



Annual Result 2017

CREATING EXCELLENT VALUES



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



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Financial Highlights

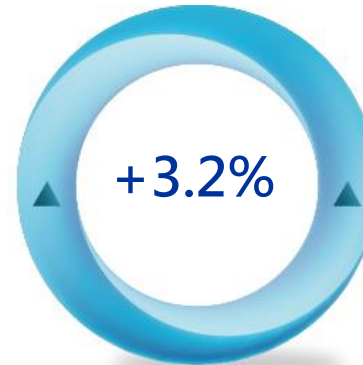
Income from operations

RMB 2.70B



Profit attributable to shareholders

RMB 950M



Total assets

RMB 23.9B



Total liabilities

RMB 12.1B



Proposed final dividend: HKD 0.23

Total: HKD 0.36

Payout ratio

52.4%



Review of operating environment of 2017

International :

1. In 2017, the global economy reported a solid overall performance. Advanced economies enjoyed an accelerated growth rate in general, whereas the overall growth rate of emerging markets and developing economies rebounded
2. The global labor market continues to improve, the inflation maintained a moderate growth.
3. The global monetary easing might be approaching to the end, major central banks has triggered rate hikes or reduced the pace of bond buying programme

➤ Domestic :

1. The overall Chinese economy remained stable and improving, a 6.9% YOY growth of GDP reached beyond expectation
2. The PBOC maintained the stable and moderate monetary policy under the task of deleveraging and risk control in the financial industry
3. The regulatory environment of the toll road sector remained steady, some provinces have successively implemented toll fare discounts for freight vehicles which have no significant impact to the Group



2017 Performance Highlights

1. **Operating results remained steady: Income from operations and net profit hit a new record high.**
2. **Core projects resulted in strong growth: Income from operations and net profit of GNSR Expressway, Suiyuenan Expressway, Weisu Expressway and Han-Xiao Expressway recorded double-digit growth**
3. **Regional investment Strategy of "Rise of Central China" has achieved remarkable results: The projects within the central region gradually become the new source of profit**



Extract of consolidated income statement

RMB million	2017	2016
Income from operation	2,703	2,519
EBITDA	2,722	2,356
Gross profit	1,914	1,684
Attributable profit	948	919
Earnings per share (RMB)	0.5666	0.5491
Dividend per share(HKD)	0.36	0.33
Payout ratio	52.4%	52.5%

Income from operations

- 2017 increased 7.3% or RMB 184M
- GNSR Expressway increased RMB 142M
- SYN Expressway increased RMB 152M
- Weixu Expressway increased RMB 47.06M

EBITDA

- 2017 increased RMB 366M
- GNSR Expressway increased RMB 159M
- SYN Expressway increased RMB 169M

Attributable profit

- Increased 3.2% or RMB 29.13M

Dividend per share

- Proposed dividend for 2017 is HKD 0.36 per share, increased 9.1%



2017 operating analysis of controlled toll projects

RMB million	Income from operations ⁽¹⁾	Attributable profit ⁽²⁾	Average daily traffic volume
GNSR Expressway	+ 1,183 13.7%	+ 404 19.7%	+ 230,053 18.4%
Cangyu Expressway	- 86 -0.5%	+ 43 6.6%	+ 12,232 10.8%
Jinbao Expressway	- 90 -8.9%	- -38 -330.2% ⁽³⁾	- 24,407 9.6%
Han-Xiao Expressway	+ 198 27.6%	+ 82 20.0%	+ 26,727 12.3%
Changzhu Expressway	+ 245 8.4%	+ 101 36.4%	+ 21,514 4.6%
Weixu Expressway	+ 328 16.7%	+ 144 37.0%	+ 23,469 36.7%
Suiyuenan Expressway	+ 573 36.0%	+ 189 183.5%	+ 19,942 22.3%

Notes :

1. Income from operations since May 2016 were recorded net of value added tax.
2. The amounts represented attributable profit after elimination of inter-company loan interest
3. Due to the impairment loss of Jinbao Expressway, attributable profit was reduced by RMB 48.26M



2017 operating analysis of non-controlling projects

RMB million	Income from operations		Share of results		Average daily traffic volume	
Northern Ring Road	+	774 4.4%	+	93 16.1%	+	335,287 9.2%
Humen Bridge	+	1,613 8.3%	+	191 13.0%	+	118,462 10.3%
GWSR Expressway	+	490 24.8%	+	65 59.2%	+	71,169 21.4%
Qinglian Expressway	+	736 9.6%	+	14 8865.6%	+	41,190 12.1%
Shantou Bay Bridge	-	243 17.1%	-	41 17.0%		26,374 0.0%

Note : Income from operations since May 2016 were recorded net of value added tax.



Extract of Consolidated Balance sheet

RMB million	2017	2016
Total assets	23,918	22,569
Total liabilities	12,101	11,264
Total equity	11,817	11,305

Mainly including:

- **74.9% intangible operating rights**
Net book value of intangible of operating rights as at 31 Dec 2017 amounted to RMB 17.92B, decreased by 3.1% or RMB 570M, which mainly due to the amortization and the impairment loss of Jinbao Expressway.
- **11.9% cash and cash equivalents**
The closing balance of cash and cash equivalents was RMB 2.84B, increased 1.8B compared with the opening balance

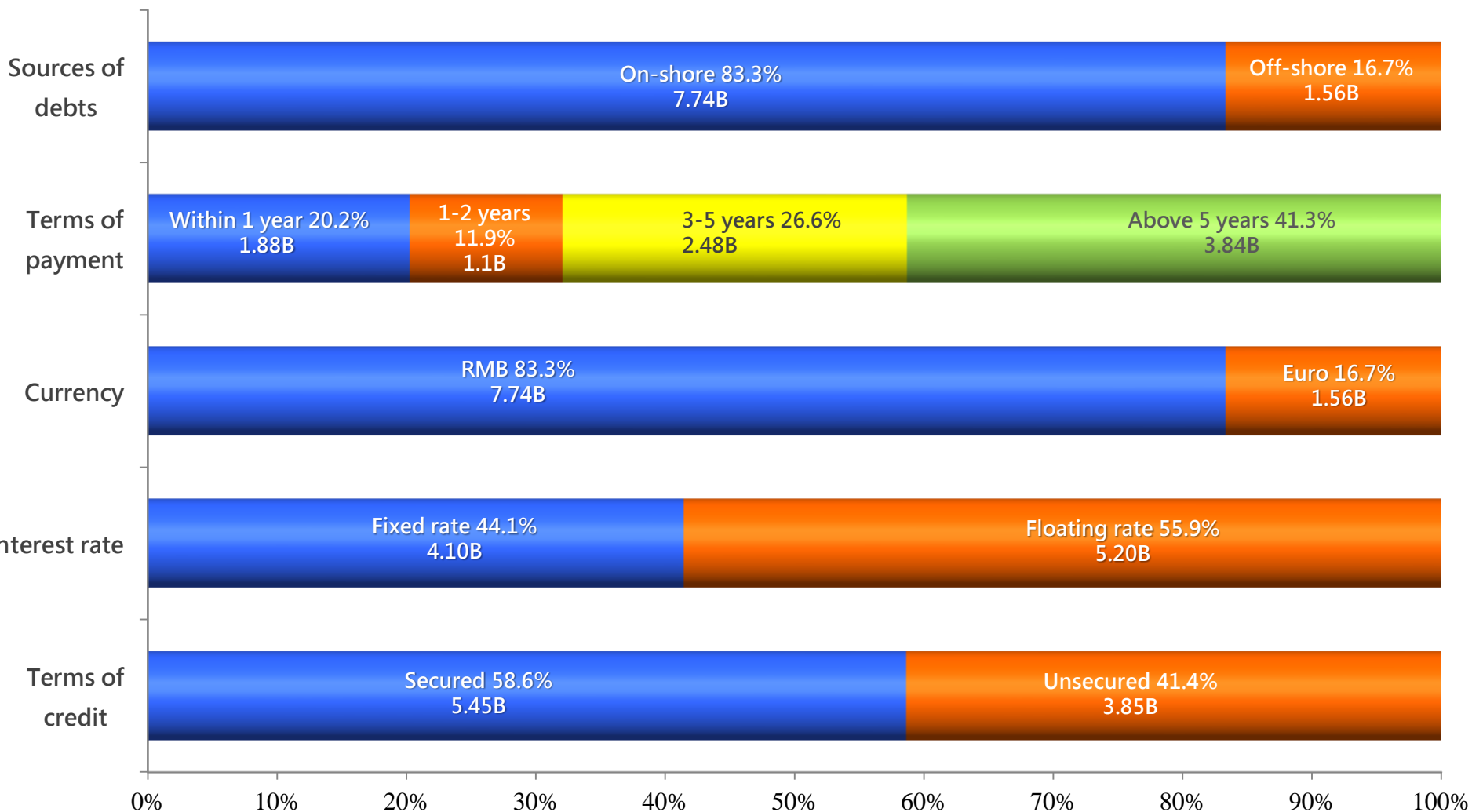
Mainly including:

- Bank borrowings of RMB 5.75B
- Notes payable (Euro bonds) of RMB 1.56B
- Corporate bonds (Panda bonds) of RMB 1.99B

	2017	2016
Gearing ratio (=net debt/(total equity + net debt))	36.0%	40.0%
Total liabilities/total assets ratio	50.6%	49.9%
Debt to equity ratio (=net debt/total equity)	56.4%	66.6%



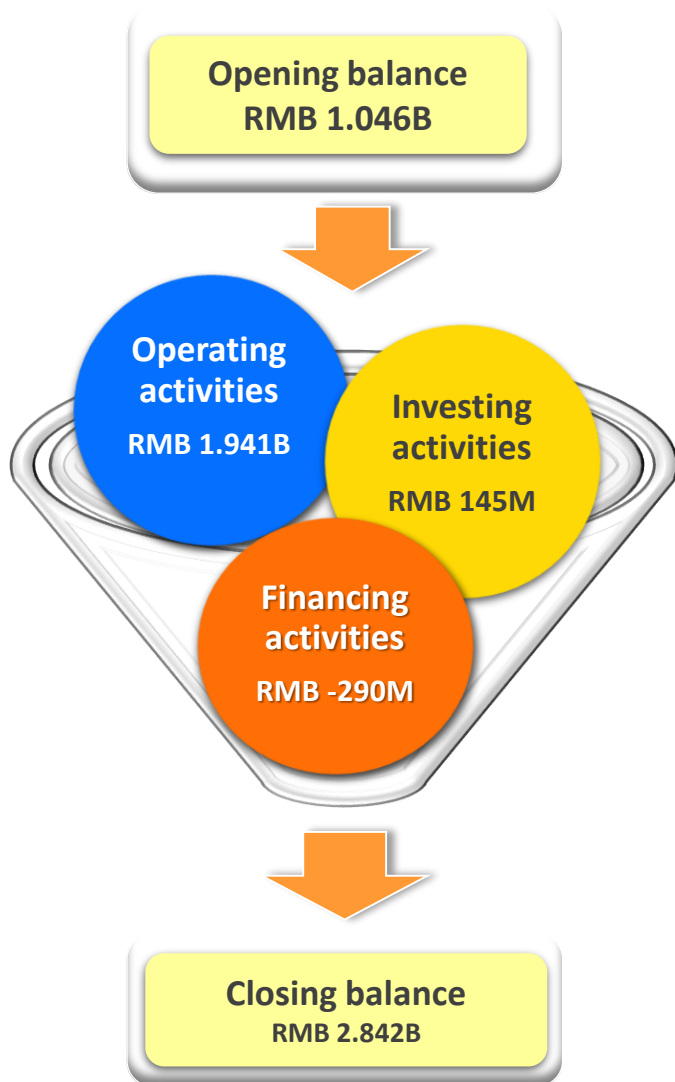
External debts structure (Bank borrowings, notes payable and corporate bonds)



Note : The Company hedged the foreign exchange risk of the Euro notes payable through CCS and euro bank deposit



Cash Flow



Operating activities

- Cash generated from operation amounted to RMB 2.703B
- Net cash inflow was RMB 1.941B (net of operating cost, expense and tax)

Investing activities

- Dividend distribution from associates amounted to RMB 281M
- Net cash inflow RMB 145M

Financing activities

- New bank borrowings of RMB 2.20B
- Repayment of interest of RMB 344M
- Repayment of bank borrowings of RMB 1.40B
- Dividends paid to the shareholders of the company of RMB 483M
- Dividends paid to non-controlling interest of RMB 269M
- Net cash outflow RMB 290M





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Future Prospects—Operational Environment

The Central Government adhere to the general tone of "making progress while maintaining stability", so as to strive to develop the real economy, and to propel a high quality development of Chinese economy.

To accelerate the upgrade of the manufacturing industry and to foster a world-class advanced manufacturing industrial cluster are the key component to the development of a strong real economy; the "13th Five-year Plan for Promoting the Rise of the Central China Region" distinctly corresponds to the national strategy in regional development, and provides guidance and support to such manufacturing bases of reputable domestic and foreign enterprises that comply with the relevant environmental standards to shift from the southeast coastal area to the central region in an orderly fashion.

The economic environment of the transportation industry as well as the government policies on the toll road industry shall remain stable. The Central Government shall maintain such toll road policies, and shall implement the highway operation concession system to protect the lawful interests of investors.



Future prospects—Business strategies

The integrated business model of “Investment + Financing+ management” will be strengthened and enhanced to further improve operational quality and management quality

Investment strategy

- Regional strategy focus on Guangdong and central China, continue to focus on toll roads investment
- Grasping the opportunities brought by the "Rise of Central China Strategy" and "Greater Bay Area" development plan
- Looking for the expansion opportunities in existing mature projects

Financing strategy

- Ensure financial stability and safety
- Expand diversified financing channels
- Reduced finance cost in multiple ways

Management strategy

- Enhancing operational performance of projects
- Strengthen standardized and delicacy management
- Promote mechanism optimization





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Extract of consolidated income statement

RMB'000	2017	2016	Increase/ decrease	Change%
Income from operations	2,702,844	2,519,003	183,841	7.3%
Cost of services	788,452	834,900	-46,448	-5.6%
Gross profit	1,914,392	1,684,103	230,289	13.7%
Other income, gains and losses-net	38,237	135,950	-97,713	-71.9%
Impairment loss of IOR	107,234	-	107,234	N/A
General and administrative expenses	196,193	226,238	-30,045	-13.3%
Net finance costs	413,807	412,327	1,480	0.4%
Share of result of a joint venture/ associates	403,022	339,076	63,946	18.9%
Profit before tax	1,638,417	1,520,564	117,853	7.8%
Income tax	371,195	354,087	17,108	4.8%
Profit after tax	1,267,222	1,166,477	100,745	8.6%
Profit attributable to shareholders	947,942	918,817	29,125	3.2%
Earnings per share (RMB)	0.5666	0.5491	0.0175	3.2%
Dividend per share (HKD)	0.36	0.33	0.03	9.1%
Payout ratio	52.4%	52.5%	0.01ppt	N/A

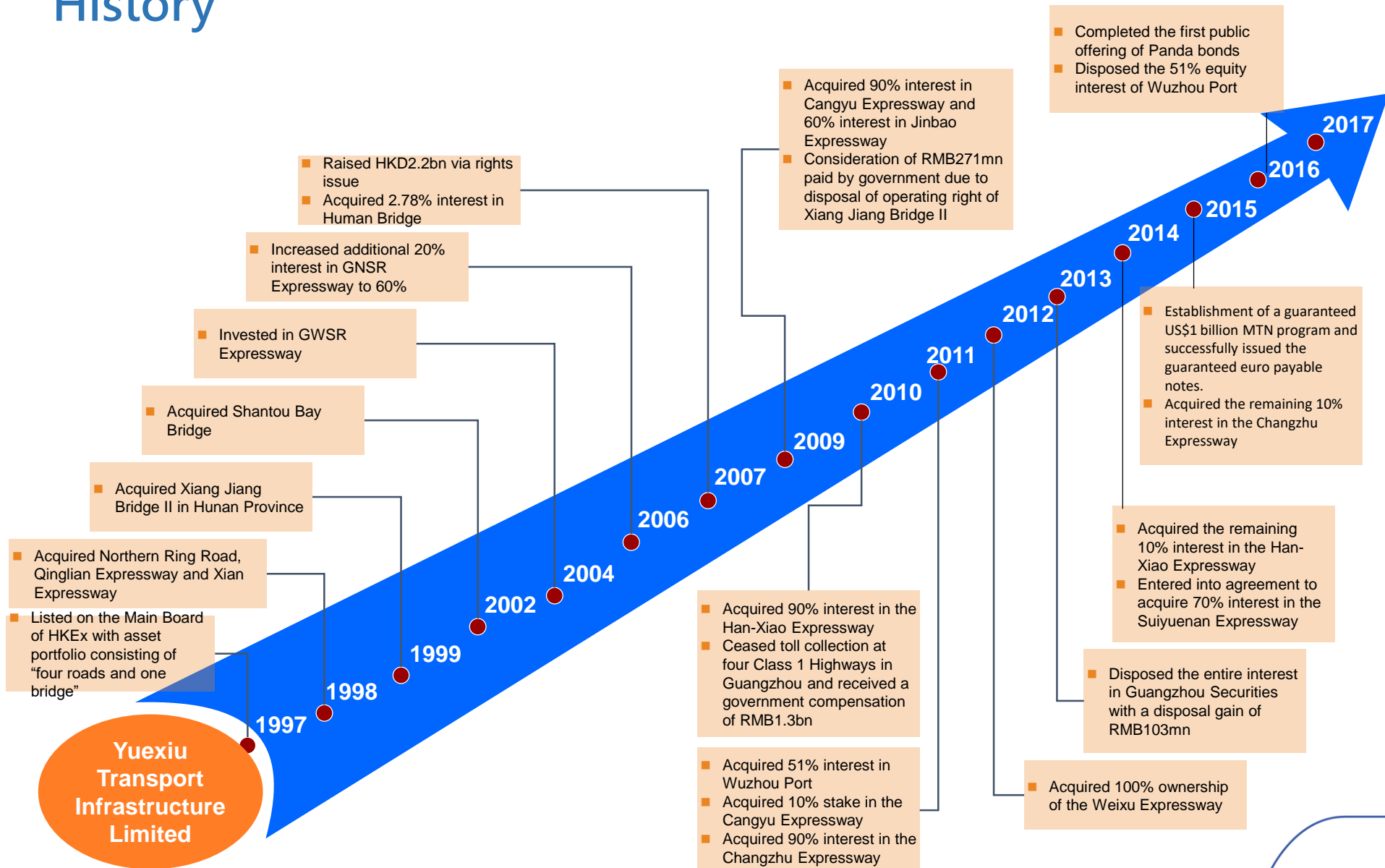


Extract of consolidated Balance Sheet

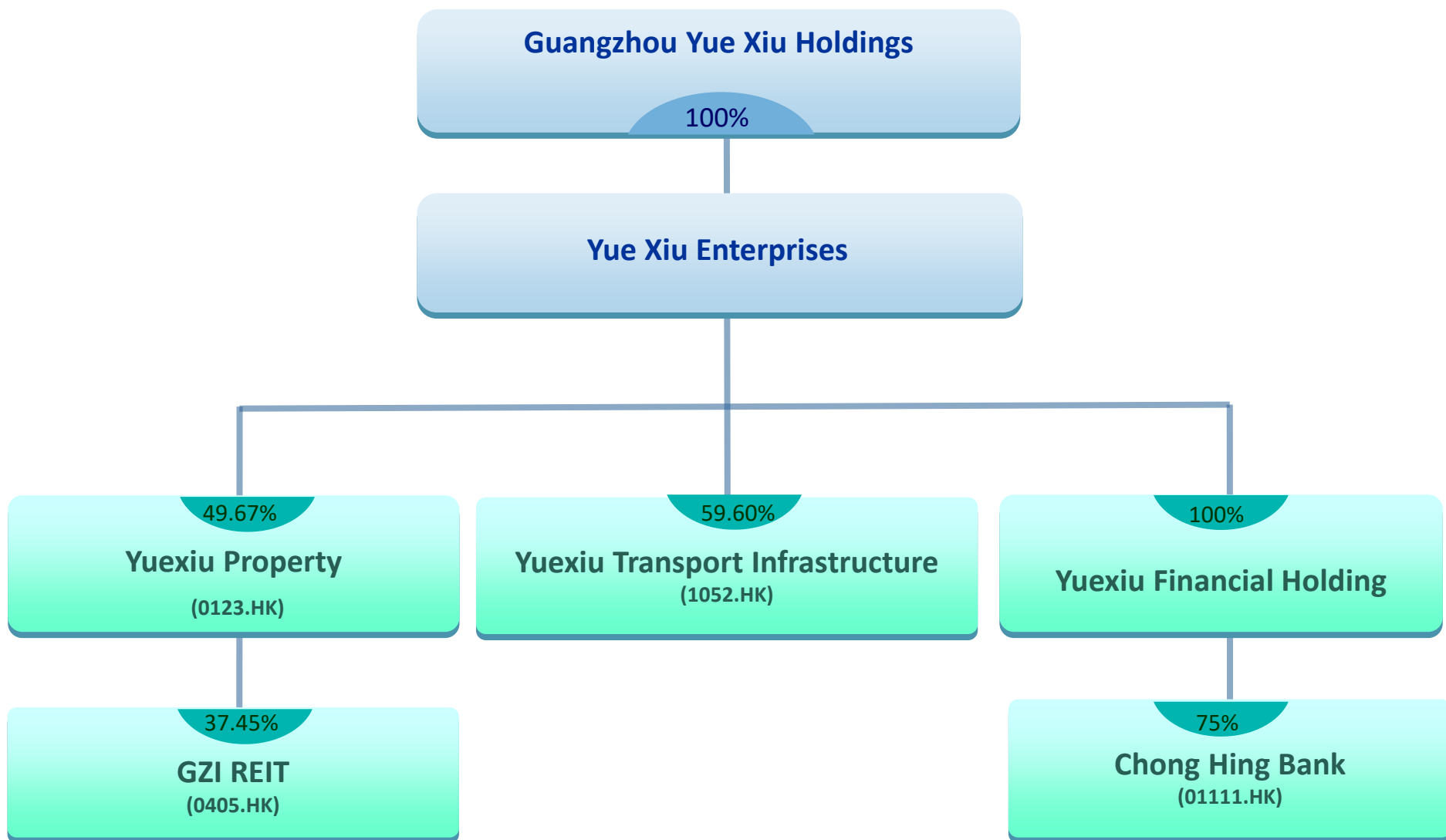
RMB'000	2017	2016	Change %
Total assets	23,918,489	22,568,556	6.0%
Mainly including:			
Intangible operating rights	17,915,044	18,485,580	-3.1%
Investments in a joint venture and associates	1,983,851	1,923,901	3.1%
Short term bank deposit, Cash and cash equivalents	2,958,818	1,045,922	182.9%
Including: Cash and cash equivalents	2,842,452	1,045,922	171.8%
Total liabilities	12,101,085	11,264,254	7.4%
Mainly including:			
Bank borrowings -- current portion	319,724	235,193	35.9%
-- long term portion	5,430,439	4,704,698	15.4%
Loans from non-controlling interest	103,020	103,650	-0.6%
Notes payable	1,557,953	1,452,359	7.3%
Corporate bonds	1,993,263	1,990,978	0.1%
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%
Net assets per share	5.70	5.43	5.1%
Gearing ratio (=net debt/(total equity + net debt))	36.0%	40.0%	-4.0ppt
Total liabilities/total assets ratio	50.6%	49.9%	+0.7ppt
Debt to equity ratio (=net debt/total equity)	56.4%	66.6%	-10.2ppt



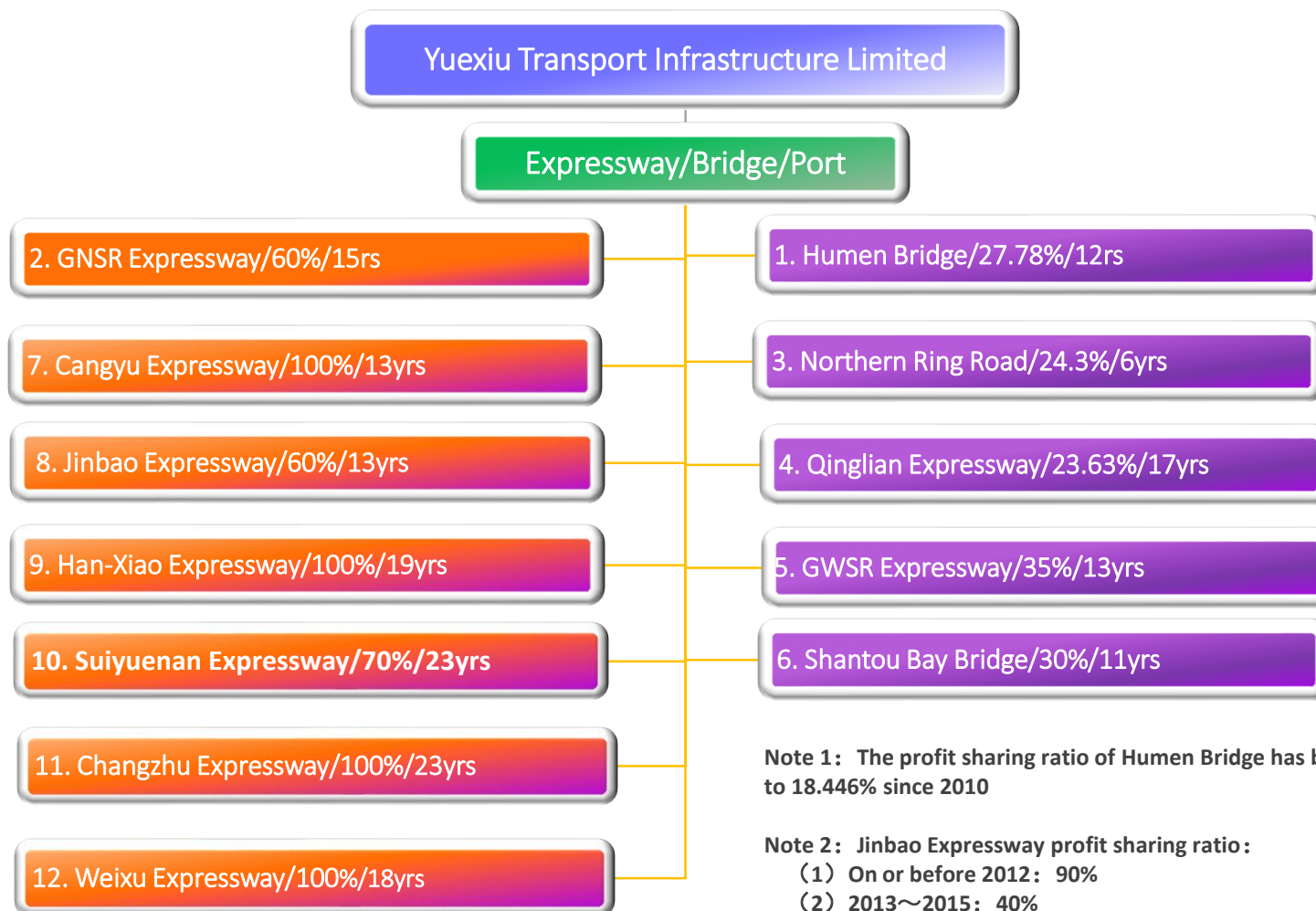
History



Shareholders Structure



Asset portfolios

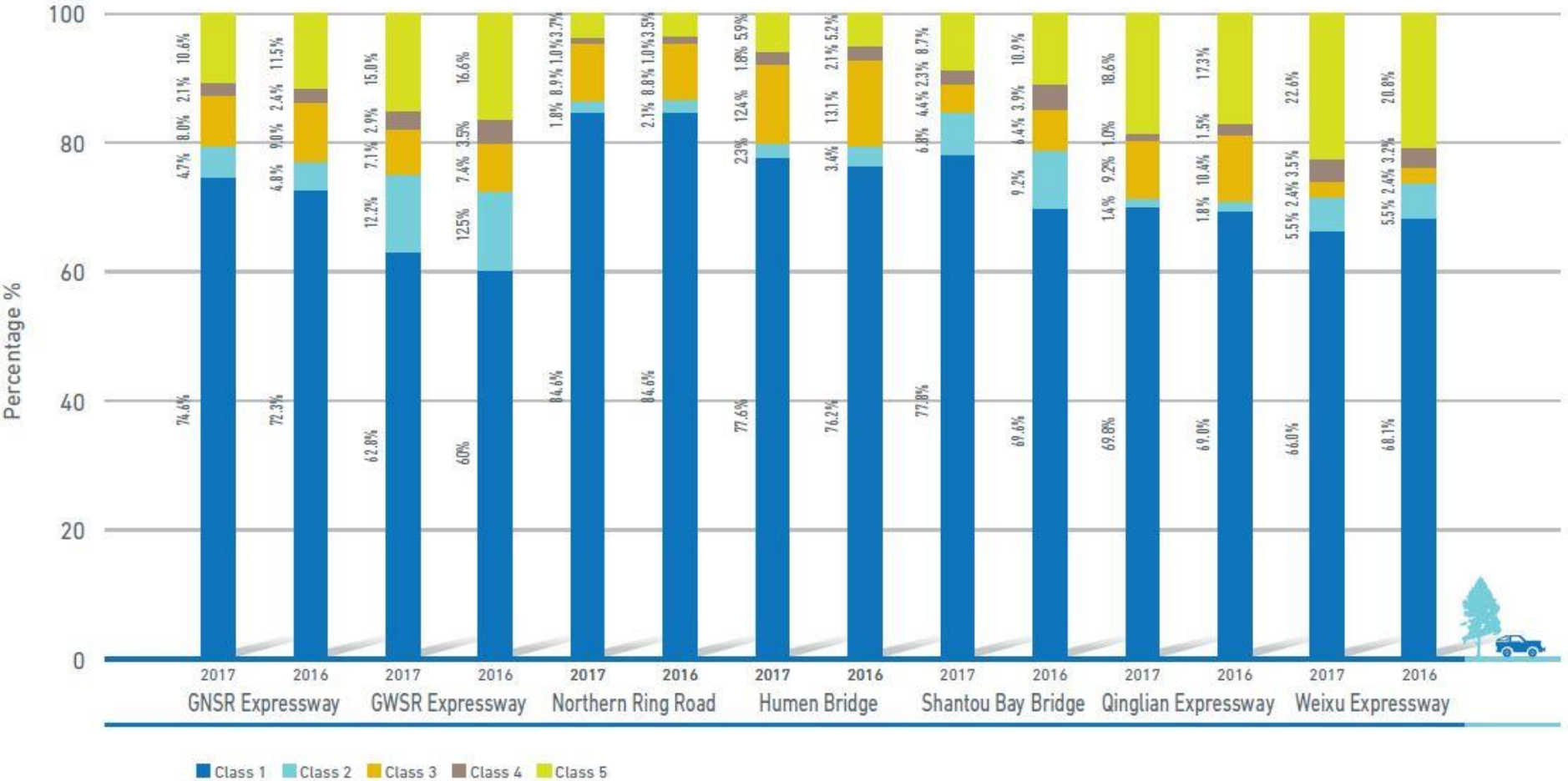


Note 1: The profit sharing ratio of Humen Bridge has been adjusted to 18.446% since 2010

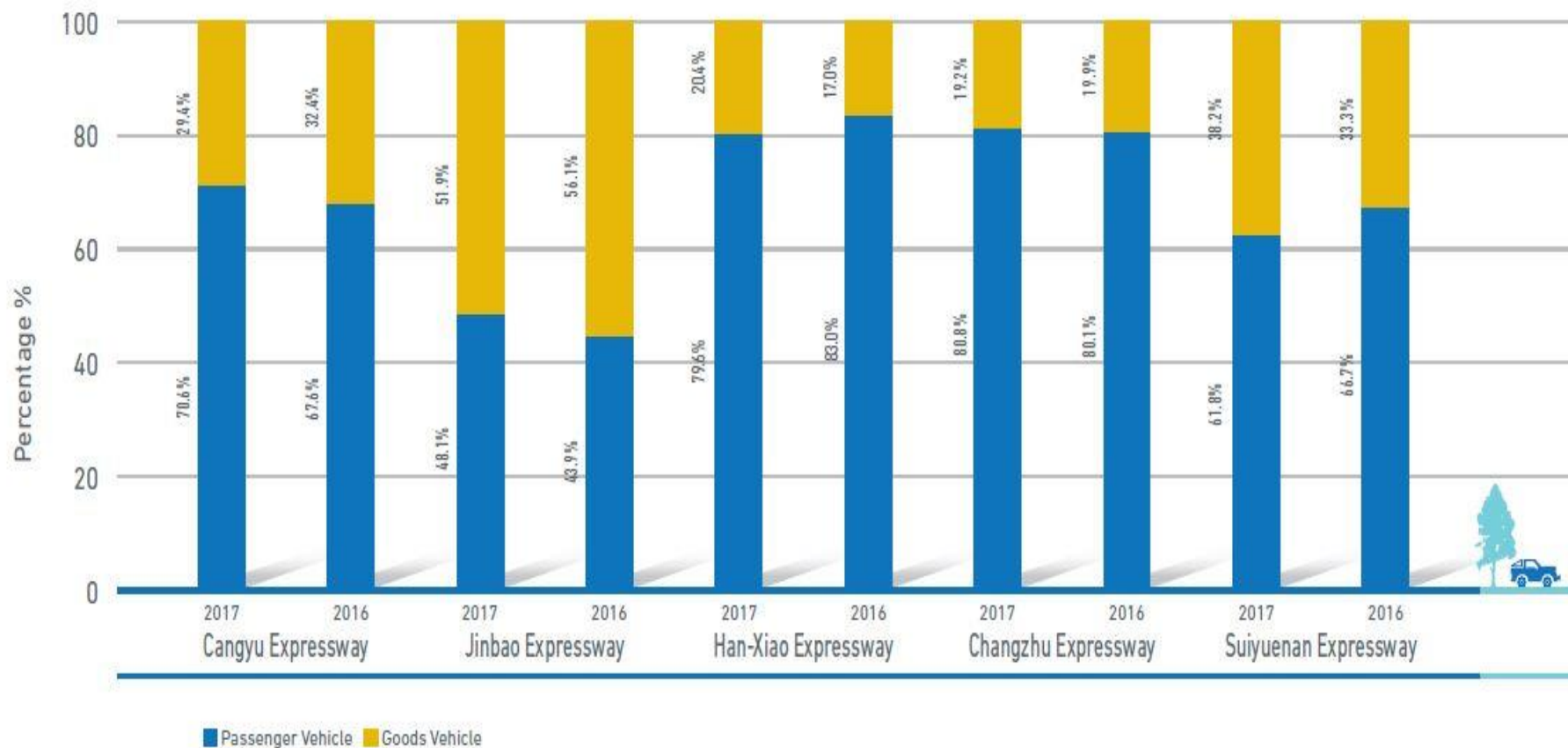
Note 2: Jinbao Expressway profit sharing ratio:

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

Traffic Mix (2017 vs 2016)



Traffic Mix (2017 vs 2016)



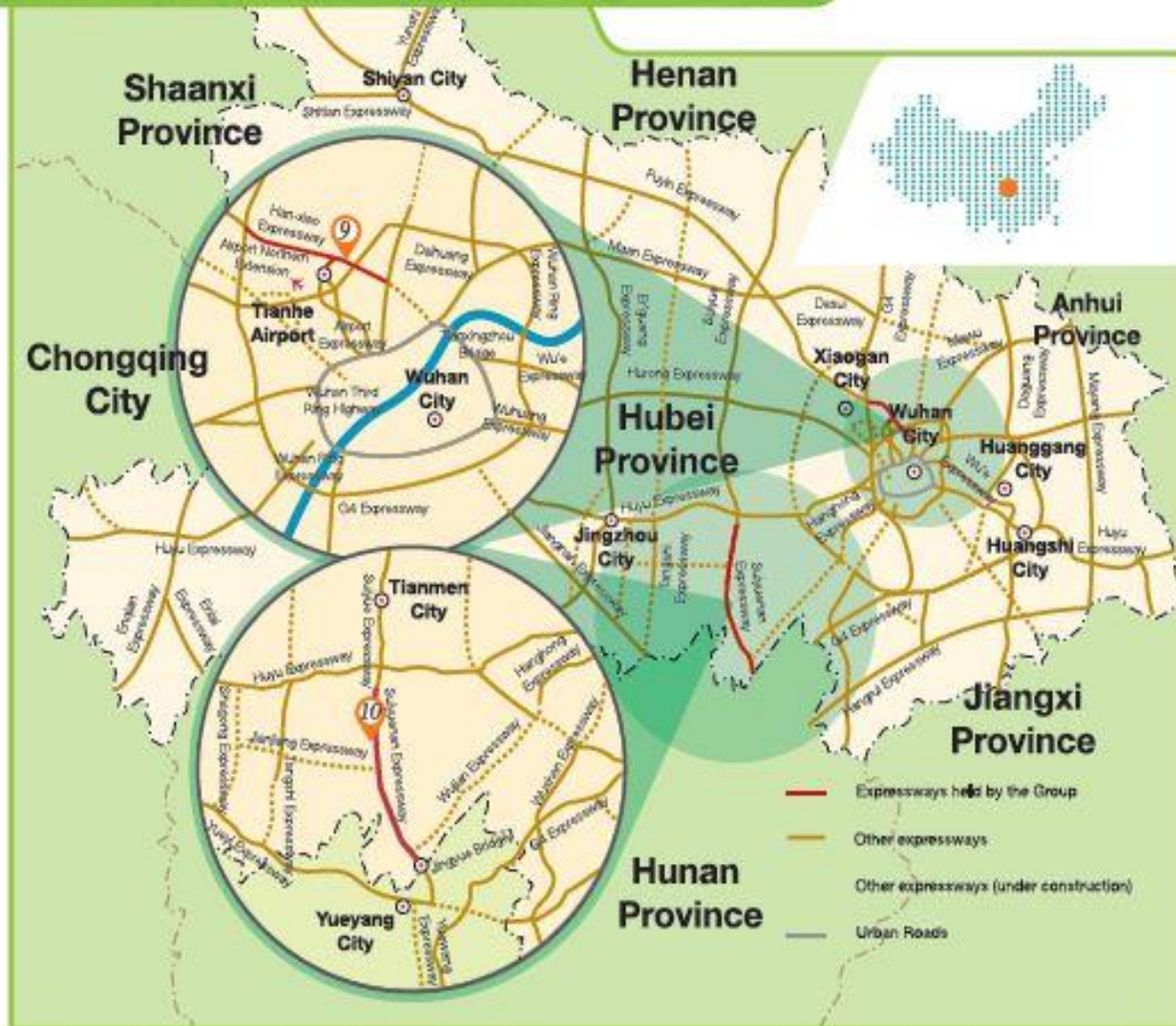
GUANGDONG



GUANGXI



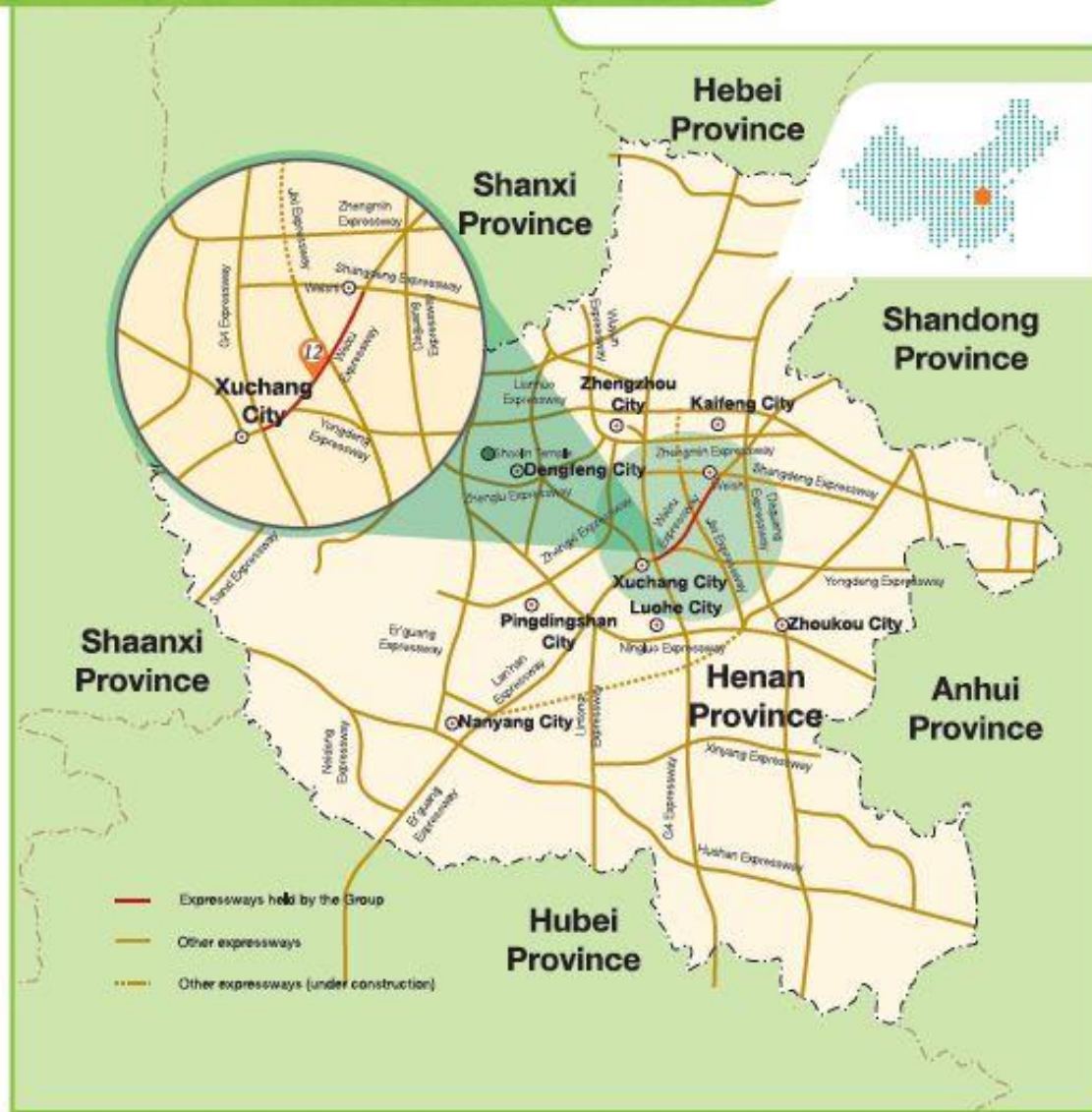
HUBEI



HUNAN



HENAN



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