

2019 Annual Result

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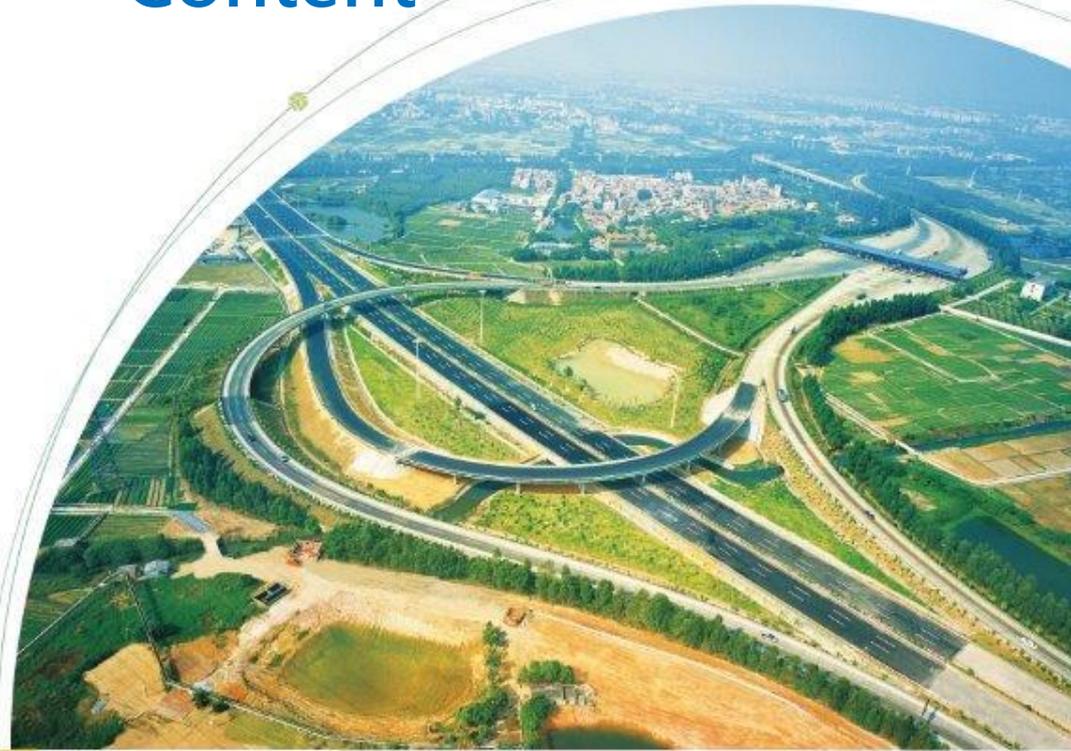


越秀交通基建有限公司
YUEXIU TRANSPORT INFRASTRUCTURE LIMITED



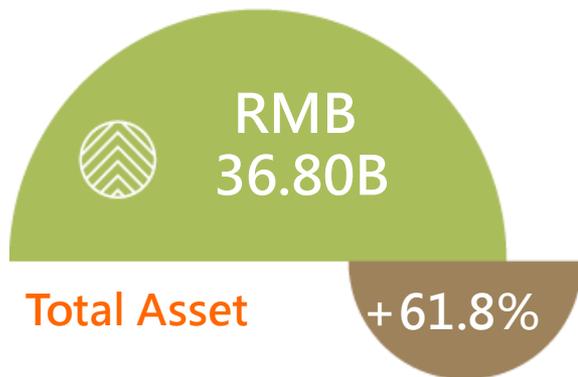
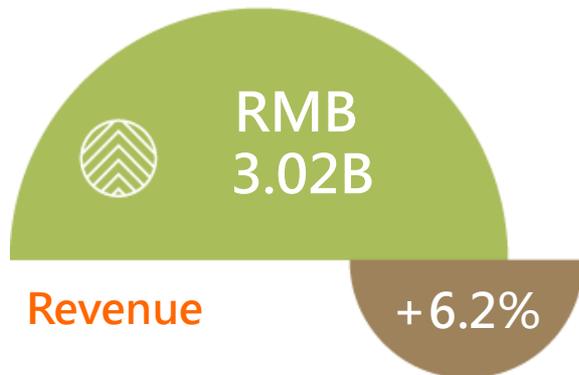
Content

- GUANGDONG
- GUANGXI
- TIANJIN
- HUBEI
- HUNAN
- HENAN



- 1. Result Highlights** P.2
- 2. Future Prospects** P.12
- 3. Appendices** P.17

2019 Performance Highlights





Operating results reached a record high, maintaining a stable growth momentum.



The completion of acquisitions of three quality projects, namely Hancui Expressway, Han'e Expressway and Daguangnan Expressway has significantly enhanced the asset scale of the Company and the total attributable toll length, improving our sustainable development capability; the total attributable toll length of controlled projects has significantly increased by 58.7% to 535 km, with the length of controlled projects' weighted average remaining concessions increased from 17.2 years to 19.1 years.



Successfully issued medium-term notes in inter-bank bond markets for the first time. Overall debt interest rate levels remained low.

External and domestic economic landscape

1. Adverse factors including trade frictions and geopolitical tension put global economy at risk of downturn, forcing central banks worldwide to gradually restarted the easing monetary policy;
2. China's economy maintained steady by recording a YOY 6.1% growth of GDP, while quality of development was steadily improved by deepened supply-side structural reforms;
3. The PBOC implemented a prudent monetary policy, maintaining a reasonably ample liquidity;

Toll road sector operating and regulatory environment

1. Deepened reforms of toll road regulation:
 - (1) By 1st Jan 2020, all the physical toll booths at provincial borders shall be dismantled;
 - (2) Continue to speed up enhancing the penetration of ETC application;
 - (3) Standard classification of tolled vehicles shall be revised. Tolling method for trucks
2. Domestic transportation sector remained generally stable. Passenger and truck volumes of expressways grew 8.6% and 6.6% respectively;

Extract of consolidated income statement

RMB million	2019	2018
Revenue	3,023	2,847
EBITDA	2,957	2,856
Gross profit	2,012	2,013
Attributable profit	1,138	1,054
Earnings per share (RMB)	0.6799	0.6300
Dividend per share(HKD)	0.39	0.39
Payout ratio	51.5%	53.6%

Revenue

- 2019 increased 6.2% or RMB 176M
- GNSR Expressway increased RMB 56.55M
- SYN Expressway increased 20.46M
- Revenue contribution from the newly acquired Hancai Expressway, Han'e Expressway and Daguangnan Expressway amounted to 31.63M, 26.15M and 57.29M representatively

EBITDA

- 2019 increased RMB 101M
- Increased 3.5%

Attributable profit

- Increased 7.9% or RMB83.46M

Dividend per share

- Proposed final dividend for 2019 is 0.21 HKD per share, dividend for 2019 is 0.39 HKD per share, the amount of which is the same with 2018

2019 operating analysis of controlled toll projects

RMB million	Income from operations		Attributable profit ⁽¹⁾		Average daily traffic volume	
GNSR Expressway	+	1,217 4.9%	+	538 40.2%	+	255,418 9.5%
Cangyu Expressway	-	63 19.4%	-	23 31.3%	-	8,604 20.8%
Jinxiong Expressway	-	93 3.1%	-	10 34.2%	-	37,039 0.8%
Han-Xiao Expressway	+	182 7.0%	+	61 11.7%	+	28,715 7.5%
Changzhu Expressway	+	250 0.9%	-	45 29.8%	+	62,641 5.6%
Weixu Expressway	-	415 2.8%	-	200 5.3%	+	32,957 3.2%
Suiyuenan Expressway	+	688 3.1%	+	227 2.9%	+	25,574 11.7%
Hancai Expressway ⁽²⁾		32 -		-1 -	-	47,607 7.1%
Han'e Expressway ⁽²⁾		26 -		-3 -	+	34,968 8.9%
daguangnan Expressway ⁽²⁾		57 -		-15 -	+	25,692 6.4%

Note 1: Figures in the table are before elimination of inter-company interest.

Note 2: Hancai Expressway, Han'e Expressway, Daguangnan Expressway were newly acquired in 2019, their toll revenue and attributable profit were consolidated from 9 Nov to 31 Dec 2019. The daily average toll traffic of these 3 roads in this table are from 1 Jan 2019 to 31 Dec 2019.

2019 operating analysis of non-controlling projects

RMB million	Income from operations	Share of results	Average daily traffic volume
Northern Ring Road	761 1.2%	+ 45.5%	+ 361,676 3.8%
Humen Bridge	1,037 38.0%	- 50.2%	- 88,507 27.3%
GWSR Expressway	583 3.4%	+ 2.0%	+ 85,635 16.9%
Qinglian Expressway	837 10.0%	+ 21.3%	+ 48,520 11.6%
Shantou Bay Bridge	204 4.0%	- 4.9%	+ 27,520 5.1%

Extract of Consolidated Balance sheet

RMB million	As at 31 December of 2019	As at 31 December of 2018
Total assets	36,798	22,740
Total liabilities	23,169	10,332
Total equity	13,629	12,408

Mainly including:

- 88.0% intangible operating rights**
 Net book value of intangible operating rights as at 31 Dec 2019 amounted to RMB 32.4B, increased by 86% or RMB 14.9B, which mainly due to the new acquisition
- 3.9% Cash and cash equivalent**
 The closing balance of cash and cash equivalents was RMB 1.4B, decreased 960M compared with the opening balance, which mainly due to the payment of the new acquisition.

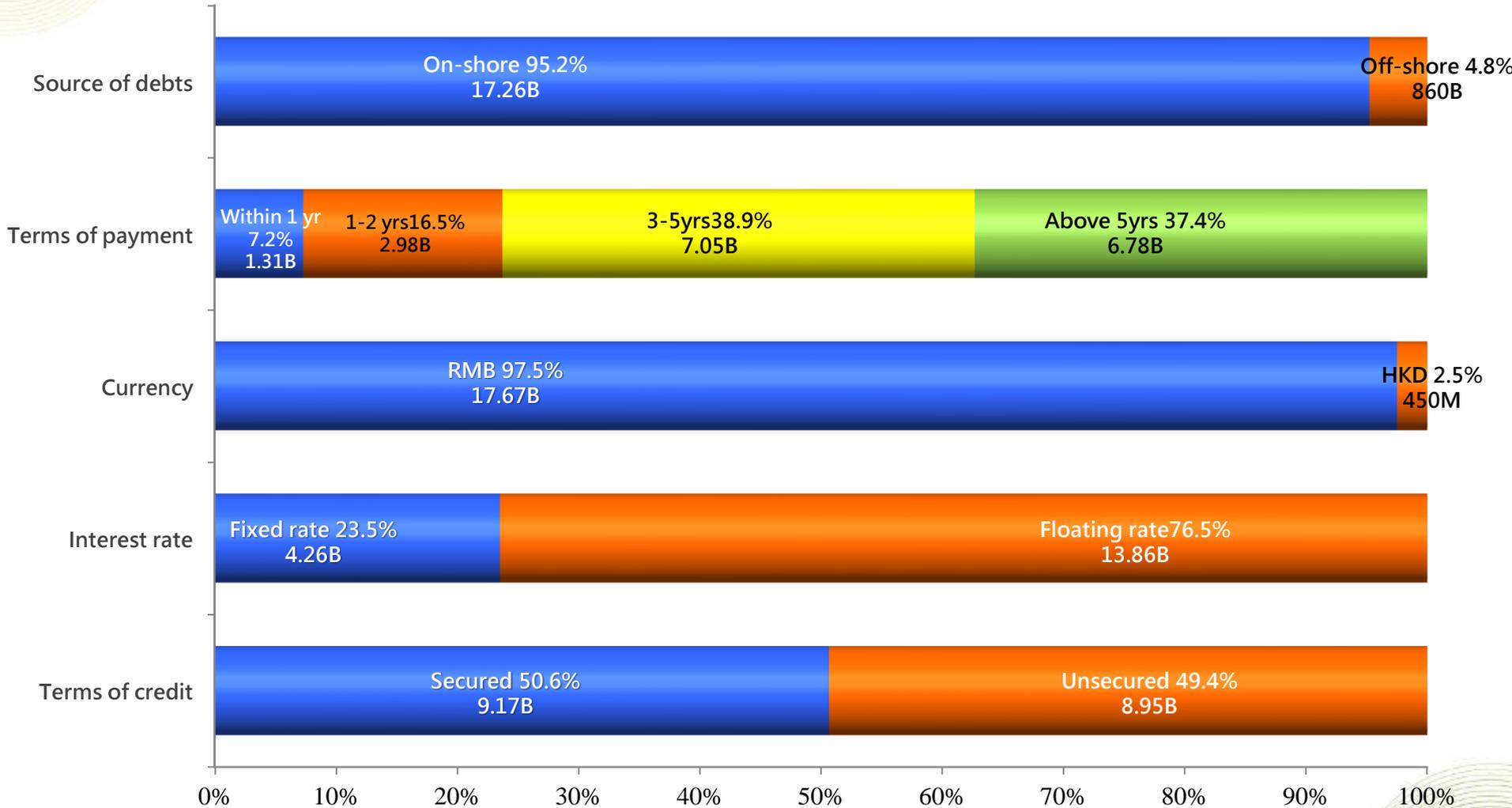
Mainly including:

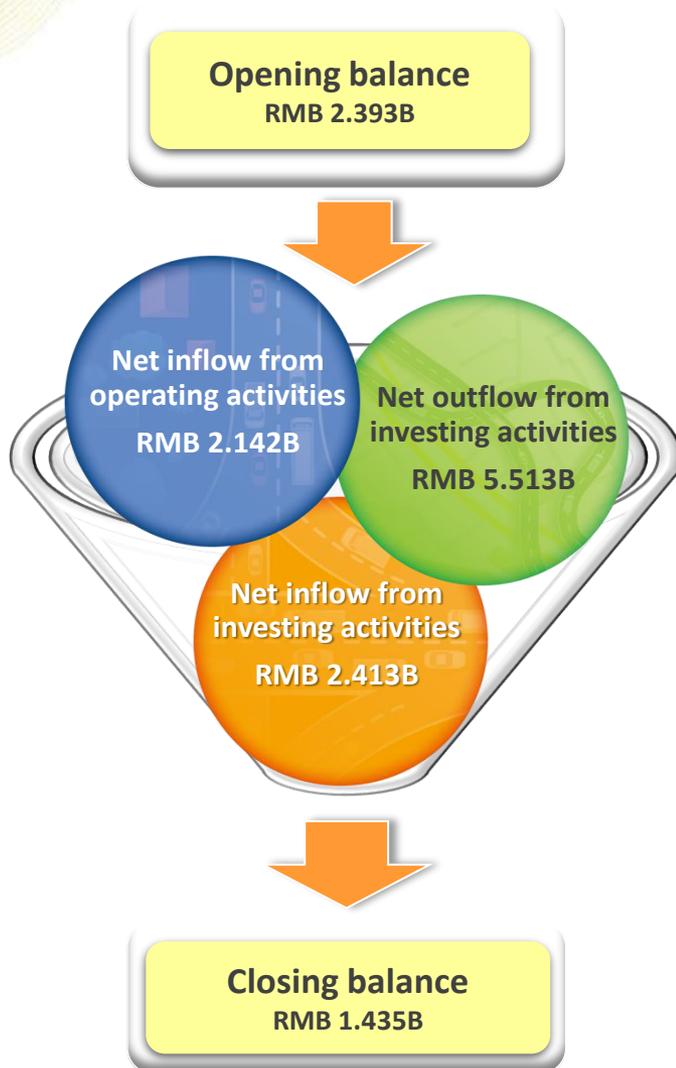
- Interest bearing liabilities of RMB 18.2B**
- Deferred income tax liabilities of RMB 3.2B**

	31 Dec 2019	31 Dec 2018
Gearing ratio (=net debt/(total equity + net debt))	55.4%	29.6%
Total liabilities/total assets ratio	63.0%	45.4%
Debt to equity ratio (=net debt/total equity)	124.2%	42.1%

External debts structure

(Bank borrowings, other borrowings, corporate bonds and notes payable)





Operating activities

- Revenue amounted to RMB 3.023B
- Net cash inflow was RMB 2.142B (net of operating cost, expense and tax)

Investing activities

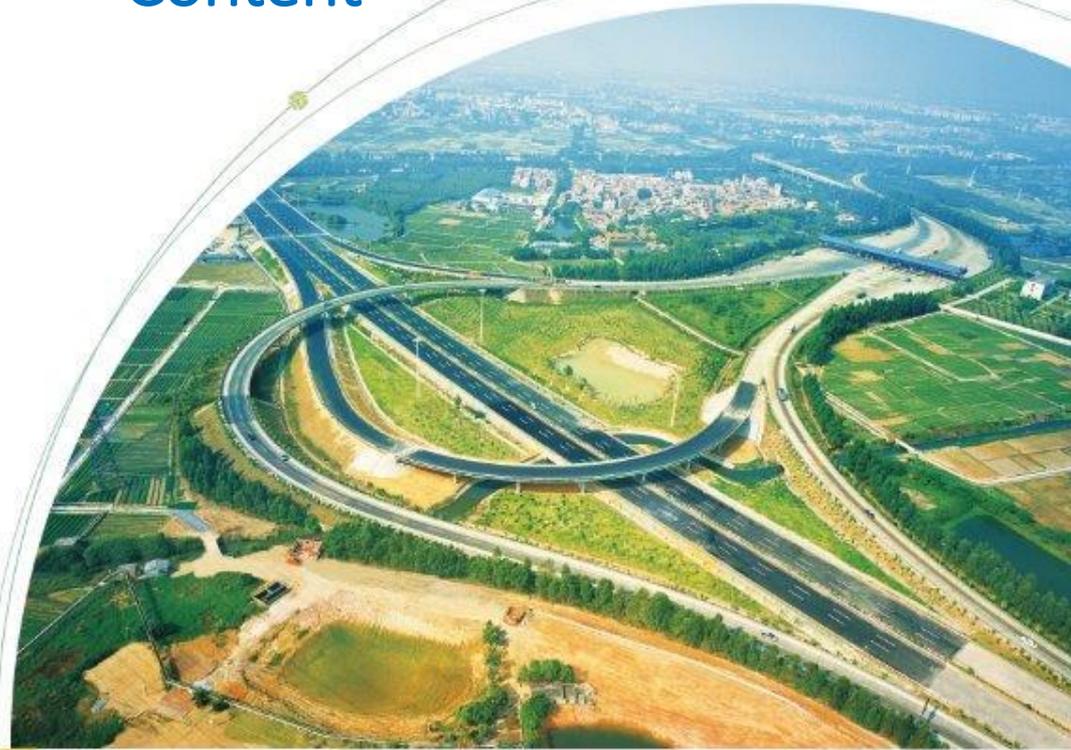
- Payment of new acquired projects of RMB 5.842B
- Dividend distribution from associates amounted to RMB 401M
- Net cash outflow RMB 5.513B

Financing activities

- New bank borrowings of RMB 5.453B
- notes payable of RMB 996M
- Repayment of bank borrowings of RMB 1.833B
- Repayment of bonds of RMB 90M
- Payment of bank loan and bond interest of RMB 302M
- Dividends paid to the shareholders of the company of RMB 617M
- Net cash outflow RMB 2.413B

Content

- GUANGDONG
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1. Result Highlights P.2
2. Future Prospects P.12
3. Appendices P.17

Background

- The outbreak of COVID-19 which took place in early Jan now has been effectively under control in China, but the spread has occurred across worldwide.
- Started from 17th Feb, Central government waive tolls for all types of vehicles until epidemic control work is done.
- On 3th March, President Li Keqiang emphasized that the supporting protective policies upon the toll waive policy should be released as soon as possible during the Executive Meeting of State Council.
- On 6th March, as quoted from Liu Xiaoming who is the Vice Minister of MoT , policy makers are working on a series supporting measures including deferred payment of interests, principle rollover, loans with favorite rates and appropriate concession extensions. Such measures will take effect once finalized.

Impacts of Toll-Free Policy

- The toll free policy will severely dampened the liquidity and debt repayment of the toll road sector, so compensation must be needed to ensure the sustainability of the sector.
- While the toll free policy will be negative to the company's 2020 operating results, new development opportunities should be expected against such a backdrop.

The Company's Tackling Measures for Toll Free Policy

Policy Tackling Measures

- Firmly implement epidemic prevention and control with continuous focus on its progress;
- Continuously follow up and strive for corporate operation supporting policies from nation and province of which the project locates in;

Financial Control Measures

- Reasonably allocate funds based on stress testing results to ensure liquidity;
- Conduct multi-channel financing to optimize debt cycle structure and reduce finance costs;

Operating Management and Construction Maintenance Measures

- Reasonably organize daily operating management, which aims at reducing costs for operating management;
- Adjust maintenance construction cycle scientifically and strictly control expense for construction;

Operating Environment Outlook

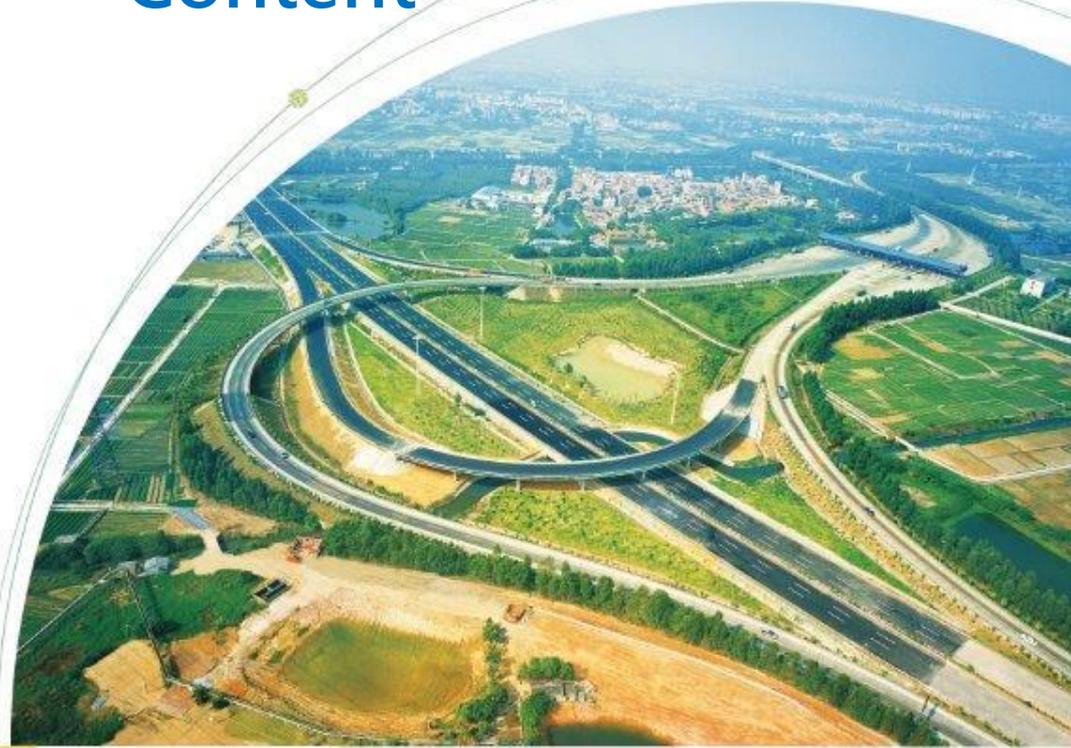
- Global central banks are joining to cut interest rates in order to tackle the weak economy and negative impacts from COVID-19;
- Chinese government has released a series of supporting policies which target at the elimination of the negative impacts from COVID-19
- With the underlying remarkable resilience, China's economy will be motivated by the huge consumer market, potential of economic transformation, strong supporting from policies, growth will be sustained thereby in long term;

Business Strategic outlook

- The company remained optimistic about the prospects of China's economy and toll road sector with strong determination in long term.
- Against the backdrop of COVID-19, the company will further review its own development strategy, including issues as operational and regional concentration.
- Under the principle of 'Asset Management', adjustments shall be made in relation to business scope and invested regions; In order to balance the business development and return on equity, quality underlying assets shall be chosen and the asset portfolio shall be reviewed continuously.

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- GUANGDONG
- GUANGXI
- TIANJIN
- HUBEI
- HUNAN
- HENAN



1. Result Highlights P.2
2. Future Prospects P.12
3. Appendices P.17

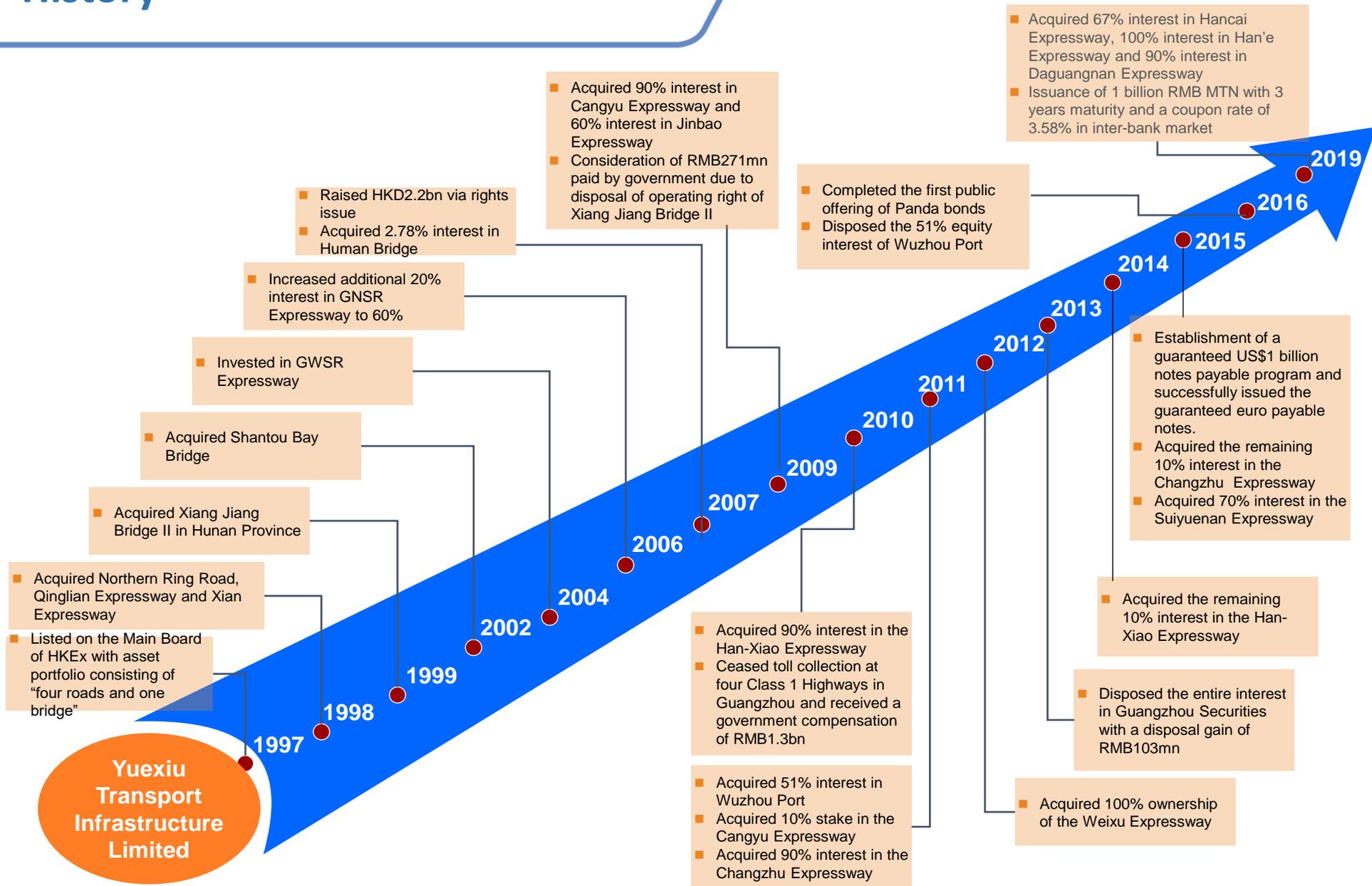
Extract of consolidated income statement

RMB'000	2019	2018	Increase/ decrease	Change%
Revenue	3,023,221	2,847,073	176,148	6.2%
Cost of services	1,011,137	834,092	177,045	21.2%
Gross profit	2,012,084	2,012,981	-897	0.0%
Other income, gains and losses-net	179,374	40,635	138,739	341.4%
General and administrative expenses	271,819	225,113	46,706	20.7%
Net finance costs	370,417	348,324	22,093	6.3%
Share of result of a joint venture/ associates	351,223	411,476	-60,253	-14.6%
Profit before tax	1,900,445	1,891,655	8,790	0.5%
Income tax	305,402	479,974	-174,572	-36.4%
Profit after tax	1,595,043	1,411,681	183,362	13.0%
Profit attributable to shareholders	1,137,590	1,054,135	83,455	7.9%
Earnings per share (RMB)	0.6799	0.6300	0.0499	7.9%
Dividend per share (HKD)	0.39	0.39	0	0.0%
Payout ratio	51.5%	53.6%	Decreased 2.1 percentage points	-

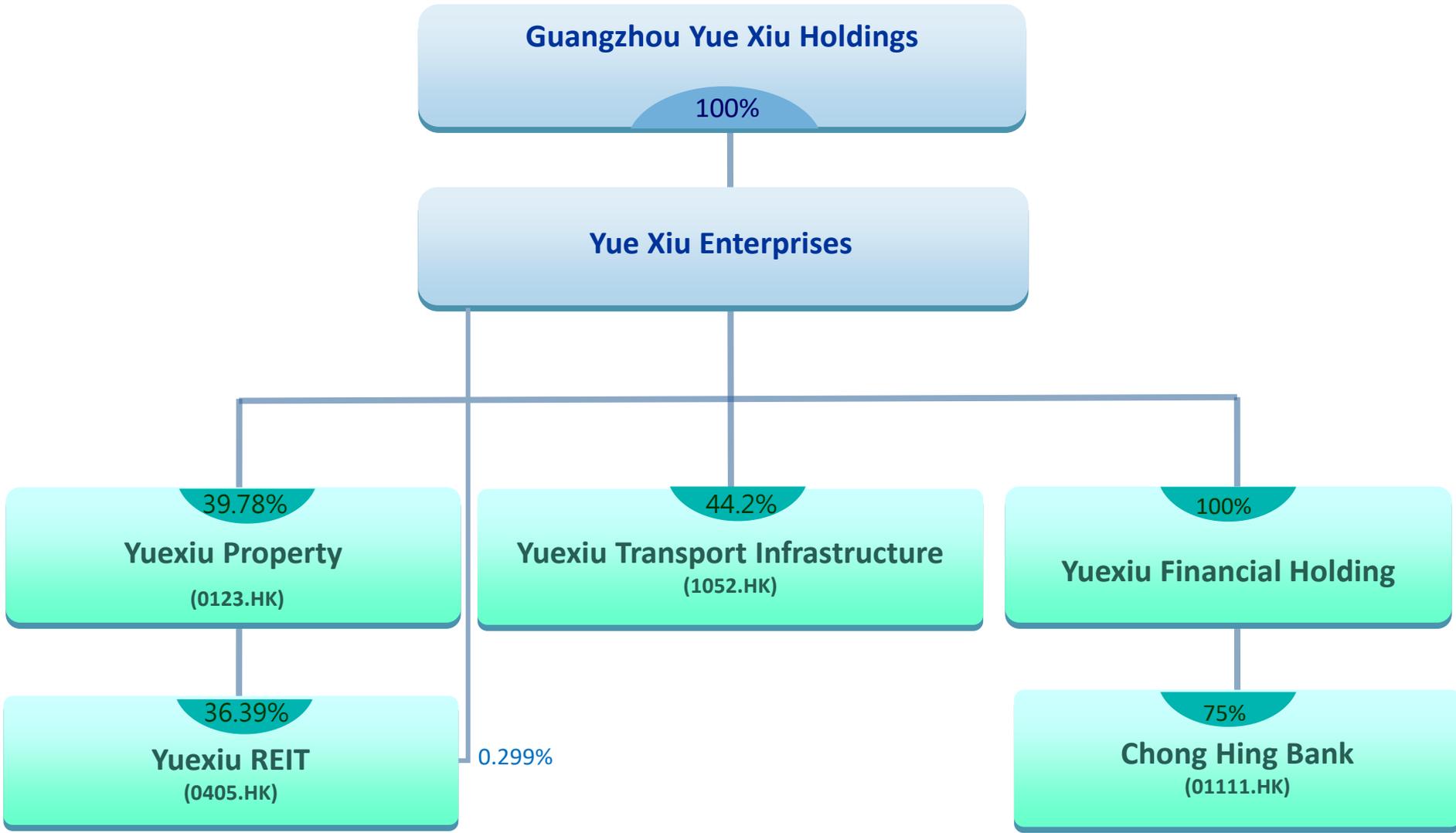
Extract of consolidated Balance Sheet

RMB'000	As at 31 Dec 2019	As at 31 Dec 2018	Change %
Total assets	36,797,875	22,739,750	61.8%
Mainly including:			
Intangible operating rights	32,369,121	17,419,156	85.8%
Investments in a joint venture and associates	1,870,676	1,929,118	-3.0%
Cash and cash equivalents	1,435,062	2,393,222	-40.0%
Total liabilities	23,169,125	10,332,171	124.2%
Mainly including:			
Bank and other borrowings -- current portion	1,305,148	511,249	155.3%
-- long term portion	13,915,237	4,888,027	184.7%
Loans from non-controlling interest	71,914	98,469	-27.0%
Corporate bonds	1,907,554	1,995,622	-4.4%
Notes payable	996,522	-	N/A
Deferred income tax liabilities	3,244,298	2,086,455	55.5%
Total equity	13,628,750	12,407,579	9.8%
Of which: attributable to the shareholders of the Company	10,571,655	10,071,871	5.0%
Net assets per share	6.32	6.02	5.0%
Gearing ratio (=net debt/(total equity + net debt))	55.4%	29.6%	+25.8ppt
Total liabilities/total assets ratio	63.0%	45.4%	+17.6ppt
Debt to equity ratio (=net debt/total equity)	124.2%	42.1%	+82.1ppt

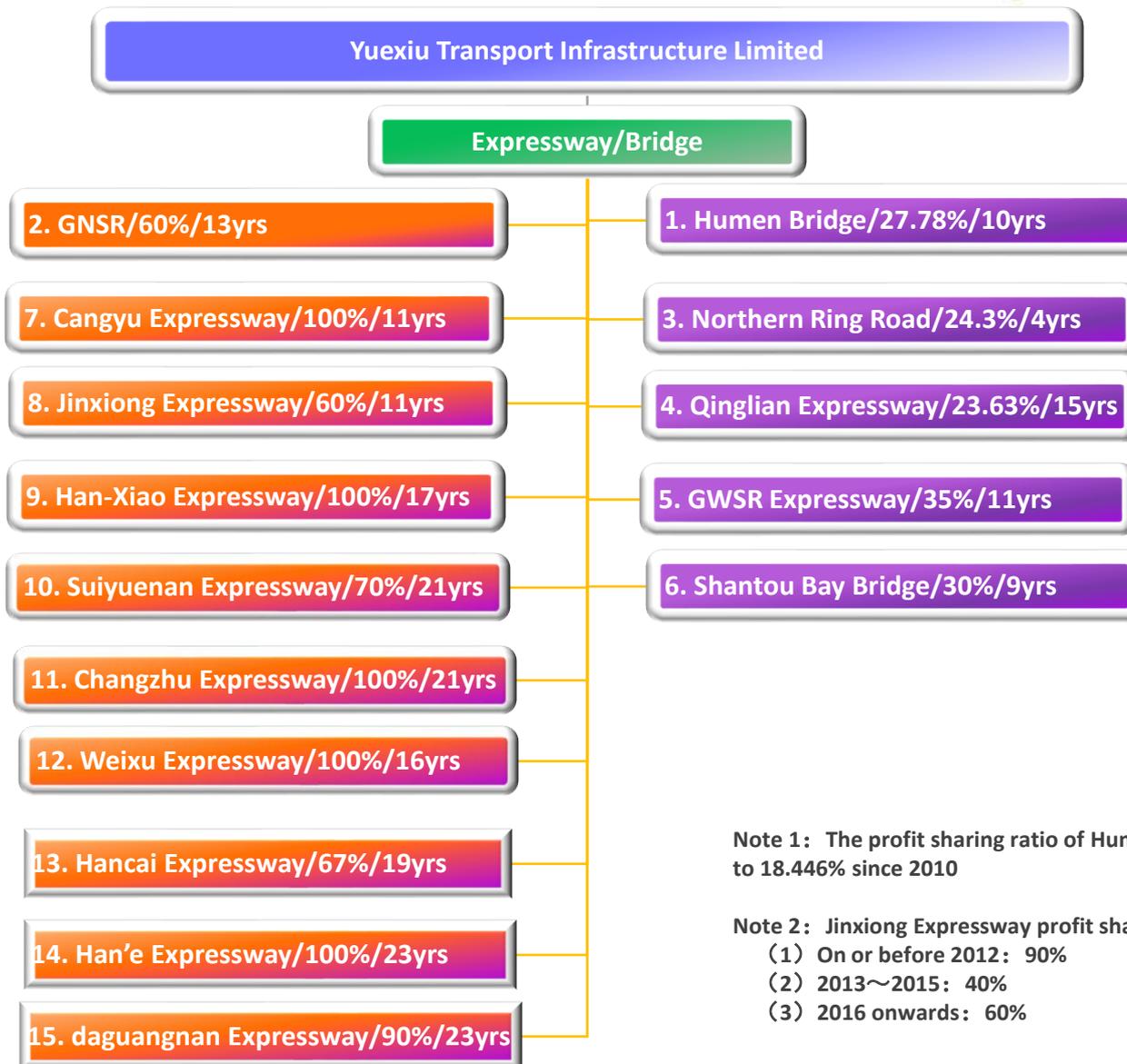
History



Shareholders Structure



Company structure

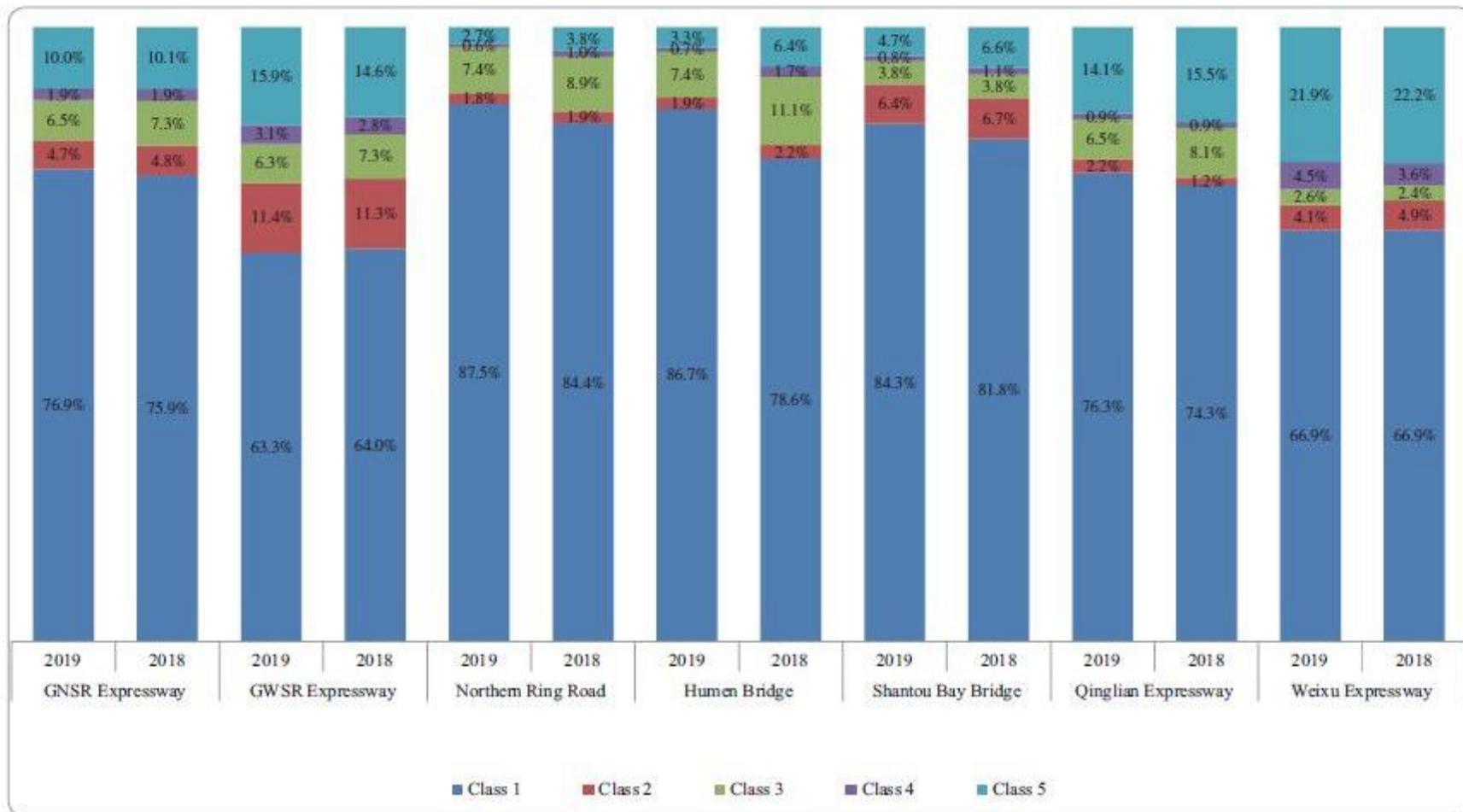


Note 1: The profit sharing ratio of Humen Bridge has been adjusted to 18.446% since 2010

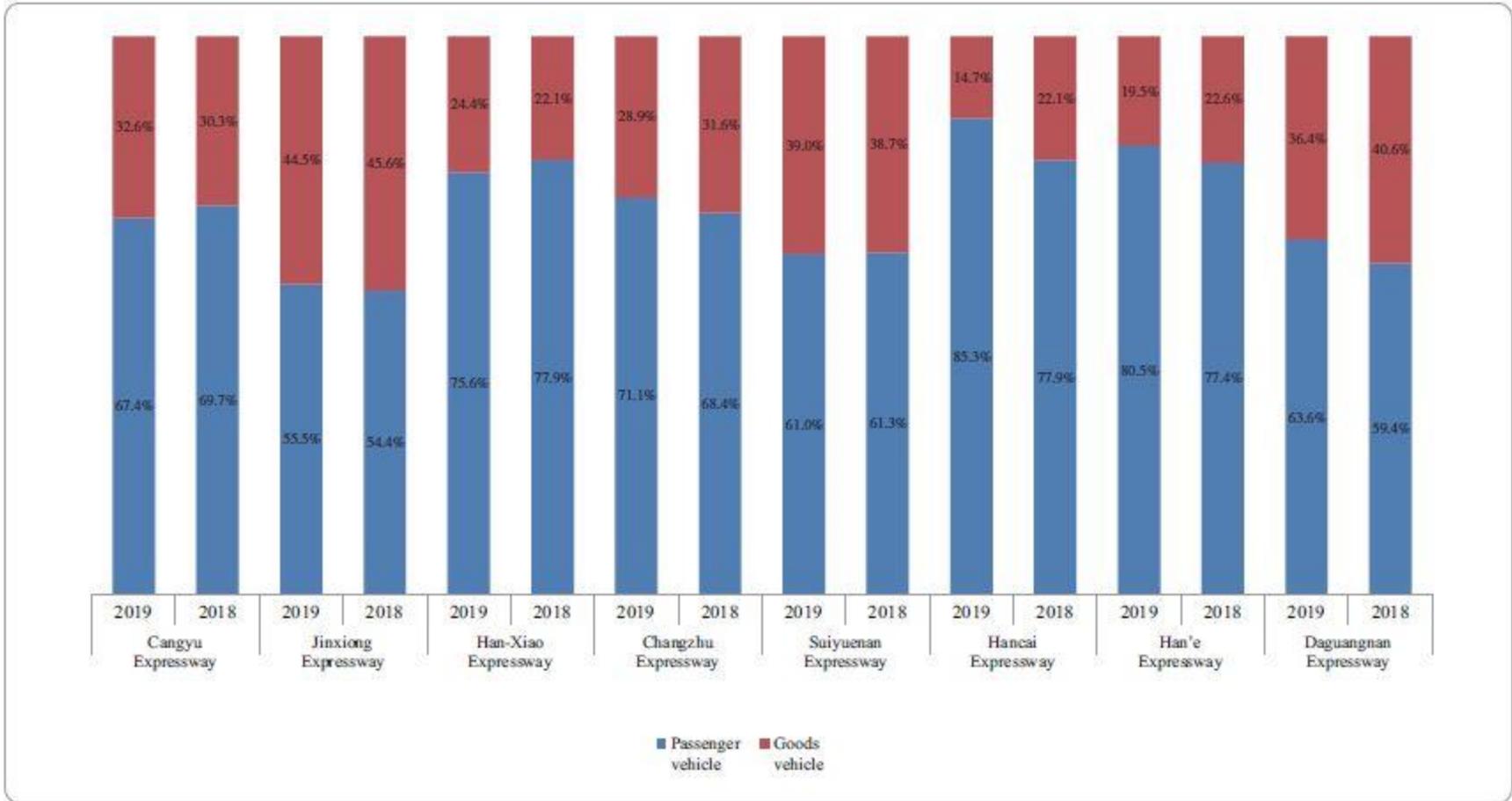
Note 2: Jinxiong Expressway profit sharing ratio:

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

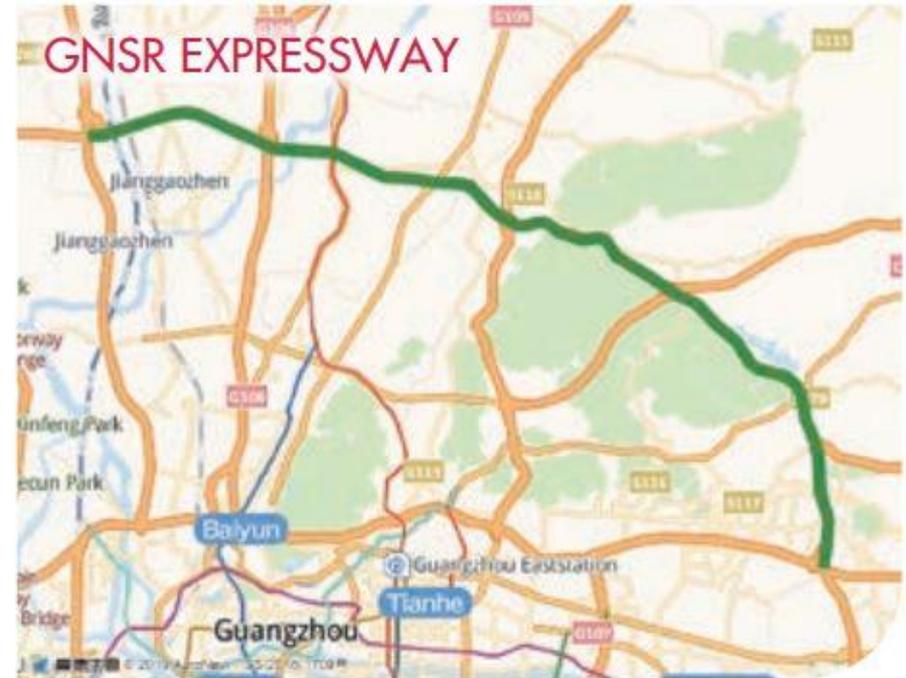
Traffic Mix (2019 vs 2018)



Traffic Mix (2019 vs 2018)



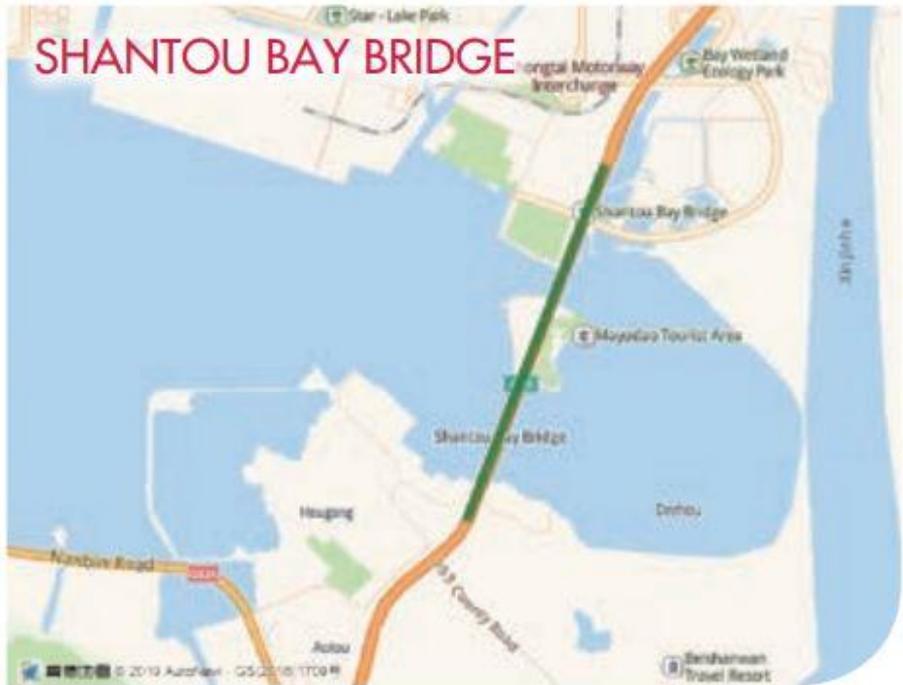
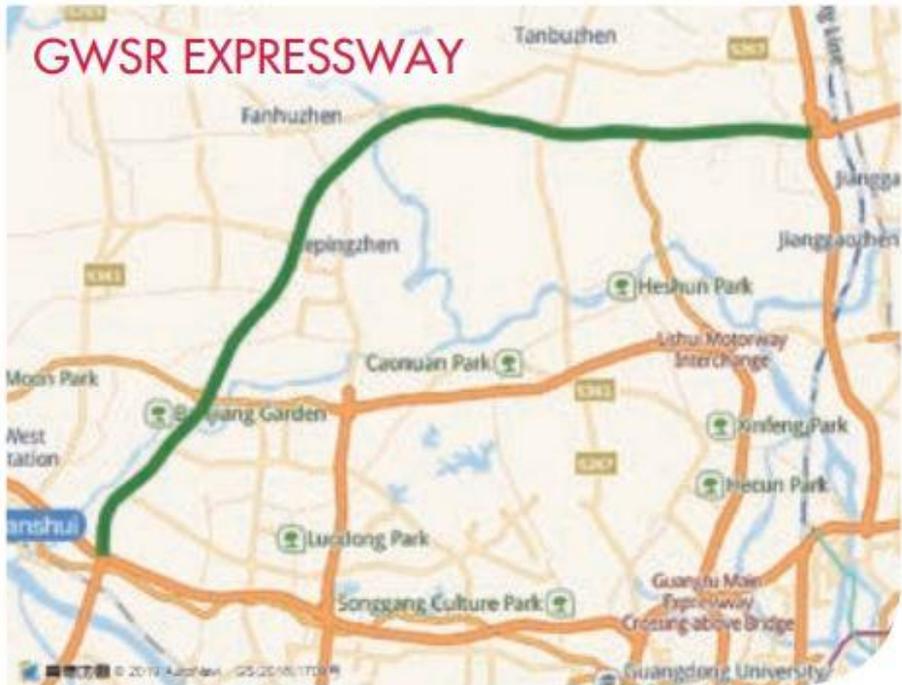
Map - Guangdong



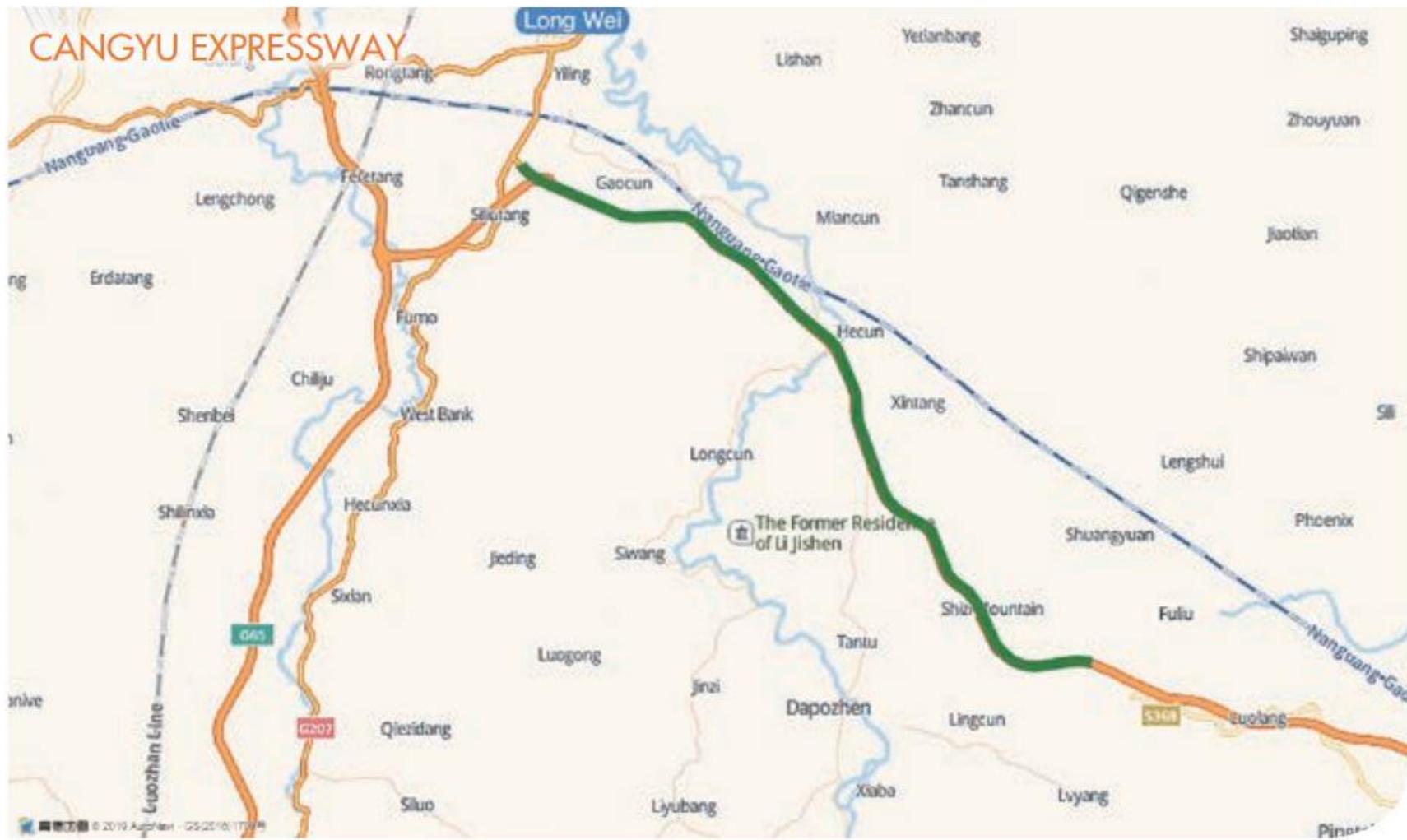
Map - Guangdong



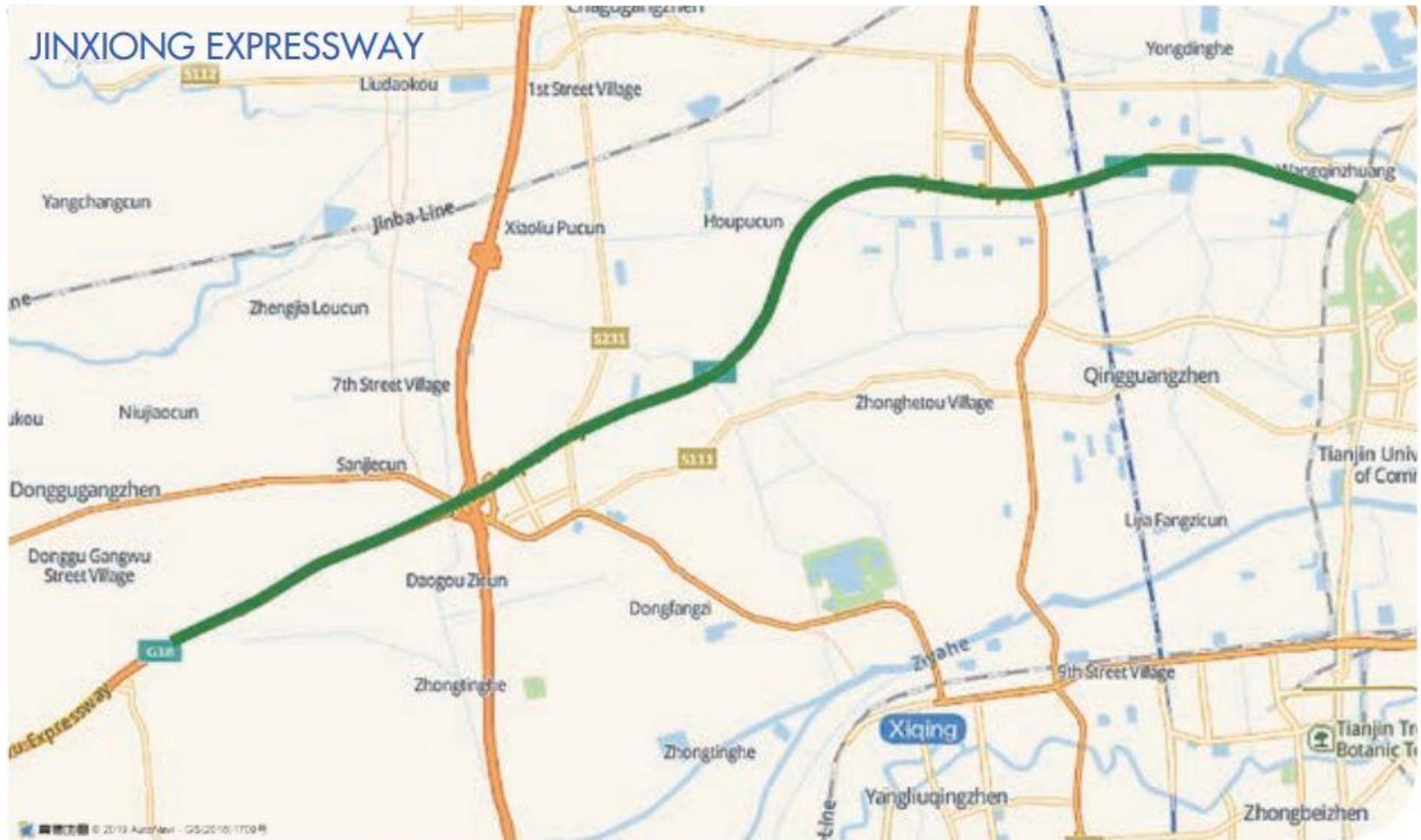
Map - Guangdong



Map - Guangxi



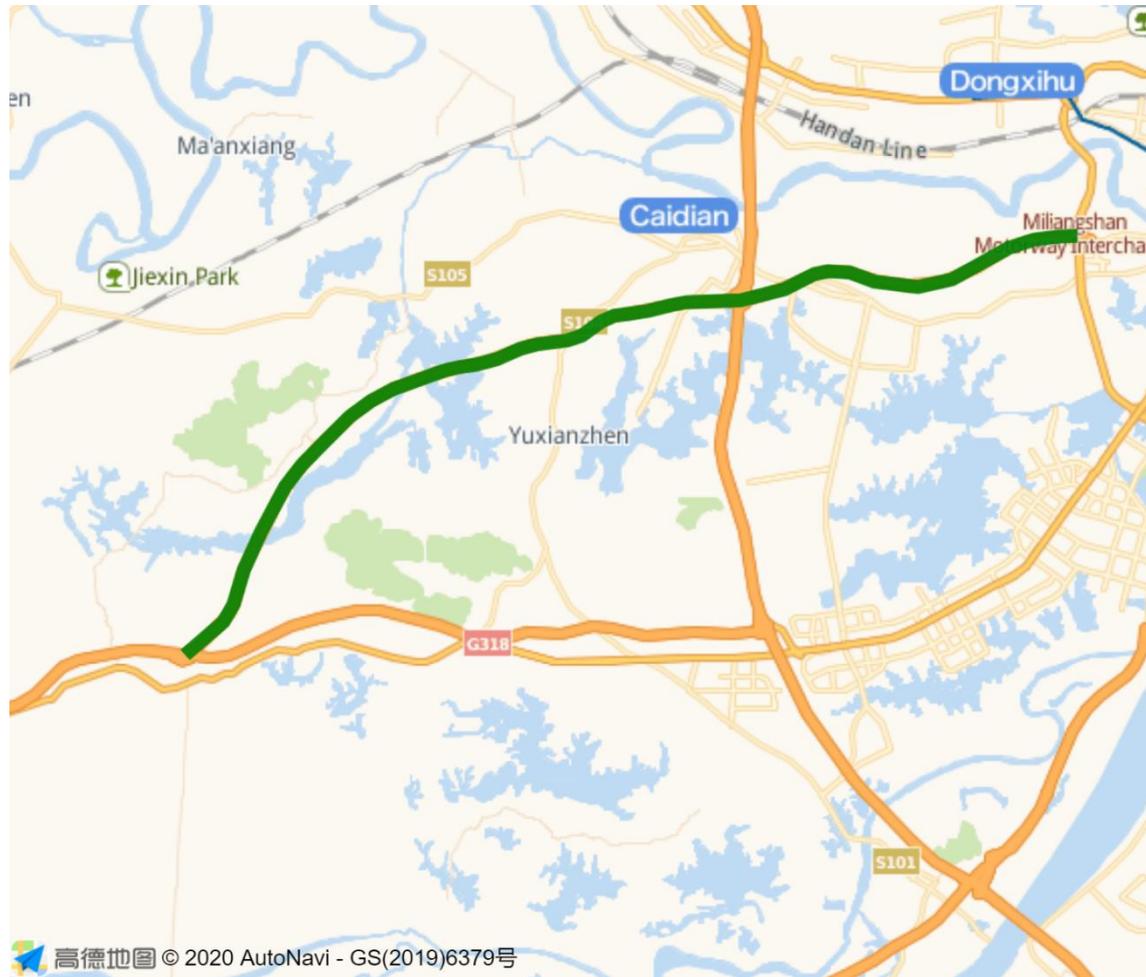
Map - Tianjin



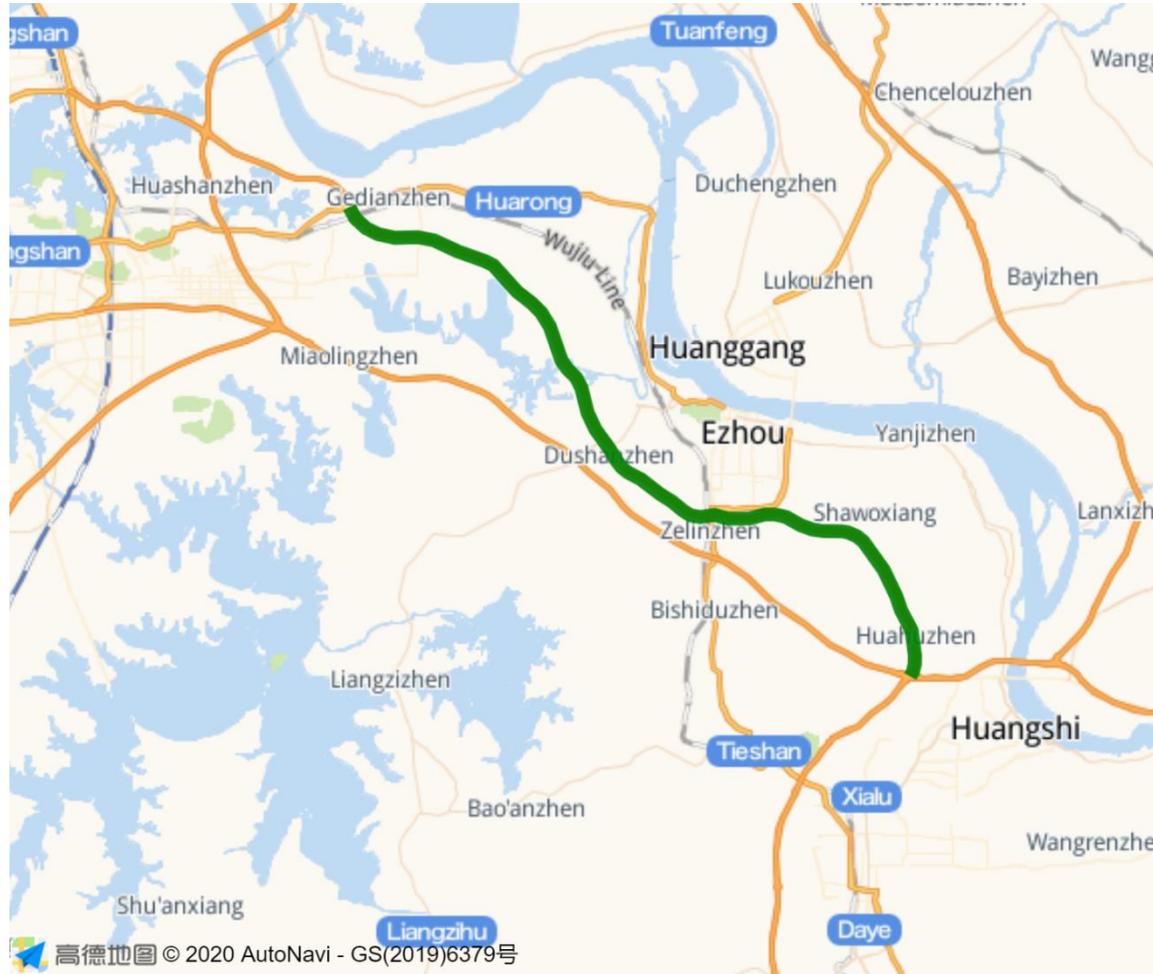
Map - Hubei



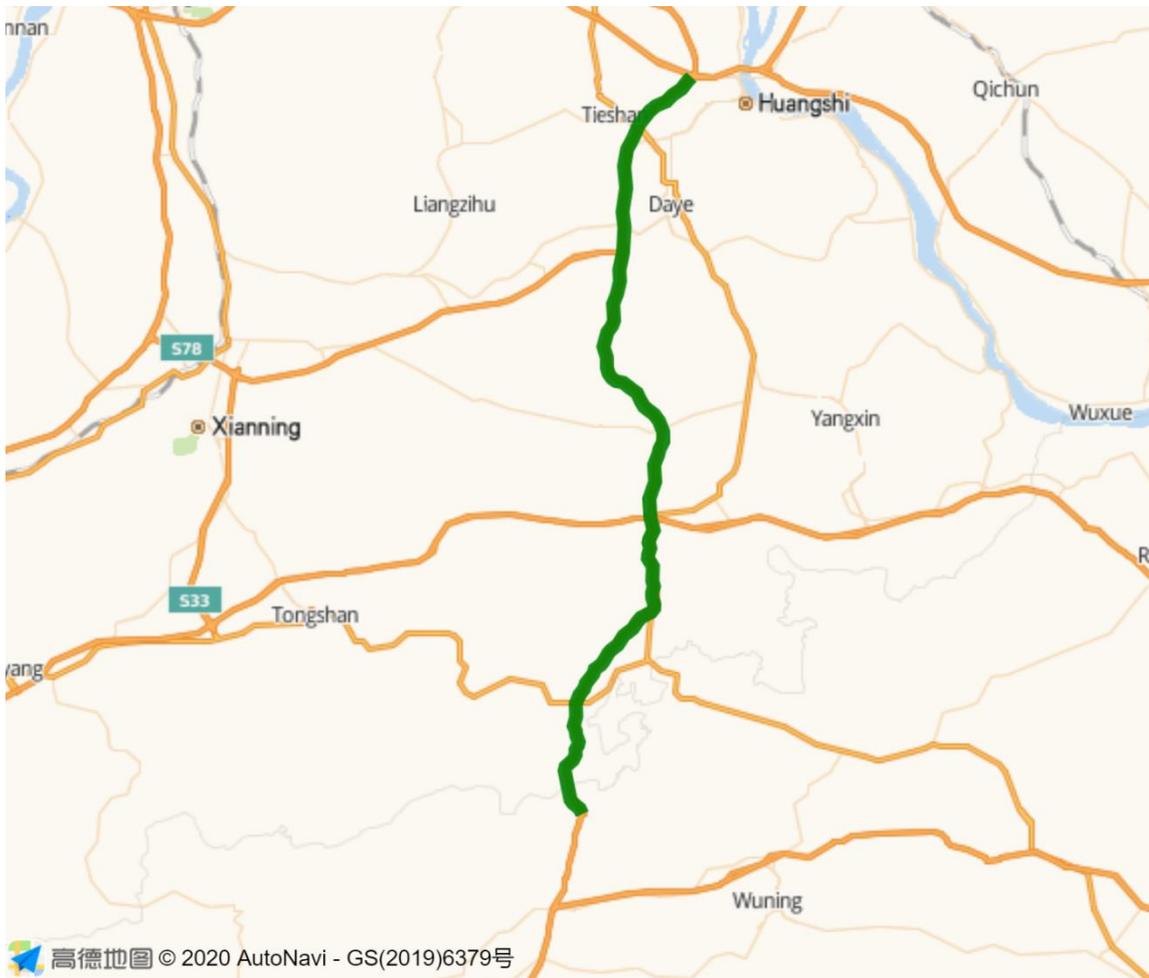
HANCAI EXPRESSWAY



HAN' E EXPRESSWAY



DAGUAGNNAN EXPRESSWAY



Map - Hunan



Map - Hebei



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