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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: 01052)

### 2015 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 2015 as follows:

#### INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	(Unaudited)	
		Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenue		858,073	877,495
Other toll operating income		<u>73,950</u>	<u>—</u>
Income from operations	5	932,023	877,495
Cost of services	6	(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	7	(149)	8,951
General and administrative expenses	6	<u>(102,102)</u>	<u>(105,234)</u>
Operating profit		516,455	493,522
Finance income	8	30,157	17,672
Finance costs	8	(131,197)	(160,770)
Share of result of a joint venture		8,543	9,031
Share of results of associates		<u>119,248</u>	<u>127,163</u>
Profit before income tax		543,206	486,618
Income tax expense	9	<u>(135,889)</u>	<u>(108,090)</u>
Profit for the period		<u>407,317</u>	<u>378,528</u>
Attributable to:			
Shareholders of the Company		320,933	290,519
Non-controlling interests		<u>86,384</u>	<u>88,009</u>
		<u>407,317</u>	<u>378,528</u>
Earnings per share for profit attributable to shareholders of the Company		RMB per share	RMB per share
Basic and diluted earnings per share	10	<u>0.1918</u>	<u>0.1736</u>
		RMB'000	RMB'000
Interim dividend	11	<u>160,094</u>	<u>146,151</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>407,311</u>	<u>378,750</u>
Total comprehensive income attributable to:		
Shareholders of the Company	320,927	290,741
Non-controlling interests	<u>86,384</u>	<u>88,009</u>
	<u>407,311</u>	<u>378,750</u>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2015**

		(Unaudited) As at 30 June 2015 RMB'000	(Audited) As at 31 December 2014 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible operating rights		12,808,951	12,991,487
Goodwill		368,806	368,806
Property, plant and equipment		679,802	695,330
Investment properties		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	13	<u>151,840</u>	<u>157,538</u>
<b>Total non-current assets</b>		<u>15,925,212</u>	<u>16,087,094</u>
<b>Current assets</b>			
Trade receivables	12	84,758	57,329
Other receivables, deposits and prepayments	13	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		<u>2,162,892</u>	<u>1,123,517</u>
<b>Total current assets</b>		<u>2,486,616</u>	<u>1,422,866</u>
<b>Total assets</b>		<u>18,411,828</u>	<u>17,509,960</u>

	(Unaudited) As at 30 June 2015 RMB'000	(Audited) As at 31 December 2014 RMB'000
<b>EQUITY</b>		
Equity attributable to the shareholders of the Company		
Share capital	147,322	147,322
Reserves	<u>8,475,517</u>	<u>8,380,273</u>
	8,622,839	8,527,595
Non-controlling interests	<u>1,810,929</u>	<u>1,916,974</u>
<b>Total equity</b>	<u>10,433,768</u>	<u>10,444,569</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	3,994,418	4,640,239
Deferred income tax liabilities	1,536,937	1,529,613
Notes payable	<u>1,356,623</u>	<u>—</u>
<b>Total non-current liabilities</b>	<u>6,887,978</u>	<u>6,169,852</u>
<b>Current liabilities</b>		
Borrowings	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	352,883	355,268
Current income tax liabilities	<u>60,118</u>	<u>48,727</u>
<b>Total current liabilities</b>	<u>1,090,082</u>	<u>895,539</u>
<b>Total liabilities</b>	<u>7,978,060</u>	<u>7,065,391</u>
<b>Total equity and liabilities</b>	<u>18,411,828</u>	<u>17,509,960</u>
<b>Net current assets</b>	<u>1,396,534</u>	<u>527,327</u>
<b>Total assets less current liabilities</b>	<u>17,321,746</u>	<u>16,614,421</u>

## 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 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”).

### 2. 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:

		<b>Effective for accounting periods beginning on or after</b>
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.

### **3. 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.

#### 4. 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.

<b>Business segment</b>	<b>Toll roads operations</b> <i>RMB'000</i>	<b>Port and all other segments</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Six months ended 30 June 2015</b>			
Revenue (from external customers)	853,076	4,997	858,073
Other toll operating income	<u>73,950</u>	<u>—</u>	<u>73,950</u>
Income from operations	927,026	4,997	932,023
Amortisation of intangible operating rights	(185,365)	—	(185,365)
Depreciation of property, plant and equipment	<u>(9,012)</u>	<u>(9,003)</u>	<u>(18,015)</u>
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	<u>119,248</u>	<u>—</u>	<u>119,248</u>
Profit/(loss) before income tax	565,809	(22,603)	543,206
Income tax expense	<u>(135,889)</u>	<u>—</u>	<u>(135,889)</u>
Profit/(loss) for the period	<u>429,920</u>	<u>(22,603)</u>	<u>407,317</u>

<b>Business segment</b>	<b>Toll roads operations</b> <i>RMB'000</i>	<b>Port and all other segments</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
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	<u>(9,762)</u>	<u>(303)</u>	<u>(10,065)</u>
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	<u>127,163</u>	<u>—</u>	<u>127,163</u>
Profit/(loss) before income tax	487,396	(778)	486,618
Income tax expense	<u>(108,090)</u>	<u>—</u>	<u>(108,090)</u>
Profit/(loss) for the period	<u>379,306</u>	<u>(778)</u>	<u>378,528</u>
		<b>Port and all other segments</b>	<b>Total</b>
<b>Assets and liabilities</b>	<b>Toll roads operations</b> <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 30 June 2015</b>			
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	<u>(52,500)</u>	<u>—</u>	<u>(52,500)</u>
<b>As at 31 December 2014</b>			
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	<u>(52,500)</u>	<u>—</u>	<u>(52,500)</u>



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.

## 5. Income from operations

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

*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 income was received from the parties involved in such project.

## 6. Expenses by nature

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

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Business tax	31,375	29,966
Amortisation of intangible operating rights	185,365	172,918
Depreciation of property, plant and equipment	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	<u>1,331</u>	<u>1,210</u>

**7. Other income, gains and losses — net**

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
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
	<u>(149)</u>	<u>8,951</u>

**8. Finance income/costs**

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>30,157</u>	<u>17,672</u>

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>(131,197)</u>	<u>(160,770)</u>

## 9. Income tax expenses

- (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:

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

## 10. 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.

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
Profit attributable to shareholders of the Company (RMB'000)	<u>320,933</u>	<u>290,519</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>0.1918</u>	<u>0.1736</u>

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.

## 11. Interim dividend

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

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

## 12. 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.

## 13. Other receivables, deposits and prepayments

Other receivables, deposits and prepayments of the Group are mainly comprised of the investment in the reverse repurchase agreements of RMB70.9 million (2014: Nil), a consideration receivable of RMB132 million (2014: RMB136.2 million) 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 million (2014: RMB50 million) paid in 2014 for the acquisition of 70% equity interest of the Hubei Suiyuan Expressway Company Limited (the "Suiyuan 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 RMB132.0 million (2014: RMB136.2 million). The balance will be settled by 14 half yearly installments until the end of its concession period, i.e. 30 November 2021. Approximately RMB101.8 million (2014: RMB107.5 million) 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 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 15).

#### 14. Trade and other payables and accrued charges

	As at	
	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	76,077	111,797
Other payables and accrued charges	<u>276,806</u>	<u>243,471</u>
	<u><u>352,883</u></u>	<u><u>355,268</u></u>

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	<u>54,756</u>	<u>40,368</u>
	<u><u>76,077</u></u>	<u><u>111,797</u></u>

#### 15. Events occurring after the balance sheet date

On 21 July 2015, the Group completed the acquisition of the 70% of equity interest in the Suiyuanan Expressway for the consideration of RMB1,792 million. The Suiyuanan 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 Suiyuanan Expressway will be consolidated in the financial statements of the Group upon completion of this transaction.

## 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)
<b>Subsidiaries</b>						
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 <sup>(1)</sup>	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
<b>Associates and Joint Venture</b>						
GWSR Expressway	42.1	6	4	Expressway	35.00	15
Humen Bridge	15.8	6	4	Suspension Bridge	27.78 <sup>(2)</sup>	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.

**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	Change	1H 2015	Change
	(Vehicle/ day)	(%)	(RMB/ day)	(%)
<b>Subsidiaries</b>				
GNSR Expressway	157,612	11.6%	2,376,381	9.2%
Xian Expressway	21,063	-59.3% <sup>(1)</sup>	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%
<b>Associates and Joint Venture</b>				
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%

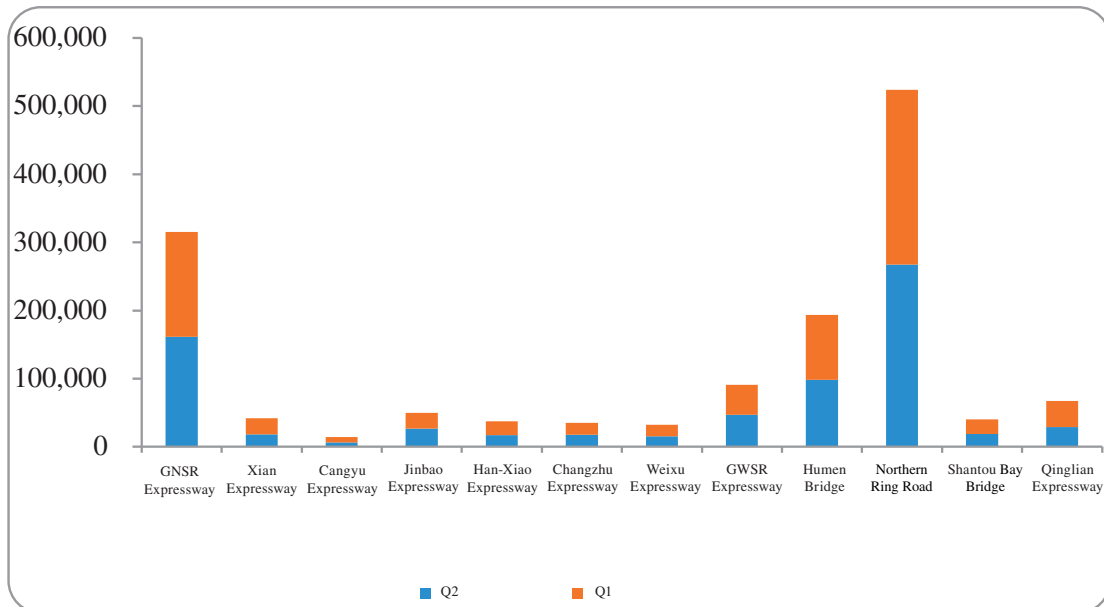
- (1) During the Reporting Period, a project was being implemented to change the existing four lanes to eight lanes for Xian Expressway. During the period, traffic control was implemented with a relatively significant decline in the toll traffic volume.

## 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)
<b>Subsidiaries</b>		
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
<b>Associates and Joint Venture</b>		
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

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





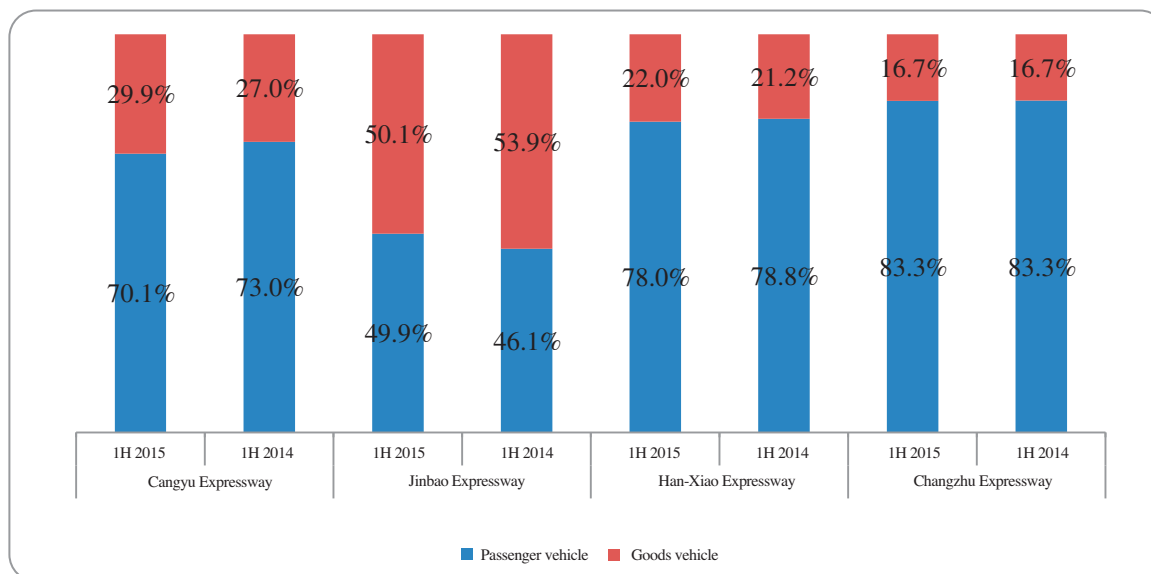
## Vehicle type analysis (by traffic volume)

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.

### 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)



### 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	Guangxi						
		Guangdong Province	Shaanxi Province	Tianjin City	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

## 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 <sup>(1)</sup>.

### **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.

## **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.

### **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.

## **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.



## FINANCIAL REVIEW

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

<sup>1</sup> 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 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.

## **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.

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

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).

### Analysis of cost of services by each controlled project

Controlled Projects	Reporting Percentage		First half of 2014 RMB'000	Percentage of total %	Change %
	Period RMB'000	of total %			
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	<u>14,958</u>	<u>4.8</u>	<u>13,878</u>	<u>4.8</u>	7.8
Total from toll operation	300,269	95.8	287,690	100.0	4.4
Port operation	<u>13,048</u>	<u>4.2</u>	—	—	N/A
Total	<u>313,317</u>	<u>100.0</u>	<u>287,690</u>	<u>100.0</u>	8.9

### Analysis of cost of services by nature

	Reporting Percentage		First half of 2014 RMB'000	Percentage of total %	Change %
	Period RMB'000	of total %			
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	<u>14,127</u>	<u>4.5</u>	<u>6,277</u>	<u>2.2</u>	125.1
Total	<u>313,317</u>	<u>100.0</u>	<u>287,690</u>	<u>100.0</u>	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.

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

### ***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 Guangle 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.

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

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

<sup>(1)</sup> 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.

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

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

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

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**

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

### *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.

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

## *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.

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

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.

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.

<b>Analysis of capital structures</b>		
	(Unaudited)	
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>RMB'000</b>	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	<u>52,500</u>	<u>52,500</u>
Total debts	5,828,816	5,104,472
Less: cash and cash equivalents	<u>(2,162,892)</u>	<u>(1,123,517)</u>
Net debts	<u>3,665,924</u>	3,980,955
Total Equity	10,433,768	10,444,569
Of which: Equity attributable to the shareholders of the Company	<u>8,622,839</u>	<u>8,527,595</u>
Total capitalization (Net debts + Total equity)	<u>14,099,692</u>	<u>14,425,524</u>
<b>Financial ratios</b>		
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.

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

	(Unaudited)	
	30 June 2015	31 December 2014
	Percentage of total	Percentage of total
Source		
Onshore	46.9%	56.1%
Offshore	<u>53.1%</u>	<u>43.9%</u>
	<u>100.0%</u>	<u>100.0%</u>
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	<u>21.9%</u>	<u>28.6%</u>
	<u>100.0%</u>	<u>100.0%</u>
Currency		
RMB	46.9%	56.0%
HKD	28.8%	37.7%
USD	—	6.3%
EURO	<u>24.3%</u>	—
	<u>100.0%</u>	<u>100.0%</u>
Terms of credit		
Secured	45.1%	54.0%
Unsecured	<u>54.9%</u>	<u>46.0%</u>
	<u>100.0%</u>	<u>100.0%</u>

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.

#### ***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.

## **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 March 2015. 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.

- **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.

## **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.

### **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.

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

Hong Kong, 13 August 2015

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

*Executive Directors:* ZHU Chunxiu (Chairman), LIANG Youpan, HE Baiqing and QIAN Shangning

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