

# Yuexiu Transport Infrastructure

Bloomberg: 1052 HK Equity | Reuters: 1052.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

9 Oct 2023

## BUY

Last Traded Price (6 Oct 2023): HK\$3.98 (HSI : 17,486)

Price Target 12-mth: HK\$6.00 (51% upside)

### Analysts

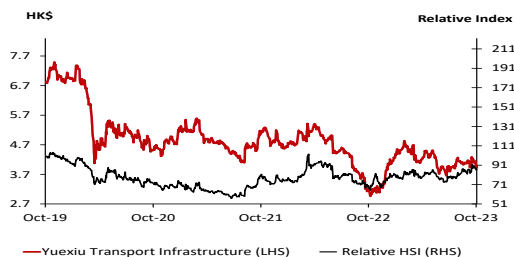
Paul YONG +65 6682 3712 paulyong@dbs.com

Maggie WANG +852 36684191 maggiawang@dbs.com

### What's New

- Traffic volume rebounding faster than our expectations
- GNSR Expressway R&E project is on track while M&A may materialise in 2024
- We project DPS to more than double by 2024F on strong earnings recovery post reopening
- Maintain BUY with TP of HK\$6.0

### Price Relative



### Forecasts and Valuation

FY Dec (RMBm)	2021A	2022A	2023F	2024F
Turnover	3,702	3,289	3,971	4,269
EBITDA	3,045	2,803	3,481	3,734
Pre-tax Profit	2,218	1,065	1,655	1,979
Net Profit	1,465	453	917	1,097
Net Pft (Pre Ex) (core profit)	504	453	917	1,097
Net Profit Gth (Pre-ex) (%)	214.0	(10.1)	102.5	19.6
EPS (HK\$)	0.94	0.29	0.59	0.70
EPS Gth (%)	812.8	(69.1)	102.5	19.6
Diluted EPS (HK\$)	0.94	0.29	0.59	0.70
DPS (HK\$)	0.53	0.19	0.35	0.42
BV Per Share (HK\$)	7.38	7.20	7.44	7.72
PE (X)	4.2	13.7	6.8	5.7
P/Cash Flow (X)	2.4	2.8	2.1	2.4
P/Free CF (X)	4.0	6.1	2.1	2.5
EV/EBITDA (X)	7.5	8.7	6.4	5.5
Net Div Yield (%)	13.4	4.7	8.9	10.6
P/Book Value (X)	0.5	0.6	0.5	0.5
Net Debt/Equity (X)	1.0	1.1	0.8	0.7
ROAE(%)	13.4	4.0	8.0	9.3
Earnings Rev (%):			Nil	Nil
Consensus EPS (RMB)			0.57	0.61
Other Broker Recs:		B:5	S:0	H:0

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

## Dividends to double on strong earnings bounce

### Investment Thesis

**Seasoned pan-China toll road operator.** Yuexiu Transport Infrastructure (YTI) operates a well-diversified portfolio of toll roads across six provinces in China and has a strong track record of identifying and investing in quality toll road projects in the country. The company has historically paid at least 50% of its earnings as dividends while consistently growing its asset portfolio.

**The 'Incubation-Injection-Spin-off' strategy enables the company to continuously strengthen and expand its core business.** Under this strategy, the parent company (Yuexiu Group) acquires expressway assets in their early developmental stages (incubation), injecting them into YTI after achieving a certain level of profitability.

Conversely, YTI can spin off mature expressway projects through a C-REIT listing to: 1) expedite cash re-cycling, and 2) lower the liabilities-to-assets ratio, allowing the company to leverage more to acquire new projects. We anticipate further asset spin-offs to enhance earnings, ROE, and dividend yield in the long term.

**Multiple re-rating catalysts ahead.** We see two potential catalysts for the stock: 1) a strong recovery in organic earnings is on the cards as China moves away from zero-COVID, and 2) the company could further bolster its portfolio with another value accretive toll road acquisition.

**Maintain BUY with HK\$6.0 target price** based on a DCF valuation of the company's toll road concessions. We believe that the company's impressive profit growth and generous dividends are particularly attractive to investors in the current market.

### Key Risks

Slower-than-expected acquisition proceeding; delays or overruns for GNSR R&E project may lead to lower investment returns and higher finance costs

### At A Glance

Issued Capital (m shrs)	1,673
Mkt Cap (HKm/US\$m)	6,659 / 850
Major Shareholders (%)	
Yue Xiu Enterprises (Holdings) Limited	44.2
Free Float (%)	55.8
3m Avg. Daily Val. (US\$m)	1.06
GICS Industry: Industrials / Transportation	

## Yuexiu Transport Infrastructure

### WHAT'S NEW

#### Strong recovery on track

##### Highlights:

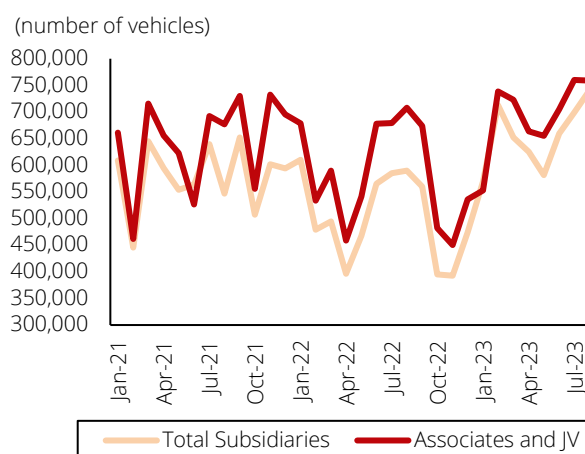
- YTI's traffic volume has rebounded strongly entering 2H23 with total toll revenue/traffic volume both up 19% y-o-y and exceeding pre-COVID levels
- We believe there is a higher possibility that a new acquisition might materialise in 2024 as its financials are not under pressure
- Maintain BUY and TP of HK\$6.0 (51% upside).

#### Operational highlights

	Avg toll revenue y-o-y		Avg traffic volume y-o-y	
	Aug	8M23	Aug	8M23
Controlled Projects (Sorted by revenue)				
GNSR Expressway	4.1%	9.3%	13.6%	16.6%
Suiyuan Expressway	8.3%	11.9%	20.7%	17.2%
Daguangnan Expressway	15.0%	17.2%	18.2%	21.0%
Weixu Expressway	-1.6%	-4.9%	28.7%	23.6%
Lanwei Expressway	-7.6%	-8.9%	32.1%	28.0%
Hancai Expressway	14.1%	16.9%	32.9%	34.9%
Changzhu Expressway	3.6%	5.1%	2.6%	6.4%
Han'e Expressway	57.6%	4.7%	55.1%	16.8%
Cangyu Expressway	13.1%	13.1%	20.4%	23.8%
Jinxiong Expressway	26.9%	21.9%	32.1%	27.6%
<b>Sub-total</b>	<b>21.1%</b>	<b>19.1%</b>	<b>25.7%</b>	<b>23.8%</b>
Non-controlled Projects				
Humen Bridge	34.7%	47.2%	31.8%	42.0%
Qinglian Expressway	1.0%	8.7%	8.9%	12.8%
Northern Ring Road	3.2%	8.8%	2.0%	9.1%
GWSR Expressway	15.0%	17.3%	11.1%	25.1%
Han-Xiao Expressway	21.4%	16.4%	22.0%	16.3%
Shantou Bay Bridge	-27.6%	-31.2%	-27.3%	-30.9%
<b>Sub-total</b>	<b>12.8%</b>	<b>18.1%</b>	<b>7.2%</b>	<b>18.7%</b>

Source: Company, DBS HK

#### Average daily traffic volume



Source: Company, DBS HK

#### What is our view?

**Strong operating recovery is on track.** YTI's traffic volume has rebounded strongly so far in 2H23. The average daily traffic volume controlled by the company has increased by 26% y-o-y in August. All projects recorded y-o-y growth, mainly due to the robust increase in passenger car traffic during the summer vacation. Overall toll revenue from controlled projects in August also grew by 21% y-o-y. Only two expressways in Henan (Weixu and Lanwei) experienced a decline in revenue, mainly due to reduced truck volume during the period (trucks contribute higher toll charges compared to passenger cars). On a year-to-date (YTD) basis, total toll revenue grew by 19% y-o-y, exceeding the 8M19 level by 9%. Total traffic volume also rose by 19% y-o-y in 8M23, which is 27% higher than 8M19. We expect the traffic volume to continue to improve for the rest of 2023.

**Update on GNSR Expressway R&E:** The GNSR expressway contributes 28% of the total toll revenue in 1H23. Its Reconstruction and Expansion (R&E) project, with a total investment of c.RMB 17 bn, will kick off by the end of 2023 at the latest. By 2028, the number of lanes on the GNSR Expressway is set to expand from the current 6 to a range of 10 to 12 upon completion. Additionally, the concession period for the GNSR Expressway will be extended from the present 2032 to up to 2053. YTI needs to contribute a total of RMB 3.1bn in cash to this project in the next 5 years. Management emphasized that 1) the RMB 1.5bn gain from its C-REIT listing in 2021 and 2) the consistent operating cash flows every year (RMB 1.3bn in 1H23) are adequate to fund the project. The company's future CAPEX will largely be allocated to this project, with significant spending expected in FY25-26. There will be minimal disruption to the operation of the GNSR expressway during construction in the near-term, given that the company will maintain the current six lanes for traffic.

## Yuexiu Transport Infrastructure

**M&A and parent company asset injection are certain to take place, but the timetable is unclear.** In addition to injecting two assets from the parent company, YTI is also actively seeking large and medium scale expressway projects in the market. Management stated that the GNSR Expressway expansion project won't affect the company's acquisition plans. This is based on: 1) sufficient cash flow, 2) enough headroom for leveraging (liabilities to assets ratio was only 59% in 1H23 vs. upper limit of 65%), and 3) potential project spin-offs for a REIT listing to expedite cash recycling when necessary. We believe there is a higher possibility that the new acquisition might happen in 2024, as its financials are not under pressure in the near term. Our forecasts and TP have not considered any acquisitions yet.

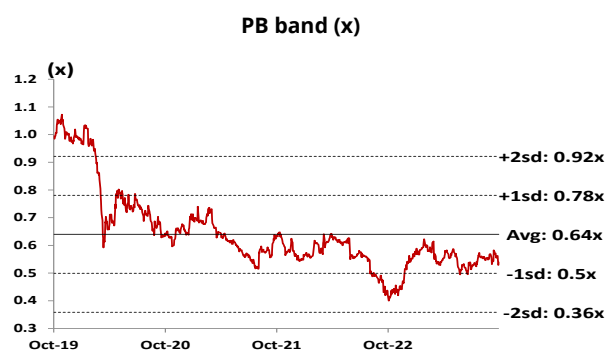
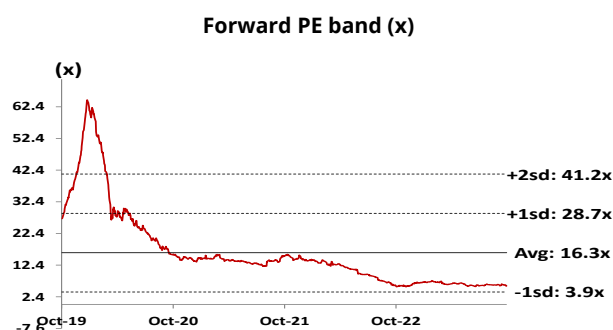
**Valuations still attractive.** The stock is currently trading at 0.54x FY23F P/B, which is c.20% below its 5-year average P/B, with an ROE of 7.9% and yield of 8.0% for FY23F assuming a dividend payout ratio of 60%, hence undemanding in our view. Maintain BUY and TP of HK\$6.0.

### Company Background

**Guangdong-based toll road operator with assets in six provinces.**

Yuexiu Transport Infrastructure (YTI) is a toll road and bridge operator with road assets in Guangdong and five other provinces in China. It had a total of 17 investment projects (including joint ventures [JVs] and associates) with a total attributable length of 896km as of 1H23.

### Historical PE and PB band



Source: Thomson Reuters, DBS HK

## Yuexiu Transport Infrastructure

### Key Assumptions

FY Dec	2020A	2021A	2022A	2023F	2024F
Average Daily Traffic Volume of Subsidiary Roads	576.6	580.5	497.4	555.7	586.7
Average Daily Traffic Volume of Associate/JV Roads	587.4	637.4	603.8	748.6	321.1
Total Debt	17,701.1	16,690.2	17,743.4	16,543.4	15,343.4
Effective Interest Cost (bps)	459.8	432.1	363.3	380.0	380.0

Source: Company, DBS HK

### Segmental Breakdown (RMB m)

FY Dec	2020A	2021A	2022A	2023F	2024F
<b>Revenues (RMB m)</b>					
GNSR Expressway	909	1,121	981	1,121	1,200
Inland Expressways	1,297	1,611	1,414	1,577	1,689
Recently Acquired Expressways	666	918	798	1,214	1,320
Others	48	53	96	60	60
<b>Total</b>	<b>2,920</b>	<b>3,702</b>	<b>3,289</b>	<b>3,971</b>	<b>4,269</b>

Source: Company, DBS HK

## Yuexiu Transport Infrastructure

### Income Statement (RMB m)

FY Dec	2020A	2021A	2022A	2023F	2024F
Revenue	2,920	3,702	3,289	3,971	4,269
Cost of Goods Sold	(1,361)	(1,479)	(1,570)	(1,695)	(1,703)
<b>Gross Profit</b>	<b>1,559</b>	<b>2,223</b>	<b>1,719</b>	<b>2,276</b>	<b>2,566</b>
Other Opng (Exp)/Inc	(222)	(531)	(264)	(280)	(283)
<b>Operating Profit</b>	<b>1,337</b>	<b>1,693</b>	<b>1,455</b>	<b>1,996</b>	<b>2,283</b>
Other Non Opng (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	124	264	172	283	247
Net Interest (Exp)/Inc	(779)	(699)	(562)	(625)	(552)
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	0	961	0	0	0
<b>Pre-tax Profit</b>	<b>682</b>	<b>2,218</b>	<b>1,065</b>	<b>1,655</b>	<b>1,979</b>
Tax	(278)	(426)	(328)	(381)	(455)
Minority Interest	(244)	(328)	(285)	(357)	(427)
Preference Dividend	0	0	0	0	0
<b>Net Profit</b>	<b>160</b>	<b>1,465</b>	<b>453</b>	<b>917</b>	<b>1,097</b>
Net Profit before Except.	160	504	453	917	1,097
EBITDA	2,438	3,045	2,803	3,481	3,734
<b>Growth</b>					
Revenue Gth (%)	(3.4)	26.8	(11.2)	20.7	7.5
EBITDA Gth (%)	(17.1)	24.9	(7.9)	24.2	7.3
Opg Profit Gth (%)	(30.3)	26.6	(14.0)	37.2	14.4
Net Profit Gth (%)	(85.9)	812.8	(69.1)	102.5	19.6
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	53.4	60.1	52.3	57.3	60.1
Opg Profit Margin (%)	45.8	45.7	44.2	50.3	53.5
Net Profit Margin (%)	5.5	39.6	13.8	23.1	25.7
ROAE (%)	1.5	13.4	4.0	8.0	9.3
ROA (%)	0.4	4.1	1.3	2.5	3.0
ROCE (%)	2.2	3.9	2.9	4.4	5.1
Div Payout Ratio (%)	60.9	56.9	64.4	60.0	60.0
Net Interest Cover (x)	1.7	2.4	2.6	3.2	4.1

Source: Company, DBS HK

### Interim Income Statement (RMB m)

FY Dec	1H2021	2H2021	1H2022	2H2022	1H2023
Revenue	1,832	1,871	1,616	1,673	1,935
Cost of Goods Sold	(682)	(797)	(718)	(852)	(841)
<b>Gross Profit</b>	<b>1,150</b>	<b>1,074</b>	<b>898</b>	<b>822</b>	<b>1,095</b>
Other Oper. (Exp)/Inc	(78)	(227)	(64)	(200)	(123)
<b>Operating Profit</b>	<b>1,071</b>	<b>847</b>	<b>833</b>	<b>622</b>	<b>971</b>
Other Non Opng (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	140	124	91	81	130
Net Interest (Exp)/Inc	(364)	(335)	(305)	(257)	(270)
Exceptional Gain/(Loss)	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>847</b>	<b>636</b>	<b>619</b>	<b>446</b>	<b>831</b>
Tax	(214)	(211)	(173)	(154)	(219)
Minority Interest	(165)	(162)	(151)	(134)	(185)
<b>Net Profit</b>	<b>468</b>	<b>262</b>	<b>295</b>	<b>158</b>	<b>427</b>
Net profit bef Except.	468	262	295	158	427
<b>Growth</b>					
Revenue Gth (%)	118.2	(10.1)	(11.8)	(10.5)	19.8
Opg Profit Gth (%)	441.1	(25.7)	(22.2)	(26.6)	16.5
Net Profit Gth (%)	N/A	(41.6)	(36.9)	(39.7)	44.6
<b>Margins</b>					
Gross Margins (%)	62.8	57.4	55.6	49.1	56.6
Opg Profit Margins (%)	58.5	45.3	51.6	37.1	50.2
Net Profit Margins (%)	25.5	14.0	18.3	9.4	22.1

Source: Company, DBS HK

## Yuexiu Transport Infrastructure

### Balance Sheet (RMB m)

FY Dec	2020A	2021A	2022A	2023F	2024F
Net Fixed Assets	53	39	41	36	34
Invt in Associates & JVs	2,024	2,561	2,287	2,342	2,324
Other LT Assets	32,413	29,768	31,233	30,113	28,987
Cash & ST Invt	1,516	2,919	2,480	3,851	4,722
Inventory	0	0	0	0	0
Debtors	204	153	128	278	299
Other Current Assets	158	221	168	168	168
<b>Total Assets</b>	<b>36,368</b>	<b>35,661</b>	<b>36,337</b>	<b>36,788</b>	<b>36,535</b>
ST Debt	2,886	3,466	6,424	6,424	6,424
Creditors	1,219	991	922	1,519	1,526
Other Current Liab	127	137	87	416	491
LT Debt	14,815	13,224	11,319	10,119	8,919
Other LT Liabilities	3,666	3,370	3,350	3,350	3,350
Shareholder's Equity	10,425	11,512	11,230	11,597	12,036
Minority Interests	3,229	2,961	3,005	3,361	3,788
<b>Total Cap. &amp; Liab.</b>	<b>36,368</b>	<b>35,661</b>	<b>36,337</b>	<b>36,788</b>	<b>36,535</b>
Non-Cash Wkg. Capital	(984)	(753)	(713)	(1,490)	(1,550)
Net Cash/(Debt)	(16,185)	(13,772)	(15,263)	(12,693)	(10,621)
Debtors Turn (avg days)	23.7	17.6	15.6	18.6	24.7
Creditors Turn (avg days)	1,108.2	1,031.6	885.6	902.4	1,113.4
Inventory Turn (avg days)	N/A	N/A	N/A	N/A	N/A
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1
Current Ratio (x)	0.4	0.7	0.4	0.5	0.6
Quick Ratio (x)	0.4	0.7	0.4	0.5	0.6
Net Debt/Equity (X)	1.2	1.0	1.1	0.8	0.7
Net Debt/Equity ex MI (X)	1.6	1.2	1.4	1.1	0.9
Capex to Debt (%)	1.9	6.1	6.7	0.5	0.5
Z-Score (X)	NA	NA	NA	NA	NA

Source: Company, DBS HK

### Cash Flow Statement (RMB m)

FY Dec	2020A	2021A	2022A	2023F	2024F
Pre-Tax Profit	682	2,218	1,065	1,655	1,979
Dep. & Amort.	976	1,088	1,175	1,202	1,204
Tax Paid	(218)	(499)	(70)	(51)	(381)
Assoc. & JV Inc/(loss)	(124)	(264)	(172)	(283)	(247)
(Pft)/ Loss on disposal of FAs	0	0	0	0	0
Chg in Wkg.Cap.	113	(219)	(21)	447	(14)
Other Operating CF	673	246	234	0	0
<b>Net Operating CF</b>	<b>2,103</b>	<b>2,570</b>	<b>2,211</b>	<b>2,969</b>	<b>2,541</b>
Capital Exp.(net)	(337)	(1,013)	(1,197)	(76)	(76)
Other Invt.(net)	0	2,031	0	0	0
Invt in Assoc. & JV	0	0	(6)	0	0
Div from Assoc & JV	47	202	471	228	265
Other Investing CF	51	65	64	0	0
<b>Net Investing CF</b>	<b>(239)</b>	<b>1,285</b>	<b>(668)</b>	<b>152</b>	<b>189</b>
Div Paid	(387)	(971)	(1,048)	(550)	(658)
Chg in Gross Debt	(1,396)	(1,480)	(913)	(1,200)	(1,200)
Capital Issues	0	0	67	0	0
Other Financing CF	0	0	(87)	0	0
<b>Net Financing CF</b>	<b>(1,783)</b>	<b>(2,451)</b>	<b>(1,981)</b>	<b>(1,750)</b>	<b>(1,858)</b>
Currency Adjustments	(1)	(2)	0	0	0
Chg in Cash	81	1,403	(439)	1,370	872
Opg CFPS (RMB)	1.19	1.67	1.33	1.51	1.53
Free CFPS (RMB)	1.06	0.93	0.61	1.73	1.47

Source: Company, DBS HK

## Yuexiu Transport Infrastructure

### Target Price & Ratings 12-mth History



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	25-Oct-22	HK\$3.13	HK\$5.40	Buy
2:	7-Mar-23	HK\$4.70	HK\$6.00	Buy
3:	9-Aug-23	HK\$4.13	HK\$6.00	Buy

Source: DBS HK

Analyst: Paul YONG

Maggie WANG

## Yuexiu Transport Infrastructure

DBS HK recommendations are based on an Absolute Total Return\* Rating system, defined as follows:

**STRONG BUY** (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)

**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

**FULLY VALUED** (negative total return, i.e., > -10% over the next 12 months)

**SELL** (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

\*Share price appreciation + dividends

Completed Date: 9 Oct 2023 14:03:00 (HKT)

Dissemination Date: 9 Oct 2023 17:33:19 (HKT)

Sources for all charts and tables are DBS HK unless otherwise specified.

### GENERAL DISCLOSURE/DISCLAIMER

**This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK").** This report is solely intended for the clients of DBS Bank Ltd., DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), and DBS Vickers Securities (Singapore) Pte Ltd. ("DBSVS"), its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS HK.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd., DBS HK, DBSV HK, DBSVS, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBS Vickers Securities (USA) Inc ("DBSVUSA"), a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.



## Yuexiu Transport Infrastructure

### ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

### COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBSVS or their subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of 05 Oct 2023.
2. **Compensation for investment banking services:**  
DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from Yuexiu Transport Infrastructure Ltd (1052 HK) as of 31 Aug 2023.
3. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for Yuexiu Transport Infrastructure Ltd (1052 HK) in the past 12 months, as of 31 Aug 2023.


DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

4. **Disclosure of previous investment recommendation produced:**  
DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA in the preceding 12 months.

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

## RESTRICTIONS ON DISTRIBUTION

<b>General</b>	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
<b>Australia</b>	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
<b>Hong Kong</b>	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.
<b>Indonesia</b>	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
<b>Malaysia</b>	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;"> Wong Ming Tek, Executive Director, ADBSR</p>
<b>Singapore</b>	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
<b>Thailand</b>	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanakul] at [research@th.dbs.com]</p>
<b>United Kingdom</b>	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</p> <p>This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS Bank Ltd is regulated by the Monetary Authority of Singapore. DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>

## Yuexiu Transport Infrastructure

<b>Dubai International Financial Centre</b>	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see <a href="http://www.dbs.com/ae/our--network/default.page">http://www.dbs.com/ae/our--network/default.page</a>.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>
<b>United States</b>	<p>This report was prepared by DBS HK. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.</p>
<b>Other jurisdictions</b>	<p>In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.</p>

**DBS Bank (Hong Kong) Limited**

13<sup>th</sup> Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

Tel: (852) 3668-4181, Fax: (852) 2521-1812

## Yuexiu Transport Infrastructure

---

### DBS Regional Research Offices

---

#### HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Dennis Lam

13th Floor One Island East,

18 Westlands Road, Quarry Bay, Hong Kong

Tel: 852 3668 4181

Fax: 852 2521 1812

e-mail: dbsvhk@dbs.com

#### SINGAPORE

DBS Bank Ltd

Contact: Paul Yong

12 Marina Boulevard,

Marina Bay Financial Centre Tower 3

Singapore 018982

Tel: 65 6878 8888

e-mail: groupresearch@dbs.com

Company Regn. No. 196800306E

#### INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif

DBS Bank Tower

Ciputra World 1, 32/F

Jl. Prof. Dr. Satrio Kav. 3-5

Jakarta 12940, Indonesia

Tel: 62 21 3003 4900

Fax: 6221 3003 4943

e-mail: indonesiaresearch@dbs.com

#### THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul

989 Siam Piwat Tower Building,

9th, 14th-15th Floor

Rama 1 Road, Pathumwan,

Bangkok Thailand 10330

Tel. 66 2 857 7831

Fax: 66 2 658 1269

e-mail: research@th.dbs.com

Company Regn. No 0105539127012

Securities and Exchange Commission, Thailand