越秀交通基建有限公司
Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 01052)

2017 ANNUAL RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

OPERATING RESULTS AND DIVIDEND

During the year ended 31 December 2017 (the "Reporting Year"), the Group recorded income from operations of RMB2.70 billion, representing a year-on-year increase of 7.3%, of which the toll income increased by 7.6% to RMB2.70 billion, reaching a new record high. Profit attributable to shareholders amounted to RMB947.9 million, representing a year-on-year increase of 3.2%.

The Board has recommended the payment of a final dividend for 2017 of HK$0.23 per share, together with the paid interim dividend of HK$0.13 per share, the total dividends for the Reporting Year amounted to HK$0.36 per share which is equivalent to RMB0.296950 per share, representing an annual dividend payout ratio of 52.4%.

ANNUAL REVIEW

Macro-Economy and Regulatory Environment of the Sector

Looking back in 2017, as the global economy reported a solid overall performance, the scope of economic recovery has further extended. Several advanced economies, including the United States, Europe and Japan, enjoyed an accelerated growth rate in general, whereas the overall growth rate of emerging markets and developing economies rebounded. As global trade recovers, coupled with continuous improvement in the labor market and a moderate inflation, the central banks of major economies gradually shifted to the monetary tightening measures: 1) the Federal Reserve raised the interest rate three times, and has initiated the reduction of balance sheet; 2) the European Central Bank unveiled the plan to reduce the pace of the bond-buying programme from January 2018 onwards; 3) the Bank of England raised the interest rate for the first time in a decade; 4) the Bank of Canada effected two rate hikes for the first time in seven years. Such measures of the central banks indicated that the era of global monetary easing might be approaching to the end.

During the Reporting Year, the overall Chinese economy remained stable. According to preliminary calculations of the National Bureau of Statistics, China's 2017 gross domestic product (GDP) exceeded RMB80 trillion, representing a year-on-year growth rate of 6.9%, which outperformed the expectation as at the beginning of the year. With the breakthroughs in reform measures in key areas and important aspects, the Chinese economy has transformed from "rapid growth" to a new phase of "high-quality growth".

During the Reporting Year, the policies concerning the toll road industry remained stable, which provided a favorable business environment for the Group's business development. Since the State Council issued the "Opinions regarding Further Promoting Logistics Cost Reduction and Efficiency Enhancement to Promote the Development of the Real Economy" (《關於進一步推進物流降本增效促進實體經濟發展的意見》), Guangdong Province, Yunnan Province and Hubei Province have successively implemented concessionary policies for freight vehicles. Although the concessionary policies vary from place to place, the overall focus is on the use of cashless payment by vehicles within legal load capacity. Based on the current situation, the above concessionary policies have no significant impact on the operating performance of the Group's projects. The revision of "Toll Road Management Regulations"(《收費公路管理條例》) is still in progress. However, it remains unclear when the new version of the Regulations might be introduced, and the Group shall pay close attention to the relevant developments.

Business Development

During the Reporting Year, under the backdrop of an overall steady domestic economy and optimal economy indicators of the transportation industry, the Group's projects maintained the upward development trend as a whole. Despite the Xian Expressway was smoothly handed over to the local government upon the expiration of operation period on 30 September 2016, the operational performance of core subsidiaries such as the GNSR Expressway, the Suiyuenan Expressway, the Han-Xiao Expressway, and the Weixu Expressway have exceeded the expectation, and recorded double-digit increase in toll revenue and profit contribution. Even with the relatively mature non-controlled projects within the provinces, such as the Humen Bridge, the Northern Ring Road, and the GWSR Expressway, the prime locations of such projects and the encouraging regional economic development also brought about the double-digit growth rate in terms of profit contribution. The strong operation performance of the above projects during the reporting period effectively filled the gap of and exceeded the toll income originally generated by the Xian Expressway. The projects within the central region, such as the Suiyuenan Expressway, gradually matured and became the main source of profit, indicating that the Group's fortitude in adhering to the state policy of "Rise of Central China Strategy" (中部崛起戰略) and the development opportunities brought by such strategy has become increasingly tangible.

Since the second quarter of 2017, the Renminbi exchange rate has rebounded from the trench in August 2015 during the exchange rate reform, coupled with the aggravated bilateral fluctuation, resulted in an accumulated appreciation against the dollar of over 6% during the year. Confronting a relative tighter external funding environment, the Group actively expanded its multiple financing channels. The Group also maintains good cooperating relationships with a number of onshore and offshore commercial banks. At the same time, with the investment-grade credit rating granted by the three major international rating agencies, i.e. Moody's, Standard & Poor's as well as Fitch, the Group is able to rely on its steady business operation and sound financial position, thus maintaining its advantages in terms of financing capability.

FUTURE PROSPECT AND OUTLOOK

Outlook of Macro-Funds and the Development of the Sector

Benefited from the recovery of the investment, manufacturing and global trade, the 2017 global economic growth clearly outperform expectations, such encouraging recovery trend might continue in the coming future. To this end, the International Monetary Fund (IMF) raised its projection of global economic growth for 2018 and 2019 to 3.9% in its latest update of the 'World Economic Outlook' on 22 January 2018, up 0.2 percentage points from the October 2017 forecast. However, factors such as tighter monetary policy, intensified trade protectionism and regional political uncertainty remain a concern, which might pose potential threats to the global economic recovery.

As inferred from the report of the 19th CPC National Congress and the Central Economic Work Conference in 2017, the Central Government shall adhere to the general tone of "making progress while maintaining stability", to develop and strengthen the real economy, to deepen the supply-side structural reform and speed up the upgrade of manufacturing industry through innovations, and to implement the strategy of regional coordinated development, so as to propel the Chinese economy further toward the stage of "high quality development." The long-term upward trend of the Chinese economy is expected to remain unchanged, and economic growth remains steady.

Toll road is an important part of the modern integrated transportation system, characterized with being highly efficient, safe and flexible, and is of great significance to the long-term development of the domestic economy. Under the influence of macroeconomic activities, highway transportation has the characteristics of rigid demand. With the support from favorable factors such as the double-digit increase in car ownership in the society, the rising income of citizens leading to an increase in consumption, the gradual development of e-commerce leading to the rapid development of the logistics industry, such factors generated the momentum of continuous growth of the highway transportation sector. Taking into account the above factors, the Group is still optimistic towards the development prospects of the industry.

Outlook of Development Strategies

According to the "13th Five-year Plan for Promoting the Rise of the Central China Region" promulgated by the National Development and Reform Commission (NDRC), it is clear that the central region is a key area under the new round of industrialization, urbanization, informatization and agricultural modernization in China, and is an important pillar that support China's economy in maintaining a mid-to-high growth rate. Measures to promote the upgrade and renovation of the manufacturing industry, to promote industrial cluster development and to accelerate the construction of urban agglomerations will continue to deepen, and the regional economic development will enter a new phase. To this end, the Group insists on highlighting Central China as the focus of its regional development strategy, and actively look for high-quality expressway projects for mergers and acquisitions. In addition, the proposal of "Guangdong-Hong Kong-Macao Bay Area" will help promote the industrial complementary in the Pearl River Delta region and between Hong Kong and Macao, so as to promote the regional economic development. Presently, the NDRC is taking the lead in compiling the "Guangdong-Hong Kong-Macao Bay Area Development Plan". With the formulation and implementation of future plans, it will further promote transportation enhancement, industrial cluster optimization and upgrades of the manufacturing industry, which are favorable to the Group's core projects, including the GNSR Expressway and the Humen Bridge, as well as bringing about new investment opportunities at the same time.

Since listing of the Group, we have been focusing on the investment and operation of toll expressway/bridge in China, and to accumulate more experience in the industry. As a listed expressway company based in Guangdong Province, the Group has actively seized the development opportunities brought by the national strategy of "Rise of Central China" in recent years, and explored investment opportunities of high quality projects in Central China provinces with a large population of labors that benefited from the shift of labor-intensive processing/manufacturing enterprises along the southeast coast. In the process of implementing the M&A proposals, the Group will fully assess and consider the impact of such mergers and acquisitions on the credit metrics, so as to ensure a steady and sound financial position on the whole alongside our business development.

In regard of our financing strategy, there is little room for interest rates to drop as the People's Bank of China reiterates that it will adhere to a prudent and neutral monetary policy in 2018 and liquidity in the capital market is expected to maintain a "tight balance". With a steady business operation, the Group maintains its advantage in consolidation of financing capability by focusing on maintaining its investment-grade credit ratings. Although the exchange rate of Renminbi against the U.S. dollar temporarily rebounded, the trend of two-way volatility is becoming more pronounced. The Group will keep a close watch on such trend, and will further consolidate and expand its multiple financing channels, so as to guarantee the demand and security of fund for its overall operation and development, and to put in place multiple measures to reduce the financial cost.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Revenue		2,702,844	2,497,848
Other toll operating income		—	21,155
Income from operations	3	2,702,844	2,519,003
Cost of services	5,6	(788,452)	(834,900)
Construction income under service concession upgrade services		95,981	43,627
Construction costs under service concession upgrade services		(95,981)	(43,627)
Other income, gains and losses – net	4	(68,997)	135,950
General and administrative expenses	5,6	(196,193)	(226,238)
Operating profit		1,649,202	1,593,815
Finance income	7	26,770	47,473
Finance costs	7	(440,577)	(459,800)
Share of result of a joint venture		64,599	40,566
Share of results of associates		338,423	298,510
Profit before income tax		1,638,417	1,520,564
Income tax expense	8	(371,195)	(354,087)
Profit for the year		1,267,222	1,166,477
Attributable to:			
Shareholders of the Company		947,942	918,817
Non-controlling interests		319,280	247,660
		1,267,222	1,166,477
Earnings per share for profit attributable to the shareholders of the Company			
		RMB	RMB
Basic and diluted earnings per share	9	0.5666	0.5491

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
Profit for the year	**1,267,222**	1,166,477
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation differences	**(1,835)**	1,701
Total comprehensive income for the year	**1,265,387**	1,168,178
Total comprehensive income attributable to:		
Shareholders of the Company	**946,107**	920,518
Non-controlling interests	**319,280**	247,660
	1,265,387	1,168,178

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

	Note	31 December 2017 RMB'000	31 December 2016 RMB'000
ASSETS			
Non-current assets			
Intangible operating rights		**17,915,044**	18,485,580
Goodwill		**632,619**	632,619
Property, plant and equipment		**87,473**	86,255
Investment properties		**36,484**	35,271
Investment in a joint venture		**433,465**	428,570
Investments in associates		**1,550,386**	1,495,331
Available-for-sale financial assets		**200**	812
Derivative financial instruments		**—**	26,597
Other non-current receivables	11	**65,440**	82,003
		20,721,111	21,273,038
Current assets			
Trade receivables	12	**140,476**	71,611
Other receivables, deposits and prepayments	12	**60,091**	105,478
Amount due from a non-controlling interest of a subsidiary		**2,470**	72,507
Derivative financial instruments		**35,523**	—
Short-term bank deposits, cash and cash equivalents		**2,958,818**	1,045,922
		3,197,378	1,295,518
Total assets		**23,918,489**	22,568,556
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital		**147,322**	147,322
Reserves		**9,397,526**	8,934,636
		9,544,848	9,081,958
Non-controlling interests		**2,272,556**	2,222,344
Total equity		**11,817,404**	11,304,302

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

	Note	31 December 2017 RMB'000	31 December 2016 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**5,533,459**	4,808,348
Deferred income		**87,075**	79,105
Deferred income tax liabilities		**1,988,483**	1,975,343
Notes payable		**—**	1,452,359
Corporate bonds		**1,993,263**	1,990,978
		9,602,280	10,306,133
Current liabilities			
Borrowings		**319,724**	235,193
Notes payable		**1,557,953**	—
Amount due to a non-controlling interest of a subsidiary		**1,611**	—
Amounts due to holding companies		**696**	837
Amount due to a joint venture		**92,050**	92,050
Trade and other payables and accrued charges	13	**441,352**	562,212
Deferred income		**3,935**	3,660
Current income tax liabilities		**81,484**	64,169
		2,498,805	958,121
Total liabilities		**12,101,085**	11,264,254
Total equity and liabilities		**23,918,489**	22,568,556

NOTES

1. BASIS OF PREPARATION

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") (Cap. 622).

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative financial instruments) and investment property – measured at fair value

(iii) New and amendments to standards

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing 1 January 2017:

HKAS 7 (amendments)	Statement of cash flows
HKAS 12 (amendments)	Income taxes
HKFRS 12 (amendments)	Disclosure of interest in other entities

The adoption of these amendments to standards did not have any impact on the amounts recognised in prior periods. The amendments to standards will also not significantly affect the current or future periods.

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
HKAS 28 (amendments)	Investments in associates and joint ventures	1 January 2018
HKAS 40 (amendments)	Transfers of Investment Property	1 January 2018
HKFRS 1 (amendments)	First time adoption of HKFRS	1 January 2018
HKFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HK (IFRIC) — Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 16	Leases	1 January 2019
HK (IFRIC) — Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 10 and HKAS 28 (amendments)	Sale or Contribution of assets between an investor and its associate or joint venture	To be determined

The Group's assessment of the impact of these new standards is set out below.

HKFRS 9, *"Financial instruments"*

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018. The financial assets held by the Group include equity instruments that are currently classified as available-for-sale financial assets for which a fair value through other comprehensive income ("FVOCI") election is available and hence there will be no change to the accounting for these assets.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss ("FVPL") and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the Group does not involve any hedging accounting, it does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group does not expect significant increase or decrease in the loss allowance for trade debtors.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by the Group

The adoption of this new standard is mandatory for financial years commencing on or after 1 January 2018, The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparative for 2017 will not be restated.

HKFRS 15, *"Revenue from contracts with customers"*

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

The management of the Group has assessed the effects of applying the new standard on the Group's consolidated financial statements and does not expect a significant impact on the recognition of revenue.

Date of adoption by the Group

The adoption of this new standard is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

HKFRS 16, *"Leases"*

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB33,072,000. The Group estimates those related to payments for short-term and low value lease which will be recognised on straight-line basis as an expense in profit or loss are insignificant.

The Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Date of adoption by the Group

The adoption of this standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. SEGMENT INFORMATION

The Group is principally engaged in the operation and management of toll highways and bridges in the PRC.

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 measurement of profit after income tax for the year. Other operations mainly comprise 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 consolidated financial statements.

Business segment	**Toll roads operations RMB'000**	**All other segments RMB'000**	**Total RMB'000**
31 December 2017			
Revenue (from external customers)	2,702,844	—	2,702,844
Amortisation of intangible operating rights	(528,970)	—	(528,970)
Depreciation of property, plant and equipment	(14,416)	(775)	(15,191)
Provision for impairment loss			
- Intangible operating rights	(107,234)	—	(107,234)
Operating profit	1,645,689	3,513	1,649,202
Finance income	26,770	—	26,770
Finance costs	(440,577)	—	(440,577)
Share of result of a joint venture	64,599	—	64,599
Share of results of associates	338,423	—	338,423
Profit before income tax	1,634,904	3,513	1,638,417
Income tax expense	(371,195)	—	(371,195)
Profit for the year	1,263,709	3,513	1,267,222

Business segment	Toll roads operations RMB'000	All other segments RMB'000	Total RMB'000
31 December 2016			
Revenue (from external customers)	2,491,151	6,697	2,497,848
Other toll operation income	21,155	—	21,155
Income from operations	2,512,306	6,697	2,519,003
Amortisation of intangible operating rights	(505,763)	—	(505,763)
Depreciation of property, plant and equipment	(17,130)	(730)	(17,860)
Gain on disposal of a subsidiary	—	112,076	112,076
Operating profit	1,486,334	107,481	1,593,815
Finance income	47,461	12	47,473
Finance costs	(446,045)	(13,755)	(459,800)
Share of result of a joint venture	40,566	—	40,566
Share of results of associates	298,510	—	298,510
Profit before income tax	1,426,826	93,738	1,520,564
Income tax expense	(354,087)	—	(354,087)
Profit for the year	1,072,739	93,738	1,166,477

Business segment	Toll roads operations RMB'000	All other segments RMB'000	Total RMB'000
Assets and liabilities			
As at 31 December 2017			
Total segment assets	**23,886,140**	**32,349**	**23,918,489**
Addition to non-current assets	**86,052**	**—**	**86,052**
Total segment assets include:			
Investment in a joint venture	**433,465**	**—**	**433,465**
Investments in associates	**1,548,136**	**2,250**	**1,550,386**
Total segment liabilities	**(12,100,922)**	**(163)**	**(12,101,085)**
Total segment liabilities include:			
Amount due to a joint venture	**(92,050)**	**—**	**(92,050)**
As at 31 December 2016			
Total segment assets	22,540,943	27,613	22,568,556
Addition to non-current assets	48,873	624	49,497
Total segment assets include:			
Investment in a joint venture	428,570	—	428,570
Investments in associates	1,495,331	—	1,495,331
Total segment liabilities	(11,228,916)	(35,338)	(11,264,254)
Total segment liabilities include:			
Amount due to a joint venture	(92,050)	—	(92,050)

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 consolidated financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

3. INCOME FROM OPERATIONS

	2017 RMB'000	2016 RMB'000
Revenue	**2,702,844**	2,497,848
Other toll operating income	**—**	21,155
	2,702,844	2,519,003

Note:

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

4. OTHER INCOME, GAINS AND LOSSES – NET

	2017 RMB'000	2016 RMB'000
Fair value gain on investment properties	**2,664**	605
Exchange gain/(loss) - net		
- Unrealised and realised exchange gain/(loss)	**916**	(2,142)
Loss on disposal of property, plant and equipment	**(3,530)**	(304)
Gain on disposal of a subsidiary	**—**	112,076
Compensation for expressways and bridges damages	**9,198**	4,901
Compensation from a contractor relating to termination of construction contracts	**993**	—
Handling income from toll fee collection	**5,173**	5,162
Management service income	**1,677**	3,225
Income from service area and gas station	**18,870**	13,368
Provision for impairment loss		
- Intangible operating rights	**(107,234)**	—
Others	**2,276**	(941)
	(68,997)	135,950

5. EXPENSES BY NATURE

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

	2017 RMB'000	2016 RMB'000
Taxes and surcharges (note a)	**12,244**	34,060
Amortisation of intangible operating rights	**528,970**	505,763
Depreciation of property, plant and equipment	**15,191**	17,860
Toll highways and bridges maintenance expenses	**96,891**	110,877
Toll highways and bridges operating expenses	**46,728**	69,762
Auditor's remuneration		
- Audit services	**2,953**	2,658
- Non-audit services	**292**	209
Rental expenses	**12,413**	13,844
Legal and professional fee	**13,033**	5,732

Note:

(a) Pursuant to the "Circular of the Ministry of Finance and the State Administration of Taxation regarding the Pilot Program on Comprehensive Implementation of Value Added Taxes from Business Taxes Reform (財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知)", effective from 1 May 2016, the operating entities in China are required to pay value added taxes instead of business taxes.

6. EMPLOYEE BENEFIT EXPENSE

	2017 RMB'000	2016 RMB'000
Staff costs (including directors' emoluments)		
- Wages and salaries	**154,999**	162,554
- Pension costs (defined contribution plan) (note a)	**15,690**	17,480
- Social security costs	**13,267**	16,333
- Staff welfare and other benefits	**40,370**	47,417
Total employee benefit expense	**224,326**	243,784

Note:

(a) The Group operates a defined contribution scheme ("ORSO Scheme") for certain Hong Kong employees as defined in the Occupational Retirement Schemes Ordinance. Contributions to the scheme by the employer and employees are calculated at 15% and 5% respectively of basic salaries of the employees.

The Group also participates in the Mandatory Provident Fund Scheme ("MPF Scheme") for other Hong Kong employees. The Group's MPF Scheme contributions are at 5% of the employees' relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HKD1,500 (equivalent to RMB1,301) per employee per month. The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HKD7,100 per month (equivalent to RMB6,158). The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid.

Subsidiaries of the Company in the PRC are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal People's Governments, and make monthly contributions to the retirement plans of up to 20% of the preceding year's monthly average salaries of the employees or 20% of the three times the preceding year's local monthly average wage, whichever is lower.

(b) Pensions – defined contribution plans

There was no forfeited contribution as at 31 December 2017 (2016: Nil). No forfeited contribution was utilised during the year (2016: Nil). Contributions totalling RMB15,690,000 (2016: RMB17,480,000) were payable to the fund during the year.

7. FINANCE INCOME/COSTS

	2017 RMB'000	2016 RMB'000
Bank interest income	18,610	9,903
Interest income on other non-current receivables	5,814	6,589
Interest income on amount due from a non-controlling interest of a subsidiary	2,346	4,384
Fair value gain on derivative financial instruments	—	26,597
Finance income	26,770	47,473
Interest expenses:		
- Bank borrowings	(225,000)	(322,682)
- Bank facility fees	(1,559)	(14,605)
- Loans from non-controlling interests of certain subsidiaries	(27)	(156)
- Loan from an ultimate holding company	—	(7,824)
- Other loans	—	(468)
- Notes payable	(31,808)	(30,337)
- Corporate bonds	(65,800)	(31,903)
Fair value loss on derivative financial instruments	(17,751)	—
Exchange loss on bank borrowings	—	(9,971)
Exchange loss on notes payable	(98,632)	(41,854)
Finance costs incurred	(440,577)	(459,800)

8. INCOME TAX EXPENSE

(a) No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group had no assessable income subject to Hong Kong profits tax during the year (2016: Nil).

(b) During the year ended 31 December 2017, PRC enterprises income tax was provided on the profits of the Group's subsidiaries, associates and joint venture in the PRC in accordance with the Corporate Income Tax Law of China. The applicable principal income tax rate for the year ended 31 December 2017 is 25% (2016: 25%). Certain subsidiaries of the Group enjoy six years' preferential tax treatment of income tax, at a preferential income tax rate of 15%.

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to withholding income tax at a rate of 5% or 10%. During the year, withholding income tax was provided for undistributed profits of certain of the Group's subsidiaries and associates in the PRC at a rate of 5% or 10% (2016: 5% or 10%).

As at 31 December 2017, deferred tax liabilities of RMB41,043,000 (2016: RMB23,580,000) was not recognised in respect of withholding tax on the unremitted earnings of a subsidiary in the PRC, as these earnings are expected to be reinvested in the PRC.

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

	2017 **RMB'000**	2016 RMB'000
Current income tax		
PRC enterprise income tax		
- Current year	**354,586**	309,533
- Under-provision in prior year	**3,469**	1,226
Deferred income tax	**13,140**	43,328
	371,195	354,087

The tax on the Group's profit before income tax less share of results of associates and a joint venture differs from the theoretical amount that would arise using the principal applicable tax rate as follows:

	2017 RMB'000	2016 RMB'000
Profit before income tax	**1,638,417**	1,520,564
Less: share of results of associates	**(338,423)**	(298,510)
Less: share of result of a joint venture	**(64,599)**	(40,566)
	1,235,395	1,181,488
Calculated at a tax rate of 25% (2016: 25%)	**308,849**	295,372
Income not subject to tax	**(7,944)**	(14,206)
Expenses not deductible for tax purposes	**75,601**	56,509
Profit of subsidiaries with preferential tax treatment (note (a))	**(4,825)**	(16,062)
Tax losses not recognised (note (b))	**9,749**	9,331
Utilisation of previously unrecognised tax losses	**(11,116)**	(15,646)
Recognition of previously unrecognised tax losses	**(38,945)**	—
Under-provision in prior year	**3,469**	1,226
Effect of different taxation rates	**(510)**	(1,007)
Withholding tax on undistributed profits of subsidiaries and associates	**36,867**	38,570
Income tax expense	**371,195**	354,087

Note:

(a) Certain subsidiaries of the Group enjoy six years' preferential tax treatment of income tax, at a preferential income tax rate of 15%.

(b) Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately RMB81,576,000 (2016: RMB154,253,000) in respect of unused losses amounting to approximately RMB326,303,000 (2016: RMB617,012,000). Unused tax losses will expire in 2018 to 2022.

9. 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 year.

	2017	2016
Profit attributable to shareholders of the Company (RMB'000)	**947,942**	918,817
Weighted average number of ordinary shares in issue ('000)	**1,673,162**	1,673,162
Basic and diluted earnings per share (RMB)	**0.5666**	0.5491

The diluted earnings per share for the year ended 31 December 2017 equals to the basic earnings per share as there are no potential dilutive ordinary shares in issue during the year (2016: Same).

10. DIVIDENDS

	2017 RMB'000	2016 RMB'000
Interim, paid, of HKD0.13 equivalent to approximately RMB0.11 (2016: HKD0.13 equivalent to approximately RMB0.11) per share	**186,823**	186,241
Final, proposed, of HKD0.23 equivalent to approximately RMB0.19 (2016: HKD0.20 equivalent to approximately RMB0.18) per share	**310,022**	296,394
	496,845	482,635

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

11. OTHER NON-CURRENT RECEIVABLES

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

As at 31 December 2017, the total remaining balance of the consideration receivable is RMB89.0 million (2016: RMB103.9 million) which will be settled by 8 half yearly installments until the end of its concessionary period, i.e. 30 November 2021. Approximately RMB65.4 million (2016: RMB82.0 million) will be received after 31 December 2018 (2016: 31 December 2017) according to the repayment schedule.

The fair value of consideration receivable of approximately RMB93.2million (2016: RMB110.5 million) is estimated by discounting remaining balance of RMB103.6 million (2016: RMB125.4 million) at the applicable current interest rate of 4.72% (2016: 4.73%) and is categorised as level 2 under the fair value hierarchy.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 RMB'000	2016 RMB'000
Trade receivables (note a)	**140,476**	71,611
Other receivables, deposits and prepayments	**60,091**	105,478
	200,567	177,089

Note:

(a) As at 31 December 2017, trade receivables were all aged below 30 days (2016: 30 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 all operating entities due to the implementation of unified toll collection policy on expressways and highways. The settlement period is normally within a month. As at 31 December 2017, trade receivables were neither past due nor impaired nor no provision for impairment losses has been provided for trade receivables (2016: Same).

As at 31 December 2017, all other receivables, deposits and prepayments were performing (2016: Same).

The Group does not hold any collateral as security. The maximum exposure to credit risk at the reporting date is the carrying value of the receivables as stated in the consolidated balance sheet.

The carrying amounts of trade and other receivables, deposits and prepayments approximate their fair values and are mainly denominated in RMB.

13. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	2017 RMB'000	2016 RMB'000
Trade payables	65,410	56,457
Other payables and accrued charges	375,942	505,755
	441,352	562,212

Trade payables mainly represent construction costs payable to contractors. The ageing analysis of trade payables is as follows:

	2017 RMB'000	2016 RMB'000
0 - 30 days	28,438	20,044
31 - 90 days	—	—
Over 90 days	36,972	36,413
	65,410	56,457

Trade and other payables and accrued charges are mainly denominated in RMB except for other payables of approximately RMB10.8 million (2016: RMB12.1 million) which were denominated in HKD and the carrying amounts approximated their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Summary Information of Operating Toll Roads and Bridges

	Toll Mileage	Width (lanes)	Toll Station(s)	Road Type	Attributable Interests (%)	Remaining Operating Term (year)
Subsidiaries						
GNSR Expressway	42.5	6	5	Expressway	60.00	15
Cangyu Expressway	23.3	4	1	Expressway	100.00	13
Jinbao Expressway	23.9	4	3	Expressway	60.00	13
Han-Xiao Expressway	38.5	4	2	Expressway	100.00	19
Changzhu Expressway	46.5	4	5	Expressway	100.00	23
Weixu Expressway	64.3	6	2	Expressway	100.00	18
Suiyuenan Expressway	98.1	4	4	Expressway	70.00	23
Associates and Joint Venture						
GWSR Expressway	42.1	6	4	Expressway	35.00	13
Humen Bridge	15.8	6	4	Suspension Bridge	27.78[(1)]	12
Northern Ring Road	22.0	6	8	Expressway	24.30	6
Shantou Bay Bridge	6.5	6	3	Suspension Bridge	30.00	11
Qinglian Expressway	215.2	4	16	Expressway	23.63	17

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

Toll Summary of Toll Roads and Bridges

For the twelve months ended 31 December 2017

	Average daily toll traffic volume		Average daily toll revenue		Weighted average toll revenue per vehicle	
	2017 (Vehicle/day)	Y-O-Y Change %	2017 (RMB/day)	Y-O-Y Change %	(RMB)	Y-O-Y Change %
Subsidiaries						
GNSR Expressway	230,053	18.4%	3,241,782	14.0%	14.1	-3.8%
Cangyu Expressway	12,232	10.8%	234,650	-0.2%	19.2	-9.9%
Jinbao Expressway	24,407	-9.6%	246,151	-8.6%	10.1	1.1%
Han-Xiao Expressway	26,727	12.3%	543,058	28.0%	20.3	14.0%
Changzhu Expressway	21,514	4.6%	670,499	8.7%	31.2	3.9%
Weixu Expressway	23,469	36.7%	899,232	17.1%	38.3	-14.4%
Suiyuenan Expressway	19,942	22.3%	1,569,680	36.4%	78.7	11.5%
Associates and Joint Venture						
GWSR Expressway	71,169	21.4%	1,343,223	25.1%	18.9	3.0%
Humen Bridge	118,462	10.3%	4,418,340	8.6%	37.3	-1.6%
Northern Ring Road	335,287	9.2%	2,121,412	4.7%	6.3	-4.1%
Shantou Bay Bridge	26,374	0.0%	665,441	-16.9%	25.2	-16.9%
Qinglian Expressway	41,190	12.1%	2,016,540	9.9%	49.0	-1.9%

With the continuously rapid development of the economy and society of China, the growth of private car ownership in China remained its fast pace, in which the passenger car was the major driver. Thus, the ratio of the passenger car to the entire toll traffic of certain projects of the Group increased every year, resulted in a decrease of the weighted average toll revenue per vehicle in different extent. The weighted average toll revenue per vehicle of Han-Xiao Expressway and Suiyuenan Expressway increased more rapidly, mainly attributed to a growth of trucks passing Han-Xiao Expressway and Suiyuenan Expressway due to the traffic control of Wuhan Junshan Bridge of the G4 Expressway caused by its maintenance works since 30 July 2017.

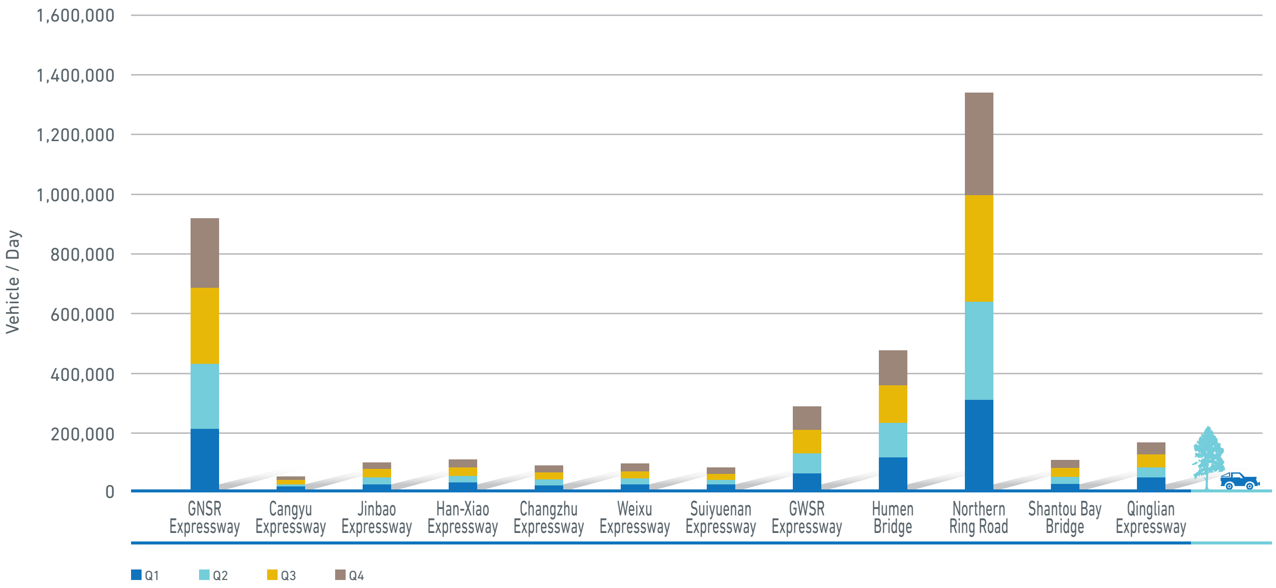
Toll Roads and Bridges

Quarterly analysis of average daily toll traffic volume for 2017

	Average daily toll traffic volume of the First quarter (vehicle/day)	Average daily toll traffic volume of the Second quarter (vehicle/day)	Average daily toll traffic volume of the Third quarter (vehicle/day)	Average daily toll traffic volume of the Forth quarter (vehicle/day)
Subsidiaries				
GNSR Expressway	209,254	221,852	254,016	234,548
Cangyu Expressway (1)	15,176	10,734	12,470	10,594
Jinbao Expressway	22,594	25,550	27,795	21,660
Han-Xiao Expressway	29,145	24,306	27,614	25,869
Changzhu Expressway	20,159	20,862	24,303	20,695
Weixu Expressway	22,649	21,925	24,653	24,613
Suiyuenan Expressway (1)	23,176	15,863	20,618	20,139
Associates and Joint Venture				
GWSR Expressway	60,985	68,199	77,696	77,543
Humen Bridge	113,930	116,102	126,019	117,671
Northern Ring Road	307,419	330,834	358,335	343,906
Shantou Bay Bridge	25,225	25,625	29,066	25,547
Qinglian Expressway (1)	45,886	36,905	43,140	38,885

(1) The traffic volumes are usually peak during the Spring Festival on the inter-provincial roads. Therefore, the average daily toll traffic volumes of these roads were higher in the First quarter than the other three quarters.

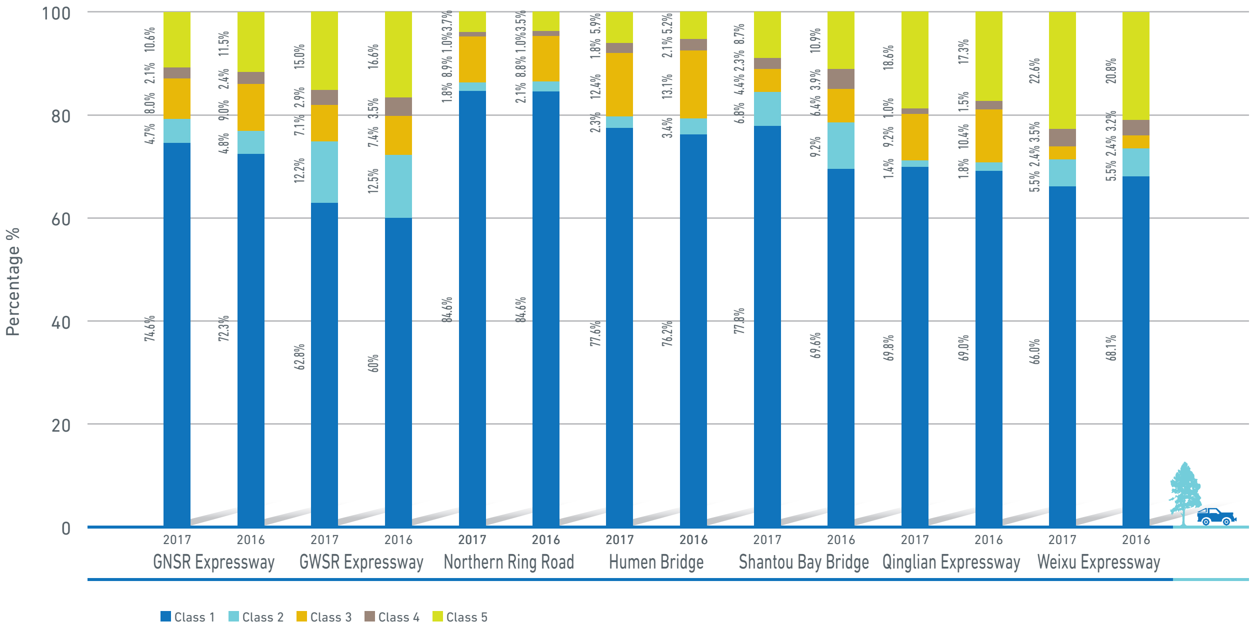
Quarterly analysis of average daily toll traffic volume for 2017



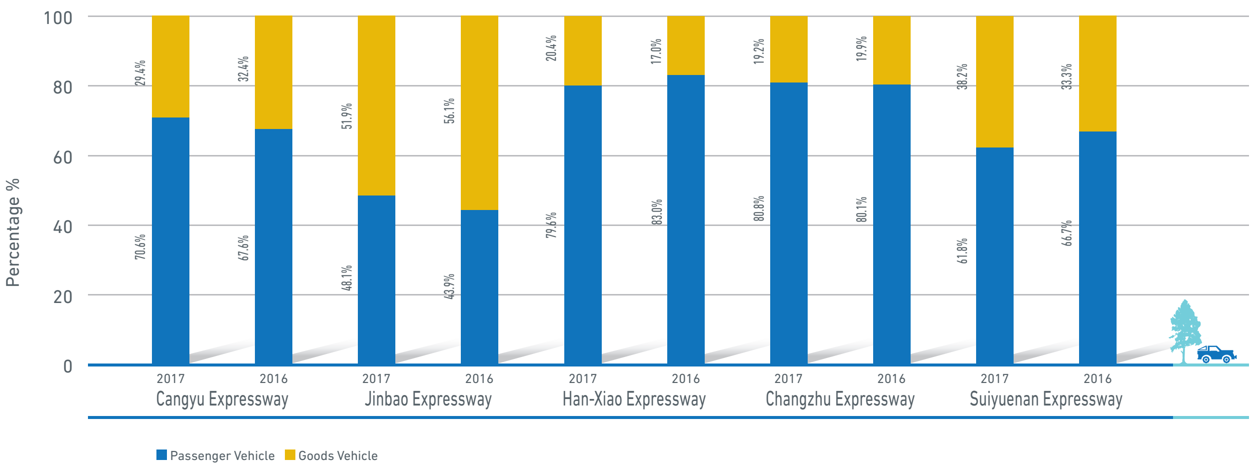
Vehicle type analysis (by traffic volume)

During the Reporting Year, the Group's operating projects were primarily distributed in six provinces/municipalities including Guangdong, Guangxi, Hunan, Hubei, Henan and Tianjin. According to the vehicle type classification, which was based on the location where the Group invested in 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).

Vehicle type analysis on projects operated in the provinces of Guangdong and Henan for 2017 (based on statistics of traffic volume)



Vehicle type analysis on projects operated in other regions for 2017 (based on statistics of traffic volume)



SUMMARY OF OPERATING PERFORMANCE

Macroeconomic environment

During the Reporting Year, the global economy continued its recovery with yet stronger momentum. According to the latest report of 'World Economic Outlook' by International Monetary Fund (IMF), projected growth of world economy in 2017 was revised up by 0.1 percentage points to 3.7%. On the whole, the global economy showed good momentum in 2017.

China's economy recorded a steady growth as a whole. As indicated in the information released by the National Bureau of Statistics, GDP for 2017 amounted to RMB82.7122 trillion, representing a year-on-year growth of 6.9%. Such a growth rate was above that of major economies in the world, indicating an increasingly obvious trend of positive improvement with stability.

During the Reporting Year, the scale of investment in transportation fixed assets maintained a rapid growth. Investment in highway construction amounting to RMB2,116.25 billion was completed, a year-on-year increase of 17.7%. Highway passengers decreased by 4.5% year-on-year and cargo turnover increased by 9.2% year-on-year.

The projects invested and operated by the Group are distributed over Guangdong, Tianjin, Guangxi, Hunan, Hubei and Henan. The total output value of these regions in 2017 increased by 7.5%, 3.6%, 7.3%, 8.0%, 7.8% and 7.8%, respectively, saved for Tianjian Municipality, all are higher than the national average for the same period.

(Unit: RMB100 million)

	National	Guangdong Province	Tianjin Municipality	Guangxi Autonomous Region	Hunan Province	Hubei Province	Henan Province
2017 GDP	827,122	89,879	18,595	20,396	34,591	36,523	44,988
2017 GDP Growth	6.9%	7.5%	3.6%	7.3%	8.0%	7.8%	7.8%
2016 GDP Growth	6.7%	7.5%	9.0%	7.3%	7.9%	8.1%	8.1%

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

Regulatory Environment of the Sector

During the Reporting Period, the National Development and Reform Commission ("NDRC") issued the "Opinions regarding Further Promoting Logistics Cost Reduction and Efficiency Enhancement to Promote the Development of the Real Economy (Open Consultation Paper)" (《關於進一步推進物流降本增效促進實體經濟發展的意見 (公開徵求意見稿)》), under which, some expressways will be selected for implementing the pilot program of differentiated toll collection at different times. During the Reporting Year, four provinces including Shanxi, Zhejiang, Henan and Hunan have initiated the pilot program of differentiated toll collection at different times.

During the Reporting Year, several provinces including Guangdong, Hunan and Hubei have implemented concessionary toll reduction policy for freight vehicles on state-owned highways, so as to deepen the supply-side structural reform and to lower the transportation costs of corporations.

During the Reporting Year, the new "Green Passage Toll Free Policy" was enforced on the expressways and bridges of the Group in compliance with the relevant national requirements. The enforcement of this policy led to a decrease in the toll income of the Group by approximately RMB288.56 million (2016: approximately RMB275.37 million [1]).

During the Reporting Year, the "Toll Free Policy for Passenger Cars with Seven Seats or Less during Major Holidays" was implemented on the expressways and bridges of the Group in compliance with the relevant national requirements. There were a total of 21 days of major holidays during the year that falls under the requirements. Under preliminary estimation, the implementation of this policy resulted in a decrease in the toll income of the Group by approximately RMB89.37 million [2] (2016: approximately RMB79.57 million [1][2]).

Notes:

(1) The statistics of Xian Expressway was also included in the data of 2016.

(2) The estimation result is based on the simulated calculation based on data available to subsidiaries of the Group and historical data and is for reference purpose only.

Policies on Environmental Protection

During the Reporting Year, the Group actively promoted the use of new technologies, new processes, new materials and new products to maximize material savings, environmental protection and pollution reduction while saving costs and improving highway performance, so as to make contributions to green travel.

The Group continued to focus on the greening of highway, our subordinate project companies regularly trimmed the flowers and trees along the highways, around the interchanges and toll station areas, strengthened the daily management of green conservation and enhanced the quality of the overall landscape of the Group's highway to create a good traffic environment for drivers and passengers. Meanwhile, the Group ensured the quality of the living environment of the residents along the periphery by providing noise control facilities, drainage facilities, etc. to achieve effective control of the unfavorable factors such as noise, siltation, etc.

In addition, the Group actively advocated a paperless office and encouraged employees to develop good habits, conserve resources and energy to build a green and comfortable office environment.

Business Improvements and Innovations

During the Reporting Year, the Group continued to strengthen road emergency response and smooth traffic as well as toll business standardized management, deepened the standardization of safety measures, as well as strived to provide safe, fast and high quality traffic services for drivers and passengers, and achieved a record high in the performance of project operation yet again. The Group endeavored to enhance the overall management and control efforts on the whole maintenance process, and strived to promote application of innovative maintenance technologies, such as UAV aerial survey, to reduce the full life comprehensive maintenance costs for roads. The Group exerted itself to promote information technology, and set up the planning and consultation project "Full Life Asset Management Platform", so as to actively develop the data management system which effectively improve the synergy brought about by information technology. The Group also continued to deepen the human resources management system, so as to provide talents for the business development of the Company.

Progress of investment

During the Reporting Year, the Group would persistently look for high-quality expressway projects of large and medium sizes so that we could strengthen our core business. Established in Guangdong Province, we would actively look for and acquire expressways which have a balanced operating cash flow from economically strong provinces in the central and western parts of the country so as to expand our business scale and would also seek for diversified project development opportunities with stable cash flows.

Possible Risk Exposure

During the Reporting Year, the Group further improved the comprehensive risk management system which covered all aspects of corporate strategies, operation and finance. In future developments, the Group will be highly aware to the following risks and will adopt effective tackling measures proactively.

Risk of Investment Decisions

Risk analysis: According to the Group's development strategies, we will continue to acquire new projects in future, whether high quality projects will be selected and investment decisions to be made scientifically will have far-reaching effects on the Group's development.

Tackling measures: Subject to corporate strategies, further improve the indicator system of investment decision and establish the comparison system for project analysis; with dedicated personnel to conduct data maintenance and reporting, to establish the management methods of data bank, and implement institutionalized and standized management.

Risks of Changes in the Planning of Road Networks

Risk analysis: As the road network of expressways continuously improve, parallel roads or alternative routes may increase continuously, coupled with peripheral road segments construction work and improvement in road condition of local highways, which may have uncertain impact on the growth of toll revenue in individual projects.

Tackling measures: Actively communicate with the competent authorities of the industry, utilize such information gathered through the Internet and on-site visits, and conduct timely assessments and analysis, so as to come up with the corresponding strategies in response.

Risks of Sectoral and Economic Policies

Risk analysis: Changes in sectoral and economic policies in China will have impact on toll road enterprises. Macroeconomic growth in China declined further and entered into the transformation and upgrading stage, which may affect the transportation demand, particularly the freight demand. Certain local governments had launched highway toll reduction measures, for example, some provinces had implemented the pilot program of differentiated highway toll collection at different times, while others had implemented concessionary toll reduction policy for freight vehicles on state-owned highways.

Tackling measures: Pay close attention to the conditions of the province where the project companies operate, including transportation industry policies, regional economic policies and macroeconomic changes, collect and arrange the relevant information regularly to establish a database for carrying out analysis and research to formulate tackling measures; strengthen interaction between peer entities and superior authorities to understand the changing direction of the industry, exchange management experience and enable good cooperation.

Risks of Setting Strategic Targets

Risk analysis: As the internal and external environment changes, the Group and our project companies are required to make timely adjustments to their strategic plans at the company level, so as to maintain the long-term competitiveness, optimize our resources and maximize the value of assets.

Tackling measures: To step up the strategy research, and conduct regular examination of strategic conditions, strategic inspections and strategic plans ongoing adjustments, and ensure the dynamic planning and timely adjustments, upon which the Group shall continue to enhance the close loop management of strategic planning, publicizing, implementation and assessment.

Risks of Difference in System Requirements and Real-Life Operation

Risk analysis: In terms of the design and set-up of the information system, inadequate deliberation on concepts such as customizable procedures, expandable functionalities, standardized connection settings, standardized data settings, prospective application of technologies, data correlation between business systems, systematic thinking and digitalized management, may result in overhasty reformation of information system, thus causing related wasteful investments.

Tackling measures: The Group is intended to promote main data management system application, and to set up the data standards and establish data correlation between business systems, so as to lessen the differentiation among various systems.

Performance of Expressways and Bridges

Subsidiaries

GNSR Expressway

During the Reporting Year, the average daily toll traffic volume was 230,053 vehicles and the average daily toll revenue was RMB3,242,000, representing an increase of 18.4% and 14.0% respectively, when compared with 2016.

Benefiting from favorable factors such as growing ownership of passenger vehicles, and the steady improvement of the regional economy, the average daily toll traffic volume and average daily toll revenue recorded a double-digit growth rate year-on-year.

Cangyu Expressway

During the Reporting Year, the average daily toll traffic volume was 12,232 vehicles and the average daily toll revenue was RMB235,000, representing an increase of 10.8% and a flat position, respectively, when compared with 2016.

The average daily toll traffic volume increased due to the positive impact of the increasing ownership of vehicles. However, under the tightening of restrictions on over-limit and overloaded trucks during the period from 18 August 2016 to 31 August 2017, the traffic volume of restricted over-limit and overloaded trucks decreased and the respective toll income was broadly same as last year.

Jinbao Expressway

During the Reporting Year, the average daily toll traffic volume was 24,407 vehicles and the average daily toll revenue was RMB246,000, representing a decrease of 9.6% and 8.6% respectively, when compared with 2016.

A decrease in the traffic volume of trucks resulted from further enhanced efforts in de-capacity, structural adjustment and environmental control in Beijing-Tianjin-Hebei region, coupled with the construction work on peripheral roads during the same period in 2016, causing some vehicles to detour from Jinbao Expressway, which drove up the base amount, resulted in the year-on-year decrease in both the average daily toll traffic volume and toll revenue.

Han-Xiao Expressway

During the Reporting Year, the average daily toll traffic volume was 26,727 vehicles and the average daily toll revenue was RMB543,000, representing an increase of 12.3% and 28.0% respectively, when compared with 2016.

Benefiting from the favorable factors including the increase in car ownership and steady growth in the regional economy, coupled with the traffic control during maintenance of Wuhan Junshan Bridge of the G4 Expressway from 30 July 2017 onwards, some vehicles diverted to Han-Xiao Expressway, resulted in a double-digit growth rate in both the average daily toll traffic volume and toll revenue.

Changzhu Expressway

During the Reporting Year, the average daily toll traffic volume was 21,514 vehicles and the average daily toll revenue was RMB670,000, representing an increase of 4.6% and 8.7% respectively, when compared with 2016.

Benefiting from the favorable factors including the increase in car ownership and steady growth in the regional economy, thus both the average daily toll traffic volume and toll revenue maintained a year-on-year growth.

Weixu Expressway

During the Reporting Year, the average daily toll traffic volume was 23,469 vehicles and the average daily toll revenue was RMB899,000, representing an increase of 36.7% and 17.1% respectively, when compared with 2016.

Benefiting from the favorable factors including the increase in car ownership and steady growth in the regional economy, resulted in a double-digit growth rate in both the average daily toll traffic volume and toll revenue.

Suiyuenan Expressway

During the Reporting Year, the average daily toll traffic volume was 19,942 vehicles and the average daily toll revenue was RMB1,570,000, representing an increase of 22.3% and 36.4% respectively, when compared with 2016.

Benefiting from opening of peripheral road networks, coupled with the traffic control during maintenance of Wuhan Junshan Bridge of the G4 Expressway from 30 July 2017 onwards, some vehicles diverted to Suiyuenan Expressway, resulted in a double-digit growth rate in both the average daily toll traffic volume and toll revenue.

Associates and Joint Venture

GWSR Expressway

During the Reporting Year, the average daily toll traffic volume was 71,169 vehicles and the average daily toll revenue was RMB1,343,000, representing an increase of 21.4% and 25.1%, respectively, when compared with 2016.

Benefiting from favorable factors including the growth of regional economy and increase in car ownership, coupled with the traffic control during rework of Foshan First Ring Road from 1 August 2017 onwards, some vehicles are diverted to GWSR Expressway, resulted in a double-digit growth rate in both the average daily toll traffic volume and toll revenue.

Humen Bridge

During the Reporting Year, the average daily toll traffic volume was 118,462 vehicles and the average daily toll revenue was RMB4,418,000, representing an increase of 10.3% and 8.6%, respectively, when compared with 2016.

Benefiting from favorable factors including the growth of regional economy and increase in car ownership, coupled with the suspension policy from 22:30 to 06:30 every day since 13 February 2017 implemented at Humen Ferry Pier, as a result some vehicles were diverted to Humen Bridge, thus both the average daily toll traffic volume and toll revenue maintained a year-on-year growth.

Northern Ring Road

During the Reporting Year, the average daily toll traffic volume was 335,287 vehicles and the average daily toll revenue was RMB2,121,000, representing an increase of 9.2% and 4.7%, respectively, when compared with 2016.

Benefiting from favorable factors including the growth of regional economy and increase in car ownership, both the average daily toll traffic volume and toll revenue maintained a year-on-year growth.

Shantou Bay Bridge

During the Reporting Year, the average daily toll traffic volume was 26,374 vehicles and the average daily toll revenue was RMB665,000, representing same level of average daily toll traffic volume and a decrease of 16.9% in average toll revenue, when compared with 2016.

Due to the traffic control imposed on the neighboring Queshi Bridge from August to November 2016, which resulted in certain vehicles using Shantou Bay Bridge alternatively, and a higher base amount of income in 2016 as a result, while the average daily toll traffic volume remained at the same level as 2016 and toll revenue recorded a year-on-year decrease.

Qinglian Expressway

During the Reporting Year, the average daily toll traffic volume was 41,190 vehicles and the average daily toll revenue was RMB2,017,000, representing an increase of 12.1% and 9.9%, respectively, when compared with 2016.

Benefiting from favorable factors including the growth of regional economy and increase in car ownership, both the average daily toll traffic volume and toll revenue maintained a year-on-year growth.

FINANCIAL REVIEW

Key operating results figures

	Reporting Year RMB'000	2016 RMB'000	Change %
Income from operations	**2,702,844**	2,519,003	7.3
Income from operations, net of tax[1]	**2,690,600**	2,484,943	8.3
Gross profit	**1,914,392**	1,684,103	13.7
Operating profit	**1,649,202**	1,593,815	3.5
Earnings before interests, tax, depreciation and amortization ("EBITDA")[2]	**2,722,179**	2,356,181	15.5
Finance costs	**(440,577)**	(459,800)	-4.2
Share of result of a joint venture	**64,599**	40,566	59.2
Share of results of associates	**338,423**	298,510	13.4
Profit attributable to shareholders of the Company	**947,942**	918,817	3.2
Basic and diluted earnings per share	**RMB0.5666**	RMB0.5491	3.2
Dividend	**496,845**	482,635	

1 Pursuant to the "Circular of the MOF and the SAT regarding the Pilot Program on Comprehensive Implementation of Value Added Taxes from Business Taxes Reform (財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知)", effective from 1 May 2016, taxpayers across the country will be required to pay value added taxes instead of business taxes. Toll road operators with expressways the construction of which commenced before 30 April 2016, the tax rate on their toll revenue will be reduced to 3% by choosing applicable simplified tax calculation method. Income from operations effective from 1 May 2016 are recorded excluding value added taxes in the books; and for better comparison and analysis purpose, income from operations prior to 1 May 2016 in this financial review section were shown as net of business tax.

2 EBITDA includes share of results from associates and a joint venture and excludes non-cash gains and losses.

I. OVERVIEW OF OPERATING RESULTS

The Group's income from operations, net of tax grew 8.3 percent to RMB2,690.6 million and profit attributable to shareholders of the Company increased by 3.2 percent to RMB947.9 million in 2017 ("Reporting Year"). The Directors have recommended the payment of final dividend for 2017 of HK$0.23 which is equivalent to approximately RMB0.185291 (2016: HK$0.20 which was equivalent to approximately RMB0.177146) per share, together with the interim dividend of HK$0.13 which was equivalent to approximately RMB0.111659 (2016: HK$0.13 which was equivalent to approximately RMB0.111311) per share, total dividends for the year ended 31 December 2017 will amount to HK$0.36 which is equivalent to approximately RMB0.296950 (2016: HK$0.33 which was equivalent to approximately RMB0.288457) per share, represented a dividend payout ratio of 52.4 percent (2016: 52.5 percent).

The growth in income from operations, net of tax in the Reporting Year was mainly due to revenue increment of GNSR Expressway, Suiyuenan Expressway, Weixu Expressway and Han-Xiao Expressway in the toll operation side. Excluding the effect from expiry of concession in Xian Expressway on 30 September 2016, the income from operations, net of tax in the Reporting Year increased RMB405.3 million or 17.7 percent as compared with 2016. Benefiting from favorable factors such as growing ownership of passenger vehicles, and the steady improvement of the regional economy, income from operations, net of tax of GNSR Expressway grew 14.7 percent or RMB150.9 million. Income from operations, net of tax of Suiyuenan Expressway grew 37.3 percent or RMB155.0 million mainly because of opening of peripheral road networks, coupled with the traffic control during maintenance of Wuhan Junshan Bridge of the G4 Expressway from 30 July 2017 onwards, some vehicles diverted to Suiyuenan Expressway. Benefiting from favorable factors such as growing ownership of passenger vehicles, and the steady improvement of the regional economy, the toll traffic volume recorded an increase in the Reporting Year, income from operations, net of tax of Weixu Expressway increased 17.7 percent or RMB49.2 million. Benefiting from favorable factors such as growing ownership of passenger vehicles, and the steady improvement of the regional economy, income from operations, net of tax of Changzhu Expressway grew 9.1 percent or RMB20.4 million. Due to the growth in car ownership volume and steady growth in the regional economy, coupled with the fact that certain trucks were diverted to Han-Xiao Expressway due to the traffic control implemented for the maintenance of Wuhan Junshan Bridge of the G4 Expressway since 30 July 2017, Han-Xiao Expressway's income from operations, net of tax grew 29.0 percent or RMB44.4 million. The increase in car ownership volume offsetting the decrease in oversize and overload trucks resulted from the implementation of policies for overload control, Cangyu Expressway's income from operations, net of tax basically remained static. Jinbao Expressway's income from operations, net of tax decreased 8.4 percent or RMB8.2 million in the Reporting Year mainly due to further enhanced efforts in de-capacity, structural adjustment and environmental control in Beijing-Tianjin-Hebei region, which resulted in a decrease in the traffic volume of trucks coupled with the construction work on peripheral roads during the same period in 2016, causing some vehicles to detour from Jinbao Expressway, which drove up the base amount. Xian Expressway's concession was expired on 30 September 2016. Income from operations, net of tax of non-controlled toll projects in aggregate grew 8.5 percent in the Reporting Year. Income from operations, net of tax of Humen Bridge, Northern Ring Road, Qinglian Expressway and GWSR Expressway grew 9.3 percent, 5.3 percent, 10.9 percent and 25.8 percent respectively. Income from operation, net of tax of Shantou Bay Bridge decreased by 16.4 percent to RMB242.0 million in the Reporting Year mainly due to higher base as certain vehicles were diverted to Shantou Bay Bridge due to traffic control implemented for the construction in the Queshi Bridge from August to November 2016.

In the profit attributable to shareholders of the Company (after elimination of inter-company loan interests), controlled projects contributed RMB917.2 million in the Reporting Year with a 15.5 percent increase as compared to 2016. Among the controlled projects, contribution from toll operation in aggregate increased 14.4 percent to RMB917.2 million while there was no profit contribution from the port operation for the Reporting Year. The strong toll revenue growth of GNSR Expressway led to its net profit increased by 19.7 percent to RMB404.4 million. Suiyuenan Expressway's net profit increased by 183.5 percent to RMB 189.0 million in the Reporting Year. Weixu Expressway's net profit increased by 37.0 percent to RMB143.6 million in the Reporting Year. Changzhu Expressway recorded an increase in net profit of 36.4 percent to RMB100.5 million in the Reporting Year. Han-Xiao Expressway's net profit increased by 20.0 percent to RMB81.9 million. Owing to the continuous toll revenue growth, Cangyu Expressway's net profit increased by 6.6 percent to RMB43.0 million. Jinbao Expressway recorded net profit (before impairment) decreased of 35.5 percent to RMB10.6 million and an impairment loss of RMB48.3 million (impacted by deferred tax loss) was provided in the Reporting Year according to the assessment made by independent Traffic Consultant and Independent Valuer. Xian Expressway recorded a loss of RMB7.6 million mainly related to expenses incurred during winding up process. The non-controlled toll projects in aggregate contributed RMB403.0 million of net profit to the Group with an increase of 18.9 percent as compared with 2016. Humen Bridge grew 13.0 percent to RMB191.1 million. Northern Ring Road grew 16.1 percent to RMB92.8 million. Shantou Bay Bridge decreased 17.0 percent to RMB40.9 million, Qinglian Expressway grew 8,839.5 percent to RMB13.6 million and GWSR Expressway recorded 59.2 percent increase to RMB64.6 million.

At the corporate level, there were no material corporate level transactions which had significant impacts to the overall profit attributable to the shareholders of the Company during the Reporting Year. Also, there was no one off gain on disposal of subsidiary in the Reporting Year (2016: RMB112.1 million), and the profit attributable to the shareholders of the Company increased by 3.2 percent.

II. ANALYSIS OF OPERATING RESULTS

Income from operations, net of tax

The Group recorded overall income from operations, net of tax of RMB2,690.6 million in the Reporting Year, an increase of 8.3 percent as compared with 2016. Income from toll operation, net of tax increased 8.6 percent to RMB2,690.6 million in the Reporting Year. Income from Port operation, net of tax up to its disposal on 1 August 2016 amounted to RMB6.7 million.

Analysis of income from operations, net of tax by each controlled project

Controlled Projects	**Reporting Year RMB'000**	**Percentage of total %**	2016 RMB'000	Percentage of total %	Change %
GNSR Expressway	**1,178,506**	**43.8**	1,027,575	41.3	14.7
Suiyuenan Expressway	**570,360**	**21.2**	415,404	16.7	37.3
Weixu Expressway	**326,878**	**12.2**	277,643	11.2	17.7
Changzhu Expressway	**243,130**	**9.0**	222,770	9.0	9.1
Han-Xiao Expressway	**197,298**	**7.3**	152,921	6.2	29.0
Jinbao Expressway	**89,017**	**3.3**	97,206	3.9	-8.4
Cangyu Expressway	**85,411**	**3.2**	85,094	3.4	0.4
Xian Expressway	**—**	**—**	199,646	8.0	N/A
Total from toll operation	**2,690,600**	**100.0**	2,478,259	99.7	8.6
Port Operation	**—**	**—**	6,684	0.3	N/A
Total income from operations	**2,690,600**	**100.0**	2,484,943	100.0	8.3

GNSR Expressway accounted for 43.8 percent (2016: 41.3 percent) of the income from operations, net of tax of the Group's controlled projects in the Reporting Year. Benefiting from favorable factors such as growing ownership of passenger vehicles, and the steady improvement of the regional economy, GNSR Expressway increased by 14.7 percent to RMB1,178.5 million in the Reporting Year.

Suiyuenan Expressway, ranked the second in terms of income from operations, net of tax, accounted for approximately 21.2 percent (2016: 16.7 percent) among controlled projects. Toll revenue of Suiyuenan Expressway grew by 37.3 percent to RMB570.4 million mainly because of the opening of peripheral road networks, coupled with the traffic control during maintenance of Wuhan Junshan Bridge of the G4 Expressway from 30 July 2017 onwards, some vehicles were diverted to Suiyuenan Expressway.

Weixu Expressway, ranked the third in terms of income from operations, net of tax accounted for approximately 12.2 percent (2016: 11.2 percent) among controlled projects. Benefiting from favorable factors such as growing ownership of passenger vehicles, and the steady improvement of the regional economy, the toll traffic volume recorded an increase in the Reporting Year. Toll revenue of Weixu Expressway increased by 17.7 percent to RMB326.9 million in the Reporting Year.

Changzhu Expressway, ranked the fourth in terms of income from operations, net of tax, accounted for approximately 9.0 percent (2016: 9.0 percent) among controlled projects. Benefiting from favorable factors such as growing ownership of passenger vehicles, and the steady improvement of the regional economy, Changzhu Expressway grew 9.1 percent to RMB243.1 million in the Reporting Year.

Han-Xiao Expressway, ranked the fifth in terms of income from operations, net of tax, accounted for approximately 7.3 percent (2016: 6.2 percent) among controlled projects. Due to the growth in car ownership volume and steady growth in the regional economy, coupled with the fact that certain trucks were diverted to Han-Xiao Expressway due to the traffic control implemented for the maintenance of the Wuhan Junshan Bridge of the G4 Expressway since 30 July 2017, Han-Xiao Expressway grew 29.0 percent to RMB197.3 million in the Reporting Year.

Jinbao Expressway, ranked the sixth in terms of income from operations, net of tax, accounted for approximately 3.3 percent (2016: 3.9 percent) among controlled projects. Jinbao Expressway decreased 8.4 percent to RMB89.0 million in the Reporting Year mainly due to further enhanced efforts in de-capacity, structural adjustment and environmental control in Beijing-Tianjin-Hebei region, which resulted in a decrease in the traffic volume of trucks, coupled with the construction work on peripheral roads during the same period in 2016, causing some vehicles to detour from Jinbao Expressway, which drove up the base amount.

Cangyu Expressway, ranked the seventh in terms of income from operations, net of tax, accounted for approximately 3.2 percent (2016: 3.4 percent) among controlled projects. The increase in car ownership volume offsetting the decrease in oversize and overload trucks resulted from the implementation of policies for overload control, Cangyu Expressway income from operations, net of tax basically remained static in the Reporting Year.

There was no revenue generated from Xian Expressway for the Reporting Year as the concession was expired on 30 September 2016. The income from operations, net of tax up to the expiry of its concession on 30 September 2016 amounted to RMB199.6 million.

Cost of services (excluding VAT and business tax)

In the Reporting Year, total cost of services (exclude VAT and business tax) of the Group amounted to RMB776.2 million (2016: RMB800.8 million), representing a decrease of RMB24.6 million or 3.1 percent as compared with 2016. Cost ratio (cost of services excluding VAT and business tax/income from operations, net of tax) was 28.8 percent in the Reporting Year, being 3.4 percentage point lower than 2016, of which cost ratio of toll operation in the Reporting Year was 28.8 percent, being 3.3 percentage point lower than 2016. An analysis of cost of services (excluding VAT and business tax) showed that the toll highways and bridges operating expenses decreased by RMB14.0 million, mainly due to the expiry of the concession in Xian Expressway.

Analysis of cost of services (excluding VAT and business tax) by each controlled project

Controlled Projects	**Reporting Year RMB'000**	**Percentage of total %**	2016 RMB'000	Percentage of total %	Change %
GNSR Expressway	**262,732**	**33.8**	259,434	32.4	1.3
Suiyuenan Expressway	**150,042**	**19.3**	149,194	18.6	0.6
Weixu Expressway	**103,788**	**13.4**	93,697	11.8	10.8
Changzhu Expressway	**92,369**	**11.9**	89,693	11.2	3.0
Han-Xiao Expressway	**68,159**	**8.8**	59,082	7.4	15.4
Jinbao Expressway	**66,871**	**8.6**	59,502	7.4	12.4
Cangyu Expressway	**32,247**	**4.2**	33,829	4.2	-4.7
Xian Expressway	**—**	**—**	50,602	6.3	N/A
Total from toll operation	**776,208**	**100.0**	795,033	99.3	-2.4
Port operation	**—**	**—**	5,807	0.7	N/A
Total	**776,208**	**100.0**	800,840	100.0	-3.1

Analysis of cost of services by nature

	Reporting Year RMB'000	Percentage of total %	2016 RMB'000	Percentage of total %	Change %
Amortization of intangible operating rights	**528,970**	**68.2**	505,763	63.2	4.6
Toll highways and bridges maintenance expenses	**96,891**	**12.5**	110,877	13.9	-12.6
Staff costs	**94,707**	**12.2**	102,901	12.8	-8.0
Toll highways and bridges operating expenses	**46,728**	**6.0**	69,762	8.7	-33.0
Depreciation of other fixed assets	**8,912**	**1.1**	11,537	1.4	-22.8
Total	**776,208**	**100.0**	800,840	100.0	-3.1

Gross profit

Gross profit in the Reporting Year increased by 13.7 percent to RMB1,914.4 million. When excluding the effect of Port Operation which was disposed on 1 August 2016, the gross profit in the Reporting Year increased by 13.7 percent. Gross profit margin in the Reporting Year was 71.2 percent, being 3.4 percentage point higher than 2016, of which gross profit margin of toll operation in the Reporting Year was 71.2 percent, being 3.3 percentage point higher than 2016.

Analysis of gross profit by each controlled project

Controlled Projects	**Reporting Year** Gross Profit RMB'000	**Reporting Year** Gross Margin[1]	2016 Gross Profit RMB'000	2016 Gross Margin[1]
GNSR Expressway	**915,774**	**77.7%**	768,141	74.8%
Suiyuenan Expressway	**420,318**	**73.7%**	266,210	64.1%
Weixu Expressway	**223,090**	**68.2%**	183,946	66.3%
Changzhu Expressway	**150,761**	**62.0%**	133,077	59.7%
Han-Xiao Expressway	**129,139**	**65.5%**	93,839	61.4%
Cangyu Expressway	**53,164**	**62.2%**	51,265	60.2%
Jinbao Expressway	**22,146**	**24.9%**	37,704	38.8%
Xian Expressway	**—**	**N/A**	149,044	74.7%
Total from toll operation	**1,914,392**	**71.2%**	1,683,226	67.9%
Port operation	**—**	**N/A**	877	13.1%
Total	**1,914,392**	**71.2%**	1,684,103	67.8%

1. Gross margin = Gross profit/income from operations, net of tax

General and administrative expenses

The Group's general and administrative expenses in the Reporting Year decreased by 13.3 percent to RMB196.2 million. The decrease was mainly due to (1) the cost saving effect of RMB11.7 million on staff cost due to the disposal of Port operation and expiry of the concession in Xian Expressway; (2) there was no one-off provision for staff layoff costs and other related winding up expenses of Xian Expressway in the Reporting Year (2016: RMB20.0 million); offsetted by the increase in professional fee of RMB7.3 million in the Reporting Year in relation to project consultation fee and enhancement of internal control.

Other income, gains and losses – net

The Group's other income, gains and losses – net was a loss of RMB69.0 million in the Reporting Year (2016: gain of RMB136.0 million). The fluctuation was mainly due to offset effect of (1) impairment loss (before tax impact) of RMB107.2 million; (2) increase in fair value gain of RMB2.1 million on the investment properties; (3) net exchange gain of RMB0.9 million for the Reporting Year where there was net exchange loss of RMB2.1 million in 2016; and (4) one-off gain from disposal of Yuexin Chishui Port of RMB112.1 million in 2016. There were no material other income, gains and losses – net in the Reporting Year saved for the abovementioned.

Finance income/Finance costs

The Group's finance income in the Reporting Year amounted to RMB26.8 million (2016: RMB47.5 million) which was 43.6 percent lower than 2016 mainly due to the fact that there was no fair value gain on derivative financial instruments in the Reporting Year (2016: RMB26.6 million).

The Group's overall finance costs in the Reporting Year decreased by 4.2 percent to RMB440.6 million (2016: RMB459.8 million) as compared to 2016 mainly due to offset effect by the decrease in interest expenses through the refinance of bank loans at a lower interest rate and the net increase in exchange loss for the Reporting Year. The Group has entered the hedge of the Company's notes payable in issue of EURO175.0 million with cross currency swaps in the fourth quarter of 2016, in order to lock the exchange rate and control the exchange risk effectively. The Group's overall weighted average interest rate in the Reporting Year was 3.77 percent which was lower than the rate of 4.20 percent in 2016.

Share of results of associates and a joint venture

The Group's share of results of associates and a joint venture has increased by 18.9 percent in the Reporting Year to RMB403.0 million.

Share of post-tax profit of Humen Bridge in the Reporting Year increased by 13.0 percent to RMB191.1 million. Income from operation, net of tax at the project company level has increased by 9.3 percent to RMB1,605.7 million in the Reporting Year being benefited from favorable factors including the growth of regional economy and increase in car ownership, coupled with the suspension policy from 22:30 to 06:30 every day since 13 February 2017 implemented at Humen Ferry Pier, as a result some vehicles were diverted to Humen Bridge.

Share of post-tax profit of Northern Ring Road in the Reporting Year increased by 16.1 percent to RMB92.8 million. Income from operation, net of tax at the project company level grew 5.3 percent to RMB770.5 million being benefited from the growth of regional economy and the increase in car ownership.

Share of post-tax profit of Shantou Bay Bridge in the Reporting Year decreased by 17.0 percent to RMB40.9 million. Income from operation, net of tax at the project company level decreased by 16.4 percent to RMB242.0 million in the Reporting Year mainly due to higher base as certain vehicles were diverted to Shantou Bay Bridge due to traffic control implemented for the construction in the Queshi Bridge from August to November 2016.

Share of post-tax result of Qinglian Expressway in the Reporting Year increased significantly from RMB0.2 million for 2016 to RMB13.6 million. Income from operations, net of tax at the project company level grew 10.9 percent to RMB732.6 million as a result of the growth of regional economy and the increase in car ownership volume.

Share of post-tax profit of GWSR Expressway in the Reporting Year increased by 59.2 percent to RMB64.6 million. Income from operation, net of tax at the project company level grew 25.8 percent to RMB488.1 million. This mainly benefited from the growth of regional economy, increase in car ownership volume; and certain trucks were diverted to GWSR Expressway due to the traffic control implemented for construction in the Foshan 1st Ring Road since 1 August 2017.

Analysis of share of results of associates and a joint venture and respective income from operations, net of tax

		Income from operations, net of tax [1]		**Share of results**	
	Profit Sharing ratio %	**Reporting Year RMB'000**	YoY change %	**Reporting Year RMB'000**	YoY change %
Associates					
Humen Bridge	18.446	**1,605,679**	9.3	**191,130**	13.0
Northern Ring Road	24.3	**770,529**	5.3	**92,842**	16.1
Shantou Bay Bridge	30.0	**242,017**	-16.4	**40,863**	-17.0
Qinglian Expressway	23.63	**732,615**	10.9	**13,588**	8,839.5
Sub-total		**3,350,840**	6.3	**338,423**	13.4
Joint venture					
GWSR Expressway	35.0	**488,134**	25.8	**64,599**	59.2
Total		**3,838,974**	8.5	**403,022**	18.9

[1] Represented figures at the respective project companies' level. Income from operations effective from 1 May 2016 are recorded excluding value added taxes in the books; and for better comparison and analysis purpose, income from operations prior to 1 May 2016 were net of business tax.

Income tax expense

Total income tax expense of the Group in the Reporting Year increased by 4.8 percent to RMB371.2 million.

Profit attributable to shareholders of the Company

The Company reported profit attributable to its shareholders of RMB947.9 million in the Reporting Year, an increase of 3.2 percent as compared with 2016. In view of management team's continuous effort in optimizing the Group's overall debt structure and as part of this 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.

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

	Reporting Year RMB'000	**Percentage of total %**	2016 RMB'000	Percentage of total %	Change %
Net profit from controlled projects	**917,244**	**69.5**	794,433	70.1	15.5
Net profit from non-controlled projects[1]	**403,022**	**30.5**	339,076	29.9	18.9
Net profit from projects	**1,320,266**	**100.0**	1,133,509	100.0	16.5
Withholding tax on PRC dividends/income	**(36,867)**		(38,570)		-4.4
Corporate expenses	**(122,784)**		(119,057)		3.1
Corporate income/gains, net	**3,296**		115,455		-97.1
Corporate finance income	**18,830**		37,825		-50.2
Corporate finance costs	**(234,799)**		(210,345)		11.6
Profit attributable to shareholders of the Company	**947,942**		918,817		3.2

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

An analysis of the profit attributable to shareholders of the Company showed net profit derived from controlled projects amounted to RMB917.2 million in the Reporting Year, accounted for 69.5 percent (2016: 70.1 percent) while net profit from non-controlled projects amounted to RMB403.0 million in the Reporting Year, accounted for 30.5 percent (2016: 29.9 percent).

Net profit from controlled projects of RMB917.2 million represented growth of 15.5 percent or RMB122.8 million higher than 2016; of which net profit from toll operation increased 14.4 percent to RMB917.2 million. There was no profit generated from Yuexin Chishui Port during the Reporting Year as it has been disposed on 1 August 2016.

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

Controlled Projects	**Reporting Year RMB'000**	**Percentage of total %**	2016 RMB'000	Percentage of total %	Change %
GNSR Expressway	**404,392**	**30.6**	337,764	29.8	19.7
Suiyuenan Expressway	**189,006**	**14.3**	66,673	6.0	183.5
Weixu Expressway	**143,640**	**10.9**	104,816	9.2	37.0
Changzhu Expressway	**100,523**	**7.6**	73,704	6.5	36.4
Han-Xiao Expressway	**81,940**	**6.2**	68,271	6.0	20.0
Cangyu Expressway	**43,030**	**3.3**	40,379	3.6	6.6
Jinbao Expressway					
– operation	**10,561**	**0.8**	16,372	1.4	-35.5
– impairment loss	**(48,255)**	**-3.6**	—	—	N/A
Xian Expressway	**(7,593)**	**-0.6**	94,112	8.3	-108.1
Total from toll operation	**917,244**	**69.5**	802,091	70.8	14.4
Port operation	**—**	**—**	(7,658)	-0.7	N/A
Total	**917,244**	**69.5**	794,433	70.1	15.5

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

Controlled Projects	**Reporting Year RMB'000**	**Percentage of total %**	2016 RMB'000	Percentage of total %	Change %
GNSR Expressway	**404,392**	**31.8**	337,764	31.6	19.7
Suiyuenan Expressway	**180,298**	**14.2**	51,345	4.8	251.2
Weixu Expressway	**143,640**	**11.3**	104,816	9.8	37.0
Han-Xiao Expressway	**73,653**	**5.8**	48,668	4.6	51.3
Changzhu Expressway	**70,095**	**5.5**	42,266	4.0	65.8
Cangyu Expressway	**41,869**	**3.3**	37,954	3.5	10.3
Jinbao Expressway					
– operation	**10,561**	**0.8**	16,372	1.5	-35.5
– impairment loss	**(48,255)**	**-3.8**	—	—	N/A
Xian Expressway	**(7,593)**	**-0.6**	98,928	9.2	-107.7
Total from toll operation	**868,660**	**68.3**	738,113	69.0	17.7
Port operation	**—**	**—**	(7,669)	-0.7	N/A
Total	**868,660**	**68.3**	730,444	68.3	18.9

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 income from operations, net of tax") has increased 18.9 percent in the Reporting Year to RMB403.0 million as compared with 2016. 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 14.5 percent (2016: 14.9 percent), 7.0 percent (2016: 7.1 percent), 3.1 percent (2016: 4.3 percent), 1.0 percent (2016: 0.01 percent) and 4.9 percent (2016: 3.6 percent) of the net profit from projects respectively.

At the corporate level, there were no material corporate level transactions which had significant impacts to the overall profit attributable to the shareholders of the Company during the Reporting Year. Also, there was no one-off gain on disposal of subsidiary in the Reporting Year (2016: RMB112.1 million), the profit attributable to the shareholders of the Company increased by 3.2 percent.

Final dividend

The Directors have recommended the payment of final dividend for 2017 of HK$0.23 which is equivalent to approximately RMB0.185291 (2016: HK$0.20 which was equivalent to approximately RMB0.177146) per share payable to shareholders whose names appear on the register of members of the Company on 7 June 2018. Subject to the approval of shareholders at the Annual General Meeting to be held on 30 May 2018, the final dividend will be paid on or about 28 June 2018. Together with the interim dividend of HK$0.13 which was equivalent to approximately RMB0.111659 (2016: HK$0.13 which was equivalent to approximately RMB0.111311) per share, total dividends for the year ended 31 December 2017 will amount to HK$0.36 which is equivalent to approximately RMB0.296950 (2016: HK$0.33 which was equivalent to approximately RMB0.288457) per share, representing a dividend payout ratio of 52.4 percent (2016: 52.5 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

	Reporting Year RMB'000	2016 RMB'000	Change %
Total assets	**23,918,489**	22,568,556	6.0
Total liabilities	**12,101,085**	11,264,254	7.4
Short-term bank deposits, cash and cash equivalents	**2,958,818**	1,045,922	182.9
Total debts	**9,496,449**	8,578,928	10.7
Of which: bank borrowings	**5,750,163**	4,939,891	16.4
Notes payable	**1,557,953**	1,452,359	7.3
Corporate bond	**1,993,263**	1,990,978	0.1
Current ratio	**1.3 times**	1.4 times	
EBITDA interest coverage	**8.4 times**	5.8 times	
Equity attributable to the shareholders of the Company	**9,544,848**	9,081,958	5.1

Assets, Liabilities and Equity

As at 31 December 2017, the Group's total assets amounted to RMB23.9 billion which was 6.0 percent higher than the balance as at 31 December 2016. The Group's total assets comprised mainly of intangible operating rights of RMB17.9 billion (31 December 2016: RMB18.5 billion); investments in a joint venture and associates of RMB1.98 billion (31 December 2016: RMB1.92 billion); and short-term bank deposits, cash and cash equivalents of RMB2,958.8 million (31 December 2016: RMB1,045.9 million).

As at 31 December 2017, the Group's total liabilities amounted to RMB12.1 billion which was 7.4 percent higher than the balance as at 31 December 2016. The Group's total liabilities comprised mainly of bank borrowings of RMB5.75 billion (31 December 2016: RMB4.94 billion); notes payable of RMB1.56 billion (31 December 2016: RMB1.45 billion); corporate bonds in aggregate of RMB2.0 billion (31 December 2016: RMB2.0 billion); loans from non-controlling interests of RMB103.0 million (31 December 2016: RMB103.7 million); and deferred income tax liabilities of RMB1.99 billion (31 December 2016: RMB1.98 billion).

As at 31 December 2017, the Group's total equity increased by RMB513.1 million to RMB11.82 billion (31 December 2016: RMB11.30 billion), of which equity attributable to the shareholders of the Company amounted to RMB9.54 billion.

Analysis of major assets, liabilities and equity items

Items		Reporting Year RMB'000	2016 RMB'000	Change %
Total assets		**23,918,489**	22,568,556	6.0
Approximately 90.0 % of which:				
Intangible operating rights		**17,915,044**	18,485,580	-3.1
Investments in a joint venture and associates		**1,983,851**	1,923,901	3.1
Short-term bank deposits, cash and cash equivalents		**2,958,818**	1,045,922	182.9
Of which: cash and cash equivalents		**2,842,452**	1,045,922	171.8
Total liabilities		**12,101,085**	11,264,254	7.4
Approximately 90.0 % of which:				
Bank borrowings	– due within 1 year	**319,724**	235,193	35.9
	– long term portion	**5,430,439**	4,704,698	15.4
Notes payable		**1,557,953**	1,452,359	7.3
Corporate bonds		**1,993,263**	1,990,978	0.1
Loans from non-controlling interests		**103,020**	103,650	-0.6
Deferred income tax liabilities		**1,988,483**	1,975,343	0.7
Total equity		**11,817,404**	11,304,302	4.5
Of which: Attributable to the shareholders of the Company		**9,544,848**	9,081,958	5.1

Cash flows

It has been the primary objective of the Group to focus on preventing risk and improving 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 Year, the Group's cash and cash equivalents amounted to approximately RMB2,842.5 million which was 171.8 percent higher than the level at 31 December 2016. The Group's cash was deposited in commercial banks, with no deposit in non-bank institutions. As at 31 December 2017, there were short-term bank deposits in aggregate of RMB116.4 million (31 December 2016: Nil) with original maturity over 3 months.

Analysis of cash flow movement

	Reporting Year RMB'000	2016 RMB'000
Net cash generated from operating activities	**1,943,311**	1,721,847
Net cash generated from investing activities	**144,717**	289,798
Net cash used in financing activities	**(289,855)**	(1,853,276)
Net increase in cash and cash equivalents	**1,798,173**	158,369
Cash and cash equivalents in the consolidated balance sheet at 1 January	**1,045,922**	866,665
Cash and cash equivalents of disposal group classified as held for sale at 1 January	**—**	15,050
Effect of exchange rate changes on cash and cash equivalents	**(1,643)**	5,838
Cash and cash equivalents at 31 December	**2,842,452**	1,045,922

Net cash generated from operating activities during the Reporting Year amounted to RMB1,943.3 million (2016: RMB1,721.8 million) which was arrived from cash generated from operations of RMB2,279.3 million (2016: RMB2,012.5 million) less China enterprise income tax and withholding tax paid of RMB336.0 million (2016: RMB290.7 million).

Net cash generated from investing activities during the Reporting Year amounted to RMB144.7 million (2016: RMB289.8 million). The inflow mainly consisted of dividend distributions from associates and a joint venture of RMB340.6 million (2016: RMB251.9 million); proceeds from compensation arrangement of RMB21.9 million (2016: RMB20.3 million); interest received in aggregate of approximately RMB18.6 million (2016: RMB9.9 million). There was no proceeds from disposal of a subsidiary (2016: RMB231.4 million) and no cash proceed (2016: RMB10.0 million) originally placed to bank for short-term deposits with original maturity over 3 months in the Reporting Year. The outflow were mainly capital expenditures amounted to approximately RMB120.8 million (2016: RMB234.0 million) and an aggregate of RMB116.4 million placed to bank short-term deposits with original maturity over 3 months (2016: Nil).

Net cash used in financing activities during the Reporting Year amounted to RMB289.9 million (2016: RMB1,853.3 million). The outflow mainly included repayment of bank borrowings amounted to RMB1,395.8 million (2016: RMB6,941.5 million); payment of finance costs and related fees of RMB344.5 million (2016: RMB366.8 million); repayments of loans from non-controlling interest of subsidiaries in the Reporting Year of RMB1.8 million (2016: RMB5.1 million); dividends paid to non-controlling interests of RMB269.1 million (2016: RMB236.7 million); dividends paid to the shareholders of the Company of RMB483.2 million (2016: RMB410.3 million). The inflow mainly included new bank borrowings amounted to approximately RMB2,204.5 million (2016: RMB4,082.2 million). There were no addition of loans from non-controlling interest of subsidiaries (2016: RMB35.0 million) and no proceeds from corporate bonds (Panda Bonds) (2016: RMB1,989.8 million).

Current ratio

The current ratio (current assets over current liabilities) as at 31 December 2017 was 1.3 times (31 December 2016: 1.4 times). The current assets balance as at 31 December 2017 was RMB3.2 billion (31 December 2016: RMB1.3 billion) and current liabilities balance was RMB2,498.8 million (31 December 2016: RMB958.1 million). Cash and cash equivalents were the major components of the Group's current assets with balance as at 31 December 2017 of RMB2,842.4 million (31 December 2016: RMB1,045.9 million). There was short-term bank deposits in aggregate of RMB116.4 million as at 31 December 2017 (31 December 2016: Nil) with original maturity over 3 months. Included in the Group's current liabilities as at 31 December 2017 were short-term borrowings (i.e. maturities within one year) of approximately RMB1,877.7 million (31 December 2016: RMB235.2 million) which include notes payable of RMB1,558.0 million and bank borrowings of RMB319.7 million. Management will continue to take a prudent approach to effectively utilize 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.

EBITDA interest coverage and other financial ratios

EBITDA interest coverage for the year ended 31 December 2017 was 8.4 times (31 December 2016: 5.8 times) which is measured as the ratio of earnings before interests, tax, depreciation and amortisation ("EBITDA") to interest expenses (profit and loss impact).

EBITDA total external debt for the year ended 31 December 2017 was 29.3 percent (31 December 2016: 28.1 percent) which is measured as the ratio of EBITDA to the aggregate balance of bank borrowings, notes payable and corporate bonds ("total external debts").

Profit before interest and income tax interest coverage for the year ended 31 December 2017 was 6.7 times (31 December 2016: 4.5 times) which is measured as the ratio of profit before interest and tax to interest expenses (profit and loss impact).

Cash interest coverage for the year ended 31 December 2017 was 7.6 times (31 December 2016: 6.7 times) which is measured as the ratio of cash generated from operating activities and interest expense (cashflow impact) to interest expenses (cashflow impact).

Capital expenditures and investments

During the Reporting Year, total capital expenditures amounted to RMB120.8 million (2016: RMB234.0 million). Capital expenditures related to intangible operating rights and fixed assets included: (1) payments of construction costs of toll highways and bridges upgrade services of RMB88.8 million (2016: RMB43.6 million) and (2) purchase of property, plant and equipment of RMB20.4 million (2016: RMB11.2 million). There were a payment of consideration to acquisition of subsidiary of RMB9.3 million (2016: RMB179.2 million) and a capital injection in a new associate of RMB2.3 million (2016: Nil) in the Reporting Year. Apart from the aforementioned, no material capital expenditures were incurred during the Reporting Year. 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 financing 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.

Analysis of capital structures

	Reporting Year RMB'000	2016 RMB'000
Total external debts		
Bank borrowings	**5,750,163**	4,939,891
Notes payable	**1,557,953**	1,452,359
Corporate bonds[1]	**1,993,263**	1,990,978
Loans from non-controlling interests	**103,020**	103,650
Amount due to a joint venture	**92,050**	92,050
Total debts	**9,496,449**	8,578,928
Less: cash and cash equivalents	**(2,842,452)**	(1,045,922)
Net debt	**6,653,997**	7,533,006
Total Equity	**11,817,404**	11,304,302
Of which: Equity attributable to the shareholders of the Company	**9,544,848**	9,081,958
Total capitalization (Net debt + Total equity)	**18,471,401**	18,837,308
Financial ratios		
Gearing ratio (net debt/total capitalization)	**36.0%**	40.0%
Debt to Equity ratio (net debt/total equity)	**56.3%**	66.6%
Total liabilities/Total assets ratio	**50.6%**	49.9%

1 Basic summary information of corporate bonds:

	RMB300 million five-year corporate bonds (Phase 1)	RMB700 million seven-year corporate bonds (Phase 1)	RMB200 million five-year corporate bonds (Phase 2)	RMB800 million seven-year corporate bonds (Phase 2)
Drawdown date:	22 March 2016	22 March 2016	28 October 2016	28 October 2016
Principal:	RMB300 million	RMB700 million	RMB200 million	RMB800 million
Principal repayment date:	21 March 2021	21 March 2023	26 October 2021	26 October 2023
Coupon rate (per annum):	2.85%	3.38%	2.90%	3.18%
Upcoming interest payment date:	21 March 2018	21 March 2018	26 October 2018	26 October 2018
Stock Exchange:	The Shanghai Stock Exchange	The Shanghai Stock Exchange	The Shanghai Stock Exchange	The Shanghai Stock Exchange

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 maintain a cost-efficient funding to its overall funding needs, the Group will, on one hand, 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; and on the other hand, strike a balance between the interest rate savings and exchange risk exposure. As at the end of the Reporting Year, the Group's total debt comprised of bank borrowings, notes payable, corporate bonds and loans from non-controlling interests of certain subsidiaries. Debt with foreign exchange risk exposure as at 31 December 2017 was approximately RMB1.56 billion (31 December 2016: approximately RMB1.45 billion), the cost of exchange was generally locked by EUR/CNH cross currency swaps.

As at 31 December 2017, the Group's total external debts in aggregate was approximately RMB9.3 billion (31 December 2016: RMB8.4 billion) composed of bank borrowings amounted to approximately RMB5.75 billion (31 December 2016: RMB4.9 billion), notes payable amounted to approximately RMB1.56 billion (31 December 2016: RMB1.45 billion) and corporate bonds of RMB2.0 billion (31 December 2016: RMB2.0 billion). Onshore and offshore debts ratio was 83.3 percent and 16.7 percent (31 December 2016: 70.8 percent and 29.2 percent). Secured external debts' ratio was 58.6 percent (31 December 2016: 47.0 percent). The effective interest rate of total external debts at 31 December 2017 was 3.83 percent (31 December 2016: 3.74 percent). There were RMB5.20 billion of the bank borrowings are at floating rates and RMB0.55 billion at fixed rates with the overall effective interest rate of 4.46 percent at 31 December 2017 (31 December 2016: 4.37 percent). Notes payable and corporate bonds (in four tranches) are at fixed rates with coupon rates of 1.625 percent, 2.85 percent, 3.38 percent, 2.90 percent and 3.18 percent respectively with overall effective interest rate at 2.81 percent (31 December 2016: 2.83 percent).

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

	Reporting Year Percentage of total	2016 Percentage of total
Source		
Onshore	**83.3%**	70.8%
Offshore	**16.7%**	29.2%
	100.0%	100.0%
Repayment term		
Within 1 year	**20.2%**	2.8%
1 to 2 years	**11.9%**	22.7%
More than 2 years and less than 5 years	**26.6%**	41.3%
Above 5 years	**41.3%**	33.2%
	100.0%	100.0%
Currency		
RMB	**83.3%**	82.7%
EURO	**16.7%**	17.3%
	100.0%	100.0%
Interest rate		
Fixed	**44.1%**	53.0%
Floating	**55.9%**	47.0%
	100.0%	100.0%
Terms of credit		
Secured	**58.6%**	47.0%
Unsecured	**41.4%**	53.0%
	100.0%	100.0%

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 4.35 percent (2016: 4.35 percent) per annum.

Amounts due to a joint venture are unsecured, interest-free, repayable on demand and denominated in RMB.

Foreign-currency denominated assets and liabilities

The Group's businesses are principally conducted in the PRC and its functional currency is RMB. Except that certain fund-raising exercises were conducted in Hong Kong, all of its revenue, operating expenses, capital expenditures and approximately 83.3 percent (2016: 82.7 percent) of external debts are denominated in RMB. As at the end of the Reporting Year, the Group's foreign-currency denominated assets and liabilities mainly included cash and cash equivalent of HK$246.9 million (equivalent to approximately RMB206.4 million), and US$27,000 (equivalent to approximately RMB0.2 million); short-term bank deposits of Euro14.9 million (equivalent to approximately RMB116.4 million); and external debts of Euro199.7 million (net of debt discount and direct issuance costs) (equivalent to approximately RMB1.56 billion). Given this foreign currency exposure position, as at 31 December 2017, for every 1.0 percent exchange rate change against RMB (with all other variables held constant), the impact to the Group's profit and loss will be approximately RMB12.4 million. After close monitoring of the EURO-RMB trend, the Group has entered into deliverable EUR/CNH cross currency swaps in aggregate of Euro175.0 million in the fourth quarter of 2016, thereby the foreign currency risk exposure upon maturity of the Euro notes payables is substantially hedged. Given the aforementioned foreign-currency denominated cash and cash equivalent, short-term bank deposits and the remaining notes payable of Euro25.0 million, for every 1.0 percent exchange rate change against RMB (with all other variables held constant), the impact to the Group's profit and loss will be approximately RMB1.3 million. As the foreign exchange market is still volatile, the Group will continue to review and assess closely its currency risk.

IV. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2017, the Group had capital commitments related to intangible operating rights and property, plant and equipment of approximately RMB2.0 million being contracted but not provided for.

Except for the aforementioned, the Group had no material capital commitments as at 31 December 2017. There were no significant contingent liabilities as at 31 December 2017.

V. EMPLOYEES

As at 31 December 2017, the Group had approximately 1,482 employees of whom about 1,263 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.

INVESTOR RELATIONS REPORT

Investor Relations and Communications

The Group is committed to maintain a high standard of corporate governance, as well as good and effective communication with capital markets. Thus, the Group has been maintaining open dialogues with investors and industry analysts and, subject to compliance with disclosure requirements, will proactively provide timely and accurate information, including monthly operational statistics of all projects and the development of strategic business.

The core of investor relations is effective communication, so the Group's investor relations team, including executive directors and senior management officers, initiated proactive communication continuously by meeting and communicating with shareholders, industry analysts, domestic and foreign investors who are concerned about the Group regularly through various platforms and channels, delivering proactive signals to consolidate market confidence. The investor relations team also organizes face-to-face communication with investors around the world through launching various marketing activities, such as organizing press conferences, participating in results roadshow and participating in various investor conferences. In addition, the investor relations team organizes reverse roadshow on regular basis to invite investors and industry analysts to attend site visits to expressway projects, enhancing the market's understanding on our project operations and management as well as our development strategies.

During the Reporting Year, investment banks such as HSBC, Essence International, China Securities International and China Galaxy International released research coverage reports on the Group successively, and institutions such as JP Morgan Chase and Deutsche Bank also organized market briefings on the Group successively and arranged for meetings with international institutional investors, which was a sufficient reflection of the Group's popularity and influence in the capital market.

During the Reporting Year, major investor relations activities of the Group included the following:

- We gave timely response to enquiries of investors through the investor hotline, company website and emails, and released monthly operational statistics to investors on regular basis.
- We organized receptions for visiting investors, on-site research visits for industry analysts, or convened telephone conferences. We received a total of more than 100 persons through our receptions for domestic and foreign investors and visiting industry analysts in the ordinary course of our business.

- We launched activities such as news conferences for results announcements, post results non-deal roadshows (NDRs) and investor forums to facilitate face-to-face interflows with more than 500 domestic and foreign institutional investors, including:

Month	Place	Organizers	Event
February	Hong Kong	HSBC	2016 Results announcement roadshow
March	Shenzhen	Essence International	2016 Results announcement roadshow
April	Shenzhen	Everbright Securities	Industry seminar
	Guangzhou	Wonderful Sky	On-site project research for the financial press
May	Shenzhen	HSBC	Industry seminar
	Changsha	Essence International	Industry seminar
June	Beijing	JP Morgan Chase	Industry seminar
	Hong Kong	Deutsche Bank	Convertible bonds' investors seminar
	Hong Kong	Citibank	Industry seminar
August	Hong Kong	JP Morgan Chase	2017 Interim results announcement roadshow
September	Changsha and Yueyang	The Company	On-site project research for commentators
	Shanghai	Essence International	2017 Interim results announcement roadshow
December	Hong Kong	Citibank	Industry seminar

As a recognition of the operating results, level of corporate governance and investor relations, the Group has successively received the following awards for listed companies from well-known financial media such as "Bloomberg Business Information", "Quamnet" and "Economic Digest" during the Reporting Period:

Economic Digest:
Outstanding Enterprise Award 2017

Quamnet:
Outstanding Enterprises Awards 2017 - Outstanding Investment and Development of Infrastructure

Bloomberg Businessweek:
Listed Enterprises of the Year 2017

LACP2016 Vision Awards of USA – Annual Report Competition:
Transportation & Logistics Industry: Gold Winner
Top 80 Reports Asia-Pacific Region
Top 40 Reports China

IADA International Annual Report Design Awards:
2016 Annual Report Design Bronze Award

2017 ARC International Awards:
2016 Annual Report Interior Design Honors

INVESTOR RETURN MECHANISM

While leveraging on the capital market for rapid development, the Group also understands that a positive return to shareholders should be regarded as an important mission and the operation philosophy for an enterprise, leading investors to establish the concepts of long-term investment and rational investment for the formation of a virtuous cycle of capital.

Since listing, the Company has distributed cash dividends for 20 consecutive years. From 2009 to date, the Group has distributed in aggregate cash dividends of approximately RMB3.23 billion, with an average dividend payout ratio of as high as 61.0%, the cumulative dividend per share was RMB1.6341. The annual compound growth rate of the dividend per share was 9.76%, which served as a continuous return to our shareholders while we recorded consistent growth of our operating results.

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Earnings per share (RMB)	0.2285	0.3195	0.3336	0.2552	0.3314	0.3642	0.318	0.5491	0.5666
Dividend per share (RMB)	0.141	0.187	0.197	0.163	0.206	0.222	0.230	0.289	0.297
Dividend payout ratio	61.7%	58.5%	59.1%	63.9%	62.2%	61.0%	72.2%	52.5%	52.4%

In 2017, the Group distributed cash dividend of HK$0.36 per share, equivalent to RMB0.296950 per share, the dividend payout ratio is 52.4%. The Group will continue to maintain a stable dividend payout ratio in future years, as our policy in this respect was a balance between our business development and return to shareholders.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2017, the Company has complied with the code provisions as set out in the Corporate Governance Code, with the exception of code provisions 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 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. 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 18 May 2017 because of his other urgent business engagement.

REVIEW OF ANNUAL RESULTS

The annual results announcement has been reviewed by the audit committee of the Company.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 25 May 2018 to Wednesday, 30 May 2018, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the forthcoming annual general meeting of the Company to be held on 30 May 2018, 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, no later than 4:30 p.m. on Thursday, 24 May 2018.

In addition, the register of members of the Company will be closed from Tuesday, 5 June 2018 to Thursday, 7 June 2018, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to the final dividend. In order to qualify for the final 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, no later than 4:30 p.m. on Monday, 4 June 2018.

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

Hong Kong, 12 February 2018

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

Executive Directors:	*ZHU Chunxiu (Chairman), HE Baiqing and QIAN Shangning*
Independent Non-executive Directors:	*FUNG Ka Pun, LAU Hon Chuen Ambrose and CHEUNG Doi Shu*