



越秀交通基建有限公司

YUEXIU TRANSPORT INFRASTRUCTURE LIMITED

(Stock Code: 01052)



Guangdong Humen Bridge



GNSR-Badou Flyover

Creating **Excellent Values**

INTERIM REPORT 2015





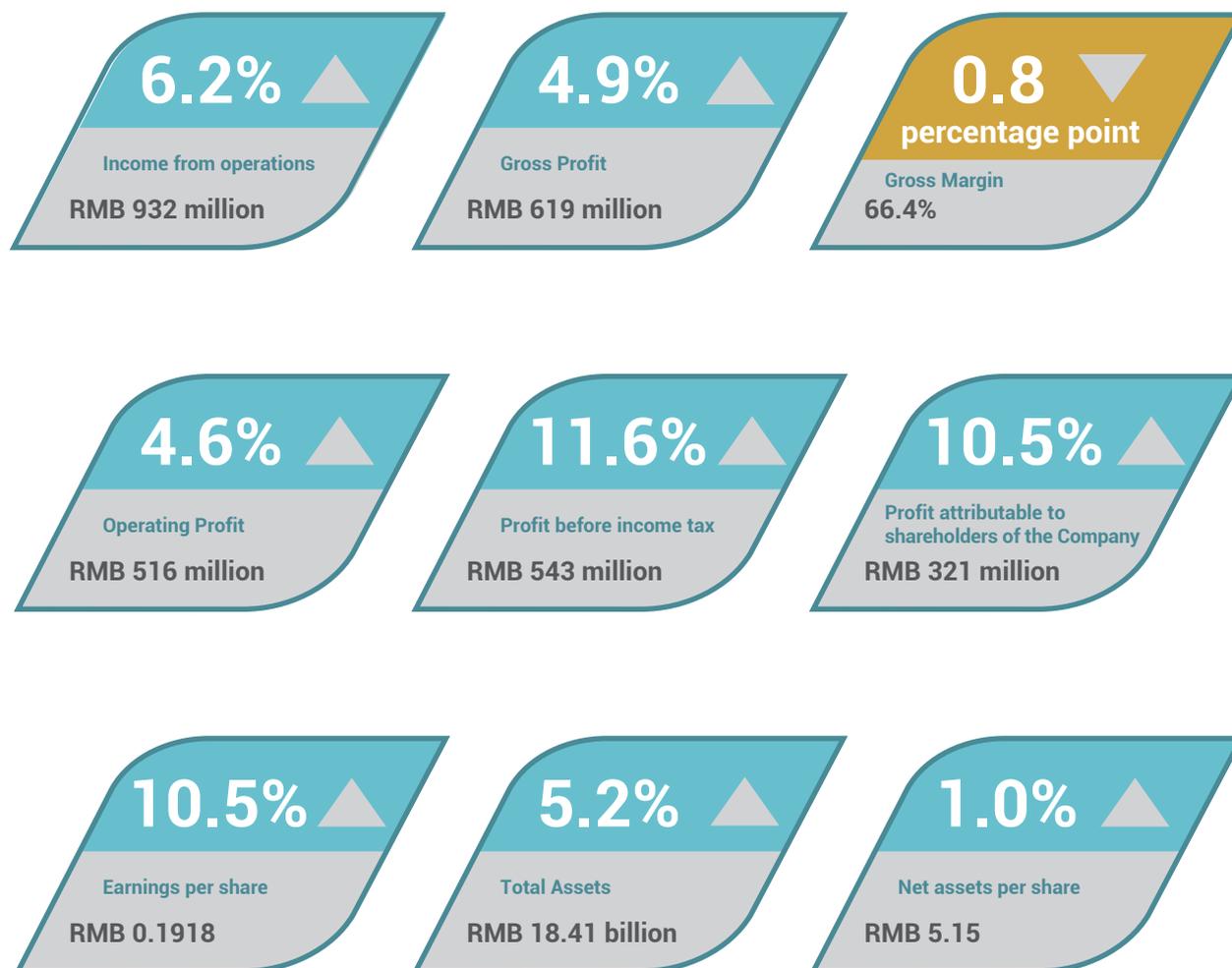
Changzhu-Ganshan Interchange (To Zhuzhou)

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Financial Highlights

RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2015



Five Years Financial Summary

INCOME STATEMENT

for six months ended 30 June

(RMB million)	2015	2014	2013	2012	2011
Income from operations	932	877	825	701	623
Profit attributable to shareholders of the Company	321	291	255	243	254
Earnings per share	RMB0.1918	RMB0.1736	RMB0.1526	RMB0.1452	RMB0.1521

BALANCE SHEET

(RMB billion)	30 June 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Total Assets	18.41	17.51	18.23	18.71	16.15
Total Liabilities	7.98	7.07	7.95	8.63	6.19
Total Equity	10.43	10.45	10.28	10.08	9.96
Equity attributable to:					
Shareholders of the Company	8.62	8.53	8.28	8.09	7.93
Non-controlling interests	1.81	1.92	2.00	1.99	2.03
Net assets per share to shareholders of the Company	RMB5.15	RMB5.10	RMB4.95	RMB4.84	RMB4.74

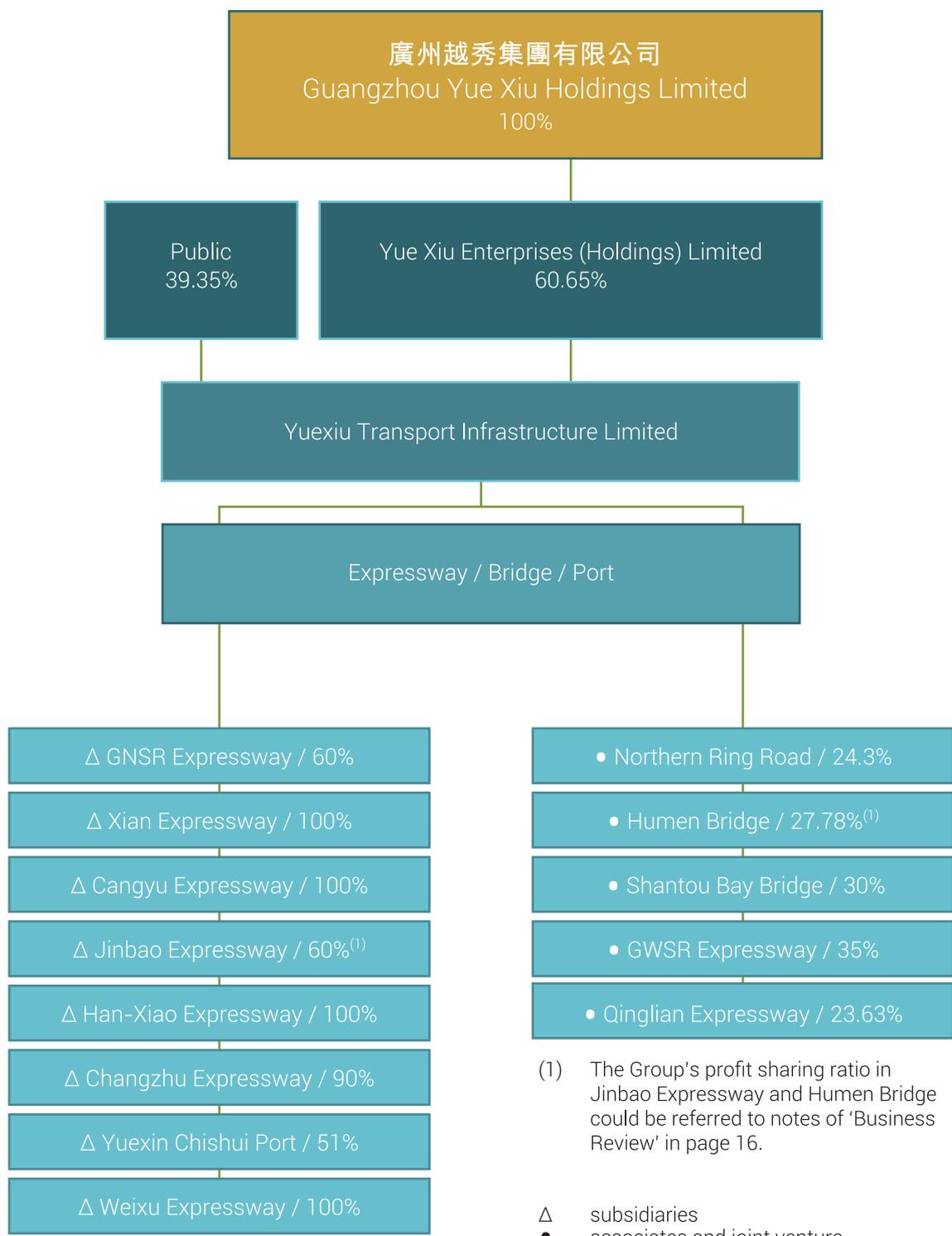
FINANCIAL RATIOS

(RMB billion)	30 June 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Return on equity attributable to shareholders of the Company	7.44%	7.15%	6.70%	5.27%	7.04%
Interest coverage	6.8 times	5.6 times	4.5 times	4.1 times	7.6 times
Gearing ratio ¹	26.0%	27.6%	29.4%	35.1%	24.0%
Total liabilities/Total assets ratio ²	43.3%	40.4%	43.6%	46.1%	38.3%

1 net debts ÷ total capitalization (net debts + total equity)

2 total liabilities ÷ total assets

Corporate Profile



Corporate Profile

Yuexiu Transport Infrastructure Limited (“Company”) and its subsidiaries (collectively, “Group”) are principally engaged in investment, operation and management of toll expressways and bridges in Guangdong Province and other high-growth provinces in the People’s Republic of China (“PRC”). The Company’s substantial shareholder, Guangzhou Yue Xiu Holdings Limited is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission (“SASAC”) of the Guangzhou Municipal People’s Government.

As at 30 June 2015, the Group had a total of 12 investments in its operating expressways and bridge projects which included Guangzhou Northern Second Ring Expressway (“GNSR Expressway”), Guangzhou Western Second Ring Expressway (“GWSR Expressway”), Guangzhou Northern Ring Road (“Northern Ring Road”), Guangdong Humen Bridge (“Humen Bridge”), Shantou Bay Bridge and Qinglian Expressway, all of which are located within Guangdong Province; Xian to Lintong Expressway in Shaanxi Province (“Xian Expressway”); Cangyu Expressway in Guangxi Zhuang Autonomous Region (“Cangyu Expressway”); Jinbao Expressway in Tianjin Municipality; Han-Xiao Expressway in Hubei Province; Changzhu Expressway in Hunan Province; and Weixu Expressway in Henan Province.

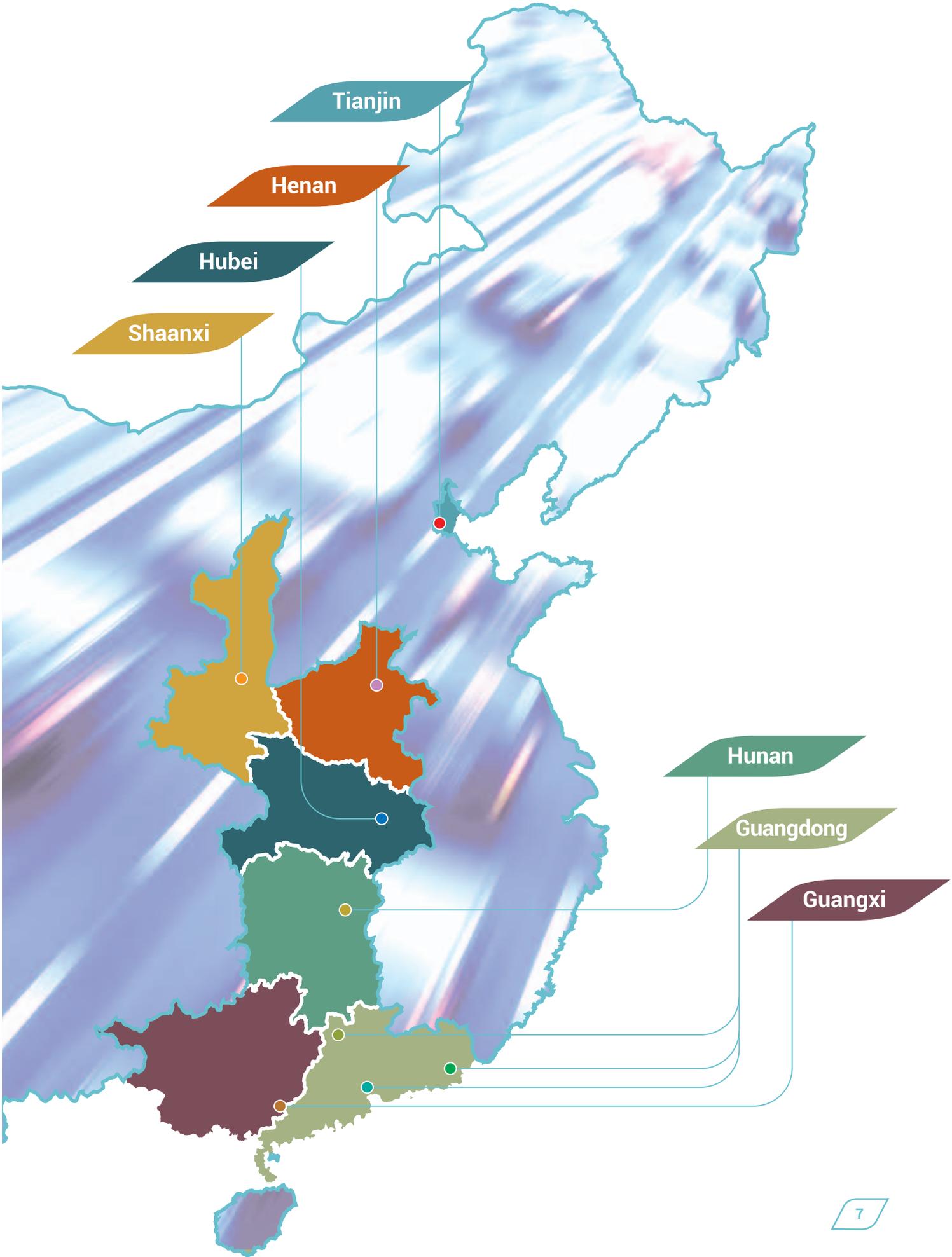
As at 30 June 2015, the attributable toll length of the Group’s subsidiaries is approximately 227.9 km (total toll length is approximately 259.1 km), attributable toll length of the Group’s associates/joint venture is approximately 77.3 km, the total attributable toll length of expressways and bridges is approximately 305.2 km. Moreover, the Group has also invested in Yuexin Chishui Port, a terminal project located in Wuzhou city (“Yuexin Chishui Port”).



Location Maps of Projects

LOCATION	PROJECTS NAME
GUANGDONG	
Dongguan City	● Humen Bridge
Guangzhou City	● GNSR Expressway
Guangzhou City	● Northern Ring Road
Guangzhou City	● GWSR Expressway
Qingyuan City	● Qinglian Expressway
Shantou City	● Shantou Bay Bridge
SHAANXI	
Xian City	● Xian Expressway
GUANGXI	
Wuzhou City	● Cangyu Expressway
Wuzhou City	● Yuexin Chishui Port
TIANJIN	
Tianjin City	● Jinbao Expressway
HUBEI	
Wuhan City	● Han-Xiao Expressway
HUNAN	
Changsha City	● Changzhu Expressway
HENAN	
Xuchang City	● Weixu Expressway





Location Maps of Projects

1 Humen Bridge

It is a six-lane suspension highway bridge with a toll length of approximately 15.8 km linking Panyu District of Guangzhou City and Dongguan City. Its two ends are connected to the GS Superhighway and Guangzhou Zhuhai Eastern Expressway.



2 GNSR Expressway

It is a six-lane expressway of approximately 42.5 km for toll length, with 10 flyovers in total. GNSR Expressway also connects with GWSR Expressway, Guangqing Expressway, Airport Expressway, G4 Expressway, Huanan Expressway, Guanghe Expressway, Guanghui Expressway, GS Superhighway, GESR Expressway, National Highway 105, 106, 324 and Provincial Highway 114 and so on.



3 Northern Ring Road

It is located within Guangzhou City with a toll length of approximately 22.0 km with six lanes. It is a part of Guangzhou Second Ring Expressway, Guangzhou section of Shenhai Expressway and Fukun section of National Highway, linking with GS Superhighway and Guangzhou Foshan Expressway.



4 Qinglian Expressway

It is located in the northwestern part of Guangdong as a significant linkage between Guangdong and Hunan. The toll length is approximately 215.2 km with four lanes.



5 GWSR Expressway

The toll length is approximately 42.1 km with six lanes which is connected to GNSR Expressway, Guangqing Expressway, southern part of GWSR Expressway and Guangsan Expressway.



6 Shantou Bay Bridge

It is located in the eastern entrance of Shantou Harbour which connects Shenshan Expressway in the south and stretches over Shantou Harbour Huangsha Bay Sea. The project's toll length is approximately 6.5 km with six lanes.



Location Maps of Projects

GUANGDONG PROVINCE



Location Maps of Projects

7 Xian Expressway

It is the connection between Xian and Lintong as well as a part of Lianhuo Expressway (G30) with a toll length of approximately 20.1 km with four lanes and intersects with Rao Cheng Expressway. It is also a major access connecting Xian City to World Famous historical relics and scenic spots such as Terra-Cotta Warriors and Huaqing Hot Spring.



SHAANXI PROVINCE



Location Maps of Projects

8 Cangyu Expressway

It is located in Cangwu County of Wuzhou City in Guangxi Zhuang Autonomous Region, linking the Cangwu County of Guangxi with the Yunan County of Guangdong Province. The toll length is approximately 23.3 km with four lanes, forming a part of Guangkun Expressway (G80).



9 Yuexin Chishui Port

It is situated at the Xijiang Gold Water-course in the PRC and is a main inland port at Xijiang. Located 8.2 km upstream from the dam site at Changzhou Water Conservancy Hub in Wuzhou City, the Port has five 2,000-tonne berths (Phase I) with designed annual handling capacity of 1,980,000 tonnes. The Port connects with the Class 1 Port Entry Highway and Nanwu Class 2 Highway at Kong Liang area. Also, the entry to the Port is only 6 km away from Baomao Expressway. The specialized entry-railway connects the Kong Liang station of the Wuzhou section of Luozhan Railway.



GUANGXI



Location Maps of Projects

10 Jinbao Expressway

It is located in the west of Tianjin Municipality, and Hebei Province at the junction, and linking the Jinbao Expressway (Hebei section), Jinghu Expressway and Tianjin Waihuan Lane etc. with a toll length of approximately 23.9 km with four lanes.



TIANJIN CITY



Location Maps of Projects

11 Han-Xiao Expressway

It starts from Huangpi District, Wuhan city and ended at Xiaonan District, Xiaogan City. The toll length is approximately 38.5 km with four lanes. Han-Xiao Expressway also connects with Wuhan Airport Expressway, G4 Expressway, Wuhan Ring Road, Daijiashan-Huangpi Expressway and Xiaoxiang Expressway.



HUBEI PROVINCE



Location Maps of Projects

12 Changzhu Expressway

It starts from Huanghua Village in the Changsha County, Changsha City, while ending at northwest of Zhuzhou Electric Factory. Changzhu Expressway has a toll length approximately of 46.5 km with four lanes. It connects with Changsha City Ring Road, Chang-Liu Expressway, Airport Expressway, Hukun Expressway.



HUNAN PROVINCE



Management Discussion and Analysis

INTERIM RESULTS AND DIVIDEND

For the period ended 30 June 2015 (the 'Reporting Period'), the Group achieved a steady growth in its overall results with the income from operations of RMB932 million, representing a year on year growth of 6.2% (of which the toll income was RMB927 million, representing a year on year growth of 5.6%) and profit attributable to shareholders of RMB321 million, representing a year on year growth of 10.5%.

The Board resolved to declare an interim dividend of HK\$0.12 per share, which is equivalent to RMB0.0956832 per share (interim period of 2014: HK\$0.11 per share, which is equivalent to approximately RMB0.087350 per share), representing an interim dividend payout ratio of 49.9%.

BUSINESS REVIEW

Summary Information of Operating Toll Roads and Bridges

	Toll Mileage	Width (Lanes)	Toll Station(s)	Road Type	Attributable Interests (%)	Remaining Operating Term (years)
Subsidiaries						
GNSR Expressway	42.5	6	5	Expressway	60.00	17
Xian Expressway	20.1	4	3	Expressway	100.00	1
Cangyu Expressway	23.3	4	1	Expressway	100.00	15
Jinbao Expressway	23.9	4	3	Expressway	60.00 ⁽¹⁾	15
Han-Xiao Expressway	38.5	4	2	Expressway	100.00	21
Changzhu Expressway	46.5	4	5	Expressway	90.00	25
Weixu Expressway	64.3	6	2	Expressway	100.00	20
Associates and Joint Venture						
GWSR Expressway	42.1	6	4	Expressway	35.00	15
Humen Bridge	15.8	6	4	Suspension Bridge	27.78 ⁽²⁾	14
Northern Ring Road	22.0	6	8	Expressway	24.30	8
Shantou Bay Bridge	6.5	6	3	Suspension Bridge	30.00	13
Qinglian Expressway	215.2	4	16	Expressway	23.63	19

(1) The Group holds 60% interests; profit sharing ratio: 90% up to 2012, 40% from 2013 to 2015, and 60% from 2016 onwards.

(2) The profit sharing ratio was 18.446% from 2010 onwards.

Management Discussion and Analysis

Toll Summary of Toll Roads and Bridges

For the six months ended 30 June 2015

	Average daily toll traffic volume		Average daily toll income	
	1H 2015 (Vehicle/day)	Change (%)	1H 2015 (RMB/day)	Change (%)
Subsidiaries				
GNSR Expressway	157,612	11.6%	2,376,381	9.2%
Xian Expressway	21,063	-59.3% ⁽¹⁾	689,426	3.1%
Cangyu Expressway	7,166	-5.0%	178,574	-1.1%
Jinbao Expressway	24,930	1.2%	243,199	-6.3%
Han-Xiao Expressway	18,637	2.7%	373,835	-1.6%
Changzhu Expressway	17,470	16.4%	503,434	16.9%
Weixu Expressway	16,304	-0.1%	756,844	0.7%
Associates and Joint Venture				
GWSR Expressway	45,399	2.2%	880,337	4.0%
Humen Bridge	96,661	9.5%	3,647,892	5.1%
Northern Ring Road	262,054	6.6%	1,865,597	3.9%
Shantou Bay Bridge	20,132	5.4%	638,282	-4.1%
Qinglian Expressway	33,650	1.9%	1,806,280	-19.5%

- (1) During the Reporting Period, a project was being implemented to change the existing four lanes to eight lanes for Xian Expressway. During the period, traffic control was implemented with a relatively significant decline in the toll traffic volume.

Management Discussion and Analysis

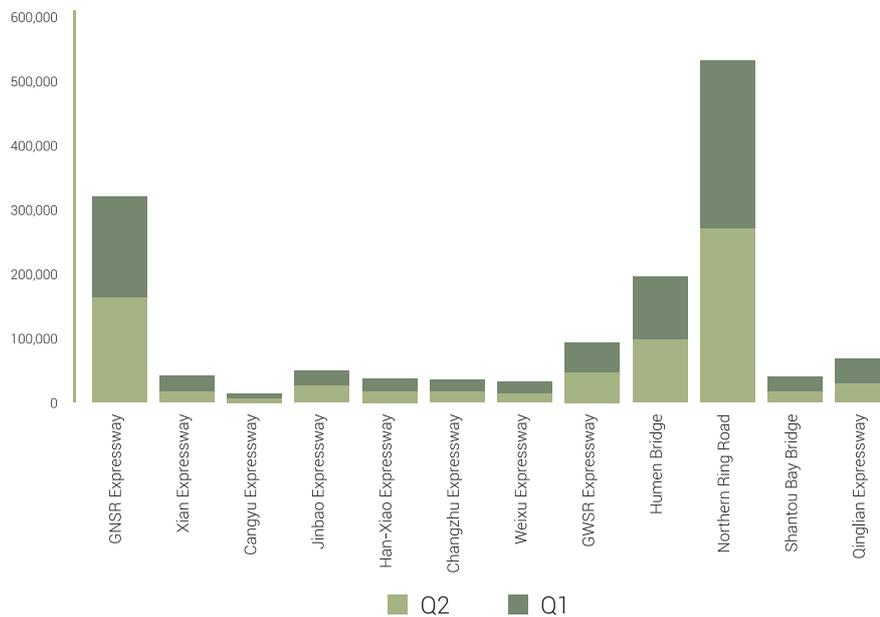
Toll Roads and Bridges

Quarterly analysis of average daily toll traffic volume for 1H 2015

	Average daily toll traffic volume for Q1 (Vehicle/day)	Average daily toll traffic volume for Q2 (Vehicle/day)
Subsidiaries		
GNSR Expressway	153,753	161,429
Xian Expressway	23,587	18,567
Cangyu Expressway	7,896	6,443
Jinbao Expressway	22,840	26,998
Han-Xiao Expressway	20,064	17,225
Changzhu Expressway	17,267	17,671
Weixu Expressway	17,359	15,261
Associates and Joint Venture		
GWSR Expressway	43,860	46,920
Humen Bridge	94,856	98,445
Northern Ring Road	256,900	267,151
Shantou Bay Bridge	21,311	18,967
Qinglian Expressway	38,117	29,232

Management Discussion and Analysis

Analysis of average daily toll traffic volume for Q1 and Q2 of 2015



Vehicle type analysis (by traffic volume)

During the Reporting Period, the Group's operating projects are distributed in seven provinces/municipality including Guangdong, Guangxi, Hunan, Hubei, Shaanxi, Henan and Tianjin. According to the vehicle type classification, which was based on the location where the Group invested and operated its projects, the vehicle types of projects operated in the provinces of Guangdong and Henan were classified as Class 1 to Class 5, for projects operated in other areas, the vehicle types were classified into passenger (vehicle) and goods (vehicle). A reconstruction and expansion project was being implemented to change the existing four lanes to eight lanes for Xian Expressway during the Reporting Period. During the period, traffic control was implemented and there were significant changes in the toll traffic volume and the vehicle type mix. Besides, the toll income was based on the actual revenue in 2014 and was calculated in accordance with an increment of 3.5%. The vehicle type mix did not match the toll income. Therefore, an analysis of vehicle types was no longer made.

Management Discussion and Analysis

**Vehicle type analysis on projects operated in the provinces of Guangdong and Henan for 1H 2015
(based on statistics of traffic volume)**



**Vehicle type analysis on projects operated in other regions for 1H 2015
(based on statistics of traffic volume)**



Management Discussion and Analysis

Summary of operating performance

Macroeconomic environment

In the first half of 2015, the global economy continued to recover slowly. The process of the recovery of developed economies was better than that of emerging markets. The emerging markets faced with the dual threats of a slowdown in the economic growth and capital outflow. In particular, affected by the strong US dollar and the decline in prices of bulk commodities, resource-exporting countries faced with the stagflation risk.

Although the international economic environment was still full of uncertainties, the domestic economy still achieved steady growth in the first half of the year. According to the initial accounting by the National Bureau of Statistics, the GDP for the first half of the year was RMB29.69 trillion, representing a year-on-year increase of 7% on a comparable price basis. The sign of economic stabilization first emerged, which was mainly attributed to three major factors: firstly, the government successively introduced more measures to stabilize growth, including accelerating the pace of approving and initiating projects such as water conservancy and railway; secondly, the CPC Central Committee and the State Council speeded up the promotion of decentralization and encouraged innovation by the general public and supported the development of emerging industries; thirdly, the central bank has implemented monetary policies such as cuts in both the interest rate and reserve-requirement ratio for a number of times since the beginning of the year in order to ease the problem of high financing costs in the real economy and supporting the development of the real economy. Although the growth of the domestic GDP has dropped to the lowest level in six years, it was a result of entering the stage of "new normality" and transformation and upgrade for the domestic economy.

As the economic growth slowed down while maintaining stability, the domestic transport industry and economy continued to develop steadily. In the first half of 2015, the highway passenger transportation turnover and freight turnover increased by 3.1% and 6.4% year on year, respectively. The investment of fixed transport assets remained significant, of which the investment amounting to RMB646.9 billion in highway construction was completed, a year-on-year increase of 10.2%. Investment in transport has played an important role in stabilizing growth.

Projects invested and operated by the Group are distributed over Guangdong, Shaanxi, Tianjin, Guangxi, Hunan, Hubei and Henan. The total output value of these regions increased by 7.7%, 7.3%, 9.4%, 8%, 8.5%, 8.7% and 7.8% year on year, respectively, in the first half of 2015, all higher than the national average for the same period.

(Unit: RMB100 million)

	National	Guangdong Province	Shaanxi Province	Tianjin City	Guangxi Autonomous Region	Hunan Province	Hubei Province	Henan Province
GDP in 1H 2015	296,868	34,527	7,898	7,884	6,769	12,800	13,105	16,737
Growth rate in 1H 2015	7.0%	7.7%	7.3%	9.4%	8.0%	8.5%	8.7%	7.8%
Growth rate in 1H 2014	7.4%	7.5%	9.7%	10.3%	8.5%	9.3%	9.5%	8.8%

Source: National and Provincial Bureaux of Statistics, Ministry of Transport

Management Discussion and Analysis

Policy Environment of the Sector

During the Reporting Period, the policy environment of toll road sector remains steady. According to the Ministry of Transport, amendments will be made to expressway toll regulations and institutional reform will be made on the expressway toll.

During the Reporting Period, the Ministry of Finance and the Ministry of Transport jointly issued the Implementation Opinions on Promotion and Adoption of Public-Private Partnership Model in Toll Highway Sector (《關於在收費公路領域推廣運用政府和社會資本合作模式的實施意見》) in order to promote and adopt the Public-Private Partnership (PPP) model in the toll highway sector and encourage the participation of private capital in the investment, construction, operation and maintenance of toll highways.

During the Reporting Period, the Ministry of Transport further implemented the national expressway electronic toll collection (ETC) system. As at the end of June 2015, four provinces including Guangdong, Hubei, Henan and Guizhou were successfully incorporated into the regions of the national ETC joint network. So far, the ETC joint network has already commenced in 18 provinces and municipalities, the traffic flow efficiency of expressways will be further enhanced.

During the Reporting Period, the "Green Passage Toll Free Policy" and the "Toll Free Policy for Passenger Cars with Seven Seats or Less during Major Holidays" were enforced on expressways and bridges of the Group in compliance with the relevant national requirements. The enforcement of the "Green Passage Toll Free Policy" led to a decrease in the toll income of the Group by approximately RMB53.05 million, which was basically the same as last year. There were a total of 13 days of major holidays satisfying the requirements of the "Toll Free Policy for Passenger Cars with Seven Seats or Less during Major Holidays" in the first half of the year, and the enforcement of such policy led to a decrease in the toll income of the Group by approximately RMB37.76 million according to preliminary estimation⁽¹⁾.

Business Improvements and Innovations

During the Reporting Period, the Group continued to strengthen innovative breakthroughs and fine management and focused on the standardized management system construction of business operations such as maintenance, mechanical and electrical, road property rights and toll collection management in order to enhance its professional business management and control, strengthen cost control, increase core business operation capacity and improve project operation performance. Moreover, the Group, in light of new trend of joint toll collection and its business development needs, steadily promoted the business optimization including toll split check, information-based business support and internal control procedures in order to continuously improve internal management efficiency. At the same time, the Group actively conducted research on diversified business development strategies in order to pursue new development for the extension from the principal business, namely toll highway, to other diversified industries.

Note:

- (1) The estimation result is based on the simulated calculation based on data available to subsidiaries and historical data for reference purpose.

Management Discussion and Analysis

Progress of Investment

During the Reporting Period, the Group focused on promoting the approval of transfer of equity interests in Suiyuanan Expressway and achieved substantial progress. In the future, the Group will continue to focus on investment in high quality expressways and select to acquire diversified projects with good development potential in order to improve the Group's overall profitability and achieve sustainable development.

Performance of Expressways and Bridges

Subsidiaries

GNSR Expressway

During the Reporting Period, the average daily toll traffic volume was 157,612 vehicles and the average daily toll revenue was RMB2,376,000, representing an increase of 11.6% and 9.2%, respectively, when compared with the first half of 2014.

Benefiting from favorable factors such as growing ownership of passenger vehicles and toll by weight, the average daily toll traffic volume and average daily toll revenue maintained a growth trend year on year.

Xian Expressway

During the Reporting Period, the average daily toll traffic volume was 21,063 vehicles and the average daily income was RMB689,000, representing a decrease of 59.3% and an increase of 3.1%, respectively, when compared with the first half of 2014.

In accordance with the expressway development planning of Shaanxi Province, a reconstruction and expansion project will be implemented to change the existing four lanes to eight lanes for Xian Expressway. Pursuant to the agreement with the parties involved in the renovation and expansion project, toll income for 2015 will be calculated based on the actual income for 2014 and increase progressively by 3.5%. (less than 3.5% was due to the recognition of unallocated revenue amounting to RMB490,000 for 2013 in January 2014)

Cangyu Expressway

During the Reporting Period, the average daily toll traffic volume was 7,166 vehicles and the average daily toll revenue was RMB179,000, representing a decrease of 5.0% and 1.1%, respectively, when compared with the first half of 2014.

Due to the diversion impact from the commencement of Yunluo Expressway and Guanghe Expressway, the average daily toll traffic volume and average daily toll revenue both declined year-on-year. However, benefiting from the increase in traffic resulting from the commencement of Guigang-Wuzhou Expressway on 20 April 2015, the toll revenue gradually rebounded.

Management Discussion and Analysis

Jinbao Expressway

During the Reporting Period, the average daily toll traffic volume was 24,930 vehicles and the average daily toll revenue was RMB243,000, representing an increase of 1.2% and a decrease of 6.3%, respectively, when compared with the first half of 2014.

Due to the impact of traffic restriction regarding vehicles in Tianjin (including measures to ban non-local vehicles and goods vehicles in different hours, regional restriction policy according to the last digit of license during working days), the average daily toll traffic volume and average daily toll revenue recorded a year on year decrease.

Han-Xiao Expressway

During the Reporting Period, the average daily toll traffic volume was 18,637 vehicles and the average daily toll revenue was RMB374,000, representing an increase of 2.7% and a decrease of 1.6%, respectively, when compared with the first half of 2014.

Due to the regional rapid economic growth and rising vehicle ownership, the average daily toll traffic volume and the average daily toll revenue both increased rapidly year-on-year. However, affected by the implementation of traffic control measures due to construction works at neighboring road sections (construction period for connection between Dai-Huang Expressway and Liudian: 9 June 2014 to 30 June 2016 and construction period for Tianhe Airport North Road in Wuhan: 24 May 2014 to 30 May 2017), toll revenue slightly decreased year-on-year.

Changzhu Expressway

During the Reporting Period, the average daily toll traffic volume was 17,470 vehicles and the average daily toll revenue was RMB503,000, representing an increase of 16.4% and 16.9%, respectively, when compared with the first half of 2014.

Benefiting from economic growth in surrounding regions and further improvement of road network as well as the implementation of traffic control measures due to reconstruction works at Lituo section of the G4 National Expressway from 10 April 2015, double-digit growth was maintained for the average daily toll traffic volume and the average daily toll revenue year-on-year, respectively.

Weixu Expressway

During the Reporting Period, the average daily toll traffic volume was 16,304 vehicles and the average daily toll revenue was RMB757,000, representing a decrease of 0.1% and an increase of 0.7%, respectively, when compared with the first half of 2014.

Affected by backflow of traffic volumes partially diverted to Weixu Expressway due to restoring traffic of Hebei section of the G4 National Expressway after completion of reconstruction in December 2014, the average daily toll traffic volume of Weixu Expressway slightly decreased and the growth of toll revenue slowed down.

Management Discussion and Analysis

Associates and Joint Venture

GWSR Expressway

During the Reporting Period, the average daily toll traffic volume was 45,399 vehicles and the average daily toll revenue was RMB880,000, representing an increase of 2.2% and 4.0%, respectively, when compared with first half of 2014.

Benefiting from the growing ownership of passenger vehicle, the average daily toll traffic volume and the average daily toll revenue kept increasing year-on-year. The year on year decrease in growth was mainly due to the implementation of policy for restricted movement of goods vehicles of five tones and above on certain sections of neighboring Airport Expressway from 15 March 2015 (between 7:00 a.m. and 22:00 p.m.).

Humen Bridge

During the Reporting Period, the average daily toll traffic volume was 96,661 vehicles and the average daily toll revenue was RMB3,648,000, representing an increase of 9.5% and 5.1%, respectively, when compared with the first half of 2014.

Benefiting from the growing ownership of passenger vehicle, the average daily toll traffic volume and the average daily toll revenue kept increasing year-on-year.

Northern Ring Road

During the Reporting Period, the average daily toll traffic volume was 262,054 vehicles and the average daily toll revenue was RMB1,866,000, representing an increase of 6.6% and 3.9%, respectively, when compared with the first half of 2014.

Benefiting from the growing ownership of passenger vehicle, the average daily toll traffic volume and the average daily toll revenue kept increasing year-on-year.

Shantou Bay Bridge

During the Reporting Period, the average daily toll traffic volume was 20,132 vehicles and the average daily toll revenue was RMB638,000, representing an increase of 5.4% and a decrease of 4.1%, respectively, when compared with the first half of 2014.

Benefiting from the continuous growth of car ownership, the average daily toll traffic volume maintained steady growth year-on-year. However, affected by the implementation of traffic control due to repair of the bridge from 7 April 2015 (movement of goods vehicles of 30 tonnes and above was restricted and four lanes for two-way traffic were changed to two lanes for two-way traffic operation), the toll revenue decreased year on year.

Qinglian Expressway

During the Reporting Period, the average daily toll traffic volume was 33,650 vehicles and the average daily toll revenue was RMB1,806,000, representing an increase of 1.9% and a decreases of 19.5%, respectively, when compared with the first half of 2014.

Affected by diverted traffic volumes due to the commencement of Guangle Expressway from 27 September 2014 and Erguang Expressway from 31 December 2014, the growth of average daily toll traffic volume slowed down and the toll revenue decreased year on year.

Management Discussion and Analysis

FINANCIAL REVIEW

Key operating results figures

	Six months ended 30 June		Change %
	2015 RMB'000	2014 RMB'000	
Income from operations	932,023	877,495	6.2
Gross profit	618,706	589,805	4.9
Operating profit	516,455	493,522	4.6
Earnings before interests, tax, depreciation and amortization ("EBITDA") ¹	878,984	834,853	5.3
Finance costs	(131,197)	(160,770)	-18.4
Share of results of associates	119,248	127,163	-6.2
Share of result of a joint venture	8,543	9,031	-5.4
Profit attributable to shareholders of the Company	320,933	290,519	10.5
Basic and diluted earnings per share	RMB0.1918	RMB0.1736	10.5
Interim dividend	160,094	146,151	

¹ EBITDA includes profit from associates and joint venture and excludes non-cash gains and losses

I. Overview of operating results

The Group's income from operations grew of 6.2 percent to RMB932.0 million and profit attributable to shareholders of the Company increased by 10.5 percent to RMB320.9 million in the first half of 2015 ("Reporting Period"). The Directors resolved to declare an interim dividend for 2015 of HK\$0.12 which is equivalent to approximately RMB0.0956832 (2014: HK\$0.11 which was equivalent to approximately RMB0.087350) per share, represented an interim dividend payout ratio of 49.9 percent (2014: 50.3 percent).

The income from operations' growth in the Reporting Period mainly due to GNSR Expressway, Changzhu Expressway and Xian Expressway in the toll operation side. Toll revenue of GNSR Expressway grew 9.2 percent or RMB36.1 million due to increase in car ownership and toll by weight. Toll revenue of Changzhu Expressway grew 16.9 percent or RMB13.1 million due to vicinity road networks improvement. Xian Expressway's toll income grew 3.1 percent or RMB3.7 million. Toll revenue of Weixu Expressway was close to same period last year with a slight 0.7 percent increment mainly due to traffic returning back to Hebei section of the G4 Expressway after completion of its reconstruction in December 2014. Due to the continuous impact of the implementation of traffic restriction policy since March 2014, toll revenue of Jinbao Expressway decreased by 6.3 percent or RMB2.9 million. Han-Xiao Expressway was affected by the traffic control implemented due to the vicinity road's construction works in progress commenced since the second quarter of 2014, its toll revenue decreased by 1.6 percent or RMB1.1 million. The negative impact caused by the traffic diversion from Yunluo Expressway and Guanghe Expressway has been minimized with the beneficial impact from the opening of Guiwu Expressway and the implementation of

Management Discussion and Analysis

traffic control measures as a result of the transformation and construction of the Cangwu section of 321 National Highway since April 2015; as a result, Cangyu Expressway's toll revenue drop narrowed down to 1.1 percent or RMB0.3 million. Toll revenue of non-controlled toll projects in aggregate have dropped by 2.0 percent in the Reporting Period which was mainly due to the traffic diversion effects from the opening of Guangle Expressway in September 2014 and Erguang Expressway in December 2014 which have caused Qinglian Expressway's toll revenue to drop by 19.5 percent. With the commencement of major overhaul of Shantou Bay Bridge since April 2015, its toll revenue dropped by 4.1 percent. Toll revenue of Humen Bridge, Northern Ring Road and GWSR Expressway grew 5.1 percent, 3.9 percent and 4.0 percent respectively.

In the profit attributable to shareholders of the Company (after elimination of inter-company loan interests), controlled projects contributed RMB312.3 million in the Reporting Period with a 12.8 percent increase as compared with the same period in 2014 of which contribution from toll operation amounted RMB323.1 million increased 16.7 percent while the port operation was at a loss of RMB10.8 million. Owing to the continuous toll revenue growth and inter-company debt restructuring carried out, Changzhu Expressway (commenced toll operation only in August 2010), has turned to profit of RMB17.4 million in the Reporting Period as compared with the same period in 2014 being net loss of RMB7.2 million. GNSR Expressway with its strong toll revenue growth which led to its net profit increased by 14.6 percent to RMB142.6 million. Xian Expressway's net profit reflected a decrease of 15.0 percent to RMB68.8 million in the Reporting Period which was mainly due to the 2013 profit tax refund of RMB15.97 million (preferential tax rate granted in relation to the Great Western Expansion Campaign Tax Relief Policy) recorded in 2014; ignoring this factor, it should be a 5.8 percent increase in net profit in the Reporting Period. Weixu Expressway has contributed net profit of RMB48.9 million, being 13.1 percent increase in the Reporting Period. Owing to the inter-company debt restructuring carried out, Han-Xiao Expressway's net profit increased by 55.3 percent in the Reporting Period to RMB32.4 million. Cangyu Expressway has turned to a slight net profit increase of 0.2 percent to RMB8.9 million. Jinbao Expressway recorded net profit drop of 29.0 percent to RMB3.9 million. The Port operation being commenced operation in September 2014 has recorded loss of RMB10.8 million. The non-controlled toll projects in aggregate contributed RMB127.8 million of net profit to the Group with 6.2 percent drop as compared with the same period in 2014. Humen Bridge grew 5.0 percent to RMB74.5 million. Northern Ring Road grew 6.9 percent to RMB36.2 million. Shantou Bay Bridge dropped 7.2 percent to RMB14.7 million mainly due to decline in toll revenue while its major overhaul in progress. Qinglian Expressway turned to loss of RMB6.2 million in the Reporting Period mainly due to the decline in toll revenue being affected by traffic diversion. GWSR Expressway recorded 5.4 percent drop to RMB8.5 million mainly due to the under provision of prior year's tax of RMB1.5 million recorded in 2015; ignoring this factor, it should be a 11.1 percent increase in net profit.

At the corporate level, there was net exchange loss of RMB6.3 million of which approximately RMB3.8 million was in respect of EURO\$ currency exchange transactions and accounting translation. Apart from the aforementioned, there were no material corporate level transactions which have significant impacts to the overall profit attributable to the shareholders of the Company during the Reporting Period.

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II. Analysis of operating results

Income from operations

The Group recorded income from operations of RMB932.0 million in the Reporting Period, an increase of 6.2 percent as compared with the same period in 2014. Income from toll operation increased 5.6 percent to RMB927.0 million in the Reporting Period. Income from the Port operation which commenced operation in September 2014 amounted to RMB5.0 million.

Analysis of income from toll operations by each controlled project

Controlled Projects	Reporting Period RMB'000	Percentage of total %	First half of 2014 RMB'000	Percentage of total %	Change %
GNSR Expressway	430,125	46.1	394,017	44.9	9.2
Weixu Expressway	136,989	14.7	136,023	15.5	0.7
Xian Expressway	124,786	13.4	121,067	13.8	3.1
Changzhu Expressway	91,122	9.8	77,981	8.9	16.9
Han-Xiao Expressway	67,664	7.3	68,784	7.8	-1.6
Jinbao Expressway	44,019	4.7	46,958	5.4	-6.3
Cangyu Expressway	32,321	3.5	32,665	3.7	-1.1
Total from toll operation	927,026	99.5	877,495	100.0	5.6
Port Operation	4,997	0.5	—	—	N/A
Total	932,023	100.0	877,495	100.0	6.2

GNSR Expressway accounted for 46.1 percent (same period in 2014: 44.9 percent) of the income from operations of the Group's controlled projects in the Reporting Period. With increase in car ownership volume, stricter restrictions on trucks on the Guangzhou First Ring Road since 25 February 2014 and full implementation of toll by weight system since 29 June 2014, toll revenue of GNSR Expressway in the Reporting Period increased by 9.2 percent to RMB430.1 million.

Weixu Expressway, ranked second in terms of income from operations accounted for approximately 14.7 percent (same period in 2014: 15.5 percent) among controlled projects. Toll revenue of Weixu Expressway grew slightly by 0.7 percent to RMB137.0 million in the Reporting Period mainly due to traffic returning back to Hebei section of the G4 Expressway after completion of its reconstruction in December 2014.

Xian Expressway, ranked third in terms of income from operations accounted for approximately 13.4 percent (same period in 2014: 13.8 percent) among controlled projects and grew 3.1 percent to RMB124.8 million in the Reporting Period.

Changzhu Expressway, ranked fourth in terms of income from operations accounted for approximately 9.8 percent (same period in 2014: 8.9 percent) among controlled projects. Toll revenue in the Reporting Period amounted to RMB91.1 million being 16.9 percent higher than same period in 2014.

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Being affected by the traffic control implemented due to the vicinity roads' construction works in progress, Han-Xiao Expressway's toll revenue recorded a decline of 1.6 percent to RMB67.7 million in the Reporting Period. Han-Xiao Expressway ranked fifth in income from operations accounted for approximately 7.3 percent (same period in 2014: 7.8 percent) among controlled projects.

Jinbao Expressway, ranked sixth in terms of income from operations accounted for approximately 4.7 percent (same period in 2014: 5.4 percent) among controlled projects. With the relevant traffic restriction policy implemented in March 2014, Jinbao Expressway's toll revenue declined 6.3 percent in the Reporting Period to RMB44.0 million.

Cangyu Expressway, ranked seventh in terms of income from operations accounted for approximately 3.5 percent (same period in 2014: 3.7 percent) among controlled projects. The negative impact caused by the traffic diversion from Yunluo Expressway and Guanghe Expressway since 2014 has been minimized with the beneficial impact from the opening of Guiwu Expressway and the implementation of traffic control measures as a result of the transformation and construction of the Cangwu section of 321 National Highway since April 2015, as a result, Cangyu Expressway's toll revenue drop narrowed down to 1.1 percent to RMB32.3 million.

Yuexin Chishui Port has commenced its operation in September 2014 and contributed RMB5.0 million to the Group's income from operations.

Cost of services

In the Reporting Period, total cost of services of the Group amounted to RMB313.3 million (same period in 2014: RMB287.7 million), an increase of RMB25.6 million or 8.9 percent as compared with the same period in 2014. Cost ratio was 33.6 percent in the Reporting Period being 0.8 percentage point higher than same period in 2014, of which cost ratio of toll operation in the Reporting Period was 32.4 percent being 0.4 percentage point lower than same period in 2014. An analysis of cost of services showed that the increase was mainly due to increase in amortization of intangible operating rights and depreciation of fixed assets in the port operation. In the total cost of services, cost related to controlled toll projects amounted RMB300.3 million and cost of Port operation amounted RMB13.0 million (mainly depreciation of fixed assets of RMB8.5 million).

Management Discussion and Analysis

Analysis of cost of services by each controlled project

Controlled Projects	Reporting Period RMB'000	Percentage of total %	First half of 2014 RMB'000	Percentage of total %	Change %
GNSR Expressway	113,246	36.1	106,711	37.1	6.1
Weixu Expressway	41,452	13.2	39,614	13.8	4.6
Xian Expressway	36,053	11.5	37,408	13.0	-3.6
Changzhu Expressway	34,709	11.1	31,882	11.1	8.9
Han-Xiao Expressway	26,898	8.6	24,852	8.6	8.2
Jinbao Expressway	32,953	10.5	33,345	11.6	-1.2
Cangyu Expressway	14,958	4.8	13,878	4.8	7.8
Total from toll operation	300,269	95.8	287,690	100.0	4.4
Port operation	13,048	4.2	—	—	N/A
Total	313,317	100.0	287,690	100.0	8.9

Analysis of cost of services by nature

	Reporting Period RMB'000	Percentage of total %	First half of 2014 RMB'000	Percentage of total %	Change %
Amortization of intangible operating rights	185,365	59.2	172,918	60.1	7.2
Toll highways and bridges maintenance expenses	13,712	4.4	12,026	4.2	14.0
Staff costs	46,387	14.8	42,712	14.8	8.6
Business tax	31,375	10.0	29,966	10.4	4.7
Toll highways and bridges operating expenses	22,351	7.1	23,791	8.3	-6.1
Depreciation of other fixed assets	14,127	4.5	6,277	2.2	125.1
Total	313,317	100.0	287,690	100.0	8.9

Gross profit

Gross profit in the Reporting Period increased by 4.9 percent to RMB618.7 million, of which gross profit related to toll operation was RMB626.8 million and gross loss related to Port operation was RMB8.1 million. Gross profit margin in the Reporting Period was 66.4 percent being 0.8 percentage point lower than same period in 2014, of which gross profit margin of toll operation in the Reporting Period was 67.6 percent being 0.4 percentage point higher than same period in 2014.

Management Discussion and Analysis

Analysis of gross profit by each controlled project

Controlled Projects	Reporting Period		First half of 2014	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	RMB'000		RMB'000	
GNSR Expressway	316,879	73.7%	287,306	72.9%
Weixu Expressway	95,537	69.7%	96,409	70.9%
Xian Expressway	88,733	71.1%	83,659	69.1%
Changzhu Expressway	56,413	61.9%	46,099	59.1%
Han-Xiao Expressway	40,766	60.2%	43,932	63.9%
Jinbao Expressway	11,066	25.1%	13,613	29.0%
Cangyu Expressway	17,363	53.7%	18,787	57.5%
Total from toll operation	626,757	67.6%	589,805	67.2%
Port operation	(8,051)	N/A	—	N/A
Total	618,706	66.4%	589,805	67.2%

General and administrative expenses

The Group's general and administrative expenses in the Reporting Period amounted to RMB102.1 million (same period in 2014: RMB105.2 million), being RMB3.1 million or 3.0 percent lower than same period in 2014 mainly due to the downward adjustment of directors' discretionary bonus.

Other income, gains and losses – net

The Group's other income, gains and losses – net decreased by RMB9.1 million was mainly due to: (1) an aggregate exchange loss (other than bank loans and notes payable) of RMB19.4 million (same period in 2014: RMB8.4 million) of which approximately RMB18.2 million was in respect of EURO\$ currency exchange transactions during the Reporting Period and accounting translation of EURO\$ cash and bank balances at 30 June 2015 (the corresponding exchange gain of RMB14.4 million in respect of EURO\$ notes payable was recorded in finance income at 30 June 2015); and (2) compensation for expressways and bridges damages in aggregate of RMB8.6 million (same period in 2014: RMB4.9 million). Apart from the aforementioned, there were no material other income, gains and losses – net in the Reporting Period.

Finance income/Finance costs

The Group's finance income in the Reporting Period amounted to RMB30.2 million which was 70.6 percent higher than same period in 2014 as there was RMB 14.4 million exchange gains recorded in respect of the translation of the notes payable (drawn on 7 May 2015) denominated in EURO\$.

The Group's finance costs in the Reporting Period decreased by 18.4 percent to RMB131.2 million (no amount capitalized) as compared with same period in 2014 of RMB160.8 million (net of amount capitalized in construction in progress of RMB11.2 million) mainly due to interest rate decline from debt restructuring carried out since 2013. The Group's overall weighted average interest rate in the Reporting Period was 4.46 percent as compared with same period in 2014 of 5.65 percent which has reflected the benefits from debt restructuring carried out in 2013.

Management Discussion and Analysis

Share of results of associates and a joint venture

The Group's share of results of associates and joint venture has decreased by 6.2 percent in the Reporting Period to RMB127.8 million.

Share of post-tax profit of Humen Bridge in the Reporting Period increased by 5.0 percent to RMB74.5 million. Having benefited from continued growth in car ownership, toll revenue at the project company level has increased by 5.1 percent to RMB660.3 million in the Reporting Period.

Share of post-tax profit of Northern Ring Road in the Reporting Period increased by 6.9 percent to RMB36.2 million. Toll revenue at the project company level grew 3.9 percent to RMB337.7 million with the implementation of stricter restriction on trucks in Guangzhou First Ring Road on 25 February 2014 which has further improved its traffic conditions.

Share of post-tax profit of Shantou Bay Bridge in the Reporting Period decreased by 7.2 percent to RMB14.8 million. Toll revenue at project company level dropped 4.1 percent to RMB115.5 million in the Reporting Period with the commencement of its major overhaul since April 2015.

Share of post-tax result of Qinglian Expressway turned loss in the Reporting Period to RMB6.2 million. Toll revenue at the company level dropped 19.5 percent to RMB326.9 million mainly due to the traffic diversion effects from the opening of Guang Expressway in September 2014 and Erguang Expressway in December 2014.

Share of post-tax profit of GWSR Expressway in the Reporting Period decreased by 5.4 percent to RMB8.5 million mainly due to the under provision of prior year's tax of RMB1.5 million recorded in 2015; ignoring this factor, it should be a 11.1 percent increase in net profit. Toll revenue at the project company level grew 4.0 percent to RMB159.3 million.

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Analysis of share of results of associates and a joint venture and respective revenue

	Profit Sharing ratio %	Revenue ⁽¹⁾		Share of results	
		Reporting Period RMB'000	YoY change %	Reporting Period RMB'000	YoY change %
Associates					
Humen Bridge	18.446	660,269	5.1	74,543	5.0
Northern Ring Road	24.3	337,673	3.9	36,176	6.9
Shantou Bay Bridge	30.0	115,529	-4.1	14,747	-7.2
Qinglian Expressway	23.63	326,937	-19.5	(6,218)	turned loss
Sub-total		1,440,408	-2.7	119,248	-6.2
Joint venture					
GWSR Expressway	35.0	159,342	4.0	8,543	-5.4
Total		1,599,750	-2.0	127,791	-6.2

(1) Represented figures at the respective project companies' level

Income tax expense

Total income tax expense of the Group in the Reporting Period increased by 25.7 percent to RMB135.9 million mainly due to the 2013 profit tax refund of Xian Expressway of RMB15.97 million (preferential tax rate granted in relation to the Great Western Expansion Campaign Tax Relief Policy) recorded in 2014.

Profit attributable to shareholders of the Company

The Company reported profit attributable to its shareholders of RMB320.9 million in the Reporting Period, an increase of 10.5 percent as compared with the same period in 2014. During the Reporting Period and 2014, the Group has carried out certain debt restructuring between onshore and offshore debts so as to take advantage of the interest rate differentials not only of Hong Kong and PRC markets but also of international markets. As part of the debt restructuring process, there were inter-company loan interests incurred between the controlled projects level and the corporate entities level which would be eliminated ultimately at the consolidated level.

Management Discussion and Analysis

Analysis of the profit attributable to shareholders of the Company after elimination of inter-company loan interests

	Reporting Period RMB'000	Percentage of total %	First half of 2014 RMB'000	Percentage of total %	Change %
Net profit from controlled projects	312,289	71.0	276,812	67.0	12.8
Net profit from non-controlled projects ⁽¹⁾	127,791	29.0	136,194	33.0	-6.2
Net profit from projects	440,080	100.0	413,006	100.0	6.6
Withholding tax on PRC dividends/income	(16,137)		(15,471)		4.3
Corporate expenses	(83,032)		(77,779)		6.8
Corporate income/gains, net	3,284		3,635		-9.7
Corporate finance income	22,913		14,043		63.2
Corporate finance costs	(46,175)		(46,915)		-1.6
Profit attributable to shareholders of the Company	320,933		290,519		10.5

(1) Representing share of results of associates and a joint venture

An analysis of the profit attributable to shareholders of the Company showed net profit derived from controlled projects amounted to RMB312.3 million in the Reporting Period, accounted for 71.0 percent (same period in 2014: 67.0 percent) while net profit from non-controlled projects amounted to RMB127.8 million in the Reporting Period, accounted for 29.0 percent (same period in 2014: 33.0 percent).

Net profit from controlled projects of RMB312.3 million represented growth of 12.8 percent or RMB35.5 million higher than same period in 2014; of which net profit from toll operation increased 16.7 percent to RMB323.1 million. Yuexin Chishui Port has commenced its operation in September 2014 and was still operating at a loss of RMB10.8 million during the Reporting Period.

Management Discussion and Analysis

Analysis of net profit by each controlled project after elimination of inter-company loan interests

Controlled Projects	Reporting Period RMB'000	Percentage of total %	First half of 2014 RMB'000	Percentage of total %	Change %
GNSR Expressway	142,625	32.4	124,410	30.1	14.6
Xian Expressway	68,763	15.6	80,943	19.6	-15.0
Weixu Expressway	48,932	11.1	43,275	10.4	13.1
Cangyu Expressway	8,949	2.0	8,927	2.2	0.2
Han-Xiao Expressway	32,430	7.4	20,880	5.1	55.3
Jinbao Expressway	3,944	0.9	5,558	1.3	-29.0
Changzhu Expressway	17,408	4.0	(7,181)	-1.7	turned profit
Total from toll operation	323,051	73.4	276,812	67.0	16.7
Port operation	(10,762)	-2.4	—	—	N/A
Total	312,289	71.0	276,812	67.0	12.8

Analysis of net profit by each controlled project before elimination of inter-company loan interests

Controlled Projects	Reporting Period RMB'000	Percentage of total %	First half of 2014 RMB'000	Percentage of total %	Change %
GNSR Expressway	142,625	36.0	124,410	32.5	14.6
Xian Expressway	68,763	17.4	80,943	21.2	-15.0
Weixu Expressway	48,932	12.4	43,275	11.3	13.1
Cangyu Expressway	8,949	2.3	8,927	2.3	0.2
Han-Xiao Expressway	22,153	5.6	12,367	3.2	79.1
Jinbao Expressway	3,944	1.0	5,558	1.5	-29.0
Changzhu Expressway	(15,282)	-3.9	(29,646)	-7.8	Loss reduced 48.5
Total from toll operation	280,084	70.8	246,029	64.2	13.8
Port operation	(11,798)	-3.0	—	—	N/A
Total	268,286	67.8	246,029	64.2	9.0

Net profit from non-controlled projects (which were all toll projects with analysis shown in the aforementioned table "analysis of share of results of associates and a joint venture and respective revenue") has declined 6.2 percent in the Reporting Period to RMB127.8 million as compared with the same period in 2014. Among the non-controlled toll projects, profits attributable to the shareholders of the Company from Humen Bridge, Northern Ring Road, Shantou Bay Bridge, Qinglian Expressway and GWSR Expressway accounted for 16.9 percent (same period in 2014: 17.2 percent), 8.2 percent (same period in 2014: 8.2 percent), 3.4 percent (same period in 2014: 3.8 percent), -1.4 percent (same period in 2014: 1.6 percent) and 1.9 percent (same period in 2014: 2.2 percent) of the net profit from projects respectively.

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At the corporate level, there was net exchange loss of RMB6.3 million of which approximately RMB3.8 million was in respect of EURO\$ currency exchange transactions and accounting translation. Apart from the aforementioned, there were no material corporate level transactions which have significant impacts to the overall profit attributable to the shareholders of the Company during the Reporting Period.

Interim dividend

The Directors resolved to declare an interim dividend for 2015 of HK\$0.12 which is equivalent to approximately RMB0.0956832 (2014: HK\$0.11 which was equivalent to approximately RMB0.087350) per share payable on or about 18 November 2015 to shareholders whose names appear on the register of members of the Company on 16 October 2015. Interim dividend payout ratio was 49.9 percent (2014: 50.3 percent).

Dividend payable to shareholders will be paid in Hong Kong dollars ("HK\$"). The exchange rate adopted by the Company for its dividend payable is the average middle rate of HK\$ to RMB, as announced by the People's Bank of China, for the five business days preceding the date of declaration of dividends.

III. Analysis of financial position

Key financial position figures

	(Unaudited)		
	30 June	31 December	
	2015	2014	Change
	RMB'000	RMB'000	%
Total assets	18,411,828	17,509,960	5.2
Total liabilities	7,978,060	7,065,391	12.9
Cash and cash equivalents	2,162,892	1,123,517	92.5
Total borrowings	4,365,808	4,998,577	-12.7
Of which: bank borrowings	4,243,987	4,876,843	-13.0
Notes payable	1,356,623	—	N/A
Current ratio	2.3 times	1.6 times	
Interest coverage	6.8 times	5.6 times	
Equity attributable to the shareholders of the Company	8,622,839	8,527,595	1.1

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Assets, Liabilities and Equity

As at 30 June 2015, the Group's total assets amounted to RMB18.4 billion which was 5.2 percent higher than the balance as at 31 December 2014. The Group's total assets comprised mainly of intangible operating rights of RMB12.8 billion (31 December 2014: RMB13.0 billion); investments in a joint venture and associates of RMB1.9 billion (31 December 2014: RMB1.86 billion); and cash and cash equivalents of RMB2.2 billion (31 December 2014: RMB1.1 billion).

As at 30 June 2015, the Group's total liabilities amounted to RMB8.0 billion which was 12.9 percent higher than the balance as at 31 December 2014. The Group's total liabilities comprised mainly of bank borrowings of RMB4.2 billion (31 December 2014: RMB4.9 billion); notes payable of RMB1.4 billion (drawn on 7 May 2015); loans from non-controlling interests of RMB107.6 million (31 December 2014: RMB107.5 million); deferred income tax liabilities of RMB1.54 billion (31 December 2014: RMB1.53 billion). Movement in deferred income tax liabilities during the Reporting Period included payments made in respect of PRC distributable dividend tax of RMB16.8 million.

As at 30 June 2015, the Group's total equity amounted to RMB10.43 billion (31 December 2014: RMB10.44 billion), of which amount attributable to the shareholders of the Company amounted to RMB8.6 billion, an increase of RMB95.2 million over the balance as at 31 December 2014.

Analysis of major assets, liabilities and equity items

Items	(Unaudited)		Change %
	30 June 2015 RMB'000	31 December 2014 RMB'000	
Total assets	18,411,828	17,509,960	5.2
Approximately 90.0 % of which:			
Intangible operating rights	12,808,951	12,991,487	-1.4
Investments in joint venture and associates	1,897,573	1,855,924	2.2
Cash and cash equivalents	2,162,892	1,123,517	92.5
Total liabilities	7,978,060	7,065,391	12.9
Approximately 90.0 % of which:			
Bank borrowings – current portion	371,390	358,338	3.6
– long term portion	3,872,597	4,518,505	-14.3
Notes payable	1,356,623	–	N/A
Other loans	14,195	14,200	-0.04
Loans from non-controlling interests	107,626	107,534	0.1
Deferred income tax liabilities	1,536,937	1,529,613	0.5
Total equity	10,433,768	10,444,569	-0.1
Of which: Attributable to the shareholders of the Company	8,622,839	8,527,595	1.1

Management Discussion and Analysis

Cash flows

It has been the primary objective of the Group to focus on preventing risk and managing liquidity. The Group has maintained an appropriate level of cash on hand so as to prevent liquidity risk. As at the end of the Reporting Period, the Group's cash and cash equivalents amounted to approximately RMB2.2 billion which was 92.5 percent higher than the level at 31 December 2014. The Group's cash was deposited in commercial banks, with no deposit in non-bank institutions or any amount applied to securities investment. As at 30 June 2015 there were short term bank deposits in aggregate of RMB2.1 million with original maturity over 3 months placed in PRC banks.

Analysis of cash flow movement

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Net cash generated from operating activities	530,264	497,584
Net cash generated from/(used in) investing activities	143,524	(69,405)
Net cash generated from/(used in) financing activities	371,580	(898,262)
Increase/(Decrease) in cash and cash equivalents	1,045,368	(470,083)
Cash and cash equivalents at 1 January	1,123,517	1,604,676
Effect of foreign exchange rate changes	(5,993)	1,298
Cash and cash equivalents at 30 June	2,162,892	1,135,891

Net cash generated from operating activities during the Reporting Period amounted to RMB530.3 million (30 June 2014: RMB497.6 million) which was arrived from cash generated from operations of RMB647.4 million (30 June 2014: RMB646.9 million) less China enterprise income tax and withholding tax paid of RMB117.2 million (30 June 2014: RMB149.3 million).

Net cash generated from investing activities during the Reporting Period amounted to RMB143.5 million (30 June 2014: net cash used of RMB69.4 million). The inflow mainly consisted of dividend distributions from associates and joint ventures of RMB137.7 million (30 June 2014: RMB194.4 million); proceeds from compensation arrangement of RMB8.7 million (30 June 2014: RMB8.1 million); interest received in aggregate of approximately RMB12.1 million (30 June 2014: RMB13.7 million); cash proceed of RMB25.3 million (30 June 2014: net investment in short term bank deposits of RMB5.0 million) originally placed to bank for fixed deposits with original maturity over 3 months; and government grant received in connection with construction of expressway of approximately RMB67.7 million (30 June 2014: nil). The outflow were mainly capital expenditures amounted to approximately RMB37.1 million (30 June 2014: RMB280.6 million); and investment in financial assets of RMB70.9 million.

Management Discussion and Analysis

Net cash generated from financing activities during the Reporting Period amounted to RMB371.6 million (30 June 2014: net cash used RMB898.3 million). The inflow mainly included new bank borrowings amounted to approximately RMB407.8 million (30 June 2014: RMB29.0 million); proceeds from notes payable amounted to RMB1.4 billion (drawn on 7 May 2015). The outflow mainly included repayment of bank borrowings amounted to RMB1.05 billion (30 June 2014: RMB464.9 million); payment of finance costs of RMB121.9 million (30 June 2014: RMB142.9 million); repayments of loans from non-controlling interest of subsidiaries in the Reporting Period of RMB1.5 million (30 June 2014: nil); dividends paid to non-controlling interests of RMB9.0 million (30 June 2014: RMB108.0 million); and dividends paid to the shareholders of the Company of RMB225.7 million (30 June 2014: RMB211.5 million).

Current ratio

The current ratio (current assets over current liabilities) as at 30 June 2015 was 2.3 times (31 December 2014: 1.6 times). The current assets balance as at 30 June 2015 was RMB2.5 billion (31 December 2014: RMB1.4 billion) and current liabilities balance was RMB1.1 billion (31 December 2014: RMB895.5 million). Cash and cash equivalents were the major components of the Group's current assets with balance as at 30 June 2015 of RMB2.2 billion (31 December 2014: RMB1.1 billion). As at 30 June 2015 there were short term bank deposits in aggregate of RMB2.1 million (31 December 2014: RMB27.4 million) with original maturity over 3 months placed in PRC banks. Included in the Group's current liabilities as at 30 June 2015 were short term borrowings (i.e. maturities within one year) of approximately RMB371.4 million (31 December 2014: RMB358.3 million) which were all bank borrowings. In view of the various capital expenditures committed and investments acquired since the second half of 2010 which had utilized a significant portion of the Group's cash and cash equivalents and increased the Group's bank borrowings level, management will take a prudent approach to effectively match the existing cash and cash equivalents and future operating cash flow and cash return from investments with capital and debt commitments to minimize liquidity risk.

Interest coverage

The interest coverage is measured as the ratio of earnings before interests, tax, depreciation and amortisation ("EBITDA") to interest expenses (with cash flow effect). Interest coverage for the year ended 30 June 2015 was 6.8 times (31 December 2014: 5.6 times).

Capital expenditures and investments

During the Reporting Period, total capital expenditures amounted to RMB37.1 million. Capital expenditures related to investment in subsidiaries were payments of remaining considerations to acquisition of subsidiaries of approximately RMB11.9 million. Capital expenditures related to intangible operating rights and fixed assets included: (a) payments of construction costs of toll highways and bridges upgrade services of RMB22.6 million and (b) purchase of property, plant and equipment of RMB2.6 million. Apart from the aforementioned, no material capital expenditures were incurred during the Reporting Period. Going forward, management believes that the Group's steady operating cash flow and appropriate financing arrangements can satisfy its future capital expenditures and investments needs.

Capital structures

It is also one of the Group's financial policies to maintain a rational capital structure which aims to enhance profitability on one hand while ensuring financial leverage ratios to remain at safe levels on the other hand.

Management Discussion and Analysis

Analysis of capital structures

	(Unaudited) 30 June 2015 RMB'000	31 December 2014 RMB'000
Bank borrowings	4,243,987	4,876,843
Notes payable	1,356,623	—
Other loan	14,195	14,200
Loans from non-controlling interests	107,626	107,534
Amounts due to non-controlling interests of subsidiaries	53,885	53,395
Amount due to a joint venture	52,500	52,500
Total debts	5,828,816	5,104,472
Less: cash and cash equivalents	(2,162,892)	(1,123,517)
Net debts	3,665,924	3,980,955
Total Equity	10,433,768	10,444,569
Of which: Equity attributable to the shareholders of the Company	8,622,839	8,527,595
Total capitalization (Net debts + Total equity)	14,099,692	14,425,524

Financial ratios

Gearing ratio (net debts/total capitalization)	26.0%	27.6%
Debt to Equity ratio (net debts/total equity)	35.1%	38.1%
Total liabilities/Total assets ratio	43.3%	40.4%

Financing structures

In a way to ensure the Group is carrying out its financing activities at a safe leverage level, the Company is keeping a close watch on the Group's overall borrowing structure from time to time, so as to optimize its debt portfolio further. In order to effectively control the increase of finance costs, the Group will continue to maintain close banking relationship with financial institutions both in Hong Kong and China to capitalize on the different levels of liquidity offered by and to take advantage of the cost differentials not only of these two markets but also of international markets. As at the end of the Reporting Period, the Group's borrowings comprised of bank borrowings, notes payable, other loans and loans from non-controlling interests.

As at 30 June 2015, the Group's total external debts in aggregate was approximately RMB5.6 billion composed of bank borrowings amounted to approximately RMB4.2 billion (31 December 2014: RMB4.9 billion) and notes payable (drawn on 7 May 2015) amounted to approximately RMB1.4 billion. During the Reporting Period, the Group has carried out its debt optimization plan which resulted to onshore external debts' ratio falling to 46.9 percent from 56.1 percent as at 31 December 2014. Secured external debts' ratio fell to 45.1 percent from 54.0 percent as at 31 December 2014. The effective interest rate of total external debts at 30 June 2015 was 4.34 percent (31 December 2014: 5.05 percent); of which bank borrowings are at floating rates with the effective interest rate of 5.06 percent at 30 June 2015 (31 December 2014: 5.05 percent) while notes payable are at fixed rate with coupon rate of 1.625 percent and effective interest rate at 2.103 percent.

Management Discussion and Analysis

Analysis of total external debts (bank borrowings and notes payable)

	(Unaudited) 30 June 2015 Percentage of total	31 December 2014 Percentage of total
Source		
Onshore	46.9%	56.1%
Offshore	53.1%	43.9%
	100.0%	100.0%
Repayment term		
Within 1 year	6.6%	7.3%
1 to 2 year	8.2%	20.1%
More than 2 years and less than 5 years	63.3%	44.0%
Above 5 years	21.9%	28.6%
	100.0%	100.0%
Currency		
RMB	46.9%	56.0%
HKD	28.8%	37.7%
USD	—	6.3%
EURO	24.3%	—
	100.0%	100.0%
Terms of credit		
Secured	45.1%	54.0%
Unsecured	54.9%	46.0%
	100.0%	100.0%

The other loans represented the unsecured long term borrowings from third parties amounted to RMB14.2 million (2014: RMB14.2 million) which carried interest at a rate of 7.04 percent (31 December 2014: 7.04 percent) per annum.

Loans from non-controlling interests of certain subsidiaries are unsecured, interest-free and long term. The carrying amounts of these loans approximate their fair values which are calculated based on cash flows discounted at a rate of 4.85 percent (31 December 2014: 5.6 percent) per annum.

Amounts due to non-controlling interests of subsidiaries/holding companies and joint venture are unsecured, interest free, repayable on demand and are mainly denominated in RMB.

Management Discussion and Analysis

Foreign-currency denominated assets and liabilities

The Group's businesses are principally conducted in the PRC. Except that certain fund-raising exercises were conducted in Hong Kong, all of its revenue, operating payments, expenses and capital expenditures are denominated in RMB. As at the end of the Reporting Period, the Group has cash and cash equivalent of approximately RMB118.7 million, RMB538.1 million and RMB32.9 million denominated in HK\$, EURO\$ and US\$ respectively, equivalent to HK\$150.5 million, EURO\$78.3 million and US\$5.4 million respectively; and there are approximately RMB1.6 billion and RMB1.4 billion offshore external debts denominated in HK\$ and EURO\$ respectively, equivalent to HK\$2.0 billion and EURO\$197.5 million (net of debt discount and direct issuance costs) respectively. The Group will closely review and assess its currency risk and will adopt appropriate currency hedge measures when appropriate. Meanwhile, the Group has taken advantage of the current relaxed measures in the RMB business in Hong Kong with dividends from PRC joint venture can now be remitted to Hong Kong either in Hong Kong dollar or directly in Renminbi.

IV. Capital commitments and contingent liabilities

As at 30 June 2015, the Group had capital commitments related to intangible operating rights and property, plant and equipment of approximately RMB156.6 million being contracted but not provided for and approximately RMB104.3 million being authorized but not contracted for. There was capital commitment of approximately RMB1,742.0 million in respect of new acquisition which was completed on 21 July 2015.

Except for the aforementioned, the Group had no material capital commitments as at 30 June 2015. There were no significant contingent liabilities as at 30 June 2015.

V. Employees

As at 30 June 2015, the Group had approximately 1,693 employees of whom about 1,389 were directly engaged in the daily operation, management and supervision of toll projects. The Group remunerates its employees largely based on industry practice, including contributory provident funds and other staff benefits.

Management Discussion and Analysis

VI. CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

Certain loan agreements of the Company include a condition that imposes one or more of the following specific performance obligations on Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu"), the controlling shareholder of the Company:

- (i) Yue Xiu remains as the single largest shareholder of the Company;
- (ii) Yue Xiu maintains shareholding interest of not less than 35% in the issued voting share capital of the Company;
- (iii) Yue Xiu maintains an effective management control over the Company.

As at 30 June 2015, the aggregate balance of the loan agreements subject to the above conditions were HK\$2,056,000,000. Such loan agreements will expire from 19 August 2015 to 27 March 2018.

Breach of the above specific performance obligations will constitute an event of default. Upon the occurrence of such event of default, the relevant bank may declare the relevant facility to be terminated and all the indebtedness under the relevant facility would become due and payable.

On 7 May 2015, Famous Kind International Limited (a wholly-owned subsidiary of the Company) issued Euro 200,000,000 1.625 per cent. guaranteed notes due 2018 to investors under a US\$1,000,000,000 guaranteed medium term note programme established on 24 April 2015. Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the note holders are entitled to exercise their change of control put options.

These obligations have been duly complied with for the six months ended 30 June 2015.

Management Discussion and Analysis

FUTURE PROSPECTS

- **Analysis of operation environment**

- **Macro-economy**

According to the latest 'World Economic Outlook' published by International Monetary Fund on 9 July 2015, global growth is projected at 3.3% in 2015, with a gradual pickup in advanced economies and a slowdown in emerging market and developing economies. Although the recovery trend of the global economy continues, risk factors such as the Greece debt crisis, capital outflow from emerging markets and geopolitical conflicts still remain.

Despite the external complexities, China's economy was still under stable growth with a 7% year on year growth of GDP for the first half of 2015. Currently, the economic downward pressure still exists due to the arrival of the crucial stage of structural adjustments and changes of growth engines for China's economy. It is anticipated that various measures implemented by the Central Government to ensure steady economic growth will continuously work and accelerate the reforms of state-owned enterprises, taxation and financial industry, in order to procure China's economy to make progress while ensuring stability.

- **Sector policy**

The policy environment of the toll road industry in China will still remain stable and positive, which lays a good foundation for the Group's business operation. On the other hand, the Ministry of Transport published the revised draft of the Regulation on the Administration of Toll Roads (《收費公路管理條例》) on 21 July 2015. Relatively significant changes have been proposed in this new revised draft compared with the previous draft unveiled in May 2013. It was stated in this version that "the concessions of toll expressways shall not exceed 30 years in principle. However, concessions of toll expressways with a significant huge investment and a long payback period may exceed 30 years upon approval. Upon expiry of the concessions of toll expressways, they shall be transferred back to local government for unified management and uniform toll shall be collected at the same rate as government toll roads in local administrative areas during the debt service period. Debt service periods or concessions are allowed to be re-determined under the cases of necessary reconstructions and lane-expansion works, of which includes to upgrade Class 1 highways to expressways or to improve traffic capacity of expressways that will increase local government debts and investments as social economic development required. The toll rates of expressways under the government's unified management may be re-determined after the settlement of government debts under the principles of being able to feed costs of regular maintenance and management expenses and ensuring the traffic efficiency".

Early this year, all the relevant government authorities, including the Ministry of Transport, considered that currently it was necessary to carry out system reforms in the toll road sector. The various proposed adjustments in this revised draft have demonstrated the logics and determination of reforms of the competent authorities. As the revised version is still in the consideration period for soliciting public opinions, its specific implementation still remains uncertain. The Group will pay close attention to the specific implementation and development of the revised version.

Management Discussion and Analysis

- **Development outlook and strategies**

- **Business operation**

Going forward, the Group's current asset portfolio will still maintain steady growth. The relatively matured projects of the Group within the province including GNSR Expressway, Humen Bridge and Northern Ring Road will still be the main source of stable profit. Projects acquired in central China in recent years will gradually become mature over time and their contributions to the Group's profit will gradually increase. In addition, the relevant approval procedures for Suiyuan Expressway were completed on 21 July 2015 and the expressway has been officially and fully taken over by the Group. It is expected that after consolidation, Suiyuan Expressway will bring new growth driver for the Group.

Upon completion of acquisition of Suiyuan Expressway, the Group will properly reduce the pace of acquisitions after taking into full consideration factors such as financial soundness and maintenance of credit rating, and will focus on exploiting the potential of existing assets through measures such as controlling costs by strengthening operation management and lowering financial expenses by reducing liabilities, in order to improve operational efficiency. On the other hand, the Group will fully review and evaluate its existing asset portfolio and will consider disposing of those assets with low efficiency for a long term or no indication for improvement. Through optimizing asset portfolio and improving overall efficiency, the Group will continuously create reasonable returns for shareholders.

- **Investment and business expansion**

While moderately slowing down its acquisition pace, the Group will continue to pay attention to the relevant investment opportunities. On one hand, under the background of the steady improving policy environment of toll road industry and the reform initiated by the government on toll road industry, the Group will still maintain the investment and operation of expressway projects as its core business and focus on selecting and reserving high quality expressway projects in provinces in central China as well as acquiring such projects when opportunities arise. On the other hand, the Group will actively explore development opportunities in the upstream and downstream of expressway industry chain, such as provision of entrusted management services for expressway projects and highway maintenance technologies.

- **Financing strategy**

The Group, on 7th May 2015, successfully completed the proposed issuance of an aggregate principal amount of Euro 200,000,000 guaranteed notes for a term of three years with a coupon rate of 1.625%, which expanded the Group's sources of financing. With a relatively strong capability of financing entitled by strong cash flow generated from the assets of expressways and high credit ratings (Moody's: Baa2/S & P: BBB-/Fitch: BBB-), the Group is able to continuously obtain overseas financing at low cost. In the future, the Group will still continue to leverage its advantage of cross-border financing platform to further seek for diversified financing channels and reduce consolidated finance costs through overseas low-cost financing on the basis of sound exchange risk control.

By Order of the Board
Yuexiu Transport Infrastructure Limited
ZHU Chunxiu
Chairman

Report on Review on Interim Financial Information



羅兵咸永道

TO THE BOARD OF DIRECTORS OF YUEXIU TRANSPORT INFRASTRUCTURE LIMITED
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 47 to 71, which comprises the interim condensed consolidated balance sheet of Yuexiu Transport Infrastructure Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13 August 2015

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Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2015

	Note	(Unaudited)	
		Six months ended 30 June	
		2015	2014
		RMB'000	RMB'000
Revenue		858,073	877,495
Other toll operating income		73,950	—
Income from operations	7	932,023	877,495
Cost of services	8	(313,317)	(287,690)
Construction income under service concession upgrade services		15,356	2,371
Construction cost under service concession upgrade services		(15,356)	(2,371)
Other income, gains and losses - net	9	(149)	8,951
General and administrative expenses	8	(102,102)	(105,234)
Operating profit		516,455	493,522
Finance income	10	30,157	17,672
Finance costs	10	(131,197)	(160,770)
Share of result of a joint venture		8,543	9,031
Share of results of associates		119,248	127,163
Profit before income tax		543,206	486,618
Income tax expense	11	(135,889)	(108,090)
Profit for the period		407,317	378,528
Attributable to:			
Shareholders of the Company		320,933	290,519
Non-controlling interests		86,384	88,009
		407,317	378,528
Earnings per share for profit attributable to shareholders of the Company		RMB per share	RMB per share
Basic and diluted earnings per share	12	0.1918	0.1736
		RMB'000	RMB'000
Interim dividend	13	160,094	146,151

The notes on pages 54 to 71 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Profit for the period	407,317	378,528
Other comprehensive income		
<i>Item that will be reclassified to profit or loss</i>		
Currency translation differences	(6)	222
Total comprehensive income for the period	407,311	378,750
Total comprehensive income attributable to:		
Shareholders of the Company	320,927	290,741
Non-controlling interests	86,384	88,009
	407,311	378,750

The notes on pages 54 to 71 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	(Unaudited) As at 30 June 2015 RMB'000	(Audited) As at 31 December 2014 RMB'000
ASSETS			
Non-current assets			
Intangible operating rights	14	12,808,951	12,991,487
Goodwill		368,806	368,806
Property, plant and equipment	14	679,802	695,330
Investment properties	14	17,428	17,197
Investment in a joint venture		369,698	367,165
Investments in associates		1,527,875	1,488,759
Available-for-sale financial asset		812	812
Other receivables, deposits and prepayments	16	151,840	157,538
Total non-current assets		15,925,212	16,087,094
Current assets			
Trade receivables	15	84,758	57,329
Other receivables, deposits and prepayments	16	125,540	51,669
Amounts due from associates		—	51,595
Amounts due from non-controlling interests of subsidiaries		111,360	111,360
Short term bank deposits		2,066	27,396
Cash and cash equivalents		2,162,892	1,123,517
Total current assets		2,486,616	1,422,866
Total assets		18,411,828	17,509,960

Interim Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	(Unaudited) As at 30 June 2015 RMB'000	(Audited) As at 31 December 2014 RMB'000
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital	17	147,322	147,322
Reserves		8,475,517	8,380,273
		8,622,839	8,527,595
Non-controlling interests		1,810,929	1,916,974
Total equity		10,433,768	10,444,569
LIABILITIES			
Non-current liabilities			
Borrowings	18	3,994,418	4,640,239
Deferred income tax liabilities	19	1,536,937	1,529,613
Notes payable	20	1,356,623	—
Total non-current liabilities		6,887,978	6,169,852
Current liabilities			
Borrowings	18	371,390	358,338
Amounts due to non-controlling interests of subsidiaries		252,568	80,557
Amounts due to holding companies		623	149
Amount due to a joint venture		52,500	52,500
Trade and other payables and accrued charges	21	352,883	355,268
Current income tax liabilities		60,118	48,727
Total current liabilities		1,090,082	895,539
Total liabilities		7,978,060	7,065,391
Total equity and liabilities		18,411,828	17,509,960
Net current assets		1,396,534	527,327
Total assets less current liabilities		17,321,746	16,614,421

The notes on pages 54 to 71 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	647,438	646,872
China enterprise income tax and withholding tax paid	(117,174)	(149,288)
Net cash generated from operating activities	530,264	497,584
Cash flows generated from/(used in) investing activities		
Payments of construction costs under service concession upgrade services	(22,611)	(88,072)
Government grant received in connection with the construction of expressway	67,686	–
Acquisition of a subsidiary in 2011 and 2012	(11,906)	(114,891)
Capital injection to an associate	–	(60,266)
Proceeds from compensation arrangements	8,720	8,140
Investment in financial assets at amortised cost	(70,900)	–
Proceeds from disposal of property, plant and equipment	–	1
Purchase of property, plant and equipment	(2,599)	(17,397)
Dividends received from a joint venture	6,009	–
Dividends received from associates	131,726	194,371
Decrease/(increase) in short term bank deposits, net	25,330	(5,000)
Interest received	12,069	13,709
Net cash generated from/(used in) investing activities	143,524	(69,405)
Cash flows generated from/(used in) financing activities		
Proceeds from bank borrowings	407,766	29,000
Repayment of bank borrowings	(1,048,239)	(464,911)
Payment of bank facility fees	(677)	–
Proceed from notes payable, net with transaction fee incurred	1,370,121	–
Dividends paid to the shareholders of Company	(225,683)	(211,466)
Repayment of loans from non-controlling interests of subsidiaries	(1,454)	–
Dividends paid to non-controlling interests	(9,000)	(108,000)
Interest paid	(121,254)	(142,885)
Net cash generated from/(used in) financing activities	371,580	(898,262)
Increase/(decrease) in cash and cash equivalents	1,045,368	(470,083)
Cash and cash equivalents at 1 January	1,123,517	1,604,676
Effect of foreign exchange rate changes	(5,993)	1,298
Cash and cash equivalents at 30 June	2,162,892	1,135,891
Analysis of cash and cash equivalents		
Bank balances and cash	2,162,892	1,135,891

The notes on pages 54 to 71 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	(Unaudited)										
	Attributable to shareholders of the Company										
	Share capital	Share premium	Capital reserve	Exchange fluctuation reserve	Statutory reserves	Available-for sale financial assets fair value reserve	Retained earnings	Asset revaluation reserve	Transaction with non-controlling interests reserve	Non-controlling interests	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	147,322	2,375,743	1,501,716	491,730	60,859	(135)	3,426,873	558,250	(34,763)	1,916,974	10,444,569
Comprehensive income											
Profit for the period	-	-	-	-	-	-	320,933	-	-	86,384	407,317
Other comprehensive income											
Currency translation differences	-	-	-	(6)	-	-	-	-	-	-	(6)
Total comprehensive income for the period ended 30 June 2015	-	-	-	(6)	-	-	320,933	-	-	86,384	407,311
Transactions with owners:											
Transfer to statutory reserves	-	-	-	-	1,268	-	(1,268)	-	-	-	-
2014 Dividends	-	-	-	-	-	-	(225,683)	-	-	(192,429)	(418,112)
	-	-	-	-	1,268	-	(226,951)	-	-	(192,429)	(418,112)
Balance at 30 June 2015	147,322	2,375,743	1,501,716	491,724	62,127	(135)	3,520,855	558,250	(34,763)	1,810,929	10,433,768

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	(Unaudited)										
	Attributable to shareholders of the Company										
	Share capital	Share premium	Capital reserve	Exchange fluctuation reserve	Statutory reserves	Available-for sale financial assets fair value reserve	Retained earnings	Asset revaluation reserve	Transaction with non-controlling interests reserve	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	147,322	2,375,743	1,501,716	491,606	60,261	(135)	3,175,719	558,250	(34,715)	2,002,559	10,278,326
Comprehensive income											
Profit for the period	-	-	-	-	-	-	290,519	-	-	88,009	378,528
Other comprehensive income											
Currency translation differences	-	-	-	222	-	-	-	-	-	-	222
Total comprehensive income for the period ended 30 June 2014	-	-	-	222	-	-	290,519	-	-	88,009	378,750
Transactions with owners:											
Transfer to statutory reserves	-	-	-	-	494	-	(494)	-	-	-	-
2013 Dividends	-	-	-	-	-	-	(211,466)	-	-	(165,993)	(377,459)
	-	-	-	-	494	-	(211,960)	-	-	(165,993)	(377,459)
Balance at 30 June 2014	147,322	2,375,743	1,501,716	491,828	60,755	(135)	3,254,278	558,250	(34,715)	1,924,575	10,279,617

The notes on pages 54 to 71 form an integral part of this interim condensed consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Yuexiu Transport Infrastructure Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment in and development, operation and management of expressways and bridges mainly in Guangdong Province and other high-growth provinces in the People's Republic of China (the "PRC"). Besides, the Group is also engaged in investment in and development, operation and management of a port in Wuzhou located in Guangxi.

The Company is an exempted company incorporated under the laws of Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business in Hong Kong is 23rd Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This financial information is presented in Renminbi ("RMB") thousand dollars, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors of the Company on 13 August 2015.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Notes to the Condensed Consolidated Interim Financial Information

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the Group's annual financial statements for the year ended 31 December 2014.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following amendment and improvements relevant to its operations are mandatory for adoption for the financial year beginning 1 January 2015 for the Group.

HKASs and HKFRSs	Annual improvements 2010 - 2012 cycle
HKASs and HKFRSs	Annual improvements 2011 - 2013 cycle
HKAS 19 (amendment)	Defined benefit plans – employee contributions

The following new standards and amendments to existing standards relevant to its operations have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 16 and HKAS 38 (amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (amendment)	Agriculture: bearer plants	1 January 2016
HKFRS 10 and HKAS 28 (amendments)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKAS 27 (amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKAS 1 (amendment)	Disclosure initiative	1 January 2016
HKASs and HKFRSs	Annual improvements 2012 - 2014 cycle	1 January 2016
HKFRS 11 (amendment)	Accounting for acquisitions of interests in joint operation	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

Management is in the process of making an assessment of the impact of the standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

Notes to the Condensed Consolidated Interim Financial Information

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk, price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management department or in any risk management policies since the year end.

5.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Condensed Consolidated Interim Financial Information

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

The following table presents the Group's financial instruments that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2015				
Available-for-sale financial assets	—	—	812	812
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2014				
Available-for-sale financial assets	—	—	812	812

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. For unlisted securities without an active market, the Group establishes the fair value by reference to the latest audited financial statements. There were no changes in valuation techniques during the period.

There were no transfers among level 1, level 2 and level 3 fair value hierarchy classifications in both periods.

There were no changes in level 3 instruments for the six months ended 30 June 2015.

5.3 Fair value of financial assets and liabilities measured at amortised cost

The fair value of other non-current receivables and non-current borrowings approximate to the present value of future cash flows discounted at the applicable interest rates and are categorised at level 2. The fair value of notes payable is estimated with reference to the quoted price from the Irish Stock Exchange and is categorised at level 1. The carrying amount and fair value of respective financial assets and liabilities measured at amortised cost are as follows:

	Carrying amount		Fair value	
	30 June 2015 RMB'000	31 December 2014 RMB'000	30 June 2015 RMB'000	31 December 2014 RMB'000
Other non-current receivables	101,840	107,538	110,449	113,623
Non-current borrowings	3,994,418	4,640,239	3,915,326	4,447,300
Notes payable	1,356,623	—	1,346,232	—

Notes to the Condensed Consolidated Interim Financial Information

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value of financial assets and liabilities measured at amortised cost (Continued)

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade receivables
- Other receivables, deposits and prepayments
- Amounts due from associates
- Short term bank deposits
- Cash and cash equivalents
- Borrowings due within one year
- Amounts due from/to non-controlling interests of subsidiaries
- Amounts due to holding companies
- Amount due to a joint venture
- Trade and other payables and accrued charges

6 SEGMENT INFORMATION

The Group is principally engaged in the operation and management of toll highways, bridges and port in the PRC. The chief operating decision-maker has been identified as Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance of the Group's main reporting segment - Toll highways and bridges projects in the PRC. The Executive Directors assess the performance of this main reporting segment based on measurement of profit after income tax for the period. Other operations mainly comprise port operation, investment and others. There have been no sales carried out between segments. None of these operations constitutes a separate segment. The financial information provided to the chief operating decision-maker is measured in a manner consistent with that of the financial statements.

Notes to the Condensed Consolidated Interim Financial Information

6 SEGMENT INFORMATION (Continued)

Business segment	Toll roads operations RMB'000	Port and all other segments RMB'000	Total RMB'000
Six months ended 30 June 2015			
Revenue (from external customers)	853,076	4,997	858,073
Other toll operating income	73,950	—	73,950
Income from operations	927,026	4,997	932,023
Amortisation of intangible operating rights	(185,365)	—	(185,365)
Depreciation of property, plant and equipment	(9,012)	(9,003)	(18,015)
Operating profit/(loss)	526,753	(10,298)	516,455
Finance income	30,152	5	30,157
Finance costs	(118,887)	(12,310)	(131,197)
Share of result of a joint venture	8,543	—	8,543
Share of results of associates	119,248	—	119,248
Profit/(loss) before income tax	565,809	(22,603)	543,206
Income tax expense	(135,889)	—	(135,889)
Profit/(loss) for the period	429,920	(22,603)	407,317
Six months ended 30 June 2014			
Revenue (from external customers)	877,495	—	877,495
Other toll operating income	—	—	—
Income from operations	877,495	—	877,495
Amortisation of intangible operating rights	(172,918)	—	(172,918)
Depreciation of property, plant and equipment	(9,762)	(303)	(10,065)
Operating profit/(loss)	494,300	(778)	493,522
Finance income	17,672	—	17,672
Finance costs	(160,770)	—	(160,770)
Share of result of a joint venture	9,031	—	9,031
Share of results of associates	127,163	—	127,163
Profit/(loss) before income tax	487,396	(778)	486,618
Income tax expense	(108,090)	—	(108,090)
Profit/(loss) for the period	379,306	(778)	378,528

Notes to the Condensed Consolidated Interim Financial Information

6 SEGMENT INFORMATION (Continued)

Assets and liabilities	Toll roads operations RMB'000	Port and all other segments RMB'000	Total RMB'000
As at 30 June 2015			
Total segment assets	17,792,087	619,741	18,411,828
Addition to non-current assets	5,373	55	5,428
Total segment assets include:			
Investment in a joint venture	369,698	—	369,698
Investments in associates	1,527,875	—	1,527,875
Total segment liabilities	(7,478,302)	(499,758)	(7,978,060)
Total segment liabilities include:			
Amount due to a joint venture	(52,500)	—	(52,500)

Assets and liabilities	Toll roads operations RMB'000	Port and all other segments RMB'000	Total RMB'000
As at 31 December 2014			
Total segment assets	16,877,185	632,775	17,509,960
Addition to non-current assets	42,993	54,053	97,046
Total segment assets include:			
Investment in a joint venture	367,165	—	367,165
Investments in associates	1,488,759	—	1,488,759
Total segment liabilities	(6,576,447)	(488,944)	(7,065,391)
Total segment liabilities include:			
Amount due to a joint venture	(52,500)	—	(52,500)

All major operating entities are domiciled in the PRC. All revenues of the Group from external customers are generated in the PRC. Besides, most of the assets of the Group are located in the PRC. Thus no geographic information is presented.

There are no differences from the last annual financial statements on the basis of segmentation or on the basis of measurement of segment profit or loss.

Notes to the Condensed Consolidated Interim Financial Information

7 INCOME FROM OPERATIONS

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Revenue	858,073	877,495
Other toll operating income	73,950	—
	932,023	877,495

Note:

Other toll operating income primarily represents the income for the decline of toll traffic volumes of Xian to Lintong Expressway in Shaanxi Province ("Xian Expressway") due to the traffic control measures implemented in connection with the renovation and expansion project of Xian Expressway and the income was received from the parties involved in such project.

8 EXPENSES BY NATURE

Expenses included in cost of services and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Business tax	31,375	29,966
Amortisation of intangible operating rights (note 14)	185,365	172,918
Depreciation of property, plant and equipment (note 14)	18,015	10,065
Toll highways and bridges maintenance expenses	13,712	12,026
Toll highways and bridges operating expenses	22,351	23,791
Staff costs (including Directors' emoluments)		
– Wages and salaries	84,842	84,569
– Pension costs (defined contribution plan)	7,903	7,196
– Social security costs	7,382	6,941
– Staff welfare and other benefits	18,035	17,677
Auditor's remuneration	1,331	1,210

Notes to the Condensed Consolidated Interim Financial Information

9 OTHER INCOME, GAINS AND LOSSES – NET

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Exchange losses - net	(19,411)	(8,390)
Loss on disposal of property, plant and equipment	(113)	(55)
Advertising income	38	1,076
Compensation for expressways and bridges damages	8,643	4,887
Handling income from toll fee collection	4,717	6,269
Management service income	2,710	2,617
Income from service area and gas station	3,013	1,118
Others	254	1,429
	(149)	8,951

10 FINANCE INCOME/COSTS

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Bank interest income	9,665	8,343
Interest income on other non-current receivables	3,718	3,963
Interest income on financial assets at amortised cost	2,404	5,366
Exchange gain of notes payable	14,370	–
Finance income	30,157	17,672
Interest expenses:		
– Bank borrowings	(117,415)	(151,345)
– Bank facility fees	(7,056)	(2,980)
– Loans from non-controlling interests of certain subsidiaries	(802)	(519)
– Other loans	(489)	(464)
– Notes payable	(4,196)	–
Exchange loss on bank borrowings	(1,239)	(16,637)
	(131,197)	(171,945)
Less: amount capitalised in construction in progress	–	11,175
Finance costs incurred	(131,197)	(160,770)

Notes to the Condensed Consolidated Interim Financial Information

11 INCOME TAX EXPENSE

- (a) No provision for Hong Kong profits tax has been made in the condensed consolidated interim financial information as the Group had no assessable income subject to Hong Kong profits tax during the period (30 June 2014: Nil).
- (b) During the six months ended 30 June 2015, PRC enterprises income tax was provided on the profits of the Group's subsidiaries, associates and a joint venture in the PRC in accordance with the Corporate Income Tax Law of China. The applicable principal income tax rate for the six months ended 30 June 2015 is 25% (30 June 2014: 25%).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to withholding income tax at a tax rate of 5% or 10%. During the period, withholding income tax was provided for undistributed profits of the Group's subsidiaries and associates in the PRC at a rate of 5% and 10% (30 June 2014: 5% or 10%).

- (c) The amount of income tax charged to the interim condensed consolidated income statement represents:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current income tax		
PRC enterprise income tax	128,565	105,452
Deferred income tax	7,324	2,638
	135,889	108,090

12 EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Basic and diluted earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2015	2014
Profit attributable to shareholders of the Company (RMB'000)	320,933	290,519
Weighted average number of ordinary shares in issue ('000)	1,673,162	1,673,162
Basic and diluted earnings per share (RMB)	0.1918	0.1736

The diluted earnings per share for the six months ended 30 June 2015 equals to the basic earnings per share as there are no potential dilutive ordinary shares in issue during the period.

Notes to the Condensed Consolidated Interim Financial Information

13 INTERIM DIVIDEND

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Interim, proposed, of HK\$0.12 equivalent to approximately RMB0.10 (2014: HK\$0.11 equivalent to approximately RMB0.09) per share	160,094	146,151

The interim dividend was proposed after the balance sheet date and has not been recognised as a liability at the balance sheet date.

14 INTANGIBLE OPERATING RIGHTS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Intangible operating rights RMB'000	Property, plant and equipment RMB'000	Investment properties RMB'000
Opening net book value at 1 January 2015	12,991,487	695,330	17,197
Exchange differences	–	1	(6)
Fair value gain	–	–	237
Additions	2,829	2,599	–
Disposals	–	(113)	–
Amortisation/depreciation charge	(185,365)	(18,015)	–
Closing net book value at 30 June 2015	12,808,951	679,802	17,428
Opening net book value at 1 January 2014	13,314,416	648,148	16,354
Exchange differences	–	62	160
Additions	2,371	17,397	–
Disposals	–	(56)	–
Amortisation/depreciation charge	(172,918)	(10,065)	–
Closing net book value at 30 June 2014	13,143,869	655,486	16,514

Notes to the Condensed Consolidated Interim Financial Information

14 INTANGIBLE OPERATING RIGHTS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

The investment properties of the Group were revalued at 30 June 2015 on the basis of their open market values as determined by C S Surveyors Limited, an independent firm of professional surveyor, appointed by the Group. The fair value of each investment property is individually determined at the end of each reporting period by the independent valuer.

The fair value of investment properties had been generally derived using the sales comparison approach with significant observable inputs. Sales prices of comparable properties in close proximity were adjusted for differences in key attributes such as property size. The most significant observable input into this valuation approach was price per square foot. There were no changes in valuation techniques during the period and all investment properties are included in level 3 fair value hierarchy as at 30 June 2015.

Amounts recognised in profit and loss for investment properties are insignificant to the Group. The Group's investment properties are held on leases of between 10 to 50 years in Hong Kong.

15 TRADE RECEIVABLES

As at 30 June 2015, trade receivables were aged below 90 days (31 December 2014: 90 days).

The Group's revenue is generally settled in cash and it usually does not maintain any account balances owing. The trade receivables represented amounts due from local transport departments which collected the toll revenue for certain operating entities due to the implementation of unified toll collection policy on expressways in Guangdong Province. The settlement period is normally within a month.

Notes to the Condensed Consolidated Interim Financial Information

16 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

Other receivables, deposits and prepayments of the Group are mainly comprised of the investment in the reverse repurchase agreements of RMB70.9million (2014: Nil), a consideration receivable of RMB132.0 million (2014: RMB136.2million) in relation to the disposal of the Group's toll operating rights of Xiang Jiang Bridge II completed in 2009 and a deposit of RMB50.0 million (2014: RMB50.0 million) paid in 2014 for the acquisition of 70% equity interest of the Hubei Suiyuanan Expressway Company Limited (the "Suiyuanan Expressway").

Securities purchased under the reverse repurchase agreements are treated as collateralised financings and are recognised initially at fair value, being the amount of cash disbursed. The party disbursing the cash takes possession of the securities serving as collateral for the financing and having a market value equals to, or in excess of the principal amount loaned. The securities received under the reverse repurchase agreements are not recognized on the balance sheet given the risks and rewards of ownership of the underlying securities are not obtained.

The total balance of the consideration receivable as at June 30, 2015 in relation to the disposal of the Group's toll operating right of Xiang Jiang Bridge II was RMB132.0million (2014: RMB136.2million). The balance will be settled by 14 half yearly installments until the end of its concession period, i.e. 30 November 2021. Approximately RMB101.8million (2014: RMB107.5million) will be received after 30 June 2016 (2014: 31 December 2015) according to the repayment schedule.

The Group also entered into an agreement in December 2014 to acquire 70% equity interest of the Suiyuanan Expressway and made a deposit of RMB50.0 million in 2014. The acquisition of the Suiyuanan Expressway has been completed in July 2015 and details of the acquisition are disclosed in the events occurring after the balance sheet date (Note 24).

17 SHARE CAPITAL

	30 June 2015		31 December 2014	
	Number of shares	RMB'000	Number of shares	RMB'000
Authorised:				
Ordinary shares of RMB 0.08805 each	2,000,000,000	176,100	2,000,000,000	176,100
Issued and fully paid:				
Ordinary shares of RMB 0.08805 each	1,673,162,295	147,322	1,673,162,295	147,322

Notes to the Condensed Consolidated Interim Financial Information

18 BORROWINGS

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Long-term bank borrowings	4,243,987	4,876,843
Loans from non-controlling interests of certain subsidiaries	107,626	107,534
Other loans	14,195	14,200
Total borrowings	4,365,808	4,998,577
Less: Amounts due within one year shown under current liabilities	(371,390)	(358,338)
Total non-current borrowings	3,994,418	4,640,239

Note:

- (a) Interest expenses on borrowings for the six months ended 30 June 2015 amounted to RMB125,762,000 (30 June 2014: RMB155,308,000).

19 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using the applicable income tax rate.

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Deferred income tax liabilities		
– Accelerated amortisation of intangible operating rights	336,378	313,996
– Available-for-sale financial assets	(45)	(45)
– Fair value gain on interest in toll highway arising from acquisition of subsidiaries	1,142,538	1,160,146
– Withholding tax on undistributed profits of subsidiaries and associates	58,066	55,516
	1,536,937	1,529,613

Notes to the Condensed Consolidated Interim Financial Information

20 NOTES PAYABLE

On 7 May 2015, the Group issued guaranteed notes at 1.625% per annum due May 2018 for an aggregate principal amount of Euro 200,000,000 (the "Notes"). The Notes were issued at 99.782% of the aggregate nominal amount with interest payable annually.

The Notes are recognised initially at fair value, net of debt discount. Debt issuance costs incurred which are directly attributable are capitalised and amortised over the estimated term of the facilities using the effective interest method. Debt discount is recorded as a reduction of the proceeds received and the related accretion is recorded as interest expense in the income statement over the estimated term of the facilities using the effective interest method.

The effective interest rate for the Notes is 2.103% per annum, which includes the interest charged on the Notes as well as amortisation of the debt discount. The Group recognised RMB4,196,000 of interest expense on the Notes for the six months ended 30 June 2015.

21 TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Trade payables	76,077	111,797
Other payables and accrued charges	276,806	243,471
	352,883	355,268
The ageing analysis of trade payables is as follows:		
0 - 30 days	17,402	58,271
31 - 90 days	3,919	13,158
Over 90 days	54,756	40,368
	76,077	111,797

Notes to the Condensed Consolidated Interim Financial Information

22 COMMITMENTS

Capital commitment

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Authorised but not contracted for		
Upgrade and construction of toll expressways under concession arrangements and construction of port	103,424	83,559
Property, plant and equipment	838	24
	104,262	83,583
Contracted but not provided for		
Upgrade and construction of toll expressways under concession arrangements and construction of port	156,555	167,520
Acquisition of 70% equity interest of the Suiyuenan Expressway	1,742,000	1,742,000
	1,898,555	1,909,520

Notes to the Condensed Consolidated Interim Financial Information

23 RELATED PARTY TRANSACTIONS

(a) Related parties

The Company's Directors regard 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) (incorporated in the PRC) as its ultimate holding company and the Guangzhou City Government as its ultimate controlling party.

The table set forth below summarises the names of related parties, with whom the Group has transactions during the period, and their relationship with the Company as at 30 June 2015:

Significant related party	Relationship with the Company
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	A wholly-owned subsidiary of ultimate holding company
First Dynamic Limited	An intermediate holding company
Yuexiu Property Company Limited ("Yuexiu Property")	A fellow subsidiary
Blow Light Investments Limited ("Blow Light")	A fellow subsidiary
Chong Hing Bank Limited ("Chong Hing Bank")	A fellow subsidiary
Guangzhou Yuexiu City Construction Jones Lang LaSalle Property Management Co., Ltd. ("YX Jones Lang LaSalle")	A fellow subsidiary
Guangzhou Western Second Ring Expressway Co., Ltd.	A joint venture of a subsidiary
Guangdong Humen Bridge Co., Ltd.	An associate of a subsidiary
Guangdong Qinglian Highway Development Co., Ltd.	An associate of a subsidiary
Guangdong Shantou Bay Bridge Co., Ltd.	An associate of a subsidiary
Guangzhou Northring Freeway Co., Ltd.	An associate of a subsidiary
Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. ("Yue Xiu IFC")	An associate of a fellow subsidiary

(b) Transactions with related parties

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Administrative service fees paid to Yuexiu Property	514	513
Rental expenses paid to Blow Light	340	341
Rental expenses paid to Yue Xiu IFC	4,495	3,698
Building management fee paid to YX Jones Lang LaSalle	594	514
Dividend income from associates	80,132	216,328
Dividend income from a joint venture	6,010	—
Interest income derived from bank balance deposited from Chong Hing Bank	1,046	—
Management service income received from associates	2,710	2,617
	95,841	224,011

Notes to the Condensed Consolidated Interim Financial Information

23 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Bank balance deposited in Chong Hing Bank	156,184	155,138
Dividend receivable from associates	—	51,595
Amounts due to holding companies	623	149
Amount due to a joint venture	52,500	52,500
	209,307	259,382

The amounts due to related parties were unsecured, interest free, repayable on demand and denominated in RMB.

(d) Key management compensation

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Salaries and other short-term benefits	4,887	7,449

24 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 21 July 2015, the Group completed the acquisition of the 70% equity interest in the Suiyuenan Expressway for the consideration of RMB1,792million. The Suiyuenan Expressway became an indirect non-wholly owned subsidiary of the Company.

This is accounted for as a business combination by applying acquisition method under HKFRS 3 – Business Combinations and the financial results of the Suiyuenan Expressway will be consolidated in the financial statements of the Group upon completion of this transaction.

25 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. There is no impact on net profit, net assets or net cash flows as a result of the reclassification.

Other Information

INTERESTS OF DIRECTORS

As at 30 June 2015, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") were as follows:

The Company

Long positions in shares of the Company:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest
Mr He Baiqing	Personal	52,000	0.003
Mr Qian Shangning	Personal	250,000	0.015
Mr Lau Hon Chuen Ambrose	Personal	195,720	0.012

Yuexiu Property Company Limited

Long positions in shares of Yuexiu Property Company Limited:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest
Mr Fung Ka Pun	Personal	1,689,100	0.014
Mr Lau Hon Chuen Ambrose	Personal	4,841,200	0.039

Save as disclosed herein, as at 30 June 2015, none of the Directors of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Other Information

DISCLOSEABLE INTERESTS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 30 June 2015, the following persons had an interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity in holding interest	Long/Short position/Lending pool	Approximate % of shareholding in shares	Number of shares held
廣州越秀集團有限公司(Guangzhou Yue Xiu Holdings Limited) (Note 1)	Interest of controlled corporations	Long position	60.65	1,014,796,050
	Interest of controlled corporations	Short position	16.45	275,269,886
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") (Notes 1 & 2)	Beneficial owner and interest of controlled corporations	Long position	60.65	1,014,796,050
	Interest of controlled corporations	Short position	16.45	275,269,886
Grace Lord Group Limited (Note 2)	Beneficial owner	Long position	34.57	578,428,937
First Dynamic Limited (Note 3)	Interest of controlled corporation	Long position	21.96	367,500,000
Housemaster Holdings Limited (Notes 2 & 3)	Beneficial owner	Long position	21.96	367,500,000
Matthews International Capital Management, LLC	Investment manager	Long position	10.98	183,721,000
JP Morgan Chase & Co.	Beneficial owner	Long position	0.92	15,405,873
	Beneficial owner	Short position	0.14	2,400,000
	Investment manager	Long position	5.28	88,372,000
	Custodian corporation/ approved lending agent	Long position	0.86	14,478,700

Notes:

- (1) The entire issued shares of Yue Xiu are owned by 廣州越秀集團有限公司(Guangzhou Yue Xiu Holdings Limited). By virtue of the SFO, 廣州越秀集團有限公司(Guangzhou Yue Xiu Holdings Limited) was deemed to be interested in the interest of Yue Xiu in the shares of the Company as described in note(2) below. 275,269,886 shares out of its interest in the shares of the Company were listed derivative interests (physically settled).

Other Information

- (2) Yue Xiu was interested in an aggregate of 1,014,796,050 shares of the Company (long position) of which 8,653 shares were held by it as beneficial owner. By virtue of the SFO, Yue Xiu was also deemed to be interested in the balance of 1,014,787,397 shares (long position) through its wholly-owned subsidiaries, namely, Housemaster Holdings Limited, Grace Lord Group Limited, Greenwood Pacific Limited, Yue Xiu Finance Company Limited and Dragon Year Industries Limited. 275,269,886 shares out of its interest in the shares of the Company were listed derivative interests (physically settled). Yue Xiu's interest in short position was held through its wholly-owned subsidiary, namely Asia View Limited.
- (3) First Dynamic Limited, a wholly-owned subsidiary of Yue Xiu, owned the entire issued share capital of Housemaster Holdings Limited. By virtue of the SFO, First Dynamic Limited was deemed to be interested in the 367,500,000 shares of the Company held by Housemaster Holdings Limited.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2015, the Company has complied with the code provisions as set out in the Corporate Governance Code, with the exception of code provision A.4.1 and A.6.7.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Bye-laws. All the non-executive directors of the Company had retired by rotation and have been re-elected during the past three years.

Code Provision A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors should attend general meetings of the Company. Mr Fung Ka Pun, the independent non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 28 May 2015 due to other business engagement.

REVIEW OF INTERIM RESULTS

The results of the Group for the six months ended 30 June 2015 have been reviewed by the Audit Committee and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2015.

Other Information

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2015. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 14 October 2015 to Friday, 16 October 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Tuesday, 13 October 2015.

Corporate and Investor Relations Information

BOARD OF DIRECTORS

Executive directors

Mr Zhu Chunxiu (*Chairman*)
Mr Liang Youpan
Mr He Baiqing
Mr Qian Shangning

Independent non-executive directors & audit committee members

Mr Fung Ka Pun
Mr Lau Hon Chuen Ambrose
Mr Cheung Doi Shu

COMPANY SECRETARY

Mr Yu Tat Fung

QUALIFIED ACCOUNTANT

Ms Chan Kam Ting Sharon

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

HONG KONG LEGAL ADVISER

Minter Ellison

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

23rd Floor
Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LISTING EXCHANGE

Shares

The Stock Exchange of Hong Kong Limited

The stock codes are:
The Stock Exchange of Hong Kong Limited-01052
Reuters-1052.HK
Bloomberg-1052 HK

Notes

Irish Stock Exchange plc
Euro 200,000,000 1.625 per cent. Guaranteed Notes due 2018
(SEDOL: BX9BNG1)

INVESTOR RELATIONS

For further information about
Yuexiu Transport Infrastructure Limited, please contact:
Ms Grace Li
Telephone : (852) 2865 2205
Facsimile : (852) 2865 2126
Email : contact@gzitransport.com.hk

WEBSITES TO ACCESS COMPANY INFORMATION

<http://www.yuexiustransportinfrastructure.com>
<http://www.irasia.com/listco/hk/yuexiustransport>
<http://www.hkexnews.hk>