



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

(Stock Code: 01052)

CREATING EXCELLENT VALUES



Suiyuanan Expressway - Suiyue and Hanyi Hub Zhuji Interchange

ANNUAL REPORT 2015





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Five Years Financial Summary

INCOME STATEMENT

Year ended 31 December

(RMB'000)	2015	2014	2013	2012	2011
Income from operations	2,226,023	1,858,706	1,753,084	1,485,211	1,321,997
Earnings before interests, tax, depreciation and amortisation ("EBITDA") ¹	2,037,563	1,670,146	1,687,068	1,406,065	1,182,515
Profit before income tax	869,932	1,014,240	953,645	806,245	859,278
Profit for the year	653,022	777,730	692,991	557,728	725,061
Profit attributable to:					
Shareholders of the Company	532,086	609,370	554,419	426,915	558,212
Non-controlling interests	120,936	168,360	138,572	130,813	166,849
Basic earnings per share for profit attributable to the shareholders of the Company	RMB0.3180	RMB0.3642	RMB0.3314	RMB0.2552	RMB0.3336
Dividend per share	RMB0.2296	RMB0.222	RMB0.206	RMB0.163	RMB0.197

BALANCE SHEET

As at 31 December

(RMB'000)	2015	2014	2013	2012	2011
Total Assets	23,419,273	17,509,960	18,225,968	18,710,701	16,147,403
Total Liabilities	12,590,180	7,065,391	7,947,642	8,626,339	6,187,997
Total Equity	10,829,093	10,444,569	10,278,326	10,084,362	9,959,406
Equity attributable to:					
Shareholders of the Company	8,571,746	8,527,595	8,275,767	8,094,466	7,933,853
Non-controlling interests	2,257,347	1,916,974	2,002,559	1,989,896	2,025,553
Net assets per share to shareholders of the Company	RMB5.12	RMB5.10	RMB4.95	RMB4.84	RMB4.74

FINANCIAL RATIOS

Year ended 31 December

	2015	2014	2013	2012	2011
Return on equity attributable to shareholders of the Company	6.21%	7.15%	6.70%	5.27%	7.04%
Interest Coverage	5.8 times	5.6 times	4.5 times	4.1 times	7.6 times
Gearing ratio ²	43.9%	27.6%	29.4%	35.1%	24.0%
Total liabilities/Total assets ratio ³	53.8%	40.4%	43.6%	46.1%	38.3%

1: EBITDA includes profit from associates and joint venture, but excludes non-cash gains and losses.

2: net debts ÷ total capitalization

3: total liabilities ÷ total assets

Financial Highlights

RESULTS HIGHLIGHTS FOR 2015

Income from operations
RMB 2,226 million

19.8%

Gross Profit
RMB 1,451 million

24.2%

Gross Margin
65.2%

2.4
percentage
point

Operating Profit
RMB 1,120 million

12.4%

Profit before income tax
RMB 870 million

14.2%

Profit attributable to
shareholders of the company
RMB 532 million

12.7%

Earnings per share
RMB 0.3180

12.7%

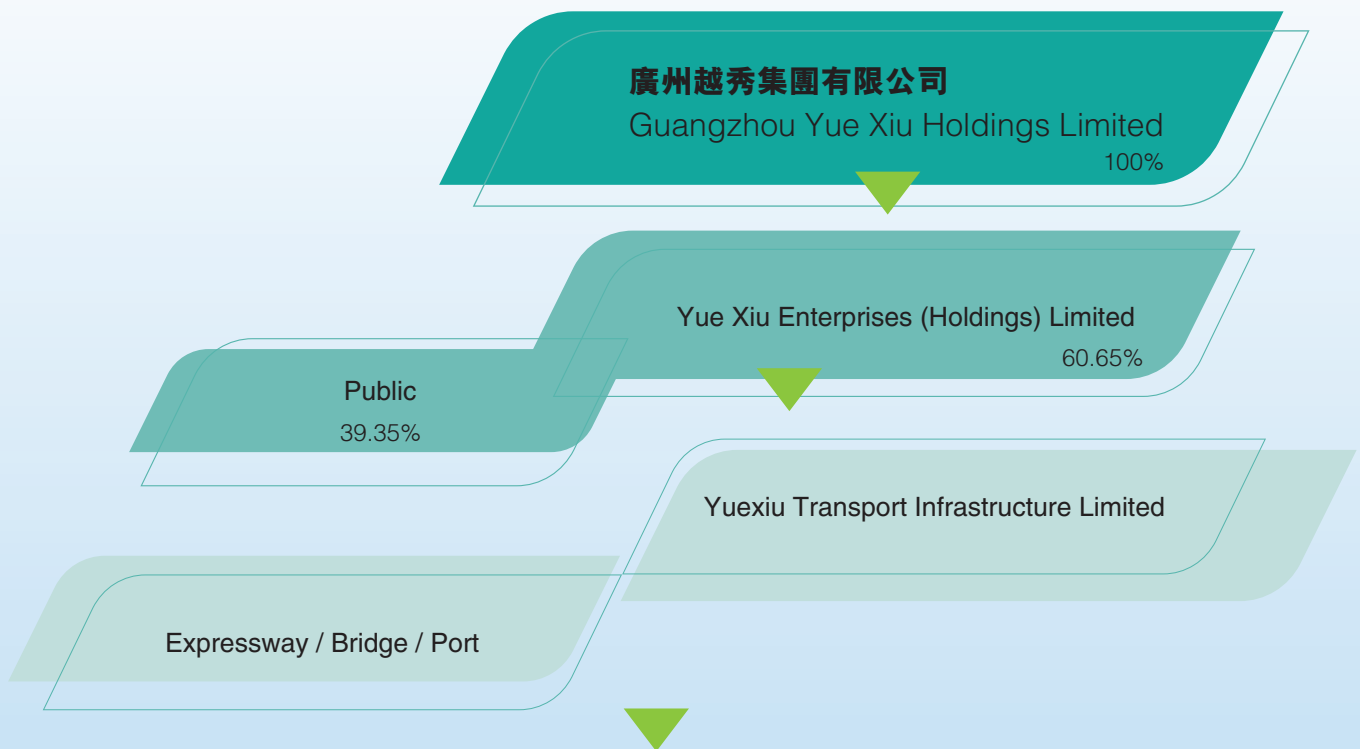
Total Assets
RMB 23.42 billion

33.7%

Net assets per share
RMB 5.12

0.4%

Corporate Profile



- GNSR Expressway / 60%
- Xian Expressway / 100%
- Cangyu Expressway / 100%
- Jinbao Expressway / 60%⁽¹⁾
- Han-Xiao Expressway / 100%
- Changzhu Expressway / 100%
- Yuexin Chishui Port / 51%⁽²⁾
- Weixu Expressway / 100%
- Suiyuenan Expressway / 70%

- Northern Ring Road / 24.3%
- Humen Bridge / 27.78%⁽¹⁾
- Shantou Bay Bridge / 30%
- GWSR Expressway / 35%
- Qinglian Expressway / 23.63%

(1) The Group's profit sharing ratio in Humen Bridge and Jinbao Expressway could be referred to notes of 'Business Review' in page 26.

(2) The Group disposed 51% equity interest in Yuexin Chishui Port by public tender during the year 2015. Please refer to the Group's announcement dated 15 December 2015 for details.

- subsidiaries
- associates and joint venture

Qinglian Expressway – Liujiadong Section

CORPORATE PROFILE

Yuexiu Transport Infrastructure Limited (“Company”) and its subsidiaries (collectively, “Group”) are principally engaged in investment, operation and management of toll expressways and bridges in Guangdong Province and other high-growth provinces in the People’s Republic of China (“PRC”). The Company’s substantial shareholder, Guangzhou Yue Xiu Holdings Limited is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission (“SASAC”) of the Guangzhou Municipal People’s Government.

As at 31 December 2015, the Group had a total of 13 investments in its operating expressways and bridge projects which included Guangzhou Northern Second Ring Expressway (“GNSR Expressway”), Guangzhou Western Second Ring Expressway (“GWSR Expressway”), Guangzhou Northern Ring Road (“Northern Ring Road”), Guangdong Humen Bridge (“Humen Bridge”), Shantou Bay Bridge and Qinglian Expressway, all of which are located within Guangdong Province; Xian to Lintong Expressway in Shaanxi Province (“Xian Expressway”); Cangyu Expressway in Guangxi Zhuang Autonomous Region (“Cangyu Expressway”); Jinbao Expressway in Tianjin Municipality; Han-Xiao Expressway in Hubei Province; Changzhu Expressway in Hunan Province; Weixu Expressway in Henan Province and Suiyuan Expressway in Hubei Province.

As at 31 December 2015, the attributable toll length of the Group’s subsidiaries is approximately 301.2 km (total toll length is approximately 357.2 km), attributable toll length of the Group’s associates/joint venture is approximately 77.3 km, the total attributable toll length of expressways and bridges is approximately 378.5 km. Moreover, the Group disposed 51% equity interest in Yuexin Chishui Port, a terminal project located in Wuzhou city (“Yuexin Chishui Port”), by public tender during the year 2015, with consideration of transfer amounted to RMB153.6 million. Please refer to the Group’s announcement dated 15 December 2015 for details.

Weixu Expressway — Flyover at the conjunction of Lan-nan Expressway and G311

Location Maps of Projects

LOCATION

PROJECTS NAME

● GUANGDONG

Dongguan City	● Humen Bridge
Guangzhou City	● GNSR Expressway
Guangzhou City	● Northern Ring Road
Guangzhou City	● GWSR Expressway
Qingyuan City	● Qinglian Expressway
Shantou City	● Shantou Bay Bridge

● SHAANXI

Xian City	● Xian Expressway
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● GUANGXI

Wuzhou City	● Cangyu Expressway
Wuzhou City	● Yuexin Chishui Port

● TIANJIN

Tianjin City	● Jinbao Expressway
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● HUBEI

Wuhan City	● Han-Xiao Expressway
Wuhan City	● Suiyuanan Expressway

● HUNAN

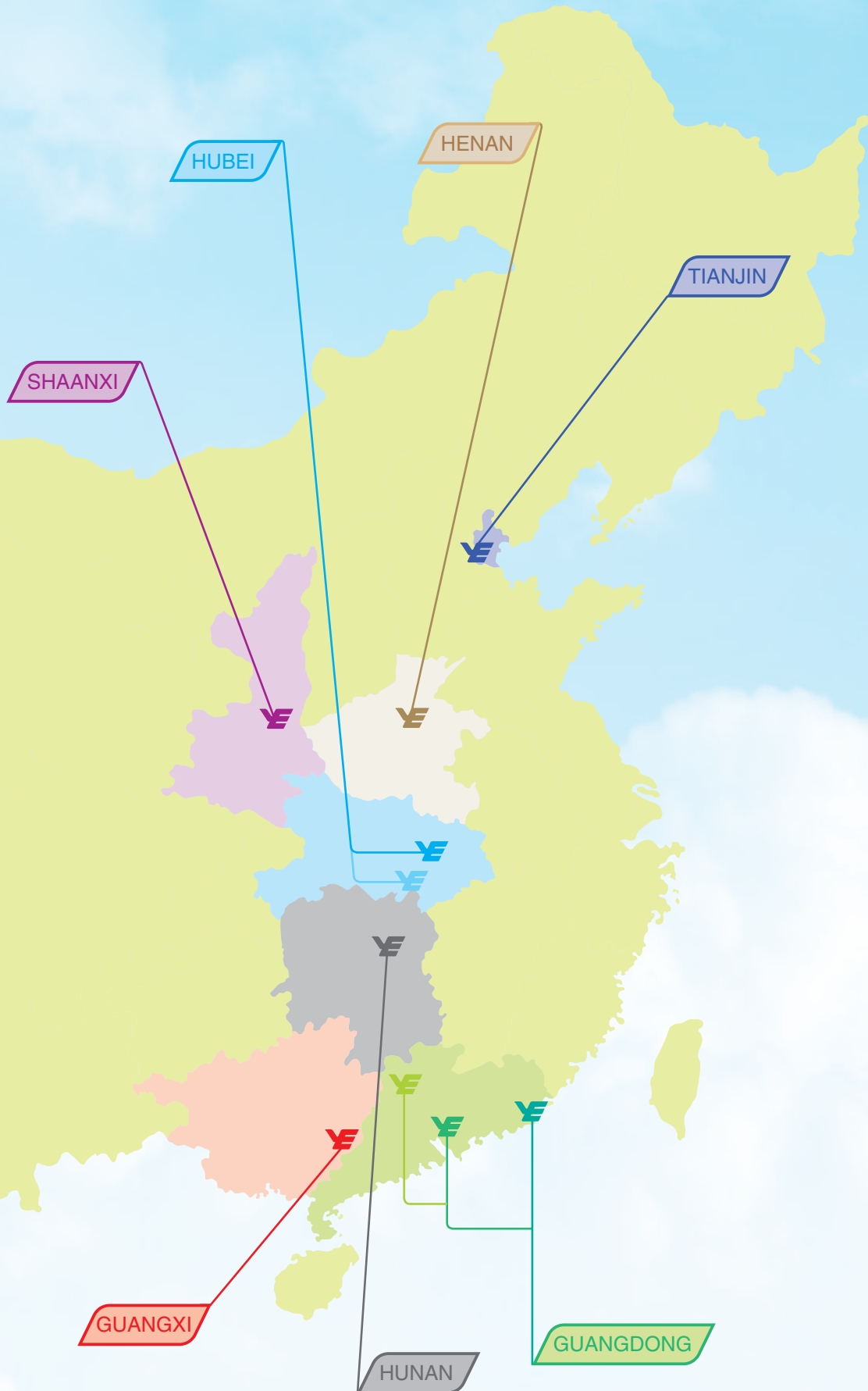
Changsha City	● Changzhu Expressway
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● HENAN

Xuchang City	● Weixu Expressway
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LOCATION MAPS OF PROJECTS



LOCATION MAPS OF PROJECTS

1



Humen Bridge

It is a six-lane suspension highway bridge with a toll length of approximately 15.8 km linking Panyu District of Guangzhou City and Dongguan City. Its two ends are connected to the GS Superhighway and Guangzhou Zhuhai Eastern Expressway.

2



GNSR Expressway

It is a six-lane expressway of approximately 42.5 km for toll length, with 10 flyovers in total. GNSR Expressway also connects with GWSR Expressway, Guangqing Expressway, Airport Expressway, G4 Expressway, Huanan Expressway, Guanghe Expressway, Guanghui Expressway, GS Superhighway, GESR Expressway, National Highway 105, 106, 324 and Provincial Highway 114 and so on.

3



Northern Ring Road

It is located within Guangzhou City with a toll length of approximately 22.0 km with six lanes. It is a part of Guangzhou Second Ring Expressway, Guangzhou section of Shenhai Expressway and Fukun section of National Highway, linking with GS Superhighway and Guangzhou Foshan Expressway.

4



Qinglian Expressway

It is located in the northwestern part of Guangdong as a significant linkage between Guangdong and Hunan. The toll length is approximately 215.2 km with four lanes.

5



GWSR Expressway

The toll length is approximately 42.1 km with six lanes which is connected to GNSR Expressway, Guangqing Expressway, southern part of GWSR Expressway and Guangsan Expressway.

6



Shantou Bay Bridge

It is located in the eastern entrance of Shantou Harbour which connects Shenshan Expressway in the south and stretches over Shantou Harbour Huangsha Bay Sea. The project's toll length is approximately 6.5 km with six lanes.

LOCATION MAPS OF PROJECTS

GUANGDONG



LOCATION MAPS OF PROJECTS

SHAANXI



7

**Xian Expressway**

It is the connection between Xian and Lintong as well as a part of Lianhuo Expressway (G30) with a toll length of approximately 20.1 km with four lanes and intersects with Rao Cheng Expressway. It is also a major access connecting Xian City to World Famous historical relics and scenic spots such as Terra-Cotta Warriors and Huaqing Hot Spring.

LOCATION MAPS OF PROJECTS

GUANGXI



8



Cangyu Expressway

It is located in Cangwu County of Wuzhou City in Guangxi Zhuang Autonomous Region, linking the Cangwu County of Guangxi with the Yunan County of Guangdong Province. The toll length is approximately 23.3 km with four lanes, forming a part of Guangkun Expressway (G80).

9



Yuexin Chishui Port

It is situated at the Xijiang Gold Water-course in the PRC and is a main inland port at Xijiang. Located 8.2 km upstream from the dam site at Changzhou Water Conservancy Hub in Wuzhou City, the Port has five 2,000-tonne berths (Phase I) with designed annual handling capacity of 1,980,000 tonnes.

LOCATION MAPS OF PROJECTS

TIANJIN



10



Jinbao Expressway

It is located in the west of Tianjin Municipality, and Hebei Province at the junction, and linking the Jinbao Expressway (Hebei section), Jinghu Expressway and Tianjin Waihuan Lane etc. with a toll length of approximately 23.9 km with four lanes.

LOCATION MAPS OF PROJECTS

HUBEI



11

**Han-Xiao Expressway**

It starts from Huangpi District, Wuhan city and ended at Xiaonan District, Xiaogan City. The toll length is approximately 38.5 km with four lanes. Han-Xiao Expressway also connects with Wuhan Airport Expressway, G4 Expressway, Wuhan Ring Road, Daijiashan-Huangpi Expressway and Xiaoxiang Expressway.

12

**Suiyuanan Expressway**

It starts from Hanyi Expressway Zhuji Interchange and ended at north shore of Jinyue Yangtze River Highway Bridge. It is an important expressway in the central region of Hubei for connecting passenger and freight transportation among regions such as Henan and Hunan. The toll length is approximately 98.1 km with four lanes.

LOCATION MAPS OF PROJECTS

HUNAN



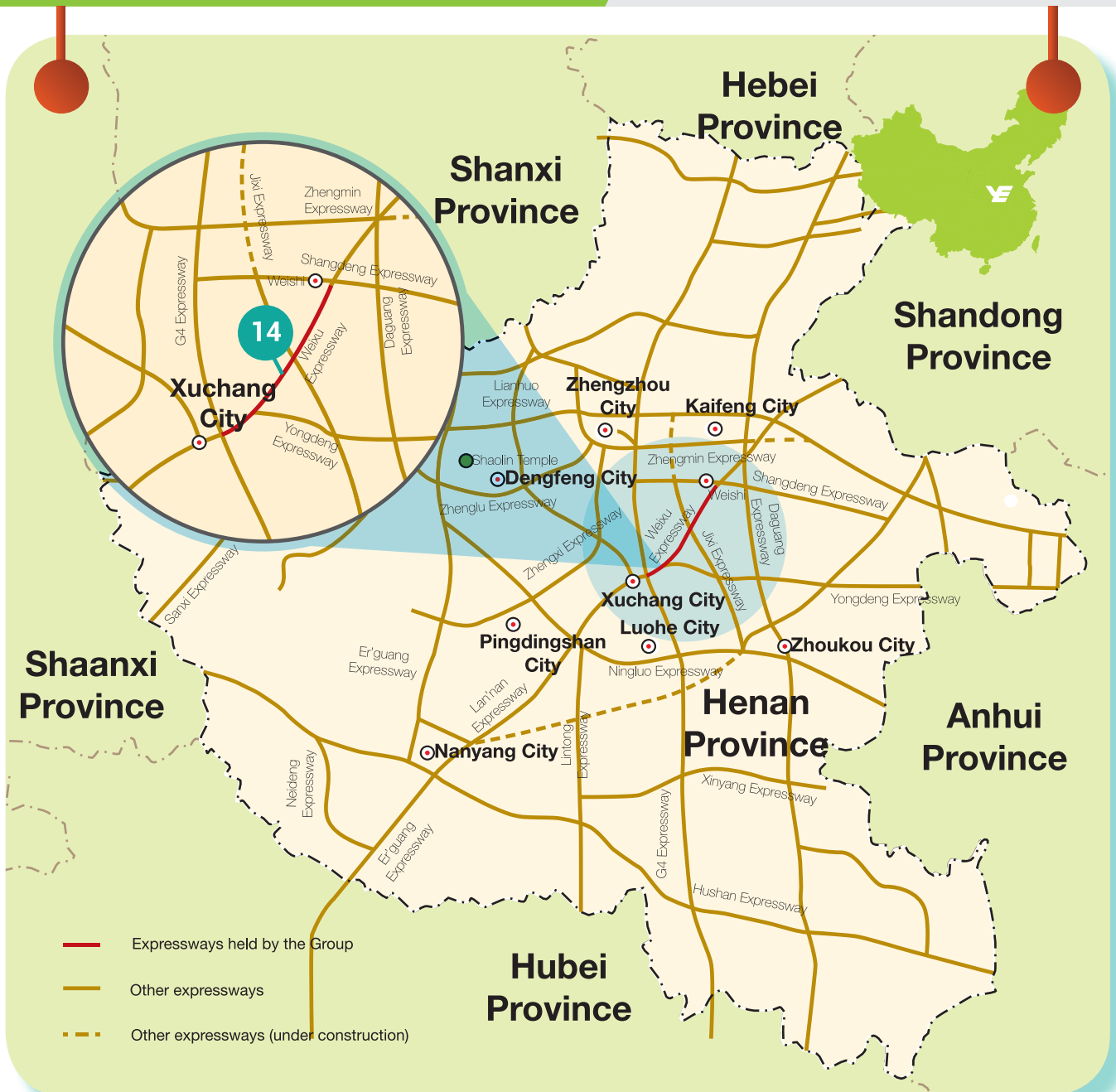
13

**Changzhu Expressway**

It starts from Huanghua Village in the Changsha County, Changsha City, while ending at northwest of Zhuzhou Electric Factory. Changzhu Expressway has a toll length approximately of 46.5 km with four lanes. It connects with Changsha City Ring Road, Chang-Liu Expressway, Airport Expressway, Hukun Expressway.

LOCATION MAPS OF PROJECTS

HENAN



14

**Weixu Expressway**

Weixu Expressway is an important part of Lan-nan Expressway as well as the significant linkage between G4 Expressway, Daguang Expressway (G45), Ningluo Expressway (G36) and Lianhuo Expressway (G30). The toll length is approximately 64.3 km with six lanes.



Changzhu Expressway

CHAIRMAN'S STATEMENT



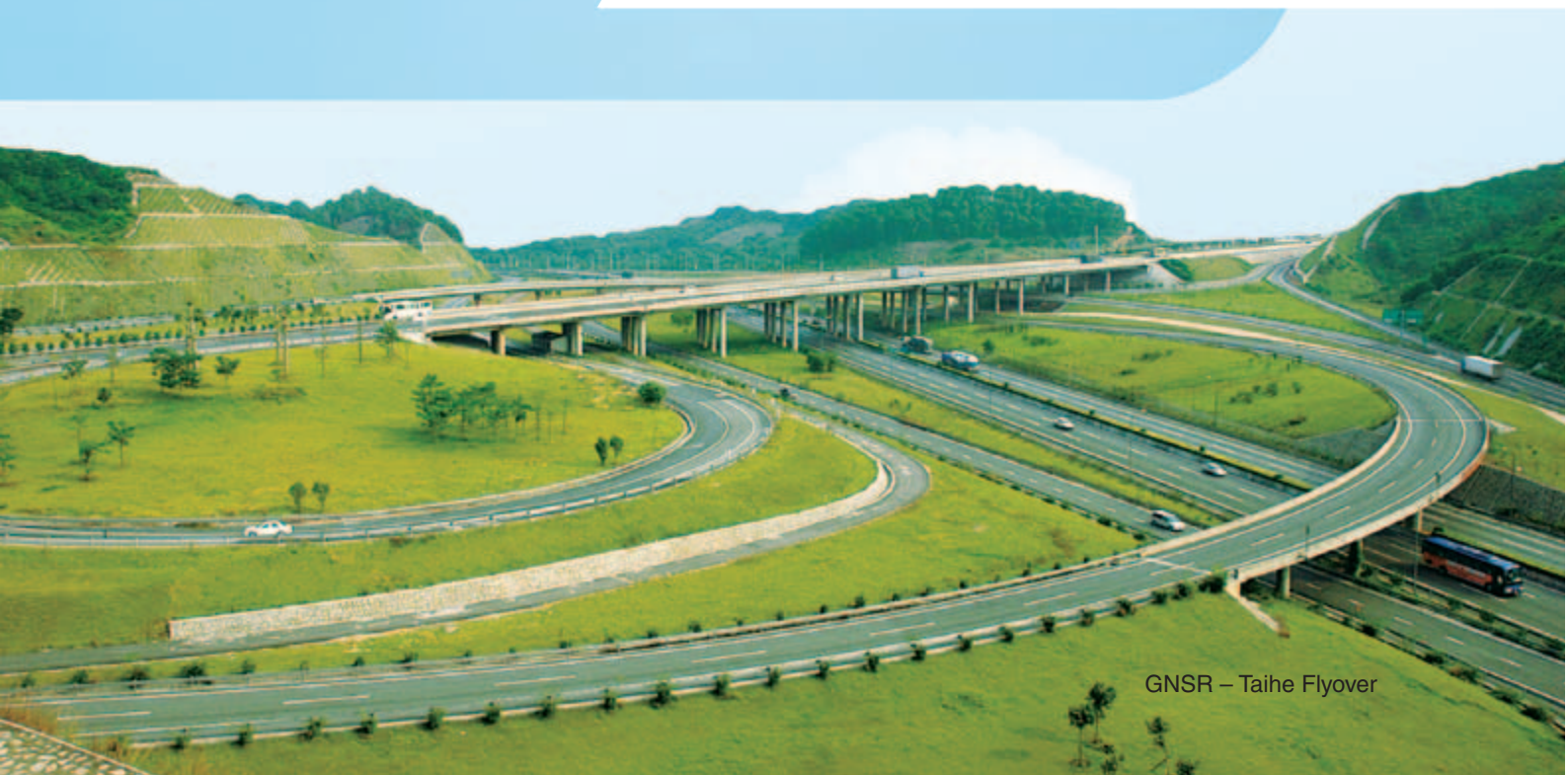
Chairman's Statement



"On behalf of the Board, I am pleased to present the annual results of the Company and its subsidiaries for the year ended 31 December 2015."

Mr Zhu Chunxiu

Chairman



GNSR - Taihe Flyover

CHAIRMAN'S STATEMENT

OPERATING RESULTS AND DIVIDEND

During the year ended 31 December 2015 ("Reporting Year"), the Group recorded income from operations of RMB2.226 billion, representing a year-on-year increase of 19.8%, of which the toll income increased by 19.5% to RMB2.215 billion, reaching a new record high, which was mainly attributable to the additional contribution from the Suiyuanan Expressway upon its incorporation into the consolidated financial statements of the Group and organic growth of existing projects. However, affected by the depreciation of Renminbi and the impairment provisions for Jinbao Expressway and Qinglian Expressway, profit attributable to shareholders amounted to RMB532 million, representing a year-on-year decrease of 12.7%.

The Board has recommended the payment of a final dividend for 2015 of HK\$0.16 per share, together with the paid interim dividend of HK\$0.12 per share, the total dividends for the Reporting Year amounted to HK\$0.28 per share which is equivalent to RMB0.2296 per share, representing an annual dividend payout ratio of 72.2% (2014: 61.0%).

ANNUAL REVIEW

- **Macro-economy and regulatory environment of the sector**

During the year under review, recovery of the global economy remained sluggish, the future was facing multiple uncertainties and the overall situation was complicated. Since the "Foreign Exchange Reform" announced on 11 August 2015, expectations of RMB depreciation have been formed in the market. On 17 December, the Federal Reserve initiated the first interest rate hike in almost a decade, while the other economies still maintained a loose monetary policy. Besides, the slumping commodities and energy prices also adversely impacted emerging markets, causing capital outflow, depreciation of currencies and reduction in foreign currency reserves.

Besides confronting such a slow external recovery, the PRC economy also encountered a range of challenges. According to the releases from the National Bureau of Statistics, the GDP of China grew by 6.9% to RMB67.67 trillion in 2015. While the growth rate inclined to become steady, the overall economy has entered into the phase of "new normal".

During the Reporting Year, the regulatory environment of the toll road sector remained steady with an improving trend, providing a good foundation for the Group's business operations. Although the toll free policy for small passenger vehicles during major holidays and the "Green Passage" toll free policy continued, the relevant government authorities, including the Ministry of Transport, realized the necessity of systematic reforms in toll road sector and then promulgated the revised draft of the Regulations on the Administration of Toll Roads (《收費公路管理條例》(修訂徵求意見稿)) on 21 July 2015. The proposed adjustment plans contained in the revised draft reflected the line of thought and determination of the authorities to carry out the reforms. Currently, the relevant authorities have completed public consultation and feedback collection for the revised draft, and the detailed legislative amendment procedures are still in process.



CHAIRMAN'S STATEMENT

- **Business development**

On 21 July 2015, based on the acquisition agreement signed in December 2014, the Group formally took over the Suiyuanan Expressway, which was incorporated into the consolidated financial statements of the Group. On 18 December 2015, the Group acquired the remaining 10% equity interest in Changzhu Expressway which became another wholly-owned project under the Group. After completion of these two acquisitions, the Group's attributable toll mileage of expressways and bridges increased to 378.45 km, which would enlarge the size of assets and enhance the sustainable profitability. Meanwhile, the acquisition of Suiyuanan Expressway may fill in the toll interval after the termination of the toll collection term of Xilin Expressway in the third quarter of 2016 and extend the average residual toll collection years of the asset portfolio as a whole, which is in line with our strategic development needs and brings a new momentum of growth.

Furthermore, the Group disposed 51% equity interest in Wuzhou Chishui Port in Guangxi by public tender during the Reporting Year, with the consideration of transfer amounted to RMB153.6 million. Such transaction will be completed and realized in 2016 and the proceeds of disposal will be reflected in the financial report of such year. This will enable the Group to recover cash resources and focus more on the development of core business. Please refer to the Group's announcement dated 15 December 2015 for details.

During the Reporting Year, although revenue from operations still maintained double-digit growth, profit attributable to shareholders recorded double-digit decrease, which was mainly due to the impact of two factors. Firstly, the exchange rate of Renminbi experienced significant fluctuations during the Reporting Year, particularly after the "8.11" foreign exchange reform, Renminbi had depreciated to a considerable extent, resulting in a foreign exchange loss on the book value of foreign currency liabilities held by the Group. Secondly, impairment loss was incurred in two projects, Jinbao Expressway and Qinglian Expressway, due to their operating performance was persistently below expectation. Jinbao Expressway was mainly affected by the traffic restrictions on motor vehicles in Tianjin and the frequent occurrence of bad weather conditions in northern China, resulted in a 3.8% decrease year-on-year in annual toll income. Whereas Qinglian Expressway was mainly affected by the diversion impact of traffic to Guangle Expressway and Erguang Expressway, the annual toll income decreased by 18.3% year-on-year. Nevertheless, the Group's cash flow level was not affected by the foreign exchange loss and impairment loss of the projects. During the Reporting Year, the Group recorded net cash generated from operating activities of RMB1.440 billion with a year-on-year increase of 18.8% and the balance of cash and cash equivalents was RMB867 million, the overall operations remained sound and stable.

CHAIRMAN'S STATEMENT

FUTURE PROSPECT AND OUTLOOK

- **Outlook of macro-economy and regulatory environment of the sector**

According to the Global Economic Prospects published by The World Bank Group on 6 January 2016, the projection of global economic growth rate is 2.9% in 2016, which will be higher than the 2.4% growth rate in 2015. The report pointed out that the world economy will need to adapt to a new era of slower growth in emerging markets, commodity prices remaining in low level, and a slowdown in trade and capital flows.

The economy of China is in a transforming stage, which will fully switch into a new normal state in future and will gradually realize a more stable growth rate and an incremental model with diversified growth forces. Meanwhile, with further penetration of reforms in various sectors and the rise of emerging industries, the economy of China will gain sustainable vitality and momentum in the medium to long term development process. Although under the new normal state, economic growth will slow down and affect the demand for transportation, especially for freight transportation, demand for highway transportation will remain relatively stable. Given the background of continuous growth in private car ownership, increase in consumption by residents, fast development in tourism, significant advancement in e-commerce development that leads to rapid development in the courier and logistics industry, highway transportation still has a great potential for growth. The policy environment of the toll road sector has been stable and sound in recent years, although the green passage toll free policy and the toll free policy for small passenger cars on major holidays will not cease in the short term, the possibility of escalating strength of enforcement is minimal. Also, taking into account the government has been actively promoting the PPP model to attract private capital for supporting the construction of infrastructure facilities, therefore enhancing reasonable return, improving policies and operating environment are prerequisite for attracting private capital. Promulgation of the revised draft of the Regulations on the Administration of Toll Roads (《收費公路管理條例》(修訂徵求意見稿)) may be viewed as a corresponding measure, though it has not been finalized, the proposed adjustments contained therein are favourable signals for the long term stable development of the sector. The Group will also closely monitor on the relevant progress.

CHAIRMAN'S STATEMENT

- **Outlook of development strategies**

Infrastructure facilities play a key role in the process of economic development. For making continuous improvement to the national road transportation network to promote economic development, both central and local governments have unveiled their corresponding highway construction plans. Enormous demand still exists in the investment and construction of highway projects, particularly in the western regions where economic growth potential remains high and in provinces which benefit from the transfer of labour-intensive processing industries from the eastern coastal regions.

During the Reporting Year, the Group's total liabilities to total assets ratio increased to 53.8%, which was mainly attributable to the new liabilities upon incorporation of Suiyuanan Expressway into the consolidated financial statements. Considering from the stable development perspective, the Group will leverage on the expansion moves to reduce indebtedness by an appropriate extent according to business development pace. The management places great emphasis on maintaining the credit ratings by giving due consideration to the impact of potential mergers and acquisitions and business operations on credit rating indicators, and will also review and carry out plans to optimize the entire portfolio of assets, enhance the Group's profitability and create reasonable returns for shareholders.

On financing strategy, the Group has completed the preparation work for a US\$1 billion Medium Term Note Programme and successfully issued the 3-year Euro 200 million guaranteed notes with a coupon rate of only 1.625% during the reporting period, by seizing the opportunity arising from the adoption of negative interest rate and triggering Quantitative Easing by the European Central Bank and the market window, hence the sources of financing are broadened. Through early repayment of US dollars and HK dollars liabilities, part of the exchange rate fluctuation risk arising from interest rate hike initiated by the US Federal Reserve, strengthening of US dollars and depreciation expectation of Renminbi has been mitigated. The Federal Reserve has announced in its summary statement of minutes of meeting that it will adopt a "gradual increase" manner in raising the interest rate. Meanwhile, the economy of China is in a stage of transformation and upgrading, the growth rate will slow down in the short run due to resolving excess production capacities and de-leveraging activities, which may give rise to or increase the market expectation on depreciation of Renminbi. By cutting interest rate 5 times since November 2014, the onshore costs of borrowings have been decreasing gradually, and there may be further room for reduction in future. Hence, the Group will consider increasing local currency financing to an appropriate extent, such as through domestic commercial bank loans, or issuance of Renminbi Medium Term Notes, to replace part of its Hong Kong dollar liabilities and continue reducing its exposure to foreign exchange risk.

CHAIRMAN'S STATEMENT

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.

Zhu Chunxiu


Chairman

Hong Kong, 22 February 2016



Jinbao Expressway





MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

BUSINESS REVIEW

Summary Information of Operating Toll Roads and Bridges

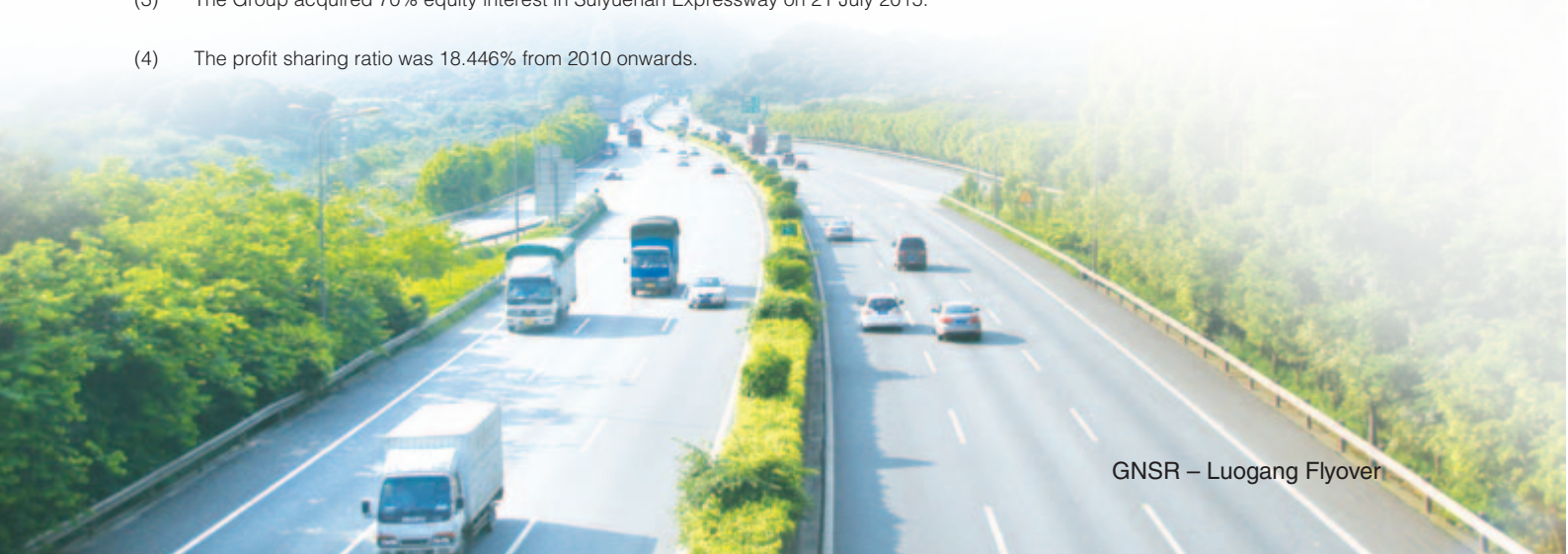
	Tolled Mileage	Width (lanes)	Toll Station(s)	Road Type	Attributable Interest (%)	Remaining Operating Term (years)
Subsidiaries						
GNSR Expressway	42.5	6	5	Expressway	60.00	17
Xian Expressway	20.1	4	3	Expressway	100.00	1
Cangyu Expressway	23.3	4	1	Expressway	100.00	15
Jinbao Expressway	23.9	4	3	Expressway	60.00 ⁽¹⁾	15
Han-Xiao Expressway	38.5	4	2	Expressway	100.00	21
Changzhu Expressway	46.5	4	5	Expressway	100.00 ⁽²⁾	25
Weixu Expressway	64.3	6	2	Expressway	100.00	20
Suiyuanan Expressway	98.1	4	4	Expressway	70.00 ⁽³⁾	25
Associates and Joint Venture						
GWSR Expressway	42.1	6	4	Expressway Suspension	35.00	15
Humen Bridge	15.8	6	4	Bridge	27.78 ⁽⁴⁾	14
Northern Ring Road	22.0	6	8	Expressway Suspension	24.30	8
Shantou Bay Bridge	6.5	6	3	Bridge	30.00	13
Qinglian Expressway	215.2	4	16	Expressway	23.63	19

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

(2) The Group acquired the remaining 10% equity interest in Changzhu Expressway on 18 December 2015.

(3) The Group acquired 70% equity interest in Suiyuanan Expressway on 21 July 2015.

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



MANAGEMENT DISCUSSION AND ANALYSIS

Toll Summary of Toll Roads and Bridges

For the twelve months ended 31 December 2015

	Average daily toll traffic volume		Average daily toll revenue		Weighted average toll revenue per vehicle	
	2015 (vehicle/day)	Y-O-Y Change %	2015 (RMB/day)	Y-O-Y Change %	(RMB)	Y-O-Y Change %
Subsidiaries						
GNSR Expressway	169,868	14.2%	2,602,138	12.4%	15.3	-1.5%
Xian Expressway	22,178	N/A ⁽¹⁾	735,290	3.3%	33.2	N/A ⁽¹⁾
Cangyu Expressway	7,296	2.4%	183,644	3.6%	25.2	1.2%
Jinbao Expressway	25,777	1.6%	257,543	-3.8%	10.0	-5.3%
Han-Xiao Expressway	18,898	8.2%	385,024	4.1%	20.4	-3.7%
Changzhu Expressway	18,773	16.6%	592,921	28.8%	31.6	10.5%
Weixu Expressway	16,125	-1.1%	749,859	-3.8%	46.5	-2.8%
Suiyuanan Expressway	15,678	19.0%	1,263,537	8.4%	80.6	-8.9%
Associates and Joint Venture						
GWSR Expressway	50,275	9.7%	990,273	8.0%	19.7	-1.6%
Humen Bridge	99,813	7.4%	3,838,998	6.5%	38.5	-0.9%
Northern Ring Road	271,455	8.2%	1,891,497	7.2%	7.0	-1.0%
Shantou Bay Bridge	21,197	6.9%	682,120	-0.7%	32.2	-7.1%
Qinglian Expressway	33,290	0.8%	1,745,677	-18.3%	52.4	-18.9%

In recent years, the vehicles ownership in China has been growing year by year, among which the increase of small passenger vehicles becomes the dominant factor. As a result, the proportion of small passenger vehicles to the total toll traffic volume in most of our Group's projects has also shown an increasing trend year by year, and hence the weighted average toll revenue per vehicle has been decreasing by different amounts.

- (1) As a reconstruction and expansion project was being implemented to change the existing four lanes to eight lanes for Xian Expressway during the Reporting Year, traffic control was implemented and there were significant changes in the toll traffic volume. Besides, the toll income was based on the actual revenue in 2014 and was calculated in accordance with an increment of 3.5% pursuant to the reconstruction and expansion proposal. Therefore, average daily toll traffic volume and weighted average toll revenue per vehicle were not applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

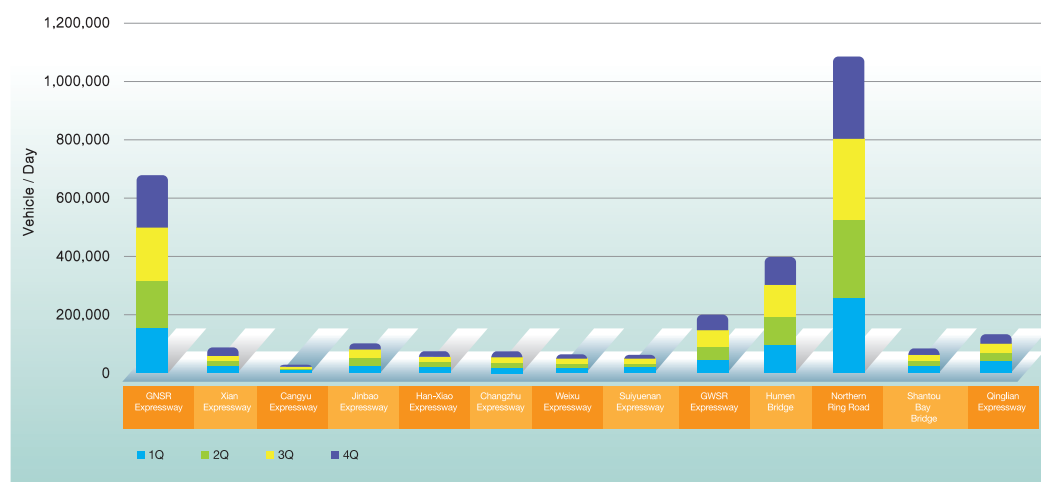
Toll Roads and Bridges

Quarterly analysis of average daily toll traffic volume for 2015

	Average daily toll traffic volume (vehicle/day)			
	First quarter	Second quarter	Third quarter	Fourth quarter
Subsidiaries				
GNSR Expressway	153,753	161,429	185,242	178,605
Xian Expressway	23,587	18,567	17,645	28,903
Cangyu Expressway	7,896	6,443	7,943	6,904
Jinbao Expressway	22,840	26,998	30,872	22,349
Han-Xiao Expressway	20,064	17,225	19,479	18,829
Changzhu Expressway	17,267	17,671	19,787	20,321
Weixu Expressway	17,359	15,261	17,486	14,412
Suiyuan Expressway ⁽¹⁾	19,461	13,793	15,981	13,539
Associates and Joint Venture				
GWSR Expressway	43,860	46,920	56,350	53,792
Humen Bridge	94,856	98,445	109,436	96,391
Northern Ring Road	256,853	267,150	279,175	282,277
Shantou Bay Bridge	21,311	18,967	22,931	21,559
Qinglian Expressway ⁽¹⁾	38,117	29,232	33,963	31,909

(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 2015

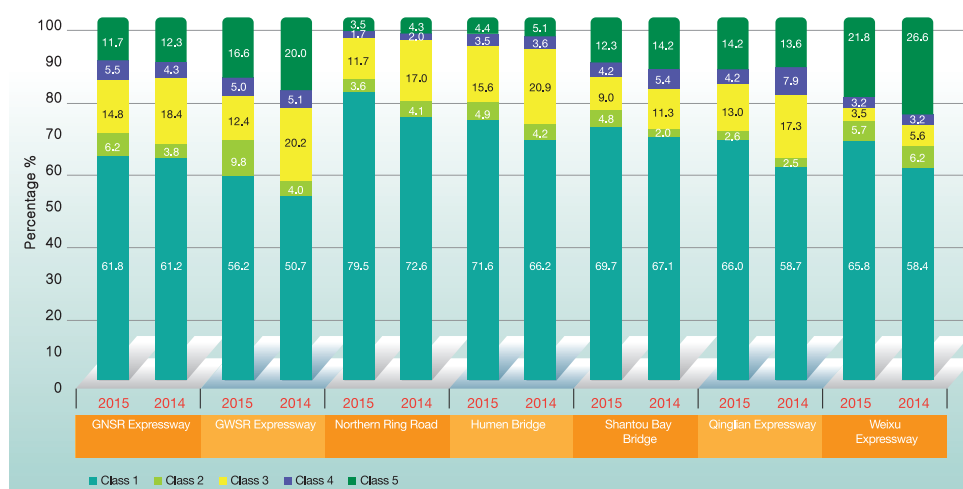


MANAGEMENT DISCUSSION AND ANALYSIS

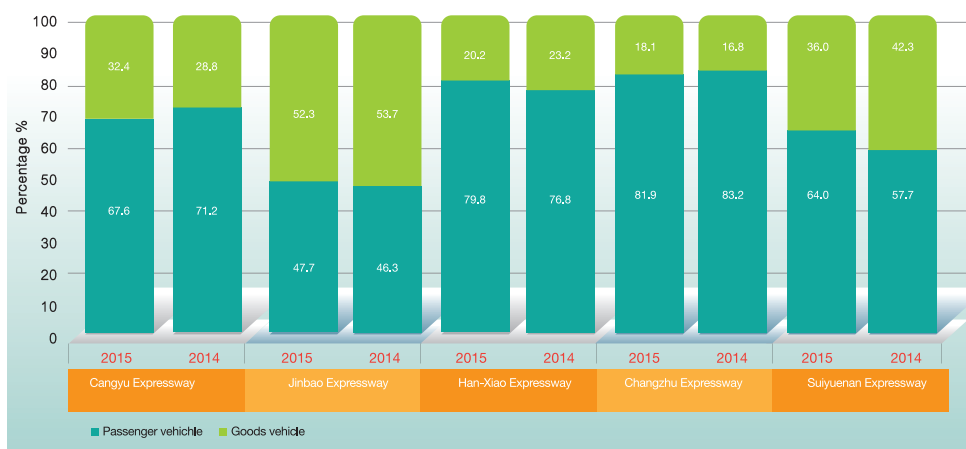
Vehicle type analysis (based on statistics of traffic volume)

During the Reporting Year, the Group's operating projects are distributed in seven provinces/municipalities including Guangdong, Guangxi, Hunan, Hubei, Shaanxi, Henan and Tianjin. According to the vehicle type classification, which was based on the location where the Group invested and operated its projects, the vehicle types of projects operated in the provinces of Guangdong and Henan were classified as Class 1 to Class 5, for projects operated in other areas, the vehicle types were classified into passenger (vehicle) and goods (vehicle). As a reconstruction and expansion project was being implemented to change the existing four lanes to eight lanes for Xian Expressway during the Reporting Year, traffic control was implemented and there were significant changes in the toll traffic volume and the vehicle type mix, while the toll income in 2015 grew by 3.3% based on the actual revenue in 2014. As the vehicle type mix did not match the toll income, an analysis of vehicle types was no longer made.

Vehicle type analysis on projects operated in Guangdong Province and Henan Province in 2015 (based on statistics of traffic volume)



Vehicle type analysis on projects operated in other regions in 2015 (based on statistics of traffic volume)



MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING PERFORMANCE

Macroeconomic Environment

During the Reporting Year, the global economic recovery followed a weak trend without obvious improvement. On one hand, the developed economies could not embrace a stable recovery as being haunted by economic woes. On the other hand, economic landscapes in emerging markets became distinctively diverse, some of which even entered into recession or got their growth stalled. There was a clear trend that international capital moved out from emerging markets and flowed back to developed countries such as Europe and United States.

Faced with deep adjustment of the world economy and increasing downward economic pressure, the overall domestic economy for the full year recorded stable growth. According to the releases from the National Bureau of Statistics, the GDP of China in 2015 was RMB67.67 trillion, increased by 6.9% year-on-year, and was leading among the major global economies with a steady, progressive and stable upward trend.

Projects invested and operated by the Group are distributed in Guangdong, Shaanxi, Tianjin, Guangxi, Hunan, Hubei and Henan, the gross domestic product of these regions increased by 8.0%, 8.0%, 9.3%, 8.1%, 8.6%, 8.9% and 8.3% respectively on year-on-year basis in 2015, all of which were higher than the national average growth level for the same period.

(Unit: RMB100 million)

	National	Guangdong Province	Shaanxi Province	Tianjin Municipality	Guangxi Autonomous Region	Hunan Province	Hubei Province	Henan Province
2015 GDP	676,708	72,813	18,172	16,538	16,803	29,047	29,550	37,010
2015 GDP Growth	6.9%	8.0%	8.0%	9.3%	8.1%	8.6%	8.9%	8.3%
2014 GDP Growth	7.4%	7.8%	9.7%	10.0%	8.5%	9.5%	9.7%	8.9%

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

Regulatory Environment of the Sector

During the Reporting Year, policies in the toll road industry remained stable and favourable. The Ministry of Transport issued the Regulations on the Administration of Toll Roads (Consultation Draft) (《收費公路管理條例》修訂徵求意見稿) on 21 July 2015, pursuant to which expressways may adjust or extend the toll collection period according to such conditions as investment scale, upgrading and expansion projects, for encouraging and attracting private capital to participate in investment and alleviate debt repayment pressure in the sector.

During the Reporting Year, the Implementation Opinions concerning the Promotion and Utilization of the Public-Private Partnership (PPP) Capital Model in the Toll Road Regions (《關於在收費公路領域推廣運用政府和社會資本合作(PPP)模式的實施意見》) were jointly issued by the Ministry of Finance and the Ministry of Transport, pursuant to which the utilization of the PPP model was promoted in the toll road sector to encourage participation of private capital in toll road investment, construction, operation and maintenance.

During the Reporting Year, a unified domestic electronic toll collection (ETC) system was completed, over 21 million users were able to travel across China with one card. The unified domestic ETC system has primarily enhanced the toll collection efficiency on expressways, ensured fast passage by vehicles and safety of funds, this has also facilitated the healthy, safe and efficient development of the logistics industry, and in turn enabling transformation and upgrading of industries.

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During the Reporting Year, the “Green Passage Toll Free Policy” was enforced on the expressways and bridges of the Group in compliance with the relevant national requirements. The enforcement of this policy resulted in a decrease of approximately RMB194.49 million in the Group’s toll revenue (2014: approximately RMB110.28 million⁽¹⁾).

During the Reporting Year, the “Toll-Free Policy For Passenger Cars With Seven Seats Or Less During Major Holidays” was enforced on expressways and bridges of the Group in compliance with the relevant national requirements. There were a total of 20 days of major holidays in 2015, a preliminary estimation shows that toll revenue of the Group decreased by approximately RMB66.44 million⁽²⁾ (2014: approximately 66.74 million⁽²⁾) due to the enforcement of this policy.

Policies on Environmental Protection

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

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

In addition, the Group actively advocated a paperless office and encouraged the employee 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 enhance breakthroughs in innovations, further optimize the building of a business standardization operation model, and was particularly effective in professional management and control in the areas of mechanical and electrical engineering, road assets and road concessions, as well as toll collection management. Operational performance of projects set new benchmarks. Informatization of corporate information achieved breakthrough in quality standards and management systems for various businesses, such as operation, maintenance, finance, human resources and office administration were established with remarkable benefits in supporting the businesses. The effectiveness of refined management continued to improve and the overall cost control system was further strengthened. Meanwhile, the development of diversification strategy progressed steadily, the establishment of a diversification research system was completed and achieved stage progress. Research in the two core directions, namely intelligent transportation and extension of the expressway industrial chain, was reinforced to seek breakthrough developments, and established a solid foundation for the development of the strategy with toll roads as core element and other diversified sectors as collaborated elements.

Progress of Investments

During the Reporting Year, the Group successfully completed the approval procedures for the Suiyuanan Expressway project to achieve completion of the equity transfer and the project was consolidated into the Group for unified management. Upon entering into the contract for transferring the equity interest of the Chishuiyu Terminal in Wuzhou, Guangxi, successfully, the Group’s asset portfolio was further enhanced. In addition, the Group acquired the remaining 10% equity interest in Changzhu Expressway pursuant to the agreed terms under the Equity Transfer Agreement dated 2010 to attain entire ownership. In future, the Group will continue to invest in high quality expressways as its core business and focus on investment opportunities of expressway projects in the central and western provinces supported by government policies as well as those in coastal and economically developed provinces.

Notes:

- (1) 2014 did not include data on Suiyuanan Expressway.
- (2) The estimated result was calculated by simulation based on the data available to the subsidiaries and historical data, for illustration purpose only.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Risk of Changes in the Planning of Road Networks

Risk analysis: As the road network of expressways improve further, parallel roads or alternative routes may increase continuously, which may have uncertain impact on the growth of toll revenue in individual projects.

Tackling measures: To track the changes in road networks continuously and conduct integrated analysis to gain a comprehensive understanding on the trend of changes in future road network planning; fully utilize the informatized data platform and timely capture the characteristics and specific factors affecting the traffic flow changes for early adoption of target marketing and guiding measures.

Risk of Investment Decisions

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

Tackling measures: Subject to corporate strategies, determine the investment decision indicators and the information required for analysis, and maintain close communication with the relevant assessment agencies and collaborative authorities; combine preliminary investment research with project progress conditions and influencing factors, such as socio-economic policies, to predict possible external factors which may arise in later stages; select the right timing of entry for the project and formulate the corresponding investment strategies, and make timely adjustments to achieve the best result.

Risk of Financing Costs

Risk analysis: As the Group's borrowings gradually increase, there are higher requirements for budgeting, management and control of funds. Currently a regular reporting system has been basically established for funding conditions and financing plans, but the capabilities on assessing actual requirement of funds and the funding term have to be strengthened. At the same time, monitor closely the relationship between exchange rate changes and changes in interest rate spreads, further enhance supervision and control capabilities, take action in advance to avoid risk of exchange rate changes and structural risk of financing arrangements.

Tackling measures: To keep on strengthening the tracking analysis on national currency policies and capital market conditions and trends and closely monitor exchange rate and interest rate changes; enhance joint collaborations with domestic and foreign investment banks to obtain information on exchange rate and interest rate hedging to further improve supervision and control capabilities.

Risk of Sectoral and Economic Policies

Risk analysis: Changes in sectoral and economic policies in China will have impact on toll road enterprises. Currently, policies for the toll road sector remained stable and favourable; macroeconomic growth in China declined further and entered into the transformation and upgrading stage, which may affect the transportation demand, particularly the freight demand.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Risk of Strategic Guidance

Risk analysis: With progress in the “In and Out” strategies of assets, a systematic analysis system is required to be established for asset disposal to ensure the process of implementing the strategic targets is consistent with the corporate vision and operational practice.

Tackling measures: Carry out timely updating on policy environment and operating environment, establish a systematic analyzing system and enhance the professional ability of asset disposal.

PERFORMANCE OF EXPRESSWAYS AND BRIDGES

Subsidiaries

GNSR Expressway

During the Reporting Year, the average daily toll traffic volume was 169,868 vehicles and the average daily toll revenue was RMB2,602,000 representing an increase of 14.2% and 12.4%, respectively, when compared with 2014.

Benefiting from the growth of vehicle ownership and the positive influence of the implementation of the toll-by-weight policy on goods vehicles in Guangdong Province with effect from 26 June 2015, the average daily toll traffic volume and average daily toll revenue maintained growth year-on-year.

Xian Expressway

During the Reporting Year, the average daily toll traffic volume was 22,178 vehicles and the average daily revenue was RMB735,000, representing an increase of 3.3%, when compared with 2014.

According to the Expressway Development Plan in Shaanxi Province, the Xian Expressway will implement the project expansion work of converting “4 to 8” lanes. According to the agreed terms signed with the project expansion party, toll revenue in 2015 will be calculated by using the actual revenue in 2014 as the base figure and increasing by 3.5% (less than 3.5% which was mainly due to the recognition in January 2014 of a sum of unallocated revenue in 2013 of approximately RMB490,000).

Cangyu Expressway

During the Reporting Year, the average daily toll traffic volume was 7,296 vehicles and the average daily toll revenue was RMB184,000, representing an increase of 2.4% and 3.6%, respectively, when compared with 2014.

Due to the diversion impact from the completion and full commencement of Guiwu Expressway on 20 April 2015, both the average daily toll traffic volume and average daily toll revenue stopped declining and resumed rising.

MANAGEMENT DISCUSSION AND ANALYSIS

Jinbao Expressway

During the Reporting Year, the average daily toll traffic volume was 25,777 vehicles and the average daily toll revenue was RMB258,000, representing an increase of 1.6% and a decrease of 3.8%, respectively, when compared with 2014.

Due to the continuous impact of the implementation of the policy on restricted movement of motor vehicles in Tianjin with effect from 1 March 2014 (including measures to restrict non-local vehicles and goods vehicles in different hours, regional restriction policy according to the last digit of license during working days), resulting in a decrease in the growth rate of average daily toll traffic volume and a decline in the average daily toll revenue year-on-year.

Han-Xiao Expressway

During the Reporting Year, the average daily toll traffic volume was 18,898 vehicles and the average daily toll revenue was RMB385,000, representing an increase of 8.2% and 4.1%, respectively, when compared with 2014.

Benefited from stable growth and rising vehicle ownership of the regional economies, as well as the cessation of traffic control measures due to early completion of the connection works of neighbouring Dai-Huang Expressway Liudian interchange on 30 September 2015, average daily toll traffic volume maintained growth year-on-year, while toll revenue stopped declining and resumed rising.

Changzhu Expressway

During the Reporting Year, the average daily toll traffic volume was 18,773 vehicles and the average daily toll revenue was RMB593,000, representing an increase of 16.6% and 28.8%, respectively, when compared with 2014.

Benefiting from stable economic growth in surrounding regions and further improvement of road network as well as the implementation of traffic control measures due to reconstruction works at Lituo section of the G4 National Expressway from 10 April 2015 (during which the Lituo section of the G4 National Expressway implemented full closure from 24 November to 31 December, 2015), double-digit growth was maintained for the average daily toll traffic volume and the average daily toll revenue year-on-year, respectively.

Weixu Expressway

During the Reporting Year, the average daily toll traffic volume was 16,125 vehicles and the average daily toll revenue was RMB750,000, representing a decrease of 1.1% and 3.8%, respectively, when compared with 2014.

Affected by backflow of traffic volumes partially diverted to Weixu Expressway due to restoring traffic of Hebei section of the G4 National Expressway after completion of reconstruction in December 2014, the average daily toll traffic volume and average daily toll revenue of Weixu Expressway decreased year-on-year.

Suiyuanan Expressway

During the Reporting Year, the average daily toll traffic volume was 15,678 and the average daily toll revenue was RMB1,264,000, representing an increase of 19% and 8.4%, respectively, when compared with 2014.

Benefiting from stable growth in regional economies and further improvement of road network, the average daily toll traffic volume and average daily toll revenue maintained growth year-on-year, generally in line with expectation of the acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

Associates and Joint Venture

GWSR Expressway

During the Reporting Year, the average daily toll traffic volume was 50,275 vehicles and the average daily toll revenue was RMB990,000, representing an increase of 9.7% and 8%, respectively, when compared with 2014.

Benefiting from the growth of vehicle ownership and the positive influence of the implementation of the toll-by-weight policy on goods vehicles in Guangdong Province with effect from 26 June 2015, the average daily toll traffic volume and average daily toll revenue maintained growth year-on-year.

Humen Bridge

During the Reporting Year, the average daily toll traffic volume was 99,813 vehicles and the average daily toll revenue was RMB3,839,000, representing an increase of 7.4% and 6.5%, respectively, when compared with 2014.

Benefiting from the growth of vehicle ownership and the positive influence of the implementation of the toll-by-weight policy on goods vehicles in Guangdong Province with effect from 26 June 2015, the average daily toll traffic volume and average daily toll revenue maintained growth year-on-year.

Northern Ring Road

During the Reporting Year, the average daily toll traffic volume was 271,455 vehicles and the average daily toll revenue was RMB1,891,000, representing an increase of 8.2% and 7.2%, respectively, when compared with 2014.

Benefiting from the growth of vehicle ownership and the effective utilization of traffic flow enhancement measures during the peak traffic flow period, traffic mobility and efficiency of roads have been increasing continuously, the average daily toll traffic volume and the average daily toll revenue maintained growth year-on-year.

Shantou Bay Bridge

During the Reporting Year, the average daily toll traffic volume was 21,197 vehicles and the average daily toll revenue was RMB682,000, representing an increase of 6.9% and a decrease of 0.7%, respectively, when compared with 2014.

Benefiting from the growth of vehicle ownership, the average daily toll traffic volume maintained stable growth. However, affected by the implementation of traffic control measures to prohibit some heavy goods vehicles from using the bridge during the maintenance and repair period from 7 April to 30 December 2015, toll revenue decreased year-on-year.

Qinglian Expressway

During the Reporting Year, the average daily toll traffic volume was 33,290 vehicles and the average daily toll revenue was RMB1,746,000, representing an increase of 0.8% and a decrease of 18.3%, respectively, when compared with 2014.

Affected by the diversion of traffic flow upon completion and commencement of operation of the Guangle Expressway and Erguang Expressway, long-haul traffic volume decreased and the average daily toll traffic volume grew at a slower rate, resulting in a decrease in toll revenue year-on-year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Key operating results figures			
	Reporting Year	2014	Change
	RMB' 000	RMB' 000	%
Income from operations	2,226,023	1,858,706	19.8
Gross profit	1,450,776	1,167,891	24.2
Operating profit	1,120,445	996,701	12.4
Earnings before interests, tax, depreciation and amortization ("EBITDA") ¹	2,037,563	1,670,146	22.0
Finance costs	(536,222)	(284,192)	88.7
Share of results of associates	231,077	250,256	-7.7
Share of result of a joint venture	26,849	21,216	26.6
Profit attributable to shareholders of the Company	532,086	609,370	-12.7
Basic and diluted earnings per share	RMB0.3180	RMB0.3642	-12.7
Dividend	384,159	371,835	

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

I. Overview of operating results

The Group's income from operations grew 19.8 percent to RMB2,226.0 million while profit attributable to shareholders of the Company declined by 12.7 percent to RMB532.1 million in 2015 ("Reporting Year") mainly due to impairment loss provisions of Jinbao Expressway and Qinglian Expressway and exchange loss from RMB depreciation during the year. The Directors have recommended the payment of final dividend for 2015 of HK\$0.16 which is equivalent to approximately RMB0.133917 (2014: HK\$0.17 which was equivalent to approximately RMB0.134885) per share, together with the interim dividend of HK\$0.12 which was equivalent to approximately RMB0.095683 (2014: HK\$0.11 which was equivalent to approximately RMB0.087350) per share, total dividends for the year ended 31 December 2015 will amount to HK\$0.28 which is equivalent to approximately RMB0.2296 (2014: HK\$0.28 which was equivalent to approximately RMB0.222235) per share, represented a dividend payout ratio of 72.2 percent (2014: 61.0 percent).

MANAGEMENT DISCUSSION AND ANALYSIS

The income from operations' growth in the Reporting Year mainly due to GNSR Expressway, Changzhu Expressway, Xian Expressway and the consolidation of the newly acquired Suiyuan Expressway in the toll operation side. Toll revenue of GNSR Expressway grew 12.4 percent or RMB105.1 million due to increase in car ownership and implementation of toll by weight. Toll revenue of Changzhu Expressway grew 28.8 percent or RMB48.4 million due to vicinity road networks improvement. Xian Expressway's toll income grew 3.3 percent or RMB8.6 million. Toll revenue of Suiyuan Expressway consolidated to the Group from date of completion (i.e. 21 July 2015) to 31 December 2015 amounted to RMB205.4 million. Toll revenue of Weixu Expressway decreased 3.8 percent or RMB10.8 million mainly due to traffic returning back to Hebei section of the G4 Expressway after completion of its reconstruction in December 2014. Han-Xiao Expressway's toll revenue has resumed to a growth of 4.1 percent or RMB5.6 million with the declining impact from the vicinity roads' construction works in progress since the second half of the Reporting Year. Due to the continuous impact of the implementation of traffic restriction policy, toll revenue of Jinbao Expressway decreased by 3.8 percent or RMB3.7 million. The negative impact caused by the traffic diversion from Yunluo Expressway and Guanghe Expressway has been minimized with the beneficial impact from the opening of Guiwu Expressway and the implementation of traffic control measures as a result of the transformation and construction of the Cangwu section of 321 National Highway since April 2015; as a result, Cangyu Expressway's toll revenue resumed to a growth of 3.6 percent or RMB2.3 million. Toll revenue of non-controlled toll projects in aggregate was close to 2014 level. Toll revenue of Humen Bridge, Northern Ring Road and GWSR Expressway grew 6.5 percent, 7.2 percent and 8.0 percent respectively. Qinglian Expressway's toll revenue dropped by 18.3 percent mainly due to the traffic diversion effects from the opening of Guangle Expressway in September 2014 and Erguang Expressway in December 2014. With the commencement of major overhaul of Shantou Bay Bridge since April 2015, its toll revenue declined 0.7 percent in the Reporting Year.

In the profit attributable to shareholders of the Company (after elimination of inter-company loan interests), controlled projects contributed RMB591.5 million in the Reporting Year with a 9.7 percent increase as compared to 2014. Among the controlled projects, contribution from toll operation in aggregate increased 12.2 percent to RMB612.6 million (which if to ignore the consolidation of the newly acquired Suiyuan Expressway, it should be a 6.9 percent increase) while the port operation was at a loss of RMB21.1 million. Owing to the continuous toll revenue growth and inter-company debt restructuring carried out, Changzhu Expressway recorded a significant increase in net profit of 967.5 percent to RMB67.3 million in the Reporting Year. GNSR Expressway with its strong toll revenue growth which led to its net profit increased by 20.7 percent to RMB303.2 million. Xian Expressway's net profit in the Reporting Year was close to the 2014 level being RMB133.3 million, which if to ignore the 2013 profit tax refund of RMB15.97 million (preferential tax rate granted in relation to the Great

MANAGEMENT DISCUSSION AND ANALYSIS

Western Expansion Campaign Tax Relief Policy) recorded in 2014, it should be a 15.1 percent increase in its net profit in the Reporting Year. Weixu Expressway has contributed net profit of RMB88.5 million in the Reporting Year which was also close to the 2014 level. Owing to the inter-company debt restructuring carried out, Han-Xiao Expressway's net profit increased by 81.4 percent to RMB80.0 million in the Reporting Year. Upon completion of acquisition of Suiyuan Expressway on 21 July 2015, its net profit consolidated to the Group amounted to RMB29.1 million. Cangyu Expressway's net profit increased by 50.0 percent to RMB22.5 million. Jinbao Expressway recorded net profit drop of 17.1 percent to RMB8.7 million from its operation and an impairment loss of RMB119.9 million was provided in the Reporting Year after assessment made by independent Traffic Consultant and Valuer. The Port operation being commenced operation in September 2014 has recorded loss of RMB21.1 million in the Reporting Year. The non-controlled toll projects in aggregate contributed RMB257.9 million of net profit to the Group with 5.0 percent drop as compared with 2014. Humen Bridge grew 6.4 percent to RMB157.3 million. Northern Ring Road grew 13.0 percent to RMB74.0 million. Shantou Bay Bridge dropped 5.1 percent to RMB33.1 million mainly due to decline in toll revenue while its major overhaul in progress. Qinglian Expressway recorded net loss of RMB27.6 million from its operation mainly due to the decline in toll revenue being affected by traffic diversion and because of this continuous diverting impact, an impairment loss of RMB5.7 million was provided separately after assessment by independent Traffic Consultant and Valuer. GWSR Expressway recorded 26.6 percent increase to RMB26.8 million, which if to ignore the prior year's tax under provision of RMB1.5 million (attributable to the Group) recorded in 2015, it should be a 33.6 percent increase in its net profit attributable to the Group in the Reporting Year.

At the corporate level, there was a net exchange loss of RMB126.6 million of which included a one off exchange gain of RMB72.6 million being a release of currency translation differences upon disposal of subsidiaries. Moreover, there were other gains of RMB30.1 million which were also derived from disposal of subsidiaries. Apart from the aforementioned, there were no material corporate level transactions which have significant impacts to the overall profit attributable to the shareholders of the Company during the Reporting Year.

MANAGEMENT DISCUSSION AND ANALYSIS

II. Analysis of operating results

Income from operations

The Group recorded income from operations of RMB2,226.0 million in the Reporting Year, an increase of 19.8 percent as compared with 2014. Income from toll operation increased 19.5 percent to RMB2,215.3 million in the Reporting Year. Income from Port operation amounted to RMB10.8 million (2014: RMB4.3 million (commenced operation in September 2014)).

Analysis of income from operations by each controlled project					
Controlled Projects	Reporting Year RMB' 000	Percentage of total %	2014 RMB' 000	Percentage of total %	Change %
GNSR Expressway	949,780	42.7	844,684	45.4	12.4
Weixu Expressway	273,698	12.3	284,537	15.3	-3.8
Xian Expressway	268,381	12.1	259,811	14.0	3.3
Changzhu Expressway	216,416	9.7	168,008	9.0	28.8
Suiyuenan Expressway	205,412	9.2	—	—	N/A
Han-Xiao Expressway	140,534	6.3	134,964	7.3	4.1
Jinbao Expressway	94,003	4.2	97,715	5.3	-3.8
Cangyu Expressway	67,030	3.0	64,704	3.5	3.6
Total from toll operation	2,215,254	99.5	1,854,423	99.8	19.5
Port Operation	10,769	0.5	4,283 ¹	0.2	N/A
Total	2,226,023	100.0	1,858,706	100.0	19.8

¹ Port commenced operation in September 2014.

GNSR Expressway accounted for 42.7 percent (2014: 45.4 percent) of the income from operations of the Group's controlled projects in the Reporting Year. With increase in car ownership volume and implementation of toll by weight system for trucks in Guangdong Province on 26 June 2015, toll revenue of GNSR Expressway in the Reporting Year increased by 12.4 percent to RMB949.8 million.

Weixu Expressway, ranked second in terms of income from operations accounted for approximately 12.3 percent (2014: 15.3 percent) among controlled projects. Toll revenue of Weixu Expressway dropped 3.8 percent to RMB273.7 million in the Reporting Year mainly due to traffic returning back to Hebei section of the G4 Expressway after completion of its reconstruction in December 2014.

Xian Expressway, ranked third in terms of income from operations accounted for approximately 12.1 percent (2014: 14.0 percent) among controlled projects and grew 3.3 percent to RMB268.4 million in the Reporting Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Changzhu Expressway, ranked fourth in terms of income from operations accounted for approximately 9.7 percent (2014: 9.0 percent) among controlled projects. Toll revenue in the Reporting Year amounted to RMB216.4 million being 28.8 percent higher than 2014 being benefited from further economic improvement of road networks in the surrounding regions.

Suiyuanan Expressway was consolidated to the Group since 21 July 2015. It ranked fifth in terms of income from operations being amounted to RMB205.4 million and accounted for approximately 9.2 percent among controlled projects.

Han-Xiao Expressway, ranked sixth in terms of income from operations accounted for approximately 6.3 percent (2014: 7.3 percent) among controlled projects. With the declining impact from the vicinity roads' construction works in progress since the second half of the Reporting Year, its toll revenue has resumed to a growth of 4.1 percent to RMB140.5 million.

Jinbao Expressway, ranked seventh in terms of income from operations accounted for approximately 4.2 percent (2014: 5.3 percent) among controlled projects. With the relevant traffic restriction policy implemented in March 2014, Jinbao Expressway's toll revenue declined 3.8 percent in the Reporting Year to RMB94.0 million.

Cangyu Expressway, ranked eighth in terms of income from operations accounted for approximately 3.0 percent (2014: 3.5 percent) among controlled projects. The negative impact caused by the traffic diversion from Yunluo Expressway and Guanghe Expressway since 2014 has been minimized with the beneficial impact from the opening of Guiwu Expressway and the implementation of traffic control measures as a result of the transformation and construction of the Cangwu section of 321 National Highway since April 2015, as a result, Cangyu Expressway's toll revenue resumed to a growth of 3.6 percent to RMB67.0 million.

Yuexin Chishui Port has contributed RMB10.8 million (2014: RMB4.3 million) to the Group's income from operations in the Reporting Year.

Cost of services

In the Reporting Year, total cost of services of the Group amounted to RMB775.2 million (2014: RMB690.8 million), an increase of RMB84.4 million or 12.2 percent as compared with 2014. Cost ratio was 34.8 percent in the Reporting Year being 2.4 percentage point lower than 2014, of which cost ratio of toll operation in the Reporting Year was 33.8 percent being 3.0 percentage point lower than 2014. An analysis of cost of services showed that the increase was mainly due to the consolidation of Suiyuanan Expressway from completion date, i.e. 21 July 2015, having brought in total cost of services of RMB65.0 million. In the total cost of services, cost related to controlled toll projects amounted RMB748.4 million and cost of Port operation amounted RMB26.8 million (mainly depreciation of fixed assets of RMB17.1 million).

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Analysis of cost of services by each controlled project					
Controlled Projects	Reporting Year RMB' 000	Percentage of total %	2014 RMB' 000	Percentage of total %	Change %
GNSR Expressway	270,979	34.9	262,631	38.0	3.2
Weixu Expressway	95,288	12.3	92,771	13.4	2.7
Xian Expressway	90,695	11.7	109,477	15.8	-17.2
Changzhu Expressway	72,828	9.4	69,022	10.0	5.5
Jinbao Expressway	65,214	8.4	65,169	9.4	0.1
Suiyuanan Expressway	64,978	8.4	—	—	N/A
Han-Xiao Expressway	57,018	7.4	52,747	7.6	8.1
Cangyu Expressway	31,363	4.0	30,175	4.4	3.9
Total from toll operation	748,363	96.5	681,992	98.6	9.7
Port operation	26,884	3.5	8,823 ¹	1.4	N/A
Total	775,247	100.0	690,815	100.0	12.2

¹ Port commenced operation in September 2014.

Analysis of cost of services by nature					
	Reporting Year RMB' 000	Percentage of total %	2014 RMB' 000	Percentage of total %	Change %
Amortization of intangible operating rights	419,119	54.1	346,025	50.1	21.1
Toll highways and bridges maintenance expenses	82,525	10.7	115,986	16.8	-28.8
Staff costs	111,183	14.3	88,461	12.8	25.7
Business tax	75,221	9.7	63,262	9.2	18.9
Toll highways and bridges operating expenses	56,803	7.3	58,619	8.5	-3.1
Depreciation of other fixed assets	30,396	3.9	18,462	2.6	64.6
Total	775,247	100.0	690,815	100.0	12.2

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit

Gross profit in the Reporting Year increased by 24.2 percent to RMB1,450.8 million, of which gross profit related to toll operation was RMB1,466.9 million and gross loss related to Port operation was RMB16.1 million. Gross profit margin in the Reporting Year was 65.2 percent being 2.4 percentage point higher than 2014, of which gross profit margin of toll operation in the Reporting Year was 66.2 percent being 3.0 percentage point higher than 2014.

Analysis of gross profit by each controlled project

Controlled Projects	Reporting Year		2014	
	Gross Profit RMB' 000	Gross Margin	Gross Profit RMB' 000	Gross Margin
GNSR Expressway	678,801	71.5%	582,053	68.9%
Weixu Expressway	178,410	65.2%	191,766	67.4%
Xian Expressway	177,686	66.2%	150,334	57.9%
Changzhu Expressway	143,588	66.3%	98,986	58.9%
Suiyuanan Expressway	140,434	68.4%	—	N/A
Han-Xiao Expressway	83,516	59.4%	82,217	60.9%
Cangyu Expressway	35,667	53.2%	34,529	53.4%
Jinbao Expressway	28,789	30.6%	32,546	33.3%
Total from toll operation	1,466,891	66.2%	1,172,431	63.2%
Port operation	(16,115)	N/A	(4,540)	N/A
Total	1,450,776	65.2%	1,167,891	62.8%

General and administrative expenses

The Group's general and administrative expenses in the Reporting Year amounted to RMB202.1 million being closed to the 2014 level of RMB204.0 million.

Other income, gains and losses – net

The Group's other income, gains and losses – net was a loss of RMB128.2 million in the Reporting Year (2014: net gain of RMB32.8 million) which mainly included: (1) impairment loss provision (before tax impact) of RMB266.4 million; (2) an one off exchange gain of approximately RMB72.6 million being a release from currency translation differences upon disposal of subsidiaries; and (3) gains of RMB30.1 million derived from disposal of subsidiaries. Apart from the aforementioned, there were no material other income, gains and losses – net in the Reporting Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance income/Finance costs

The Group's finance income in the Reporting Year amounted to RMB27.8 million which was 8.2 percent lower than 2014.

The Group's finance costs in the Reporting Year increased by 88.7 percent to RMB536.2 million (no amount capitalized) as compared with 2014 of RMB284.2 million (net of amount capitalized in construction in progress of RMB15.1 million) mainly due to increase in interest expenses from new debts (bank borrowings and notes payable) consolidated to the Group in the Reporting Year and exchange loss of RMB184.9 million arose from accounting translation of foreign currency debts. However, the Group's overall weighted average interest rate in the Reporting Year was 4.46 percent which was lower than the 2014 rate of 5.40 percent.

Share of results of associates and a joint venture

The Group's share of results of associates and a joint venture has decreased by 5.0 percent in the Reporting Year to RMB257.9 million.

Share of post-tax profit of Humen Bridge in the Reporting Year increased by 6.4 percent to RMB157.3 million. Having benefited from continued growth in car ownership, toll revenue at the project company level has increased by 6.5 percent to RMB1,401.2 million in the Reporting Year.

Share of post-tax profit of Northern Ring Road in the Reporting Year increased by 13.0 percent to RMB74.0 million. Toll revenue at the project company level grew 7.2 percent to RMB690.4 million with the implementation of stricter restriction on trucks in Guangzhou First Ring Road on 25 February 2014 which has further improved its traffic conditions.

Share of post-tax profit of Shantou Bay Bridge in the Reporting Year decreased by 5.1 percent to RMB33.1 million. Toll revenue at the project company level dropped 0.7 percent to RMB249.0 million in the Reporting Year with the commencement of its major overhaul since April 2015.

Share of post-tax result of Qinglian Expressway turned loss in the Reporting Year to RMB33.3 million of which included an impairment loss provision of RMB5.7 million. Toll revenue at the project company level dropped 18.3 percent to RMB637.2 million mainly due to the traffic diversion effects from the opening of Guangle Expressway in September 2014 and Erguang Expressway in December 2014.

Share of post-tax profit of GWSR Expressway in the Reporting Year increased by 26.6 percent to RMB26.8 million, which if to ignore the prior year's tax under provision of RMB1.5 million (attributable to the Group) recorded in 2015, it should be a 33.6 percent increase in its net profit attributable to the Group. Toll revenue at the project company level grew 8.0 percent to RMB361.5 million.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Profit Sharing ratio %	Revenue ⁽¹⁾		Share of results	
		Reporting Year RMB' 000	YoY change %	Reporting Year RMB' 000	YoY change %
Associates					
Humen Bridge	18.446	1,401,234	6.5	157,267	6.4
Northern Ring Road	24.3	690,396	7.2	73,976	13.0
Shantou Bay Bridge	30.0	248,974	-0.7	33,090	-5.1
Qinglian Expressway	23.63	637,172	-18.3	(33,256)	turned loss
Sub-total		2,977,776	-0.4	231,077	-7.7
Joint venture					
GWSR Expressway	35.0	361,450	8.0	26,849	26.6
Total		3,339,226	0.4	257,926	-5.0

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

Income tax expense

Total income tax expense of the Group in the Reporting Year decreased by 8.3 percent to RMB216.9 million mainly due to reversal of deferred tax liabilities upon impairment loss provided in Jinbao Expressway.

Profit attributable to shareholders of the Company

The Company reported profit attributable to its shareholders of RMB532.1 million in the Reporting Year, a decrease of 12.7 percent as compared with 2014. Since 2013, the Group has carried out certain debt restructuring between onshore and offshore debts so as to take advantage of the interest rate differentials not only of Hong Kong and PRC markets but also of international markets. As part of the debt restructuring process, there were inter-company loan interests incurred between the controlled projects level and the corporate entities level which would be eliminated ultimately at the consolidated level.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Reporting Year RMB' 000	Percentage of total %	2014 RMB' 000	Percentage of total %	Change %
Net profit from controlled projects	591,489	69.6	539,332	66.5	9.7
Net profit from non-controlled projects ⁽¹⁾	257,926	30.4	271,472	33.5	-5.0
Net profit from projects	<u>849,415</u>	<u>100.0</u>	810,804	<u>100.0</u>	4.8
Withholding tax on PRC dividends/income	(33,378)		(36,503)		-8.6
Corporate expenses	(117,328)		(123,819)		-5.2
Corporate income/gains, net	101,607		1,288		7,788.7
Corporate finance income	17,024		24,609		-30.8
Corporate finance costs	<u>(285,254)</u>		<u>(67,009)</u>		325.7
Profit attributable to shareholders of the Company	<u>532,086</u>		<u>609,370</u>		-12.7

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

An analysis of the profit attributable to shareholders of the Company showed net profit derived from controlled projects amounted to RMB591.5 million in the Reporting Year, accounted for 69.6 percent (2014: 66.5 percent) while net profit from non-controlled projects amounted to RMB257.9 million in the Reporting Year, accounted for 30.4 percent (2014: 33.5 percent).

Net profit from controlled projects of RMB591.5 million represented growth of 9.7 percent or RMB52.2 million higher than 2014; of which net profit from toll operation increased 12.2 percent to RMB612.6 million (which if to ignore the consolidation of the newly acquired Suiyuanan Expressway, it should be a 6.9 percent increase). Yuexin Chishui Port has commenced its operation in September 2014 and was still operating at a loss of RMB21.1 million during the Reporting Year.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Controlled Projects	Reporting Year	Percentage of total	2014	Percentage of total	Change
	RMB' 000	%	RMB' 000	%	
GNSR Expressway	303,233	35.8	251,243	31.0	20.7
Xian Expressway	133,285	15.7	131,737	16.3	1.2
Weixu Expressway	88,459	10.4	86,976	10.7	1.7
Han-Xiao Expressway	79,954	9.4	44,079	5.4	81.4
Changzhu Expressway	67,263	7.9	6,301	0.8	967.5
Suiyuenan Expressway	29,137	3.4	—	—	N/A
Cangyu Expressway	22,459	2.6	14,977	1.8	50.0
Jinbao Expressway					
– operation	8,723	1.0	10,524	1.3	-17.1
– impairment loss	(119,895)	-14.1	—	—	N/A
Total from toll operation	612,618	72.1	545,837	67.3	12.2
Port operation	(21,129)	-2.5	(6,505) ¹	-0.8	N/A
Total	591,489	69.6	539,332	66.5	9.7

¹ Port commenced operation in September 2014.

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

Controlled Projects	Reporting Year	Percentage of total	2014	Percentage of total	Change
	RMB' 000	%	RMB' 000	%	
GNSR Expressway	303,233	38.6	251,243	34.0	20.7
Xian Expressway	133,285	17.0	131,737	17.8	1.2
Weixu Expressway	88,459	11.3	86,976	11.8	1.7
Han-Xiao Expressway	59,096	7.5	27,578	3.7	114.3
Changzhu Expressway	34,361	4.4	(47,989)	-6.5	turned profit
Suiyuenan Expressway	22,972	2.9	—	—	N/A
Cangyu Expressway	21,126	2.7	14,977	2.0	41.1
Jinbao Expressway					
– operation	8,723	1.1	10,524	1.4	-17.1
– impairment loss	(119,895)	-15.3	—	—	N/A
Total from toll operation	551,360	70.2	475,046	64.2	16.1
Port operation	(23,504)	-3.0	(7,706) ¹	-1.0	N/A
Total	527,856	67.2	467,340	63.2	12.9

¹ Port commenced operation in September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Net profit from non-controlled projects (which were all toll projects with analysis shown in the aforementioned table “analysis of share of results of associates and a joint venture and respective revenue”) has declined 5.0 percent in the Reporting Year to RMB257.9 million as compared with 2014. Among the non-controlled toll projects, profits attributable to the shareholders of the Company from Humen Bridge, Northern Ring Road, Shantou Bay Bridge, Qinglian Expressway and GWSR Expressway accounted for 18.5 percent (2014: 18.2 percent), 8.7 percent (2014: 8.1 percent), 3.9 percent (2014: 4.3 percent), -3.9 percent (2014: 0.3 percent) and 3.2 percent (2014: 2.6 percent) of the net profit from projects respectively.

At the corporate level, there was a net exchange loss of RMB126.6 million of which included a one off exchange gain of RMB72.6 million being a release of currency translation differences upon disposal of subsidiaries. Moreover, there were other gains of RMB30.1 million which were also derived from disposal of subsidiaries. Apart from the aforementioned, there were no material corporate level transactions which have significant impacts to the overall profit attributable to the shareholders of the Company during the Reporting Year.

Final dividend

The Directors have recommended the payment of final dividend for 2015 of HK\$0.16 which is equivalent to approximately RMB0.133917 (2014: HK\$0.17 which was equivalent to approximately RMB0.134885) per share payable to shareholders whose names appear on the register of members of the Company on 27 May 2016. Subject to the approval of shareholders at the Annual General Meeting to be held on 19 May 2016, the final dividend will be paid on or about 28 June 2016. Together with the interim dividend of HK\$0.12 which was equivalent to approximately RMB0.095683 (2014: HK\$0.11 which was equivalent to approximately RMB0.087350) per share, total dividends for the year ended 31 December 2015 will amount to HK\$0.28 which is equivalent to approximately RMB0.2296 (2014: HK\$0.28 which was equivalent to approximately RMB0.222235) per share, representing a dividend payout ratio of 72.2 percent (2014: 61.0 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.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Analysis of financial position

Key financial position figures			
	Reporting Year RMB' 000	2014 RMB' 000	Change %
Total assets	23,419,273	17,509,960	33.7
Total liabilities	12,590,180	7,065,391	78.2
Cash and cash equivalents	866,665	1,123,517	-22.9
Total borrowings	9,296,088	4,998,577	86.0
Of which: bank borrowings	7,784,888	4,876,843	59.6
Notes payable	1,403,973	—	N/A
Current ratio	0.9 times	1.6 times	
Interest coverage	5.8 times	5.6 times	
Equity attributable to the shareholders of the Company	8,571,746	8,527,595	0.5

Assets, Liabilities and Equity

As at 31 December 2015, the Group's total assets amounted to RMB23.4 billion which was 33.7 percent higher than the balance as at 31 December 2014 (mainly due to the consolidation of the newly acquired Suiyuanan Expressway). The Group's total assets comprised mainly of intangible operating rights of RMB19.0 billion (31 December 2014: RMB13.0 billion); investments in a joint venture and associates of RMB1.85 billion (31 December 2014: RMB1.86 billion); and cash and cash equivalents of RMB866.7 million (31 December 2014: RMB1.1 billion).

As at 31 December 2015, the Group's total liabilities amounted to RMB12.6 billion which was 78.2 percent higher than the balance as at 31 December 2014 (mainly due to the consolidation of the newly acquired Suiyuanan Expressway). The Group's total liabilities comprised mainly of bank borrowings of RMB7.8 billion (31 December 2014: RMB4.9 billion); notes payable of RMB1.4 billion (drawn on 7 May 2015); loans from non-controlling interests of RMB107.2 million (31 December 2014: RMB107.5 million); amount due to non-controlling interests of subsidiaries of RMB175.7 million (31 December 2014: RMB80.6 million); and deferred income tax liabilities of RMB1.9 billion (31 December 2014: RMB1.53 billion).

As at 31 December 2015, the Group's total equity amounted to RMB10.83 billion (31 December 2014: RMB10.44 billion), of which amount attributable to the shareholders of the Company amounted to RMB8.57 billion, an increase of RMB44.0 million over the balance as at 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Upon completion of acquisition of Suiyuenan Expressway on 21 July 2015, the Group has consolidated RMB6.4 billion of intangible operating rights, RMB263.8 million of goodwill and RMB3.7 billion of bank borrowings.

Analysis of major assets, liabilities and equity items			
Items	Reporting Year RMB'000	2014 RMB'000	Change %
Total assets	23,419,273	17,509,960	33.7
Approximately 90.0 % of which:			
Intangible operating rights	18,952,996	12,991,487	45.9
Investments in a joint venture and associates	1,845,439	1,855,924	-0.6
Cash and cash equivalents ¹	866,665	1,123,517	-22.9
Total liabilities	12,590,180	7,065,391	78.2
Approximately 90.0 % of which:			
Bank borrowings ¹ – current portion	675,268	358,338	88.4
– long term portion	7,109,620	4,518,505	57.3
Notes payable	1,403,973	—	N/A
Other loans ¹	—	14,200	N/A
Amount due to non-controlling interests of subsidiaries	175,729	80,557	118.1
Loans from non-controlling interests	107,227	107,534	-0.3
Deferred income tax liabilities	1,932,015	1,529,613	26.3
Total equity	10,829,093	10,444,569	3.7
Of which: Attributable to the shareholders of the Company	8,571,746	8,527,595	0.5

¹ Assets and liabilities of Port Segment were reclassified to disposal group classified as held for sale as at 31 December 2015.

Cash flows

It has been the primary objective of the Group to focus on preventing risk and managing liquidity. The Group has maintained an appropriate level of cash on hand so as to prevent liquidity risk. As at the end of the Reporting Year, the Group's cash and cash equivalents amounted to approximately RMB866.7 million which was 22.9 percent lower than the level at 31 December 2014. The Group's cash was deposited in commercial banks, with no deposit in non-bank institutions or any amount applied to securities investment. As at 31 December 2015, there were short term bank deposits in aggregate of RMB10.0 million with original maturity over 3 months placed in PRC banks.

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of cash flow movement

	Reporting Year RMB' 000	2014 RMB' 000
Net cash generated from operating activities	1,439,832	1,211,502
Net cash used in investing activities	(1,327,903)	(19,202)
Net cash used in financing activities	(354,881)	(1,674,669)
Decrease in cash and cash equivalents	(242,952)	(482,369)
Cash and cash equivalents at 1 January	1,123,517	1,604,676
Effect of exchange rate changes	1,150	1,210
Less: Cash and cash equivalents classified as assets held for sale	(15,050)	—
Cash and cash equivalents at 31 December	<u>866,665</u>	<u>1,123,517</u>

Net cash generated from operating activities during the Reporting Year amounted to RMB1,439.8 million (2014: RMB1,211.5 million) which was arrived from cash generated from operations of RMB1,720.4 million (2014: RMB1,463.5 million) less China enterprise income tax and withholding tax paid of RMB280.6 million (2014: RMB252.0 million).

Net cash used in investing activities during the Reporting Year amounted to RMB1,327.9 million (2014: RMB19.2 million). The outflow were mainly capital expenditures amounted to approximately RMB1,825.3 million (2014: RMB400.7 million). The inflow mainly consisted of dividend distributions from associates and a joint venture of RMB313.1 million (2014: RMB325.0 million); proceeds from compensation arrangement of RMB28.7 million (2014: RMB16.9 million); interest received in aggregate of approximately RMB20.5 million (2014: RMB22.5 million); cash proceed of RMB17.4 million (2014: net investment in short term bank deposits of RMB5.4 million) originally placed to bank for fixed deposits with original maturity over 3 months; and government grant received in connection with construction of expressway of approximately RMB67.7 million (2014: RMB22.6 million); the RMB50.0 million deposit paid in 2014 for acquisition of subsidiary was refunded in 2015.

Net cash used in financing activities during the Reporting Year amounted to RMB354.9 million (2014: RMB1,674.7 million). The outflow mainly included repayment of bank borrowings amounted to RMB1,808.9 million (2014: RMB1,742.9 million); payment of finance costs of RMB343.2 million (2014: RMB280.5 million); repayments of loans from non-controlling interest of subsidiaries in the Reporting Year of RMB3.1 million (2014: RMB3.6 million); repayment of other loan of RMB100.0 million (2014: RMB16.9 million); dividends paid to non-controlling interests of RMB306.5 million (2014: RMB152.9 million); dividends paid to the shareholders of the Company of RMB385.8 million (2014: RMB357.6 million); and acquisition of additional interest in a subsidiary (without change in control) of RMB112.2 million (2014: RMB88.0 million). The inflow mainly included new bank borrowings amounted to approximately RMB1,330.4 million (2014: RMB957.3 million); proceeds from notes payable amounted to RMB1.4 billion (drawn on 7 May 2015).

MANAGEMENT DISCUSSION AND ANALYSIS

Current ratio

The current ratio (current assets over current liabilities) as at 31 December 2015 was 0.9 times (31 December 2014: 1.6 times). The current assets balance as at 31 December 2015 was RMB1.76 billion (31 December 2014: RMB1.4 billion) and current liabilities balance was RMB1.95 billion (31 December 2014: RMB895.5 million). Cash and cash equivalents were the major components of the Group's current assets with balance as at 31 December 2015 of RMB866.7 million (31 December 2014: RMB1.1 billion). There were assets of disposal group classified as held for sale of RMB599.2 million (31 December 2014: nil) and short term bank deposits in aggregate of RMB10.0 million as at 31 December 2015 (31 December 2014: RMB27.4 million) with original maturity over 3 months placed in PRC banks. Included in the Group's current liabilities as at 31 December 2015 were short term borrowings (i.e. maturities within one year) of approximately RMB675.3 million (31 December 2014: RMB358.3 million) which were all bank borrowings; amount due to non-controlling interests of subsidiaries of RMB175.7 million (31 December 2014: RMB80.6 million) and there were also liabilities of disposal group classified as held for sale of RMB417.7 million (31 December 2014: nil). In view of the various capital expenditures committed and investments acquired which had utilized a significant portion of the Group's cash and cash equivalents and increased the Group's bank borrowings level, management will take a prudent approach to effectively match the existing cash and cash equivalents and future operating cash flow and cash return from investments with capital and debt commitments to minimize liquidity risk.

Interest coverage

The interest coverage is measured as the ratio of earnings before interests, tax, depreciation and amortisation ("EBITDA") to interest expenses (with cash flow effect). Interest coverage for the year ended 31 December 2015 was 5.8 times (31 December 2014: 5.6 times).

Capital expenditures and investments

During the Reporting Year, total capital expenditures amounted to RMB1,937.5 million (2014: RMB488.7 million). Capital expenditures related to investment in subsidiaries included: (a) payments of considerations to acquisition of subsidiaries of approximately RMB1,593.3 million (2014: RMB164.9 million) of which as at 31 December 2015, the outstanding cash consideration payable for acquisition of Suiyuenan Expressway was RMB179.2 million; and (b) acquisition of additional interest in a subsidiary (without change of control) of RMB112.2 million (2014: RMB88.0 million). Capital expenditures related to intangible operating rights and fixed assets included: (a) payments of construction costs of toll highways and bridges upgrade services of RMB220.8 million (2014: RMB101.5 million) and (b) purchase of property, plant and equipment of RMB11.2 million (2014: RMB74.0 million). Apart from the aforementioned, no material capital expenditures were incurred during the Reporting Year. Going forward, management believes that the Group's steady operating cash flow and appropriate financing arrangements can satisfy its future capital expenditures and investments needs.

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB' 000	2014 RMB' 000
Bank borrowings ¹	7,784,888	4,876,843
Notes payable	1,403,973	—
Other loan ¹	—	14,200
Loans from non-controlling interests	107,227	107,534
Amounts due to non-controlling interests of subsidiaries ¹	—	53,395
Amount due to a joint venture	57,050	52,500
Total debt	9,353,138	5,104,472
Less: cash and cash equivalents ¹	(866,665)	(1,123,517)
Net debt	8,486,473	3,980,955
Total Equity	10,829,093	10,444,569
Of which: Equity attributable to the shareholders of the Company	8,571,746	8,527,595
Total capitalization (Net debt + Total equity)	19,315,566	14,425,524
Financial ratios		
Gearing ratio (net debt/total capitalization)	43.9%	27.6%
Debt to Equity ratio (net debt/total equity)	78.4%	38.1%
Total liabilities/Total assets ratio	53.8%	40.4%

¹ Assets and liabilities of Port Segment were reclassified to disposal group classified as held for sale as at 31 December 2015.

Financing structures

In a way to ensure the Group is carrying out its financing activities at a safe leverage level, the Company is keeping a close watch on the Group's overall borrowing structure from time to time, so as to optimize its debt portfolio further. In order to effectively control the increase of overall finance costs, the Group will, on one hand, continue to maintain close banking relationship with financial institutions both in Hong Kong and China to capitalize on the different levels of liquidity offered by and to take advantage of the cost differentials not only of these two markets but also of international markets; and on the other hand, strike a balance between the interest rate savings and exchange risk exposure. As at the end of the Reporting Year, the Group's borrowings comprised of bank borrowings, notes payable, and loans from non-controlling interests.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2015, the Group's total external debts in aggregate was approximately RMB9.2 billion composed of bank borrowings amounted to approximately RMB7.8 billion (31 December 2014: RMB4.9 billion) and notes payable (drawn on 7 May 2015) amounted to approximately RMB1.4 billion. Offshore and onshore debts ratio was 41.8 percent and 58.2 percent (31 December 2014: 43.9 percent and 56.1 percent). Secured external debts' ratio was 57.5 percent (31 December 2014: 54.0 percent). The effective interest rate of total external debts at 31 December 2015 was 4.08 percent (31 December 2014: 5.05 percent); of which bank borrowings are at floating rates with the effective interest rate of 4.44 percent at 31 December 2015 (31 December 2014: 5.05 percent) while notes payable are at fixed rate with coupon rate of 1.625 percent and effective interest rate at 2.11 percent.

Analysis of total external debts (bank borrowings and notes payable)		
	Reporting Year Percentage of total	2014 Percentage of total
Source		
Onshore	58.2%	56.1%
Offshore	41.8%	43.9%
	100.0%	100.0%
Repayment term		
Within 1 year	7.3%	7.3%
1 to 2 year	18.7%	20.1%
More than 2 years and less than 5 years	40.0%	44.0%
Above 5 years	34.0%	28.6%
	100.0%	100.0%
Currency		
RMB	58.2%	56.0%
HKD	26.5%	37.7%
USD	—	6.3%
EURO	15.3%	—
	100.0%	100.0%
Terms of credit		
Secured	57.5%	54.0%
Unsecured	42.5%	46.0%
	100.0%	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Loans from non-controlling interests of certain subsidiaries are unsecured, interest-free and long term. The carrying amounts of these loans approximate their fair values which are calculated based on cash flows discounted at a rate of 4.35 percent (2014: 5.6 percent) per annum.

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

Foreign-currency denominated assets and liabilities

The Group's businesses are principally conducted in the PRC. Except that certain fund-raising exercises were conducted in Hong Kong, all of its revenue, operating expenses and capital expenditures are denominated in RMB. As at the end of the Reporting Year, the Group has cash and cash equivalent of HK\$51.9 million (equivalent to approximately RMB43.5 million), EURO\$10.0 million (equivalent to approximately RMB71.0 million) and US\$0.01 million (equivalent to approximately RMB0.066 million); and has external debts of HK\$2.9 billion (equivalent to approximately RMB2.4 billion) and EURO\$197.9 million (net of debt discount and direct issuance costs) (equivalent to approximately RMB1.4 billion). Given the foreign currency debts position as at 31 December 2015, for every 1.0 percent exchange rate change against RMB (with all other variables held constant), the impact to the Group's profit and loss will be approximately RMB38.5 million. In view of the recent RMB currency fluctuation, the Group will closely review and assess its currency risk and will adopt appropriate currency hedge measures when appropriate such as to swap existing HK\$ external debts with CNH external debts and/or with CNY notes. As at the Reporting Date, the Company has refinanced HK\$1.1 billion bank borrowings with the CNH bank borrowings obtained on 4 February 2016. On 28 January 2016 and 6 February 2016, the Company has obtained "AAA" rating from China Chengxin Securities Rating Company Limited and China Chengxin International Credit Rating Company Limited. On 6 February 2016, the Company's wholly owned PRC subsidiary has obtained "AA" rating from China Chengxin International Credit Rating Company Limited.

IV. Capital commitments and contingent liabilities

As at 31 December 2015, the Group had capital commitments related to intangible operating rights and property, plant and equipment of approximately RMB99.7 million being contracted but not provided for.

Except for the aforementioned, the Group had no material capital commitments as at 31 December 2015. There were no significant contingent liabilities as at 31 December 2015.

V. Employees

As at 31 December 2015, the Group had approximately 1,742 employees of whom about 1,403 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.

MANAGEMENT DISCUSSION AND ANALYSIS

VI. Continuing disclosure requirements under rule 13.21 of the Listing Rules

Certain loan agreements of the Company include a condition that imposes one or more of the following specific performance obligations on Yue Xiu Enterprises (Holdings) Limited (“Yue Xiu”), the controlling shareholder of the Company:

- (i) Yue Xiu remains as the single largest shareholder of the Company;
- (ii) Yue Xiu maintains shareholding interest of not less than 35% in the issued voting share capital of the Company;
- (iii) Yue Xiu maintains an effective management control over the Company.

As at 31 December 2015, the aggregate balance of the loan agreements subject to the above conditions were HK\$2,917,000,000. Such loan agreements will expire from 18 May 2016 to 27 March 2018.

Breach of the above specific performance obligations will constitute an event of default. Upon the occurrence of such event of default, the relevant bank may declare the relevant facility to be terminated and all the indebtedness under the relevant facility would become due and payable.

On 7 May 2015, Famous Kind International Limited (a wholly-owned subsidiary of the Company) issued Euro 200,000,000 1.625 per cent. guaranteed notes due 2018 to investors under a US\$1,000,000,000 guaranteed medium term note programme established on 24 April 2015. Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the note holders are entitled to exercise their change of control put options.

These obligations have been duly complied with for the year ended 31 December 2015.

Investor Relations Report

INVESTOR RELATIONS AND COMMUNICATION

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

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

During the Reporting Year, investment banks such as HSBC, Daiwa Capital and Essence International released research coverage reports on the Group successively, and institutions such as Barclays Capital, Macquarie Equities and Deutsche Bank also organized market briefings on the Group successively and arranged for meetings with international institutional investors, which was a sufficient reflection of the Group's ability to allure interest of investors from various sectors.

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

We gave timely response to enquiries of investors through the investor hotline, company website and emails, and released monthly operational statistics to investors on regular basis.

We organized receptions for visiting investors, on-site research visits for industry analysts, or convened telephone conferences. We received a total of more than 100 persons through our receptions for domestic and foreign investors and visiting industry analysts in the ordinary course of our business.

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

- March — Press conference for 2014 annual results announcement was launched in Hong Kong and participation in the post results NDR organized by HSBC
- April — Investor roadshow activities were launched in Hong Kong and European regions

INVESTOR RELATIONS REPORT

- May — Participation in investor conference organized by Haitong International in Ningbo
- June — Participation in investor conference organized by JP Morgan Chase in Beijing
- August — Press conference for 2015 interim results announcement was launched in Hong Kong and participation in the post results NDR organized by JP Morgan Chase
- September — Participation in the post results NDR organized by HSBC in Singapore
- October — Participation in the investor conference organized by Deutsche Bank in Hong Kong
- November — Participation in the investor conference organized by Essence International in Shenzhen and participation in the investor conference organized by Citibank in Macau

INVESTOR RETURN MECHANISM

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

Since listing, the Company has distributed cash dividends for 17 consecutive years. With effect from 2009, the Group increased the dividend payout ratio significantly and it was maintained at the level of about 60% up to now. From 2009 to 2015, the Company has distributed in aggregate cash dividends of approximately RMB2.25 billion, with an average dividend payout ratio of as high as 62.5%, the cumulative dividend per share was RMB1.34, enabling the shareholders to receive good return from the Group's development.

In 2015, the Group distributed cash dividend of 28 HK cents per share, equivalent to RMB0.2296 per share, the dividend payout ratio is 72.2%.

	2008	2009	2010	2011	2012	2013	2014	2015
Earnings per share (RMB)	0.33	0.2285	0.3195	0.3336	0.2552	0.3314	0.3642	0.3180
Dividend per share (RMB)	0.145	0.141	0.187	0.197	0.163	0.206	0.222	0.2296
Dividend payout ratio (%)	44.1%	61.5%	58.4%	58.9%	63.7%	62.1%	61.0%	72.2%

Creating long-term, reasonable and stable return for shareholders is the first and foremost responsibility of our Group over the years. From the perspective of receiving both long-term benefits and current benefits by investors, the Group will continue to maintain a stable dividend payout ratio in future years.

Directors' Profiles

EXECUTIVE DIRECTORS

Mr Zhu Chunxiu, aged 53, was appointed an executive director and Chairman of the Company on 19 March 2014. He is also vice chairman and general manager of Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"), the ultimate holding company of the Company, and Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu"). He is also a non-executive director of Yuexiu Financial Holdings Limited, and vice chairman and an executive director of Yuexiu Property Company Limited ("Yuexiu Property")(Stock Code: 123) and a non-executive director of Chong Hing Bank Limited (Stock Code: 1111), both being companies listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Prior to joining Yue Xiu in 2013, Mr Zhu was vice chairman and general manager of Guangzhou Finance Holdings Group Co., Ltd. He was also a director of Guangzhou Rural Commercial Bank. Mr Zhu was awarded the Degree in Executive Master of Business Administration by Sun Yat-Sen University. Mr Zhu holds the economist qualification in China and has extensive experience in the operation and management of large financial institutions and banks. He is a deputy of the 14th session of the Guangzhou City People's Congress.

Mr Liang Youpan, aged 60, was appointed an executive director and a Deputy Chairman of the Company on 13 June 2011. He is also a deputy general manager of Guangzhou Yue Xiu and Yue Xiu. Mr Liang graduated in 1986 from Guangzhou Economics Management Cadre's Institute in China with a diploma in corporate governance. Prior to joining Yue Xiu in 1998, Mr Liang was the workshop director of Guangzhou Wen Chong Shipyard Company Limited, which is a subsidiary of China State Shipbuilding Company. Between 1991 and 1998, Mr Liang was a unit head in the administrative supervisory division of the People's Government of Guangzhou Municipality. Mr Liang has a wide range of experience in PRC corporate governance practices, particularly in the area of internal controls. He was an executive director of Yuexiu Property from January 2010 to June 2011 and a non-executive director of Yuexiu REIT Asset Management Limited (the manager of Yuexiu Real Estate Investment Trust (Stock Code: 405)) from November 2005 to February 2012.

Mr He Baiqing, aged 51, was appointed as an executive director of the Company on 19 March 2014 and a Deputy Chairman on 31 July 2014. He has been General Manager of the Company since January 2013. Before being appointed as General Manager of the Company, Mr He was appointed deputy general manager in 2009 and senior deputy general manager in 2011. Mr He graduated from Changsha Transport Institute in China with a Bachelor's Degree majoring in Highway and City Roads. Mr He had held position of the head of Guangzhou Highway Prospecting and Design Institute. He is a senior engineer of Highway and Bridge, and a chartered civil engineer in China. Mr He was in charge of the thirty-year plan of Guangzhou highway network between 1997 and 1998. He has participated in surveying and designing of Guangzhou Northern Second Ring Expressway, Guangzhou Western Second Ring Expressway and has extensive experience in the industry. He previously served as a director of the Company from April 2005 to April 2007.

DIRECTORS' PROFILES

Mr Qian Shangning, aged 53, was appointed an executive director of the Company on 12 April 2007. Mr Qian graduated from Chongqing Transport Institute in Highway and Urban Transportation, and later from Sun Yat-Sen University in Guangzhou in Legal Studies. Mr Qian also holds an Executive Master of Business Administration degree awarded by South China University of Technology. Between 1998 to 2001, Mr Qian had been a senior management member of GNSR Expressway Co. Mr Qian has more than 30 years of experience in highway construction and is a senior engineer in China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Fung Ka Pun, aged 70, has been an independent non-executive director of the Company since 20 November 1996. Mr Fung is the founder and chairman of the Goodwill International (Holdings) Limited. Mr Fung has over 30 years of experience in finance, stockbroking, securities trading and corporate finance. He is a member of the Institute of Chartered Secretaries and Administrators and a member of the Association of International Accountants. Mr Fung is also an independent non-executive director of Lee Hing Development Limited, the shares of which are listed on the Stock Exchange (Stock Code: 68).

Mr Lau Hon Chuen, GBS, JP, alias Ambrose Lau, aged 68, has been an independent non-executive director of the Company since 20 November 1996. He obtained a Bachelor of Laws degree from the University of London and is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. Mr Lau is the Senior Partner of Messrs. Chu & Lau, Solicitors & Notaries and is currently a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr Lau is currently an independent non-executive director of China Jinmao Holdings Group Limited (formerly known as "Franshion Properties (China) Limited") (Stock Code: 817), Glorious Sun Enterprises Limited (Stock Code: 393), Yuexiu Property, Joy City Property Limited (formerly known as "COFCO Land Holdings Limited") (Stock Code: 207), Brightoil Petroleum (Holdings) Limited (Stock Code: 933), and The People's Insurance Company (Group) of China Limited (Stock Code: 1339). The shares of the companies mentioned above are listed on the Stock Exchange. He is also a director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, OCBC Wing Hang Bank Limited (formerly known as "Wing Hang Bank, Limited", which shares were delisted from the Stock Exchange on 16 October 2014), Chu & Lau Nominees Limited, Sun Hon Investment And Finance Limited, Wydoff Limited, Wytex Limited, Trillions Profit Investment Limited, Helicoil Limited and Wyman Investments Limited. Mr Lau served as the Chairman of the Central and Western District Board between 1988 and 1994, the President of the Law Society of Hong Kong in 1992-1993, a Member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a Member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council).

Mr Cheung Doi Shu, aged 54, has been an independent non-executive director of the Company since 24 July 1997. He is a qualified solicitor in the Australian Capital Territory, Hong Kong, Singapore, England and Wales and received his bachelor's and master's degrees in law from the University of London. He is the senior partner of D.S. Cheung & Co., Solicitors.

Corporate Governance Report

The Company recognises the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the conduct and growth of its business.

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Listing Rules on the Stock Exchange.

The Company has complied throughout the year ended 31 December 2015 with the Code Provisions save for those in respect of the appointment of non-executive directors for a specific term under Code Provision A.4.1 and the attendance at general meetings by the independent non-executive directors of the Company under Code Provision A.6.7, details of which will be explained below.

The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

The board of directors ("Board") of the Company plays a crucial role in sustaining high standards of corporate governance and transparency and accountability of Company operations.

The key corporate governance principles and practices of the Company are summarised below.

THE BOARD

Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs in the interests of the Company. The Board focuses its attention on matters affecting the Company's overall strategic policies and finances, including: the approval and monitoring of all policy matters, overall strategies and budgets, corporate governance, internal control and risk management systems, financial statements, dividend policy, major financial arrangements and major investments, treasury policies, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary or external legal advisors, where appropriate, with a view to ensuring compliance of all Board procedures and applicable rules and regulations.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

Composition

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Company and to the exercise of independent judgment. As at 31 December 2015, the Board comprised four executive directors and three independent non-executive directors.

CORPORATE GOVERNANCE REPORT

For a list of directors during the year ended 31 December 2015 and up to the date of this annual report, please refer to page 71 of the Report of the Directors. The updated list of directors is also available on the Company's website (www.yuexiutransportinfrastructure.com) and the Stock Exchange's website.

Selection of Board members is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision is based on merit and contribution that the selected Board members could bring to the Board, with due regard for the benefits of diversity on the Board. The Board diversity policy is available on the website of the Company. The Board will review and monitor from time to time the implementation of the policy to ensure its effectiveness and application.

None of the members of the Board is related to one another.

During the year ended 31 December 2015, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The number of independent non-executive directors on the Board meets one-third requirement under the Listing Rules throughout the year.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considered all independent non-executive directors to be independent in accordance with the independence guidelines set out in Listing Rules.

Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive directors made valuable contributions to the effective direction of the Company.

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, in accordance with the Company's Bye-Laws, all directors of the Company, including non-executive directors, are subject to retirement by rotation at least once every three years. All the non-executive directors of the Company had retired by rotation during the past three years, offered themselves for re-election, and had been re-elected.

Code Provision A.6.7 stipulates that independent non-executive directors should attend general meetings of the Company. Mr Fung Ka Pun, the independent non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 28 May 2015 because he had other urgent business engagement.

Shareholders may propose a candidate for election as Director in accordance with the Bye-Laws of the Company. The procedures for such proposal are available on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

Training for Directors

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he is sufficiently aware of his responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, all Directors and senior executives are encouraged to participate in continuous professional development relating to the Listing Rules, companies ordinance/act and corporate governance practices to continuously update and further improve their relevant knowledge and skills. From time to time, Directors are provided with written training materials to develop and refresh their professional skills.

During the year, the Company had arranged tailor-made training programmes conducted by reputable international legal and audit firms and other professional bodies for the Directors with an emphasis on the latest development regarding the Listing Rules, other applicable legislative/regulatory compliance, 《Environmental, Social and Governance Reporting Guide》, money laundering as well as financial risk management. According to the records maintained by the Company, the Directors received trainings in the following areas:

Directors	Corporate Governance/ Updates on Laws, Rules & Regulations	
	Read Materials	Attended Seminars/ Briefings
<i>Executive Directors</i>		
Zhu Chunxiu	√	√
Liang Youpan	√	√
He Baiqing	√	√
Qian Shangning	√	√
<i>Independent Non-Executive Directors</i>		
Fung Ka Pun	√	√
Lau Hon Chuen Ambrose	√	√
Cheung Doi Shu	√	√

CORPORATE GOVERNANCE REPORT

Board Meetings**Number of Meetings and Directors' Attendance**

In year 2015, the Board held 14 meetings (including circulation of written resolutions). The attendance record of each member of the Board is set out below :

Directors	Attendance/ Number of Board meetings	Written Resolutions	Annual General Meeting
<i>Executive Directors</i>			
Zhu Chunxiu	4/4	10/10	√
Liang Youpan	4/4	10/10	√
He Baiqing	4/4	10/10	√
Qian Shangning	4/4	10/10	√
<i>Independent Non-Executive directors</i>			
Fung Ka Pun	3/4	8/8	×
Lau Hon Chuen Ambrose	4/4	8/8	√
Cheung Doi Shu	3/4	8/8	√

Practices and Conduct of Meetings

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least three days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management as and when they deemed appropriate.

Minutes of all Board meetings and committee meetings are kept by the Company Secretary. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-Laws also contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

The Company has arranged directors and officer liability insurances for its directors and officers.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the Chairman of the Board and General Manager to ensure a balance of power and authority.

The position of the Chairman is held by Mr Zhu Chunxiu while the position of General Manager is held by Mr He Baiqing.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

The General Manager focuses on implementing objectives, policies and strategies approved and delegated by the Board.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The full terms of reference of these committees are available on the Company's website (www.yuexiutransportinfrastructure.com) and the Stock Exchange's website.

Audit Committee

The Audit Committee comprises three independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise) and Mr Lau Hon Chuen Ambrose is the chairman of the committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee include the following:

- (a) To review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditor.
- (b) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditor before submission to the Board.
- (c) To review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems and associated procedures.

CORPORATE GOVERNANCE REPORT

The Audit Committee held two meetings during the year ended 31 December 2015 to review the financial results and reports, financial reporting and compliance procedures, internal control and risk management systems and the re-appointment of the external auditor. The composition of the Audit Committee and attendance record of each Audit Committee member are set out below:

Members	Meetings Attended
<i>Independent Non-Executive Directors</i>	
Fung Ka Pun	2/2
Lau Hon Chuen Ambrose	2/2
Cheung Doi Shu	2/2

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Remuneration Committee

The Remuneration Committee comprises three independent non-executive directors, namely Mr Fung Ka Pun, Mr Lau Hon Chuen Ambrose and Mr Cheung Doi Shu, and Mr Lau Hon Chuen Ambrose is the chairman of the committee.

The primary objectives of the Remuneration Committee include making recommendations on the remuneration policy and structure and remuneration packages of the executive directors and the senior management, including benefits in kind, pension rights and compensation payments such as compensation payable for loss or termination of their office or appointment. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The composition of the Remuneration Committee and attendance record of each Remuneration Committee member are set out below:

Members	Meetings Attended
<i>Independent Non-Executive Directors</i>	
Fung Ka Pun	1/1
Lau Hon Chuen Ambrose	1/1
Cheung Doi Shu	1/1

CORPORATE GOVERNANCE REPORT

The Remuneration Committee met once during the year ended 31 December 2015 with 100% attendance to review and make recommendations on the remuneration policy and structure of the Company and remuneration packages of the executive directors for the year under review.

Nomination Committee

The Nomination Committee comprises two executive directors, namely Mr Zhu Chunxiu and Mr Liang Youpan, and three independent non-executive directors, namely Mr Fung Ka Pun, Mr Lau Hon Chuen Ambrose and Mr Cheung Doi Shu. The committee is chaired by Mr Zhu Chunxiu, the Chairman of the Board.

The role and function of Nomination Committee includes reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive directors and making recommendations on the selection of individuals nominated for directorship and the appointment or re-appointment of Directors and succession planning for Directors.

The composition of the Nomination Committee and the attendance record of each Nomination Committee member are set out below:

Members	Meetings Attended
<i>Executive Directors</i>	
Zhu Chunxiu	1/1
Liang Youpan	1/1
<i>Independent Non-Executive Directors</i>	
Fung Ka Pun	1/1
Lau Hon Chuen Ambrose	1/1
Cheung Doi Shu	1/1

The Nomination Committee met once during the year ended 31 December 2015 with 100% attendance to review the structure, size and composition of the Board.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2015.

Specific employees who are likely to be in possession of unpublished price sensitive information of the Group have been requested to comply with the provisions of the Model Code. No incident of non-compliance was noted by the Company.

COMPANY SECRETARY

Mr Yu Tat Fung has been the company secretary of the Company since 2004. He is also the company secretary of Yue Xiu, Yuexiu Property and Yue Xiu REIT Asset Management Limited, the manager of Yuexiu Real Estate Investment Trust (Stock Code: 405). Mr Yu obtained a bachelor’s degree in Social Sciences from the University of Hong Kong in 1981. He attained the Solicitors Final Examination in England in 1983. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1986. He was also admitted to the Bar of the Province of British Columbia in Canada in 1995. Prior to joining the Company in 1997, he was engaged in private practice with an emphasis on corporate and commercial law. Mr Yu is responsible for advising the Board on governance matters. During 2015, Mr Yu has taken no less than 15 hours of relevant professional training.

ACCOUNTABILITY AND AUDIT

Responsibilities in Respect of the Financial Statements and Auditor’s Remuneration

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2015.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the “Independent Auditor’s Report”.

During the year ended 31 December 2015, the remuneration paid or payable to PricewaterhouseCoopers, the external auditor of the Company in respect of audit related services amounted to approximately RMB2,662,000 and non-audit services fees amounted to RMB300,000 have been incurred.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS

The Board is responsible for the establishment of the internal control system of the Company and for review, through its audit committee, of the effectiveness of the system.

The internal control system of the Company is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage risks and to safeguard the assets of the Company against loss or fraud. However, any internal control system can provide only reasonable but not absolute assurance of full protection against material errors, losses, fraud or failure to meet its business objectives.

The Company's internal control system is operated through segregation of duties (e.g. between toll collecting staff and supervision staff), staff management, budget management, toll collection audit, financial accounting system controls, repairs and maintenance project management and so forth. Apart from periodic review by senior management including financial controllers designated by the Company to each major operation, internal audit department of the Company or audit groups of each major toll road operation were responsible for inspecting and assessing the performance of such operation. In financial accounting system control, the Company has adopted relevant procedures including strict compliance with approval procedures, proper safekeeping of fixed assets, verification and maintenance of accounting records, so as to ensure financial information, whether applied in operation or for public disclosure purposes, are reliable.

The Board has reviewed the internal control system of the Company and considered it to be effective and did not note any material deviation during the Reporting Year.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make informed investment decisions.

The general meetings of the Company provide a forum for communication between the shareholders and the Board. The Chairman of the Board as well as chairman of the board committees are available to answer questions at the shareholders' meetings. Separate resolutions are proposed at shareholders' meetings on each substantial issue.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

To promote effective communication, the Company also maintains a website at www.yuexiutransportinfrastructure.com, where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are posted.

Resolutions put to vote at the general meetings of the Company (other than on procedural and administrative matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the shareholders at the commencement of each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the websites of the Stock Exchange and the Company respectively on the same day as the poll.

CORPORATE GOVERNANCE REPORT

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to the Company's Bye-Laws, shareholder(s) holding at the date of the deposit of requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may, in accordance with the requirements and procedures set out in the Companies Act of Bermuda, require the directors of the Company to convene a special general meeting. The requisition must state the objects of the meeting, and must be signed by the shareholder(s) concerned and deposited at the registered office of the Company for the attention of the Company Secretary. The requisition may consist of several documents in like form, each signed by one or more shareholders concerned. If the directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a general meeting, the shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date. Shareholders representing not less than one-twentieth of the total voting rights or not less than 100 shareholders, may put forward resolutions for consideration at a general meeting of the Company by depositing at the registered office a written request for such resolutions according to the Companies Act of Bermuda.

CONSTITUTIONAL DOCUMENTS

The Company's Bye-Laws are available on the websites of the Company and the Stock Exchange. During 2015, there is no change in the Company's constitutional documents.

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of investment in, operation and management of expressways and bridges in Guangdong Province and other high-growth provinces in the PRC.

RESULTS AND APPROPRIATIONS

The results for the year are set out in the consolidated income statement on page 79.

The Directors have declared and now recommend the following dividends in respect of the year ended 31 December 2015:

	RMB' 000
Interim dividend of HK\$0.12 equivalent to approximately RMB0.10 per share paid on 18 November 2015	160,094
Proposed final dividend of HK\$0.16 equivalent to approximately RMB0.13 per share	224,065
	<u>384,159</u>

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 May 2016 to Thursday, 19 May 2016, 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 19 May 2016, 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 Friday, 13 May 2016.

In addition, the register of members of the Company will be closed from Wednesday, 25 May 2016 to Friday, 27 May 2016, 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 Tuesday, 24 May 2016.

REPORT OF THE DIRECTORS

DONATIONS

During the year, charitable donations made by the Group amounted to approximately RMB76,500.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 is set out in the sections headed "Management Discussion And Analysis" on pages 26 to 35 of this Annual Report.

SHARE CAPITAL

Details of the movements in the issued share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

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.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2015 are set out in note 42 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the distributable reserves of the Company available for distribution amounted to RMB2,796,905,000 (2014: RMB2,763,576,000).

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive directors

Mr Zhu Chunxiu
Mr Liang Youpan
Mr He Baiqing
Mr Qian Shangning

Independent Non-executive directors

Mr Fung Ka Pun
Mr Lau Hon Chuen Ambrose
Mr Cheung Doi Shu

The Directors' Profiles are set out on pages 58 to 59.

REPORT OF THE DIRECTORS

ROTATION AND RE-ELECTION OF DIRECTORS

Mr Zhu Chunxiu, Mr He Baiqing and Mr Cheung Doi Shu retire by rotation in accordance with Bye-Law 99 of the Company's Bye-Laws at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Board recommended the re-appointment of the directors standing for re-election at the forthcoming annual general meeting of the Company.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company has a service contract with the Company which is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, its holding companies or its fellow subsidiaries was a party and in which any Director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

On 6 January 2015, the Company announced that various wholly-owned subsidiaries of the Company have entered into the framework lease agreement with Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. ("YX IFC"), which is a connected person of the Company by virtue of its being an indirect associate of Guangzhou Yue Xiu Holdings Limited, ultimate holding company of the Company, in respect of the lease of certain lettable premises of The Guangzhou International Finance Center, Guangzhou, PRC. The rent payable under the framework lease agreement are subject to the annual caps of RMB13,200,000, RMB15,000,000 and RMB15,100,000 for the years ending 31 December 2015, 2016 and 2017 respectively. During the year, approximately RMB9,016,000 has been paid by the Group to YX IFC pursuant to the specified lease agreements. This transaction had also been disclosed as a related party transaction in note 39(b)(iv) to the consolidated financial statements.

REPORT OF THE DIRECTORS

In the ordinary and usual course of business, the Company and its subsidiaries place and maintain bank deposits with Chong Hing Bank Limited (“Chong Hing Bank”) on normal commercial terms. On 29 October 2014, the Company entered into a master agreement with Chong Hing Bank setting out that the aggregate maximum balance of the bank deposits maintained by the Group with Chong Hing Bank would not exceed HK\$200 million on any given day for the period ended 31 December 2014 and the two years ending 31 December 2015 and 31 December 2016, respectively. Chong Hing Bank is a subsidiary of Yue Xiu Enterprises (Holdings) Limited, which is the controlling shareholder of the Company, and therefore is a connected person of the Company. As at 31 December 2015, the aggregate bank balances deposited by the Group with Chong Hing Bank amounted to approximately RMB79,118,000. This transaction had also been disclosed as a related party transaction in note 39(c)(i) to the consolidated financial statements.

The aforesaid continuing connected transactions have been reviewed by independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or better; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged the auditor of the Company to report on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules and nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions: (i) have not been approved by the Board of Directors of the Company; (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iii) have exceeded the maximum aggregate annual caps in respect of each of the disclosed Continuing Connected Transactions.

Other related party transactions disclosed in note 39(b)(i), (iii) and (v) to the consolidated financial statements also constitute connected transactions entered into or continued by the Group during the Reporting Year and are regarded as an “exempted transaction” and a “de minimis transaction”, respectively, pursuant to the Listing Rules.

BANK LOANS AND OTHER BORROWINGS

Analysis of bank loans and other borrowings of the Group as at 31 December 2015 is set out in note 30 to the consolidated financial statements.

REPORT OF THE DIRECTORS

INTERESTS OF DIRECTORS

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or notified to the Company and the Stock Exchange were as follows:

The Company

Long positions in shares of the Company:

Name	Nature of interest	Beneficial interest in shares	Approximate % of interest
Mr He Baiqing	Personal	52,000	0.003
Mr Qian Shangning	Personal	250,000	0.015
Mr Lau Hon Chuen Ambrose	Personal	195,720	0.012

Yuexiu Property Company Limited

Long positions in shares of Yuexiu Property Company Limited:

Name	Nature of interest	Beneficial interest in shares	Approximate % of interest
Mr Fung Ka Pun	Personal	1,689,100	0.014
Mr Lau Hon Chuen Ambrose	Personal	4,841,200	0.039

Save as disclosed herein, as at 31 December 2015, none of the Directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Save as disclosed herein, at no time during the year was the Company, its holding company, its subsidiaries, or its fellow subsidiaries a party to any arrangement to enable the Directors of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

REPORT OF THE DIRECTORS

DISCLOSEABLE INTERESTS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 31 December 2015, the following persons had an interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity in holding interest	Long/Short position/ Lending pool	Approximate % of shareholding in shares	Number of shares held
廣州越秀集團有限公司(Guangzhou Yue Xiu Holdings Limited) (Note 1)	Interest of controlled corporations	Long position	60.65	1,014,796,050
	Interest of controlled corporations	Short position	16.45	275,269,886
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") (Notes 1 & 2)	Beneficial owner and interest of controlled corporations	Long position	60.65	1,014,796,050
	Interest of controlled corporations	Short position	16.45	275,269,886
Grace Lord Group Limited (Note 2)	Beneficial owner	Long position	34.57	578,428,937
First Dynamic Limited (Note 3)	Interest of controlled corporation	Long position	21.96	367,500,000
Housemaster Holdings Limited (Notes 2 & 3)	Beneficial owner	Long position	21.96	367,500,000
Matthews International Capital Management, LLC	Investment manager	Long position	8.98	150,293,000
JP Morgan Chase & Co.	Beneficial owner	Long position	1.98	33,183,524
	Beneficial owner	Short position	0.36	6,122,000
	Investment manager	Long position	5.17	86,490,000
	Custodian corporation/ approved lending agent	Long position	0.86	14,412,600

Notes:

- (1) The entire issued shares of Yue Xiu is owned by 廣州越秀集團有限公司(Guangzhou Yue Xiu Holdings Limited). By virtue of the SFO, 廣州越秀集團有限公司(Guangzhou Yue Xiu Holdings Limited) was deemed to be interested in the interest of Yue Xiu in the shares of the Company as described in note(2) below. 275,269,886 shares out of its interest in the shares of the Company were listed derivative interests (physically settled).

REPORT OF THE DIRECTORS

- (2) Yue Xiu was interested in an aggregate of 1,014,796,050 shares of the Company (long position) of which 8,653 shares were held by it as beneficial owner. By virtue of the SFO, Yue Xiu is also deemed to be interested in the balance of 1,014,787,397 shares (long position) through its wholly-owned subsidiaries, namely, Housemaster Holdings Limited, Grace Lord Group Limited, Greenwood Pacific Limited, Yue Xiu Finance Company Limited and Dragon Year Industries Limited. 275,269,886 shares out of its interest in the shares of the Company were listed derivative interests (physically settled). Yue Xiu's interest in short position was held through its wholly-owned subsidiary, namely Asia View Limited.
- (3) First Dynamic Limited, a wholly-owned subsidiary of Yue Xiu, owned the entire issued share capital of Housemaster Holdings Limited. By virtue of the SFO, First Dynamic Limited was deemed to be interested in the 367,500,000 shares of the Company held by Housemaster Holdings Limited.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws and there are no restrictions against such rights under the laws of Bermuda.

PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of this report and within the knowledge of the Directors, there was a sufficiency of public float of the Company's securities as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

No disclosure with regard to the Group's major customers and suppliers are made since the aggregate percentages of sales and purchases attributable to the Group's five largest customers and suppliers are less than 30% of the Group's total sales and purchases during the current and previous years.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Zhu Chunxiu
Chairman

Hong Kong, 22 February 2016

Independent Auditor's Report



羅兵咸永道

TO THE SHAREHOLDERS OF YUEXIU TRANSPORT INFRASTRUCTURE LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Yuexiu Transport Infrastructure Limited (the "Company") and its subsidiaries set out on pages 79 to 167, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 22 February 2016

Consolidated Income Statement

For The Year Ended 31 December 2015

	Note	2015 RMB' 000	2014 RMB' 000
Revenue		2,066,848	1,809,787
Other toll operating income		159,175	48,919
Income from operations	6	2,226,023	1,858,706
Cost of services	8,9	(775,247)	(690,815)
Construction income under service concession upgrade services	35	213,504	23,096
Construction cost under service concession upgrade services	35	(213,504)	(23,096)
Other income, gains and losses – net	7	(128,240)	32,789
General and administrative expenses	8,9	(202,091)	(203,979)
Operating profit		1,120,445	996,701
Finance income	10	27,783	30,259
Finance costs	10	(536,222)	(284,192)
Share of result of a joint venture	19	26,849	21,216
Share of results of associates	20	231,077	250,256
Profit before income tax		869,932	1,014,240
Income tax expense	11	(216,910)	(236,510)
Profit for the year		653,022	777,730
Attributable to:			
Shareholders of the Company		532,086	609,370
Non-controlling interests		120,936	168,360
		653,022	777,730
Earnings per share for profit attributable to the shareholders of the Company		RMB	RMB
Basic and diluted earnings per share	12	0.3180	0.3642

The notes on pages 86 to 167 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2015

	2015 RMB' 000	2014 RMB' 000
Profit for the year	653,022	777,730
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	1,397	124
Release of currency translation differences upon disposal of subsidiaries	(72,583)	—
	(71,186)	124
Total comprehensive income for the year	581,836	777,854
Total comprehensive income attributable to:		
Shareholders of the Company	460,900	609,494
Non-controlling interests	120,936	168,360
	581,836	777,854

The notes on pages 86 to 167 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2015

	Note	31 December 2015 RMB'000	31 December 2014 RMB'000
ASSETS			
Non-current assets			
Intangible operating rights	14	18,952,996	12,991,487
Goodwill	15	632,619	368,806
Property, plant and equipment	16	93,923	695,330
Investment properties	17	33,363	17,197
Investment in a joint venture	19	388,004	367,165
Investments in associates	20	1,457,435	1,488,759
Available-for-sale financial assets	21	812	812
Other non-current receivables and prepayment	22	95,945	157,538
		21,655,097	16,087,094
Current assets			
Trade receivables	23	102,589	57,329
Other receivables, deposits and prepayments	23	118,042	51,669
Amounts due from associates	39	—	51,595
Amounts due from non-controlling interests of subsidiaries		67,688	111,360
Short term bank deposits	24	10,000	27,396
Cash and cash equivalents	25	866,665	1,123,517
		1,164,984	1,422,866
Assets of disposal group classified as held for sale	26	599,192	—
		1,764,176	1,422,866
		23,419,273	17,509,960
Total assets			
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital	27	147,322	147,322
Reserves	28	8,424,424	8,380,273
		8,571,746	8,527,595
Non-controlling interests		2,257,347	1,916,974
Total equity		10,829,093	10,444,569

CONSOLIDATED BALANCE SHEET

	Note	31 December 2015 RMB' 000	31 December 2014 RMB' 000
LIABILITIES			
Non-current liabilities			
Notes payable	29	1,403,973	—
Borrowings	30	7,216,847	4,640,239
Deferred income	31	82,960	—
Deferred income tax liabilities	32	1,932,015	1,529,613
		10,635,795	6,169,852
Current liabilities			
Borrowings	30	675,268	358,338
Amounts due to non-controlling interests of subsidiaries		175,729	80,557
Amounts due to holding companies	39	158	149
Amount due to a joint venture	39	57,050	52,500
Trade and other payables and accrued charges	33	572,031	355,268
Deferred income	31	3,660	—
Current income tax liabilities		52,740	48,727
		1,536,636	895,539
Liabilities of disposal group classified as held for sale	26	417,749	—
		1,954,385	895,539
Total liabilities		12,590,180	7,065,391
Total equity and liabilities		23,419,273	17,509,960

The financial statements on pages 79 to 167 were approved by the Board of Directors on 22 February 2016 and were signed on its behalf

Zhu Chunxiu
Director

He Baiqing
Director

The notes on pages 86 to 167 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 RMB' 000	2014 RMB' 000
Cash flows from operating activities			
Cash generated from operations	34	1,720,397	1,463,468
China enterprise income tax and withholding tax paid		(280,565)	(251,966)
Net cash generated from operating activities		1,439,832	1,211,502
Cash flows from investing activities			
Payments of construction costs under service concession upgrade services		(220,758)	(101,543)
Government grant received in connection with the construction of expressway		67,686	22,562
Acquisition of subsidiaries in 2011, 2012 and 2015		(1,593,358)	(114,891)
Refund of deposit/(deposit paid) for acquisition of interest in a subsidiary in 2015		50,000	(50,000)
Capital injection to an associate	20	—	(60,266)
Proceeds from compensation arrangements		28,690	16,860
Proceeds from disposal of property, plant and equipment		—	1
Purchase of property, plant and equipment		(11,182)	(73,950)
Dividends received from associates	20	307,103	324,970
Dividend received from a joint venture		6,010	—
Withdrawal of/(investment in) the short term bank deposits		17,396	(5,396)
Interest received		20,510	22,451
Net cash used in investing activities		(1,327,903)	(19,202)
Cash flows from financing activities			
Proceeds from bank borrowings		1,330,439	957,306
Repayment of bank borrowings		(1,808,890)	(1,742,894)
Payment of bank facility fees		(1,444)	(7,378)
Proceed from notes payable, net with transaction fee incurred		1,369,809	—
Repayment of loans from non-controlling interests of subsidiaries		(3,119)	(3,646)
Repayment of other loan		(100,000)	(16,880)
Increase in amount due to a joint venture		4,550	10,500
Dividends paid to the shareholders of Company		(385,777)	(357,618)
Dividends paid to non-controlling interests		(306,473)	(152,929)
Acquisition of additional interest in a subsidiary	37	(112,195)	(88,000)
Interest paid		(341,781)	(273,130)
Net cash used in financing activities		(354,881)	(1,674,669)
Net decrease in cash and cash equivalents			
		(242,952)	(482,369)
Cash and cash equivalents at 1 January		1,123,517	1,604,676
Effect of exchange rate changes		1,150	1,210
Less: Cash and cash equivalents classified as assets held for sale	26	(15,050)	—
Cash and cash equivalents at 31 December	25	866,665	1,123,517
Analysis of cash and cash equivalents			
Bank balances and cash		866,665	1,123,517

The notes on pages 86 to 167 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to shareholders of the Company		Non- controlling interests RMB' 000	Total RMB' 000
	Share capital RMB' 000	Reserves RMB' 000		
Balance at 1 January 2015	147,322	8,380,273	1,916,974	10,444,569
Comprehensive income				
Profit for the year	—	532,086	120,936	653,022
Other comprehensive income				
Currency translation differences	—	1,397	—	1,397
Release of currency translation differences upon disposal of subsidiaries	—	(72,583)	—	(72,583)
Total other comprehensive income	—	(71,186)	—	(71,186)
Total comprehensive income	—	460,900	120,936	581,836
Transactions with owners				
Acquisition of a subsidiary (note 38)	—	—	722,625	722,625
Disposal of subsidiaries	—	—	(130,747)	(130,747)
Changes in ownership interests in a subsidiary (note 37)	—	(30,972)	(81,223)	(112,195)
Dividends to the shareholders of the Company	—	(385,777)	—	(385,777)
Dividends to non-controlling interests	—	—	(291,218)	(291,218)
Total transactions with owners	—	(416,749)	219,437	(197,312)
Balance at 31 December 2015	147,322	8,424,424	2,257,347	10,829,093

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company		Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Reserves RMB'000		
Balance at 1 January 2014	147,322	8,128,445	2,002,559	10,278,326
Comprehensive income				
Profit for the year	—	609,370	168,360	777,730
Other comprehensive income				
Currency translation differences	—	124	—	124
Total other comprehensive income	—	124	—	124
Total comprehensive income	—	609,494	168,360	777,854
Transactions with owners				
Changes in ownership interests in a subsidiary (note 37)	—	(48)	(87,952)	(88,000)
Dividends to the shareholders of the Company	—	(357,618)	—	(357,618)
Dividends to non-controlling interests	—	—	(165,993)	(165,993)
Total transactions with owners	—	(357,666)	(253,945)	(611,611)
Balance at 31 December 2014	147,322	8,380,273	1,916,974	10,444,569

The notes on pages 86 to 167 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Yuexiu Transport Infrastructure Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in investment in and development, operation and management of expressways and bridges mainly in Guangdong Province and other high-growth provinces in the People’s Republic of China (the “PRC”). During the year, the Group has committed to dispose to a third party its entire equity interest in a subsidiary which engaged in investment in and development, operation and management of a port in Wuzhou located in Guangxi.

The Company is an exempted Company incorporated under the laws of Bermuda. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business in Hong Kong is 23rd Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These financial statements are presented in Renminbi (“RMB”) thousand dollars, unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 22 February 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

The consolidated financial statements as at 31 December 2015 have been prepared on a going concern basis although the Group’s consolidated current liabilities exceeded its consolidated current assets by RMB190,209,000 mainly caused by the increase in current portion of bank borrowings and consideration payable due to acquisition of Hubei Suiyuanan Expressway Company Limited. These future funding requirements can be met through the available bank loan facilities of RMB960,000,000 which are maturing after 31 December 2016 and the net cash inflows to be generated from operating activities.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New/revised standards, amendments and improvements

The following amendment and improvements relevant to its operations are mandatory for adoption for the financial year beginning 1 January 2015 for the Group.

HKASs and HKFRSs	Annual improvements 2010 - 2012 Cycle
HKASs and HKFRSs	Annual improvements 2011 - 2013 Cycle
HKAS 19 (amendment)	Defined Benefit Plans - Employee Contributions

The adoption of these amendments and new standards do not have significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and the presentation of the consolidated financial statements.

In addition, the requirement of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

The following new standards, amendments and improvements to the Group's operations have been issued and are effective for the financial year beginning 1 January 2016 or after and have not been early adopted:

		Effective for accounting periods beginning on or after
HKASs and HKFRSs	Annual improvements 2012 - 2014 Cycle	1 January 2016
HKAS 1 (amendment)	Disclosure Initiative	1 January 2016
HKFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKAS 27 (amendment)	Equity method in separate financial statements	1 January 2016
HKAS 16 and HKAS 38 (amendments)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (amendments)	Agriculture: Bearer Plants	1 January 2016
HKFRS 10 and HKAS 28 (amendments)	Sale or Contribution of assets between an investor and its associate or joint venture	To be announced
HKFRS 10, HKFRS 12 and HKAS 28 (amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New/revised standards, amendments and improvements (Continued)

Management is in the process of making an assessment of the impact of the standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

(b) Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 Financial Instruments: Recognition and Measurement, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

(i) Business combinations (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

(v) Joint ventures

Under HKFRS 11 investment in a joint arrangement is classified as either joint operation or joint venture depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined them to be a joint venture. The joint venture is accounted for using the equity method.

Under the equity method of accounting, interest in joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(vi) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

(vi) Associates (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company that makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and notes payable are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other income, gains and losses - net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(e) Intangible operating rights

The Group has been granted by the relevant local government authorities the rights to operate the toll highways and bridges for operating periods of 20 to 30 years. According to the approval documents of the relevant government and the relevant regulations, the Group is responsible for the construction of the toll highways and bridges and the acquisition of the related facilities and equipment and it is also responsible for the operation and management, maintenance and overhaul of the toll highways and bridges during the approved operating periods. The toll fees collected during the operating periods are attributable to the Group. The relevant toll highway/bridge assets are required to be returned to the local government authorities upon the expiry of the operating rights without any compensation to the Group.

The Group applies the intangible asset model to account for the toll highway and bridge infrastructures where they are paid by the users of the toll highways and bridges. The concession grantors (the respective local governments) have not provided any contractual guarantees for the recovery of the amounts of construction costs incurred. The intangible assets correspond to the rights granted by the respective concession grantors to the Group to charge users of the toll road/bridge services and are recorded in the balance sheet as "Intangible operating rights".

Amortisation of intangible operating rights is calculated to write off their costs on a units-of-usage basis based on the traffic volume for a particular period over the projected total traffic volume throughout the life of the asset. The Group reviews regularly the projected total traffic volume throughout the life of the asset, and if it is considered appropriate, independent professional traffic studies will be obtained. Appropriate adjustment will be made should there be a material change.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(g) Property, plant and equipment

Land and building comprise offices and staff quarters. Leasehold land classified as finance lease and all other property, plant and equipment are stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged in the income statement during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment (Continued)

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Shorter of remaining lease term or useful life
Port structures	40 - 50 years
Buildings	25 - 50 years
Furniture, fixtures and equipment	3 - 20 years
Motor vehicles	3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income, gains and losses - net' in the income statement.

(h) Investment properties

Investment properties, principally comprising leasehold land and office buildings, are held for long-term rental yields and are not occupied by the Group. Lands held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment properties are initially measured at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent qualified valuer. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in "Other income, gains and losses - net".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of investments in non-financial assets

Assets that have an indefinite useful life – for example, goodwill is not subject to amortisation and is tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Disposal groups held-for-sale

Disposal groups are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The disposal groups, are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets and financial assets (other than investments in subsidiaries and associates), which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

(k) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "other non-current receivables", "trade receivables", "other receivables, deposits and prepayments", "amounts due from associates", "amounts due from non-controlling interests of subsidiaries", "short term bank deposit" and "cash and cash equivalents" in the balance sheet.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial assets (Continued)

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

(l) Impairment of financial asset

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of financial asset (Continued)

(ii) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (i) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

(m) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(n) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks and short-term bank deposits with original maturities of three months or less.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs are capitalised when funds are borrowed to finance the construction of highways, bridges and ports up to the commencement of their economic operations.

All other borrowing costs are charged to the income statement in the period in which they are incurred.

Foreign exchange differences arising from financing are included as a component of finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(r) Notes payable

The notes are recognised initially at fair value, net of debt discount. Debt issuance costs incurred which are directly attributable are capitalised and amortised over the estimated term of the facilities using the effective interest method. Debt discount is recorded as a reduction of the proceeds received and the related accretion is recorded as interest expense in the income statement over the estimated term of the facilities using the effective interest method.

(s) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and deferred income tax (Continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, associates and a joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(u) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(v) Retirement benefit costs

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred. The assets of the schemes are held separately from those of the Group in an independently administered fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue recognition

- (i) Toll revenue and other toll operating income are recognised when the related services have been provided, revenue and total costs can be measured reliably and economic benefits with transaction can flow into the Group.
- (ii) Dividend income is recognised when the right to receive payment is established.
- (iii) Interest income is recognised on a time-proportion basis using the effective interest method.
- (iv) Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.
- (v) Construction income generated from construction and upgrade services rendering by the Group is recognised under the percentage of completion method. The stage of completion is measured on the basis of contract costs incurred up to the balance sheet date as a percentage to the total estimated cost to be incurred for each contract.
- (vi) Revenue from cargo loading and unloading is recognised when the services are rendered.

(x) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or Directors of the Company ("Directors"), where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

The functional currency of the Company and major subsidiaries is RMB. Majority of the revenues of the Group are derived from operations in the PRC. It did not have significant exposure to foreign exchange risk in the PRC, except for certain balances set out below:

As at 31 December 2015	Denominated in Hong Kong dollars ("HKD") RMB' 000	Denominated in United States dollar ("USD") RMB' 000	Denominated in Euro ("EUR") RMB' 000	Total RMB' 000
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Cash and cash equivalents	43,500	66	70,951	114,517
Bank borrowings	2,438,418	—	—	2,438,418
Other payable	59,268	—	—	59,268
Notes payable	—	—	1,403,973	1,403,973

As at 31 December 2014	Denominated in HKD RMB' 000	Denominated in USD RMB' 000	Total RMB' 000
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Cash and cash equivalents	110,230	25	110,255
Bank borrowings	1,837,409	205,234	2,042,643
Other payable	60,300	—	60,300

Under the Linked Exchange Rate System in Hong Kong, HKD is pegged to USD. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2015, if HKD, USD and EUR had weakened/strengthened by 5% against the RMB with all other variables held constant, post-tax profit for the year would have been approximately RMB189,357,000 higher/lower (2014: RMB102,086,000 higher/lower), mainly as a result of net foreign exchange gain/loss on translation of HKD and USD-denominated cash and bank balances and borrowings and EUR-denominated cash and bank balances and notes payable.

The Group currently does not have a foreign currency hedging policy on the foreign currency balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from bank balances, interest bearing other receivable, borrowings and notes payable. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank balance and interest bearing receivable held at variable rates. Borrowings and notes issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to minimise the interest rate risk by closely monitor the ratio between borrowings at variable rates and borrowings and notes payable at fixed rates. During 2015 and 2014, the Group's borrowings at variable rate were mainly denominated in the RMB, HKD and USD.

The Group's long-term borrowings issued at variable rates which expose the Group to cash flow interest-rate risk.

At 31 December 2015, if interest rates had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been decreased/increased by RMB31,610,000 (2014: RMB14,531,000).

(iii) Price risk

The Group is exposed to equity securities price risk because the available-for-sale financial assets held by the Group, which are not publicly traded, would be influenced by market price. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements.

(b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, short term bank deposits, other non-current receivables, trade receivables, other receivables, deposits and prepayments, amounts due from associates and amounts due from non-controlling interests of subsidiaries represent the Group's maximum exposure to credit risk in relation to its financial assets. The credit risk for bank deposits and bank balances is minimal as such balances are placed with state-owned banks or listed banks, management considers these balances are subject to low credit risk. The Group carries out regular reviews and follow-up actions on any overdue amounts to minimise exposures to credit risk.

The Group has no significant concentration of credit risk arising from its customers, except for the consideration receivable of RMB116.3 million (2014: RMB136.2 million) which is due from government authorities in the PRC in relation to compensation for surrendering the toll stations to the Xiangtan Municipal People's Government (note 22), and other receivable of RMB67.7 million (2014: nil) due from non-controlling interest of Hubei Suiyuanan Expressway Company Limited (the "Suiyuanan Company"), which is of minimal risk as the Group has consideration payable due to non-controlling interest of Suiyuanan Company of RMB175,729,000 as at 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

The table below analyses the Group's financial liabilities based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows (including respective interest payments).

	On demand RMB' 000	Less than 1 year RMB' 000	Between 1 and 2 years RMB' 000	Between 2 and 5 years RMB' 000	Over 5 years RMB' 000	Total RMB' 000
As at 31 December 2015						
Notes payable	—	23,059	23,059	1,442,099	—	1,488,217
Borrowings	—	1,052,058	2,174,024	2,907,553	3,645,241	9,778,876
Amounts due to non-controlling interests of subsidiaries	—	175,729	—	—	—	175,729
Amounts due to holding companies	158	—	—	—	—	158
Amount due to a joint venture	57,050	—	—	—	—	57,050
Trade and other payables and accrued charges	—	413,919	—	—	—	413,919
	57,208	1,664,765	2,197,083	4,349,652	3,645,241	11,913,949
As at 31 December 2014						
Borrowings	—	602,890	1,313,127	2,525,714	1,656,297	6,098,028
Amounts due to non-controlling interests of subsidiaries	68,650	11,907	—	—	—	80,557
Amounts due to holding companies	149	—	—	—	—	149
Amount due to a joint venture	52,500	—	—	—	—	52,500
Trade and other payables and accrued charges	—	260,775	—	—	—	260,775
	121,299	875,572	1,313,127	2,525,714	1,656,297	6,492,009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total of notes payable, borrowings (including current and non-current borrowings as shown in the consolidated balance sheet), amount due to non-controlling interests of subsidiaries (excluding dividend and consideration payables), amount due to a joint venture less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The gearing ratio is calculated as follows:

	2015 RMB' 000	2014 RMB' 000
Notes payable	1,403,973	—
Borrowings	7,892,115	4,998,577
Amounts due to non-controlling interests of subsidiaries	—	53,395
Amount due to a joint venture	57,050	52,500
Total debt	9,353,138	5,104,472
Less: cash and cash equivalents	(866,665)	(1,123,517)
Net debt	8,486,473	3,980,955
Total equity	10,829,093	10,444,569
Total capital	19,315,566	14,425,524
Gearing ratio	43.9%	27.6%

During the year, the Group complied with all externally imposed capital requirements to which it is subject.

The increase in the gearing ratio during 2015 resulted primarily from increase in bank borrowings due to acquisition of a subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instruments that are measured at fair value.

	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
As at 31 December 2015 and 31 December 2014				
Available-for-sale financial assets	—	—	812	812

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. For unlisted securities without an active market, the Group establishes the fair value by reference to the latest audited financial statements. There were no changes in valuation techniques during the year.

There were no transfers among level 1, level 2 and level 3 fair value hierarchy classifications in both years.

There were no changes in level 3 instruments for the year ended 31 December 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair value of financial assets and liabilities measured at amortised cost

The fair value of other non-current receivables and non-current borrowings approximate to the present value of future cash flows discounted at the applicable interest rates and are categorised at level 2. The fair value of notes payable is estimated with reference to the quoted price from the Irish Stock Exchange and is categorised at level 1. The carrying amount and fair value of respective financial assets and liabilities measured at amortised cost are as follows:

	Carrying amount		Fair value	
	31 December 2015 RMB' 000	31 December 2014 RMB' 000	31 December 2015 RMB' 000	31 December 2014 RMB' 000
Other non-current receivables	95,945	157,538	105,285	163,623
Non-current notes payable	1,403,973	—	1,364,549	—
Non-current borrowings	7,216,847	4,640,239	7,086,459	4,447,300

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade receivables
- Other receivables, deposits and prepayments
- Amounts due from associates
- Short term bank deposits
- Cash and cash equivalents
- Borrowings due within one year
- Amounts due from/to non-controlling interests of subsidiaries
- Amounts due to holding companies
- Amount due to a joint venture
- Trade and other payables and accrued charges

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial year are discussed below.

(a) Amortisation of intangible operating rights

Amortisation of intangible operating rights is calculated to write off their costs on a units-of-usage basis based on the traffic volume for a particular period over the projected total traffic volume throughout the life of the assets.

The Group reviews regularly the projected total traffic volume throughout the life of the respective assets, and if it is considered appropriate, independent professional traffic studies will be obtained. Appropriate adjustment will be made should there be a material change.

At present, the range of annual traffic growth rates that have been projected for individual toll highways and bridges is around 0% to 25%.

(b) Current income tax and deferred income tax

The Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for and the timing of payment of the related income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The management exercises judgement in determining the future taxable profit based on the projected future traffic volume and specific circumstance of the toll highways and bridges operated by the individual entity with tax losses. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax in the periods in which such estimate is changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Impairment of goodwill and intangible operating rights

The Group tests annually whether goodwill and intangible operating rights have suffered any impairment if such indicator exists. The recoverable amounts of cash generating units have been determined based on value-in-use or fair value less costs of disposal calculations. The calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit to which the goodwill and intangible operating right belong and a suitable discount rate in order to calculate the present value. When the carrying amount of the cash generating unit exceeds its value-in-use, the Group also assesses its fair value less costs of disposal to determine the cash generating unit's recoverable amount, which is the higher of its fair value less costs of disposal and value-in-use.

In the current financial year, the average daily toll traffic volume and average daily toll revenue of Tianjin Jinbao Expressway has recorded a year-on-year decrease, which is mainly due to the impact of traffic restriction regarding vehicles in Tianjin (including measures to ban non-local vehicles and goods vehicles in different hours, regional restriction policy according to the last digit of license during working days). The Group has performed an impairment assessment on the intangible operating rights of Tianjin Jinfu Expressway Company Limited, a partially-owned subsidiary which operates Tianjin Jinbao Expressway. The recoverable amount was determined by measuring the fair value less costs of disposal. It was derived from a discounted cash flow model over the remaining concession period of Tianjin Jinbao Expressway with key assumptions including the revenue growth rates and the discount rates and was categorised as a level 3 measurement. The revenue growth rates were projected by independent traffic consultant based on traffic survey, historic traffic data, historic economic indices and expected toll network development at nearby areas. The discount rates were determined by independent professional valuer with reference to risk-free rate, beta of toll road operators, market risk premium and other specific adjustments applicable to the Group. The estimated revenue growth rates over the remaining operating period of Tianjin Jinbao Expressway ranges from 3% to 21% and the discount rate adopted was 9.5%.

Based on the impairment assessment, the recoverable amount is RMB526,450,000 which is lower than the carrying amount of RMB792,885,000 as at 31 December 2015. As such, an impairment charge to intangible operating rights of RMB266,435,000 relating to Tianjin Jinbao Expressway has been recognised. With all other variables held constant, if the revenue growth rate is decreased by 1%, the profit before taxation would have been decreased by RMB8,572,000. Similarly, with all other variables held constant, if the discount rate is higher than the management estimates by 0.5%, the profit before taxation would have been decreased by RMB18,263,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Impairment of investment in an associate

The Group accounts for its 23.63% equity interest in Guangdong Qinglian Highway Development Co. Ltd (the “Qinglian Company”) which operates the Qinglian Expressway as an associate company. During the reporting year, the average daily toll revenue recorded a year-on-year decrease, which was affected by diverted traffic volumes due to the commencement of Guangle Expressway from 27 September 2014 and Erguang Expressway from 31 December 2014.

The Group has performed an impairment assessment on its investment on the Qinglian Company. The recoverable amount was determined by measuring the fair value less costs of disposal. It was derived from a discounted cash flow model over the remaining concession period of Qinglian Expressway with key assumptions including the revenue growth rates and the discount rates and was categorised as a level 3 measurement. The revenue growth rates were projected by independent traffic consultant based on traffic survey, historic traffic data, historic economic indices and expected toll network development at nearby areas. The discount rates were determined by independent professional valuer with reference to risk-free rate, beta of toll road operators, market risk premium and other specific adjustments applicable to the Group. The estimated revenue growth rates over the remaining operating period of Qinglian Expressway ranges from -12.4% to 18% and the discount rate adopted was 8.45%.

Based on the impairment assessment, the recoverable amount is RMB573,505,000 which is lower than the carrying amount of RMB579,207,000 as at 31 December 2015. As such, an impairment charge to investment on an associate of RMB5,702,000 relating to Qinglian Expressway has been recognised. With all other variables held constant, if the revenue growth rate is decreased by 1%, the profit attributable to the Group would have been decreased by RMB17,910,000. Similarly, with all other variables held constant, if the discount rate is higher than the management estimates by 0.5%, the profit attributable to the Group would have been decreased by RMB62,788,000.

(e) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION

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

The chief operating decision-maker has been identified as the Executive Directors. The 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 directors assess the performance of this main reporting segment based on measurement of profit after income tax for the year. Other operations mainly comprise port operation, investment and others. There have been no sales carried out between segments. None of these operations constitutes a separate segment. The financial information provided to the chief operating decision-maker is measured in a manner consistent with that of the financial statements.

Business segment	Toll roads operations RMB' 000	Port and all other segments RMB' 000	Total RMB' 000
31 December 2015			
Revenue (from external customers)	2,056,079	10,769	2,066,848
Other toll operation income	159,175	—	159,175
Income from operations	2,215,254	10,769	2,226,023
Amortisation of intangible operating rights	(419,119)	—	(419,119)
Depreciation of property, plant and equipment	(20,288)	(17,970)	(38,258)
Exchange gain from release of currency translation differences upon disposal	72,583	—	72,583
Gain on disposal of subsidiaries	30,087	—	30,087
Provision for impairment losses – Intangible operating rights	(266,435)	—	(266,435)
Operating profit/(loss)	1,143,027	(22,582)	1,120,445
Finance income	27,773	10	27,783
Finance costs	(512,829)	(23,393)	(536,222)
Share of result of a joint venture	26,849	—	26,849
Share of results of associates	231,077	—	231,077
Profit/(loss) before income tax	915,897	(45,965)	869,932
Income tax expense	(216,910)	—	(216,910)
Profit/(loss) for the year	698,987	(45,965)	653,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (Continued)

Business segment	Toll roads operations RMB' 000	Port and all other segments RMB' 000	Total RMB' 000
31 December 2014			
Revenue (from external customers)	1,805,504	4,283	1,809,787
Other toll operation income	48,919	—	48,919
Income from operations	1,854,423	4,283	1,858,706
Amortisation of intangible operating rights	(346,025)	—	(346,025)
Depreciation of property, plant and equipment	(19,067)	(6,449)	(25,516)
Operating profit/(loss)	1,003,029	(6,328)	996,701
Finance income	30,225	34	30,259
Finance costs	(276,154)	(8,038)	(284,192)
Share of result of a joint venture	21,216	—	21,216
Share of results of associates	250,256	—	250,256
Profit/(loss) before income tax	1,028,572	(14,332)	1,014,240
Income tax expense	(236,510)	—	(236,510)
Profit/(loss) for the year	792,062	(14,332)	777,730

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (Continued)

Business segment	Toll roads operations RMB' 000	Port and all other segments RMB' 000	Total RMB' 000
Assets and liabilities			
As at 31 December 2015			
Total segment assets	22,794,528	624,745	23,419,273
Addition to non-current assets	6,680,112	690	6,680,802
Total segment assets include:			
Investment in a joint venture	388,004	—	388,004
Investments in associates	1,457,435	—	1,457,435
Assets of disposal group classified as held for sale	—	599,192	599,192
Total segment liabilities	(12,062,043)	(528,137)	(12,590,180)
Total segment liabilities include:			
Amount due to a joint venture	(57,050)	—	(57,050)
Liabilities of disposal group classified as held for sale	—	(417,749)	(417,749)
As at 31 December 2014			
Total segment assets	16,877,185	632,775	17,509,960
Addition to non-current assets	42,993	54,053	97,046
Total segment assets include:			
Investment in a joint venture	367,165	—	367,165
Investments in associates	1,488,759	—	1,488,759
Total segment liabilities	(6,576,447)	(488,944)	(7,065,391)
Total segment liabilities include:			
Amount due to a joint venture	(52,500)	—	(52,500)

All major operating entities are domiciled in the PRC. All revenues of the Group from external customers are generated in the PRC. Besides, most of the assets of the Group are located in the PRC. Thus no geographic information is presented.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 INCOME FROM OPERATIONS

	2015 RMB' 000	2014 RMB' 000
Revenue	2,066,848	1,809,787
Other toll operating income	159,175	48,919
	2,226,023	1,858,706

Note:

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

7 OTHER INCOME, GAINS AND LOSSES - NET

	2015 RMB' 000	2014 RMB' 000
Fair value gain on investment properties (note 17)	1,074	793
Exchange gain/(loss) – net		
– Release of currency translation differences upon disposal of subsidiaries	72,583	—
– Unrealised and realised exchange loss	(15,156)	(7,502)
Loss on disposal of property, plant and equipment	(3,457)	(1,272)
Gain on disposal of subsidiaries	30,087	—
Compensation for expressways and bridges damages	11,976	13,426
Compensation from a contractor relating to termination of construction contracts	3,250	—
Handling income from toll fee collection	5,885	6,867
Management service income	3,803	3,849
Income from service area and gas station	13,278	8,664
Provision for impairment losses		
– Intangible operating rights (note 14)	(266,435)	—
Others	14,872	7,964
	(128,240)	32,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EXPENSES BY NATURE

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

	2015 RMB' 000	2014 RMB' 000
Business tax	75,221	63,262
Amortisation of intangible operating rights (note 14)	419,119	346,025
Depreciation of property, plant and equipment (note 16)	38,258	25,516
Toll highways and bridges maintenance expenses	82,525	115,986
Toll highways and bridges operating expenses	56,803	58,619
Auditor's remuneration		
– Audit services	2,662	2,420
– Non-audit services	300	2,236
Rental expenses	11,939	10,082
Legal and professional fee	8,651	15,864

9 EMPLOYEE BENEFIT EXPENSE

	2015 RMB' 000	2014 RMB' 000
Staff costs (including Directors' emoluments)		
– Wages and salaries	154,041	148,672
– Pension costs (defined contribution plan) (note a)	17,352	13,971
– Social security costs	16,779	16,470
– Staff welfare and other benefits	54,856	37,228
Total employee benefit expenses	243,028	216,341

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFIT EXPENSE (Continued)

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 RMB1,220) 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 RMB5,775). The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid.

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

- (b) Pensions – defined contribution plans

There was no forfeited contribution as at 31 December 2015 (2014: nil). No forfeited contribution was utilised during the year (2014: nil). Contributions totalling RMB17,352,000 (2014: RMB13,971,000) were payable to the fund during the year.

- (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2014: four) directors whose emoluments are reflected in the analysis presented in note 41. The emoluments payable to the remaining one (2014: one) individual during the year amounted to RMB1,483,700 (2014: RMB1,106,500), which include salaries of RMB841,600 (2014: RMB400,000) and discretionary bonuses of RMB642,100 (2014: RMB706,500).

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands (in HK dollar)		
HK\$1,000,001 - HK\$1,500,000	—	1
HK\$1,500,001 - HK\$2,000,000	3	1
HK\$2,000,001 - HK\$2,500,000	—	1
HK\$2,500,001 - HK\$3,000,000	2	—
HK\$3,000,001 - HK\$3,500,000	—	1
HK\$3,500,001 - HK\$4,000,000	—	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 FINANCE INCOME/COSTS

	2015 RMB' 000	2014 RMB' 000
Bank interest income	20,510	22,451
Interest income on other non-current receivables	7,273	7,808
Finance income	27,783	30,259
Interest expenses:		
– Bank borrowings	(320,691)	(287,608)
– Bank facility fees	(9,647)	(6,060)
– Loans from non-controlling interests of certain subsidiaries	(1,358)	(937)
– Other loans	(960)	(1,450)
– Notes payable (note 29)	(18,709)	—
Exchange loss on bank borrowings	(154,673)	(3,270)
Exchange loss on notes payable	(30,184)	—
	(536,222)	(299,325)
Less: amount capitalised in construction in progress	—	15,133
Finance costs incurred	(536,222)	(284,192)

The capitalisation rate used to determine the amounts of borrowing costs eligible for capitalisation was 6.91% in 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INCOME TAX EXPENSE

- (a) No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group had no income assessable to Hong Kong profits tax during the year (2014: Nil).
- (b) During the year ended 31 December 2015, PRC enterprises income tax was provided on the profits of the Group's subsidiaries, associates and a joint venture in the PRC in accordance with the Corporate Income Tax Law of China.

The applicable principal income tax rate for the year ended 31 December 2015 is 25% (2014: 25%).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to withholding income tax at a 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% (2014: 5% or 10%).

As at 31 December 2015, deferred tax liabilities of RMB13,593,000 (2014: RMB8,201,000) was not recognised in respect of withholding tax on the unremitted earnings of a subsidiary in the PRC, as these earnings are expected to be reinvested in the PRC.

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

	2015 RMB'000	2014 RMB'000
Current income tax		
PRC enterprise income tax		
– Current year	288,802	248,348
– Under/(over)-provision in prior years	2,669	(16,751)
Deferred income tax (note 32)	(74,561)	4,913
	216,910	236,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INCOME TAX EXPENSE (Continued)

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

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:

	2015 RMB' 000	2014 RMB' 000
Profit before income tax	869,932	1,014,240
Less: share of results of associates	(231,077)	(250,256)
Less: share of result of a joint venture	(26,849)	(21,216)
	612,006	742,768
Calculated at a tax rate of 25% (2014: 25%)	153,002	185,692
Income not subject to tax	(53,701)	(4,911)
Expenses not deductible for tax purposes	101,720	26,553
Profit of subsidiaries with preferential tax treatment (note (a))	(19,950)	(16,255)
Tax losses not recognised (note (b))	19,886	41,212
Utilisation of previously unrecognised tax losses	(10,214)	(3,882)
Recognition of previously unrecognised tax losses	(8,866)	—
Under/(over)-provision in prior year	2,669	(16,751)
Effect of different taxation rates	(1,014)	(6,342)
Withholding tax on undistributed profits of subsidiaries and associates	33,378	31,194
Income tax expense	216,910	236,510

Note:

- (a) Certain subsidiaries of the Group enjoy six years' preferential tax treatment of income tax, at a preferential income tax rate of 15%.
- (b) Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately RMB255,826,000 (2014: RMB169,400,000) in respect of unused losses amounting to approximately RMB1,023,305,000 (2014: RMB677,599,000). Unused tax losses will expire in 2016 to 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 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.

	2015	2014
Profit attributable to shareholders of the Company (RMB'000)	532,086	609,370
Weighted average number of ordinary shares in issue ('000)	1,673,162	1,673,162
Basic and diluted earnings per share (RMB)	0.3180	0.3642

The diluted earnings per share for the years ended 31 December 2015 and 2014 equals to the basic earnings per share as there are no potential dilutive ordinary shares in issue during the year.

13 DIVIDENDS

	2015 RMB'000	2014 RMB'000
Interim, paid, of HKD0.12 equivalent to RMB0.10 (2014: HKD0.11 equivalent to RMB0.09) per share	160,094	146,152
Final, proposed, of HKD0.16 equivalent to RMB0.13 (2014: HKD0.17 equivalent to RMB0.13) per share	224,065	225,683
	384,159	371,835

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 INTANGIBLE OPERATING RIGHTS

	RMB' 000
Year ended 31 December 2015	
Opening net book amount	12,991,487
Additions	199,870
Acquisition of subsidiaries (note 38)	6,447,193
Amortisation	(419,119)
Impairment loss (note 7)	(266,435)
Closing net book amount	<u>18,952,996</u>
At 31 December 2015	
Cost	21,474,321
Accumulated amortisation and impairment loss	(2,521,325)
Net book amount	<u>18,952,996</u>
Year ended 31 December 2014	
Opening net book amount	13,314,416
Additions	23,096
Amortisation	(346,025)
Closing net book amount	<u>12,991,487</u>
At 31 December 2014	
Cost	14,827,258
Accumulated amortisation and impairment loss	(1,835,771)
Net book amount	<u>12,991,487</u>

At 31 December 2015, toll highway operating rights with net book amount of RMB16,504,486,000 (2014: RMB11,168,345,000) were pledged to secure the Group's bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 GOODWILL

	2015 RMB'000	2014 RMB'000
At 1 January	368,806	368,806
Acquisition of a subsidiary (note 38)	263,813	—
At 31 December	632,619	368,806

Goodwill is allocated to the Group's six cash-generating units including the operations of Guangzhou Northern Second Ring Expressway, Guangxi Cangyu Expressway, Henan Weixu Expressway, Hubei Han-Xiao Highway, Hunan Changzhu Expressway and Hubei Suiyuan Expressway.

The recoverable amounts of the above cash-generating units are determined based on value-in-use or fair value less costs of disposal calculations. These calculations use cash flow projections based on financial budgets approved by management covering the operating period of the expressways and the growth rates ranged from 0% to 28%, which is similar to industry practice.

Key assumptions and considerations used in the calculations included estimated traffic flow growth, vehicle types of the toll expressways and highway operation. Toll fee charging rates of the expressways or highway were regulated by the relevant government authorities in the PRC.

Management determined the above key assumptions and considerations based on historical records, past performance and its expectations for the market development. Both internal and external factors are considered, independent professional traffic studies on traffic flow growth will be obtained where appropriate. Discount rates adopted are from 11% to 13%. The specific risks underlying the toll highways industry are incorporated in the calculations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RMB' 000	Buildings RMB' 000	Port structures RMB' 000	Furniture, fixtures and equipment RMB' 000	Motor vehicles RMB' 000	Construction in progress RMB' 000	Total RMB' 000
Year ended 31 December 2015							
Opening net book amount	441	68,911	473,773	140,176	12,029	—	695,330
Exchange differences	27	317	—	19	—	—	363
Additions	—	543	—	10,440	199	—	11,182
Disposals	—	—	(512)	(2,664)	(281)	—	(3,457)
Acquisition of a subsidiary (note 38)	—	7,576	—	5,954	2,593	—	16,123
Transferred to disposal group classified as held for sale (note 26)	—	(45,823)	(461,339)	(70,878)	(1,744)	—	(579,784)
Transfer to investment properties due to change of use (note 17)	—	(7,576)	—	—	—	—	(7,576)
Depreciation	(14)	(1,583)	(11,922)	(21,485)	(3,254)	—	(38,258)
Closing net book amount	454	22,365	—	61,562	9,542	—	93,923
At 31 December 2015							
Cost	480	38,399	—	149,200	21,045	—	209,124
Accumulated depreciation	(26)	(16,034)	—	(87,638)	(11,503)	—	(115,201)
Net book amount	454	22,365	—	61,562	9,542	—	93,923
Year ended 31 December 2014							
Opening net book amount	453	22,689	—	138,351	13,478	473,177	648,148
Exchange differences	2	21	—	(2)	—	—	21
Additions	—	—	—	19,220	3,027	51,703	73,950
Disposals	—	—	—	(424)	(849)	—	(1,273)
Transfers	—	47,133	477,747	—	—	(524,880)	—
Depreciation	(14)	(932)	(3,974)	(16,969)	(3,627)	—	(25,516)
Closing net book amount	441	68,911	473,773	140,176	12,029	—	695,330
At 31 December 2014							
Cost	453	84,040	477,747	213,442	22,197	—	797,879
Accumulated depreciation	(12)	(15,129)	(3,974)	(73,266)	(10,168)	—	(102,549)
Net book amount	441	68,911	473,773	140,176	12,029	—	695,330

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Note:

At 31 December 2015, RMB289,464,000 (2014: RMB295,740,000) of property, plant and equipment of disposal group classified as held for sale (2014: property, plant and equipment) were pledged to secure the Group's bank borrowings.

17 INVESTMENT PROPERTIES

	2015 RMB' 000	2014 RMB' 000
At 1 January	17,197	16,354
Exchange differences	1,082	50
Acquisition of a subsidiary (note 38)	6,434	—
Transfer from property, plant and equipment, at net book value (note 16)	7,576	—
Fair value gain	1,074	793
At 31 December	33,363	17,197

Amounts recognised in profit and loss for investment properties are insignificant to the Group.

Independent valuations of the group's investment properties were performed by the valuers, C S Surveyors Limited and Greater China Appraisal Limited, to determine the fair value of the investment properties as at 31 December 2015 and 2014. The fair value of each investment property is individually determined at the end of each reporting period by the independent valuers. The revaluation gains or losses is included in 'Other income, gains and losses - net' in consolidated income statement (note 7). The following table analyses the investment properties carried at fair value, by valuation method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVESTMENT PROPERTIES (Continued)

Description	Fair value measurements at 31 December 2015 using significant unobservable inputs (Level 3)	
	2015	2014
	RMB' 000	RMB' 000
Recurring fair value measurements		
Investment properties:		
– Office units - PRC	14,010	—
– Office units - Hong Kong	14,242	12,622
– Residential units - Hong Kong	5,111	4,575
	33,363	17,197

The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

Fair value measurements using significant unobservable inputs (Level 3)

	31 December 2015		
	Office units – PRC RMB' 000	Office units – Hong Kong RMB' 000	Residential units – Hong Kong RMB' 000
Opening balance	—	12,622	4,575
Acquisition of a subsidiary	6,434	—	—
Transfer from property, plant and equipment and land use right, at net book value	7,576	—	—
Net gains from fair value adjustment	—	826	248
Exchange difference	—	794	288
Closing balance	14,010	14,242	5,111
Total gains or losses for the year included in profit or loss for assets held at the end of the year, under 'Other income, gains and losses – net'	—	1,620	536
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	—	1,620	536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVESTMENT PROPERTIES (Continued)

Fair value measurements using significant unobservable inputs (Level 3) (Continued)

	31 December 2014	
	Office units – Hong Kong RMB'000	Residential units – Hong Kong RMB'000
Opening balance	12,187	4,167
Net gains from fair value adjustment	397	396
Exchange difference	38	12
Closing balance	12,622	4,575
Total gains or losses for the year included in profit or loss for assets held at the end of the year, under 'Other income, gains and losses – net'	435	408
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	435	408

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2015 and 2014 by independent professionally qualified valuers who hold recognised and relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

Valuation techniques

For office units in the PRC, the valuations were based on income capitalisation approach which largely used observable inputs (e.g. market rent, yield, etc.) and taking into account the significant adjustment on term yield to account for the risk upon reversionary.

For office and residential units in Hong Kong, the valuation was determined using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVESTMENT PROPERTIES (Continued)

Valuation techniques (Continued)

There were no changes in valuation techniques during the year and all investment properties are included in level 3 fair value hierarchy as at 31 December 2015.

Description	Fair value at 31 December 2015 (RMB' 000)	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Office units – PRC	14,010	Income capitalisation approach	Adjustment on term yield	6.0% - 6.5%	The higher the term yield, the lower the fair value
Office units – Hong Kong	14,242	Sale comparison approach	Adjusted average price per square foot	RMB9,290 per square foot	The higher the adjusted average price per square foot, the higher the fair value
Residential units – Hong Kong	5,111	Sale comparison approach	Adjusted average price per square foot	RMB4,741 per square foot	The higher the adjusted average price per square foot, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 SUBSIDIARIES

(a) Subsidiaries

Details of the principal subsidiaries of the Company are set out in note 42.

(b) Material non-controlling interests

As at 31 December 2015, the total non-controlling interests are RMB2,257,347,000 (2014: RMB1,916,974,000). Subsidiaries with non-controlling interests material to the Group set out below:

Name of subsidiary with material non-controlling interests	Percentage of equity interests held by non-controlling interests			
	interests		Non-controlling interests	
	31 December 2015	31 December 2014	31 December 2015 RMB'000	31 December 2014 RMB'000
Guangzhou Northern Second Ring Expressway Company Limited	40%	40%	1,229,548	1,303,147
Hubei Suiyuanan Expressway Company Limited	30%	—	732,471	—
Tianjin Jinfu Expressway Company Limited	40%	40%	238,501	324,122

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 SUBSIDIARIES (Continued)

(b) Material non-controlling interests (Continued)

Summarised balance sheet

	Guangzhou Northern Second Ring Expressway Company Limited		Hubei Suiyuanan Expressway Company Limited		Tianjin Jinfu Expressway Company Limited	
	2015	2014	2015	2014	2015	2014
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Current						
Assets	320,311	356,322	334,000	—	27,141	42,867
Liabilities	(248,495)	(149,595)	(438,025)	—	(9,108)	(51,358)
Total current net assets/(liabilities)	71,816	206,727	(104,025)	—	18,033	(8,491)
Non-current						
Assets	3,807,898	3,977,491	6,440,827	—	926,432	959,998
Liabilities	(807,950)	(822,909)	(3,895,234)	—	(283,868)	(284,375)
Total non-current net assets	2,999,948	3,154,582	2,545,593	—	642,564	675,623
Net assets	3,071,764	3,361,309	2,441,568	—	660,597	667,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 SUBSIDIARIES (Continued)

(b) Material non-controlling interests (Continued)

Summarised income statement

	Guangzhou Northern Second Ring Expressway Company Limited		Hubei Suiyuanan Expressway Company Limited		Tianjin Jinfu Expressway Company Limited	
	2015	2014	2015	2014	2015	2014
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Revenue	949,780	844,684	205,412	—	94,003	97,715
Profit/(loss) before income tax	663,442	553,581	43,308	—	(241,752)	30,886
Income tax (expense)/credit	(161,209)	(138,293)	(10,490)	—	60,317	(7,949)
Profit/(loss) and total comprehensive income	502,233	415,288	32,818	—	(181,435)	22,937
Total comprehensive income attributable to non-controlling interests	200,893	166,115	9,845	—	(68,896)	13,762
Dividends declared to non-controlling interests	274,493	150,738	—	—	16,725	15,255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 SUBSIDIARIES (Continued)

(b) Material non-controlling interests (Continued)

Summarised cash flows

	Guangzhou Northern Second Ring Expressway Company Limited		Hubei Suiyuanan Expressway Company Limited		Tianjin Jinfu Expressway Company Limited	
	2015	2014	2015	2014	2015	2014
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Cash flows from operating activities						
Cash generated from operations	812,155	745,284	478,975	—	57,470	66,055
Income tax paid	(169,918)	(146,956)	—	—	(3,464)	(9,072)
Net cash generated from operating activities	642,237	598,328	478,975	—	54,006	56,983
Net cash generated from/ (used in) investing activities	5,362	14,997	(308)	—	(5,799)	(22,126)
Net cash used in financing activities	(689,852)	(388,912)	(473,036)	—	(58,423)	(42,939)
Net (decrease)/increase in cash and cash equivalents	(42,253)	224,413	5,631	—	(10,216)	(8,082)
Cash and cash equivalents at 1 January/21 July	338,867	114,454	29,349	—	22,090	30,172
Cash and cash equivalents at 31 December	296,614	338,867	34,980	—	11,874	22,090

The information above is stated before inter-company eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 INVESTMENT IN A JOINT VENTURE

	Guangzhou Western Second Ring Expressway Co., Ltd. Share of net assets	
	2015	2014
	RMB' 000	RMB' 000
At 1 January	367,165	345,949
Share of results for the year		
– profit before income tax	37,791	28,384
– income tax expense	(10,942)	(7,168)
	26,849	21,216
Dividends	(6,010)	—
At 31 December	388,004	367,165

Guangzhou Western Second Ring Expressway Co., Ltd. is a private company and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's interest in the joint venture.

Summarised financial information of the Group's investment in the joint venture is set out below:

	Guangzhou Western Second Ring Expressway Co., Ltd.	
	2015	2014
	RMB' 000	RMB' 000
Revenue	361,450	334,781
Depreciation and amortisation	(76,753)	(90,433)
Interest income	155	570
Interest expense	(74,969)	(86,780)
Other expense – net	(101,909)	(77,040)
Profit before income tax	107,974	81,098
Income tax expense	(31,262)	(20,480)
Profit and total comprehensive income	76,712	60,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 INVESTMENT IN A JOINT VENTURE (Continued)

	Guangzhou Western Second Ring Expressway Co., Ltd.	
	2015	2014
	RMB' 000	RMB' 000
Current		
Cash and cash equivalents	67,786	42,292
Other current assets	204,098	211,093
Total current assets	<u>271,884</u>	253,385
Financial liabilities	(80,000)	(220,000)
Trade payables and other current liabilities	(135,979)	(98,787)
Total current liabilities	<u>(215,979)</u>	(318,787)
Non-current		
Assets	<u>2,244,467</u>	2,308,530
Financial liabilities	(1,182,000)	(1,182,000)
Other liabilities	(9,788)	(12,084)
Total non-current liabilities	<u>(1,191,788)</u>	(1,194,084)
Net assets	<u><u>1,108,584</u></u>	1,049,044

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 INVESTMENT IN A JOINT VENTURE (Continued)

Reconciliation of the summarised financial information presented to the carrying amount of its investment in the joint venture is set out below:

	Guangzhou Western Second Ring Expressway Co., Ltd	
	2015 RMB' 000	2014 RMB' 000
Opening net assets at 1 January	1,049,044	988,426
Profit for the year	76,712	60,618
Dividends paid	(17,172)	—
Closing net assets at 31 December	1,108,584	1,049,044
Group's share of net assets	388,004	367,165
Carrying amount of investment in the joint venture	388,004	367,165

Details of the Group's joint venture are set out in note 42.

20 INVESTMENTS IN ASSOCIATES

	2015 RMB' 000	2014 RMB' 000
At 1 January	1,488,759	1,567,139
Share of results for the year		
– profit before income tax	332,671	345,853
– income tax expense	(95,892)	(95,597)
– Provision for impairment losses	(5,702)	—
	231,077	250,256
Capital injection	—	60,266
Dividends	(262,401)	(388,902)
At 31 December	1,457,435	1,488,759

There are no contingent liabilities relating to the Group's interest in the associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 INVESTMENTS IN ASSOCIATES (Continued)

Summarised financial information of the Group's investment in each associate is set out below:

	Guangdong Humen Bridge Co., Ltd.		Guangdong Qinglian Highway Development Co., Ltd.		Guangzhou Northring Freeway Co., Ltd.		Guangdong Shantou Bay Bridge Co., Ltd.	
	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,401,234	1,316,194	637,172	779,751	690,396	644,312	248,974	250,671
Profit/(loss) and total comprehensive income	853,136	802,055	(116,603)	9,088	304,426	269,468	128,000	133,702
Dividends received from the associates	(158,280)	(199,835)	—	—	(101,712)	(80,780)	(47,111)	(44,355)
Assets:								
Non-current assets	1,698,717	1,796,693	7,646,068	7,857,770	890,994	932,181	401,286	409,456
Current assets	404,467	336,616	133,389	101,857	116,165	211,410	32,171	31,193
	2,103,184	2,133,309	7,779,457	7,959,627	1,007,159	1,143,591	433,457	440,649
Liabilities:								
Non-current liabilities	(472,181)	(484,420)	(5,170,139)	(5,243,395)	(294,435)	(317,385)	(68,531)	(64,180)
Trade payables and other current liabilities	(475,490)	(488,440)	(158,164)	(148,475)	(82,599)	(191,618)	(45,943)	(88,604)
	(947,671)	(972,860)	(5,328,303)	(5,391,870)	(377,034)	(509,003)	(114,474)	(152,784)
Net assets	1,155,513	1,160,449	2,451,154	2,567,757	630,125	634,588	318,983	287,865

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 INVESTMENTS IN ASSOCIATES (Continued)

Reconciliation of the summarised financial information presented to the carrying amount of its investments in associates is set out below:

	Guangdong Humen Bridge Co., Ltd.		Guangdong Qinglian Highway Development Co., Ltd.		Guangzhou Northring Freeway Co., Ltd.		Guangdong Shantou Bay Bridge Co., Ltd.		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Opening net assets										
at 1 January	1,160,449	1,796,235	2,567,757	2,303,626	634,588	866,564	287,865	378,219	4,650,659	5,344,644
Profit/(loss) for the year	853,136	802,055	(116,603)	9,088	304,426	269,468	128,000	133,702	1,168,959	1,214,313
Dividends	(858,072)	(1,437,841)	—	—	(308,889)	(501,444)	(96,882)	(224,056)	(1,263,843)	(2,163,341)
Capital injection	—	—	—	255,043	—	—	—	—	—	255,043
Closing net assets										
at 31 December	1,155,513	1,160,449	2,451,154	2,567,757	630,125	634,588	318,983	287,865	4,555,775	4,650,659
Group's share of										
net assets	445,908	446,922	579,207	606,760	153,123	154,205	85,142	81,115	1,263,380	1,289,002
Goodwill	93,684	93,684	—	—	—	—	106,073	106,073	199,757	199,757
Provision for impairment losses	—	—	(5,702)	—	—	—	—	—	(5,702)	—
Carrying amount of										
investments in										
the associates	539,592	540,606	573,505	606,760	153,123	154,205	191,215	187,188	1,457,435	1,488,759

Details of the Group's associates are set out in note 42.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 RMB'000	2014 RMB'000
At 1 January and 31 December	812	812

The balance represents unlisted equity securities stated at fair value, which was referenced to the latest audited financial statements.

22 OTHER NON-CURRENT RECEIVABLES AND PREPAYMENT

Non-current receivable represents 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 completed in 2009. The balance as at 31 December 2014 also included a deposit of RMB50.0 million paid in 2014 for the acquisition of 70% equity interest of the Hubei Suiyuenan Expressway Company Limited.

As at 31 December 2015, the total remaining balance of the consideration receivable is RMB116.3 million (2014: RMB136.2 million) which will be settled by 12 half yearly installments until the end of its concessionary period, i.e. 30 November 2021. Approximately RMB95.9 million (2014: RMB107.5 million) will be received after 31 December 2016 (2014: 31 December 2015) according to the repayment schedule.

The fair value of the consideration receivable is estimated by discounting at the applicable current interest rate and is approximately RMB125.0 million (2014: RMB141.6 million) and categorised as level 2 under the fair value hierarchy.

The Group entered into an agreement in December 2014 to acquire 70% equity interest of the Hubei Suiyuenan Expressway Company Limited and made a deposit of RMB50.0 million in 2014. The acquisition of the Hubei Suiyuenan Expressway Company Limited was completed in July 2015 and the details of the acquisition are disclosed in note 38.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 December 2015 RMB' 000	31 December 2014 RMB' 000
Trade receivables (note a)	102,589	57,329
Other receivables, deposits and prepayments	118,042	51,669
	220,631	108,998

Note:

- (a) As at 31 December 2015, trade receivables were all aged below 30 days (2014: 90 days).

The Group's revenue is generally settled in cash and it usually does not maintain any account balances owing. The trade receivables represented amounts due from local transport departments which collected the toll revenue for all operating entities due to the implementation of unified toll collection policy on expressways. The settlement period is normally within a month. As at 31 December 2015 and 2014, trade receivables were neither past due nor impaired and no provision for impairment loss has been provided for trade receivables.

As at 31 December 2015 and 2014, all other receivables and deposits were performing.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 SHORT-TERM BANK DEPOSITS

	31 December 2015 RMB' 000	31 December 2014 RMB' 000
Bank deposits with original maturity of more than 3 months but less than a year	10,000	27,396

As at 31 December 2015, the deposits were primarily denominated in RMB (2014: RMB) and the effective interest rates was 2.52% per annum (2014: ranged from 3.05% to 3.30% per annum).

25 CASH AND CASH EQUIVALENTS

	31 December 2015 RMB' 000	31 December 2014 RMB' 000
Cash at bank and in hand	675,337	784,241
Term deposits with original maturities of less than 3 months	191,328	339,276
	866,665	1,123,517
Maximum exposure to credit risk	852,148	1,007,977

Bank balances and cash are denominated in the following currencies:

	31 December 2015 RMB' 000	31 December 2014 RMB' 000
EUR dollars	70,951	—
HK dollars	43,500	110,230
US dollars	66	25
Renminbi	752,148	1,013,262
	866,665	1,123,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

The assets and liabilities related to Wuzhou Yue Xin Chishui Terminal Company Limited (“Wuzhou Company”) (part of the Port and other segments), a 51% owned subsidiary of the Group, have been presented as held for sale following the approval of the Group’s shareholders on 24 September 2015 to sell Wuzhou Company to a third party through an open bidding process in the PRC at total consideration of RMB231,874,000, in which the sale equity (being 51% of the equity interest in the Wuzhou Company) would be sold to the purchaser at the consideration of RMB153,635,000 and the shareholder’s loan together with the interest accrued thereon as the date of the signing of the share transfer agreement would be sold to the purchaser at their aggregate face amounts, being RMB78,239,000. The transaction is expected to be completed by December 2016.

(a) Assets of disposal group classified as held for sale

	31 December 2015 RMB’000	31 December 2014 RMB’000
Property, plant and equipment	579,784	—
Trade receivables	3,804	—
Other receivables, deposits and prepayments	554	—
Cash and cash equivalents	15,050	—
Total	599,192	—

(b) Liabilities of disposal group classified as held for sale

	31 December 2015 RMB’000	31 December 2014 RMB’000
Borrowings	362,380	—
Trade and other payables and accrued charges	8,658	—
Other current liabilities	46,711	—
Total	417,749	—

- (c) There is no cumulative income or expense recognised in other comprehensive income relating to disposal group classified as held for sale for the year ended 31 December 2015 (2014:nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 SHARE CAPITAL

	31 December 2015		31 December 2014	
	Number of shares	RMB' 000	Number of shares	RMB' 000
Issued and fully paid:				
Ordinary shares of RMB 0.08805 each	1,673,162,295	147,322	1,673,162,295	147,322

28 RESERVES

	Share Premium	Capital reserve	Exchange fluctuation reserve	Statutory reserves	Investment revaluation reserve	Retained profits	Asset revaluation reserve	Transaction with non-controlling interests	Total
	RMB' 000	(note (a)) RMB' 000	RMB' 000	(note (b)) RMB' 000	reserve RMB' 000	profits RMB' 000	(note (c)) RMB' 000	reserve RMB' 000	RMB' 000
Balance at 1 January 2015	2,375,743	1,501,716	491,730	60,859	(135)	3,426,873	558,250	(34,763)	8,380,273
Profit for the year	—	—	—	—	—	532,086	—	—	532,086
Currency translation differences	—	—	1,397	—	—	—	—	—	1,397
Release of currency translation differences upon disposal of subsidiaries	—	—	(72,583)	—	—	—	—	—	(72,583)
Transfers	—	—	—	1,268	—	(1,268)	—	—	—
Acquisition of additional interests in a subsidiary (note 37)	—	—	—	—	—	—	—	(30,972)	(30,972)
Dividends									
– 2014 Final dividend (note 13)	—	—	—	—	—	(225,683)	—	—	(225,683)
– 2015 Interim dividend (note 13)	—	—	—	—	—	(160,094)	—	—	(160,094)
Balance at 31 December 2015	2,375,743	1,501,716	420,544	62,127	(135)	3,571,914	558,250	(65,735)	8,424,424
Representing:									
Retained profits						3,347,849			
2015 Final dividend proposed (note 13)						224,065			
						3,571,914			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 RESERVES (Continued)

	Share Premium RMB' 000	Capital reserve (note (a)) RMB' 000	Exchange fluctuation reserve RMB' 000	Statutory reserves (note (b)) RMB' 000	Investment revaluation reserve RMB' 000	Retained profits RMB' 000	Asset revaluation reserve (note (c)) RMB' 000	Transaction with non- controlling interests reserve RMB' 000	Total RMB' 000
Balance at 1 January 2014	2,375,743	1,501,716	491,606	60,261	(135)	3,175,719	558,250	(34,715)	8,128,445
Profit for the year	—	—	—	—	—	609,370	—	—	609,370
Currency translation differences	—	—	124	—	—	—	—	—	124
Transfers	—	—	—	598	—	(598)	—	—	—
Acquisition of additional interests in a subsidiary (note 37)	—	—	—	—	—	—	—	(48)	(48)
Dividends									
– 2013 Final dividend	—	—	—	—	—	(211,466)	—	—	(211,466)
– 2014 Interim dividend (note 13)	—	—	—	—	—	(146,152)	—	—	(146,152)
Balance at 31 December 2014	2,375,743	1,501,716	491,730	60,859	(135)	3,426,873	558,250	(34,763)	8,380,273
Representing:									
Retained profits						3,201,190			
2014 Final dividend proposed (note 13)						225,683			
						<u>3,426,873</u>			

Note:

- (a) Capital reserve represents the difference between the nominal value of the shares/registered capital of the subsidiaries acquired and the nominal value of the shares issued by Kiu Fung Limited, a subsidiary of the Company, as consideration of the acquisition in 1996.
- (b) Statutory reserves represent enterprise expansion and general reserve funds appropriated by the operating subsidiaries, associates and a joint venture in the PRC. As stipulated by regulations in the PRC, the Company's subsidiaries, associates and a joint venture established and operated in the PRC are required to appropriate a portion of their after-tax profits (after offsetting prior year losses) to the enterprise expansion and general reserve funds, at rates determined by their respective Boards of Directors. According to the Regulations for the Implementation of the Law of The People's Republic of China on Joint Ventures Using Chinese and Foreign Investment, upon approval by the Board, the general reserve funds may be used for making up losses and increasing capital while the enterprise expansion fund may be used for increasing capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 RESERVES (Continued)

- (c) The asset revaluation reserve represents the fair value gain on revaluation of the 40% equity interest in GNSR Expressway Company Limited held by the Group as an associate in 2007 prior to the Group's further acquisition of an additional 20% equity interest to become a subsidiary.

29 NOTES PAYABLE

On 7 May 2015, the Group issued guaranteed notes at 1.625% per annum due May 2018 for an aggregate principal amount of Euro 200,000,000 (the "Notes"). The Notes were issued at 99.782% of the aggregate nominal amount with interest payable annually.

The effective interest rate for the Notes is 2.11% per annum, which includes the interest charged on the Notes as well as amortisation of the debt discount. The Group recognised RMB18,709,000 (2014: nil) of interest expense on the Notes for the year ended 31 December 2015.

30 BORROWINGS

	31 December 2015 RMB' 000	31 December 2014 RMB' 000
Long-term bank borrowings	7,784,888	4,876,843
Loans from non-controlling interests of certain subsidiaries	107,227	107,534
Other loans	—	14,200
Total borrowings	7,892,115	4,998,577
Less: Amounts due within one year as shown under current liabilities	(675,268)	(358,338)
Total non-current borrowings	7,216,847	4,640,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 BORROWINGS (Continued)

(a) As at 31 December 2015, the Group's borrowings were repayable as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Within one year	675,268	358,338
Between one and two years	1,829,918	1,086,492
Between two and five years	2,274,469	2,159,407
Later than five years	3,112,460	1,394,340
	7,892,115	4,998,577

(b) The bank borrowings of RMB5,304,470,000 (2014: RMB2,285,900,000) were secured by intangible operating rights (note 14) of the Group, and bank borrowings of RMB347,300,000 (2014: RMB348,300,000) were secured by property, plant and equipment of disposal group classified as held for sale (2014: property, plant and equipment) (note 16) of the Group. All bank borrowings were interest bearing at rates ranging from 2.42% to 6.15% (2014: 2.44% to 6.88%). The effective interest rate of these borrowings at 31 December 2015 was 4.44% (2014: 5.00%).

(c) Loans from non-controlling interests of certain subsidiaries were unsecured and interest-free. The carrying amounts of these interest-free loans approximated their fair values which are calculated based on cash flows discounted at a rate of 4.35% (2014: 5.60%) per annum.

Loans from non-controlling interests of certain subsidiaries were repayable between one and two years.

(d) The borrowings were denominated in RMB, except for bank borrowings of RMB2,438,418,000 (2014: RMB1,837,409,000) which were denominated in HKD, and RMB205,234,000 which were denominated in USD as at 31 December 2014.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are within one year (2014: within one year).

(e) The other loans in 2014 represented unsecured long-term borrowing from third parties amounted to RMB14.2 million which carried interest at a rate of 7.04% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DEFERRED INCOME

Deferred income of the Group primarily represents the fees received in advance from a contractor relating to operation of service areas and petrol stations along the toll highway for 25 remaining years.

	RMB' 000
At 1 January 2015	—
Acquisition of a subsidiary (note 38)	88,353
Credited to other income, gains and losses - net	(1,733)
	<hr/>
At 31 December 2015	86,620
Less: non-current portion	(82,960)
	<hr/>
Current portion	3,660
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32 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using the applicable income tax rate.

The analysis of the deferred tax assets and deferred tax liabilities is as follow:

	31 December 2015 RMB' 000	31 December 2014 RMB' 000
Deferred tax assets:		
Deferred income tax assets to be recovered after more than 12 months	(72,198)	—
Deferred income tax assets to be recovered within 12 months	(8,866)	—
	<hr/>	<hr/>
	(81,064)	—
Deferred tax liabilities:		
Deferred income tax liabilities to be recovered after more than 12 months	2,007,603	1,521,823
Deferred income tax liabilities to be recovered within 12 months	5,476	7,790
	<hr/>	<hr/>
	2,013,079	1,529,613
	<hr/>	<hr/>
Deferred tax liabilities (net)	1,932,015	1,529,613
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 DEFERRED INCOME TAX (Continued)

The gross movement on the deferred income tax account is as follows:

	2015 RMB' 000	2014 RMB' 000
At 1 January	1,529,613	1,524,700
Acquisition of a subsidiary (note 38)	476,963	—
(Credit from)/charged to consolidated income statement (note 11)	(74,561)	4,913
At 31 December	<u>1,932,015</u>	<u>1,529,613</u>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Withholding tax on undistributed profits of subsidiaries and associates RMB' 000	Fair value gain on interest in toll highway arising from acquisition of subsidiaries RMB' 000	Accelerated amortisation of intangible operating rights RMB' 000	Available- for- sale financial assets RMB' 000	Total RMB' 000
At 1 January 2015	55,516	1,160,146	313,996	(45)	1,529,613
Acquisition of a subsidiary (note 38)	—	549,161	—	—	549,161
Charged/(credited) to consolidated income statement	33,378	(105,551)	55,160	—	(17,013)
Transferred to current income tax expenses for dividends declared	(48,682)	—	—	—	(48,682)
At 31 December 2015	<u>40,212</u>	<u>1,603,756</u>	<u>369,156</u>	<u>(45)</u>	<u>2,013,079</u>
At 1 January 2014	58,393	1,193,108	273,244	(45)	1,524,700
Charged/(credited) to consolidated income statement	31,194	(32,962)	40,752	—	38,984
Transferred to current income tax expenses for dividends declared	(34,071)	—	—	—	(34,071)
At 31 December 2014	<u>55,516</u>	<u>1,160,146</u>	<u>313,996</u>	<u>(45)</u>	<u>1,529,613</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 DEFERRED INCOME TAX (Continued)

Deferred tax assets

	Tax losses RMB' 000
At 1 January 2015	—
Acquisition of a subsidiary (note 38)	(72,198)
Credited to consolidated income statement (note 11)	(8,866)
At 31 December 2015	<u>(81,064)</u>

33 TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	31 December 2015 RMB' 000	31 December 2014 RMB' 000
Trade payables	79,082	111,797
Other payables and accrued charges	492,949	243,471
	<u>572,031</u>	<u>355,268</u>

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

	31 December 2015 RMB' 000	31 December 2014 RMB' 000
0 - 30 days	25,150	58,271
31 - 90 days	1,018	13,158
Over 90 days	52,914	40,368
	<u>79,082</u>	<u>111,797</u>

Trade and other payables and accrued charges are mainly denominated in RMB except for other payables of approximately RMB59.3 million (2014: RMB60.3 million) which were denominated in HKD and the carrying amounts approximated their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of operating profit to cash generated from operations:

	Note	2015 RMB' 000	2014 RMB' 000
Operating profit		1,120,445	996,701
Amortisation of intangible operating rights	14	419,119	346,025
Depreciation of property, plant and equipment	16	38,258	25,516
Fair value gains on investment properties	17	(1,074)	(793)
Provision for impairment losses	7	266,435	—
Exchange (gain)/loss - net		(4,884)	7,502
Loss on disposal of property, plant and equipment	7	3,457	1,272
Deferred income	31	(1,733)	—
Release of currency translation difference upon disposal of subsidiaries	7	(72,583)	—
Gain on disposal of subsidiaries	7	(30,087)	—
Operating profit before working capital changes		1,737,353	1,376,223
Changes in working capital:			
– increase in trade and other receivables, deposits and prepayments		(69,041)	(7,715)
– increase in trade and other payables and accrued charges		57,306	77,493
– decrease in amounts due from non-controlling interests of subsidiaries		—	4,006
– (decrease)/increase in amounts due to non-controlling interests of subsidiaries		(5,230)	13,537
– increase/(decrease) in amounts due to holding companies		9	(76)
Cash generated from operations		1,720,397	1,463,468

35 CONSTRUCTION INCOME/COST UNDER SERVICE CONCESSION UPGRADE SERVICES

The construction income/cost associated with the construction and upgrade services provided under the service concessions recognised for the year are as follows:

	2015 RMB' 000	2014 RMB' 000
Construction income under service concession upgrade services	213,504	23,096
Construction cost under service concession upgrade services	(213,504)	(23,096)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 COMMITMENTS

(a) Lease commitment

The Group's future aggregate minimum lease payments/receipts under non-cancellable operating leases of premises and service areas along the expressway are as follows:

	2015 RMB' 000	2014 RMB' 000
Lease payments		
Within one year	8,325	678
One year to five years	7,608	—
	15,933	678
Lease receipts		
Within one year	5,452	2,292
One year to five years	9,755	9,180
	15,207	11,472

(b) Capital commitment

	As at	
	31 December 2015 RMB' 000	31 December 2014 RMB' 000
Contracted but not provided for		
Upgrade and construction of toll expressways under concession arrangements and construction of port	99,290	167,520
Acquisition of 70% equity interest of Suiyuenan Expressway (note(a))	—	1,742,000
Property, plant and equipment	410	—
	99,700	1,909,520

Note:

- (a) The Group entered into an agreement in December 2014 to acquire 70% equity interest of the Suiyuenan Expressway in Hubei and the transaction was completed on 21 July 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 18 December 2015 (the “acquisition date”), the Group acquired an additional 10% equity interest in Hunan Changzhu Expressway Development Company Limited (“Changzhu Company”) for a consideration of RMB112,000,000. Changzhu Company became an indirectly wholly owned subsidiary of the Group upon completion of this acquisition.

On 10 July 2014 (the “acquisition date”), the Group acquired an additional 10% equity interest in Hubei Han-Xiao Highway Construction and Operations Company Limited (“Han-Xiao Company”) for a consideration of RMB88,000,000. Han-Xiao Company became an indirectly wholly owned subsidiary of the Group upon completion of this acquisition.

These are regarded as transactions with non-controlling interests and were accounted for as an equity transaction under HKFRS 10 – Consolidated Financial Statements. The carrying amounts of the non-controlling interest in Changzhu Company and Han-Xiao Company on the acquisition date were RMB81,223,000 and RMB87,952,000 respectively. The excess of approximately RMB30,972,000 and RMB48,000, represented the differences between the fair value of the consideration paid for the acquisition and the carrying value of non-controlling interest acquired at the acquisition dates, were charged to the transaction with non-controlling interests reserve for 2015 and 2014 respectively. The effect of changes in the ownership interest in Changzhu Company and Han-Xiao Company on the equity attributable to the shareholders of the Company is summarised as follows:

	Changzhu Company 2015 RMB'000	Han-Xiao Company 2014 RMB'000
Carrying amount of non-controlling interests acquired as at acquisition dates	81,223	87,952
Consideration paid to non-controlling interests	(112,195)	(88,000)
Excess of consideration paid recognised in equity (note 28)	(30,972)	(48)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 BUSINESS COMBINATIONS

On 21 December 2014, the Group entered into an agreement with 百榮投資控股集團有限公司(Bairong Investment Holdings Company Limited)¹ and 百榮世貿商城管理有限公司 (Bairong World Trade Center Management Co., Ltd.)¹, each an independent third party to the Group, whereby the Group has conditionally agreed to acquire 70% of the equity interest in 湖北隨岳南高速公路有限公司 (Hubei Suiyuenan Expressway Company Limited, the “Acquiree”) at total consideration of approximately RMB1,950 million. This transaction was completed on 21 July 2015 (the “completion date”). This business combination is accounted for provisionally as of completion date as the value of the purchase consideration can only be determined provisionally. The Group shall recognise any adjustments to provisional value within twelve months from the completion date.

As a result of the acquisition, the Group is expected to increase its presence in the market. It also expects to reduce costs through economies of scale.

Details of the net assets acquired and goodwill are as follows:

	RMB' 000
Purchase consideration:	
Cash paid and payable (Note)	1,792,000
Indebtedness assumed	157,939
	<hr/>
	1,949,939
Fair value of net identifiable assets acquired (see below)	(1,686,126)
	<hr/>
Goodwill (note 15)	263,813
	<hr/> <hr/>

1 For identification purpose only

Note: The consideration paid and payable amount is denominated in Renminbi which would be settled by the Group within one year after the completion date in three installments. Up to the year ended 31 December 2015, two installments of RMB1,610,800,000 in cumulative were paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 BUSINESS COMBINATIONS (Continued)

The goodwill of RMB263,813,000 is mainly attributable to the recognition of deferred tax liabilities on fair value gain arising from acquisition of 70% equity interest of the Acquiree. None of the goodwill recognised is expected to be deductible for income tax purposes.

Recognised amounts of identifiable assets acquired and liabilities assumed were as follows:

	RMB'000
Cash and cash equivalents	29,349
Intangible operating rights (note 14)	6,447,193
Property, plant and equipment (note 16)	8,547
Land and building (note 16)	7,576
Investment properties (note 17)	6,434
Trade receivables	14,797
Other receivables, deposits and prepayments	81,945
Amount due from non-controlling interest	200,282
Deferred tax assets (note 32)	72,198
Deferred income (note 31)	(88,353)
Other payables and accrued charges	(151,136)
Borrowings	(3,670,920)
Deferred tax liabilities (note 32)	(549,161)
Total net identifiable assets acquired	2,408,751
Non-controlling interests	(722,625)
Net identifiable assets attributable to 70% equity interest acquired by the Group	1,686,126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 BUSINESS COMBINATIONS (Continued)

Analysis of net outflow of cash and cash equivalents in respect of acquisition of a subsidiary:

	RMB' 000
Cash paid	(1,610,800)
Cash and bank balances acquired	29,349
	<u>(1,581,451)</u>

Acquisition-related costs of RMB2,275,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2015.

The fair value of trade and other receivables is RMB96,742,000 and includes trade receivables with a fair value of RMB14,797,000. The gross contractual amount for trade receivables and amount due from non-controlling interest of the Acquiree are RMB14,797,000 and RMB200,282,000 respectively and none of the balance is expected to be uncollectible.

The amount of the non-controlling interest in the Acquiree recognised was approximately RMB722,625,000 and it represented the share of proportionate of net identifiable assets of the Acquiree as at completion date.

The revenue included in the consolidated income statement since the completion date contributed by the Acquiree was approximately RMB205,412,000. The Acquiree also contributed profit of approximately RMB38,982,000 over the same period.

Had the Acquiree been consolidated from 1 January 2015, the consolidated income statement would show pro-forma revenue of approximately RMB461,191,000 and loss before non-controlling interests of approximately RMB862,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 RELATED PARTY TRANSACTIONS

(a) Related parties

The Company's Directors regard 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) (incorporated in the PRC) as its ultimate holding company and the Guangzhou City Government as its ultimate controlling party.

The table set forth below summarises the names of related parties, with whom the Group has significant transactions during the year, and their relationship with the Company as at 31 December 2015:

Significant related parties	Relationship with the Company
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	A wholly-owned subsidiary of ultimate holding Company
Yuexiu Property Company Limited ("Yuexiu Property")	A fellow subsidiary
Blow Light Investments Limited ("Blow Light")	A fellow subsidiary
Chong Hing Bank Limited ("Chong Hing Bank")	A fellow subsidiary
Guangzhou Yuexiu City Construction Jones Lang LaSalle Property Management Co., Ltd. ("YX Jones Lang LaSalle")	A fellow subsidiary
Guangzhou Western Second Ring Expressway Co., Ltd.	A joint venture of a subsidiary
Guangdong Humen Bridge Co., Ltd.	An associate of a subsidiary
Guangdong Qinglian Highway Development Co., Ltd.	An associate of a subsidiary
Guangdong Shantou Bay Bridge Co., Ltd.	An associate of a subsidiary
Guangzhou Northring Freeway Co., Ltd.	An associate of a subsidiary
Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. ("Yue Xiu IFC")	An associate of a fellow subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

	2015 RMB' 000	2014 RMB' 000
(i) Administrative service fees to Yuexiu Property	1,041	1,029
(ii) Interest expense to non-controlling interest of subsidiaries	—	337
(iii) Rental expenses to Blow Light Investments Limited	688	677
(iv) Rental expenses to Yue Xiu IFC	9,016	7,395
(v) Building management fee to YX Jones Lang LaSalle	1,187	1,033
(vi) Interest income from Chong Hing Bank	1,593	139
(vii) Management service income from associates	3,803	3,849
(viii) Dividend from associates	262,401	388,902
(ix) Dividend from a joint venture	6,010	—

(c) Balances with related parties

Group

	2015 RMB' 000	2014 RMB' 000
(i) Bank balance deposited in Chong Hing Bank	79,118	155,138
(ii) Dividend receivable from associates	—	51,595
(iii) Amounts due to holding companies	158	149
(iv) Amount due to a joint venture	57,050	52,500

The amounts due from or to related parties were unsecured, interest free, repayable on demand and denominated in RMB.

(d) Key management compensation

	2015 RMB' 000	2014 RMB' 000
Salaries and other short-term benefits	8,261	10,316

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	31 December 2015 RMB'000	31 December 2014 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	382	487
Investments in subsidiaries	3,528,601	3,528,601
	3,528,983	3,529,088
Current assets		
Amounts due from subsidiaries	5,831,677	3,855,590
Deposits and prepayments	85	104
Cash and cash equivalents	112,496	103,670
	5,944,258	3,959,364
Total assets	9,473,241	7,488,452
EQUITY		
Equity attributable to the shareholders of the Company		
Share capital	147,322	147,322
Reserves	5,172,648	5,139,319
	5,319,970	5,286,641

Note (a)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Balance sheet of the Company (Continued)

	31 December 2015 RMB' 000	31 December 2014 RMB' 000
LIABILITIES		
Non-current liability		
Borrowings	2,152,200	1,835,305
Current liabilities		
Borrowings	286,218	307,338
Amounts due to subsidiaries	1,660,429	—
Other payables and accrued charges	54,424	59,168
	2,001,071	366,506
Total liabilities	4,153,271	2,201,811
Total equity and liabilities	9,473,241	7,488,452

The balance sheet of the Company was approved by the Board of Directors on 22 February 2016 and was signed on its behalf

Zhu Chunxiu
Director

He Baiqing
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserve movement of the Company

	Share premium RMB' 000	Contributed surplus (note) RMB' 000	Retained Profits RMB' 000	Total RMB' 000
At 1 January 2015	2,375,743	1,561,564	1,202,012	5,139,319
Profit for the year	—	—	419,106	419,106
Dividends:				
2014 Final dividend (note 13)	—	—	(225,683)	(225,683)
2015 Interim dividend (note 13)	—	—	(160,094)	(160,094)
At 31 December 2015	2,375,743	1,561,564	1,235,341	5,172,648
Representing:				
Retained profits			1,011,276	
2015 Final dividend proposed (note 13)			224,065	
			1,235,341	
At 1 January 2014	2,375,743	1,561,564	1,007,715	4,945,022
Profit for the year	—	—	551,915	551,915
Dividends:				
2013 Final dividend	—	—	(211,466)	(211,466)
2014 Interim dividend (note 13)	—	—	(146,152)	(146,152)
At 31 December 2014	2,375,743	1,561,564	1,202,012	5,139,319
Representing:				
Retained profits			976,329	
2014 Final dividend proposed (note 13)			225,683	
			1,202,012	

Note:

The contributed surplus represents the difference between the nominal value of the shares issued by the Company in exchange for all the issued ordinary shares of Kiu Fung Limited and the value of net assets of the underlying subsidiaries acquired by the Company as at 30 November 1996. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS

(A) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2015

Name of directors	Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	Fees RMB' 000	Salaries RMB' 000	Discretionary bonuses (Note d) RMB' 000	Housing allowance RMB' 000	Estimated money value of other benefits (Note c) RMB' 000	Employer's contribution a retirement benefit scheme RMB' 000	Remunerations paid or receivable in respect of accepting office as director RMB' 000		
Executive directors									
ZHU Chunxiu (Note b)	—	618	1,770	—	—	—	—	—	2,388
LIANG Youpan	—	618	783	—	—	—	—	—	1,401
QIAN Shangning	—	508	824	—	267	68	—	—	1,667
	—	1,744	3,377	—	267	68	—	—	5,456
Executive director and the Chief executive									
HE Baiqing (Note b)	—	554	783	—	379	63	—	749	2,528
Independent non-executive directors									
FUNG Ka Pun	180	—	—	—	—	—	—	—	180
LAU Hon Chuen Ambrose	245	—	—	—	—	—	—	—	245
CHEUNG Doi Shu	180	—	—	—	—	—	—	—	180
	605	—	—	—	—	—	—	—	605
	605	2,298	4,160	—	646	131	—	749	8,589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(A) Directors' and chief executive's emoluments (Continued)

The remuneration of every director and the chief executive is set out below: (Continued)

For the year ended 31 December 2014

Name of directors	Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking					Estimated money value of other benefits (Note c)	Employer's contribution a retirement benefit scheme	Remunerations receivable of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	Fees RMB' 000	Salaries RMB' 000	Discretionary bonuses (Note d) RMB' 000	Housing allowance RMB' 000	RMB' 000					
Executive directors										
ZHU Chunxiu (Note b)	—	459	2,491	—	—	—	—	—	—	2,950
LIANG Youpan	—	611	1,096	—	—	—	—	—	—	1,707
QIAN Shangning	—	500	782	—	321	70	—	—	—	1,673
ZHANG Zhaoxing (Note a)	—	152	244	—	—	—	—	—	—	396
LI Xinmin (Note a)	—	152	244	—	—	—	—	—	—	396
LIANG Ningguang (Note a)	—	120	194	—	—	—	—	—	—	314
WANG Shuhui (Note a)	—	120	194	—	—	—	—	—	—	314
	—	2,114	5,245	—	321	70	—	—	—	7,750
Executive director and the Chief executive										
HE Baiqing (Note b)	—	430	852	—	255	29	—	1,036	—	2,602
Independent non-executive directors										
FUNG Ka Pun	180	—	—	—	—	—	—	—	—	180
LAU Hon Chuen Ambrose	180	—	—	—	—	—	—	—	—	180
CHEUNG Doi Shu	180	—	—	—	—	—	—	—	—	180
	540	—	—	—	—	—	—	—	—	540
	540	2,544	6,097	—	576	99	—	1,036	—	10,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(A) Directors' and chief executive's emoluments (Continued)

Notes:

- (a) Resigned with effect from 19 March 2014.
- (b) Appointed on 19 March 2014.
- (c) Other benefits mainly include staff quarter.
- (d) Discretionary bonuses are determined by the Group's financial performance.

(B) Directors' retirement benefits

During the year, no retirement benefits were paid to or receivable by the directors in respect of their services as directors of the Company and its subsidiaries or other services in connection with the management of the affairs of the company or its subsidiary undertaking (2014: same).

(C) Directors' termination benefits

During the year, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2014: Nil).

(D) Consideration provided to third parties for making available directors' services

During the year, no consideration was provided to or receivable by third parties for making available directors' services (2014: Nil).

(E) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2014: Nil).

(F) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2014: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE

As at 31 December 2015, the Company held shares/interest in the following principal subsidiaries, a joint venture and associates.

Principal subsidiaries	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/registered capital	Percentage of attributable interest held by the Company		Principal activities
			Direct	Indirect	
Asian East Worldwide Limited	British Virgin Islands	50,000 Ordinary shares of US\$1.00 each	—	100	Investment holding in Guangzhou Northring Freeway Co., Ltd.
Bentfield Limited	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding in Guangzhou Northern Second Ring Expressway Co., Limited
Choice Tone Limited	Hong Kong	1 Ordinary share	—	100	Investment holding in Tianjin Jinfu Expressway Co., Ltd.
Famous Kind International Limited	British Virgin Islands	1 Ordinary share of US\$1.00 each	100	—	Investment holding
Fortune Success Group Ltd.	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding in Guangzhou Tailong Highways Development Company Limited
Frame Bridge Enterprises Ltd.	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE (Continued)

Principal subsidiaries	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/registered capital	Percentage of attributable interest held by the Company		Principal activities
			Direct	Indirect	
Grand Speed Limited	Hong Kong	1 Ordinary share	—	100	Investment holding in Guangxi Yuexiu Cangyu Expressway Co., Ltd.
Guangzhou Northern Second Ring Expressway Company Limited	PRC, limited liability Company	RMB900,000,000	—	60	Development and management of Guangzhou Northern Second Ring Expressway in Guangzhou
Guangzhou Suiqiao Development Company Limited	PRC, limited liability Company	RMB1,000,000	—	100	Investment holding in Guangdong Humen Bridge Co., Ltd.
Guangzhou Yue Peng Information Limited	PRC, limited liability Company	RMB260,000,000	—	100	Investment holding
Guangxi Yuexiu Cangyu Expressway Company Limited	PRC, limited liability Company	RMB190,925,000	—	100	Development and management of Cangyu Expressway in Guangxi
Henan Ruibeika Industrial Company Limited	PRC, limited liability Company	RMB660,754,500	—	100	Development and management of Henan Weixu Expressway
Hubei Suiyuanan Expressway Company Limited	PRC, limited liability Company	RMB1,770,000,000	—	70	Development and management of Suiyuanan Expressway in Hubei Province
Hunan Changzhu Expressway Development Company Limited	PRC, limited liability Company	RMB929,328,460	—	100	Development and management of Changzhu Expressway in Hunan Province
Ickleton Limited	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding
Kam Cheong Limited	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding
Kinleader Co., Ltd.	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE (Continued)

Principal subsidiaries	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/registered capital	Percentage of attributable interest held by the Company		Principal activities
			Direct	Indirect	
Kiu Fung Limited	British Virgin Islands	2 Ordinary shares of HKD1.00 each	100	—	Investment holding
Onwell Enterprises Limited	British Virgin Islands	100 Ordinary shares of US\$1.00 each	—	100	Investment holding in Guangdong Qinglian Highway Development Company Limited
Pioneer Business Limited	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding
Profit Optima Ltd.	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding
Shaanxi Jinxiu Transport Company Limited	PRC, limited liability Company	RMB100,000,000	—	100	Development and management of Xian-Lintong Expressway in Shaanxi Province
Smart Top Enterprises Limited	Hong Kong	2 Ordinary shares	—	100	Property holding
Sparco Development Limited	British Virgin Islands	100 Ordinary shares of US\$1.00 each	—	100	Investment holding in Shaanxi Jinxiu Transport Company Limited
Super Praise Ltd.	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding in Guangdong Shantou Bay Bridge Company Limited
Superfield Limited	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding
Swift Full Limited	Hong Kong	1 Ordinary share	—	100	Investment holding in Hubei Han Xiao Highway Construction and Operations Company Limited
Teckstar Limited	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE (Continued)

Principal subsidiaries	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/registered capital	Percentage of attributable interest held by the Company		Principal activities
			Direct	Indirect	
Top Global Holdings Ltd.	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding
Unionwin Investment Limited	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding
Unique Wealth Investment Ltd.	British Virgin Islands	1 Ordinary share of US\$1.00 each	—	100	Investment holding
Yan Tung Investment Limited	British Virgin Islands	10,000 Ordinary shares of US\$1.00 each	—	83.3	Investment holding
Tianjin Jinfu Expressway Company Limited	PRC, limited liability Company	RMB265,200,000	—	60 (note a)	Development and management of Jinbao Expressway in Tianjin
Wuzhou Yue Xin Chishui Terminal Company Limited	PRC, limited liability Company	RMB171,000,000	—	51	Development and management of Wuzhou Port in Guangxi (Note 26)
Hubei Han Xiao Highway Construction and Operations Company Limited	PRC, limited liability Company	RMB495,089,000	—	100	Development and management of Han-Xiao Expressway in Hubei Province
Guangzhou Yue Tong Expressway Operations and Management Company Limited	PRC, limited liability Company	RMB1,000,000	100	—	Investment holding
Yuexiu (China) Transport Infrastructure Investment Company Limited	PRC, limited liability Company	RMB1,900,000,000	100	—	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE (Continued)

Joint venture	Place of incorporation/ establishment and operation and kind of legal entity	Registered capital	Percentage of Interest in ownership/voting power/profit sharing indirectly held by the Company			Principal activities
			Ownership	Voting power	Profit sharing	
Guangzhou Western Second Ring Expressway Company Limited	PRC, limited liability Company	RMB1,000,000,000	35	33	35	Development and management of Guangzhou Western Second Ring Expressway in Guangzhou

Associates	Place of incorporation/ establishment and operation and kind of legal entity	Registered capital	Percentage of attributable interest held by the Company		Principal activities
			Direct	Indirect	
Guangdong Humen Bridge Company Limited	PRC, limited liability Company	RMB273,900,000	—	27.78	Development and management of Humen Bridge in Humen (note b)
Guangdong Qinglian Highway Development Company Limited	PRC, limited liability Company	RMB3,361,000,000	—	23.63	Development and management of Qinglian Expressway
Guangdong Shantou Bay Bridge Company Limited	PRC, limited liability Company	RMB75,000,000	—	30	Development and management of Shantou Bay Bridge in Shantou
Guangzhou Northring Freeway Company Limited	PRC, limited liability Company	US\$19,255,000	—	24.3	Development and management of Guangzhou City Northern Ring Road

(a) The profit sharing ratio is 90% up to 2012, 40% from 2013 to 2015 and 60% from 2016 onwards.

(b) The profit sharing ratio is 27.78% up to 2009 and 18.446% from 2010 onwards.

43 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. There is no impact on net profit, net assets or net cash flows as a result of the reclassification.

Corporate and Investor Relations Information

For the year ended 31 December 2015

BOARD OF DIRECTORS

Executive directors

Mr Zhu Chunxiu (*Chairman*)
Mr Liang Youpan
Mr He Baiqing
Mr Qian Shangning

Independent non-executive directors & audit committee members

Mr Fung Ka Pun
Mr Lau Hon Chuen Ambrose
Mr Cheung Doi Shu

COMPANY SECRETARY

Mr Yu Tat Fung

QUALIFIED ACCOUNTANT

Ms Chan Kam Ting Sharon

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

HONG KONG LEGAL ADVISER

Minter Ellison

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

23rd Floor
Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LISTING EXCHANGE

Shares

The Stock Exchange of Hong Kong Limited

The stock codes are:

The Stock Exchange of Hong Kong Limited-01052
Reuters-1052.HK
Bloomberg-1052 HK

Notes

Irish Stock Exchange plc
Euro 200,000,000 1.625 per cent. Guaranteed Notes due 2018
(SEDOL: BX9BNG1)

INVESTOR RELATIONS

For further information about
Yuexiu Transport Infrastructure Limited, please contact:
Ms Grace Li
Telephone : (852) 2865 2205
Facsimile : (852) 2865 2126
Email : contact@gzitransport.com.hk

WEBSITES TO ACCESS COMPANY INFORMATION

<http://www.yuexiutransportinfrastructure.com>
<http://www.irasia.com/listco/hk/yuexiutransport>
<http://www.hkexnews.hk>