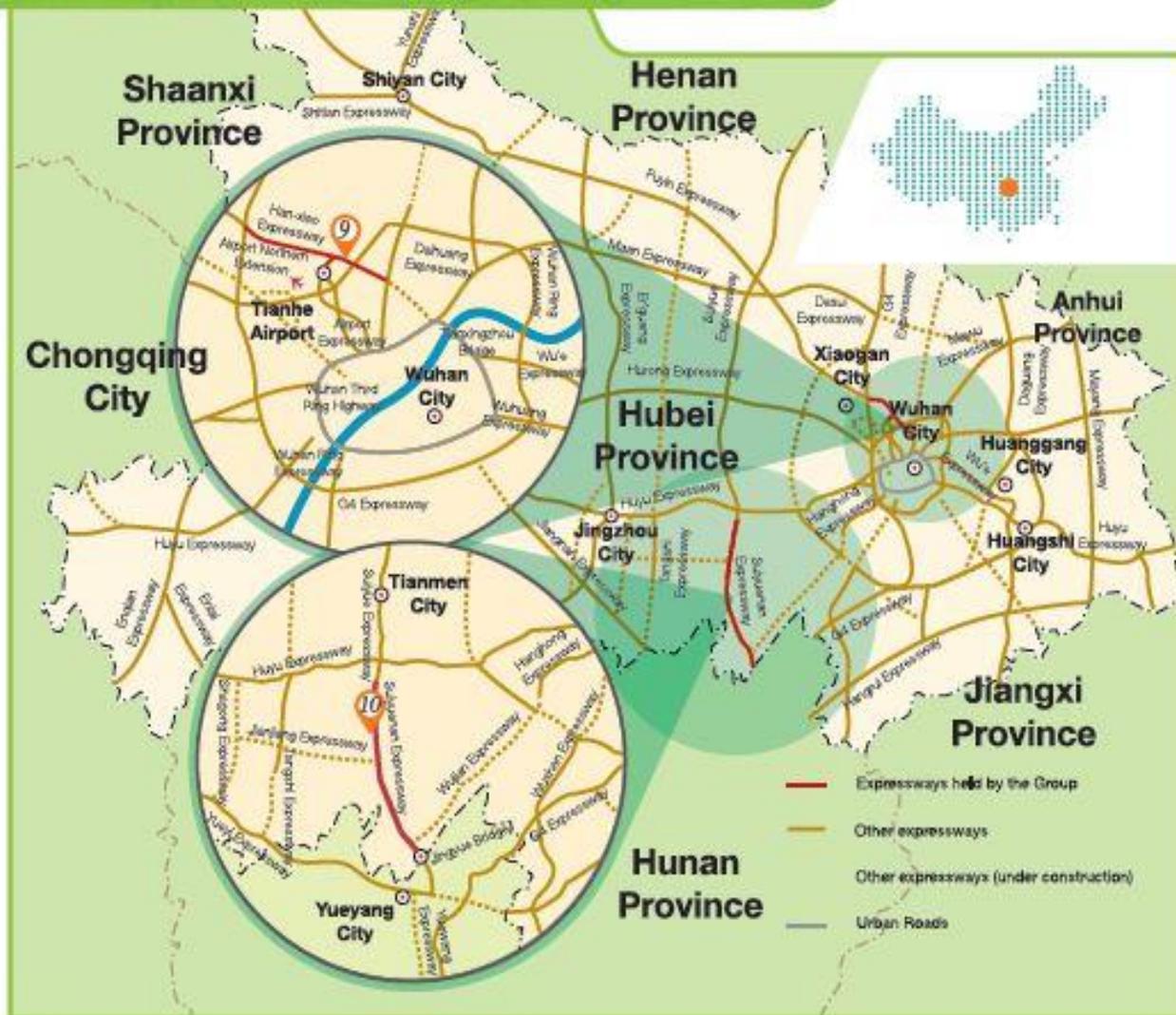
GUANGXI



TIANJIN



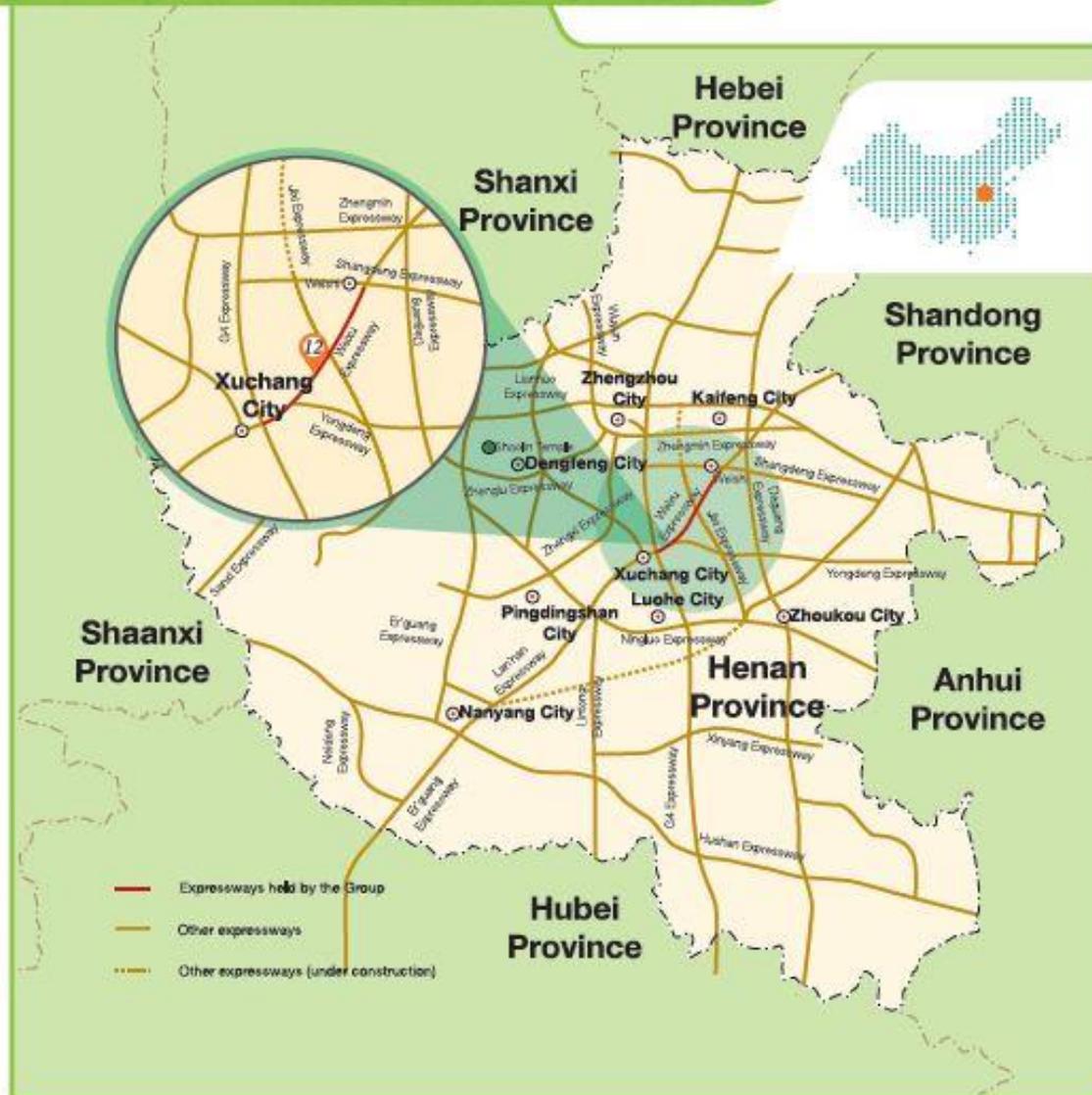
HUBEI



HUNAN



HENAN



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