

CREATING
EXCELLENT VALUES

Interim Result 2017

2017.08.10





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Financial Highlights

Income from operations

RMB 1.2B



Profit attributable to shareholders

RMB 380M



Total assets

RMB 22.37B



Total liabilities

RMB 10.96B



Dividend per share

HKD 13 cents



Review of operating environment of 2017 1H

➤ International :

(1) Improvement of global economy remained on track. Advanced economies continued to recover steadily, while China and India led the growth among emerging economies

(2) Global recovery remained uneven without strong structural growth. Various risks and uncertainties remained

➤ Domestic :

(1) Growth momentum remained stable and improving, a 6.9% YOY growth of GDP reached beyond expectation

(2) China's central bank maintained the stable and moderate monetary policy under the task of deleveraging and risk control in the financial industry

(3) Expressways' traffic volumes of passenger vehicles (7 seats or less) and goods vehicles increased YOY by 14.1% and 17.1% respectively. Investment of highways increased by 20.8%

(4) Provinces including Zhejiang and Guangdong adopted tariff discounts for goods vehicles that met specific requirements

Result highlights of 2017 1H

➤ Core projects registered strong growth:

1. The income and attributable profits of subsidiaries such as GNSR Expressway, Suiyuenan Expressway and Weixu Expressway achieved a high double-digit growth
2. Profit contributions from associates and joint venture grew more than 20%

➤ Costs were effectively controlled

1. Cost of services were reduced through meticulous management
2. Finance costs were reduced through dynamic adjustments of debt structure

Extract of consolidated income statement

RMB million	2017 1H	2016 1H	
Income from operations	1,200	1,234	Income from operations <ul style="list-style-type: none"> • 2017 1H decreased 2.7% or RMB 33.76M • GNSR Expressway increased RMB 60.80M • SYN Expressway increased RMB 30.77M • Weixu Expressway increased RMB 19.11M
EBITDA	1,234	1,190	
Gross profit	847	844	
Attributable profit	380	350	Attributable profit <ul style="list-style-type: none"> • Increased 8.7% or RMB 30.45M
Earnings per share (RMB)	0.2272	0.2090	
Dividend per share(HKD)	0.13	0.13	Dividend per share <ul style="list-style-type: none"> • Equivalent to RMB 0.1117 per share, increased 0.312 %
Payout ratio	49.2%	53.3%	

2017 1H operating analysis of controlled toll projects

RMB million	Income from operations	Attributable profit ⁽¹⁾	Average daily traffic volume
GNSR Expressway	557 + 12.3%	194 + 18.4%	215,588 + 17.4%
Cangyu Expressway	42 + 1.4%	22 + 7.3%	12,943 + 14.3%
Jinbao Expressway	43 - 15.0%	6 - 36.2%	24,080 - 11.3%
Han-Xiao Expressway	83 + 7.4%	36 + 11.3%	26,712 + 15.2%
Changzhu Expressway	103 - 8.6%	36 - 10.3%	20,513 + 5.4%
Weixu Expressway	151 + 14.4%	65 + 34.7%	22,285 + 38.1%
Suiyuenan Expressway	221 + 16.2%	53 + 144.1%	19,499 + 17.9%

Notes : 1. Income from operations since May 2016 were recorded excluding value added tax.
2. The amounts represented attributable profit after elimination of inter-company loan interest.

2017 1H operating analysis of non-controlling projects

RMB million	Income from operations		Share of results		Average daily traffic volume	
Northern Ring Road	+	372 3.6%	+	44 8.0%	+	316,906 8.5%
Humen Bridge	+	768 6.9%	+	92 10.4%	+	115,022 11.4%
GWSR Expressway	+	205 11.6%	+	26 43.8%	+	64,612 19.1%
Qinglian Expressway	+	372 8.3%	+	12 340.6%	+	41,371 13.9%
Shantou Bay Bridge	-	119 1.9%	+	20 23.0%	+	25,426 14.1%

Note : Income from operations since May 2016 were recorded excluding value added tax.

Extract of Consolidated Balance sheet

RMB million	2017 1H	2016 1H
Total assets	22,374	22,568
Total liabilities	10,958	11,264
Total equity	11,416	11,304

Mainly including:

- **81.5% intangible operating rights**
Net book value of intangible of operating rights as at 30 Jun 2017 amounted to RMB 18.23B, decreased by 1.4% or RMB 250M, which mainly due to the amortization.
- **5.1% cash and cash equivalents**
The closing balance of cash and cash equivalents was RMB 1.13B, increased 84.4M compared with the opening balance.

Mainly including:

- Bank borrowings of RMB 4.69B
- Notes payable (Euro bonds) of RMB 1.54B
- Corporate bonds (Panda bonds) of RMB 1.99B

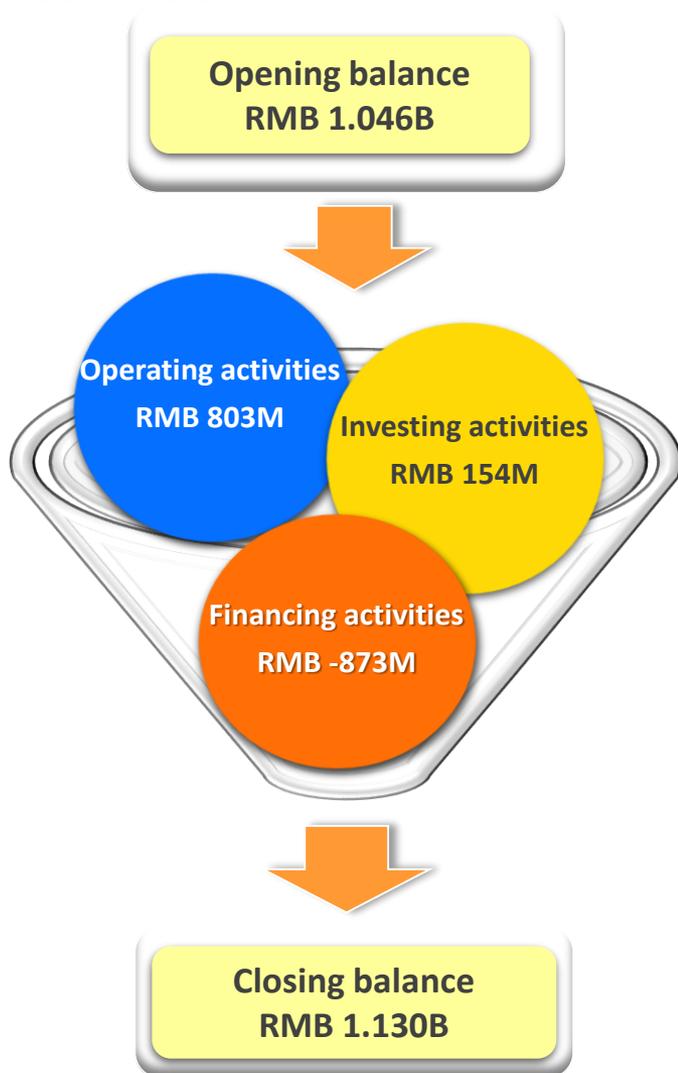
	2017 1H	2016
Gearing ratio (=net debt/(total equity + net debt))	39.0%	40.0%
Total liabilities/total assets ratio	49.0%	49.9%
Debt to equity ratio (=net debt/total equity)	63.9%	66.6%

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 euro bank deposit

Cash Flow



Operating activities

- Cash generated from operation of RMB 1.2B
- Net cash inflow was RMB 803M (net of operating cost, expense and tax)

Investing activities

- Dividend distribution from associates and joint venture of RMB 189M
- Net cash inflow RMB 154M

Financing activities

- New bank borrowings of RMB 1.06B
- Repayment of interest of RMB 174M
- Repayment of bank borrowings of RMB 1.31B
- Dividends paid to the shareholders of the company of RMB 296M
- Dividends paid to non-controlling interest of RMB 123M
- Net cash outflow RMB 873M



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Future Prospects——Operational Environment

According to IMF, global output is projected to grow by 3.5% and 3.6% respectively in 2017 and 2018. The global recovery will be mainly driven by China, Eurozone and Canada etc..

The momentum of economic stability in China will remain on track as expected. As the supply-side structural reforms and financial deleveraging speed up, the growth quality of real economy will be improved.

China's central bank will maintain a prudent and neutral monetary policy. Under various regulatory measures and the superposition of external factors, the RMB exchange rate is expected to remain stable.

The Ministry of Transport has clarified insisting the policy of fee collection of toll roads, and tariff standards show no room for further reductions. The amendment of the "Toll Road Management Regulations" will be accelerated.

There are various reasons to support the steady growth of the toll road industry such as rapid growth of private car ownership, rigid demand of highway transportation and development of urban agglomeration.

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





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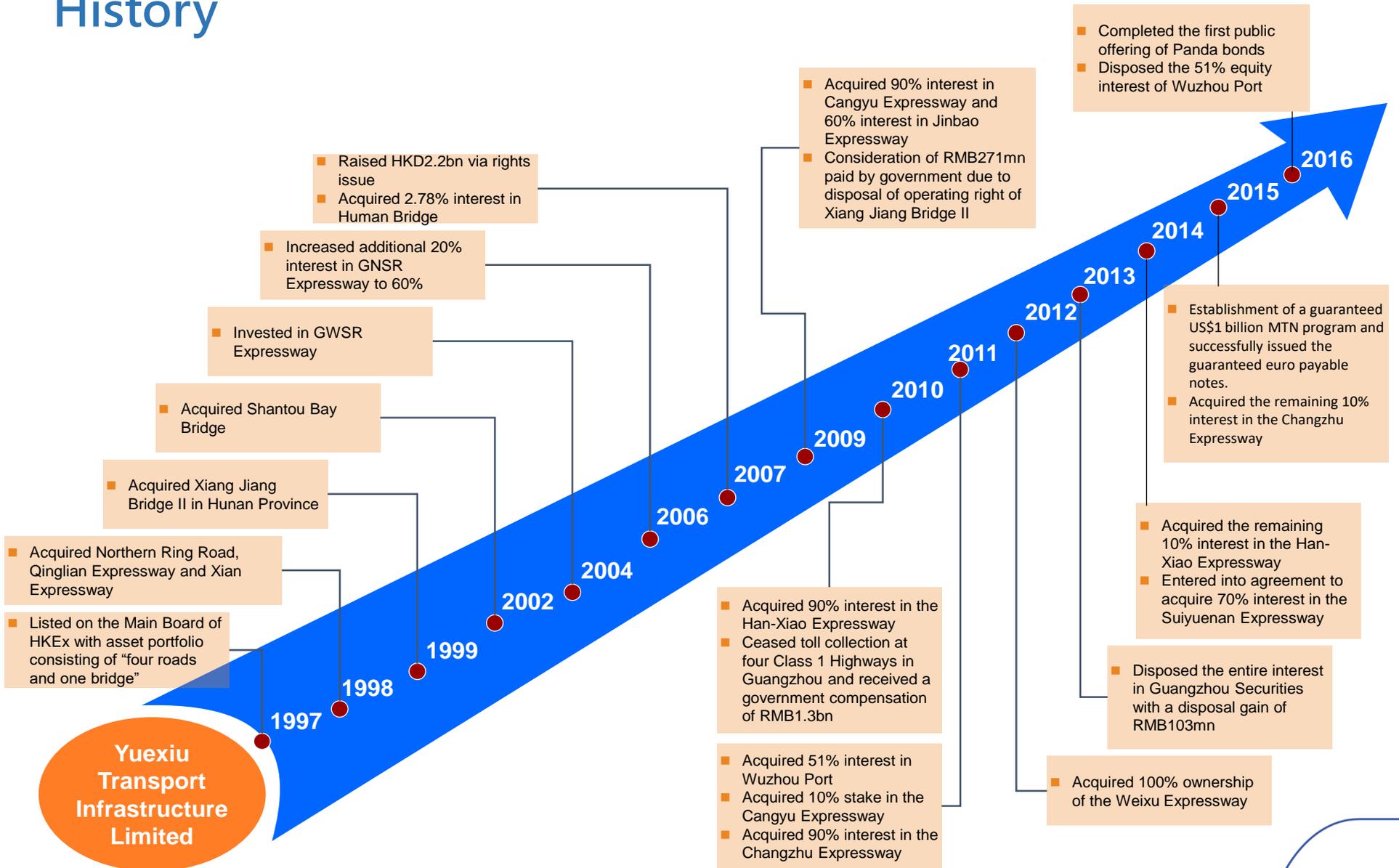
Extract of consolidated income statement

RMB'000	2017 1H	2016 1H	Increase/ decrease	Change%
Income from operations	1,200,125	1,233,888	-33,763	-2.7%
Cost of services	352,668	389,502	-36,834	-9.5%
Gross profit	847,457	844,386	3,071	0.4%
Other income, gains and losses-net	16,830	15,583	1,247	8.0%
General and administrative expenses	99,925	104,174	-4,249	-4.1%
Net finance costs	234,108	276,776	-42,668	-15.4%
Share of result of a joint venture/ associates	193,830	160,677	33,153	20.6%
Profit before tax	724,084	639,696	84,388	13.2%
Income tax	192,717	173,032	19,685	11.4%
Profit after tax	531,367	466,664	64,703	13.9%
Profit attributable to shareholders	380,070	349,619	30,451	8.7%
Earnings per share (RMB)	0.2272	0.2090	0.0182	8.7%
Dividend per share (HKD)	0.13	0.13		
Payout ratio	49.2%	53.3%		

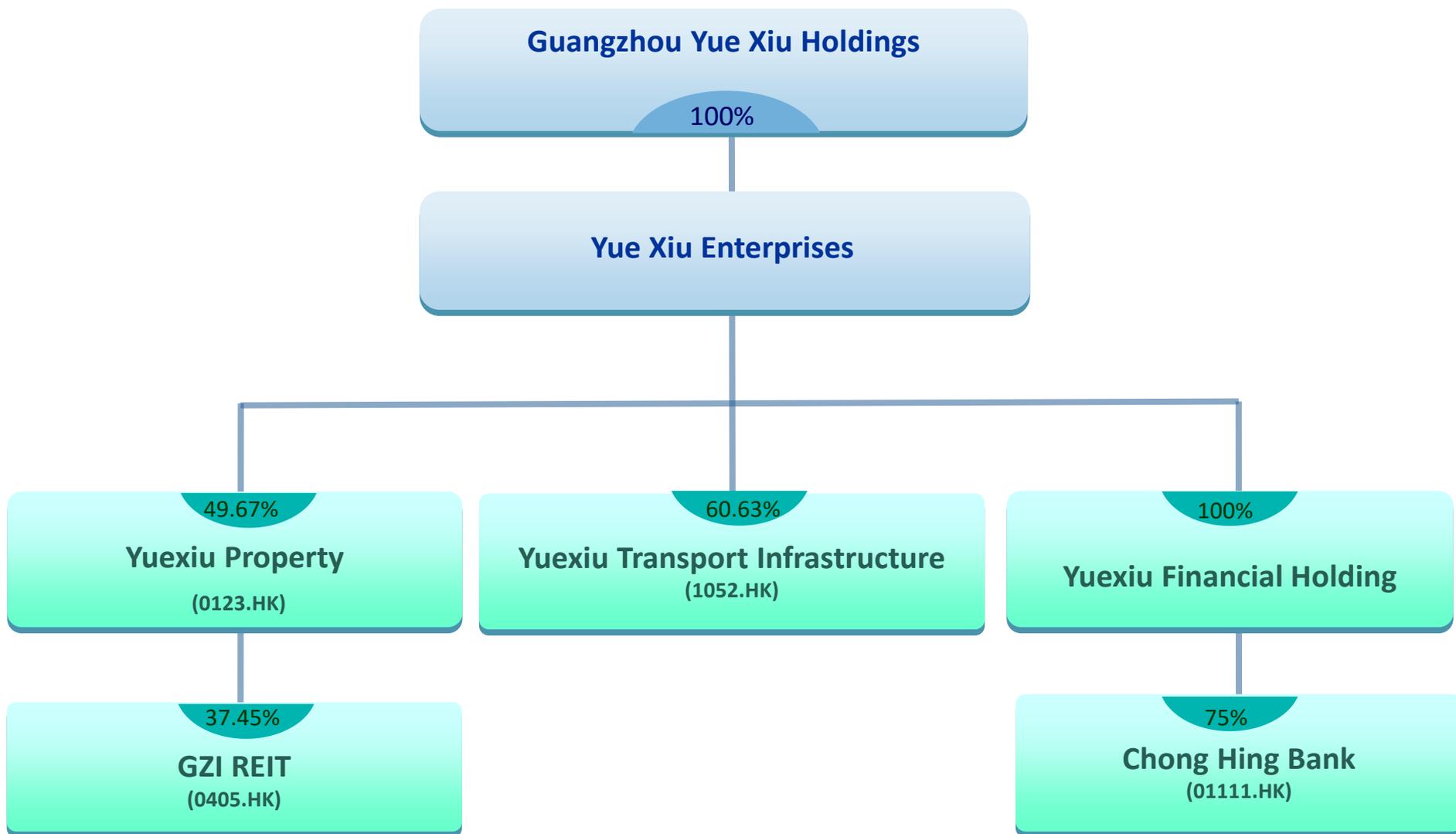
Extract of Balance Sheet

RMB'000	2017 1H	2016	Change %
Total assets	22,373,777	22,568,556	-0.9%
Mainly including:			
Intangible operating rights	18,234,892	18,485,580	-1.4%
Investments in a joint venture and associates	1,927,183	1,923,901	0.2%
Cash and cash equivalents	1,130,318	1,045,922	8.1%
Total liabilities	10,958,231	11,264,254	-2.7%
Mainly including:			
Bank borrowings -- current portion	151,232	235,193	-35.7%
-- long term portion	4,539,176	4,704,698	-3.5%
Loans from non-controlling interest	102,483	103,650	-1.1%
Notes payable	1,543,854	1,452,359	6.3%
Corporate bonds	1,992,103	1,990,978	0.1%
Deferred income tax	1,994,543	1,975,343	1.0%
Total equity	11,415,546	11,304,302	1.0%
Of which: attributable to the shareholders of the Company	9,164,811	9,081,958	0.9%
Net assets per share	5.48	5.43	0.9%
Gearing ratio (=net debt/(total equity + net debt))	39.0%	40.0%	-1.0ppt
Total liabilities/total assets ratio	49.0%	49.9%	-0.9ppt
Debt to equity ratio (=net debt/total equity)	63.9%	66.6%	-2.7ppt

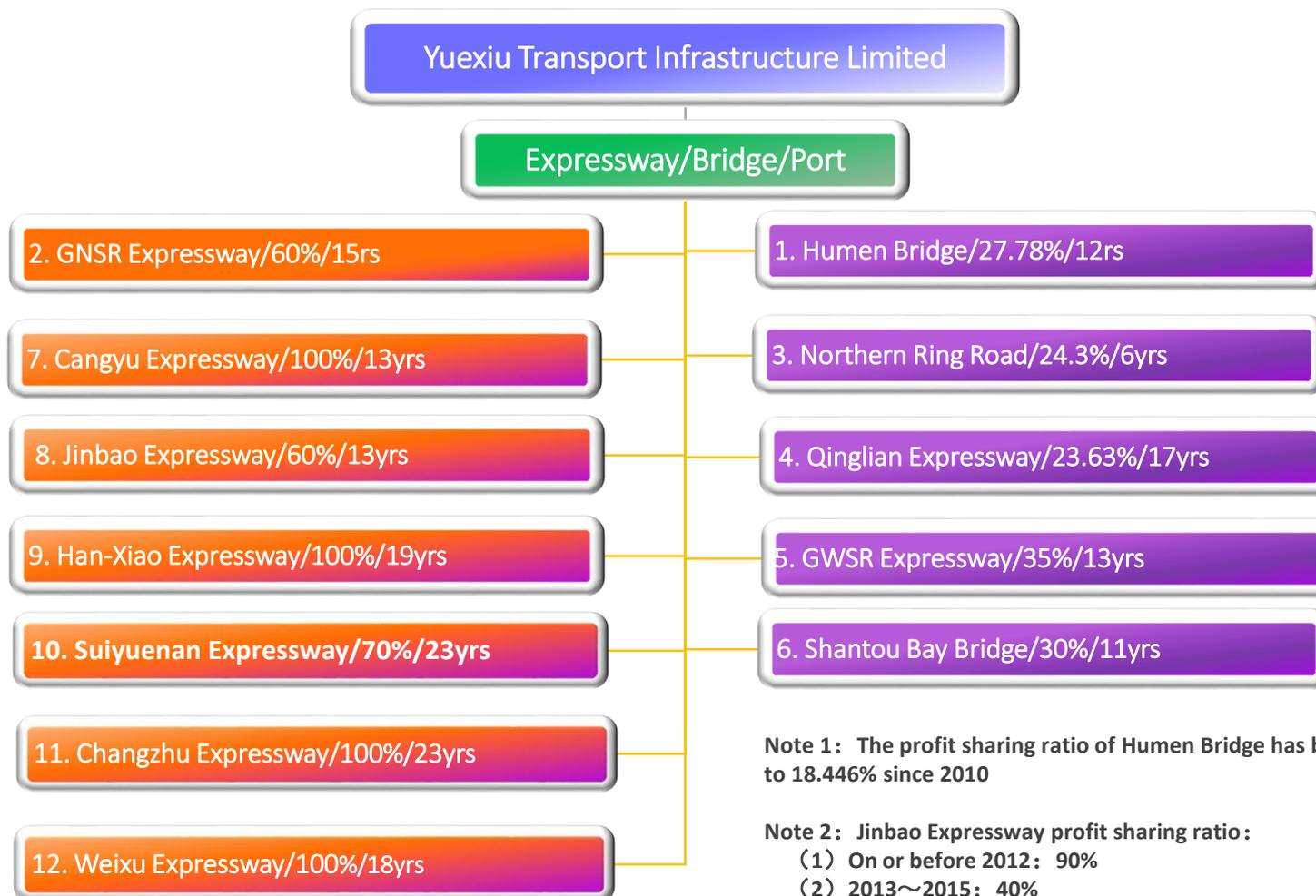
History



Shareholders Structure



Asset portfolios

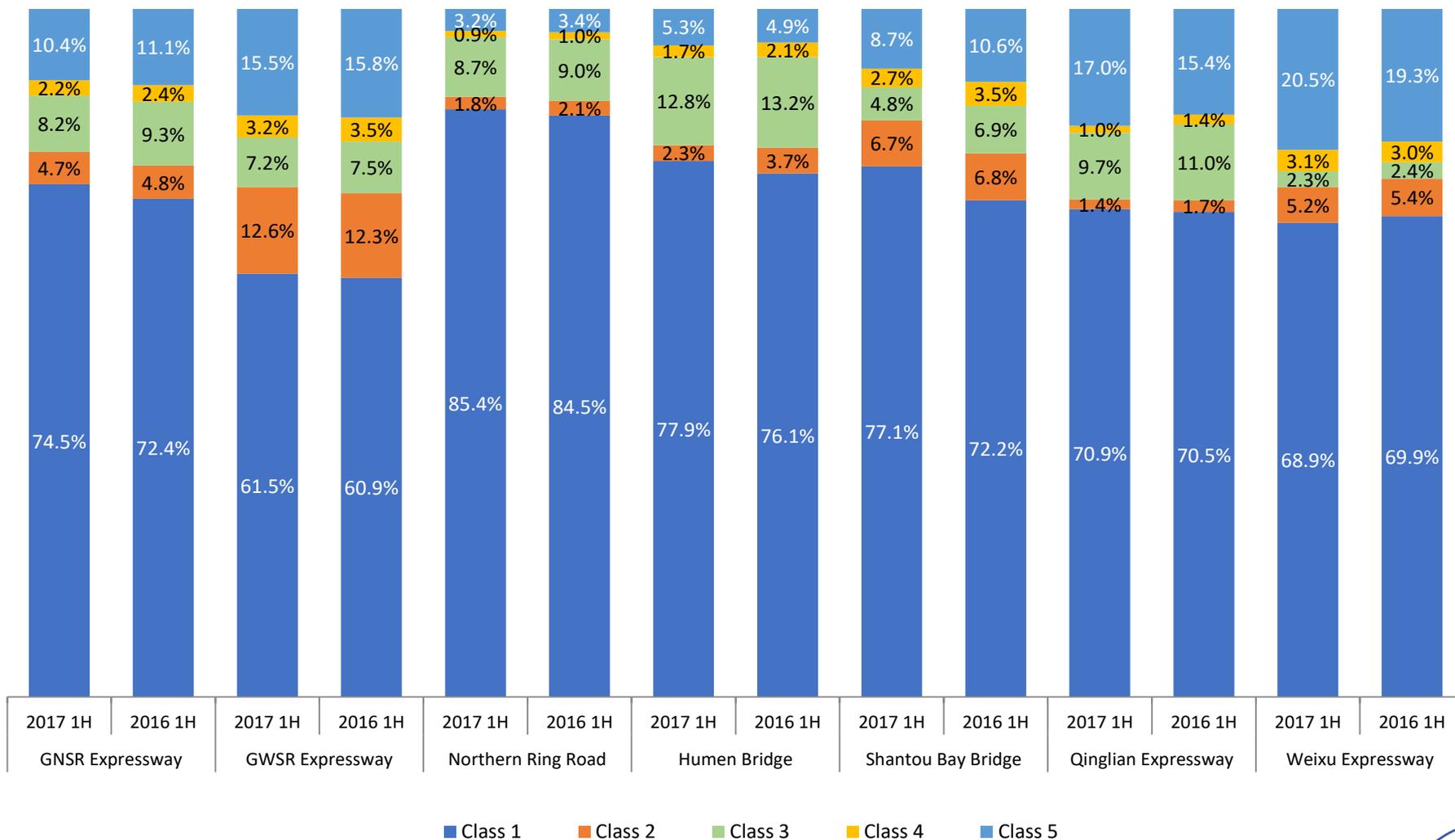


Note 1: The profit sharing ratio of Humen Bridge has been adjusted to 18.446% since 2010

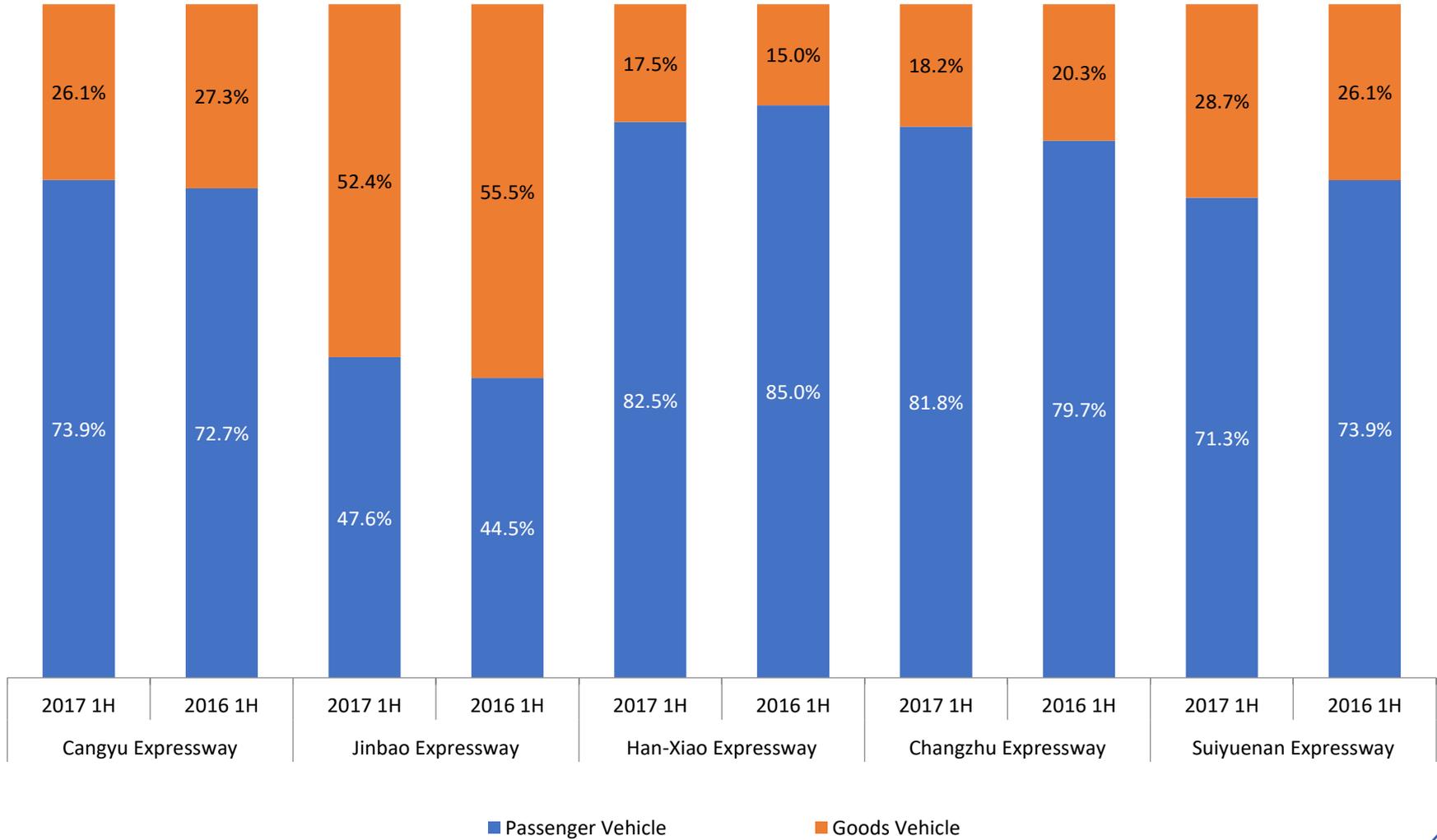
Note 2: Jinbao Expressway profit sharing ratio:

- (1) On or before 2012: 90%
- (2) 2013~2015: 40%
- (3) 2016 onwards: 60%

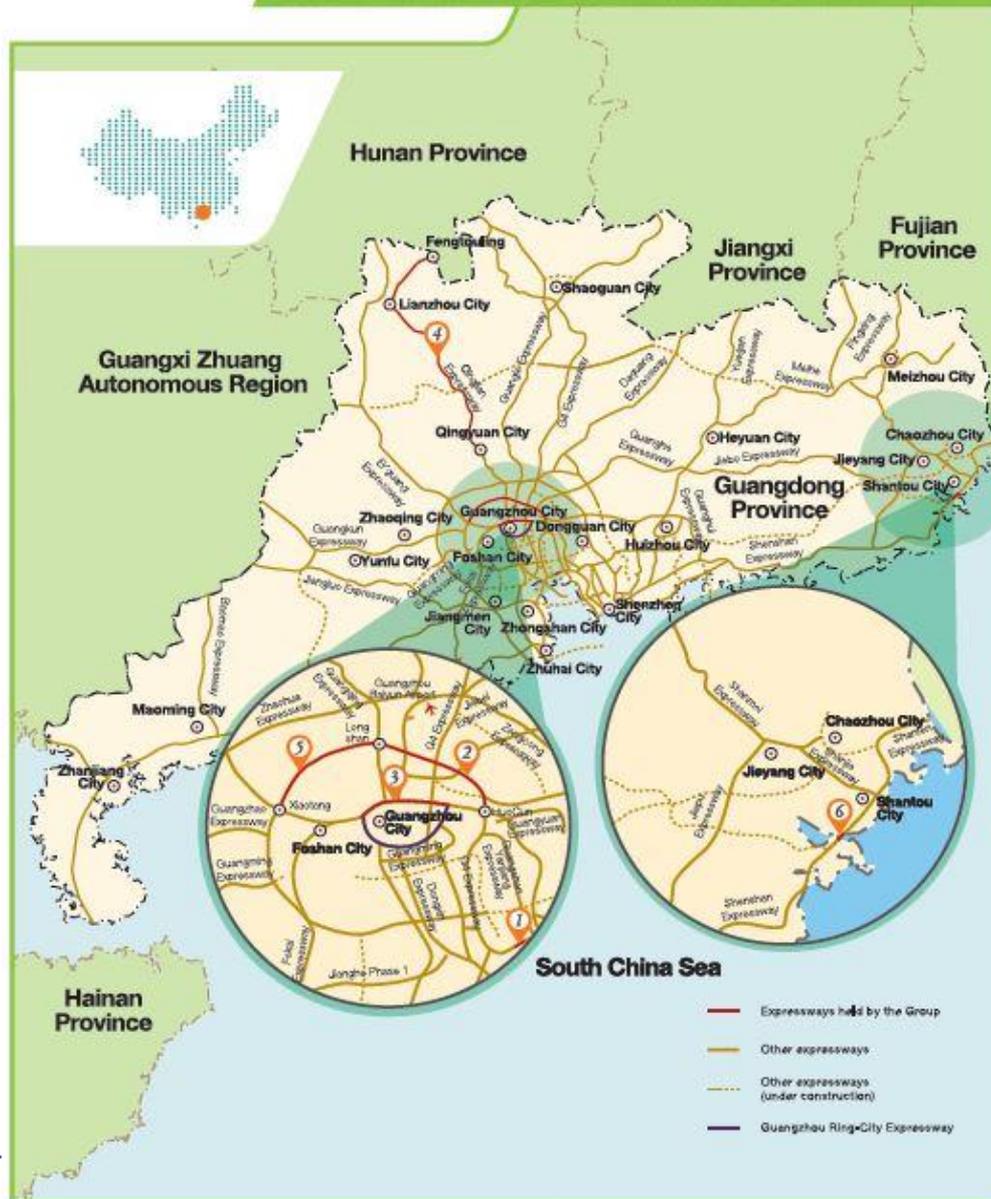
Traffic Mix (2017 1H vs 2016 1H)



Traffic Mix (2017 1H vs 2016 1H)



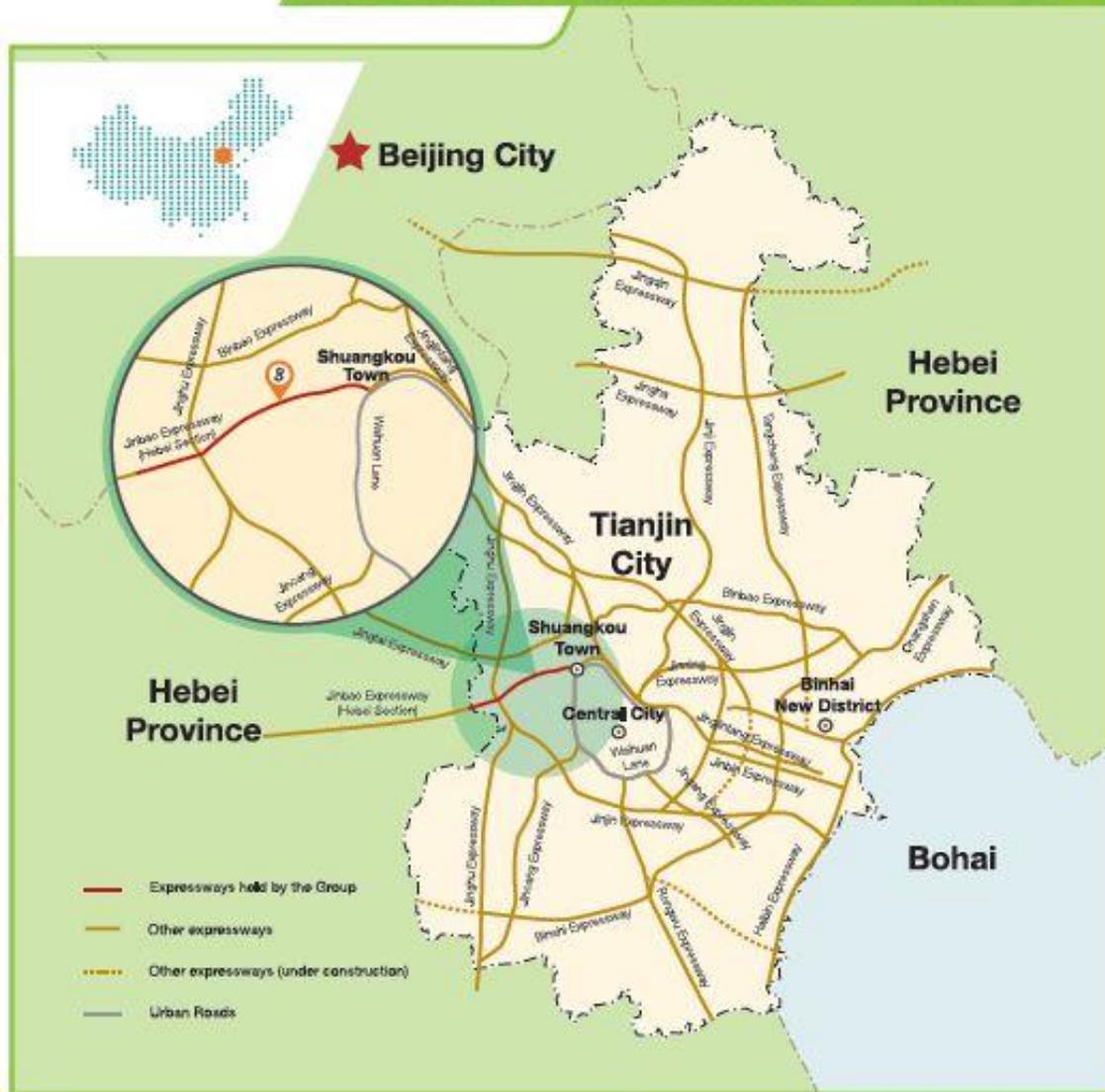
GUANGDONG



GUANGXI



TIANJIN



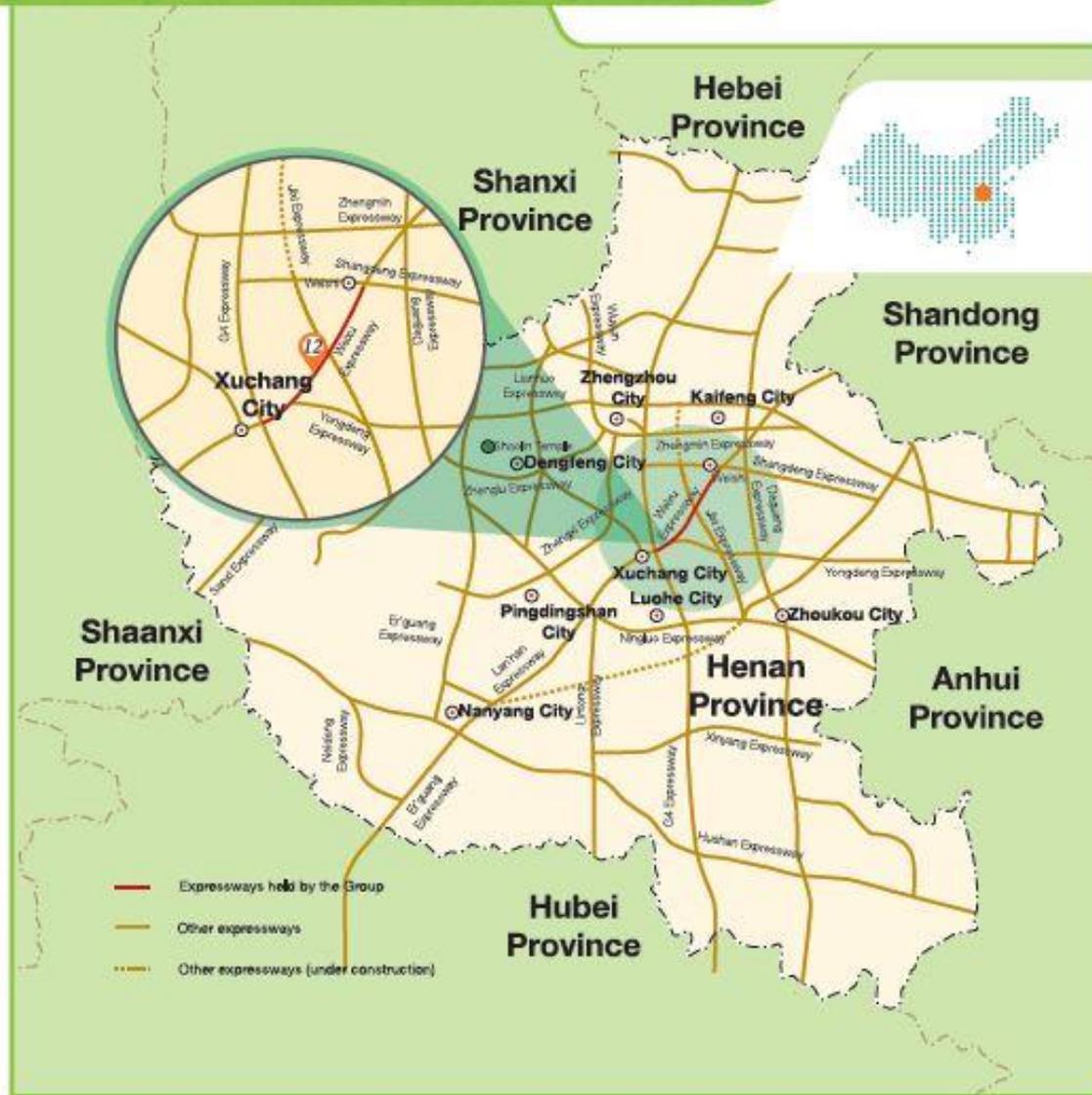
HUBEI



HUNAN



HENAN



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