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

(Incorporated in Bermuda with limited liability)
(Stock code: 01052)

2018 ANNUAL RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

OPERATING RESULTS AND DIVIDEND

During the year ended 31 December 2018 (the "Reporting Year"), the Group recorded revenue of RMB2.85 billion, representing a year-on-year increase of 5.3%. Profit attributable to shareholders amounted to RMB1,054 million, representing a year-on year increase of 11.2%, reaching a record high in terms of operation performance.

The Board has recommended the payment of a final dividend for 2018 of HK$0.24 per share, together with the paid interim dividend of HK$0.15 per share, the total dividends for the Reporting Year amounted to HK$0.39 per share which is equivalent to RMB0.337463 per share, representing an annual dividend payout ratio of 53.6%.

ANNUAL REVIEW

Macro-Economy and Regulatory Environment of the Sector

Looking back on 2018, the global economic environment was complicated and volatile under a markedly slackened rate of economic growth. The outlook for recovery was shrouded in uncertainty as the global boom started in 2016 showed signs of slowing down in 2018. On one hand, the US economy recovery remained strong, which was driven by tax cuts and other favorable factors. On the other hand, developed economies such as Japan and Europe continued their staggering pace while emerging market economies showed uneven rate of recovery. Signs of unbalanced global recovery are more distinct. Meanwhile, intensified protectionism and populism coupled with escalation in geopolitical conflicts have amplified the risk factors. Steady rate hikes by the Federal Reserve have strengthened the dollar, forcing many central banks, especially those of emerging market economies, to tighten their monetary policies to stem the outflow of capital. As a result, there are multiple challenges to the global economic outlook and volatility in the financial market increases.

Amid such a complex and uncertain external environment, China's economy has showed its resilience and generally attained both progress and stability. In the meantime, "Stable growth, risk prevention, and structural adjustment" have become the direction of China's macro-control. The State Council issued several documents calling for the strengthening of points of weakness in the infrastructure of Central and Western China. The People's Bank of China implemented four "Targeted Cut of the Reserve Requirement Ratio" and optimized the liquidity structure of commercial banks and financial institution to minimize the potential risks resulting from insufficient liquidity. In addition, the establishment of the private enterprise bailout fund and the launch of private enterprise financing bonds as a supporting tool indicate that the government aims to take effective measures to reduce the financing costs of SMEs through a series of measures in order to support the growth of real economy. According to the statistics released by the National Bureau of Statistics, China's gross domestic product (GDP) reached RMB90.0309 trillion in 2018 with a year-on-year growth rate of 6.6%, and the overall economy is still operating within a reasonable range.

As shown in the statistics released by the Ministry of Transport of China, the transportation economy maintained a stable development trend from January to November 2018. National highway passenger traffic fell by 6.4% year-on-year while cargo volume recorded an increase of 7.5% year-on-year. Road freight traffic continued to grow faster than passenger traffic. Moreover, fixed assets investment on transportation remained at a high level with completed investment totaling RMB2.93 trillion in the first 11 months, representing a 1.0% annual growth. On 20 December 2018, National Ministry of Transport once again published the Toll Road Management Law (revised draft) (the "Revised Draft"), seeking opinion from the public. According to the relevant person in charge of the Ministry of Transport, in light of the need of adapting to new requirements of deepened fiscal and taxation system reform as well as the investment and financing system reform, and taking into account a number of factors such as solving the toll road debt issues and facilitating long-term maintenance management of expressways, the design of the current system can no longer meet the requirements to ensure a sustainable development of the transportation industry, and a comprehensive revision is direly needed. The Revised Draft is now in the process of soliciting public opinion and relevant amendments are still ongoing, and the Group will pay close attention to related developments.

Business Development

During the Reporting Year, a diversion of traffic due to the commencement of GNTR Expressway has fully reflected its impact on GNSR Expressway, and the toll revenue for the year basically remained the same. The rate of growth of core projects in Central China such as Weixu Expressway and Suiyuenan Expressway was slowing down during the second half of 2018, but still managed to grow by 30.2% and 16.5% year-on-year. Some mature associated/joint venture projects within the province, benefiting from their superior locations and robust development of regional economy, have maintained a steady overall performance. Toll revenue and attributable profit of GWSR Expressway grew by 23.1% and 34.7% year-on-year due to prohibition of truck passage into the expressway during the renovation of Foshan First Ring Road. In recent years, the Group has actively seized the development opportunities brought by the national strategy of "Rise of Central China", and implemented aggressive expansion into Central China provinces with large populations of labors, such as Hubei, Hunan and Henan, with acquisition of a number of quality highway projects. Diversification of investment regions disperses business risks and allows us to seize more development opportunities. This strategy has gradually paid off. As the projects are getting mature, Central China projects are growing steadily into important profit centers for the Group.

The Group adheres to a prudent and steady financial policy, continues to optimize the debt structure and controls the financing costs. During the Reporting Year, the RMB exchange rate fluctuated significantly in both directions, while the exchange rate of the RMB against the currencies of major developed economies, such as the US dollar, has appreciated during the fourth quarter, and the cumulative decrease in the RMB exchange rate index has narrowed compared with that by the end of the third quarter. The Group continues to strengthen the management of foreign exchange risk exposure. After repayment of 200 million euro medium-term notes, the portion of liabilities in RMB rose to 94.2% from 83.3% and impact from exchange rate fluctuation has decreased. The Group has sound financial position and maintains good cooperating relationships with a number of onshore and offshore commercial banks. With the investment-grade credit rating granted by the three major international rating agencies, i.e. Moody's(Baa2), Standard & Poor's(BBB-) as well as Fitch(BBB-), the Group continues to enjoy low-cost financing, ensure the liquidity of funds and provide reserve resources for business development.

FUTURE PROSPECT AND OUTLOOK

Macroeconomic Prospects and Outlook of the Development of the Sector

On 21 January 2019, the International Monetary Fund (IMF) released the updated World Economic Outlook Report, which lowered the global annual economic growth rate to 3.5% and 3.6% for 2019 and 2020 respectively, of which the growth rate for 2019 has been adjusted to the lowest point in three years. IMF noted that economic growth is slowing in both developed and emerging market countries. In addition to the escalation of trade tensions, factors such as the Brexit may lead to further deterioration of market risk sentiment, and increase the risk of downturn of global economic growth.

In the coming future, the Central Government will remain committed to the underlying principle of "making progress while maintaining stability", and endeavour to develop and strengthen the real economy. Through the measures of deepening supply-side structural reform, encouraging the upgrade of manufacturing industry through innovations and implementing regional coordinated development, the domestic demand potential continues to be released and the domestic market is strengthened so as to propel the Chinese economy further toward the stage of high quality development. Overall speaking, the long-term upward trend of Chinese economy is expected to remain unchanged, and economic growth will remain steady.

Expressway is an important part of modern integrated transportation system, characterized by its high efficiency, safety and flexibility, and is of great significance to the long-term development of the domestic economy. While highway transportation is susceptible to influence of macroeconomic activities, it has the characteristics of having rigid demand. Driven by favorable factors such as the sustained increase in car ownership in the society, the flourishing of e-commerce and express delivery service, as well as rapid development of local tourism, highway transportation sector has the momentum for continuous growth. Taking into account the above factors, the Group is still optimistic about the development prospects of the industry, and anticipates a sustained long-term growth of its toll expressways/bridges projects in the future.

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 made clear that the central region is a key area under the new round of industrialization, urbanization, digitalization and agricultural modernization in China. Measures of promoting the upgrade and renovation of manufacturing industry, promoting industrial cluster development and accelerating the construction of urban agglomerations will continue to be strengthened, and the regional economic development will enter into a new phase. In addition, according to the Guangdong Provincial Development and Reform Commission ("Guangdong DRC"), it is expected to release its opinions and phased plans for the implementation of the Guangdong-Hong Kong-Macao Greater Bay Area Plan, with a focus on the construction of International Science and Technology Innovation Center, as well as the interconnection of infrastructure in Guangdong, Hong Kong and Macao, which aims at creating a first-class international bay area.

In this regard, the "Rise of the Central Region" and the "Guangdong, Hong Kong and Macao Greater Bay Area" will be the two regional strategies taken into account during the course of the Group's business expansion. By grasping the investment opportunities in the two main regions, the Group will focus on the business development of expressways and bridges, promote mergers and acquisitions of quality projects, enhance asset scale and profitability, and create long-term stable and reasonable returns for its shareholders. In the process of implementing M&A proposals, the Group will fully assess and consider the impact of such M&A on the credit metrics, so as to ensure a steady and sound financial position on the whole alongside our business development.

With a steady business operation, the Group strengthens its advantage in consolidation of financing capability with focus on maintaining its investment-grade credit ratings. The Group obtained a RMB2.0 billion medium-term note registration notice issued by the National Association of Financial Market Institutional Investors during the year and has further expanded domestic direct financing channels. Taking into account an increasingly obvious trend of two-way volatility of RMB, and the fact that the People's Bank of China will continue to implement steady monetary policies, and maintain a reasonable domestic capital liquidity to support the stable development of the real economy, which is expected to keep the domestic financing interest rate at a reasonable level benefiting financing entities with good financial qualifications, the Group will focus more on local currency financing in the future. The Group shall maintain prudent attitude towards foreign currency financing and strengthen the control of foreign exchange risk, matching the currency and term structure of assets and liabilities.

APPRECIATION

During the Reporting Year, our directors, senior management officers and all our staff continued to adhere to their pragmatic, diligent and resolute working attitude, in pursuit of excellence in performance and quality of work. On behalf of all members of our Group, I would like to express my gratitude and appreciation to all our shareholders, banks, business community and partners for their dedicated support over the years.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

	Note	**2018**	2017
		RMB'000	*RMB'000*
Revenue		**2,847,073**	2,702,844
Cost of services	4,5	**(834,092)**	(788,452)
Construction income under service concession upgrade services		**120,440**	95,981
Construction costs under service concession upgrade services		**(120,440)**	(95,981)
Other income, gains and losses - net	3	**40,635**	(68,997)
General and administrative expenses	4,5	**(225,113)**	(196,193)
Operating profit		**1,828,503**	1,649,202
Finance income	6	**128,911**	26,770
Finance costs	6	**(477,235)**	(440,577)
Share of result of a joint venture		**87,023**	64,599
Share of results of associates		**324,453**	338,423
Profit before income tax		**1,891,655**	1,638,417
Income tax expense	7	**(479,974)**	(371,195)
Profit for the year		**1,411,681**	1,267,222
Attributable to:			
Shareholders of the Company		**1,054,135**	947,942
Non-controlling interests		**357,546**	319,280
		1,411,681	1,267,222
Earnings per share for profit attributable to the shareholders of the Company		***RMB***	*RMB*
Basic and diluted earnings per share	8	**0.6300**	0.5666

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**1,411,681**	1,267,222
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation differences	**1,315**	(1,835)
Total comprehensive income for the year	**1,412,996**	1,265,387
Total comprehensive income attributable to:		
Shareholders of the Company	**1,055,450**	946,107
Non-controlling interests	**357,546**	319,280
	1,412,996	1,265,387

CONSOLIDATED BALANCE SHEET

As at 31 December 2018

	Note	**31 December 2018** *RMB'000*	31 December 2017 *RMB'000*
ASSETS			
Non-current assets			
Intangible operating rights		**17,419,156**	17,915,044
Goodwill		**632,619**	632,619
Property, plant and equipment		**83,297**	87,473
Investment properties		**38,538**	36,484
Investment in a joint venture		**454,272**	433,465
Investments in associates		**1,474,846**	1,550,386
Available-for-sale financial assets		**—**	200
Other non-current receivables	10	**45,883**	65,440
		20,148,611	20,721,111
Current assets			
Trade receivables	11	**122,211**	140,476
Other receivables, deposits and prepayments	11	**70,998**	60,091
Amount due from a non-controlling interest of a subsidiary		**—**	2,470
Amount due from an associate		**4,708**	—
Derivative financial instruments		**—**	35,523
Short-term bank deposits, cash and cash equivalents		**2,393,222**	2,958,818
		2,591,139	3,197,378
Total assets		**22,739,750**	23,918,489
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital		**147,322**	147,322
Reserves		**9,924,549**	9,397,526
		10,071,871	9,544,848
Non-controlling interests		**2,335,708**	2,272,556
Total equity		**12,407,579**	11,817,404

	Note	31 December 2018 RMB'000	31 December 2017 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**5,080,996**	5,533,459
Deferred income		**—**	87,075
Contract liabilities		**83,030**	—
Deferred income tax liabilities		**2,086,455**	1,988,483
Corporate bonds		**1,497,554**	1,993,263
		8,748,035	9,602,280
Current liabilities			
Borrowings		**511,249**	319,724
Notes payable		**—**	1,557,953
Corporate bonds		**498,068**	—
Amount due to a non-controlling interest of a subsidiary		**1,611**	1,611
Amounts due to holding companies		**679**	696
Amount due to a joint venture		**25,195**	92,050
Trade and other payables and accrued charges	12	**452,331**	441,352
Deferred income		**—**	3,935
Contract liabilities		**8,886**	—
Current income tax liabilities		**86,117**	81,484
		1,584,136	2,498,805
Total liabilities		**10,332,171**	12,101,085
Total equity and liabilities		**22,739,750**	23,918,489

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:

- Financial assets and liabilities (including derivative financial instruments) and investment property - measured at fair value

(iii) New standards, amendments to standards and interpretation

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing 1 January 2018:

HKAS 40 (Amendment)	Transfer of investment property
HKFRSs	Annual improvements 2014-2016 reporting cycle
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HKFRS 15 (Amendment)	Clarification to HKFRS 15
HK (IFRIC) – Int 22	Foreign currency transactions and advance consideration

The above new standards, amendments, improvement and interpretation effective for the financial year beginning 1 January 2018 do not have a material impact on the Group, except for HKFRS 9 "Financial instruments" and HKFRS 15 "Revenue from contracts with customers" as set out below.

HKFRS 9 "Financial instruments"– Impact of adoption

The Group has adopted HKFRS 9 "Financial instruments" from 1 January 2018.

HKFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for a new impairment model for financial assets. This new standard retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. 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. Under HKFRS 9, trade receivables of the Group continue to be recognised at amortised cost.

The Group has assessed the effects of applying HKFRS 9 on the financial statements and has not identified any material impact to the Group.

HKFRS 15 "Revenue from contracts with customers" – Impact of adoption

The Group has adopted HKFRS 15 "Revenue from contracts with customers" from 1 January 2018, resulting in changes in accounting policies and adjustments to the amounts recognised in the Financial Information. In accordance with the transition provisions in HKFRS 15, the Group has adopted the modified retrospective approach for transition to the new revenue standard. The reclassification arising from the new rules is therefore not reflected in the consolidated balance sheet as at 31 December 2017, but is recognised in the opening balance sheet on 1 January 2018.

The adjustments on the consolidated balance sheet as at 1 January 2018 are summarised below:

Consolidated balance sheet (extract)	31 December 2017 As originally presented *RMB'000*	Effect of adoption of HKFRS 15 *RMB'000*	1 January 2018 restated *RMB'000*
Non-current liabilities			
– Deferred income	87,075	(87,075)	—
– Contract liabilities	—	87,075	87,075
Current liabilities			
– Deferred income	3,935	(3,935)	—
– Contract liabilities	—	3,935	3,935

Contract liabilities in relation to fees received in advance from contractors relating to operation of service areas and petrol stations along a toll highway were previously presented as deferred income.

Contract liabilities are recognised when customer pay consideration, or are contractually required to pay consideration and the amounts are already due, before the Group recognises the related revenue.

The adoption of HKFRS 15 did not result in any other impact to the Financial Information.

NOTES

The following new standards, amendments, improvement and interpretation have been issued but are not effective for the financial year beginning 1 January 2018 and have not been early adopted:

New standards, amendment, improvement and interpretation		**Effective for accounting periods beginning on or after**
HKAS 19 (Amendment)	Employee benefits	1 January 2019
HKAS 28 (Amendment)	Investments in associates and joint ventures	1 January 2019
HKFRSs	Annual improvement 2015 – 2017 reporting cycle	1 January 2019
HKFRS 9 (Amendment)	Prepayment features with negative compensation and modification of financial liabilities	1 January 2019
HKFRS 16	Leases	1 January 2019
HK (IFRIC) - Int 23	Uncertainty over income tax treatments	1 January 2019
HKAS 1 and HKAS 8 (Amendments)	Definition of material	1 January 2020
HKFRS 3 (Amendment)	Definition of a business	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be announced

Management is in the process of making an assessment of the impact of these new standards, amendments, improvement and interpretation in the period of initial application. The Group's assessment of the impact of these new standards, amendments, improvement and interpretation is set out below.

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 approximately RMB23,248,000. 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.

Upon adoption of HKFRS16, the Group expects to recognise rights-of-use assets of approximately RMB23,591,000 and lease liability of approximately RMB21,457,000. The Group expects that profit for the year will decrease by approximately RMB1,298,000 for 2019 as a result of adopting the new rules.

Hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

HKFRS 16, *"Leases"* (Continued)

Date of adoption by the Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

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 2018			
Revenue (from external customers)	**2,847,073**	**—**	**2,847,073**
Amortisation of intangible operating rights	**(557,882)**	**—**	**(557,882)**
Depreciation of property, plant and equipment	**(14,427)**	**(755)**	**(15,182)**
Operating profit	**1,830,364**	**(1,861)**	**1,828,503**
Finance income	**128,911**	**—**	**128,911**
Finance costs	**(477,235)**	**—**	**(477,235)**
Share of result of a joint venture	**87,023**	**—**	**87,023**
Share of results of associates	**324,453**	**—**	**324,453**
Profit before income tax	**1,893,516**	**(1,861)**	**1,891,655**
Income tax expense	**(479,974)**	**—**	**(479,974)**
Profit for the year	**1,413,542**	**(1,861)**	**1,411,681**

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
Assets and liabilities			
As at 31 December 2018			
Total segment assets	**22,705,730**	**34,020**	**22,739,750**
Addition to non-current assets	**73,225**	**—**	**73,225**
Total segment assets include:			
Investment in a joint venture	**454,272**	**—**	**454,272**
Investments in associates	**1,470,346**	**4,500**	**1,474,846**
Total segment liabilities	**(10,331,988)**	**(183)**	**(10,332,171)**
Total segment liabilities include:			
Amount due to a joint venture	**(25,195)**	**—**	**(25,195)**
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)

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.

Revenue relating to toll roads operation is recognised at a point in time.

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. OTHER INCOME, GAINS AND LOSSES - NET

	2018	2017
	RMB'000	*RMB'000*
Fair value gain on investment properties	**960**	2,664
Exchange gain - net		
- Unrealised and realised exchange gain	**—**	916
Loss on disposal of property, plant and equipment	**(137)**	(3,530)
Compensation for expressways and bridges damages	**10,974**	9,198
Compensation from contractors relating to termination of construction contracts	**25**	993
Handling income from toll fee collection	**4,964**	5,173
Management service income	**1,805**	1,677
Income from service area and gas station	**18,392**	18,870
Provision for impairment loss		
- Intangible operating rights	**—**	(107,234)
Others	**3,652**	2,276
	40,635	(68,997)

4. EXPENSES BY NATURE

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

	2018	2017
	RMB'000	*RMB'000*
Taxes and surcharges	**13,806**	12,244
Amortisation of intangible operating rights	**557,882**	528,970
Depreciation of property, plant and equipment	**15,182**	15,191
Toll highways and bridges maintenance expenses	**76,772**	96,891
Toll highways and bridges operating expenses	**82,398**	46,728
Auditor's remuneration		
- Audit services	**2,818**	2,953
- Non-audit services	**2,287**	292
Rental expenses	**11,371**	12,413
Legal and professional fee	**13,877**	13,033

NOTES

5. EMPLOYEE BENEFIT EXPENSE

	2018	2017
	RMB'000	*RMB'000*
Staff costs (including directors' emoluments)		
- Wages and salaries	**176,721**	154,999
- Pension costs (defined contribution plan) (note a)	**16,932**	15,690
- Social security costs	**14,238**	13,267
- Staff welfare and other benefits	**44,804**	40,370
Total employee benefit expense	**252,695**	224,326

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.

There was no forfeited contribution as at 31 December 2018 (2017: Nil). No forfeited contribution was utilised during the year (2017: Nil). Contributions totalling RMB16,932,000 (2017: RMB15,690,000) were payable to the fund during the year.

NOTES

6. FINANCE INCOME/COSTS

	2018	2017
	RMB'000	*RMB'000*
Bank interest income	**43,564**	18,610
Interest income on other non-current receivables	**4,886**	5,814
Interest income on amount due from a non-controlling interest of a subsidiary	**—**	2,346
Other net exchange gain	**42,988**	—
Exchange gain on notes payable	**37,473**	—
Finance income	**128,911**	26,770
Interest expenses:		
- Bank borrowings	**(269,113)**	(225,000)
- Bank facility fees	**(2,619)**	(1,559)
- Loans from non-controlling interests of certain subsidiaries	**(198)**	(27)
- Loan from an ultimate holding company	**(593)**	—
- Notes payable	**(11,299)**	(31,808)
- Corporate bonds	**(65,809)**	(65,800)
Fair value loss on derivative financial instruments	**(50,666)**	(17,751)
Exchange loss on bank borrowings	**(76,938)**	—
Exchange loss on notes payable	**—**	(98,632)
Finance costs incurred	**(477,235)**	(440,577)

7. 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 (2017: Nil).

(b) During the year ended 31 December 2018, 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 2018 is 25% (2017: 25%). A subsidiary of the Group enjoys six years' professional 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% (2017: 5% or 10%).

As at 31 December 2018, deferred tax liabilities of RMB51,746,000 (2017: RMB41,043,000) was not recognised in respect of withholding tax on the unremitted earnings of certain entities 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:

	2018	2017
	RMB'000	*RMB'000*
Current income tax		
PRC enterprise income tax		
- Current year	**384,573**	354,586
- (Over)/under-provision in prior year	**(2,572)**	3,469
Deferred income tax	**97,973**	13,140
	479,974	371,195

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:

	2018	2017
	RMB'000	*RMB'000*
Profit before income tax	**1,891,655**	1,638,417
Less: share of results of associates	**(324,453)**	(338,423)
Less: share of result of a joint venture	**(87,023)**	(64,599)
	1,480,179	1,235,395
Calculated at a tax rate of 25% (2017: 25%)	**370,045**	308,849
Income not subject to tax	**(18,354)**	(7,944)
Expenses not deductible for tax purposes	**62,480**	75,601
Profit of a subsidiary with preferential tax treatment (note (a))	**(4,386)**	(4,825)
Tax losses not recognised (note (b))	**24,814**	9,749
Utilisation of previously unrecognised tax losses	**(22,432)**	(11,116)
Recognition of previously unrecognised tax losses	**—**	(38,945)
(Over)/under-provision in prior year	**(2,572)**	3,469
Effect of different taxation rates	**—**	(510)
Withholding tax on dividend distributed for reinvestment	**35,000**	—
Withholding tax on undistributed profits of subsidiaries and associates	**35,379**	36,867
Income tax expense	**479,974**	371,195

Note:

(a) A subsidiary of the Group enjoys 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 RMB66,219,000 (2017: RMB81,576,000) in respect of unused losses amounting to approximately RMB264,876,000 (2017: RMB326,303,000). Unused tax losses will expire in 2019 to 2023.

NOTES

8. EARNINGS PER SHARE

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

	2018	2017
Profit attributable to shareholders of the Company (RMB'000)	**1,054,135**	947,942
Weighted average number of ordinary shares in issue ('000)	**1,673,162**	1,673,162
Basic and diluted earnings per share (RMB)	**0.6300**	0.5666

The diluted earnings per share for the year ended 31 December 2018 equals to the basic earnings per share as there are no potential dilutive ordinary shares in issue during the year (2017: Same).

9. DIVIDENDS

	2018	2017
	RMB'000	*RMB'000*
Interim, paid, of HKD0.15 equivalent to approximately RMB0.13 (2017: HKD0.13 equivalent to approximately RMB0.11) per share	**218,405**	186,823
Final, proposed, of HKD0.24 equivalent to approximately RMB0.21 (2017: HKD0.23 equivalent to approximately RMB0.19) per share	**346,223**	310,022
	564,628	496,845

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

10. 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 2018, the total remaining balance of the consideration receivable (including current and non-current portion) is RMB71.3 million (2017: RMB89.0 million) which will be settled by 6 half yearly instalments until the end of its concessionary period, i.e. 30 November 2021. Approximately RMB45.8 million (2017: RMB65.4 million) will be received after 31 December 2019 (2017: 31 December 2018) according to the repayment schedule.

The fair value of consideration receivable (including current and non-current portion) of approximately RMB74.1 million (2017: RMB93.2 million) is estimated by discounting remaining balance of RMB80.0 million (2017: RMB103.6 million) at the applicable current interest rate of 4.70% (2017: 4.72%) and is categorised as level 2 under the fair value hierarchy.

NOTES

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018	2017
	RMB'000	*RMB'000*
Trade receivables (note a)	**122,211**	140,476
Other receivables, deposits and prepayments	**70,998**	60,091
	193,209	200,567

Note:

(a) As at 31 December 2018, trade receivables are all aged below 30 days (2017: 30 days) by invoice date.

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 2018, trade receivables were neither past due nor impaired nor no provision for impairment losses has been provided for trade receivables (2017: Same).

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

12. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	2018	2017
	RMB'000	*RMB'000*
Trade payables	**49,571**	65,410
Other payables and accrued charges	**402,760**	375,942
	452,331	441,352

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

	2018	2017
	RMB'000	*RMB'000*
0 - 30 days	**12,777**	28,438
31 - 90 days	**—**	—
Over 90 days	**36,794**	36,972
	49,571	65,410

Trade and other payables and accrued charges are mainly denominated in RMB except for other payables of approximately RMB14.3 million (2017: RMB10.8 million) which are denominated in HKD and the carrying amounts approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Summary Information of Operating Toll Roads and Bridges

	Toll Mileage (km)	Width (lanes)	Toll Station(s)	Road Type	Attributable Interests (%)	Remaining Operating Term (year)
Subsidiaries						
GNSR Expressway	42.5	6	5	Expressway	60.00	14
Cangyu Expressway	23.3	4	1	Expressway	100.00	12
Jinbao Expressway	23.9	4	3	Expressway	60.00(1)	12
Han-Xiao Expressway	38.5	4	2	Expressway	100.00	18
Changzhu Expressway	46.5	4	5	Expressway	100.00	22
Weixu Expressway	64.3	6	2	Expressway	100.00	17
Suiyuenan Expressway	98.1	4	4	Expressway	70.00	22
Associates and Joint Venture						
GWSR Expressway	42.1	6	4	Expressway	35.00	12
Humen Bridge	15.8	6	4	Suspension Bridge	27.78(2)	11
Northern Ring Road	22.0	6	8	Expressway	24.30	5
Shantou Bay Bridge	6.5	6	3	Suspension Bridge	30.00	10
Qinglian Expressway	215.2	4	16	Expressway	23.63	16

Notes:

(1) The percentage of equity interest attributable to the Group was 60%; profit sharing ratio: 90% in 2012 and before, 40% from 2013 to 2015, 60% in 2016 and thereafter.

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

Toll Summary of Toll Roads and Bridges

For the year ended 31 December 2018

	Average daily toll traffic volume		Average daily toll revenue		Weighted average toll revenue per vehicle	
	2018 (Vehicle/day)	**Y-O-Y Change %**	**2018 (RMB/day)**	**Y-O-Y Change %**	**(RMB)**	**Y-O-Y Change %**
Subsidiaries						
GNSR Expressway	233,210	1.4%	3,179,674	-1.9%	13.6	-3.2%
Cangyu Expressway	10,857	-11.2%	214,059	-8.8%	19.7	2.8%
Jinbao Expressway(1)	37,345	7.9%	261,956	6.4%	7.0	-1.4%
Han-Xiao Expressway	26,719	0.0%	465,833	-14.2%	17.4	-14.2%
Changzhu Expressway(1)	59,329	-2.0%	679,843	1.4%	11.5	3.4%
Weixu Expressway	31,928	36.0%	1,170,869	30.2%	36.7	-4.3%
Suiyuenan Expressway	22,903	14.8%	1,827,965	16.5%	79.8	1.4%
Associates and Joint Venture						
GWSR Expressway	73,237	2.9%	1,653,165	23.1%	22.6	19.6%
Humen Bridge	121,747	2.8%	4,583,065	3.7%	37.6	0.9%
Northern Ring Road	348,447	3.9%	2,109,430	-0.6%	6.1	-4.3%
Shantou Bay Bridge	26,175	-0.8%	582,672	-12.4%	22.3	-11.8%
Qinglian Expressway	43,477	5.6%	2,084,099	3.4%	47.9	-2.1%

Note:

(1) According to the upgrade of traffic data collection technology and related work arrangements of the local network centers in Hunan Province and Tianjin City, the statistical calibers for the toll traffic volumes of Changzhu Expressway and Jinbao Expressway have been adjusted from May 2018. The statistical caliber for the toll traffic volume of Changzhu Expressway has been changed from the entrance and exit traffic volume to the sum of the entrance and exit traffic volume and the passing through traffic volume, while that of Jinbao Expressway has been changed from MTC (Manual Toll Collection) traffic volume to the sum of MTC (Manual Toll Collection) and ETC (Electronic Toll Collection) traffic volume. The aforesaid adjustment to the statistical calibers for the toll traffic volumes of Changzhu Expressway and Jinbao Expressway has no influence on the toll revenues as the previous statistical calibers for toll revenues have included the entrance and exit traffic volume and the passing through traffic volume (including MTC (Manual Toll Collection) and ETC (Electronic Toll Collection)). Thereafter the statistical calibers of toll traffic volumes for all projects of the Group's subsidiaries, associates and joint ventures are the entrance and exit traffic volume and the passing through traffic volume (including MTC (Manual Toll Collection) and ETC (Electronic Toll Collection)).

Toll Roads and Bridges

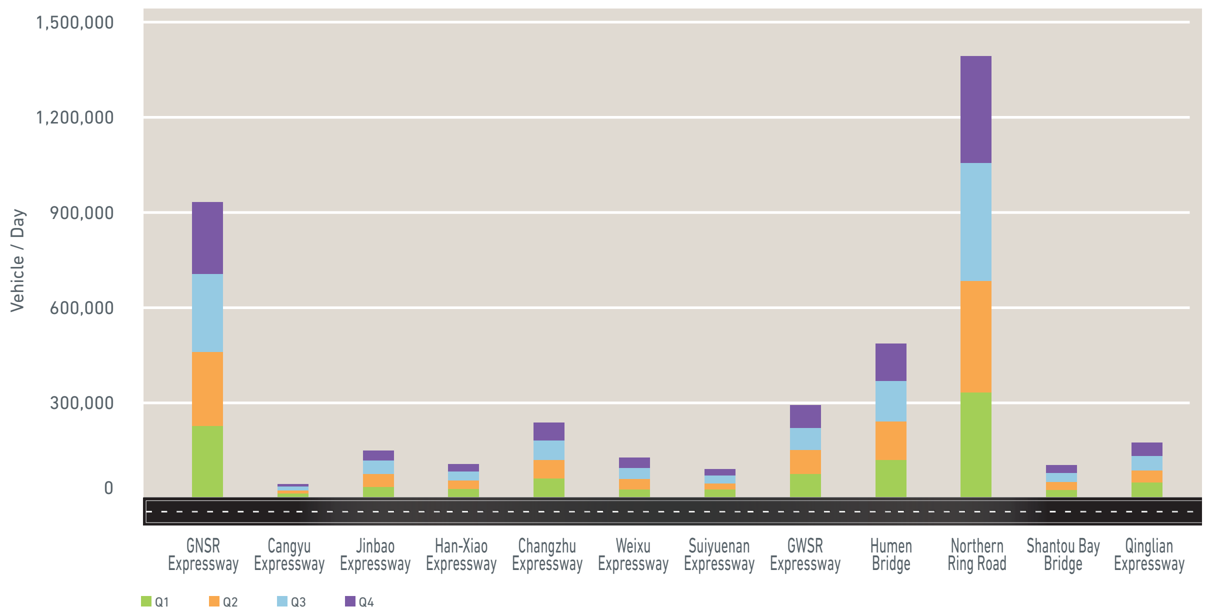
Quarterly analysis of average daily toll traffic volume for 2018

	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 Fourth quarter (vehicle/day)
Subsidiaries				
GNSR Expressway	227,123	232,720	245,526	227,336
Cangyu Expressway(1)	14,110	9,866	11,030	8,483
Jinbao Expressway	34,821	39,661	43,065	31,803
Han-Xiao Expressway	28,309	25,901	28,442	24,251
Changzhu Expressway	61,646	57,625	61,949	56,128
Weixu Expressway	27,164	31,808	34,937	33,699
Suiyuenan Expressway(1)	26,152	20,157	24,223	21,119
Associates and Joint Venture				
GWSR Expressway	74,642	76,489	69,023	72,860
Humen Bridge	119,499	121,819	127,637	117,984
Northern Ring Road	333,008	351,305	370,981	338,190
Shantou Bay Bridge	24,552	25,441	28,533	26,133
Qinglian Expressway(1)	48,565	38,454	45,684	41,263

Note:

(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.

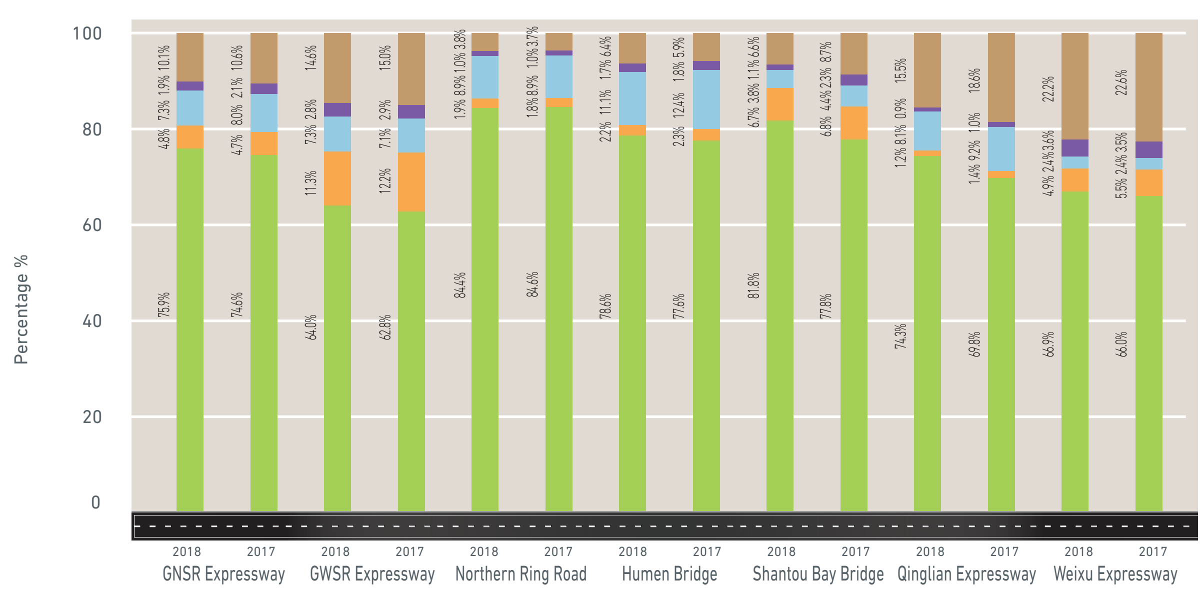
Quarterly analysis of average daily toll traffic volume for 2018



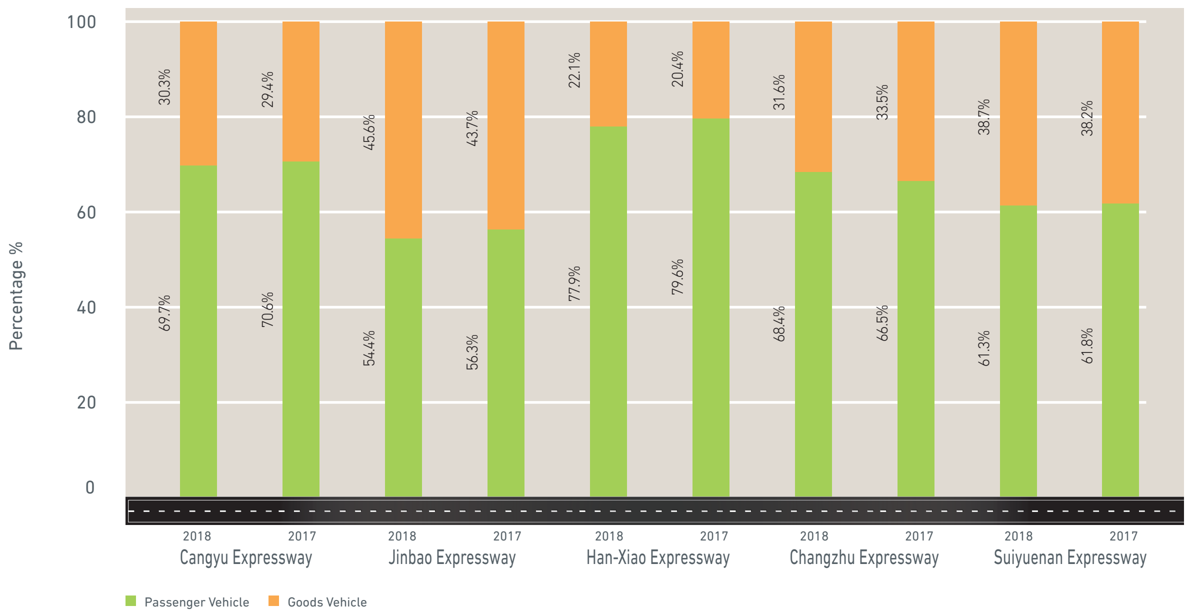
Vehicle type analysis (by traffic volume)

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 2018 (based on statistics of traffic volume)



Vehicle type analysis on projects operated in other regions for 2018 (based on statistics of traffic volume)



SUMMARY OF OPERATING PERFORMANCE

Macroeconomic environment

During the Reporting Year, global economic activities are still expanding but the growth momentum is weakening. The domestic economy is stable and progressing. In 2018, the gross domestic product (GDP) increased by 6.6% year-on-year to RMB90.0309 trillion. The transportation industry remained stable, and the scale of transportation infrastructure construction remained at a high level. Car ownership still grew by 10.5% year-on-year to 240 million units.

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 2018 increased by 6.8%, 3.6%, 6.8%, 7.8%, 7.8% and 7.6%, respectively.

(Unit: RMB100 million)

	National	Guangdong Province	Tianjin Municipality	Guangxi Autonomous Region	Hunan Province	Hubei Province	Henan Province
2018 GDP	900,309	97,278	18,810	20,353	36,426	39,367	48,056
2018 GDP Growth	6.6%	6.8%	3.6%	6.8%	7.8%	7.8%	7.6%
2017 GDP Growth	6.9%	7.5%	3.6%	7.3%	8.0%	7.8%	7.8%

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

Regulatory Environment of the Sector

During the Reporting Year, the regulatory environment of the transportation industry remained stable as a whole. The Ministry of Transport is currently seeking comments on the "Toll Road Management Law (revised draft)". The revised draft has revised the relevant systems of the current regulations to meet the needs of comprehensive reforms and to ensure the sustainable development of toll roads. The Group will continue to closely monitor its revisions.

During the Reporting Year, the new "Green Passage Toll Free Policy" was implemented on the expressways and bridges of the Group in accordance with the relevant national requirements. The implementation of this policy led to a decrease in the toll income of the Group by approximately RMB329.39 million (2017: approximately RMB288.56 million).

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 20 days of major holidays during the year that falls under the requirements. Based on preliminary estimation, the implementation of this policy resulted in a decrease in the toll income of the Group by approximately RMB90.33 million [(1)] (2017: approximately RMB89.37 million [(1)]).

Note:

(1) 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. Its project companies regularly arranged for the pruning of 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 effectively controlling noise and siltation with installation of noise control facilities and drainage facilities.

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 smoothen traffic flow, enhance operational management and standardize safety management, and strived to improve the traffic services capability. Great efforts was made to develop comprehensive maintenance and renovation as well as construction project management and control capabilities, and expand on the research and the application of new material, technologies, skills and equipment. The road condition and performance was improved, and the overall road maintenance management level was enhanced. The traffic efficiency was effectively enhanced by actively applying new scan-and-pay technologies such as non-inductive payment. The Group continued to enhance our staff development system, implement the talent management system, and provide a solid foundation for the Company's long-term development.

Progress of investment

During the Reporting Year, the Group continued to look for high-quality expressway projects of large and medium sizes in order to strengthen its core business. With its base in Guangdong Province, the Group 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 its business scale and would also seek for development opportunities of infrastructure facility projects 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 of the following risks and will adopt effective tackling measures proactively.

Risks of Changes in the Planning of Road Networks

Risk analysis: As the road network of expressways continue to improve, it is possible that parallel roads or alternative routes may continue to increase, coupled with peripheral road segments construction work and improvement in road condition of local highways. As a result, there may have uncertain impact on the growth of toll revenue in individual projects.

Counter 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.

Risk of Investment Decisions

Risk analysis: According to the Group's development strategies, there may be acquisition of new projects in the future. Whether high quality projects will be selected and scientific investment decisions is made will have far-reaching effects on the Group's development.

Counter measures: In line with the Group's strategies, further improve the management of investment reserves, continue to optimize the indicator system, keep up with latest updates, while at the same time conduct regional and road network scanning and analysis, and continue to improve the scientific and systematic support of the decision process.

Risks of Sectoral and Economic Policies

Risk analysis: Relevant ministries and local governments are invited to give their views during the second round of consultation on the "Regulation on the Administration of Toll Roads", which will further strengthen the reform of the toll road system. The downward pressure on the domestic macro economy has increased, and the adjustment of the transportation structure has continued, which may affect the transportation demand, particularly the freight demand. In order to further lower the costs of logistics, 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.

Counter 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 collate the relevant information regularly to establish a database for carrying out analysis and research to formulate tackling measures; strengthen interaction between peer entities and supervising authorities to understand the most recent direction of the industry, exchange management experience and establish good cooperation relationship. Pay close attention to the changes in the toll road policies of various regions, conduct timely measurement and analysis, and formulate countermeasures to maximize the Company's core interests.

Investment Exit Risks

Risk analysis: Failure to implement the investment disposal and exit mechanism may result in not being able to cut the losses of certain investment projects effectively.

Counter measures: Step up the asset assessment efforts, formulate feasible acquisition and disposal proposal; maintain communication with strategic partners, promote feasible acquisition and disposal proposal, and ensure that such efforts are conducted in a systematic and scientific manner under a solid and comprehensive decision-making process.

PERFORMANCE OF EXPRESSWAYS AND BRIDGES

Subsidiaries

GNSR Expressway

During the Reporting Year, the average daily toll traffic volume was 233,210 vehicles and the average daily toll revenue was RMB3,180,000, representing an increase of 1.4% and a decrease of 1.9% respectively, when compared with 2017.

Benefiting from the growth of car ownership (in particular small vehicles), the average daily toll traffic volume maintained a growing trend year-on-year, yet the toll revenue slightly decreased year-on-year, which is mainly attributable to the commencement of operation of GNTR on 29 January 2018, which resulted in certain diversion impact of goods vehicles.

Cangyu Expressway

During the Reporting Year, the average daily toll traffic volume was 10,857 vehicles and the average daily toll revenue was RMB214,000, representing a decrease of 11.2% and 8.8%, respectively, when compared with 2017.

The commencement of operation of Liuwu Expressway and Wuzhou Ring Expressway, as well as the completion of upgrade and renovation of the X184 County Road resulted in certain diversion impact of vehicles. As such, the average daily toll traffic volume and average daily toll revenue decreased year-on-year.

Jinbao Expressway

During the Reporting Year, the average daily toll traffic volume was 37,345 vehicles and the average daily toll revenue was RMB262,000, representing an increase of 7.9% and 6.4% respectively, when compared with 2017.

Benefiting from the increased efforts in overload control implemented on local roads, coupled with the construction of the peripheral road networks, some vehicles were diverted to Jinbao Expressway. The average daily toll traffic volume and average daily toll revenue maintained a growing trend year-on-year. (Note: Please refer to the note in the paragraph headed "Toll Summary of Toll Roads and Bridges" for the changes in the statistical caliber for the toll traffic volume.)

Han-Xiao Expressway

During the Reporting Year, the average daily toll traffic volume was 26,719 vehicles, which remained steady when compared with 2017, and the average daily toll revenue was RMB466,000, representing a decrease of 14.2%, when compared with 2017.

As the transfer effect resulting from the maintenance of Wuhan Junshan Yangtze River Bridge of the G4 National Expressway was diminishing since September 2018 when a temporary traffic control measure was implemented in respect of the construction work of Fuhe Bridge (府河大橋) neighbouring to the Han-Xiao Expressway, the average daily toll traffic volume remained steady and the average daily toll revenue has decreased year-on-year.

Changzhu Expressway

During the Reporting Year, the average daily toll traffic volume was 59,329 vehicles and the average daily toll revenue was RMB680,000, representing a decrease of 2.0% and an increase of 1.4% respectively, when compared with 2017.

The average daily toll traffic volume decreased year-on-year, mainly due to the shifting effect of the implementation of heavy-duty truck restrictions for the Changsha section of the G4 National Expressway last year, which resulted in a higher base and a year-on-year increase in toll revenue, mainly due to the improvement of the expressway network and the increase of long-haul traffic.

Weixu Expressway

During the Reporting Year, the average daily toll traffic volume was 31,928 vehicles and the average daily toll revenue was RMB1,171,000, representing an increase of 36.0% and 30.2%, respectively, when compared with 2017.

Benefiting from an increased traffic flow brought by the improving regional economy, coupled with diversion of goods vehicles to Weixu Expressway due to the measures combating oversize and overload transport on the local roads, the average daily toll traffic volume and average daily toll revenue maintained a relatively rapid growing trend year-on-year.

Suiyuenan Expressway

During the Reporting Year, the average daily toll traffic volume was 22,903 vehicles and the average daily toll revenue was RMB1,828,000, representing an increase of 14.8% and 16.5%, respectively, when compared with 2017.

Benefiting from the traffic control during maintenance of Wuhan Junshan Yangtze River Bridge of the G4 National Expressway from 30 July 2017 onwards which caused certain trucks to be diverted to Suiyuenan Expressway, the average daily toll traffic volume and average daily toll revenue maintained a relatively rapid growing trend year-on-year.

Associates and Joint Venture

GWSR Expressway

During the Reporting Year, the average daily toll traffic volume was 73,237 vehicles and the average daily toll revenue was RMB1,653,000, representing an increase of 2.9% and 23.1%, respectively, when compared with 2017.

Benefiting from the traffic control during the transformation and construction of Foshan First Ring Road from 1 August 2017 onwards which caused certain trucks to be diverted to GWSR Expressway, the average daily toll traffic volume and average daily toll revenue maintained a relatively rapid growing trend year-on-year.

Humen Bridge

During the Reporting Year, the average daily toll traffic volume was 121,747 vehicles and the average daily toll revenue was RMB4,583,000, representing an increase of 2.8% and 3.7%, respectively, when compared with 2017.

Benefiting from the growth of car ownership as well as the implementation of the policy of suspension at Humen Ferry Pier, of which the suspension time between 22:30 pm each day and 6:30 am on the following day was changed to time between 18:30 pm. each day and 6:30 am on the following day, with effect from 1 January 2018, the average daily toll traffic volume and average daily toll revenue maintained a growing trend year-on-year.

Northern Ring Road

During the Reporting Year, the average daily toll traffic volume was 348,447 vehicles and the average daily toll revenue was RMB2,109,000, representing an increase of 3.9% and a decrease of 0.6%, respectively, when compared with 2017.

Benefiting from the growth of car ownership, the average daily toll traffic volume maintained a growing trend year-on-year, while the average daily toll revenue has decreased year-on-year, mainly due to the stringent restriction of usage for vehicles weighted 15 tonnes or above during certain time frame (7am to 22pm) effective from 1 August 2018.

Shantou Bay Bridge

During the Reporting Year, the average daily toll traffic volume was 26,175 vehicles and the average daily toll revenue was RMB583,000, representing a decrease of 0.8% and 12.4% respectively, when compared with 2017.

Affected by the commencement of operation of Chaozhang Expressway on 28 December 2017, vehicles were diverted away to a certain extent. As a result, the average daily toll traffic volume and average daily toll revenue decreased year-on-year.

Qinglian Expressway

During the Reporting Year, the average daily toll traffic volume was 43,477 vehicles and the average daily toll revenue was RMB2,084,000, representing an increase of 5.6% and 3.4%, respectively, when compared with 2017.

Benefiting from the growth of car ownership, coupled with commencement of operation of the expressway network connections brought about by the Qingxi Bridge connected to the Qinglian Expressway and the connection works opened on 28 September 2018, the average daily toll traffic volume and average daily toll revenue maintained a growing trend year-on-year.

FINANCIAL REVIEW

Key operating results figures

	Reporting Year	2017	Change
	RMB'000	RMB'000	%
Revenue	**2,847,073**	2,702,844	5.3
Gross profit	**2,012,981**	1,914,392	5.1
Operating profit	**1,828,503**	1,649,202	10.9
Earnings before interests, tax, depreciation and amortisation ("EBITDA")[1]	**2,855,785**	2,722,179	4.9
Finance costs	**(477,235)**	(440,577)	8.3
Share of result of a joint venture	**87,023**	64,599	34.7
Share of results of associates	**324,453**	338,423	-4.1
Profit attributable to shareholders of the Company	**1,054,135**	947,942	11.2
Basic and diluted earnings per share	**RMB0.6300**	RMB0.5666	11.2
Dividend	**564,628**	496,845	13.6

Note:

(1) EBITDA includes share of results of associates and a joint venture and excludes non-cash gains and losses.

I. Overview of operating results

The Group's revenue increased by 5.3 percent to RMB2,847.1 million and profit attributable to shareholders of the Company increased by 11.2 percent to RMB1,054.1 million in 2018 ("Reporting Year"). The Directors have recommended the payment of final dividend for 2018 of HK$0.24 which is equivalent to approximately RMB0.206928 (2017: HK$0.23 which was equivalent to approximately RMB0.185291) per share. Together with the interim dividend of HK$0.15 which was equivalent to approximately RMB0.130535 (2017: HK$0.13 which was equivalent to approximately RMB0.111659) per share, the total dividends for the year ended 31 December 2018 amounts to HK$0.39 which is equivalent to approximately RMB0.337463 (2017: HK$0.36 which was equivalent to approximately RMB0.296950) per share, representing a dividend payout ratio of 53.6 percent (2017: 52.4 percent).

The revenue in the Reporting Year increased by RMB144.2 million or 5.3 percent as compared with 2017. The increase was mainly attributed to the toll revenue increment in Weixu Expressway and Suiyuenan Expressway. Toll revenue of Weixu Expressway increased by RMB99.1 million or 30.2 percent, mainly due to favorable regional economic condition and the measures combating oversize and overload transport on the local roads, resulting in certain trucks diverted to the Weixu Expressway. Toll revenue of Suiyuenan Expressway grew by RMB94.3 million or 16.5 percent, mainly because the traffic control implemented for the maintenance in the Wuhan Junshan Yangtze River Bridge of the G4 National Expressway since 30 July 2017 caused certain trucks to be diverted to the Suiyuenan Expressway. For the details of the toll revenue performance of each expressway, please refer to the subsection of "revenue" under the section "Analysis of operating results".

The profit attributable to shareholders of the Company in the Reporting Year increased by RMB106.2 million or 11.2 percent as compared with 2017. The controlled projects contributed a net profit of RMB968.4 million in the Reporting Year, representing an increase of RMB51.2 million or 5.6 percent compared to 2017. The increase was mainly attributed to the higher toll revenue in Weixu Expressway and Suiyuenan Expressway and there was one-off impairment loss (after tax impact and non-controlling interest) in intangible operating rights of RMB48.3 million in 2017. In addition, the share of result of GWSR Expressway increased by RMB22.4 million due to the diversion of certain trucks to GWSR Expressway in response to the traffic control implemented for transformation and construction in the Foshan First Ring Road since 1 August 2017.

At the corporate level, the withholding tax on PRC dividends/income increased by RMB33.5 million mainly due to the accrual of the withholding tax of RMB35.0 million due to the direct reinvestment with its PRC subsidiary's distributed profit made by the Company. Besides, the corporate expenses increased by RMB18.1 million mainly due to the increase in salaries and staff welfare of RMB16.1 million. For the increase in corporate finance income of RMB101.6 million, it was mainly due to the increase in exchange gain of RMB80.5 million. The corporate income/gains, net and corporate finance cost remained at a similar level as 2017.

II. Analysis of operating results

Revenue

The Group recorded total revenue of RMB2,847.1 million in the Reporting Year, representing an increase of 5.3 percent as compared with 2017.

Analysis of revenue by each controlled project

Controlled Projects	**Reporting Year RMB'000**	**Percentage of total %**	2017 RMB'000	Percentage of total %	Change %
GNSR Expressway	**1,160,580**	**40.8**	1,183,250	43.8	-1.9
Suiyuenan Expressway	**667,207**	**23.4**	572,933	21.2	16.5
Weixu Expressway	**427,367**	**15.0**	328,221	12.1	30.2
Changzhu Expressway	**248,143**	**8.7**	244,732	9.1	1.4
Han-Xiao Expressway	**170,030**	**6.0**	198,216	7.3	-14.2
Jinbao Expressway	**95,614**	**3.4**	89,845	3.3	6.4
Cangyu Expressway	**78,132**	**2.7**	85,647	3.2	-8.8
Total	**2,847,073**	**100.0**	2,702,844	100.0	5.3

GNSR Expressway accounted for 40.8 percent (2017: 43.8 percent) of the toll revenue of the Group's controlled projects in the Reporting Year. Excluding the fact that the toll revenue in 2017 included a lag amount of split in 2016 of approximately RMB10.0 million, toll revenue of GNSR Expressway decreased by 1.0 percent to RMB1,160.6 million in the Reporting Year mainly due to the impact of truck diversion upon the commencement of operation of GNTR Expressway on 29 January 2018.

Suiyuenan Expressway, ranked second in terms of toll revenue and accounted for 23.4 percent (2017: 21.2 percent) among controlled projects. Toll revenue of Suiyuenan Expressway grew by 16.5 percent to RMB667.2 million mainly because the traffic control implemented for the maintenance in the Wuhan Junshan Yangtze River Bridge of the G4 National Expressway since 30 July 2017 caused certain trucks to be diverted to the Suiyuenan Expressway.

Weixu Expressway, ranked third in terms of toll revenue and accounted for 15.0 percent (2017: 12.1 percent) among controlled projects. Benefiting from the favorable regional economic condition and the measures combating oversize and overload transport on the local roads, the toll traffic volume recorded an increase and toll revenue increased by 30.2 percent to RMB427.4 million in the Reporting Year.

Changzhu Expressway, ranked fourth in terms of toll revenue and accounted for 8.7 percent (2017: 9.1 percent) among controlled projects. Toll revenue of Changzhu Expressway increased 1.4 percent to RMB248.1 million in the Reporting Year, mainly attributed to the improvement of the expressway network and the increase of long-haul traffic.

Han-Xiao Expressway, ranked fifth in terms of toll revenue and accounted for 6.0 percent (2017: 7.3 percent) among controlled projects. Toll revenue of Han-Xiao Expressway decreased by 14.2 percent to RMB170.0 million, mainly because as the transfer effect resulted from the maintenance of Wuhan Junshan Yangtze River Bridge of the G4 National Expressway was diminishing since September 2018 when a temporary traffic control measure was implemented in respect of the construction work of Fuhe Bridge (府河大橋) neighbouring to the Han-Xiao Expressway.

Jinbao Expressway, ranked sixth in terms of toll revenue and accounted for 3.4 percent (2017: 3.3 percent) among controlled projects. Toll revenue of Jinbao Expressway increased by 6.4 percent to RMB95.6 million in the Reporting Year mainly due to the enhanced efforts of the local road authorities on overload control and the construction of the peripheral road networks resulting in diversion of certain trucks to Jinbao Expressway.

Cangyu Expressway, ranked seventh in terms of toll revenue and accounted for 2.7 percent (2017: 3.2 percent) among controlled projects. Toll revenue of Cangyu Expressway dropped by 8.8 percent to RMB78.1 million in the Reporting Year mainly due to the decrease in the traffic flow of vehicles upon the commencement of operation of Liuwu Expressway and Wuzhou Ring Expressway, as well as the completion of upgrade and renovation of the X184 County Road.

Cost of services

In the Reporting Year, the total cost of services of the Group amounted to RMB834.1 million (2017: RMB788.5 million), representing an increase of RMB45.6 million or 5.8 percent as compared with 2017. Cost ratio (cost of services/toll revenue) was 29.3 percent in the Reporting Year which was similar to 2017. The increase was mainly due to the fact that (i) there was an increase in amortisation of intangible operating rights of RMB28.9 million during the Reporting Year; (ii) the increase in toll highways and bridges operating expenses of RMB35.7 million was mainly attributed to the increase in technology input for the continuous improvement of toll highways conditions and enhance maintenance effect, net off with (iii) the decrease in toll highways and bridges maintenance expenses of RMB20.1 million.

Analysis of cost of services by each controlled project

Controlled Projects	**Reporting Year RMB'000**	**Percentage of total %**	2017 RMB'000	Percentage of total %	Change %
GNSR Expressway	**295,804**	**35.4**	267,476	33.9	10.6
Suiyuenan Expressway	**149,109**	**17.9**	152,615	19.4	-2.3
Weixu Expressway	**120,138**	**14.4**	105,131	13.3	14.3
Changzhu Expressway	**95,905**	**11.5**	93,971	11.9	2.1
Han-Xiao Expressway	**69,967**	**8.4**	69,077	8.8	1.3
Jinbao Expressway	**65,068**	**7.8**	67,699	8.6	-3.9
Cangyu Expressway	**38,101**	**4.6**	32,483	4.1	17.3
Total	**834,092**	**100.0**	788,452	100.0	5.8

Analysis of cost of services by nature

	Reporting Year RMB'000	**Percentage of total %**	2017 RMB'000	Percentage of total %	Change %
Amortisation of intangible operating rights	**557,882**	**66.8**	528,970	67.1	5.5
Staff costs	**95,096**	**11.4**	94,707	12.0	0.4
Toll highways and bridges operating expenses	**82,397**	**9.9**	46,728	5.9	76.3
Toll highways and bridges maintenance expenses	**76,772**	**9.2**	96,891	12.3	-20.8
Taxes and surcharges	**13,806**	**1.7**	12,244	1.6	12.8
Depreciation of other fixed assets	**8,139**	**1.0**	8,912	1.1	-8.7
Total	**834,092**	**100.0**	788,452	100.0	5.8

Gross profit

Gross profit in the Reporting Year increased by 5.1 percent to RMB2,013.0 million. Gross profit margin in the Reporting Year was 70.7 percent which was similar to 2017.

Analysis of gross profit by each controlled project

Controlled Projects	**Reporting Year** Gross Profit RMB'000	Gross Margin[1]	2017 Gross Profit RMB'000	Gross Margin[1]
GNSR Expressway	**864,776**	**74.5%**	915,774	77.4%
Suiyuenan Expressway	**518,098**	**77.7%**	420,318	73.4%
Weixu Expressway	**307,229**	**71.9%**	223,090	68.0%
Changzhu Expressway	**152,238**	**61.4%**	150,761	61.6%
Han-Xiao Expressway	**100,063**	**58.9%**	129,139	65.2%
Cangyu Expressway	**40,031**	**51.2%**	53,164	62.1%
Jinbao Expressway	**30,546**	**31.9%**	22,146	24.6%
Total	**2,012,981**	**70.7%**	1,914,392	70.8%

1. Gross margin = Gross profit/toll revenue

General and administrative expenses

The Group's general and administrative expenses in the Reporting Year amounted to RMB225.1 million, representing an increase of 14.7 percent from RMB196.2 million in 2017 and such increase is mainly attributable to the increase in salaries and staff welfare.

Other income, gains and losses – net

The Group's other income, gains and losses – net was a gain of RMB40.6 million in the Reporting Year (2017: loss of RMB69.0 million). In 2017, the amount included an impairment loss on intangible operating rights of RMB107.2 million; it was a net gain of RMB38.2 million in 2017 when excluding the impairment loss. The amount in the Reporting Year mainly represented (i) income from service area and gas station and (ii) compensation for expressways and bridges damage caused by users.

Finance income/Finance costs

The Group's finance income in the Reporting Year amounted to RMB128.9 million which was 381.6 percent higher than 2017, mainly due to the Group recorded the exchange gain of RMB80.5 million in the Reporting Year and the increase in average cash and cash equivalents during the Reporting Year led to an increase in interest income of RMB25.0 million.

The Group's finance costs in the Reporting Year increased by 8.3 percent to RMB477.2 million as compared with RMB440.6 million in 2017, mainly due to an increase in interest expense of RMB23.6 million resulting from the increase in average bank borrowings during the Reporting Year. The Group's overall weighted average interest rate in the Reporting Year was 3.97 percent (2017: 3.77 percent).

Share of results of associates and a joint venture

The Group's share of results of associates and a joint venture has increased by 2.1 percent to RMB411.5 million in the Reporting Year.

Share of post-tax profit of Humen Bridge in the Reporting Year increased by 2.5 percent to RMB196.0 million. Toll revenue at the project company level has increased by 3.7 percent to RMB1,672.8 million in the Reporting Year, mainly due to the growth in car ownership and the extension of the suspension policy implemented at Humen Ferry Pier with effect from 1 January 2018.

Share of post-tax profit of Northern Ring Road in the Reporting Year decreased by 20.0 percent to RMB74.3 million. The decrease was mainly due to the increase in repair and maintenance expense during the Reporting Year. Toll revenue at the project company level decreased by 0.6 percent to RMB769.9 million mainly due to the stringent restriction of usage for vehicles weighted 15 tonnes or above during certain time frame effective from 1 August 2018.

Share of post-tax profit of Shantou Bay Bridge in the Reporting Year decreased by 17.2 percent to RMB33.8 million. Toll revenue at the project company level decreased by 12.4 percent to RMB212.7 million in the Reporting Year mainly due to the traffic diversion upon the commencement of operation of Chaozhang Expressway on 28 December 2017.

Share of post-tax profit of Qinglian Expressway in the Reporting Year increased by 50.0 percent to RMB20.4 million. The increase was mainly attributed to the decrease in interest expenses due to repayment of debt during the Reporting Year. Toll revenue at the project company level grew 3.4 percent to RMB760.7 million benefiting from the increase in car ownership, coupled with the expressway network connections brought about by the Qingxi Bridge connected to the Qinglian Expressway and the connection works opened on 28 September 2018.

Share of post-tax profit of GWSR Expressway in the Reporting Year increased by 34.7 percent to RMB87.0 million. Toll revenue at the project company level grew 23.1 percent to RMB603.4 million mainly due to the diversion of certain trucks to GWSR Expressway in response to the traffic control implemented for transformation and construction of Foshan First Ring Road since 1 August 2017.

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

		Toll revenue		Share of results	
	Profit Sharing ratio %	**Reporting Year RMB'000**	YoY change %	**Reporting Year RMB'000**	YoY change %
Associates					
Humen Bridge	18.446	**1,672,819**	3.7	**195,986**	2.5
Northern Ring Road	24.3	**769,942**	-0.6	**74,250**	-20.0
Shantou Bay Bridge	30.0	**212,675**	-12.4	**33,830**	-17.2
Qinglian Expressway	23.63	**760,696**	3.4	**20,387**	50.0
Sub-total		**3,416,132**	1.5	**324,453**	-4.1
Joint venture					
GWSR Expressway	35.0	**603,405**	23.1	**87,023**	34.7
Total		**4,019,537**	4.2	**411,476**	2.1

Income tax expense

Total income tax expense of the Group in the Reporting Year increased by 29.3 percent to RMB480.0 million. The increase was mainly due to the recognition of deferred tax assets of RMB38.9 million in relation to tax losses in 2017 and the accrual of the withholding tax of RMB35.0 million owing to the direct reinvestment with its PRC subsidiary's distributed profit made by the Company during the Reporting Year.

Profit attributable to shareholders of the Company

The Company reported profit attributable to its shareholders of RMB1,054.1 million in the Reporting Year, representing an increase of 11.2 percent as compared with 2017. The increase was mainly due to toll revenue increment in Weixu Expressway and Suiyuenan Expressway; and there was one-off impairment loss (after tax impact and non-controlling interest) in intangible operating rights of RMB48.3 million in 2017. Besides, the share of result of GWSR Expressway also increased by RMB22.4 million due to the diversion of certain trucks to GWSR Expressway in response to the traffic control implemented for transformation and construction in the Foshan First Ring Road since 1 August 2017.

Given the management team's continuous effort in optimizing the overall debt structure of the Group and as part of this process, there were inter-company loan interests incurred on 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 %**	2017 RMB'000	Percentage of total %	Change %
Net profit from controlled projects	**968,426**	**70.2**	917,244	69.5	5.6
Net profit from non-controlled projects[(1)]	**411,476**	**29.8**	403,022	30.5	2.1
Net profit from projects	**1,379,902**	**100.0**	1,320,266	100.0	4.5
Withholding tax on PRC dividends/income	**(70,379)**		(36,867)		90.9
Corporate expenses	**(140,868)**		(122,784)		14.7
Corporate income/gains, net	**3,261**		3,296		-1.1
Corporate finance income	**120,388**		18,830		539.3
Corporate finance costs	**(238,169)**		(234,799)		1.4
Profit attributable to shareholders of the Company	**1,054,135**		947,942		11.2

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

Net profit derived from controlled projects amounted to RMB968.4 million in the Reporting Year, accounting for 70.2 percent (2017: 69.5 percent) of net profit from projects. The net profit from non-controlled projects amounted to RMB411.5 million in the Reporting Year, accounting for 29.8 percent (2017: 30.5 percent) of net profit from projects.

In the Reporting Year, net profit from controlled projects (after elimination of inter-company loan interests) recorded an increase of RMB51.2 million or 5.6 percent compared to 2017. Affected by the truck diversion upon commencement of operation of GNTR Expressway, GNSR Expressway's net profit decreased by 5.2 percent to RMB383.5 million in the Reporting Year. Benefited from the toll revenue increment in the Reporting Year, Suiyuenan Expressway and Weixu Expressway have recorded double digit increase in net profit, 10.0 percent and 47.0 percent respectively. The net profit for the Reporting Year of Suiyuenan Expressway and Weixu Expressway were RMB207.9 million and RMB211.2 million respectively. Changzhu Expressway's net profit decreased 23.4 percent to RMB77.0 million in the Reporting Year. Han-Xiao Expressway's net profit in the Reporting Year decreased by 50.7 percent to RMB40.4 million, mainly due to (i) as the transfer effect resulted from the maintenance of Wuhan Junshan Yangtze River Bridge of the G4 National Expressway was diminishing since September 2018 when a temporary traffic control measure was implemented in respect of the construction work of Fuhe Bridge (府河大橋) neighbouring to the Han-Xiao Expressway, and (ii) the fact that Han-Xiao Expressway has obtained bank borrowings in 2017 to repay the inter-company shareholder loan (inter-company shareholder loan interests were eliminated at the consolidated level) which led to an increase in finance cost of Han-Xiao Expressway for the Reporting Year. Cangyu Expressway's net profit decreased by 20.7 percent to RMB34.1 million mainly due to the combined effect of the drop in revenue and increase in maintenance expense. Jinbao Expressway recorded net profit growth of 46.0 percent to RMB15.4 million. Xian Expressway recorded a loss of RMB1.1 million mainly related to expense incurred during winding up process.

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

Controlled Projects	**Reporting Year**	**Percentage of total**	2017	Percentage of total	Change
	RMB'000	**%**	RMB'000	%	%
GNSR Expressway	**383,525**	**27.8**	404,392	30.6	-5.2
Suiyuenan Expressway	**207,862**	**15.1**	189,006	14.3	10.0
Weixu Expressway	**211,156**	**15.3**	143,640	10.9	47.0
Changzhu Expressway	**76,988**	**5.6**	100,523	7.6	-23.4
Han-Xiao Expressway	**40,427**	**2.9**	81,940	6.2	-50.7
Cangyu Expressway	**34,119**	**2.5**	43,030	3.3	-20.7
Jinbao Expressway					
– operation	**15,416**	**1.1**	10,561	0.8	46.0
– impairment loss	**—**	**—**	(48,255)	-3.6	N/A
Xian Expressway	**(1,067)**	**-0.1**	(7,593)	-0.6	-85.9
Total	**968,426**	**70.2**	917,244	69.5	5.6

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

Controlled Projects	**Reporting Year**	**Percentage of total**	2017	Percentage of total	Change
	RMB'000	**%**	RMB'000	%	%
GNSR Expressway	**383,525**	**27.5**	404,392	31.8	-5.2
Suiyuenan Expressway	**220,754**	**15.8**	180,298	14.2	22.4
Weixu Expressway	**211,156**	**15.2**	143,640	11.3	47.0
Changzhu Expressway	**64,270**	**4.6**	70,095	5.5	-8.3
Han-Xiao Expressway	**54,456**	**3.9**	73,653	5.8	-26.1
Cangyu Expressway	**34,107**	**2.5**	41,869	3.3	-18.5
Jinbao Expressway					
– operation	**15,416**	**1.1**	10,561	0.8	46.0
– impairment loss	**—**	**—**	(48,255)	-3.8	N/A
Xian Expressway	**(1,067)**	**-0.1**	(7,593)	-0.6	-85.9
Total	**982,617**	**70.5**	868,660	68.3	13.1

In the Reporting Year, 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 toll revenue") has increased 2.1 percent to RMB411.5 million as compared with 2017.

Profits attributable to the shareholders of the Company from Humen Bridge, Northern Ring Road, Shantou Bay Bridge, Qinglian Expressway and GWSR Expressway accounted for 14.2 percent (2017: 14.5 percent), 5.4 percent (2017: 7.0 percent), 2.4 percent (2017: 3.1 percent), 1.5 percent (2017: 1.0 percent) and 6.3 percent (2017: 4.9 percent) of the net profit from projects respectively.

At the corporate level, the withholding tax on PRC dividends/income increased by RMB33.5 million mainly due to the accrual of the withholding tax of RMB35.0 million due to the direct reinvestment with its PRC subsidiary's distributed profit made by the Company. Besides, the corporate expenses increased by RMB18.1 million mainly due to the increase in salaries and staff welfare of RMB16.1 million. For the increase in corporate finance income of RMB101.6 million, it was mainly due to the increase in exchange gain of RMB80.5 million. The corporate income/gains, net and corporate finance cost remained at a similar level as 2017.

Final dividend

The Directors have recommended the payment of final dividend for 2018 of HK$0.24 which is equivalent to approximately RMB0.206928 (2017: HK$0.23 which was equivalent to approximately RMB0.185291) per share payable to shareholders whose names appear on the register of members of the Company on 6 June 2019. Subject to the approval of shareholders at the Annual General Meeting to be held on 27 May 2019, the final dividend will be paid on or about 28 June 2019. Together with the interim dividend of HK$0.15 which was equivalent to approximately RMB0.130535 (2017: HK$0.13 which was equivalent to approximately RMB0.111659) per share, total dividends for the year ended 31 December 2018 amounts to HK$0.39 which is equivalent to approximately RMB0.337463 (2017: HK$0.36 which was equivalent to approximately RMB0.296950) per share, representing a dividend payout ratio of 53.6 percent (2017: 52.4 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	2017 RMB'000	Change %
Total assets	**22,739,750**	23,918,489	-4.9
Total liabilities	**10,332,171**	12,101,085	-14.6
Short-term bank deposits, cash and cash equivalents	**2,393,222**	2,958,818	-19.1
Total debts	**7,613,062**	9,496,449	-19.8
Of which: bank borrowings	**5,399,276**	5,750,163	-6.1
Corporate bond	**1,995,622**	1,993,263	0.1
Notes payable	—	1,557,953	N/A
Current ratio	**1.6 times**	1.3 times	
EBITDA interest coverage	**8.2 times**	8.4 times	
Equity attributable to the shareholders of the Company	**10,071,871**	9,544,848	5.5

Assets, Liabilities and Equity

As at 31 December 2018, the Group's total assets amounted to RMB22.7 billion which was 4.9 percent lower than the balance as at 31 December 2017. The decrease was mainly due to the amortisation of intangible operating rights and decrease in cash and cash equivalents. The Group's total assets comprised mainly of intangible operating rights of RMB17.4 billion (31 December 2017: RMB17.9 billion), investments in a joint venture and associates of RMB1.93 billion (31 December 2017: RMB1.98 billion) and short-term bank deposits, cash and cash equivalents of RMB2.4 billion (31 December 2017: RMB3.0 billion).

As at 31 December 2018, the Group's total liabilities amounted to RMB10.3 billion which has dropped 14.6 percent from the balance as at 31 December 2017. The decrease was mainly due to the repayment of notes payable. The Group's total liabilities comprised mainly of bank borrowings of RMB5.4 billion (31 December 2017: RMB5.8 billion); corporate bonds of RMB2.0 billion (31 December 2017: RMB2.0 billion); loans from non-controlling interests of RMB98.5 million (31 December 2017: RMB103.0 million); loan from a joint venture of RMB94.5 million (31 December 2017: Nil); and deferred income tax liabilities of RMB2.09 billion (31 December 2017: RMB1.99 billion).

As at 31 December 2018, the Group's total equity increased by RMB590.2 million to RMB12.4 billion (31 December 2017: RMB11.8 billion), of which RMB10.1 billion was attributable to the shareholders of the Company (31 December 2017: RMB9.5 billion).

Analysis of major assets, liabilities and equity items

Items	**Reporting Year RMB'000**	2017 RMB'000	Change %
Total assets	**22,739,750**	23,918,489	-4.9
Approximately 90.0 % of which:			
Intangible operating rights	**17,419,156**	17,915,044	-2.8
Investments in a joint venture and associates	**1,929,118**	1,983,851	-2.8
Short-term bank deposits, cash and cash equivalents	**2,393,222**	2,958,818	-19.1
Of which: Cash and cash equivalents	**2,393,222**	2,842,452	-15.8
Total liabilities	**10,332,171**	12,101,085	-14.6
Approximately 90.0 % of which:			
Bank borrowings – due within 1 year	**511,249**	319,724	59.9
– long-term portion	**4,888,027**	5,430,439	-10.0
Corporate bonds – due within 1 year	**498,068**	—	N/A
– long-term portion	**1,497,554**	1,993,263	-24.9
Notes payable	**—**	1,557,953	N/A
Loans from non-controlling interests	**98,469**	103,020	-4.4
Loan from a joint venture	**94,500**	—	N/A
Deferred income tax liabilities	**2,086,455**	1,988,483	4.9
Total equity	**12,407,579**	11,817,404	5.0
Of which: Attributable to the shareholders of the Company	**10,071,871**	9,544,848	5.5

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 RMB2,393.2 million which was 15.8 percent lower than the level at 31 December 2017. The Group's cash was deposited in commercial banks, with no deposit in non-bank institutions.

Analysis of cash flow movement

	Reporting Year RMB'000	2017 RMB'000
Net cash generated from operating activities	**2,096,870**	1,943,311
Net cash generated from investing activities	**472,444**	144,717
Net cash used in financing activities	**(3,069,896)**	(289,855)
(Decrease)/increase in cash and cash equivalents	**(500,582)**	1,798,173
Cash and cash equivalents at 1 January	**2,842,452**	1,045,922
Effect of exchange rate changes on cash and cash equivalents	**51,352**	(1,643)
Cash and cash equivalents at 31 December	**2,393,222**	2,842,452

Net cash generated from operating activities during the Reporting Year amounted to RMB2,096.9 million (2017: RMB1,943.3 million) which was arrived from cash generated from operations of RMB2,456.6 million (2017: RMB2,279.3 million) less China enterprise income tax and withholding tax paid of RMB359.7 million (2017: RMB336.0 million).

Net cash generated from investing activities during the Reporting Year amounted to RMB472.4 million (2017: RMB144.7 million). The inflow mainly consisted of dividend distributions from associates of RMB384.6 million (2017: RMB280.9 million); cash proceed of RMB115.7 million (2017: Nil) originally placed to bank for fixed deposits with original maturity over 3 months; interest received in aggregate of RMB43.6 million (2017: RMB18.6 million) and proceeds from compensation arrangement of RMB23.5 million (2017: RMB21.9 million). The outflow was mainly attributable to the capital expenditures of RMB95.3 million (2017: RMB120.8 million).

Net cash used in financing activities during the Reporting Year amounted to RMB3,069.9 million (2017: RMB289.9 million). The outflow mainly included repayment of notes payable amounted to RMB1,523.0 million (2017: Nil); repayment of bank borrowings amounted to RMB1,255.9 million (2017: RMB1,395.8 million); payment of finance costs and related fees of RMB390.5 million (2017: RMB344.5 million); dividends paid to the shareholders of the Company of RMB528.4 million (2017: RMB483.2 million); dividends paid to non-controlling interests of RMB294.4 million (2017: RMB269.1 million); and repayments of loans from non-controlling interest of subsidiaries in the Reporting Year of RMB5.7 million (2017: RMB1.8 million). The inflow mainly included the drawdown of bank borrowings amounted to RMB833.5 million (2017: RMB2,204.5 million) and addition of loan from a joint venture amounted to RMB94.5 million (2017: Nil).

Current ratio

The current ratio (current assets over current liabilities) as at 31 December 2018 was 1.6 times (31 December 2017: 1.3 times). The current assets balance as at 31 December 2018 was RMB2,591.1 million (31 December 2017: RMB3,197.4 million) and current liabilities balance was RMB1,584.1 million (31 December 2017: RMB2,498.8 million). Cash and cash equivalents were the major components of the Group's current assets with a balance as at 31 December 2018 of RMB2,393.2 million (31 December 2017: RMB2,842.4 million). Included in the Group's current liabilities as at 31 December 2018 were short-term borrowings (i.e. maturities within one year) of approximately RMB1,009.3 million (31 December 2017: RMB1,877.7 million), including bank borrowings of RMB511.2 million and corporate bonds of RMB498.1 million. Management will continue to take a prudent approach to effectively match the existing cash, 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 2018 was 8.2 times (31 December 2017: 8.4 times) which was measured as the ratio of earnings before interests, tax, depreciation and amortisation ("EBITDA") to interest expenses (profit and loss impact).

EBITDA to total external debt ratio for the year ended 31 December 2018 was 38.6 percent (31 December 2017: 29.3 percent) which was 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 2018 was 6.5 times (31 December 2017: 6.7 times) which was 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 2018 was 7.6 times (31 December 2017: 7.6 times) which was 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 RMB95.3 million (2017: RMB120.8 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 RMB77.5 million (2017: RMB88.8 million), (2) purchase of property, plant and equipment of RMB15.5 million (2017: RMB20.4 million) and (3) capital injection in an associate of RMB2.3 million (2017: RMB2.3 million). There was no payment of consideration to acquisition of subsidiary (2017: RMB9.3 million) in the Reporting Year. Apart from the aforementioned, no material capital expenditure was incurred during the Reporting Year. Going forward, the management believes that the Group's steady operating cash flow and appropriate financing arrangements can satisfy its future capital expenditures and investments needs.

Capital structures

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

Analysis of capital structures

	Reporting Year	2017
	RMB'000	RMB'000
Total external debts		
Bank borrowings	**5,399,276**	5,750,163
Corporate bonds[1]	**1,995,622**	1,993,263
Notes payable	**—**	1,557,953
Loans from non-controlling interests	**98,469**	103,020
Loan from a joint venture	**94,500**	—
Amount due to a joint venture	**25,195**	92,050
Total debts	**7,613,062**	9,496,449
Less: cash and cash equivalents	**(2,393,222)**	(2,842,452)
Net debt	**5,219,840**	6,653,997
Total Equity	**12,407,579**	11,817,404
Of which: Equity attributable to the shareholders of the Company	**10,071,871**	9,544,848
Total capitalization (Net debt + Total equity)	**17,627,419**	18,471,401
Financial ratios		
Gearing ratio (net debt/total capitalization)	**29.6%**	36.0%
Debt to Equity ratio (net debt/total equity)	**42.1%**	56.3%
Total liabilities/Total assets ratio	**45.4%**	50.6%

(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 2019	21 March 2019	26 October 2019	26 October 2019
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 lowering the interest rate and mitigating exchange risk exposure. As at the end of the Reporting Year, the Group's total debts comprised of bank borrowings, corporate bonds, loans from non-controlling interests, loan from a joint venture and amount due to a joint venture. Debt with foreign exchange risk exposure as at 31 December 2018 was approximately RMB0.4 billion (31 December 2017: approximately RMB1.6 billion).

As at 31 December 2018, the Group's total external debts in aggregate was approximately RMB7.4 billion (31 December 2017: RMB9.3 billion) composed of bank borrowings amounted to RMB5.4 billion (31 December 2017: RMB5.8 billion) and corporate bonds of RMB2.0 billion (31 December 2017: RMB2.0 billion). The Group had fully repaid the outstanding principal of Euro 200 million notes payable in May 2018 and all the interest accrued thereunder. Onshore and offshore debts ratio was 94.2 percent and 5.8 percent (31 December 2017: 83.3 percent and 16.7 percent). Secured external debt ratio was 63.1 percent (31 December 2017: 58.6 percent). The effective interest rate of total external debt at 31 December 2018 was 4.09 percent (31 December 2017: 3.83 percent). Regarding bank borrowings RMB4.9 billion which was at floating rates and RMB545.0 million of which was at fixed rates with the overall effective interest rate of 4.37 percent at 31 December 2018 (31 December 2017: 4.46 percent). Corporate bonds (in four tranches) were at fixed rates with coupon rates of 2.85 percent, 3.38 percent, 2.90 percent and 3.18 percent respectively with overall effective interest rate at 3.36 percent as at 31 December 2018 where notes payable and corporate bonds (in four tranches) were at overall effective interest rate of 2.81 percent as at 31 December 2017.

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

	Reporting Year Percentage of total	2017 Percentage of total
Source		
Onshore	**94.2%**	83.3%
Offshore	**5.8%**	16.7%
	100.0%	100.0%
Repayment term		
Within 1 year	**13.6%**	20.2%
1 to 2 year	**3.1%**	11.9%
More than 2 years and less than 5 years	**38.9%**	26.6%
Above 5 years	**44.4%**	41.3%
	100.0%	100.0%
Currency		
RMB	**94.2%**	83.3%
HKD	**5.8%**	—
EURO	**—**	16.7%
	100.0%	100.0%
Interest rate		
Fixed	**34.4%**	44.1%
Floating	**65.6%**	55.9%
	100.0%	100.0%
Terms of credit		
Secured	**63.1%**	58.6%
Unsecured	**36.9%**	41.4%
	100.0%	100.0%

Loans from non-controlling interests of certain subsidiaries were unsecured, interest-free, long-term and denominated in RMB. The carrying amounts of these loans approximate their fair values which were calculated based on cash flows discounted at a rate of 4.35 percent (2017: 4.35 percent) per annum.

Loan from a joint venture was unsecured, long-term and denominated in RMB which carried interest at 4.275%.

Amounts due to a joint venture was 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 94.2 percent (2017: 83.3 percent) of its external debts are denominated in RMB. As at the end of the Reporting Year, the Group's foreign-currency denominated assets and liabilities mainly includes cash and cash equivalent of HK$36.2 million (equivalent to approximately RMB31.7 million); and has an external debt of HK$492.3 million (equivalent to approximately RMB431.3 million). Given this foreign currency exposure position, the impact to the Group's profit and loss will be approximately RMB4.0 million for every 1.0 percent of exchange rate change against RMB (with all other variables held constant) as at 31 December 2018. 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 2018, the Group had capital commitments related to intangible operating rights and property, plant and equipment, of which approximately RMB17.7 million being contracted but not provided for.

Except for the aforementioned, the Group had no material capital commitments as at 31 December 2018. There were no significant contingent liabilities as at 31 December 2018.

V. Employees

As at 31 December 2018, the Group had approximately 1,491 employees of whom about 1,238 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

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.

On the basis of strictly following the requirements of the regulatory authorities, the Group including executive directors and senior management personnel, continue to actively communicate through various platforms and channels, including performance announcements, roadshows and various industry seminars, etc., as well as regularly meet and communicate with our shareholders, industry researchers and investors who are interested in the Group, and convey positive indications to stabilize market confidence. 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, and ICBC International released research coverage reports on the Group successively, and institutions such as JP Morgan Chase, Mizuho Securities and Guangzheng Hang Seng also organized market briefings on the Group successively and arranged for meetings with international institutional investors. The Group also collected feedbacks from the market during the process of communicating with investors and other groups to use as a reference for improving our governance and management.

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

- We gave timely response to enquiries of investors through emails and telephone communication, and released monthly operational statistics to investors on regular basis.

- We organized receptions for visiting investors, on-site research visits for industry analysts, including telephone conferences. We have received a total of more than 100 persons.

- We launched activities such as news conferences for results announcements, post results non-deal roadshows (NDRs) and industry seminars to facilitate face-to-face interflows with domestic and worldwide institutional investors, including:

Month	**Place**	**Event**	**Remarks**
Feb	Hong Kong	2017 Results announcement	
Feb	Hong Kong	Results announcement roadshow	HSBC organizations
Mar	Shenzhen	Industry seminar	HSBC organizations
Apr	Changsha and Yueyang	Analysts reverse roadshow	
Jun	Beijing	Industry seminar	JP Morgan Chase organizations
Jun	Guangzhou	Industry seminar	Guangzheng Hang Seng organizations
Aug	Hong Kong	2018 Interim results announcement	
Aug	Hong Kong	2018 Interim results roadshow	HSBC organizations
Aug	Shenzhen	Industry seminar	Essence International organizations
Sept	Shenzhen and Guangzhou	2018 Interim results roadshow	Guangzheng Hang Seng organizations
Oct	Hong Kong	2018 Interim results roadshow	Mizuho Securities organizations

During the Reporting Year, the Group was awarded the following honours for listed companies by renowned media outlets such as Bloomberg Business Weekly, Economic Digest, and Quamnet.com, which demonstrate the performance, corporate governance and investor relations efforts of the Company as well as market recognition:

Economic Digest:
Hong Kong Outstanding Enterprise 2018
Outstanding Enterprise Award

Quamnet.com:
Outstanding Enterprise Award 2018

Bloomberg Business Weekly:
Listed Enterprises of the Year 2018

LACP2017 Vision Awards of USA:
Infrastructure Industry: Platinum Winner
Commercial Construction: Silver Award
Top 100 Reports Worldwide
Best Report Narrative, Asia-Pacific region: Silver
Top 80 Reports, Asia-Pacific region
Top 60 Reports, China

South China Morning Post:
BDO ESG Report award 2018 – Best Report Award

CONSISTENT INVESTOR RETURN

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. Since listing, the Group has distributed cash dividends for over 20 consecutive years, which served as a continuous return to our shareholders while we recorded consistent growth of our operating results.

	2013	2014	2015	2016	2017	2018
Earnings per share (RMB)	0.3314	0.3642	0.318	0.5491	0.5666	0.6300
Dividend per share (HKD)	0.26	0.28	0.28	0.33	0.36	0.39
Dividend payout ratio	62.1%	61.0%	72.2%	52.5%	52.4%	53.6%

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2018, the Company has complied with the code provisions as set out in the Corporate Governance Code, with the exception of code provision A.4.1.

Code Provision A.4.1

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

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 2018 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 2018. 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 Wednesday, 22 May 2019 to Monday, 27 May 2019, 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 27 May 2019, 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 Tuesday, 21 May 2019.

In addition, the register of members of the Company will be closed from Tuesday, 4 June 2019 to Thursday, 6 June 2019, 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, 3 June 2019.

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

Hong Kong, 18 February 2019

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

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