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越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1052)

2013 INTERIM RESULTS ANNOUNCEMENT

The directors of Yuexiu Transport Infrastructure Limited (“Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, “Group”) for the six months ended 30 June 2013 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited)	
		Six months ended 30 June	
	Note	2013 RMB'000	2012 RMB'000
Revenue	3	824,815	701,425
Cost of services	5	(267,473)	(224,913)
Construction income under service concession upgrade services		34,470	18,279
Other income and other gains — net	4	12,915	80,405
Construction cost under service concession upgrade services		(34,470)	(18,279)
General and administrative expenses	5	(101,515)	(92,424)
Operating profit		468,742	464,493
Finance income	6	50,738	22,770
Finance costs	6	(176,746)	(132,190)
Share of result of a joint venture		5,904	3,942
Share of results of associates		114,095	96,795
Profit before income tax		462,733	455,810
Income tax expense	7	(130,204)	(142,267)
Profit for the period		<u>332,529</u>	<u>313,543</u>

		(Unaudited)	
		Six months ended 30 June	
	<i>Note</i>	2013	2012
		<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to:			
Shareholders of the Company		255,369	243,018
Non-controlling interests		<u>77,160</u>	<u>70,525</u>
		<u>332,529</u>	<u>313,543</u>
Earnings per share for profit attributable to shareholders of the Company			
		<i>RMB per share</i>	<i>RMB per share</i>
Basic and diluted	8	<u>0.1526</u>	<u>0.1452</u>
		<i>RMB'000</i>	<i>RMB'000</i>
Interim dividend	9	<u>133,086</u>	<u>123,137</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	(Unaudited)	
	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	332,529	313,543
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Fair value gain on available-for-sale financial assets, net of tax	—	10,424
Currency translation differences	<u>467</u>	<u>—</u>
Total comprehensive income for the period	<u>332,996</u>	<u>323,967</u>
Total comprehensive income attributable to:		
Shareholders of the Company	255,836	253,442
Non-controlling interests	<u>77,160</u>	<u>70,525</u>
	<u>332,996</u>	<u>323,967</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited)	
		As at	As at
		30 June	31 December
		2013	2012
Note		RMB'000	RMB'000
ASSETS			
Non-current assets			
	Intangible operating rights	13,495,851	13,612,830
	Goodwill	408,276	408,276
	Property, plant and equipment	610,852	597,519
	Investment properties	16,568	16,876
	Investment in a joint venture	337,449	331,545
	Investments in associates	1,679,237	1,613,598
	Available-for-sale financial asset	992	992
	Other non-current receivables	10 <u>131,614</u>	<u>135,579</u>
	Total non-current assets	<u>16,680,839</u>	<u>16,717,215</u>
Current assets			
	Trade receivables	11 31,370	33,105
	Other receivables, deposits and prepayments	11 665,005	701,714
	Cash and cash equivalents	<u>1,125,928</u>	<u>1,057,124</u>
	Total current assets	1,822,303	1,791,943
	Asset classified as held for sale	<u>201,543</u>	<u>201,543</u>
		<u>2,023,846</u>	<u>1,993,486</u>
	Total assets	<u>18,704,685</u>	<u>18,710,701</u>

	(Unaudited)	
	As at	As at
	30 June	31 December
<i>Note</i>	2013	2012
	RMB'000	RMB'000
EQUITY		
Equity attributable to the shareholders of the Company		
Share capital	147,322	147,322
Reserves	8,054,118	7,947,144
	8,201,440	8,094,466
Non-controlling interests	2,068,165	1,989,896
Total equity	10,269,605	10,084,362
LIABILITIES		
Non-current liabilities		
Borrowings	5,614,698	5,812,058
Deferred income tax liabilities	1,564,921	1,529,145
Total non-current liabilities	7,179,619	7,341,203
Current liabilities		
Borrowings due within one year	690,644	615,425
Amounts due to non-controlling interests of subsidiaries	147,194	244,192
Amounts due to holding companies	228	239
Amount due to a joint venture	31,500	31,500
Trade and other payables and accrued charges	308,527	336,234
Current income tax liabilities	77,368	57,546
Total current liabilities	1,255,461	1,285,136
Total liabilities	8,435,080	8,626,339
Total equity and liabilities	18,704,685	18,710,701
Net current assets	566,842	506,807
Total assets less current liabilities	17,449,224	17,425,565

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the Group’s annual financial statements for the year ended 31 December 2012.

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

The following new standards, amendments and improvements to existing standards relevant to its operations are mandatory for adoption for the financial year beginning 1 January 2013 for the Group.

HKAS 1 (amendment)	Presentation of financial statements — Presentation of items of other comprehensive income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKASs and HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HKFRS 7 (amendment)	Financial Instruments: Disclosures — Offsetting Financial Assets and Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 10 (amendment)	Consolidated Financial Statements: Transition guidance
HKFRS 11	Joint Arrangements
HKFRS 11 (amendment)	Joint Arrangement: Transition guidance
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 12 (amendment)	Disclosure of Interests in Other Entities: Transition guidance
HKFRS 13	Fair Value Measurement

The adoption of these new standards and amendments to existing standards does not have significant impact on the Group's interim financial information except as described below.

HKFRS 13 "Fair Value Measurement" is applicable for the 2013 financial year. The Group has included relevant fair value disclosures in the condensed consolidated interim financial information for financial assets, which include available-for-sale financial asset and asset classified as held for sale and non-financial asset which includes investment properties.

The following new standards, amendments and improvements to existing standards relevant to its operations have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 32 (amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Liabilities	1 January 2014
HKAS 36 (amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HK(IFRIC)-Int 21	Levies	1 January 2014
HKFRS 7 (amendment)	Financial instruments: Disclosures — Mandatory Effective Date and Transition Disclosures	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 9 (amendment)	Financial Instruments — Mandatory Effective Date and Transition Disclosures	1 January 2015
HKFRS 10, 12 and HKAS 27 (2011) (amendment)	Investment Entities	1 January 2014
HKFRSs	Annual improvements 2011	1 January 2015

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.

3. Revenue and segment information

The Group is principally engaged in the operations and management of toll highways, bridges and port in the PRC. Revenue representing the Group's turnover recognised during the period is as follows:

The chief operating decision-maker has been identified as the 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 measure of profit after income tax for the period. Other operations mainly comprise port operation, investment and others. There have been no sales transacted between segments. None of these operations constitutes a separate segment.

Business segment	Toll roads operations <i>RMB'000</i>	Port and all other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2013			
Revenue (from external customers)	<u>824,815</u>	<u>—</u>	<u>824,815</u>
Operating profit	468,728	14	468,742
Finance income	50,738	—	50,738
Finance costs	(176,746)	—	(176,746)
Share of result of a joint venture	5,904	—	5,904
Share of results of associates	<u>114,095</u>	<u>—</u>	<u>114,095</u>
Profit before income tax	462,719	14	462,733
Income tax expense	<u>(130,204)</u>	<u>—</u>	<u>(130,204)</u>
Profit for the period	<u><u>332,515</u></u>	<u><u>14</u></u>	<u><u>332,529</u></u>
Six months ended 30 June 2012			
Revenue (from external customers)	<u>701,425</u>	<u>—</u>	<u>701,425</u>
Operating profit/(loss)	465,163	(670)	464,493
Finance income	22,770	—	22,770
Finance costs	(132,190)	—	(132,190)
Share of result of a joint venture	3,942	—	3,942
Share of results of associates	<u>96,795</u>	<u>—</u>	<u>96,795</u>
Profit/(loss) before income tax	456,480	(670)	455,810
Income tax (expense)/credit	<u>(142,889)</u>	<u>622</u>	<u>(142,267)</u>
Profit/(loss) for the period	<u><u>313,591</u></u>	<u><u>(48)</u></u>	<u><u>313,543</u></u>

Assets and liabilities	Toll roads operations	Port and all other segments	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 30 June 2013			
Total segment assets	17,940,683	764,002	18,704,685
Total segment assets include:			
Investment in a joint venture	337,449	—	337,449
Investments in associates	1,679,237	—	1,679,237
Total segment liabilities	8,039,763	395,317	8,435,080
Total segment liabilities include:			
Amount due to a joint venture	<u>31,500</u>	<u>—</u>	<u>31,500</u>
As at 31 December 2012			
Total segment assets	17,972,044	738,657	18,710,701
Total segment assets include:			
Investment in a joint venture	331,545	—	331,545
Investments in associates	1,613,598	—	1,613,598
Total segment liabilities	8,225,966	400,373	8,626,339
Total segment liabilities include:			
Amount due to a joint venture	<u>31,500</u>	<u>—</u>	<u>31,500</u>

The Group is 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 in the basis of segmentation, basis of measurement of segment profit or loss, and basis of measurement of segment assets and liabilities.

4. Other income and other gains — net

	Six months ended	
	30 June	
	2013	2012
	RMB'000	RMB'000
Exchange gain - net	3,037	1,707
(Loss)/gain on disposal of property, plant and equipment	(122)	44
Reversal of business tax provision (note)	—	72,230
Advertising income	1,134	2,008
Handling income from toll fee collection	3,565	2,688
Management service income	1,140	—
Rental income	931	168
Others	3,230	1,560
	<u>12,915</u>	<u>80,405</u>

Note: The amount was reversal of the business tax provision on the compensation in respect of the resumption of four Class I Highways by the Guangzhou Government (“GZ Government”) referred to in note 11.

5. Expenses by nature

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

	Six months ended	
	30 June	
	2013	2012
	RMB'000	RMB'000
Business tax	28,206	24,520
Amortisation of intangible operating rights	151,449	129,447
Depreciation of property, plant and equipment	9,642	10,993
Toll highways and bridges maintenance expenses	19,735	8,848
Toll highways and bridges operating expenses	21,785	20,402
Staff costs (including Directors' emoluments)		
- Wages and salaries	74,951	67,302
- Pension costs (defined contribution plans)	7,308	6,104
- Social security costs	6,402	5,274
- Staff welfare	17,218	15,414
Auditor's remuneration	1,100	1,402

6. Finance income / costs

	Six months ended	
	30 June	
	2013	2012
	RMB'000	RMB'000
Bank interest income	8,017	4,520
Interest income on other non-current receivables	4,155	4,417
Interest income on compensation arrangement (note 11)	18,126	13,833
Exchange gain related to borrowings	<u>20,440</u>	<u>—</u>
Finance income	<u>50,738</u>	<u>22,770</u>
Interest expenses:		
- Bank borrowings	(182,123)	(143,637)
- Loans from non-controlling interests of certain subsidiaries	(7,384)	(15,623)
- Fair value adjustment on non-interest bearing loans from non-controlling interests of certain subsidiaries	7,463	13,800
- Other loans	(556)	(1,247)
- Amortisation of capitalised loan arranging fee	<u>(3,000)</u>	<u>(377)</u>
	(185,600)	(147,084)
Less: amount capitalised in construction in progress	<u>8,854</u>	<u>14,894</u>
Finance costs incurred	<u>(176,746)</u>	<u>(132,190)</u>

The capitalisation rate used to determine the amounts of borrowing costs eligible for capitalisation is 6.33% (30 June 2012: 6.79%) for the period.

7. Income tax expenses

- (a) No provision for Hong Kong profits tax has been made for the period as the Group has no income assessable to Hong Kong profits tax during the period (2012: Nil).
- (b) During the six months ended 30 June 2013, PRC's enterprises income tax was provided on the profits of the Group's subsidiaries, associates and joint venture in the PRC in accordance with the Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises.

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 profit of the Group's subsidiaries and associates in the PRC at tax rates of 5% or 10% (30 June 2012: 5% or 10%).

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

	Six months ended	
	30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
PRC enterprise income tax	89,589	107,671
Deferred income tax	<u>40,615</u>	<u>34,596</u>
	<u>130,204</u>	<u>142,267</u>

8. Earnings per share

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	
	2013	2012
Profit attributable to shareholders of the Company (RMB'000)	<u>255,369</u>	<u>243,018</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,673,162</u>	<u>1,673,162</u>
Basic and diluted earnings per share (RMB)	<u>0.1526</u>	<u>0.1452</u>

The diluted earnings per share for the six months ended 30 June 2013 equal to the basic earnings per share as there are no potential dilutive ordinary shares in issue during the period.

9. Interim dividend

	Six months ended	
	30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Interim, proposed, of HK\$0.10 equivalent to approximately RMB0.08 (2012: HK\$0.09 equivalent to approximately RMB0.07) per share	<u>133,086</u>	<u>123,137</u>

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

10. Other non-current receivables

Non-current receivable represents the non-current portion of the present value of consideration receivable, discounted at the rate of 5.32% in relation to the disposal of the Group's toll operating right of Xiang Jiang Bridge II completed in 2009.

As at 30 June 2013, the total remaining balance of consideration receivable was RMB156,800,000 (31 December 2012: RMB151,800,000) which will be settled by 19 half yearly installments until the end of concession period, i.e. 30 November 2021. Approximately RMB131,600,000 (31 December 2012: RMB135,600,000) will be received after 30 June 2014 (31 December 2013) according to the repayment schedule.

The fair value of the consideration receivable is approximately RMB161,200,000 (31 December 2012: RMB154,900,000).

11. Trade and other receivables, deposits and prepayments

Trade receivables are mainly toll revenue collected by other parties on behalf of the Group. The ageing of the balance is within 30 days.

The Group's revenue is generally settled in cash and it usually does not maintain any accounts receivable balances. Accordingly, the Group does not have any specified credit period for its customers.

As at 30 June 2013, the Group's other receivables included the remaining compensation balance due from the GZ Government of approximately RMB587,600,000 (31 December 2012: RMB587,600,000) for the resumption of four Class I Highways. The Group and GZ Government entered into a supplemental agreement in 2012, where GZ Government agreed to repay the remaining balance on or before 30 September 2013 along with the interests (based on the benchmark lending rate of the PRC banks) up to the date of repayment.

12. Trade and other payables and accrued charges

	As at	
	30 June 2013 <i>RMB'000</i>	31 December 2012 <i>RMB'000</i>
Trade payables	85,180	65,338
Other payables and accrued charges	<u>223,347</u>	<u>270,896</u>
	<u>308,527</u>	<u>336,234</u>
The ageing analysis of trade payables is as follows:		
0 - 30 days	21,897	6,615
31 - 90 days	7,481	604
Over 90 days	<u>55,802</u>	<u>58,119</u>
	<u>85,180</u>	<u>65,338</u>

Trade payables mainly represent construction costs payable to contractors.

Trade and other payables and accrued charges are mainly denominated in RMB except for other payable of approximately RMB105,268,000 (31 December 2012: RMB113,920,000) which was denominated in HK\$ and the carrying amounts approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS AND DIVIDEND

For the period ended 30 June 2013 (the “Reporting Period”), despite various unfavorable factors such as slowdown of domestic macro-economy and the toll-free measures for passenger cars with seven seats or less during major holidays, the Group (the Company together with other subsidiaries) still managed to overcome great difficulties to achieve steady growth in overall results. During the Reporting Period, the Group realised toll revenue of RMB825.0 million, representing an increase of 17.6% year-on-year, mainly due to the strong growth of those projects in central China acquired in recent years. Profit attributable to shareholders was RMB255.0 million, representing an increase of 5.1% year-on-year.

The Board has resolved to declare an interim dividend for 2013 of HK\$0.10 (equivalent to RMB0.079542) per share (2012: HK\$0.09 (equivalent to RMB0.0735952) per share), representing an interim dividend payout ratio of 52.1%.

BUSINESS REVIEW

Summary information of operating toll roads and bridges

	Toll Mileage	Width (lanes)	Toll Station(s)	Road Type	Attributable Interest (%)	Remaining Operating Term (years)
Subsidiaries						
GNSR Expressway	42.5	6	9	Expressway	60.00	19
Xian Expressway	20.1	4	3	Expressway	100.00	3
Cangyu Expressway	23.3	4	1	Expressway	100.00	17
Jinbao Expressway	23.9	4	3	Expressway	60.00 ⁽¹⁾	17
Han-Xiao Expressway	38.5	4	2	Expressway	90.00	23 ⁽²⁾
Changzhu Expressway	46.5	4	5	Expressway	90.00	27
Weixu Expressway	64.3	4	2	Expressway	100.00	22
Associates and Joint Venture						
GWSR Expressway	42.1	6	5	Expressway	35.00	17
Humen Bridge	15.8	6	4	Suspension Bridge	27.78 ⁽³⁾	16
Northern Ring Road	22.0	6	10	Expressway	24.30	10
Shantou Bay Bridge	6.5	6	1	Suspension Bridge	30.00	15
Qinglian Expressway	215.2	4	17	Expressway	23.63	21

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

(2) According to the Notice of Hubei Provincial Price Bureau (2013 No. 4), the toll period was adjusted from 29 years to 30 years, but the trial operation period was included in the toll period, that is, from 9 December 2006 to 9 December 2036, which is ten months earlier than the expiry date of the original toll period.

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

**Toll Summary of Toll Roads and Bridges
For the six months ended 30 June 2013**

	Average daily toll traffic volume		Average daily toll revenue	
	The first half of 2013 <i>(no. of vehicles)</i>	YoY Change %	The first half of 2013 <i>(RMB'000)</i>	YoY Change %
Subsidiaries				
GNSR Expressway	122,940	15.1%	1,956.23	2.9%
Xian Expressway	48,155	1.1%	643.64	1.1%
Cangyu Expressway	12,106	-2.0%	282.31	-8.0%
Jinbao Expressway	25,146	2.5%	284.71	-15.0%
Han-Xiao Expressway	14,281	20.3%	333.38	27.5%
Changzhu Expressway	12,457	16.3%	361.41	16.7%
Weixu Expressway	12,603	19.9%	829.52	25.9%
Associates and Joint Venture				
GWSR Expressway	38,982	14.8%	764.75	8.0%
Humen Bridge	80,391	6.6%	3,153.41	10.7%
Northern Ring Road	225,415	19.2%	1,648.72	2.0%
Shantou Bay Bridge	17,148	8.0%	629.48	8.8%
Qinglian Expressway	27,300	12.1%	1,893.51	20.9%

Toll roads and bridges

Quarterly analysis of average daily toll traffic volume for the first half of 2013

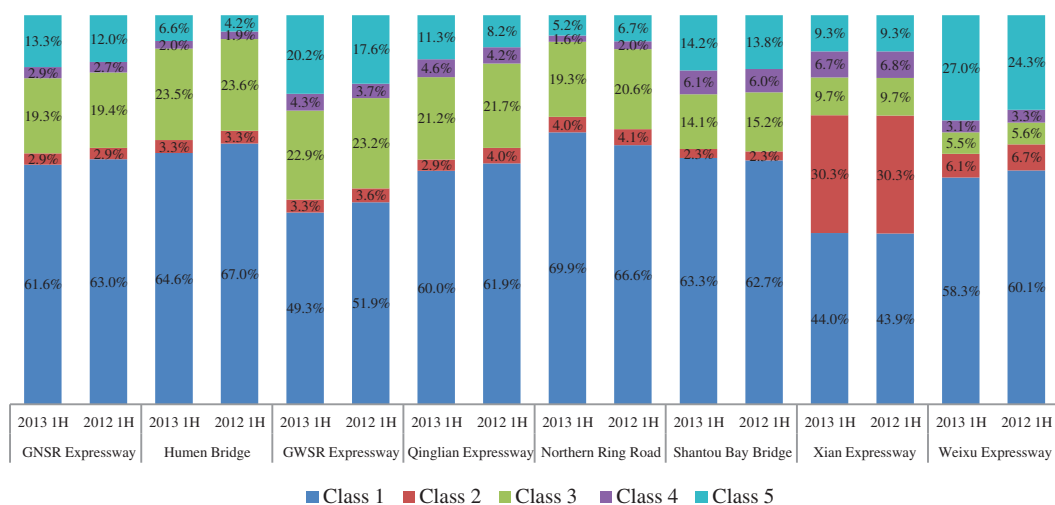
	Average daily toll traffic volume of the first quarter <i>(no. of vehicles/day)</i>	Average daily toll traffic volume of the second quarter <i>(no. of vehicles/day)</i>
Subsidiaries		
GNSR Expressway	122,458	123,417
Xian Expressway	43,542	52,717
Cangyu Expressway ⁽¹⁾	14,287	9,949
Jinbao Expressway	21,776	28,480
Han-Xiao Expressway	14,685	13,882
Changzhu Expressway	12,024	12,885
Weixu Expressway	12,327	12,876
Associates and Joint Venture		
GWSR Expressway	37,487	40,461
Humen Bridge	78,070	82,685
Northern Ring Road	217,466	233,277
Shantou Bay Bridge	17,613	16,688
Qinglian Expressway ⁽¹⁾	30,489	24,146

- (1) During the Spring Festival, the traffic volume of Cangyu Expressway (being an important road connecting Guangdong Province and Guangxi Province) and Qinglian Expressway (being an important road connecting Guangdong Province and Hunan Province) grew significantly, resulting in a much higher average daily toll traffic volume in the first quarter than that in the second quarter.

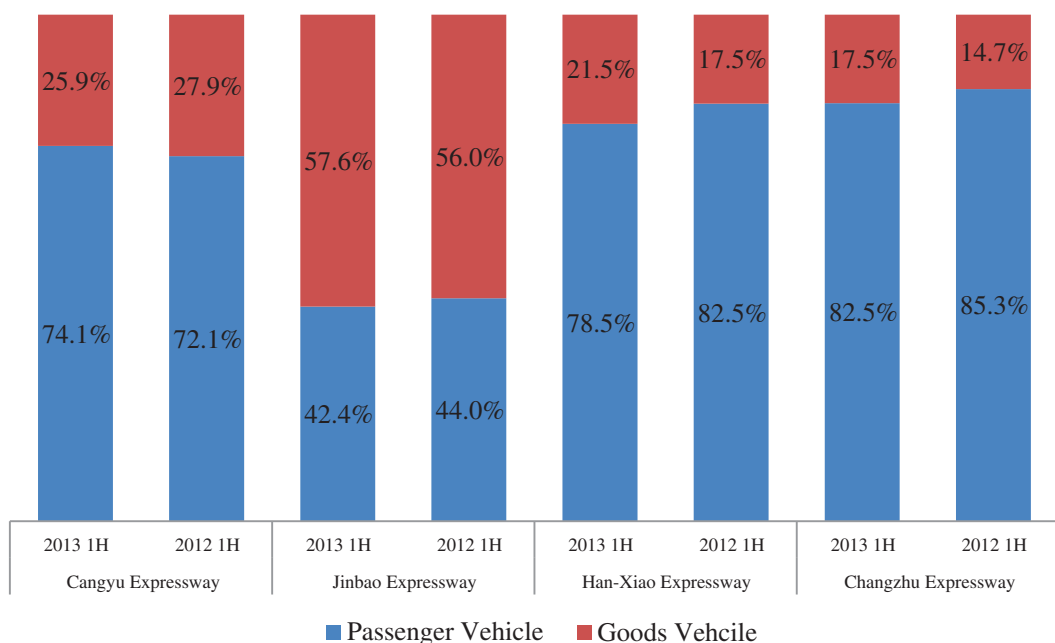
Vehicle type analysis (by traffic volume)

With the Group's gradual implementation of investment strategy in recent years, the projects operated by the Group were widely distributed in seven provinces/municipality including Guangdong, Guangxi, Hunan, Hubei, Shaanxi, Henan and Tianjin. During the Reporting Period, vehicles of the operating projects invested by the Group in Guangdong Province, Shaanxi Province and Henan Province were classified into Class 1 to Class 5. While for the other areas where the rest of our projects were located, vehicles were just classified into passenger (vehicle) and goods (vehicle). The above classifications were based on the specific requirements of provinces/municipality where our projects were located.

Vehicle type analysis (based on statistics of traffic volume) for projects operated in the provinces of Guangdong, Shaanxi and Henan during the first half of 2013



Vehicle type analysis (based on statistics of traffic volume) for projects operated in other regions during the first half of 2013



Summary of operating performance

Macroeconomic environment

During the Reporting Period, both the domestic and international business environment remained complex with uncertainties, the Chinese government adhered to its general direction of achieving steady growth and focused on enhancing the quality and efficiency of economic growth. The Chinese government continued to implement proactive fiscal policies and prudent monetary policies to promote adjustment through reformation, and development through adjustment. According to preliminary estimation, in the first half year, China's GDP reached RMB24.8009 trillion, representing an increase of 7.6% year-on-year. National economy developed steadily with progress in general.

Nationwide aggregate traffic demand was stable while traffic volumes of passenger vehicles and goods vehicles on highways continued to grow. In the first half year, total traffic volume of passenger vehicles and goods vehicles on national highways grew by 5.4% and 11.3% respectively on a year on year basis.

During the Reporting Period, the overall economy of Guangdong Province “developed steadily with improvement” and sustained a steady growth momentum since the second quarter of last year. With improved quality of economic development and further enhanced development stability, the GDP of Guangdong Province reached RMB2,846.6 billion, growing by 8.5% year-on-year. The growth of the economic development in regions where the Group had controlling interests in projects (including Shaanxi, Tianjin, Guangxi, Hunan, Hubei and Henan) remained relatively fast; their GDPs in the first half year grew by 11%, 12.5%, 10.2%, 10%, 9.7% and 8.4% respectively, all of which were higher than the national average for the same period.

(Unit: RMB100 million)

		Guangdong	Shaanxi	Tianjin	Guangxi	Hunan	Hubei	Henan
	National	Province	Province	City	Autonomous Region	Province	Province	Province
GDP in the first half of 2013	248,009	28,466	6,778	6,579	5,810	10,922	10,949	14,557
GDP growth rate in the first half of 2013	7.6%	8.5%	11%	12.5%	10.2%	10%	9.7%	8.4%
GDP growth rate in the first half of 2012	7.8%	7.4%	13.0%	14.1%	11.4%	11.5%	11.7%	10.3%

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

Government policy of the toll road sector

During the Reporting Period, the “Green Passage Toll Free” policy was enforced on the expressways and bridges of the Group in compliance with the relevant requirements by the Central Government, resulting in a decrease of approximately RMB60.44 million in the Group’s toll revenue (a decrease of RMB48.39 million was recorded in the first half of 2012).

Government policy development in the toll road sector during the Reporting Period has created a more favourable operating environment. On 1 April 2013, subsequent to the increase in standard toll rate for goods vehicles in prior year, the Jiangxi Province has officially implemented a revised standard toll rate, with toll rate of Class I vehicle increased from RMB0.4/km to RMB0.45/km. Moreover, the Guangxi Government has approved a higher standard toll rate for newly constructed expressways, with toll rate of Class I vehicle revised from RMB0.4/km to RMB0.6/km. On the other hand, the National Ministry of Transport has issued a revised consultation draft of “Regulations for Administration of Toll Roads” (《收費公路管理條例》〔修正案徵求意見稿〕) (hereinafter collectively referred to as the “consultation draft”) on 8 May 2013 to seek opinions from the public. To summarise, the consultation draft sought to clarify the principle of “Investees as beneficiaries, users as payees” (「誰投資、誰受益、誰使用、誰付費」原則), and to assure reasonable return from equity transfer of and investment in toll roads, recognizing the Government’s effort in promoting long-term development of the toll road sector.

Business improvements and innovations

During the Reporting Period, the Group continued to improve its operation and management systems and mechanisms by carrying out a series of activities to further enhance its enterprise standardization and meticulous management, including comprehensive risk management, knowledge management, the establishment of a professional manager mechanism, and the establishment of governance and control capabilities over its project companies.

Progress of investments

After a series of project acquisitions in recent years, the Group has achieved rapid growth in its asset size. During the Reporting Period, the emphasis of the Group was on the continuous improvement of the operational management and profitability of its existing expressways. In the long run, the Group will timely select projects with high development potential for acquisition.

Performance of expressways and bridges

Subsidiaries

GNSR Expressway

During the Reporting Period, the average daily toll traffic volume was 122,940 vehicles and the average daily toll revenue was RMB1,956,000, representing an increase of 15.1% and 2.9%, respectively, when compared with the first half of 2012.

Benefiting from the continued growth of car ownership, the traffic restriction regarding certain types of goods vehicles during specific hours enforced on the First Ring Road of Guangzhou since 10 January 2013 and the closure of the Leiyi section of the Beijing-Hong Kong-Macau Expressway for major overhaul since 27 May 2013, the average daily toll traffic volume maintained rapid growth, while the YoY growth of the average daily toll revenue was lower than that of the average daily toll traffic volume mainly due to the implementation of unified toll fee standards on all expressways across Guangdong Province since 1 June 2012.

Xian Expressway

During the Reporting Period, the average daily toll traffic volume was 48,155 vehicles and the average daily toll revenue was RMB644,000, representing an increase of 1.1% and 1.1%, respectively, when compared with the first half of 2012.

Benefiting from the rapid development of tourism in Shaanxi, the average daily toll traffic volume and the average daily toll revenue continued to maintain steady growth momentum.

Cangyu Expressway

During the Reporting Period, the average daily toll traffic volume was 12,106 vehicles and the average daily toll revenue was RMB282,000, representing a decrease of 2.0% and 8.0%, respectively, when compared with the first half of 2012.

Affected by the traffic restriction of long journey coaches during 2 am to 5 am in Guangxi and the implementation of the toll-free policy for small passenger vehicles with 7 seats or less during the Spring Festival, the Tomb Sweeping Festival and the Labor Day (a total of 13 days) in 2013, both the average daily traffic volume and the average daily toll revenue decreased.

Jinbao Expressway

During the Reporting Period, the average daily toll traffic volume was 25,146 vehicles and the average daily toll revenue was RMB285,000, representing an increase of 2.5% and a decrease of 15.0%, respectively, when compared with the first half of 2012.

The average daily traffic volume continued to maintain growth, but the average daily toll revenue decreased on a year-on-year basis, which was mainly due to toll free holiday for small passenger vehicles which is effective starting in second half of 2012, foggy weather in first half of 2013 occurs more frequently as compare to same period of 2012 which causes expressway to temporary close down in several occasions and the change in the structure of regional traffic volume arising from the opening of Binbao Expressway which resulted in a decrease in the proportion of traffic volume with long-distance gains.

Han-Xiao Expressway

During the Reporting Period, the average daily toll traffic volume was 14,281 vehicles and the average daily toll revenue was RMB333,000, representing an increase of 20.3% and 27.5%, respectively, when compared with the first half of 2012.

Benefiting from the rapid local economic growth and escalating traffic restriction measures on trucks on the third ring road of Wuhan City enforced from 1 March 2013 resulting in the diversion of some non-local trucks to Han-Xiao Expressway, the average daily toll traffic volume and the average daily toll revenue of Han-Xiao Expressway continued to maintain significant growth on a year-on-year basis.

Changzhu Expressway

During the Reporting Period, the average daily toll traffic volume was 12,457 vehicles and the average daily toll revenue was RMB361,000, representing an increase of 16.3% and 16.7%, respectively, when compared with the first half of 2012.

During the Reporting Period, Changzhu Expressway continuously improved its traffic signs and boards, strengthened its marketing and promotion efforts and enhanced its operational service quality. As a result, more and more drivers and crews became familiar with and chose to use the Changzhu Expressway. Moreover, due to the rapid growth of local economy and the positive boosting effect brought by Zhuzhou Fantawild Adventure, both the average daily toll traffic volume and the average daily toll revenue continued to maintain rapid growth on a year-on-year basis.

Weixu Expressway

During the Reporting Period, the average daily toll traffic volume was 12,603 vehicles and the average daily toll revenue was RMB830,000, representing an increase of 19.9% and 25.9%, respectively, when compared with the first half of 2012.

Due to the reconstruction and expansion of the Hebei section of the Beijing-Hong Kong-Macau Expressway, some vehicles were diverted to the Weixu Expressway. This, coupled with rapid economic growth in central provinces, improvements in signage and strengthened efforts in marketing and promotion of the Weixu Expressway, has resulted in the rapid growth of the average daily toll traffic volume and the average daily toll revenue on a year-on-year basis.

Associates and joint venture

GWSR Expressway

During the Reporting Period, the average daily toll traffic volume was 38,982 vehicles and the average daily toll revenue was RMB765,000, representing an increase of 14.8% and 8.0%, respectively, when compared with the first half of 2012.

Benefiting from the continuous growth of car ownership and the traffic restriction measures regarding certain types of goods vehicles during specific hours enforced on the First Ring Road of Guangzhou since 10 January 2013, the average daily toll traffic volume and the average daily toll revenue maintained rapid growth, while the YoY growth of the average daily toll revenue was lower than that of the average daily toll traffic volume mainly due to the enforcement of unified toll fee standards on all expressways across Guangdong Province since 1 June 2012.

Humen Bridge

During the Reporting Period, the average daily toll traffic volume was 80,391 vehicles and the average daily toll revenue was RMB3,153,000, representing an increase of 6.6% and 10.7%, respectively, when compared with the first half of 2012.

Benefiting from the continuous growth of car ownership and the effective remediation of toll evasion, the average daily toll traffic volume and the average daily toll revenue increased rapidly on a year-on-year basis.

Northern Ring Road

During the Reporting Period, the average daily toll traffic volume was 225,415 vehicles and the average daily toll revenue was RMB1,649,000, representing an increase of 19.2% and 2.0%, respectively, when compared with the first half of 2012.

As car ownership continued to grow and traffic restriction on certain types of goods vehicles during specific hours on the First Ring Road of Guangzhou has been enforced since 10 January 2013 which led to a great improvement in traffic conditions, the traffic volume of small passenger vehicles recorded rapid growth which drove a significant increase in the toll traffic volume. The YoY growth of the toll revenue was lower than that of the toll traffic volume mainly due to the enforcement of unified toll fee standards on all expressways across Guangdong Province since 1 June 2012 and the reduced traffic volume of goods vehicles caused by the traffic restriction during specific hours.

Shantou Bay Bridge

During the Reporting Period, the average daily toll traffic volume was 17,148 vehicles and the average daily toll revenue was RMB629,000, representing an increase of 8.0% and 8.8%, respectively, when compared with the first half of 2012.

Benefiting from the relocation of industries in surrounding areas and the continuous growth of car ownership, the average daily toll traffic volume and the average daily toll revenue maintained steady growth year-on-year.

Qinglian Expressway

During the Reporting Period, the average daily toll traffic volume was 27,300 vehicles and the average daily toll revenue was RMB1,894,000, representing an increase of 12.1% and 20.9%, respectively, when compared with the first half of 2012.

Benefiting from the completion of surrounding road networks and the closure of the LeiYi section of the Beijing-Hong Kong-Macau Expressway for major overhaul since 27 May 2013 which resulted in the diversion of some vehicles to Qinglian Expressway, the proportion of the traffic volume with long-distance gains increased, such that the average daily toll traffic volume and the average daily toll revenue showed rapid growth.

According to the notice published by the Communication Department of Guangdong Province, toll collection rights of some highways in Guangdong Province, including Qinglian Class 2 Road held by Guangdong Qinglian Highway Development Company Limited (“Qinglian Company”), had been cancelled with effect from 24:00 of 30 June 2013. Qinglian Company had suspended toll collection for Qinglian Class 2 Road and closed it for maintenance since late September 2010. Qinglian Class 2 Road had not generated any revenue to the Group since October 2010. Therefore this cancellation of toll collection had no impact on the Group’s toll revenue in 2013. Qinglian Company is trying all feasible ways to work with relevant government departments on the arrangement details of the cancellation of toll collection at the Qinglian Class 2 Road and any related subsequent works. As at the date of this announcement, the said arrangement of the cancellation of toll collection at the Qinglian Class 2 Road has not yet finalised. The Group will actively follow up and communicate with relevant bodies to ensure the rights and benefits of the Group and its shareholders are being protected. The Group will report on any new development as and when appropriate.

FINANCIAL REVIEW

Key operating results figures	Six months ended		
	30 June		
	2013	2012	Change
	RMB'000		%
Toll Revenue	824,815	701,425	17.6
Gross profit of toll collection	557,342	476,512	17.0
Operating profit	468,742	464,493	0.9
Earnings before interests, tax, depreciation and amortization (“EBITDA”) ¹	778,436	725,065	7.4
Finance costs	(176,746)	(132,190)	33.7
Share of results of associates	114,095	96,795	17.9
Share of result of a joint venture	5,904	3,942	49.8
Profit attributable to shareholders of the Company	255,369	243,018	5.1
Basic and diluted earnings per share	RMB0.1526	RMB0.1452	5.1
Interim dividends	133,086	123,137	

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

I. Overview of operating results

After a tough 2012 had passed, overall operating results in the first half of 2013 was encouraging with toll revenue increased by 17.6 percent to RMB824.8 million and profit attributable to the shareholders of the Company increased by 5.1 percent to RMB255.4 million. In the first half of 2012, there was a material reversing adjustment to business tax of Class 1 Highways which has net impact of RMB49.9 million to the profit attributable to shareholders of the Company. If to exclude this factor for comparison purpose, the net profit growth in the Reporting Period should be 32.2 percent. The Directors resolved to declare an interim dividend for 2013 of HK\$0.10 (2012: HK\$0.09) which is equivalent to approximately RMB0.079542 (2012: RMB0.0735952 per share) per share, represented an interim dividend payout ratio of 52.1 percent (2012: 50.7 percent).

Since the implementation of Standardization Scheme on toll distance calculation in Guangdong Province in June 2012 and the nationwide implementation of toll-free holiday for passenger vehicles during statutory holidays effective in the second half of 2012, toll revenue of GNSR Expressway, GWSR Expressway and Northern Ring Road have rebounded with 2.4 percent, 7.4 percent and 1.4 percent growth respectively in the Reporting Period; and profit attributable to shareholders of the Company increased by 7.4 percent, 49.8 percent and 4.3 percent respectively. With the rapid economic development in the region, toll revenue of Han-Xiao Expressway continued to grow 26.8 percent in the Reporting Period to RMB60.3 million and profit attributable to shareholders of the Company increased by 173.9 percent to RMB7.7 million. Changzhu Expressway (commenced toll operation only in August 2010 which is still in its incubation period) recorded toll revenue growth of 17.2 percent to RMB66.1 million and operating loss has narrowed down by 27.3 percent to RMB29.1 million in the Reporting Period. Weixu Expressway was consolidated to the Group in late May 2012 and its first full six month's toll revenue contribution was RMB125.2 million with profit attributable to shareholders of the Company of RMB31.8 million. Benefiting from increasing car ownership, Humen Bridge recorded 10.1 percent growth in toll revenue to RMB571.0 million in the Reporting Period and the Group's share of profit increased by 11.6 percent to RMB63.9 million. With the opening of the Liannan section of Qinglian Expressway early in 2011 followed by the opening of Yilian Expressway on 25 September 2011, enabling overall surrounding road networks highly connected, Qinglian Expressway was benefited with toll revenue grew further by 19.9 percent to RMB342.7 million in the Reporting Period and operating results recorded a profit in contrast to the operating loss in the first half of 2012. Jinbao Expressway was affected by traffic diversion causing toll revenue to decline by

15.5 percent in the Reporting Period while profit attributable to shareholders of the Company declined by 43.3 percent due to the Group's profit sharing ratio has changed from 90.0 percent to 40.0 percent effective 31 March 2013 and ending 31 March 2016 pursuant to the relevant joint venture agreement. The impact of this change in profit sharing ratio was a decrease to profit attributable to the shareholders of the Company by RMB5.9 million. In other words, if no change in the profit sharing ratio, net profit decline of Jinbao Expressway in the Reporting Period should be only 3.4 percent. Cangyu Expressway was mainly affected by the implementation of toll-free holiday for passenger vehicles during statutory holidays effective in the second half of 2012 and passage restriction measure for long-distance vehicles, causing toll revenue to drop 8.5 percent while profit attributable to shareholders of the Company declined 5.1 percent.

II. Analysis of operating results

Toll Revenue

The Group recorded toll revenue of RMB824.8 million in the Reporting Period, represented a 17.6 percent growth over the first half of 2012. Toll revenue contribution from the newly acquired Weixu Expressway (full six month's toll revenue contribution in the Reporting Period) amounted to RMB125.2 million.

Analysis of toll revenue by each controlled toll project					
Controlled Toll Projects	Reporting Period RMB'000	Percentage of total %	First half of 2012 RMB'000	Percentage of total %	Change %
GNSR Expressway	354,078	42.9	345,857	49.3	2.4
Weixu Expressway	125,196	15.2	18,932	2.7	N/A ⁽¹⁾
Xian Expressway	116,499	14.1	115,873	16.5	0.5
Changzhu Expressway	66,070	8.0	56,380	8.0	17.2
Han-Xiao Expressway	60,341	7.3	47,600	6.8	26.8
Jinbao Expressway	51,533	6.3	60,954	8.7	-15.5
Cangyu Expressway	51,098	6.2	55,829	8.0	-8.5
Total	<u>824,815</u>	<u>100.0</u>	<u>701,425</u>	<u>100.0</u>	17.6

(1) Acquisition of Weixu Expressway was completed on 28 May 2012. For comparison purpose, toll revenue from 1 January 2012 to 30 June 2012 amounted to RMB104.2 million by which the toll revenue in the Reporting Period was higher by 20.1 percent.

GNSR Expressway accounted for 42.9 percent (same period in 2012: 49.3 percent) to the total toll revenue of the Group's controlled toll projects in the Reporting Period. Since the implementation of Standardization Scheme on toll distance calculation in Guangdong Province in June 2012 and the nationwide implementation of toll-free holiday for passenger vehicles during statutory holidays effective in the second half of 2012, toll revenue of GNSR Expressway in the Reporting Period has rebounded and increased by 2.4 percent to RMB354.1 million.

Weixu Expressway was consolidated to the Group in late May 2012 and its full six month's toll revenue amounted to RMB125.2 million. It accounted for 15.2 percent of the total toll revenue from controlled toll projects. For comparison purpose, toll revenue for the same period in 2012 was RMB104.2 million, by which the toll revenue in the Reporting Period was higher by 20.1 percent.

Xian Expressway, ranked third in terms of toll revenue contribution represented approximately 14.1 percent (same period in 2012: 16.5 percent) of the total revenue from controlled toll projects. Toll revenue of Xian Expressway was stable in the Reporting Period amounted to RMB116.5 million which was close to the level for the same period in 2012.

Changzhu Expressway, ranked fourth in terms of toll revenue contribution represented approximately 8.0 percent (same period in 2012: 8.0 percent) of the total toll revenue from controlled toll projects. Toll revenue in the Reporting Period amounted to RMB66.1 million being 17.2 percent higher than the same period in 2012.

With the rapid economic development in the region, Han-Xiao Expressway continued to record strong toll revenue amounted to RMB60.3 million being growth of 26.8 percent in the Reporting Period. Han-Xiao Expressway ranked fifth in toll revenue contribution represented approximately 7.3 percent (same period in 2012: 6.8 percent) of the total toll revenue from controlled toll projects.

Jinbao Expressway, ranked sixth in terms of toll revenue contribution represented approximately 6.3 percent (same period in 2012: 8.7 percent) of the total toll revenue from controlled toll projects. Due to the opening of the Binbao Expressway in December 2010 which changed the structure of regional traffic volume and led to a decrease of long-haul toll traffic volume, Jinbao Expressway's toll revenue declined 15.5 percent in the Reporting Period to RMB51.5 million.

Cangyu Expressway, accounted for 6.2 percent (same period in 2012: 8.0 percent) of the total toll revenue from controlled toll projects. Due to the implementation of toll-free holiday for passenger vehicles during statutory holidays effective in the second half of 2012 and passage restriction measure for long-distance vehicles, Cangyu Expressway recorded a decline in toll revenue of 8.5 percent to RMB51.1 million in the Reporting Period.

Cost of services

In the Reporting Period, cost of services of the Group's toll highways amounted to RMB267.5 million (same period in 2012: RMB224.9 million), represented an increase of RMB42.6 million or 18.9 percent over the same period of 2012. An analysis of the cost of services showed that the increase was mainly due to (1) cost of services from the newly acquired Weixu Expressway (consolidated in late May 2012) with its increment of RMB31.3 million in the Reporting Period; and (2) increase in toll reinforcement repairs of GNSR Expressway by approximately RMB6.0 million in the Reporting Period.

Analysis of cost of services by each controlled toll project					
Controlled Toll Projects	Reporting Period RMB'000	Percentage of total %	First half of 2012 RMB'000	Percentage of total %	Change %
GNSR Expressway	108,004	40.4	105,173	46.7	2.7
Weixu Expressway	35,398	13.2	4,071	1.8	N/A
Xian Expressway	32,965	12.3	26,887	12.0	22.6
Changzhu Expressway	24,917	9.3	22,898	10.2	8.8
Han-Xiao Expressway	22,823	8.5	16,654	7.4	37.0
Jinbao Expressway	29,357	11.0	34,903	15.5	-15.9
Cangyu Expressway	14,009	5.3	<u>13,830</u>	6.1	1.3
	267,473		224,416		19.2
Others	<u>—</u>	<u>—</u>	<u>497</u>	<u>0.3</u>	N/A
Total	<u>267,473</u>	<u>100.0</u>	<u>224,913</u>	<u>100.0</u>	18.9

Gross profit

Gross profit of toll collection in the Reporting Period increased by 17.0 percent to RMB557.3 million of which RMB89.8 million was derived from Expressway (consolidated in late May 2012). Gross profit margin in the Reporting Period was 67.6 percent being 0.3 percentage point lower than that of the first half of 2012.

Analysis of gross profit of toll collection by each controlled toll project				
Controlled Toll Projects	Reporting Period		First half of 2012	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	RMB'000		RMB'000	
GNSR Expressway	246,074	69.5%	240,684	69.6%
Weixu Expressway	89,798	71.7%	14,861	78.5%
Xian Expressway	83,534	71.7%	88,986	76.8%
Changzhu Expressway	41,153	62.3%	33,482	59.4%
Han-Xiao Expressway	37,518	62.2%	30,946	65.0%
Jinbao Expressway	22,176	43.0%	26,051	42.7%
Cangyu Expressway	37,089	72.6%	41,999	75.2%
	557,342	67.6%	477,009	68.0%
Others	—	—	(497)	N/A
Total	<u>557,342</u>	67.6%	<u>476,512</u>	67.9%

General and administrative expenses

The Group's general and administrative expenses in the Reporting Period amounted to RMB101.5 million (same period in 2012: RMB92.4 million), representing an increase of RMB9.1 million or 9.8 percent over the first half of 2012. Such increase was mainly attributed to (1) RMB2.2 million from Weixu Expressway (consolidated in late May 2012) and (2) increase in corporate expenses of RMB6.1 million mainly due to increase in staff costs as a result of (a) additional manpower and salary increment; and (b) adoption of new calculation basis of social security costs in accordance to relevant government policy.

Finance costs

The Group's finance costs in the Reporting Period amounted to RMB176.7 million (same period in 2012: RMB132.2 million), representing an increase of approximately 33.7 percent over the first half of 2012. The increase was mainly due to Weixu Expressway (consolidated in late May 2012), with an increase of RMB40.7 million from the first full six months' consolidation as compared to the first half of 2012 with only one month's consolidation in the amount of RMB10.7 million. During the Reporting Period, there were additions of offshore bank borrowings in aggregate of approximately RMB412.5 million, obtained for settlement of consideration payables of and injection of additional share capital to recently acquired toll projects and the related increase in finance costs was approximately RMB18.0 million. However, the Group has repaid approximately RMB570.8 million bank borrowings (of which onshore bank borrowings amounted RMB550.6 million) in the Reporting Period; thereby offsetting the impact from the afore-said finance cost increment. The Group's average interest rate in the Reporting Period was 5.85 percent (first half of 2012: 6.52 percent). Management anticipates that the beneficial impact from loan restructure will be better reflected in the second half of 2013.

Share of results of associates and a joint venture

The Group's share of results of associates has increased by 17.9 percent in the Reporting Period to RMB114.1 million and share of result of a joint venture increased 49.8 percent to RMB5.9 million in the Reporting Period.

Share of post-tax profit of Humen Bridge in the Reporting Period amounted to RMB63.9 million, represented 11.6 percent increase over the first half of 2012. Benefited from continued growth in car ownership, toll revenue at the project company level increased by 10.1 percent to RMB571.0 million in the Reporting Period.

Share of post-tax profit of Northern Ring Road in the Reporting Period increased by 4.3 percent to RMB31.9 million. Toll revenue at the project company level has rebounded with a growth of 1.4 percent to RMB298.4 million since the implementation of unified toll collection policy on expressways in Guangdong Province effective from 1 June 2012.

With the continuous growth in car ownership, Shantou Bay Bridge's toll revenue at project company level enjoyed continued growth of 8.2 percent to RMB113.9 million in the Reporting Period. However, due to increase in repairs and maintenance expenses and staff costs, share of post-tax profit of Shantou Bay Bridge in the Reporting Period amounted to RMB16.0 million which was close to the first half of 2012.

In the Reporting Period, Qinglian Expressway has turned to profit with the Group's share being RMB2.2 million as compared to the share of loss in the first half of 2012 of RMB7.0 million. Toll revenue at the project company level posted a growth of 19.9 percent to RMB342.7 million in the Reporting Period. Management believed that the completion of surrounding road networks will further boost the toll revenue of Qinglian Expressway, which is anticipated to become a more meaningful contributor to the Group's profitability.

Since the implementation of unified toll collection policy on expressways in Guangdong Province on 1 June 2012, toll revenue of GWSR Expressway at the project company level has rebounded with a growth of 7.4 percent to RMB138.4 million in the Reporting Period and share of its post-tax profit has increased by 49.8 percent to RMB5.9 million.

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	571,041	10.1	63,920	11.6
Northern Ring Road	24.3	298,418	1.4	31,948	4.3
Shantou Bay Bridge	30.0	113,936	8.2	15,982	0.5
Qinglian Expressway	23.63	<u>342,726</u>	19.9	<u>2,245</u> ⁽²⁾	N/A
Sub-total		1,326,121	10.1	114,095	17.9
Joint venture					
GWSR Expressway	35.0	<u>138,419</u>	7.4	<u>5,904</u>	49.8
Total		<u>1,464,540</u>	9.9	<u>119,999</u>	19.2

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

(2) Qinglian Expressway turned profit in the Reporting Period as compared to the attributable loss of RMB7.0 million in the first half of 2012.

Income tax expense

Total income tax expense of the Group in the Reporting Period amounted to RMB130.2 million, represented a decrease of RMB12.1 million or 8.5 percent in the Reporting Period mainly due to the effect of the PRC income tax expense of RMB14.2 million provided in the first half of 2012 in respect of the reversal of business tax after the Group has successfully confirmed with tax authorities that the compensation receivable from the four Class 1 Highways was not subject to business tax.

In the Reporting Period, a total of RMB7.5 million (first half of 2012: RMB6.8 million) was reversed from deferred tax assets and charged to the income tax expense.

Profit attributable to shareholders of the Company

The Company reported profit attributable to its shareholders of RMB255.4 million in the Reporting Period, represented an increase of 5.1 percent over the first half of 2012. In the first half of 2012, there was a material reversing adjustment to business tax of Class 1 Highways which has net impact of RMB49.9 million to the profit attributable to shareholders of the Company. If to exclude this factor for comparison purpose, the net profit growth in the Reporting Period should be 32.2 percent.

Analysis of the profit attributable to shareholders of the Company

	Reporting Period RMB'000	Percentage of total %	First half of 2012 RMB'000	Percentage of total %	Change %
Net profit from controlled toll projects	199,062	62.4	156,442	60.8	27.2
Net profit from non-controlled toll projects ⁽¹⁾	<u>119,999</u>	<u>37.6</u>	<u>100,737</u>	<u>39.2</u>	19.1
Net profit from toll projects	319,061	<u>100.0</u>	257,179	<u>100.0</u>	24.1
Withholding tax on PRC dividends	(20,918)		(20,787)		0.6
Corporate income / gains	33,992		10,397		226.9
Corporate expenses	(61,718)		(55,635)		10.9
Corporate finance costs	(25,331)		(7,872)		221.8
Net impact from exemption of business tax of Class 1 Highways	—		49,879		N/A
Net impact of interest income on compensation receivable	<u>10,283</u>		<u>9,857</u>		4.3
Profit attributable to shareholders of the Company	<u>255,369</u>		<u>243,018</u>		5.1

(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 toll projects amounted to RMB319.1 million in the Reporting Period which represented a 24.1 percent growth or RMB61.9 million over the first half of 2012. Of which, net profit from controlled toll projects accounted for 62.4 percent (same period in 2012: 60.8 percent) while net profit from non-controlled toll projects accounted for 37.6 percent (same period in 2012: 39.2 percent) in the Reporting Period.

Net profit from controlled toll projects amounted to RMB199.1 million in the Reporting Period represented an increase of 27.2 percent over the first half of 2012. With toll revenue rebounded, net profit of GNSR Expressway grew 7.4 percent to RMB104.9 million. Weixu Expressway's first full six months' net profit since its consolidation to the Group in late May 2012 amounted to RMB31.8 million (net profit recorded in the first half of 2012 was RMB3.6 million). Han-Xiao Expressway recorded net profit of RMB7.7 million, representing an increase of 173.9 percent over the same period in 2012. The Changzhu Expressway's net loss has narrowed down by 27.3 percent to RMB29.1 million. Xian Expressway recorded a slight drop of 1.9 percent in its net profit to RMB54.8 million due to increase in maintenance expense and staff costs. Jinbao Expressway being affected by both decline in toll revenue and profit sharing ratio adjustment has recorded drop in net profit of 43.3 percent to RMB8.4 million. Cangyu Expressway being affected by the implementation of a toll-free holiday for passenger vehicles during statutory holidays effective in the second half of 2012 and passage restriction measure for long-distance vehicles, causing toll revenue decline, has recorded drop in net profit of 5.1 percent to RMB20.6 million.

Analysis of net profit by each controlled toll project					
Controlled Toll Projects	Reporting Period RMB'000	Percentage of total %	First half of 2012 RMB'000	Percentage of total %	Change %
GNSR Expressway	104,880	32.9	97,615	37.9	7.4
Weixu Expressway	31,793	9.9	3,646 ⁽¹⁾	1.4	N/A
Xian Expressway	54,752	17.2	55,833	21.7	-1.9
					loss
Changzhu Expressway	(29,122)	-9.1	(40,064)	-15.6	27.3
Han-Xiao Expressway	7,684	2.4	2,805	1.1	173.9
Jinbao Expressway	8,428	2.6	14,855	5.8	-43.3
Cangyu Expressway	20,647	6.5	21,752	8.5	-5.1
Total	<u>199,062</u>	<u>62.4</u>	<u>156,442</u>	<u>60.8</u>	27.2

(1) Acquisition of Weixu Expressway was completed on 28 May 2012 and only one month's operating results were consolidated to the Group in the first half of 2012.

Net profit from non-controlled toll projects (an analysis was shown in the aforementioned table “analysis of share of results of associates and a joint venture and respective revenue”) amounted to RMB120.0 million which was 19.1 percent higher than the first half of 2012. Among the non-controlled toll projects, profits attributable to the shareholders of the Company from Humen Bridge, Northern Ring Road, Shantou Bay Bridge, Qinglian and GWSR Expressway accounted for 20.0 percent (same period in 2012: 22.3 percent), 10.0 percent (same period in 2012: 11.9 percent), 5.0 percent (same period in 2012: 6.2 percent), 0.7 percent (same period in 2012: loss) and 1.9 percent (same period in 2012: 1.5 percent) respectively. Qinglian Expressway has turned profit in the Reporting Period and the Group’s share of its profit amounted to RMB2.2 million, an improvement of 131.9 percent over the share of loss in the same period of 2012 of RMB7.0 million.

The corporate income/gains in the Reporting Period included exchange gains of RMB23.6 million of which RMB20.4 million was related to offshore bank borrowings. The corporate finance costs increased by RMB17.5 million to RMB25.3 million mainly due to new offshore bank borrowings of approximately RMB412.5 million (equivalent to HK\$130.0 million and US\$50.0 million) obtained in the Reporting Period.

Interim dividend

The Directors resolved to declare an interim dividend for 2013 of HK\$0.10 which is equivalent to approximately RMB0.079542 (2012: HK\$0.09 which was equivalent to approximately RMB0.0735952) per share payable on or about 8 November 2013 to shareholders whose names appear on the register of members of the Company on 11 October 2013. Interim dividend payout ratio was 52.1 percent (2012: 50.7 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 2013 RMB'000	31 December 2012 RMB'000	Change %
Total assets	18,704,685	18,710,701	-0.03
Total liabilities	8,435,080	8,626,339	-2.2
Cash and cash equivalents	1,125,928	1,057,124	6.5
Total borrowings	6,305,342	6,427,483	-1.9
Bank borrowings	6,149,452	6,252,414	-1.6
Current ratio	1.5 times	1.4 times	
Interest coverage	4.3 times	4.1 times	
Equity attributable to the shareholders of the Company	8,201,440	8,094,466	1.3

Assets, Liabilities and Equity

As at 30 June 2013, the Group's total assets was similar to the balance as at 31 December 2012 amounted to RMB18.7 billion. The Group's total assets comprised mainly of intangible operating rights of RMB13.5 billion (31 December 2012: RMB13.6 billion); investments in joint venture and associates of RMB2.02 billion (31 December 2012: RMB1.95 billion), compensation receivable of RMB587.6 million (31 December 2012: RMB587.6 million) being the balance of compensation for closure of the four Class 1 Highways (before 30 September 2012, the Group and GZ Government have entered into a supplemental agreement, where GZ Government agreed to repay the remaining balance on or before 30 September 2013 along with the interests (based on bank's benchmark lending rate) during the period between 1 October 2012 and date of payment); and cash and cash equivalents of RMB1.13 billion (31 December 2012: RMB1.06 billion). The asset classified as held for sale of RMB201.5 million is related to the Group's 4.04 percent interest in Guangzhou Securities Co., Ltd., which the Directors of the Company have approved to sell in November 2012 (for details of the disposal, please refer to the Company's announcement dated 7 November 2012) and the transaction is conditional and is subjected to approval by the government authorities as at Reporting Date (please refer to the Company's announcement dated 22 April 2013).

As at 30 June 2013, the Group's total liabilities amounted to RMB8.4 billion which was 2.2 percent lower than the balance as at 31 December 2012. The Group's total liabilities comprised mainly of bank borrowings of RMB6.15 billion (31 December 2012: RMB6.25 billion); loans from non-controlling interests of RMB139.0 million (31 December 2012: RMB158.2 million); other loan of RMB16.9 million (31 December 2012: RMB16.9 million) being short-term borrowing from an external party; deferred income tax liabilities of RMB1.56 billion (31 December 2012: RMB1.53 billion); and balance of cash purchase consideration of Weixu Expressway and Changzhu Expressway amounted to RMB72.1 million and RMB106.2 million respectively. Movement in deferred income tax liabilities during the Reporting Period included payments made in respect of PRC distributable dividend tax of RMB4.8 million.

As at 30 June 2013, the Group's total equity amounted to RMB10.3 billion (31 December 2012: RMB10.1 billion), of which amount attributable to the shareholders of the Company amounted to RMB8.2 billion, an increase of RMB107.0 million over the balance as at 31 December 2012.

Analysis of major assets, liabilities and equity items			
Items	(Unaudited)		Change %
	30 June 2013 RMB'000	31 December 2012 RMB'000	
Total assets	18,704,685	18,710,701	-0.03
Approximately 90.0 % of which:			
Intangible operating rights	13,495,851	13,612,830	-0.9
Investments in joint venture and associates	2,016,686	1,945,143	3.7
Compensation receivable	587,583	587,583	0.0
Cash and cash equivalents	1,125,928	1,057,124	6.5
Total liabilities	8,435,080	8,626,339	-2.2
Approximately 90.0 % of which:			
Bank borrowings — current portion	659,132	560,778	17.5
— long term portion	5,490,320	5,691,636	-3.5
Other loans	16,880	16,880	0.0
Loans from non-controlling interests	139,010	158,189	-12.1
Deferred income tax liabilities	1,564,921	1,529,145	2.3
Total equity	10,269,605	10,084,362	1.8
Of which: Attributable to the shareholders of the Company	8,201,440	8,094,466	1.3

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 RMB1.13 billion which was 6.5 percent higher than the level at 31 December 2012. The Group's cash was deposited in commercial banks, with no deposit in non-bank institutions or any amount applied to securities investment.

Analysis of cash flow movement	(Unaudited)	
	Six months ended	
	30 June	
	2013	2012
	RMB'000	RMB'000
Net cash generated from operating activities	555,172	321,275
Net cash generated/(used in) investing activities	36,491	(835,918)
Net cash (used in)/generated from financing activities	<u>(524,021)</u>	<u>402,391</u>
Increase/(decrease) in cash and cash equivalents	67,642	(112,252)
Cash and cash equivalents at 1 January	1,057,124	1,298,478
Effect of foreign exchange rate changes	<u>1,162</u>	<u>532</u>
Cash and cash equivalents at 30 June	<u>1,125,928</u>	<u>1,186,758</u>

Net cash generated from operating activities during the Reporting Period amounted to RMB555.2 million (30 June 2012: RMB321.3 million) which was arrived from cash generated from operations of RMB629.8 million (30 June 2012: RMB426.4 million) less enterprise income tax paid of RMB74.6 million (30 June 2012: RMB105.2 million).

Net cash generated from investing activities during the Reporting Period amounted to RMB36.5 million (30 June 2012: net cash used of RMB835.9 million). On the outflow side, mainly were capital expenditures amounted to approximately RMB43.1 million (30 June 2012: RMB945.9 million). On the inflow side, mainly consisted of investment returns from associates of RMB48.5 million (30 June 2012: RMB100.1 million); interest income received in respect of the compensation receivable of RMB18.1 million (30 June 2012: nil) and bank interest income amounted to approximately RMB13.0 million (30 June 2012: RMB9.8 million).

Net cash used in financing activities during the Reporting Period amounted to RMB524.0 million (30 June 2012: net cash generated of RMB402.4 million). The inflow side mainly included new bank borrowings amounted to approximately RMB497.6 million (30 June 2012: RMB835.4 million); capital injection from non-controlling interest of RMB4.5 million (30 June 2012: nil); no proceeds of loans from associate and joint venture in the Reporting Period (30 June 2012: RMB44.0 million). The outflow side mainly included repayment of bank borrowings amounting to RMB570.8 million (30 June 2012: RMB55.8 million); payment of bank borrowings interest and charges of RMB188.4 million (30 June 2012: RMB153.2 million); repayments of loans from non-controlling interest of subsidiaries of RMB23.1 million (30 June 2012: RMB51.5 million); no repayment of other loans in the Reporting Period (30 June 2012: RMB25.8 million); dividends paid to non-controlling interest of RMB94.9 million (30 June 2012: Nil); and dividends paid to the shareholders of the Company of RMB148.9 million (30 June 2012: RMB190.7 million).

Current ratio

The current ratio (current assets over current liabilities) as at 30 June 2013 was 1.5 times (31 December 2012: 1.4 times). Apart from cash and cash equivalents which were the major components of the Group's current assets as at 30 June 2013, a receivable of RMB587.6 million being the consideration receivable balance in relation to the compensation arrangement of the closure of toll stations of the Class 1 Highways was recorded. Included in the Group's current liabilities as at 30 June 2013 was short term borrowings (i.e. maturity within one year) of approximately RMB690.6 million (31 December 2012: RMB615.4 million), of which bank borrowings amounted to RMB659.1 million (31 December 2012: RMB560.8 million). 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 in the Reporting Period, 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 six months ended 30 June 2013 was 4.3 times (31 December 2012: 4.1 times).

Capital expenditures and investments

During the Reporting Period, total capital expenditures amounted to RMB43.1 million. Capital expenditures related to investment funds included payments of cash considerations to acquisition of subsidiaries of approximately RMB12.2 million. Capital expenditures related to intangible operating rights and fixed assets included payments of construction costs of toll highways and bridges upgrade services of RMB7.1 million and purchase of property, plant and equipment of RMB23.8 million. Apart from the aforementioned, no material capital expenditures were paid 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.

<i>Analysis of capital structures</i>	(Unaudited)	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Bank borrowings	6,149,452	6,252,414
Other loan	16,880	16,880
Loans from non-controlling interests	139,010	158,189
Amounts due to non-controlling interests of subsidiaries	40,987	43,070
Amount due to a joint venture	31,500	31,500
Total debts	6,377,829	6,502,053
Less: cash and cash equivalents	(1,125,928)	(1,057,124)
Net debts	5,251,901	5,444,929
Total Equity	10,269,605	10,084,362
Of which: Equity attributable to the shareholders of the Company	8,201,440	8,094,466
Total capitalization (Net debts + Equity attributable to the shareholders of the Company)	13,453,341	13,539,395
<i>Financial ratios</i>		
Gearing ratio (net debts/total capitalization)	39.0%	40.2%
Debt to Equity ratio (net debts/total equity)	51.1%	54.0%
Total liabilities / Total assets ratio	45.1%	46.1%

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 of these two markets. As at the end of the Reporting Period, the Group's borrowings comprised of bank borrowings, other loans and loans from non-controlling interests.

Bank borrowings of the Group as at 30 June 2013 amounted to approximately RMB6.15 billion (31 December 2012: RMB6.25 billion). All the bank borrowings are at floating rates. The effective interest rate of these bank borrowings at 30 June 2013 was 5.62 percent (31 December 2012: 6.01 percent).

<i>Analysis of bank borrowings</i>		
	(Unaudited)	
	30 June 2013	31 December 2012
	Percentage of total	Percentage of total
Source		
Onshore	75.0%	81.0%
Offshore	25.0%	19.0%
	<u>100.0%</u>	<u>100.0%</u>
Repayment term		
Within 1 year	11.0%	9.0%
1 to 2 year	13.0%	16.1%
More than 2 years and less than 5 years	40.0%	35.2%
Above 5 years	36.0%	39.7%
	<u>100.0%</u>	<u>100.0%</u>
Currency		
RMB	75.0%	81.0%
HKD	16.0%	15.0%
USD	9.0%	4.0%
	<u>100.0%</u>	<u>100.0%</u>
Terms of credit		
Secured	65.1%	70.9%
Unsecured	34.9%	29.1%
	<u>100.0%</u>	<u>100.0%</u>

Other loan was short term borrowing from an external party (31 December 2012: one party). As at 30 June 2013, this other loan amounted to RMB16.9 million (31 December 2012: RMB16.9 million) which is unsecured. This borrowing is bearing interest at a rate of 6.55 percent per annum during the Reporting Period.

Loans from non-controlling interests are unsecured and denominated in RMB. Except for RMB14.6 million which was interest bearing at 6.6 percent per annum and repayable within one year, the rests were interest free and the carrying amounts of these loans were stated at fair values.

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

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 RMB120.2 million and RMB0.025 million denominated in HK\$ and US\$ respectively, equivalent to HK\$150.9 million and US\$0.004 million respectively; and approximately RMB996.4 million and RMB554.5 million offshore bank borrowings denominated in HK\$ and US\$ respectively, equivalent to HK\$1,250.9 million and US\$89.7 million 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 further relaxation 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 Renminbi.

IV. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2013, the Group had capital commitments related to intangible operating rights and property, plant and equipment of approximately RMB71.2 million being contracted but not provided for and approximately RMB37.9 million being authorized but not contracted for.

Except for the aforementioned, the Group had no material capital commitments as at 30 June 2013. There were no significant contingent liabilities as at 30 June 2013.

V. EMPLOYEES

As at 30 June 2013, the Group had approximately 1,733 employees of whom about 1,464 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. The Group has also adopted a share option scheme.

FUTURE PROSPECTS

- **Macro-economy**

Judging from the current trend, the overall international economy will continue to recover slowly. However, uncertainties will still exist despite improvements were shown by the data released recently by developed economies in Europe and America.

Amid the slow recovery of the international economy, China's macro-economy remained stable in the first half year. Currently, China's economy is in a stage of reforms and upgrading, and the central government is expected to adhere to the general direction of progress with stability and focuses on boosting domestic demand to stabilise economic growth, accelerating structural adjustment as well as maintaining steady and rapid economic development, so as to promote the organic growth and coordinated development of China's macro-economy.

- **Policies relating to the toll road sector**

- (I) **Proposed amendments to the “Regulations for the Administration of Toll Roads” by the Ministry of Transport**

On 8 May 2013, the Ministry of Transport announced the “Regulations for the Administration of Toll Roads” (Amendment Draft for Comments) (《收費公路管理條例》(修正案徵求意見稿)) (hereinafter referred to as the “Draft”), to publicly invite comments from the community. Examples of some of the amendments mentioned in the Draft are as follows:

1. If the lawful income of business operators is affected by the implementation of national toll free policies, they can be compensated by ways such as the appropriate extension of the toll concession period.
2. If the toll concession period of an expressway is required to be adjusted due to increased investment for capacity expansion, such adjustment shall be re-approved according to the relevant provision of this regulation.

3. The determination of toll rates for commercial toll roads should involve factors such as total investment, financing costs, reasonable return, local price index, toll concession period and traffic volume.

(II) Toll-by-weight in central Guangdong area and unified toll collection system across Guangdong Province

Pursuant to the “Notice of the Communication Department of Guangdong Province on the Issuance of Work Implementation Proposal Regarding “Single Unified Toll Collection System” for Expressways in Guangdong Province” (Yue Jiao Fei<2013>No.719) (《廣東省交通運輸廳關於印發廣東省高速公路聯網收費“一張網”工作實施方案的通知》 (粵交費<2013>719號)) issued by the Communication Department of Guangdong Province on 21 June, the Government of Guangdong Province is currently pushing forward the implementation of a single unified toll collection system across the province, and requesting the timely completion of works such as meter lanes reconstruction and equipment installation to ensure the simultaneous implementation of a unified toll collection system across Guangdong Province and the toll-by-weight measure in central Guangdong area by the end of 2013. It is expected that the implementation of the toll-by-weight measure in central Guangdong area will have a positive effect on the growth of toll revenue in the projects, such as GNSR Expressway and GWSR Expressway, operated and managed by the Group in the area.

• Prospect of our project operations

Going forward, the Group’s GNSR Expressway, Xian Expressway, Humen Bridge, Northern Ring Road and Shantou Bay Bridge, which have become relatively mature and achieved stable growth during the Reporting Period, will continue to be the main sources of stable profit for the Group. Projects in central China acquired in recent years, such as Han-Xiao Expressway, Changzhu Expressway and Weixu Expressway, will continue to benefit from favourable factors such as rapid local economic growth, the relocation of industries from eastern coastal areas and the completion of surrounding road networks, and are expected to maintain strong double-digit growth in terms of traffic volume and toll revenue. Qinglian Expressway, which realised turnaround from loss to profit during the Reporting Period, is anticipated to achieve a gradual improvement in profitability and become a new profit growth driver for the Group with the deepening effect of road network completion.

- **Future development strategy**

Following the primary achievement of the objective of “Doubling the assets within three years”, the Group will moderately slow down investment and acquisitions to focus on consolidating the operation of existing projects, and will continue to explore and enhance the operating efficiency and profitability of the existing asset portfolio through measures such as effective cost control, optimising the debt structure and reducing overall financing costs, aiming to generate sustainable and reasonable return to our shareholders.

Meanwhile, the Group will continue to closely trace and explore investment opportunities of expressway projects with high quality in the following areas in terms of regional strategy: (1) the Pearl River Delta Region which is more mature in economic development, with a focus on Guangzhou which has been listed as one of the national central cities; (2) the central and western provinces which have enjoyed rapid economic growth, strong support from the central government and development opportunities brought by the relocation of industries from eastern coastal areas. The Group will capture the appropriate opportunities for acquisition, which are expected to be its new drivers of profit growth.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2013, 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 Cheung Doi Shu and Mr Lau Hon Chuen Ambrose, the independent non-executive directors of the Company, were unable to attend the annual general meeting of the Company held on 29 May 2013 because they were either indisposed or had other urgent business engagement.

REVIEW OF INTERIM RESULTS

The results of the Group for the six months ended 30 June 2013 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.

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 2013. 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, 9 October 2013 to Friday, 11 October 2013, 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 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 8 October 2013.

By Order of the Board
Yuexiu Transport Infrastructure Limited
ZHANG Zhaoxing
Chairman

Hong Kong, 15 August 2013

As at the date of this announcement, the Board comprises:

Executive Directors: ZHANG Zhaoxing (Chairman), LIANG Youpan, LI Xinmin,
LIANG Ningguang, WANG Shuhui and QIAN Shangning

Independent Non-executive FUNG Ka Pun, LAU Hon Chuen Ambrose and CHEUNG Doi Shu
Directors: