越秀交通基建有限公司
YUEXIU TRANSPORT INFRASTRUCTURE LIMITED
(Stock Code: 01052)

CREATING EXCELLENT VALUES

2023 ANNUAL REPORT


机场北

CONTENTS

FIVE YEARS FINANCIAL SUMMARY

STATEMENTS OF PROFIT OR LOSS

Year ended 31 December

(RMB'000)	2023	2022	2021	2020	2019
Income from operations	**3,966,726**	3,288,923	3,702,276	2,919,838	3,023,221
Earnings before interests, tax, depreciation and amortisation ("EBITDA")[1]	**3,519,724**	2,866,872	3,292,190	2,452,006	2,956,565
Profit before income tax	**1,548,906**	1,065,340	2,218,350	682,421	1,900,445
Profit for the year	**1,121,643**	737,811	1,792,694	404,336	1,595,043
Profit attributable to:					
Shareholders of the Company	**765,309**	453,114	1,464,984	160,491	1,137,590
Non-controlling interests	**356,334**	284,697	327,710	243,845	457,453
Basic earnings per share for profit attributable to the shareholders of the Company	**RMB0.4574**	RMB0.2708	RMB0.8756	RMB0.0959	RMB0.6799
Dividend per share	**RMB0.2734**	RMB0.1744	RMB0.4980	RMB0.0584	RMB0.3500

STATEMENTS OF FINANCIAL POSITION

As at 31 December

(RMB'000)	2023	2022	2021	2020	2019
Total Assets	**36,502,458**	36,337,410	35,661,108	36,367,600	36,797,875
Total Liabilities	**21,652,521**	22,102,435	21,188,359	22,713,855	23,169,125
Total Equity	**14,849,937**	14,234,975	14,472,749	13,653,745	13,628,750
Equity attributable to:					
Shareholders of the Company	**11,613,337**	11,230,445	11,511,515	10,424,891	10,571,655
Non-controlling interests	**3,236,600**	3,004,530	2,961,234	3,228,854	3,057,095
Net assets per share to shareholders of the Company	**RMB6.94**	RMB6.71	RMB6.88	RMB6.23	RMB6.32

FINANCIAL RATIOS

Year ended 31 December

	2023	2022	2021	2020	2019
Return on equity attributable to shareholders of the Company	**6.59%**	4.03%	12.73%	1.54%	10.76%
EBITDA Interest Coverage	**6.4 times**	4.7 times	4.6 times	3.1 times	7.6 times
Gearing ratio[2]	**49.5%**	51.4%	48.5%	54.3%	55.4%
Total liabilities/Total assets ratio[3]	**59.3%**	60.8%	59.4%	62.5%	63.0%

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 2023

20.6% ▲
Revenue
RMB3,967 million

24.9% ▲
Gross Profit
RMB2,147 million

1.8 percentage point ▲
Gross Margin*
54.1%

24.0% ▲
Operating Profit
RMB1,804 million

45.4% ▲
Profit before income tax
RMB1,549 million

68.9% ▲
Profit attributable to shareholders of the Company
RMB765 million

68.9% ▲
Basic earnings per share/ Diluted earnings per share
RMB0.4574

0.5% ▲
Total Assets
RMB36.5 billion

3.4% ▲
Net assets per share attributable to shareholders
RMB6.94

* Gross Margin = Gross profit/Revenue

CORPORATE PROFILE

廣州越秀集團股份有限公司
Guangzhou Yue Xiu Holdings Limited
100%

Yue Xiu Enterprises (Holdings) Limited
44.2%

Public
55.8%

Yuexiu Transport Infrastructure Limited

Expressway / Bridge / Port

- ■ GNSR Expressway / 60%
- ■ Suiyuenan Expressway / 70%
- ■ Hancai Expressway / 67%
- ■ Han'e Expressway / 100%
- ■ Daguangnan Expressway / 90%
- ■ Weixu Expressway / 100%
- ■ Lanwei Expressway / 100%
- ■ Changzhu Expressway / 100%
- ■ Cangyu Expressway / 100%
- ■ Jinxiong Expressway / 60%

- ● Han-Xiao Expressway / 30%
- ● GWSR Expressway / 35%
- ● Northern Ring Road / 24.30%
- ● Humen Bridge / 27.78%*
- ● Shantou Bay Bridge / 30%
- ● Qinglian Expressway / 23.63%
- ● Pazhou Port / 45%

* The Group's profit sharing ratio in Humen Bridge could be referred to notes of "Business Review" on pages 22-23.

■ subsidiaries
● associates and joint venture

CORPORATE PROFILE

Yuexiu Transport Infrastructure Limited (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in the investment, construction and development, operation and management of toll expressways and bridges in Guangdong Province and other high-growth provinces in the People's Republic of China (the "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 of the Guangzhou Municipal People's Government.

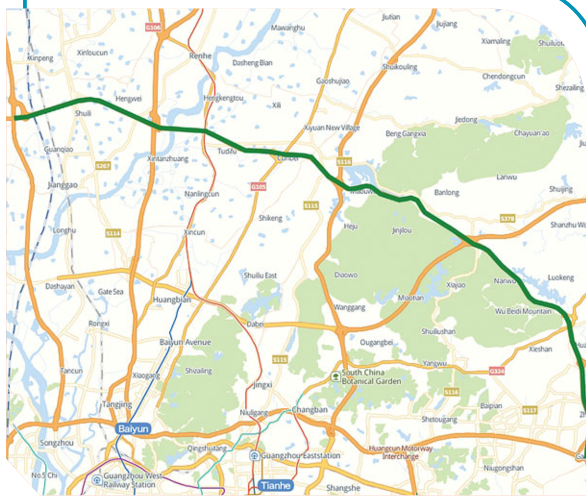
As at 31 December 2023, the Group had a total of 17 investments in its operating expressways, bridges and port projects which included Guangzhou Northern Second Ring Expressway ("GNSR Expressway"), Guangzhou Western Second Ring Expressway ("GWSR Expressway"), Guangzhou Northern Ring Road ("Northern Ring Road"), Guangdong Humen Bridge ("Humen Bridge"), Shantou Bay Bridge ("Shantou Bay Bridge"), Guangdong Qinglian Expressway ("Qinglian Expressway") and Pazhou Port, all of which are located within Guangdong Province; Suiyuenan Expressway ("Suiyuenan Expressway"), Hancai Expressway ("Hancai Expressway"), Han'e Expressway ("Han'e Expressway"), Daguangnan Expressway ("Daguangnan Expressway") and Han-Xiao Expressway ("Han-Xiao Expressway") in Hubei Province; Weixu Expressway ("Weixu Expressway") and Lanwei Expressway ("Lanwei Expressway") in Henan Province; Changzhu Expressway ("Changzhu Expressway") in Hunan Province; Cangyu Expressway in Guangxi Zhuang Autonomous Region; and Jinxiong Expressway ("Jinxiong Expressway") in Tianjin Municipality. As at 31 December 2023, the attributable toll mileage of the Group's subsidiaries was 477.7 km (total toll mileage was approximately 556.2 km), the attributable toll mileage of the Group's associates and joint venture was approximately 88.8 km and the attributable toll mileage of all expressways and bridges was approximately 566.5 km.

LOCATION MAPS OF PROJECTS

LOCATION	PROJECT NAME
TIANJIN	
1 Tianjin City	Jinxiong Expressway
HENAN	
2 Xuchang City	Weixu Expressway
3 Kaifeng City	Lanwei Expressway
HUBEI	
4 Wuhan City	Han-Xiao Expressway
	Hancai Expressway
4 Ezhou City	Han’e Expressway
5 Jingzhou City	Suiyuenan Expressway
6 Huangshi City	Daguangnan Expressway
HUNAN	
7 Changsha City	Changzhu Expressway
GUANGXI	
8 Wuzhou City	Cangyu Expressway
GUANGDONG	
9 Dongguan City	Humen Bridge
10 Guangzhou City	GNSR Expressway
	Northern Ring Road
	GWSR Expressway
	Pazhou Port
11 Qingyuan City	Qinglian Expressway
12 Shantou City	Shantou Bay Bridge

LOCATION MAPS OF PROJECTS

GUANGDONG

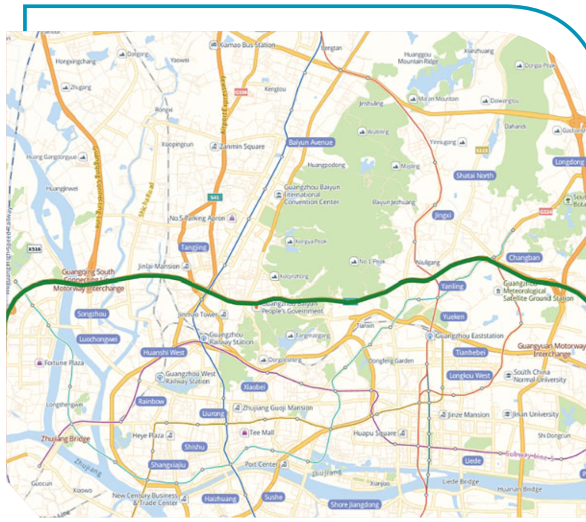


GNSR EXPRESSWAY

It has a toll length of approximately 42.5 km, of which there are 8 lanes for the section from Huocun to Luogang, and 6 lanes for other sections, with 10 flyovers in total. GNSR Expressway also connects with GWSR Expressway, Guangqing Expressway, Airport Expressway, Beijing-Hong Kong-Macau Expressway (G4), Huanan Expressway, Guanghe Expressway, Guanghui Expressway, GS Superhighway, GESR Expressway, Fenghuangshan Tunnel, National Highway 105, 106, 324 and Provincial Highway 114 and so on.

GWSR EXPRESSWAY

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

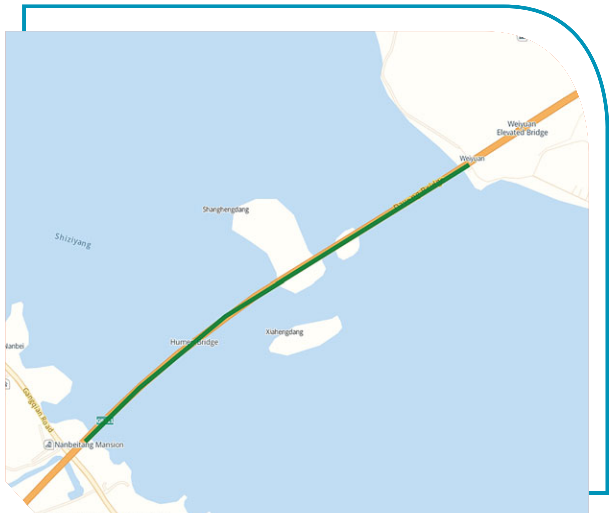


NORTHERN RING ROAD

It is located within Guangzhou City with a toll length of approximately 22.0 km with 8 lanes for the section from Shabei to Bainihe Bridge and 6 lanes for other sections. It is a part of Guangzhou Ring Expressway, Guangzhou Section of Shenhai Expressway and Fukun Section of National Highway, linking with GS Superhighway and Guangzhou Foshan Expressway.

LOCATION MAPS OF PROJECTS

GUANGDONG

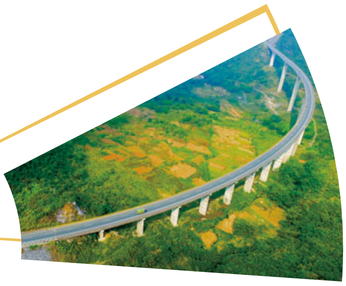


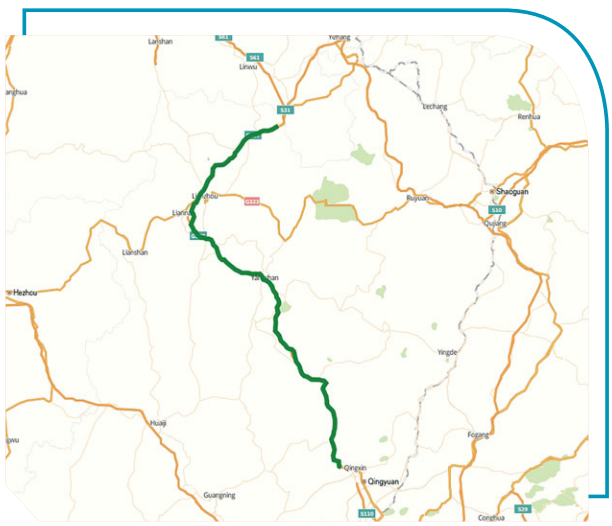
HUMEN BRIDGE

It is a six-lane suspension highway bridge with a toll length of approximately 15.8 km, linking Nansha District of Guangzhou City and Humen District of Dongguan City. Its two ends are connected to the Guangzhou Macau Expressway, Guangshen Yanjiang Expressway and GS Superhighway.

SHANTOU BAY BRIDGE

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





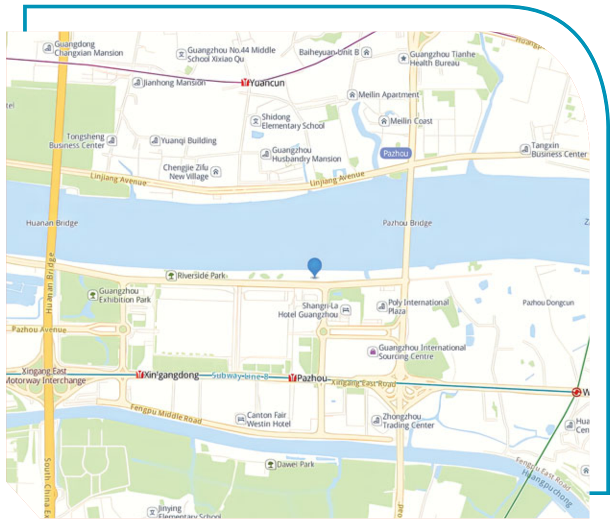
QINGLIAN EXPRESSWAY

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.

LOCATION MAPS OF PROJECTS

GUANGDONG

PAZHOU PORT



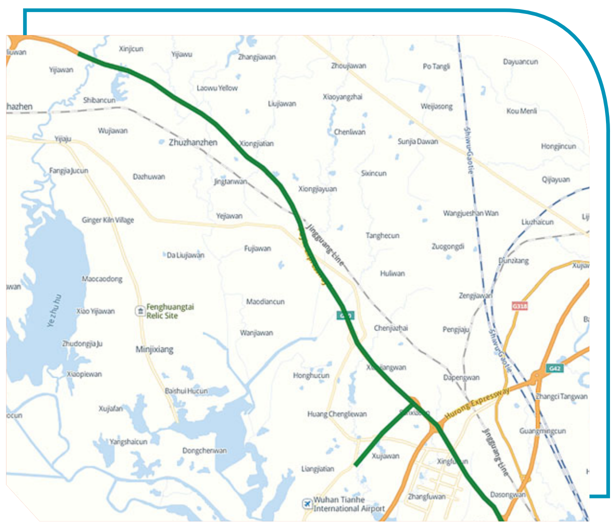
It is located at No. 499, Yuejiang Central Road, Guangzhou City, with a total of five berths and two passenger ferries. At present, Pazhou has opened two routes to and from urban areas and airport of Hong Kong.

HUBEI

SUIYUENAN 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.

HANCAI EXPRESSWAY



It has a toll length of approximately 36.0 km, 13 km of which is six-lane while 23 km is four-lane. Located in the urban area of Wuhan, it connects the Wuhan Third Ring Line and the Beijing-Hong Kong-Macau Expressway (G4) and extends to Huyu Expressway (G50), being an important west bound corridor for Wuhan.

LOCATION MAPS OF PROJECTS

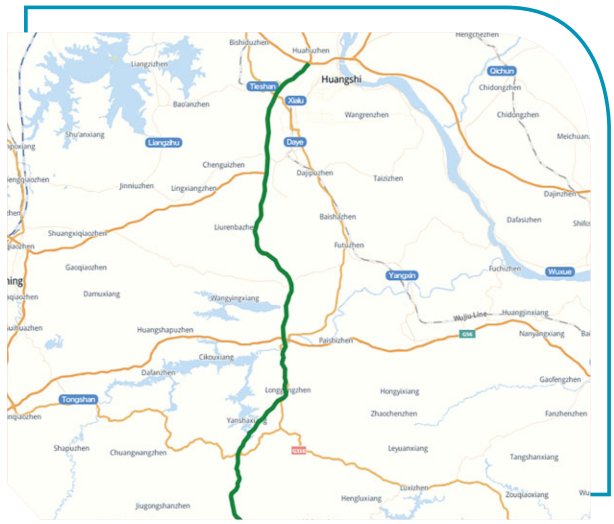
HUBEI

HAN'E EXPRESSWAY

It is a four-lane expressway with approximately 54.8 km of toll length, starts from Xinqiao Village of Zuoling Town in Wuhan and ends at the Huahu interchange which is the southern route of the E'Dong Changjiang Bridge of the Daguang Expressway. This expressway is one of the seven fast urban exit roads in Wuhan's town planning.

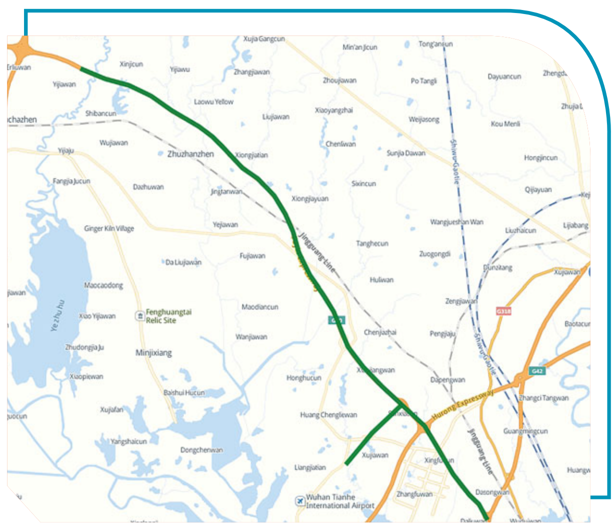
DAGUANGNAN EXPRESSWAY

It is a four-lane expressway with approximately 107.1 km of toll length. Located in the southern part of Hubei Province, it is an important passageway connecting Hubei and Jiangxi province.



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 6 lanes at the sections of Airport North Extension as well as from Taoyuanji interchange to Hengdian interchange. There are 4 lanes for other sections. Han-Xiao Expressway also connects with Wuhan Airport Expressway, Beijing-Hong Kong-Macau Expressway (G4), Wuhan Ring Road, Daijiashan-Huangpi Expressway and Xiaoxiang Expressway.

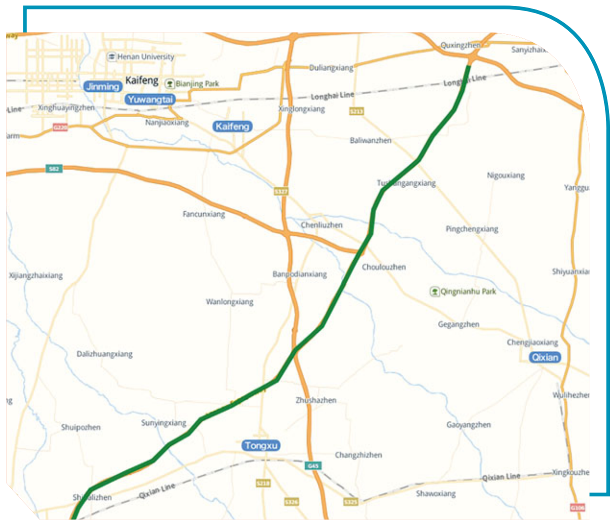


LOCATION MAPS OF PROJECTS

HENAN

WEIXU EXPRESSWAY

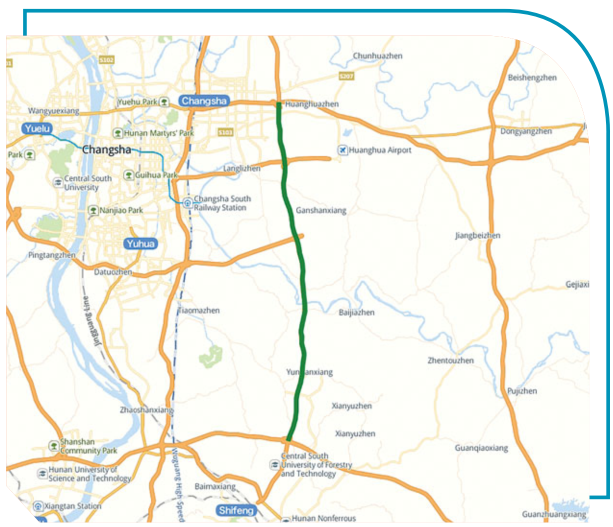
Located in Henan Province, Weixu Expressway is an important part of Lan-nan Expressway as well as the significant linkage between Beijing-Hong Kong-Macau Expressway (G4), Daguang Expressway (G45), Xuguang Expressway (G0421), Er'guang Expressway (G55), Ningluo Expressway (G36) and Lianhuo Expressway (G30). The toll length is approximately 64.3 km with four lanes.



LANWEI EXPRESSWAY

Located in Henan Province, Lanwei Expressway is an important part of Lan-nan Expressway as well as the significant linkage between Lianhuo Expressway (G30), Zhengmin Expressway (S82), Shangdeng Expressway (S60) and Daguang Expressway (G45). The toll length is approximately 61.0 km with four lanes.

HUNAN



CHANGZHU EXPRESSWAY

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

LOCATION MAPS OF PROJECTS

GUANGXI

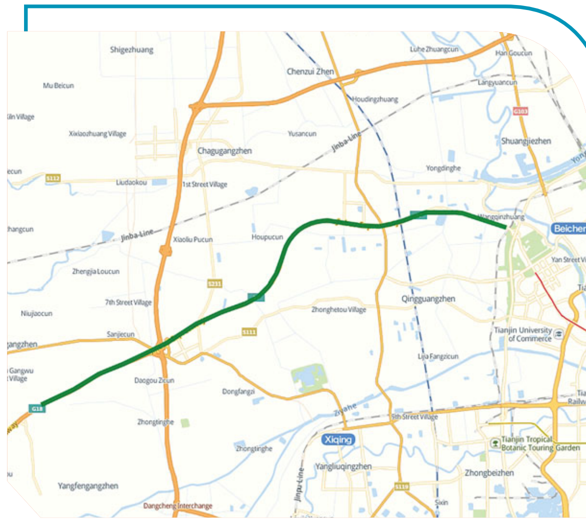
CANGYU EXPRESSWAY

It is located in Longxu District, which was originally in Cangwu County, of Wuzhou City in Guangxi Zhuang Autonomous Region, linking Longxu District of Guangxi with Yunan County of Guangdong Province. The toll length is approximately 22 km with four lanes, forming a part of Guangkun Expressway (G80).

TIANJIN

JINXIONG EXPRESSWAY

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



CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

LI FENG

CHAIRMAN

OPERATING RESULTS AND DIVIDEND

During the year ended 31 December 2023 (the "Reporting Year"), the Group recorded revenue of RMB3,967 million, representing a year-on-year increase of 20.6%. Profit attributable to shareholders amounted to RMB765 million, representing a year-on-year increase of 68.9%. The increase in revenue and profit was mainly attributable to the recovery of the macro economy and the growth of passenger volume (2022: RMB3,289 million and RMB453 million).

The Board has recommended the payment of a final dividend for 2023 of HK$0.15 per share. Together with the interim dividend of HK$0.15 per share paid, the total dividend for the Reporting Year is HK$0.30 per share, which is equivalent to RMB0.2734 per share, and the annual dividend payout ratio of the year is 59.8%.

CHAIRMAN'S STATEMENT

ANNUAL REVIEW

Marco-Economy and Regulatory Environment of the Sector

In 2023, the global economy recovered steadily from negative factors such as geopolitical and inflation risks and showed resilience. The International Monetary Fund (IMF) expected that the global economic growth rate in 2023 would be 3.1%. Facing the complex and ever-changing environment and challenges, China's economy rebounded steadily throughout the year, with GDP increasing by 5.2% year-on-year.

Over the past year, in the face of a complex and challenging international environment and the expectation of post-pandemic resilience, the PRC stayed true to the general principle of pursuing progress while ensuring stability, and strived to promote high-quality development, thereby promoting an improving economic recovery. In terms of investment in transportation infrastructure construction, according to the Ministry of Transport, from January to December 2023, fixed asset investment in transportation was more than RMB3.9 trillion. From January to December 2023, highway passenger turnover was 56,520 million, representing a year-on-year increase of 26.3% and highway cargo turnover was 40,340 million tonnes, representing a year-on-year increase of 8.7%.

Business Development

During the Reporting Year, the Group's revenue recorded a 20.6% increase. In particular, toll revenue from most projects showed a good growth trend. With the recovery and growth of the macro-economy and the continued recovery and growth of passenger volume, the transportation industry has shown an overall recovery and development trend, and the toll revenue from most of the Group's projects has recovered well.

During the Reporting Year, the entering into of Huangpu District Land Expropriation Works Agreement and Baiyun District Land Expropriation Works Agreement with Guangzhou Development District Key Project Promotion Centre and Baiyun Land Acquisition Office respectively, in relation to the GNSR Expressway R&E Project and the entering into of construction works agreements with relevant contractors for main sections by Guangzhou North Second Ring Transport Technology Company Limited ("GNSR Company") were successfully approved by the board of directors and at the special general meeting of the Company. Construction under the project is expected to commence in full swing in June 2024 after obtaining land use and construction approvals. GNSR Expressway, as the artery for transportation in the north of Guangzhou City, is a part of the expressway network that connects Guangzhou City and Shenzhen City, the two core first-tier cities in the Guangdong-Hong Kong-Macau Greater Bay Area, as well as other important cities such as Foshan City and Dongguan City and an important component of the transportation network in the Greater Bay Area, and plays a major role in the Group. The R&E Project is expected to significantly improve the current traffic conditions, service quality and traffic capacity of the GNSR Expressway, while reducing traffic accidents to secure travel safety. Meanwhile, it is expected that the R&E Project will help extend the toll operating period of the GNSR Expressway by up to 25 years from the completion date of the GNSR Expressway R&E Project, which in turn allows the Company to continue to benefit from the development of the Greater Bay Area, helps the Company to enhance the development capacity of its principal toll road business and improve its core advantages in investment, construction and operation, thereby scaling up its core business on an ongoing basis.

In addition, the Group will continue to improve the combined business strategy of "investment, financing, management and divestment", under which it may acquire quality assets by establishing incubation platforms at the front end and take advantage of the positive effects of publicly traded domestic infrastructure REITs at the back end. It will also leverage the positive interaction between the incubation platforms, publicly traded domestic infrastructure REITs and listed companies to realise asset inflow and outflow, and thereby further optimise the Group's asset portfolio and create greater value for shareholders.

CHAIRMAN'S STATEMENT

The Group has always maintained sound operation and a healthy financial condition. During the Reporting Year, the Group maintained investment-grade ratings from international rating agencies Moody's and Fitch. In particular, Moody's and Fitch maintained the Group's investment grade rating of Baa2 and BBB, respectively.

FUTURE PROSPECT AND OUTLOOK

Outlook of Macro-Economy and Industry Development Prospect

During the Reporting Year, the global economy proved better resilience than expected even in the face of geopolitical risks, inflation risks and other negative factors. According to the "World Economic Situation and Prospects 2024" released by the United Nations in January 2024, the global inflation rate is expected to decrease from 5.7% in 2023 to 3.9% in 2024. In January 2024, the International Monetary Fund (IMF) raised the Chinese economic growth forecast and the global economic growth forecast for 2024 by 0.4 and 0.2 percentage point, compared to its October 2023 forecasts, to 4.6% and 3.1% respectively.

During the Reporting Year, against the background of a more complex, severe and uncertain external environment, China's economy advanced steadily. In 2023, its gross domestic product achieved a year-on-year growth rate of 5.2%, ranking in the forefront among major economies, demonstrating a upward trend and being a driving force of the global economy. According to the statistics of the Ministry of Public Security, domestic motor vehicle ownership reached 435 million vehicles, of which car ownership was 336 million vehicles with new energy vehicle ownership reaching 20.41 million vehicles. Motor vehicle ownership recorded a 25% increase comparing to 348 million motor vehicles at the end of 2019 prior to the outbreak of the pandemic. 32 days prior to 2024 Spring Festival travel rush (26 January to 27 February), nationwide passenger turnover and average daily passenger turnover were 7,025 million and 220 million respectively, representing an increase of 11% and 10% comparing to the same period of 2023 and 2019 respectively, marking a record high. Among the nationwide passenger turnover during 2024 Spring Festival travel rush, an increase of approximately 33% was recorded for self-driving travel, representing approximately 80% of the total turnover, providing a stable and sustainable income source of passenger cars for the future growth of the toll road industry and generating new impetus for the development of the industry.

With the better-than-expected data of tourist consumption during 2024 Spring Festival travel rush, and the private financing in January, as well as the desire of regulators to introduce policies and measures to boost confidence and stabilise expectation, the Chinese economy saw a good start in 2024.

Toll roads are an important part of the modern comprehensive transportation system, and are of great significance to the long-term development of the domestic economy. In July 2023, the Ministry of Transport issued the "Statistical Bulletin on the Development of the Transportation Industry in 2022" (《二〇二二年交通運輸行業發展統計公報》) (hereinafter referred to as the "Bulletin"). According to the Bulletin, China's arterial traffic network has been developing. In the next step, in accordance with the requirements of the "Outline for Building China's Strength in Transport" (《交通強國建設綱要》) and the "National Comprehensive Three-dimensional Transportation Network Planning Outline" (《國家綜合立體交通網規劃綱要》), the Ministry of Transport will actively expand effective investments in transportation, and continue to promote the projects involving transportation in 102 major projects under the "14th Five-Year Plan" with a focus on extending network and strengthening chains, thereby accelerating the construction of the main framework of the national comprehensive three-dimensional transportation network which comprises of "6 axes, 7 corridors and 8 channels". In addition, the"14th Five-Year Plan for the Development of Modern Comprehensive Transportation System" (《「十四五」現代綜合交通運輸體系發展規劃》) clearly targets that by 2025, the comprehensive transportation will basically achieve integrated development and transportation development will move towards world-class level. Looking forward to 2035, a modern, high-quality national comprehensive three-dimensional transportation network will be basically established, and China will then build itself into a country with a strong transportation network. With the rising income levels and the increasing travel demand, room for growth in car ownership, steady growth in freight transport along with social economy development, the operating performance of expressway assets remains promising. Taking into account the above factors, the Group remains optimistic about the development prospects of the industry.

Development Strategies and Investment Opportunities

Yuexiu Transport is committed to becoming a leading transport infrastructure asset management company in China under the guidance of the "3331" development strategy, which includes improving the three platforms (listed platform, REITs platform and incubation platform), enhancing the three core abilities (investment ability, operation and maintenance and construction management ability and capital operation ability) and focusing on three directions (expressway main business, key areas and expansion of related auxiliary businesses). The Group will continue to grasp the strategic opportunity period for expressway investment and mergers and acquisitions. Gaining its foothold in Guangdong-Hong Kong-Macau Greater Bay Area and Central China, expanding its presence in other developing areas benefiting from continued urbanisation and industrialisation going forward, making full use of the incubation platform model and exploring opportunities of investing in reconstruction and expansion of quality assets, the Group insists on strengthening and expanding its infrastructure business mainly based on toll roads.

APPRECIATION

During the Reporting Year, our directors, senior management and all our staff continued to adhere to their pragmatic, diligent and resolute working attitude, in pursuit of excellent performance and quality 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.

LI FENG
Chairman

Hong Kong, 5 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Summary Information of Operating Toll Roads, Bridges and Port

	Toll Mileage (km)	Width (lanes)	Toll Station(s)	Road Type	Attributable Interests (%)	Approved Last Date for Toll Collection (Year/Month/Day)[3]
SUBSIDIARIES						
GNSR Expressway	42.5	6/8[1]	6	Expressway	60.00	2032/01/10[4]
Cangyu Expressway	22.0	4	0	Expressway	100.00	2030/12/28
Jinxiong Expressway	23.9	4	2	Expressway	60.00	2030/03/17
Changzhu Expressway	46.5	4	5	Expressway	100.00	2040/08/30
Weixu Expressway	64.3	4	2	Expressway	100.00	2035/11/18
Lanwei Expressway	61.0	4	3	Expressway	100.00	2034/07/01
Suiyuenan Expressway	98.1	4	4	Expressway	70.00	2040/03/09
Hancai Expressway	36.0	4/6[1]	2	Expressway	67.00	2038/08/27
Han'e Expressway	54.8	4	5	Expressway	100.00	2042/06/30
Daguangnan Expressway	107.1	4	6	Expressway	90.00	2042/04/29
ASSOCIATES AND JOINT VENTURE						
Han-Xiao Expressway	38.5	4/6[1]	2	Expressway	30.00	2036/12/09
GWSR Expressway	42.1	6	2	Expressway	35.00	2030/12/19
Humen Bridge	15.8	6	4	Suspension Bridge	27.78[2]	2029/05/08
Northern Ring Road	22.0	6/8[1]	8	Expressway	24.30	2024/03/22
Shantou Bay Bridge	6.5	6	3	Suspension Bridge	30.00	2028/12/23
Qinglian Expressway	215.2	4	15	Expressway	23.63	2034/06/30

	No. of berths	Self-owned passenger ferries in use	Attributable Interests (%)
ASSOCIATE			
Pazhou Port[5]	5	2	45.00

Notes:

(1) a. GNSR Expressway: 8 lanes for the section from Huocun to Luogang, and 6 lanes for other sections.

b. Hancai Expressway: 6 lanes for the section from Miliang Shan to Wuhan Outer Ring Road, and 4 lanes for other sections.

c. Han-Xiao Expressway: 6 lanes for the sections of Airport North Extension and from Taoyuanji interchange to Hengdian interchange, and 4 lanes for other sections.

d. Northern Ring Road: 8 lanes for the section from Shabei to Bainihe Bridge, and 6 lanes for other sections.

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

(3) a. Projects within Guangdong Province: Pursuant to the supporting and protective policies from the relevant authorities in the Guangdong Province regarding waiver of tolls on toll roads during the COVID-19 pandemic, the operators of toll roads for the Group's projects within Guangdong Province shall submit compensation applications one year before the original toll collection deadline of the project. In which: Northern Ring Road has met the above requirements and has completed the relevant application process, and the adjusted and approved toll collection deadline is 22 March 2024.

b. Projects within Guangxi Autonomous Region, Hunan Province, Hubei Province, Tianjin City and Henan Province: Pursuant to the supporting and protective policies from the relevant authorities in the Guangxi Autonomous Region, Hunan Province, Hubei Province, Tianjin City and Henan Province regarding waiver of tolls on toll roads during the COVID-19 pandemic, the original approved toll collection deadline for the Group's projects within Guangxi Autonomous Region, Hunan Province, Hubei Province ,Tianjin City and Henan Province were postponed for 79 days.

(4) According to provision 14 of the Regulations on the Administration of Toll Roads (《收費公路管理條例》) promulgated by the State Council, the toll collection deadline shall be reviewed and approved by people's governments of provinces, autonomous regions and municipalities directly under the central government in accordance with the following standards: other than provinces, autonomous regions and municipalities directly under the central government in the central and western region determined by the State, the toll collection period for highways under operation shall be determined in accordance with the principle of recovery of investment with reasonable return, with a maximum of 25 years. Based on the new investment in the GNSR Expressway under the GNSR Expressway R&E Project and the information in feasibility report, the Board expected that the toll operating period of the GNSR Expressway would be extended for a period of up to 25 years from the completion date of the GNSR Expressway R&E Project. The extension of toll period (which is expected to be finalised after the completion of GNSR Expressway R&E Project and the reconstructed and expanded GNSR Expressway open to traffic) will be subject to the final approval by the People's Government of Guangdong Province after the submission of the application for assessment of the operating period of GNSR Expressway and the completion of the technical valuation by a qualified valuer appointed by the Department of Transport of Guangdong Province.

(5) The trial operation of Pazhou Port commenced on 14 April 2023, and formal operation commenced on 4 May 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Toll Summary of Toll Roads, Bridges and Port

For the year ended 31 December 2023

	Average daily toll revenue[1]		Average daily toll traffic volume	
	2023 (RMB/day)	Y-O-Y Change %	2023 (Vehicle/day)	Y-O-Y Change %
SUBSIDIARIES				
GNSR Expressway	3,028,700	12.7%	298,196	22.6%
Cangyu Expressway	276,839	13.6%	18,676	20.9%
Jinxiong Expressway	233,677	18.3%	37,101	26.1%
Changzhu Expressway	703,782	11.1%	72,129	11.9%
Weixu Expressway	1,033,040	-3.2%	26,520	23.4%
Lanwei Expressway[2]	845,560	-6.3%	33,204	28.7%
Suiyuenan Expressway	1,959,079	13.1%	33,544	19.0%
Hancai Expressway	744,105	20.6%	59,294	38.3%
Han'e Expressway	446,856	7.8%	36,964	26.8%
Daguangnan Expressway	1,252,525	17.4%	28,518	22.1%
ASSOCIATES AND JOINT VENTURE				
Han-Xiao Expressway	648,828	19.2%	32,560	20.4%
GWSR Expressway	1,365,606	23.1%	92,687	28.6%
Humen Bridge	2,825,516	48.1%	103,620	43.6%
Northern Ring Road	1,973,292	12.2%	387,106	12.5%
Shantou Bay Bridge	291,590	-24.9%	18,558	-24.3%
Qinglian Expressway	1,861,976	10.4%	51,855	15.4%

	Average daily ticket business revenue		Average daily passenger volume	
	2023 (RMB/day)	Y-O-Y Change %	2023 (People/day)	Y-O-Y Change %
ASSOCIATE				
Pazhou Port[3]	85,150	N/A	281	N/A

Notes:

(1) Average daily toll revenue does not include value-added tax.

(2) The Group completed the acquisition of 100% of the equity interest in Henan Lanwei Expressway on 18 November 2022. As for year-on-year comparison, both of average daily toll revenue and average daily toll traffic volume were compared with project data in 2022 (including project data before acquisition by the Group).

(3) The trial operation of Pazhou Port commenced on 14 April 2023, and formal operation commenced on 4 May 2023. The figures of average daily ticket business revenue and average daily passenger volume were for the period from 14 April 2023 to 31 December 2023.

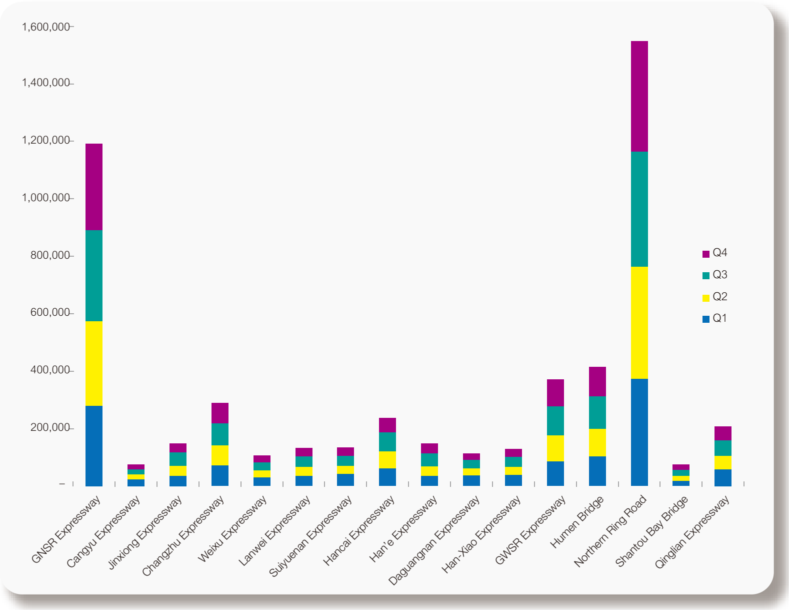
Toll Roads and Bridges

Quarterly analysis of average daily toll traffic volume for 2023

	Average daily toll traffic volume of the first quarter in 2023 (Vehicle/day)	Average daily toll traffic volume of the second quarter in 2023 (Vehicle/day)	Average daily toll traffic volume of the third quarter in 2023 (Vehicle/day)	Average daily toll traffic volume of the fourth quarter in 2023 (Vehicle/day)
SUBSIDIARIES				
GNSR Expressway	279,786	294,171	316,262	302,121
Cangyu Expressway	23,036	16,701	18,821	16,221
Jinxiong Expressway	35,080	35,585	46,290	31,390
Changzhu Expressway	70,236	70,026	77,942	70,250
Weixu Expressway	29,609	24,308	29,111	23,093
Lanwei Expressway	34,477	31,527	37,373	29,449
Suiyuenan Expressway	40,227	28,997	35,530	29,518
Hancai Expressway	60,287	60,271	65,902	50,746
Han'e Expressway	34,583	33,966	44,710	34,512
Daguangnan Expressway	35,122	26,027	29,213	23,827
ASSOCIATES AND JOINT VENTURE				
Han-Xiao Expressway	36,762	29,798	34,486	29,254
GWSR Expressway	84,714	91,027	101,617	93,197
Humen Bridge	101,118	97,309	114,681	101,251
Northern Ring Road	371,034	392,325	400,734	384,036
Shantou Bay Bridge	17,262	18,076	20,799	18,061
Qinglian Expressway	58,244	46,035	55,642	47,575

MANAGEMENT DISCUSSION AND ANALYSIS

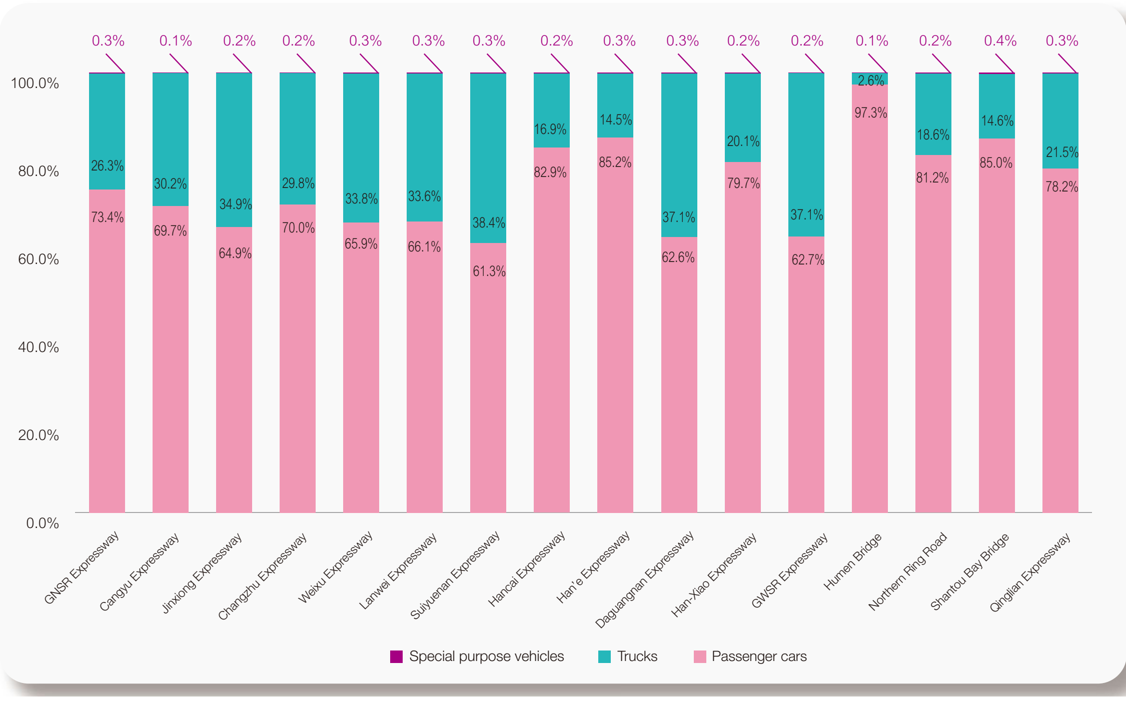
Unit: Vehicle/day



MANAGEMENT DISCUSSION AND ANALYSIS

Vehicle Type Analysis (By Traffic Volume)

During the Reporting Year, the Group's operating projects were primarily located in the following six provinces/municipality/autonomous region: Guangdong, Guangxi, Hunan, Hubei, Henan and Tianjin. In accordance with the industry standard of "Vehicle Classification of the Toll Highway" implemented on 1 January 2020, in the regions where the Group's investment and operating projects are located, all vehicles are classified into the following three categories in a standardised manner: passenger cars, trucks, and special purpose vehicles.



Note:

(1) Special purpose vehicle refers to cars that have special equipment or apparatus installed, and used in engineering special projects, health care and other operations.

SUMMARY OF OPERATING PERFORMANCE

Macroeconomic Environment

In the face of a complex and challenging international environment and difficult and arduous tasks in promoting reform and development at home, the PRC stayed true to the general principle of pursuing progress while ensuring stability, and strived to promote high-quality development, thereby promoting a full economic recovery. According to the information released by the National Bureau of Statistics, the gross domestic product (GDP) for the year of 2023 amounted to RMB126,058.2 billion, representing a year-on-year increase of 5.2%; and by quarter, the GDP for the first quarter, the second quarter, the third quarter and the fourth quarter recorded a year-on-year increase of 4.5%, 6.3%, 4.9% and 5.2%, respectively.

According to the Ministry of Public Security, domestic car ownership maintained a steady growth momentum; as of 31 December 2023, domestic car ownership reached 336 million vehicles, representing a year-on-year increase of 5.3%; and new energy vehicle ownership reached 20.41 million, representing a year-on-year increase of 55.8% and reaching 6.1% of total number of vehicles.

MANAGEMENT DISCUSSION AND ANALYSIS

The projects invested and operated by the Group are distributed throughout Guangdong, Tianjin, Guangxi, Hunan, Hubei and Henan. According to the National Bureau of Statistics and bureaus of provinces, municipalities or autonomous region, the GDP of these regions for 2023 increased by 4.8%, 4.3%, 4.1%, 4.6%, 6.0% and 4.1% year-on-year, respectively.

(Unit: RMB100 million)

	National	Guangdong Province	Tianjin Municipality	Guangxi Autonomous Region	Hunan Province	Hubei Province	Henan Province
GDP for the year of 2023	1,260,582	135,673	16,737	27,202	50,013	55,804	59,132
GDP changes for the year of 2023	5.2%	4.8%	4.3%	4.1%	4.6%	6.0%	4.1%
GDP changes for the year of 2022	3.0%	1.9%	1.0%	2.9%	4.5%	4.3%	3.1%

Source: National Bureau of Statistics and bureaus of provinces, municipalities or autonomous region

Regulatory Environment of the Sector

On 24 July 2023, the Political Bureau of the Central Committee of the Communist Party of China convened a meeting to study the current economic situation. The meeting concluded that China's economy has tremendous resilience and potential for development, and its long-term sound fundamentals remain unchanged. It was emphasised at the meeting that the country must expedite the building of a new development pattern, comprehensively deepen reform and opening up, and intensify the role of macro policies in regulating the economy. It is also imperative to make solid efforts to expand domestic demand, shore up confidence and prevent risks. We should continue to improve economic performance, boost endogenous driving force, improve social expectations, and defuse financial risks and hidden dangers, in a bid to effectively upgrade the quality and appropriately expand the quantity of the economy.

From 11 to 12 December 2023, the Central Economic Work Conference pointed out that China's economy has rebounded and is improving, with the solid advancement of high-quality development. The long-term sound fundamentals remain unchanged. The Conference required to act on the principle of seeking progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old, so as to continuously consolidate the foundation of stable and positive economic development. To lay a solid economic foundation, the Conference emphasised the importance of focusing on promoting high-quality development, highlighting key areas, and grasping critical opportunities. In particular, further efforts shall be devoted to deepening the reforms in key areas to effectively reduce logistics costs across the entire society. The Group will continue to closely monitor the implementation of relevant policies and measures.

Local governments across the PRC continued to promote the implementation of different highway tolls, adhering to government guidance and encouraging independent participation by operators, with the aims of improving road network efficiency, reducing logistics costs, and effectively protecting the legitimate rights of highway investors. Up to now, relevant policies have had no significant impact on the toll revenue of the Group's projects.

Business Improvements and Innovations

During the Reporting Year, the Group proactively expanded revenue sources. Firstly, the Group continued to progress combined marketing strategies including "navigating and introducing traffic, linking scenic spots, improving road signage, ensuring smooth traffic flow and promoting brands", with the aim of attracting traffic and increasing toll revenue via such new media promotions. Secondly, the Group continued to reinforce the concept of "Expressway+" and promote the use of resources such as service areas on the expressway, ancillary lands and facilities along the expressway and billboards to diversify its sources of revenue. Thirdly, the Group developed and utilised auxiliary assets and resources of the expressway to promote the implementation of projects such as photovoltaic power generation (with aggregate installed capacity of 6.5 MW and average annual power generation capacity of approximately 7.33 million kWh, which can reduce carbon dioxide emissions by about 7,310 tons per annum on average) along the highway, and transformation and upgrade of service areas. In particular, the first phase of Hunan Changzhu Photovoltaic Power Generation New Energy Facilities Project has been successfully connected to the grid, which is the science and technology progress and innovation project of the Department of Transport of Hunan Province. Fourthly, the Group adhered to the concept of green development and transportation, realising full coverage of charging and switching facilities in the service areas under our management. The Group effectively responded to the requirements of low-carbon development of the industry and the demand for new energy vehicles, which could also generate economic benefits. Fifthly, the Group strived to ensure that all tolls are collected and prevent toll evasion and avoidance. In particular, the Group established an intelligent audit system and implemented its on-line operation on the routes of all subsidiaries, with an automatic processing rate of audit work order system exceeding 85%, significantly improving processing efficiency. Sixthly, a travel service online platform was rolled out by the Group to all its subsidiaries, which has accumulated a total of about 190,000 registered vehicle-owner members, laying a solid foundation for further tapping into the value of customer resources.

Through continuous investments in maintenance and careful operation and management, the Group strived to make sure the technological standards of highways were in line with the industry averages, provided the public with a "green, clean, smooth, beautiful and safe" traveling environment, enhanced business and service quality and optimised the efficiency and service level of expressway and toll stations. It continued to maintain, adjust and optimise key toll collection facilities and equipment, to ensure stable ongoing operation. As a result, the annual average ETC calculation success rate and car plate automatic identification rate throughout the year were 99.44% and 98.07% respectively, which were better than the industry averages (98% and 95%). It also continued to improve the safety management capabilities and build a safety management system with the characteristics of transportation industry.

The Group continued to advance its application of innovative technology. In particular, (i) the Group implemented preventive maintenance measures by promoting new technology, materials, processes, equipment and applications to improve the quality of work effectively and save maintenance costs, (ii) the Group effectively improved the level of safety control, intelligent operation and maintenance and intelligent management of the road sections under the Group's management, (iii) the Group continued to carry out digital transformation of business model and increased its investment in building an integrated smart traffic system platform that deploys big data technology with technical features such as "all-round monitoring, accurate detection and rapid early warning", in order to improve the digitalisation level of operation and maintenance management and promote the long-term development of enterprises with advanced technologies, (iv) the Group further promoted the intelligent toll collection technology, and deployed intelligent toll collection equipment with proprietary intellectual property rights on the road sections of all its subsidiaries to effectively enhance the efficiency of vehicular traffic.

During the Reporting Year, the Group carried out 25 scientific research projects, and was granted scientific research project of the Ministry of Transport for the first time to undertake the implementation of the Pilot Application Project of Safety and Emergency Digitisation of Highways in Service (《在役高速公路安全與應急數字化試點應用項目》). Up to now, the project has completed the pre-acceptance work and has been put into use.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Year, the Group newly obtained 4 invention patents, 9 utility patents, 1 software copyright and 3 technology awards. GNSR Company became the sole enterprise in the industry to be simultaneously certified as a "High-tech Enterprise", an "Innovative Enterprise" and a "Specialised and Sophisticated Enterprise with Unique and Innovative Technologies".

The Group is committed to improving its management and control and level of talent development. It will continue to optimise organisational management mechanisms and further enhance the management efficiency. It will also expand the vision of talents and improve their compound management capacities through solid implementation of measures on talents cultivation and development. By optimising and improving its incentive scheme, the Group guides and inspires its cadres and staff to assume responsibilities and make new achievements. Meanwhile, it disseminates the "Way of Faith" corporate culture of Yue Xiu, concentrating on promoting the operation and development of the Company.

Progress of Investment

During the Reporting Year, the Group continued to attempt to acquire high-quality expressway projects of large and medium scale, in order to strengthen assets under management and scale up the core business. Geographically, the Group has successfully set its foothold in Guangdong-Hong Kong-Macau Greater Bay Area and Central China and been expanding its presence in other developing areas benefiting from continued urbanisation and industrialisation going forward. The Group will also seek development opportunities for other infrastructure projects with stable cash flows and projects in the upstream and downstream of expressway value chain.

The GNSR Expressway R&E Project

The GNSR Expressway R&E Project is a strategic construction project of the Group with the largest investment and that is the most difficult in recent years, which will help strengthen the Group's most important revenue generating asset, enhance premium assets in the Greater Bay Area, and ensure sustainable development. Following the approval of the Huangpu District and Baiyun District Land Expropriation Works Agreements in connection with the GNSR Expressway R&E Project at the special general meeting on 10 January 2023, GNSR Company has completed the signing of the Land Expropriation Works Agreements for Huangpu District and Baiyun District. During the process of the project, the Guangzhou Transportation Work Leading Group Office formally formed a special team for the construction of the GNSR Expressway R&E Project headed by the deputy mayor, and successfully established a normalised coordination mechanism at the municipal level to provide strong support for the smooth progress of the project. With the support of the government and the unremitting efforts of the Group, in the first half of 2023, the GNSR Expressway R&E Project has made comprehensive breakthroughs and important progress in key tasks such as design optimisation of construction drawings, application for approval in connection with land use, approval for environmental impact assessment and project supporting financing. On 26 July 2023, the project fully completed its survey and land delineation. In August 2023, the project received the approval of the environmental impact appraisal from the Guangzhou Municipal Ecological Environment Bureau, and in September 2023, it obtained approval of the construction plan and design for the construction works. GNSR Company has undertaken the standardised tender and bidding process through the Guangzhou Public Resources Trading Center and on 17 October 2023 (after trading hours), issued the letters of award to the respective contractors (being the winning bidders for each of the tenders) for the main construction works under the GNSR Expressway R&E Project. On 3 November 2023, GNSR Company entered into construction works agreements with relevant contractors for the main works sections. On 24 November 2023, relevant construction works agreements entered into for the main works sections under the GNSR Expressway R&E Project which constituted major transactions of the Company under Chapter 14 of the Listing Rules were approved at the special general meeting of the Company. Construction under the project is expected to commence in full swing in June 2024 after obtaining land use and construction approvals. The next step for the Group will be to fully advance land expropriation, relocation, and on-site construction. Please refer to the announcements of the Company dated 17 October 2022, 28 November 2022, 10 January 2023, 28 February 2023, 20 March 2023, 17 October 2023, 3 November 2023 and 24 November 2023 and the circulars of the Company dated 22 December 2022 and 8 November 2023 for further details in relation to the entering into of the Land Expropriation Works Agreements for Huangpu District and Baiyun District as well as the construction works agreements for the main work sections under the GNSR Expressway R&E Project.

POSSIBLE RISK EXPOSURE

During the Reporting Year, the Group further improved the comprehensive risk management system and actively explored the path to realise smart risk management. As in previous years, the risks exposure of the Group were mainly market risks, including changes in road network planning and industry toll policies, etc. In 2023, some of the controlled road sections were diverted due to parallel highway competition, which had a certain impact on the toll revenue of the Group. The Group will continue to closely monitor the following risks and will adopt effective tackling measures proactively in the future.

(I) Parallel Highway Competition Risk

Risk analysis:

Changes in the road network related to the highways under management of the Group, and the commencement of operation of parallel highways or alternative routes under construction or to be built (e.g. Wuyang Expressway, Congpu Expressway, etc.) and the toll charges exemption of parallel highways (e.g. Wuhuang Expressway), may result in diversion from the expressways under management of the Group. If the Group fails to take active counter measures, this may have an impact on the traffic volume of the expressways under management of the Group and affect the Group's toll revenue.

Counter measures:

Step up efforts in marketing and promotion as well as traffic volume attraction to promote the return of vehicles and mitigate the diversion effects of parallel road sections or alternative routes. Further promote the membership points platform and mobility services platform, and drive the platform layout to cover the expressway derivative business ecosystem, thereby empowering the membership points system to facilitate user value conversion.

(II) Different risks involved in the GNSR Expressway R&E Project

1) Construction risks faced:

- ➢ As the GNSR Expressway R&E Project involves a wide spectrum of works and processes at different stages including expropriation, demolition and relocation of lands, buildings and structures along the expressway, as well as design, tendering, construction and completion settlements, and the GNSR Expressway R&E Project involves sophisticated construction processes. There are a number of unforeseen factors which could affect the progress and scheduled completion time of and investment amount into the GNSR Expressway R&E Project, including but not limited to disputes arising under land expropriation arrangements, technical complications arising from the construction works, risks involving compliance with environmental protection policies and impact of public health incidents.

- ➢ A number of factors may lead to delay in the land expropriation progress, such as issues arising in light of the fact that the Group may not have much experience in undertaking major expressway reconstruction and expansion projects, severe scrutiny from the government authority on the expropriation of arable land or permanent basic farmland and such other unforeseen circumstances which may be out of control of the Company and the relevant government authority.

MANAGEMENT DISCUSSION AND ANALYSIS

Counter measures:

➢ GNSR Company has engaged public institutions under supervision of the respective district governments to assist with the land expropriation works to ensure that the land expropriation works are sufficiently monitored, and GNSR Company has also conducted a number of feasibility and technical studies during the implementation phase of the GNSR Expressway R&E Project with a view to minimising any unforeseen technical construction complications.

➢ For production safety, the Group established relevant response mechanisms, improved its organisational structure, prepared and completed safety management measures, and formed a complete safety management system.

➢ As for compliance with environmental protection policies, the environmental impact report for the GNSR Expressway R&E Project has been approved by the competent authority, and GNSR Company will also supervise and ensure that the relevant construction units will undertake environmental protection measures based on relevant laws and regulations during the construction phase and cooperate with any supervision and guidance from the respective governmental authorities during the construction phase.

2) Operational risks faced:

➢ During the R&E construction period, the driving environment and traffic speed may be affected due to traffic control, enclosure operations, etc., thereby resulting in an impact on the toll revenue of the original road section of the GNSR Expressway. In addition, in terms of road maintenance and construction, production safety accidents may occur due to the possible failure by related parties to fulfill their responsibility for safety production or inadequate safety production measures.

Counter measures:

➢ With regard to ensuring smooth operation, at the preliminary design stage of the project, the Group optimised the reconstruction and expansion method of the project according to the review opinions of the Ministry of Transport to mainly adopt two-side separation or one-side separation with overall widening construction as complement. The separation of the newly built section has basically no impact on the traffic of the original road section of the GNSR Expressway, and the overall widening construction is carried out on the side of the original road section of the GNSR Expressway, which has relatively limited impact on the traffic of the original road section. At the stage of construction drawing design, the Company, based on the preliminary design, kept improving traffic organisation plans by way of conducting special research on traffic organisation and engaging experts to carry out repeated internal review and optimisation. At the subsequent implementation stage, it will continue to carry out dynamic adjustment and optimisation according to the on-site traffic organisation to minimise the impact of construction on the operation of original road.

3) **Investment risks faced:**

➢ The total investment amount estimated by the Company may be subject to change due to the changes in external environment, such as interest rate changes, changes in project construction costs, increases in land expropriation and demolition costs, fluctuating raw materials and equipment prices and modifications of the construction plans as the project progresses.

Counter measures:

➢ The Group will undertake risk mitigation measures, such as accelerating the implementation of land expropriation and demolition, optimising the project plan to reduce project costs, strictly enforcing auditing inspection systems, properly handling budget control, close-monitoring of on-site management of construction sites, and reasonable lowering of financing costs.

4) **Integrity risks faced:**

➢ During the construction process of the project, there may be integrity risks at high-risk stages such as tendering, construction management and settlement of the project.

Counter measures:

➢ Strictly strengthen integrity supervision and management and integrity education through various means such as launching whole-process tracking audit and consultation, external special audits, and disciplinary supervision, so as to prevent corruption.

Expressways, Bridges and Port

On 7 December 2022, the State Council's Joint Prevention and Control Mechanism Comprehensive Team issued the "Circular on Further Optimising the Implementation of COVID-19 Prevention and Control Measures" (《關於進一步優化落實新冠肺炎疫情防控措施的通知》), which meant an optimisation of the control measures on prevention of the pandemic. On 8 December 2022, the Ministry of Transport issued the "Notice on Further Optimising the Implementation of the Transportation Work for the Prevention and Control of COVID-19" (《關於進一步優化落實新冠肺炎疫情防控交通運輸工作的通知》), to further optimise the control measures in the transportation industry.

During the Reporting Year, most expressway and bridge projects under the Group recorded a year-on-year growth in average daily toll traffic volume and average daily toll revenue, mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

Subsidiaries

GNSR Expressway

During the Reporting Year, the average daily toll revenue was RMB3,029,000, representing a year-on-year increase of 12.7% from 2022. The average daily toll traffic volume was 298,196 vehicles, representing a year-on-year increase of 22.6% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

MANAGEMENT DISCUSSION AND ANALYSIS

Cangyu Expressway

During the Reporting Year, the average daily toll revenue was RMB277,000, representing a year-on-year increase of 13.6% from 2022. The average daily toll traffic volume was 18,676 vehicles, representing a year-on-year increase of 20.9% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

Jinxiong Expressway

During the Reporting Year, the average daily toll revenue was RMB234,000, representing a year-on-year increase of 18.3% from 2022. The average daily toll traffic volume was 37,101 vehicles, representing a year-on-year increase of 26.1% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

Changzhu Expressway

During the Reporting Year, the average daily toll revenue was RMB704,000, representing a year-on-year increase of 11.1% from 2022. The average daily toll traffic volume was 72,129 vehicles, representing a year-on-year increase of 11.9% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

Weixu Expressway

During the Reporting Year, the average daily toll revenue was RMB1,033,000, representing a year-on-year decrease of 3.2% from 2022. The average daily toll traffic volume was 26,520 vehicles, representing a year-on-year increase of 23.4% from 2022.

The year-on-year increase of the average daily toll traffic volume and the year-on-year decrease of the average daily toll revenue were mainly due to the relatively low base number of the traffic volume of passenger cars for the same period in 2022 as a result of the impact of the pandemic. The relatively low base number of average daily toll traffic volume and relatively high base number of average daily toll revenue in 2022 were due to the relatively high base number of the traffic volume of trucks (which contributed higher toll charges than passenger cars) as a result of additional truck traffic diverted to this road section since the implementation of traffic restriction measures in the local place.

Lanwei Expressway

The Group completed the acquisition of 100% of the equity interest in Henan Lanwei Expressway on 18 November 2022. As for year-on-year comparison, both of average daily toll revenue and average daily toll traffic volume were compared with project data in 2022 (including data prior to the acquisition by the Group).

During the Reporting Year, the average daily toll revenue was RMB846,000, representing a year-on-year decrease of 6.3% from 2022. The average daily toll traffic volume was 33,204 vehicles, representing a year-on-year increase of 28.7% from 2022.

The year-on-year increase of the average daily toll traffic volume and the year-on-year decrease of the average daily toll revenue were mainly due to the relatively low base number of the traffic volume of passenger cars for the same period in 2022 as a result of the impact of the pandemic. The relatively low base number of average daily toll traffic volume and relatively high base number of average daily toll revenue in 2022 were due to the relatively high base number of the traffic volume of trucks (which contributed higher toll charges than passenger cars) as a result of additional truck traffic diverted to this road section since the implementation of traffic restriction measures in the local place.

Suiyuenan Expressway

During the Reporting Year, the average daily toll revenue was RMB1,959,000, representing a year-on-year increase of 13.1% from 2022. The average daily toll traffic volume was 33,544 vehicles, representing a year-on-year increase of 19.0% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

Hancai Expressway

During the Reporting Year, the average daily toll revenue was RMB744,000, representing a year-on-year increase of 20.6% from 2022. The average daily toll traffic volume was 59,294 vehicles, representing a year-on-year increase of 38.3% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume. The relatively small year-on-year increase in average daily toll revenue compared with that in the average daily toll traffic volume was mainly due to the higher year-on-year increase in toll traffic volume of passenger cars (which contributed lower toll charges than trucks) than that of trucks.

Han'e Expressway

During the Reporting Year, the average daily toll revenue was RMB447,000, representing a year-on-year increase of 7.8% from 2022. The average daily toll traffic volume was 36,964 vehicles, representing a year-on-year increase of 26.8% from 2022.

The toll charges exemption of Wuhuang Expressway which competes with this project since 10 December 2022 resulted in a diversion of traffic volume of vehicles and has an impact on this project. The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly attributed to the recovery and growth of macroeconomy, the continuing recovery and growth of passenger volume, and intensive road maintenance and construction of the competing section of Wuhuang Expressway from 18 August to 31 August 2023, which lasted for a total of 14 days, during which traffic control was imposed on certain roads of Wuhuang Expressway, resulting in the diversion of vehicles to this road section. The relatively small year-on-year increase in average daily toll revenue than that in average daily toll traffic volume was mainly due to the fact that the year-on-year increase in traffic volume of vehicles comprising mostly passenger cars, which contributed lower toll charges than trucks.

MANAGEMENT DISCUSSION AND ANALYSIS

Daguangnan Expressway

During the Reporting Year, the average daily toll revenue was RMB1,253,000, representing a year-on-year increase of 17.4% from 2022. The average daily toll traffic volume was 28,518 vehicles, representing a year-on-year increase of 22.1% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

Associates and Joint Venture

Han-Xiao Expressway

During the Reporting Year, the average daily toll revenue was RMB649,000, representing a year-on-year increase of 19.2% from 2022. The average daily toll traffic volume was 32,560 vehicles, representing a year-on-year increase of 20.4% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

GWSR Expressway

During the Reporting Year, the average daily toll revenue was RMB1,366,000, representing a year-on-year increase of 23.1% from 2022. The average daily toll traffic volume was 92,687 vehicles, representing a year-on-year increase of 28.6% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

Humen Bridge

During the Reporting Year, the average daily toll revenue was RMB2,826,000, representing a year-on-year increase of 48.1% from 2022. The average daily toll traffic volume was 103,620 vehicles, representing a year-on-year increase of 43.6% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

Northern Ring Road

During the Reporting Year, the average daily toll revenue was RMB1,973,000, representing a year-on-year increase of 12.2% from 2022. The average daily toll traffic volume was 387,106 vehicles, representing a year-on-year increase of 12.5% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

Shantou Bay Bridge

During the Reporting Year, the average daily toll revenue was RMB292,000, representing a year-on-year decrease of 24.9% from 2022. The average daily toll traffic volume was 18,558 vehicles, representing a year-on-year decrease of 24.3% from 2022.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the continuous diversion impact on this project as a result of the commencement of operation of Shantou Bay Tunnel on 28 September 2022 and the implementation of free permit for passenger cars.

Qinglian Expressway

During the Reporting Year, the average daily toll revenue was RMB1,862,000, representing a year-on-year increase of 10.4% from 2022. The average daily toll traffic volume was 51,855 vehicles, representing a year-on-year increase of 15.4% from 2022.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

Pazhou Port Project

During the Reporting Year, the trial operation of Pazhou Port commenced on 14 April 2023, and formal operation commenced on 4 May 2023.

The average daily ticket business revenue was RMB85,000 and the average daily passenger volume was 281 person-time.

FINANCIAL REVIEW

Key operating results figures

	Reporting Year RMB'000	2022 RMB'000	Change %
Revenue	**3,966,726**	3,288,923	20.6
Gross profit	**2,147,343**	1,719,388	24.9
Operating profit	**1,804,404**	1,454,942	24.0
Earnings before interests, tax, depreciation and amortisation ("EBITDA")[1]	**3,519,724**	2,866,872	22.8
Finance costs	**(562,395)**	(625,483)	-10.1
Share of result of a joint venture, net of tax	**75,708**	53,257	42.2
Share of results of associates, net of tax	**200,998**	119,007	68.9
Profit attributable to shareholders of the Company	**765,309**	453,114	68.9
Basic earnings per share	**RMB0.4574**	RMB0.2708	68.9
Diluted earnings per share	**RMB0.4574**	RMB0.2708	68.9
Dividend	**457,447**	291,793	56.8

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. OVERVIEW OF OPERATING RESULTS

In the Reporting Year and as compared with the previous reporting year, the Group's revenue increased by 20.6 percent to RMB3.97 billion; operating profit increased by 24.0 percent to RMB1.80 billion; and profit attributable to shareholders of the Company increased by 68.9 percent to RMB765 million.

The increase in the Group's revenue during the Reporting Year was mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume. Besides, the increment was because of the consolidation of the financial results of the newly acquired Henan Lanwei Expressway by the Group since 19 November 2022.

The increase in the profit attributable to shareholders of the Company during the Reporting Year was mainly due to the revenue increment and the decrease in finance costs due to the optimization of debt portfolio, minus the impairment loss on investment in Shantou Bay Bridge amounting to RMB100 million made during the Reporting Year.

The Board has recommended the payment of final dividend for 2023 of HK$0.15 which is equivalent to approximately RMB0.1362 (2022: HK$0.10 which was equivalent to approximately RMB0.0883) per share. Together with the interim dividend of HK$0.15 which was equivalent to approximately RMB0.1372 (2022: HK$0.10 which was equivalent to approximately RMB0.0861) per share, the total dividend for the year ended 31 December 2023 amounts to HK$0.30 which is equivalent to approximately RMB0.2734 (2022: HK$0.20 which was equivalent to approximately RMB0.1744) per share, representing a dividend payout ratio of 59.8 percent (2022: 64.4 percent).

II. ANALYSIS OF OPERATING RESULTS

Revenue

The Group recorded total revenue of RMB3.97 billion in the Reporting Year, which comprised total toll revenue of RMB3.84 billion and other revenue related to normal toll roads operation of RMB125 million.

Toll revenue

The Group recorded total toll revenue of RMB3.84 billion in the Reporting Year, representing an increase of 20.3 percent from RMB3.19 billion as compared with the 2022. The increase was mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume during the Reporting Year. Further details on the toll revenue of each expressway and bridge are set out in the "Business Review – Expressways, Bridges and Port" section of this annual report.

Analysis of toll revenue by each controlled project

Controlled Projects	Reporting Year RMB'000	Percentage of total toll revenue %	2022 RMB'000	Percentage of total toll revenue %	Change %
GNSR Expressway	**1,105,475**	**28.8**	981,058	30.7	12.7
Suiyuenan Expressway	**715,064**	**18.6**	632,110	19.8	13.1
Daguangnan Expressway	**457,172**	**11.9**	389,321	12.2	17.4
Weixu Expressway	**377,060**	**9.8**	389,678	12.2	-3.2
Lanwei Expressway	**308,629**	**8.0**	32,097[1]	1.0	N/A
Hancai Expressway	**271,598**	**7.1**	225,200	7.1	20.6
Changzhu Expressway	**256,880**	**6.7**	231,230	7.2	11.1
Han'e Expressway	**163,102**	**4.3**	151,351	4.7	7.8
Cangyu Expressway	**101,047**	**2.6**	88,987	2.8	13.6
Jinxiong Expressway	**85,292**	**2.2**	72,106	2.3	18.3
Total toll revenue	**3,841,319**	**100.0**	3,193,138	100.0	20.3

(1) The Group completed the acquisition of 100% of the equity interest in Lanwei Expressway in November 2022. This figure represented the toll revenue for the period from 19 November 2022 to 31 December 2022.

Other revenue

In the Reporting Year, the Group recorded other revenue related to normal toll roads operation of RMB125 million (2022: RMB95.79 million), mainly comprising the construction service income of RMB47.09 million (2022: RMB23.78 million), income from service area and gas station of RMB35.46 million (2022: RMB34.41 million) and entrusted road management service income of RMB35.91 million (2022: RMB32.11 million). The increase in construction service income was mainly due to the increase in amount incurred for GNSR Expressway's construction service project.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of services

In the Reporting Year, the Group's total cost of services amounted to RMB1.82 billion, representing an increase of 15.9 percent from RMB1.57 billion as compared with the 2022. In the Reporting Year, the total cost of services of the Group's controlled projects amounted to RMB1.80 billion. Overall cost ratio (cost of services/revenue) was 45.9 percent in the Reporting Year, which was 1.8 percentage point lower than that of the 2022.

Analysis of cost of services by each controlled project

Controlled Projects	Reporting Year RMB'000	Percentage of total %	2022 RMB'000	Percentage of total %	Change %
GNSR Expressway	468,890	26.0	414,570	26.7	13.1
Suiyuenan Expressway	257,699	14.3	225,889	14.5	14.1
Daguangnan Expressway	249,709	13.9	215,116	13.8	16.1
Weixu Expressway	153,328	8.5	146,160	9.4	4.9
Lanwei Expressway	184,805	10.3	18,230[1]	1.2	N/A
Hancai Expressway	156,613	8.7	164,490	10.6	-4.8
Changzhu Expressway	141,613	7.9	132,331	8.5	7.0
Han'e Expressway	85,331	4.7	135,386	8.7	-37.0
Cangyu Expressway	44,974	2.5	47,231	3.1	-4.8
Jinxiong Expressway	57,767	3.2	54,261	3.5	6.5
Total	1,800,729	100.0	1,553,664	100.0	15.9

(1) The Group completed the acquisition of 100% of the equity interest in Lanwei Expressway in November 2022. This figure represented the cost of services for the period from 19 November 2022 to 31 December 2022.

Analysis of controlled projects' cost of services by nature

	Reporting Year RMB'000	Percentage of total %	2022 RMB'000	Percentage of total %	Change %
Amortisation of intangible operating rights	1,277,869	71.0	1,146,491	73.8	11.5
Staff costs	190,012	10.5	158,747	10.2	19.7
Toll highways and bridges operating expenses	165,036	9.2	109,567	7.0	50.6
Toll highways and bridges maintenance expenses	145,647	8.1	119,613	7.7	21.8
Taxes and surcharges	14,939	0.8	12,181	0.8	22.6
Depreciation of other fixed assets	7,226	0.4	7,065	0.5	2.3
Total	1,800,729	100.0	1,553,664	100.0	15.9

Gross profit

Gross profit in the Reporting Year was RMB2.15 billion, representing an increase of 24.9 percent from RMB1.72 billion in the 2022. The total gross profit of the Group's controlled projects in the Reporting Year was RMB2.13 billion. Overall gross profit margin in the Reporting Year was 54.1 percent, which was 1.8 percentage point higher than that of the 2022.

Analysis of gross profit by each controlled project

Controlled Projects	Reporting Year Gross Profit RMB'000	Reporting Year Gross Margin[1]	2022 Gross Profit RMB'000	2022 Gross Margin[1]
GNSR Expressway	688,652	59.5%	595,743	59.0%
Suiyuenan Expressway	469,739	64.6%	417,080	64.9%
Daguangnan Expressway	218,746	46.7%	184,649	46.2%
Weixu Expressway	224,892	59.5%	244,427	62.6%
Lanwei Expressway	123,824	40.1%	13,868[2]	43.4%
Hancai Expressway	117,260	42.8%	63,349	27.8%
Changzhu Expressway	115,878	45.0%	99,396	42.9%
Han'e Expressway	86,468	50.3%	24,131	15.1%
Cangyu Expressway	56,123	55.5%	41,807	47.0%
Jinxiong Expressway	28,028	32.7%	18,695	25.6%
Total	2,129,610	54.2%	1,703,145	52.3%

(1) Gross margin = Gross profit/revenue

(2) The Group completed the acquisition of 100% of the equity interest in Lanwei Expressway in November 2022. This figure represented the gross profit for the period from 19 November 2022 to 31 December 2022.

General and administrative expenses

The Group's general and administrative expenses in the Reporting Year amounted to RMB268 million, representing a decrease of 13.7 percent from RMB310 million in the 2022 and such decrease was mainly due to the decrease in staff cost as a result of reclassifying partial amount as cost of services due to improvement in overall cost management during the Reporting Year.

Other income, gains and losses – net

The Group's other income, gains and losses – net was a loss of RMB75.16 million in the Reporting Year (2022: a gain of RMB45.97 million). The change was mainly due to the impairment loss on investment in Shantou Bay Bridge of RMB100 million recognised by the Group during the Reporting Year based on the impairment assessment due to expected continuous diversion effect on Shantou Bay Bridge caused by the commencement of operation of Shantou Bay Tunnel on 28 September 2022 and the implementation of free permit for passenger cars, as well as the expected commencement of operation of Niutianyang Expressway and New Passage Crossing Shantou Bay (tentative name) in 2024 and 2027 respectively. Further details on the impairment loss is set out in note 20 "investments in associates" to the financial statements of this annual report. Besides, there was a decrease in the compensation income on requisition of land and demolition of plants and other greening facilities of RMB27.42 million during the Reporting Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance income/Finance costs

The Group's finance income in the Reporting Year amounted to RMB30.19 million (2022: RMB63.62 million), which was 52.5 percent lower than that of the 2022. The decrease was mainly due to the decrease in interest income as a result of the decrease in average cash and cash equivalents in the banks during the Reporting Year.

The Group's finance costs in the Reporting Year decreased by 10.1 percent to RMB562 million (exclusive of amount capitalized in construction in progress of RMB4.78 million) as compared with RMB625 million in the 2022, mainly due to management's continuous effort in reducing debt level, optimising the overall debt structure and lowering debts' interest rate. The Group's overall weighted average interest rate in the Reporting Year was 3.28 percent (2022: 3.60 percent).

Share of results of associates and a joint venture, net of tax

The Group's share of results of associates and a joint venture, net of tax, increased by 60.6 percent to RMB277 million in the Reporting Year (2022: RMB172 million). The increase was mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume during the Reporting Year. More details of the toll revenue of each expressway and bridge and the ticket business revenue of port are stated in the "Business Review – Expressways, Bridges and Port" section of this annual report.

Share of post-tax profit of Humen Bridge in the Reporting Year increased by 41.5 percent to RMB88.33 million. Share of post-tax profit of Northern Ring Road in the Reporting Year increased by 64.0 percent to RMB85.51 million. Share of post-tax profit of Qinglian Expressway in the Reporting Year amounted to RMB20.26 million (2022: share of post-tax loss of RMB15.35 million). Share of post-tax profit of Huaxia Yuexiu Expressway REIT in the Reporting Year increased by 59.8 percent to RMB15.04 million. Share of post-tax profit of Shantou Bay Bridge in the Reporting Year decreased by 40.2 percent to RMB10.94 million. The decrease was mainly due to the diversion impact on this road section as a result of the commencement of operation of Shantou Bay Tunnel on 28 September 2022 and the implementation of free permit for passenger cars. Share of post-tax loss of Pazhou Port in the Reporting Year amounted to RMB19.08 million (2022: RMB7.90 million). Share of post-tax profit of GWSR Expressway in the Reporting Year increased by 42.2 percent to RMB75.71 million.

Analysis of share of results of associates and a joint venture, net of tax, and the revenue of their respective entities

		Revenue		Share of results, net of tax	
	Profit Sharing ratio %	Reporting Year RMB'000	YoY change %	Reporting Year RMB'000	YoY change %
Associates					
Humen Bridge	18.446	1,064,559	46.0	88,332	41.5
Northern Ring Road	24.3	723,921	6.9	85,509	64.0
Qinglian Expressway	23.63	682,520	10.3	20,262	turned profit
Huaxia Yuexiu Expressway REIT	30.0	242,456	18.4	15,036	59.8
Shantou Bay Bridge	30.0	107,637	-24.2	10,936	-40.2
Pazhou Port	45.0	23,164	N/A	(19,077)	141.4
Joint venture					
GWSR Expressway	35.0	503,243	22.6	75,708	42.2

Income tax expense

Total income tax expense of the Group in the Reporting Year increased by 30.5 percent to RMB427 million (2022: RMB328 million). The increase was mainly due to the increase in profit before tax due to the recovery of the toll traffic volume during the Reporting Year.

Profit attributable to shareholders of the Company

The Company reported a profit attributable to its shareholders of RMB765 million in the Reporting Year, representing an increase of 68.9 percent from RMB453 million in the 2022. The increase was mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy, the continuing recovery and growth of passenger volume during the Reporting Year, the consolidation of the financial results of the newly acquired Henan Lanwei Expressway by the Group since 19 November 2022 and the decrease in finance costs due to the optimization of debt portfolio during the Reporting Year. These impacts were partially offset by the recognition of the impairment loss on investment in Shantou Bay Bridge amounting to RMB100 million during the Reporting Year.

The management team continues to optimise the Group's overall debt structure. As part of such optimisation, inter-company loans were incurred between the holding companies level and the controlled projects level. Such interests would be ultimately eliminated at the consolidated level.

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

	Reporting Year RMB'000	**Percentage of total %**	2022 RMB'000	Percentage of total %	Change %
Net profit from controlled projects	**1,104,845**	**86.2**	899,016	83.9	22.9
Net profit from non-controlled projects[1]	**176,538**	**13.8**	172,264	16.1	2.5
Net profit from projects	**1,281,383**	**100.0**	1,071,280	100.0	19.6
Withholding tax on PRC dividend/ interest income	**(44,488)**		(35,065)		26.9
Holding companies expenses	**(187,018)**		(231,622)		-19.3
Holding companies income/gains, net	**19,650**		18,417		6.7
Holding companies finance income	**19,885**		49,183		-59.6
Holding companies finance costs	**(324,103)**		(419,079)		-22.7
Profit attributable to shareholders of the Company	**765,309**		453,114		68.9

(1) Representing share of results of associates and a joint venture, net of tax, less impairment loss on investment in an associate

MANAGEMENT DISCUSSION AND ANALYSIS

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

Controlled Projects	Reporting Year RMB'000	Percentage of total net profit from projects %	2022 RMB'000	Percentage of total net profit from projects %	Change %
GNSR Expressway	358,467	28.0	319,399	29.8	12.2
Suiyuenan Expressway	237,473	18.5	209,242	19.6	13.5
Weixu Expressway	163,928	12.8	173,866	16.2	-5.7
Daguangnan Expressway	89,446	7.0	79,661	7.4	12.3
Changzhu Expressway	88,817	6.9	94,285	8.8	-5.8
Lanwei Expressway	61,714	4.8	7,867[1]	0.7	N/A
Hancai Expressway	57,548	4.5	31,273	2.9	84.0
Cangyu Expressway	44,079	3.5	31,927	3.0	38.1
Jinxiong Expressway	9,377	0.7	5,096	0.5	84.0
Han'e Expressway	(6,004)	-0.5	(53,600)	-5.0	loss decreased
Total	1,104,845	86.2	899,016	83.9	22.9

(1) The Group completed the acquisition of 100% of the equity interest in Lanwei Expressway in November 2022. This figure represented the net profit (after elimination of inter-company loan interests) for the period from 19 November 2022 to 31 December 2022.

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

Controlled Projects	Reporting Year RMB'000	Percentage of total net profit from projects[1] %	2022 RMB'000	Percentage of total net profit from projects[1] %	Change %
GNSR Expressway	358,467	31.6	319,399	37.9	12.2
Suiyuenan Expressway	229,576	20.2	191,865	22.7	19.7
Weixu Expressway	166,423	14.7	175,085	20.7	-4.9
Daguangnan Expressway	28,725	2.5	(24,223)	-2.9	turned profit
Changzhu Expressway	50,846	4.5	45,482	5.4	11.8
Lanwei Expressway	62,576	5.5	7,867[2]	0.9	N/A
Hancai Expressway	29,057	2.6	(7,484)	-0.9	turned profit
Cangyu Expressway	45,672	4.0	32,937	3.9	38.7
Jinxiong Expressway	10,153	0.9	5,563	0.7	82.5
Han'e Expressway	(23,752)	-2.1	(74,968)	-8.8	loss decreased
Total	957,743	84.4	671,523	79.6	42.6

(1) Representing net profit from projects before elimination of inter-company loans interests

(2) The Group completed the acquisition of 100% of the equity interest in Lanwei Expressway in November 2022. This figure represented the net profit (before elimination of inter-company loan interests) for the period from 19 November 2022 to 31 December 2022.

In the Reporting Year, net profit from non-controlled projects increased by 2.5 percent to RMB177 million (2022: RMB172 million) as compared with the 2022. The increase was mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume during the Reporting Year. The impact was lessened by impairment loss on investment in Shantou Bay Bridge amounting to RMB100 million during the Reporting Year.

During the Reporting Year and at the holding companies level, the withholding tax on PRC dividend/interest income increased by RMB9.42 million; holding companies expenses decreased by RMB44.60 million, mainly due to decrease in costs during the Reporting Year; holding companies income/gains, net increased by RMB1.23 million during the Reporting Year; and holding companies finance income decreased by RMB29.30 million, mainly due to the decrease in interest income from banks at holding companies level during the Reporting Year. In addition, holding companies finance cost decreased by RMB94.98 million, mainly due to management's optimisation of debt portfolio and lowering the interest rate on existing debts during the Reporting Year.

Final dividend

The Board has recommended the payment of final dividend for 2023 of HK$0.15 which is equivalent to approximately RMB0.1362 (2022: HK$0.10 which was equivalent to approximately RMB0.0883) per share payable to shareholders whose names appear on the register of members of the Company on 29 May 2024. Subject to the approval of shareholders at the Annual General Meeting to be held on 21 May 2024, the final dividend will be paid on or about 28 June 2024. Together with the interim dividend of HK$0.15 which was equivalent to approximately RMB0.1372 (2022: HK$0.10 which was equivalent to approximately RMB0.0861) per share, the total dividend for the year ended 31 December 2023 amounts to HK$0.30 which is equivalent to approximately RMB0.2734 (2022: HK$0.20 which was equivalent to approximately RMB0.1744) per share, representing a dividend payout ratio of 59.8 percent (2022: 64.4 percent).

Dividend payable to shareholders will be paid in Hong Kong dollars ("HK$"). The exchange rate adopted by the Company for its dividend payable is the average middle rate of HK$ to RMB, as announced by the People's Bank of China, for the five business days preceding the date of declaration of dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

III. ANALYSIS OF FINANCIAL POSITION

Key financial position figures

	Reporting Year RMB'000	2022 RMB'000	Change %
Total assets	**36,502,458**	36,337,410	0.5
Total liabilities	**21,652,521**	22,102,435	-2.0
Cash and cash equivalents	**2,380,785**	2,480,267	-4.0
Total debts	**16,923,816**	17,561,068	-3.6
of which: Bank borrowings*	**9,496,565**	9,285,666	2.3
Corporate bonds*	**2,499,094**	3,114,362	-19.8
Notes payable*	**4,794,783**	4,994,698	-4.0
Current ratio	**0.3 times**	0.4 times	
EBITDA interest coverage	**6.4 times**	4.7 times	
Equity attributable to the shareholders of the Company	**11,613,337**	11,230,445	3.4

* excluding interest payable

Assets, Liabilities and Equity

As at 31 December 2023, the Group's total assets amounted to RMB36.50 billion, which was 0.5 percent higher than the balance as at 31 December 2022. The Group's total assets consisted mainly of intangible operating rights of RMB30.25 billion (31 December 2022: RMB30.64 billion); investments in a joint venture and associates of RMB2.08 billion (31 December 2022: RMB2.29 billion); and cash and cash equivalents of RMB2.38 billion (31 December 2022: RMB2.48 billion).

As at 31 December 2023, the Group's total liabilities amounted to RMB21.65 billion, which was 2.0 percent lower than the balance as at 31 December 2022. The Group's total liabilities consisted mainly of bank borrowings of RMB9.50 billion (31 December 2022: RMB9.29 billion); corporate bonds of RMB2.50 billion (31 December 2022: RMB3.11 billion); notes payable of RMB4.79 billion (31 December 2022: RMB4.99 billion); loan from the immediate holding company of RMB100 million (31 December 2022: RMB100 million); loan from a non-controlling interest of a subsidiary of RMB28.30 million (31 December 2022: RMB50.37 million); and deferred income tax liabilities of RMB3.07 billion (31 December 2022: RMB3.05 billion).

As at 31 December 2023, the Group's total equity increased by RMB615 million to RMB14.85 billion (31 December 2022: RMB14.23 billion), of which RMB11.61 billion was equity attributable to the shareholders of the Company (31 December 2022: RMB11.23 billion).

Analysis of major assets, liabilities and equity items

Items	Reporting Year RMB'000	2022 RMB'000	Change %
Total assets	**36,502,458**	36,337,410	0.5
Approximately 90.0% of which:			
Intangible operating rights	**30,247,734**	30,641,331	-1.3
Investments in a joint venture and associates	**2,078,796**	2,286,943	-9.1
Cash and cash equivalents	**2,380,785**	2,480,267	-4.0
Total liabilities	**21,652,521**	22,102,435	-2.0
Approximately 90.0% of which:			
Bank borrowings* – due within 1 year	**1,056,966**	2,504,061	-57.8
– long-term portion	**8,439,599**	6,781,605	24.4
Corporate bonds* – due within 1 year	**1,999,427**	615,268	225.0
– long-term portion	**499,667**	2,499,094	-80.0
Notes payable* – due within 1 year	**3,296,037**	2,996,235	10.0
– long-term portion	**1,498,746**	1,998,463	-25.0
Loan from the immediate holding company*			
– due within 1 year	**100,000**	100,000	–
Loan from a non-controlling interest of a subsidiary			
– due within 1 year	**10,000**	10,000	–
– long-term portion	**18,301**	40,368	-54.7
Deferred income tax liabilities	**3,072,085**	3,052,185	0.7
Total equity	**14,849,937**	14,234,975	4.3
Of which: Equity attributable to the shareholders of the Company	**11,613,337**	11,230,445	3.4

* excluding interest payable

MANAGEMENT DISCUSSION AND ANALYSIS

Cash flows

The Group's primary objective is focused on preventing risks and improving liquidity. The Group has maintained an appropriate level of cash on hand so as to prevent liquidity risks. As at the end of the Reporting Year, the Group's cash and cash equivalents amounted to RMB2.38 billion (31 December 2022: RMB2.48 billion), of which 99.9 percent are RMB-denominated and the rest are denominated in HKD. The Group's cash was deposited in commercial banks, with no deposit in non-bank institutions.

Analysis of cash flow movement

	Reporting Year RMB'000	2022 RMB'000
Net cash generated from operating activities	**2,797,682**	2,210,569
Net cash used in investing activities	**(1,162,424)**	(668,383)
Net cash used in financing activities	**(1,734,791)**	(1,980,948)
Decrease in cash and cash equivalents	**(99,533)**	(438,762)
Cash and cash equivalents at 1 January	**2,480,267**	2,918,574
Effect of exchange rate changes on cash and cash equivalents	**51**	455
Cash and cash equivalents at 31 December	**2,380,785**	2,480,267

Net cash generated from operating activities during the Reporting Year amounted to RMB2.80 billion (2022: RMB2.21 billion), which was the sum of cash generated from operations of RMB3.17 billion (2022: RMB2.58 billion) less PRC enterprise income tax and withholding tax paid of RMB375 million (2022: RMB367 million).

Net cash used in investing activities during the Reporting Year amounted to RMB1.16 billion (2022: RMB668 million). The outflow mainly consisted of capital expenditures of RMB1.55 billion (2022: RMB1.20 billion). The inflow mainly consisted of dividend distributions from associates and a joint venture of RMB358 million (2022: RMB471 million); interest received in aggregate of RMB30.37 million (2022: RMB64.55 million) and proceeds from disposal of property, plant and equipment of RMB338,000 (2022: RMB541,000).

Net cash used in financing activities during the Reporting Year amounted to RMB1.73 billion (2022: RMB1.98 billion). The outflow mainly included repayment of notes payable of RMB4.30 billion (2022: RMB1.0 billion); repayment of bank borrowings of RMB2.61 billion (2022: RMB6.60 billion); repayment of corporate bonds of RMB617 million (2022: Nil); dividend paid to the shareholders of the Company of RMB383 million (2022: RMB740 million); payment of interests and related financing fees of RMB581 million (2022: RMB572 million); dividend paid to non-controlling interests of RMB284 million (2022: RMB308 million); repayment of loan from the immediate holding company of RMB100 million (2022: Nil); repayments of loan from a non-controlling interest of a subsidiary of RMB22.0 million (2022: RMB22.0 million) and payment for lease liabilities (including interest) of RMB12.32 million (2022: RMB11.74 million). There was no repayment of other borrowings (2022: RMB200 million) and no repayment of loan from a joint venture (2022: RMB52.5 million) during the Reporting Year. The inflow mainly included the net proceeds from notes payable of RMB4.09 billion (2022: RMB2.49 billion); drawdown of bank borrowings of RMB2.82 billion (2022: RMB4.86 billion); drawdown of loan from the immediate holding company of RMB100 million (2022: RMB100 million); capital contribution from non-controlling interests of RMB160 million (2022: RMB66.67 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Current ratio

The current ratio (current assets over current liabilities) as at 31 December 2023 was 0.3 times (31 December 2022: 0.4 times). As at 31 December 2023, current assets balance was RMB2.63 billion (31 December 2022: RMB2.78 billion) and current liabilities balance was RMB7.83 billion (31 December 2022: RMB7.43 billion). Cash and cash equivalents were the major components of the Group's current assets and the balance amounted to RMB2.38 billion as at 31 December 2023 (31 December 2022: RMB2.48 billion). The Group's current liabilities as at 31 December 2023 mainly included external debts with maturities within one year (excluding interest payable) of RMB6.35 billion (31 December 2022: RMB6.12 billion), which consisted of bank borrowings of RMB1.05 billion, notes payable of RMB3.30 billion and corporate bonds of RMB2.0 billion (31 December 2022: bank borrowings of RMB2.50 billion, notes payable of RMB3.0 billion and corporate bonds of RMB615 million). The management will continue to take a prudent approach to effectively match capital and debt commitments with existing cash, future operating cash flow and cash return from investments, in order to manage liquidity risks. Taking into account the additional financing facilities available to the Group and the internally generated funds from operations, the management is confident that the Group will be able to meet its liabilities as they fall due in the next twelve months.

EBITDA interest coverage and other financial ratios

EBITDA interest coverage for the year ended 31 December 2023 was 6.4 times (31 December 2022: 4.7 times), which was measured as the ratio of earnings before interests, tax, depreciation and amortisation ("EBITDA") to interest expenses (profit and loss impact).

EBITDA to total external debt ratio for the year ended 31 December 2023 was 21.0 percent (31 December 2022: 16.5 percent), which was measured as the ratio of EBITDA to the aggregate balance of bank borrowings, corporate bonds and notes payable ("total external debts").

Profit before interest and income tax interest coverage for the year ended 31 December 2023 was 4.0 times (31 December 2022: 2.8 times), which was measured as the ratio of profit before interest and income tax to interest expenses (profit and loss impact).

Cash interest coverage for the year ended 31 December 2023 was 6.5 times (31 December 2022: 5.5 times), which was measured as the ratio of cash generated from operating activities and interest expense (cashflow impact) to interest expenses (cashflow impact).

Capital expenditures and investments

During the Reporting Year, total capital expenditures amounted to RMB1.55 billion (2022: RMB1.20 billion). Capital expenditures related to intangible operating rights and fixed assets included: (1) payments of prepayment related to GNSR Expressway R&E Project of RMB917 million (2022: Nil); (2) payments of construction costs of toll highways and bridges upgrade services of RMB606 million (2022: RMB311 million); and (3) purchase of property, plant and equipment of RMB27.63 million (2022: RMB24.45 million). During the Reporting Year, there was no cash outflow relating to acquisition of subsidiary (2022: RMB862 million). Apart from the aforementioned, no material capital expenditure was incurred during the Reporting Year. Going forward, the management believes that the Group's operating cash flow and appropriate financing arrangements can satisfy its future capital expenditures and investment needs.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital structures

It is one of the Group's financial policies to maintain a balanced capital structure, which aims to strike a balance between enhancing profitability and ensuring financial leverage ratios to remain at safe levels.

Analysis of capital structures

	Reporting Year RMB'000	2022 RMB'000
External debts*		
Bank borrowings	**9,496,565**	9,285,666
Corporate bonds(1)	**2,499,094**	3,114,362
Notes payable(2)	**4,794,783**	4,994,698
Loan from the immediate holding company*	**100,000**	100,000
Loan from a non-controlling interest of a subsidiary	**28,301**	50,368
Lease liabilities	**5,073**	15,974
Total debts	**16,923,816**	17,561,068
Less: cash and cash equivalents	**(2,380,785)**	(2,480,267)
Net debt	**14,543,031**	15,080,801
Total Equity	**14,849,937**	14,234,975
Total capitalisation (Net debt + Total equity)	**29,392,968**	29,315,776

* excluding interest payable

Financial ratios

Gearing ratio (net debt/total capitalisation)	**49.5%**	51.4%
Debt to Equity ratio (net debt/total equity)	**97.9%**	105.9%
Total liabilities/Total assets ratio	**59.3%**	60.8%

(1) As at 31 December 2023, the details of the corporate bonds issued in the Shanghai Stock Exchange:

	Drawdown date:	Principal:	Principal repayment date:	Coupon rate (per annum):	Next interest payment date:
RMB1,000 million five-year corporate bonds (2021 Phase 1)	25 January 2021	RMB1,000 million	25 January 2026	3.63%	25 January 2024
RMB1,000 million five-year corporate bonds (2021 Phase 2)	13 May 2021	RMB1,000 million	13 May 2026	3.48%	13 May 2024
RMB500 million seven-year corporate bonds (2021 Phase 2)	13 May 2021	RMB500 million	13 May 2028	3.84%	13 May 2024

(2) As at 31 December 2023, the details of the notes payable issued in the Beijing Financial Assets Exchange:

	Drawdown date:	Principal:	Principal repayment date:	Coupon rate (per annum):	Next interest payment date:
RMB1,000 million five-year medium term notes (2021 Phase 1)	28 January 2021	RMB1,000 million	28 January 2026	3.78%	28 January 2024
RMB1,000 million five-year medium term notes (2022 Phase 1)	18 March 2022	RMB1,000 million	18 March 2027	3.28%	18 March 2024
RMB500 million three-year medium term notes (2023 Phase 1)	7 August 2023	RMB500 million	7 August 2026	2.87%	7 August 2024
RMB1,300 million 270 days super short-term commercial paper (2023 Phase 3)	11 October 2023	RMB1,300 million	7 July 2024	2.50%	7 July 2024
RMB500 million 270 days super short-term commercial paper (2023 Phase 4)	19 October 2023	RMB500 million	15 July 2024	2.51%	15 July 2024
RMB500 million 270 days super short-term commercial paper (2023 Phase 5)	15 December 2023	RMB500 million	10 September 2024	2.75%	10 September 2024

Financing structures

In a way to ensure that 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 further optimise its debt portfolio. In order to effectively maintain cost-efficient funding, the Group will: (1) continue to maintain close banking relationship with financial institutions both in Hong Kong and China, to capitalise on the different levels of liquidity offered by, and to take advantage of the cost differentials, in these two markets and in international markets; and (2) strike a balance between lowering interest rate and mitigating exchange risk exposure. As at the end of the Reporting Year, the Group's total debts comprised bank borrowings, corporate bonds, notes payable, loan from the immediate holding company, loan from a non-controlling interest of a subsidiary and lease liabilities. There was no debt with foreign exchange risk exposure as at 31 December 2023 (31 December 2022: Nil).

As at 31 December 2023, the Group's total external debts (excluding interest payable) in aggregate were RMB16.79 billion (31 December 2022: RMB17.39 billion), which consisted of bank borrowings of RMB9.50 billion (31 December 2022: RMB9.29 billion), corporate bonds of RMB2.50 billion (31 December 2022: RMB3.11 billion) and notes payable of RMB4.79 billion (31 December 2022: RMB4.99 billion). Onshore and offshore debts ratio was 99.7 percent and 0.3 percent (31 December 2022: 97.4 percent and 2.6 percent). Secured external debt ratio was 44.7 percent (31 December 2022: 37.9 percent). The effective interest rate of total external debt at 31 December 2023 was 3.24 percent (31 December 2022: 3.38 percent). Of the bank borrowings, RMB9.21 billion was at floating rates and RMB287 million was at fixed rates with the overall effective interest rate of 3.13 percent at 31 December 2023 (31 December 2022: 3.38 percent). Corporate bonds (in three types) were at fixed rates with coupon rates of 3.63 percent, 3.48 percent and 3.84 percent respectively with the overall effective interest rate at 3.75 percent as at 31 December 2023 (31 December 2022: 3.65 percent). Notes payable included medium term notes (in three tranches) were at fixed rates with coupon rates of 3.78 percent, 3.28 percent and 2.87 percent respectively and super short-term commercial paper (in three tranches) was at fixed rate with coupon rate of 2.50 percent, 2.51 percent and 2.75 percent respectively, with the overall effective interest rate at 3.19 percent as at 31 December 2023 (31 December 2022: 3.22 percent).

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Reporting Year Percentage of total	2022 Percentage of total
Source		
Onshore	**99.7%**	97.4%
Offshore	**0.3%**	2.6%
	100.0%	100.0%
Repayment term		
Within 1 year	**37.8%**	35.2%
Over 1 year but within 2 years	**15.6%**	23.5%
Over 2 years but within 5 years	**27.5%**	25.7%
Over 5 years	**19.1%**	15.6%
	100.0%	100.0%
Currency		
RMB	**100.0%**	100.0%
Interest rate		
Fixed	**45.2%**	54.4%
Floating	**54.8%**	45.6%
	100.0%	100.0%
Terms of credit		
Secured	**44.7%**	37.9%
Unsecured	**55.3%**	62.1%
	100.0%	100.0%
Financing method		
Direct financing	**43.4%**	46.6%
Indirect financing	**56.6%**	53.4%
	100.0%	100.0%

* excluding interest payable

As at 31 December 2023, loan from the immediate holding company is unsecured, interest bearing at an annual rate of 3.15%, denominated in RMB and repayable in 2024.

As at 31 December 2023, loan from a non-controlling interest of a subsidiary is unsecured, interest-free and denominated in RMB. The carrying amount of the loan approximated its fair value, calculated based on cash flows discounted at a rate of 4.35 percent (31 December 2022: 4.35 percent) per annum. Loan from a non-controlling interest of a subsidiary is repayable between one and three years, except for RMB10.0 million which is due within one year.

Foreign-currency denominated assets and liabilities

The Group's businesses are principally conducted in the PRC and its functional currency is RMB. All of its major revenue, operating expenses, capital expenditures and its external debts (31 December 2022: 100.0 percent) are denominated in RMB. As at the end of the Reporting Year, the Group has no material foreign-currency denominated assets and liabilities. As the foreign exchange market is still volatile, the Group will continue to keep track of developments in the foreign exchange market, strike a balance between interest rate cost and foreign exchange risk, optimise its debt structure and control its foreign currency exposure.

IV. CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2023, the Group had contractual commitments of approximately RMB7.84 billion, which related to intangible operating rights and property, plant and equipment.

Except for the aforementioned, the Group had no material contractual commitments as at 31 December 2023. There were no significant contingent liabilities as at 31 December 2023.

V. EMPLOYEES

As at 31 December 2023, the Group had approximately 2,134 employees, of whom about 1,909 were directly engaged in the daily operation, management and supervision of toll, bridges and port projects. The Group remunerates its employees largely based on industry practice, including social insurance, contributory provident funds, share options and other staff benefits.

VI. CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

The Company entered into a facility agreement in 2023 which included 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 beneficial shareholder of the Company;

(ii) Yue Xiu maintains a direct or indirect shareholding interest of not less than 30% in the issued voting share capital of the Company;

(iii) Yue Xiu maintains a management control over the Company.

As at 31 December 2023, the loan balance subject to the above conditions was RMB50.0 million. Such facility agreement will expire on 24 December 2024.

Breach of the above specific performance obligations would 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.

These obligations have been duly complied with for the year ended 31 December 2023.

INVESTOR RELATIONS REPORT

INVESTOR RELATIONS AND COMMUNICATIONS

The Group is committed to maintaining a high level of corporate governance as well as good and effective communication mechanism with capital markets. In this regard, the Group has been maintaining open dialogues with investors and industry researchers and, subject to compliance with disclosure requirements, will proactively provide timely and accurate information, including monthly operational data for each project and strategic business developments.

On the basis of strict compliance requirements on information disclosure of the regulatory authorities, the Group, including executive directors and senior management, initiated proactive communication continuously by meeting and communicating with shareholders, industry researchers, domestic and foreign investors who are concerned about the Group regularly through various platforms and channels, including conducting conferences for results announcement, participating in roadshows for results announcement and various industry seminars, to disseminate positive information and stabilise market confidence. Furthermore, in the process of communicating with investors and other groups, the Group extensively collected feedback from the market and used it as a reference for improving its governance and management standards.

During the Reporting Year, investment banks such as HSBC, HTSC, CICC, DBS Bank, Dongxing Securities, Haitong International, Galaxy International, China Merchants Securities and China Galaxy released research coverage reports on the Group successively, and institutions such as HSBC and HTSC also organised market briefings on the Group successively and arranged meetings with international and domestic institutional investors, which was a sufficient reflection of the Group's popularity and impact in the capital market.

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

- Provided feedback of investors' enquiries in a timely manner through e-mail, telephone and other forms, and released monthly operational data to investors on regular basis.
- Initiated in-depth communication with investors and industry researchers in the form of online and offline meetings.
- Communicated with domestic and worldwide investors through launching activities such as press conferences for results announcement, participating in results roadshows,which included:

Month	Venue and Form	Event	Organiser
March	Hong Kong Physical Meeting	2022 Annual Results Roadshow	HSBC
March	Shanghai Physical Meeting	2022 Annual Results Roadshow	HTSC
April	Guangzhou On-line Meeting	2022 Annual Results Roadshow	Mizuho Securities Asia
August	Hong Kong Physical Meeting	2023 Interim Results Roadshow	HSBC
August	Beijing and Shanghai Physical Meetings	2023 Interim Results Roadshow	HTSC

INVESTOR RELATIONS REPORT

As the recognition of our performance, corporate governance standards and investor relations efforts, during the Reporting Year, the Group was awarded the following honors for listed companies by renowned media outlets such as Bloomberg Business Weekly, Capital Magazine and Quamnet:

Bloomberg Business Weekly:	Listed Enterprises Excellence Awards 2023
Capital Magazine:	Listed Enterprise Excellence Awards 2022
Quamnet:	Outstanding Enterprise Awards 2022
Organized by Southern Finance Omnimedia Corp. — Stock Market News Broadcasting and Investment Bulletin:	Greater Bay Area Outstanding Enterprise Brand Awards 2023
Ming Pao:	ESG Award 2023 — Excellence in Transport Infrastructure Award
Mercury Excellence Awards 2023/2024:	Gold — Annual Reports — Overall Presentation: Transport Infrastructure
LACP Annual Report Design Awards:	Gold, World Top 100 (ranked 56th), Technology Achievement Award (Honour)

CONSISTENT RETURN TO SHAREHOLDERS

While leveraging on the capital market for rapid development, the Group also understands that a positive return to shareholders should be regarded as an important mission and the operation philosophy for an enterprise. Since listing, the Group has distributed cash dividends for over 20 consecutive years, which served as stable return to our shareholders while we recorded consistent growth of our operating results.

	2017	2018	2019	2020	2021	2022	**2023**
Earnings per share (RMB)	0.5666	0.6300	0.6799	0.0959	0.8756	0.2708	**0.4574**
Dividend per share (HKD)	0.36	0.39	0.39	0.07	0.61	0.20	**0.30**
Dividend payout ratio	52.4%	53.6%	51.5%	60.9%	56.9%	64.4%	**59.8%**

DIRECTORS' PROFILES

EXECUTIVE DIRECTORS

Mr Li Feng, aged 55, was appointed as an executive director of the Company on 13 April 2018 and Chairman on 22 July 2019. He is the chief capital officer 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 mainly responsible for formulating and implementing major capital management, organizing industrial development and financing coordination, optimizing and deepening the customer resources management, etc. of the Yue Xiu Group and the press spokesperson of the Yue Xiu Group. Mr Li is a non-executive director of Yuexiu Financial Holdings Limited ("YFHL"), the chairman of the board of directors and a non-executive director of Chong Hing Bank Limited ("Chong Hing Bank"), the chairman of the board of directors of Yue Xiu Securities Holdings Company Limited, a non-executive director of Yuexiu REIT Asset Management Limited ("Yuexiu REIT Asset Management", the manager of Yuexiu Real Estate Investment Trust (Stock Code: 405)), a director of Guangzhou Yuexiu Capital Holdings Group Co., Ltd. (廣州越秀資本控股集團股份有限公司) (formerly known as Guangzhou Yuexiu Financial Holdings Group Co., Ltd. 廣州越秀金融控股集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Shenzhen Stock Code: 987). He is also a director of each of Grace Lord Group Limited ("Grace Lord") and Housemaster Holdings Limited ("Housemaster"), the substantial shareholders of the Company.

Mr Li graduated from the South China University of Technology and obtained a Bachelor's degree in architecture, and subsequently he obtained a master of business administration degree from Jinan University. He is also the president of Association of Guangzhou Belt and Road Investment Enterprises, a member of Guangzhou Housing Provident Fund Management Committee, a director of Guangzhou People's Association for Friendship with Foreign Countries and the vice-president of The Listed Companies Council, Hong Kong Chinese Enterprises Association and a member of the Risk Management Committee of China Evergrande Group (Stock Code: 3333). Mr Li joined Yue Xiu in December 2001, he is familiar with business of listed companies and the operations of capital markets, and has extensive practical experience in capital operations.

Mr He Baiqing, aged 59, 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. He was appointed as deputy general manager in 2009 and senior deputy general manager in 2011. Mr He graduated from Changsha Transport Institute in China with a bachelor of engineering degree in Highway and City Roads Engineering. Mr He was the head of Guangzhou Highway Prospecting and Design Institute. He is a senior engineer of Highways and Bridges, 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.

Ms Chen Jing, aged 52, was appointed as an executive director of the Company on 13 April 2018. Ms Chen is the chief financial officer of Guangzhou Yue Xiu and Yue Xiu. She is an executive director and chief financial officer of Yuexiu Property Company Limited (Stock Code: 123), a director of Guangzhou City Construction & Development Co. Ltd. and Guangzhou Yuexiu Agriculture and Animal Husbandry Food Technology Co., Ltd.. She is a non-executive director of YFHL and Chong Hing Bank. She is also a director of each of Grace Lord and Housemaster, the substantial shareholders of the Company. Ms Chen graduated from the Xi'an Jiaotong University in audit studies, and holds a master of business administration degree of the School of Management and Economics of the Beijing Institute of Technology and the qualification of auditor and certified internal auditor. Ms Chen joined Guangzhou Yue Xiu in July 2004 and was the deputy general manager of the supervisory (audit) office, the general manager of the audit department and the chairman of the board of directors of Yue Xiu Securities Holdings Company Limited and general manager of the finance department of Guangzhou Yue Xiu and Yue Xiu. Ms Chen has participated in establishing systems to monitor the major risks and finance of Guangzhou Yue Xiu. Ms Chen is well versed in risk and internal control management, financial management of listed companies and has extensive experience in establishing a sound system for risk management and internal control, financial management for enterprises. Prior to joining Guangzhou Yue Xiu, Ms Chen worked in school of business of the Hubei University and Hisense Kelon Electrical Holdings Company Limited.

DIRECTORS' PROFILES

Mr Cai Minghua, aged 46, was appointed as an executive director of the Company on 9 July 2021. In July 2005, Mr Cai joined the Yue Xiu Group and has served as the vice chairman of the labour union of the Company, the general manager of the human resources department of the Company, the chief business director of the human resources (organization) department of Guangzhou Yue Xiu and the chief business director of the human resources department of Yue Xiu. Mr Cai took the lead in the establishment and enhancement of the information system of human resources management in Guangzhou Yue Xiu and the optimization of the human resources management systems in respect of remuneration management, performance appraisals and talent management and development. Mr Cai possesses extensive experience and expertise in remuneration management, administration and management, performance appraisals and human resources management. Mr Cai obtained a Bachelor's degree in economics from Wuhan University with a major in international economics and trade. Subsequently, he graduated from Wuhan University with a major in world economics and obtained a master's degree in economics.

Mr Pan Yongqiang, aged 48, was appointed an executive director of the Company on 8 May 2023. Mr Pan joined the Company in November 2009 and has served as a deputy general manager since then. From November 2009 to September 2010, he was also the general manager of the investor relations management department of the Company. Mr Pan served as assistant to the chief executive officer of Yuexiu REIT Asset Management from March 2009 to November 2009. He has over 10 years of senior management experience in the business operations of the Group. Mr Pan obtained a Bachelor's degree in economics majoring in international trade from Sun Yat-Sen University in the People's Republic of China in June 1998. Prior to joining the Yue Xiu Group, Mr Pan served in Ingram Micro (China) Investment Co., Ltd.* (英邁（中國）投資有限公司), a subsidiary of an international distributor of information technology products and services and held the last position as the senior business development manager of the business development department.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Fung Ka Pun, aged 78, has been an independent non-executive director of the Company since 20 November 1996. Mr Fung is the founder and chairman of 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 was an independent non-executive director of Lee Hing Development Limited ("Lee Hing"), which shares were delisted from the Stock Exchange on 18 October 2022, while he remains as a director of Lee Hing after delisting.

Mr Lau Hon Chuen, GBS, JP, alias Ambrose Lau, aged 76, 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. Mr Lau is currently an independent non-executive director of Glorious Sun Enterprises Limited (Stock Code: 393), Yuexiu Property Company Limited (Stock Code: 123) and Joy City Property Limited (Stock Code: 207). 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, Sun Hon Investment & Finance Limited, Wydoff Limited, Wytex Limited, Trillions Profit Nominees & Secretarial Services Limited, Helicoin Limited, Wyman Investments Limited and Cinda Financial Holdings Co., 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 between 1992 and 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). He served as a Standing Committee Member of the 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference.

DIRECTORS' PROFILES

Mr Cheung Doi Shu, aged 62, has been an independent non-executive director of the Company since 24 July 1997. He is a qualified solicitor in Hong Kong 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.

Mr Peng Vincent Shen, aged 55, was appointed an independent non-executive director on 8 May 2023. Mr Peng is also the managing director of GLP since October 2018 and the chairman of China Merchants Capital Investment Co., Ltd.* (招商局資本投資有限責任公司) since April 2023. He has extensive experience in investment, fund management and investment banking. He worked with Goldman Sachs from March 2006 to September 2012 with previous positions including managing director, co-head of Asia real estate, and responsible officer for Goldman Sachs (Asia) LLC, primarily responsible for the business operations of the Goldman Sachs group in Asia.

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 C1 (formerly known as Appendix 14) to The Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Company has complied with the Code Provisions throughout the year ended 31 December 2023 ("Year").

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 the Group's 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.

The Board of the Company attaches great importance to sustainability management, undertakes overall responsibility for the ESG of the Company and oversees the ESG direction and strategies of the Company. It regularly discusses and reviews the Company's ESG development risks and opportunities. The ESG Committee is responsible for managing and supervising the ESG impact of the Company, and reports the ESG-related performance to the Board on a regular basis. It updates the Company's ESG issues every year and conducts materiality assessment of the ESG issues through stakeholders study, questionnaire survey, expert assessment, discussion within the Board, etc. The Board has established, reviewed and discussed the relevant targets for greenhouse gas emissions, waste disposal, energy use and water resource utilization, and will continue to evaluate and pay attention to their progress.

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 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 Group and to the exercise of independent judgment. As at 31 December 2023, the Board comprised five executive directors and four independent non-executive directors.

For a list of directors during the year ended 31 December 2023 and up to the date of this annual report, please refer to page 75 of the Report of the Directors. The latest 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 to 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 the implementation of the policy to ensure its effectiveness and application from time to time.

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

During the year ended 31 December 2023, 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 the 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.

None of the independent non-executive directors of the Company has been appointed for a specific term. However, in accordance with the Company's Bye-Laws, all directors of the Company, including independent non-executive directors, are subject to retirement by rotation at least once every three years. All the independent non-executive directors of the Company retired by rotation, offered themselves for re-election, and were re-elected during the past three years.

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 Group as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is fully aware of his/her 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 training materials to develop and refresh their professional skills.

During the Year, the Company arranged training programme and provided training materials to the Directors with an emphasis on industrial chain extension, refined management, safety of production and the latest disclosure requirements for annual reports of listed companies. According to the records maintained by the Company, the Directors received trainings in the following areas:

	Corporate Governance/ Updates on Laws, Rules & Regulations	
Directors	**Read Materials**	**Attended Seminars/ Briefings**
Executive Directors		
Li Feng	✓	✓
He Baiqing	✓	✓
Chen Jing	✓	✓
Cai Minghua	✓	✓
Pan Yongqiang (appointed on 8 May 2023)	✓	✓
Independent Non-Executive Directors		
Fung Ka Pun	✓	✓
Lau Hon Chuen Ambrose	✓	✓
Cheung Doi Shu	✓	✓
Peng Vincent Shen (appointed on 8 May 2023)	✓	✓

Board Meetings

Number of Meetings and Directors' Attendance

The attendance record of each member of the Board for the year 2023 is set out below:

Directors	Attendance/Number of Meetings Board meetings	Annual General Meeting	Special General Meetings
Executive Directors			
Li Feng	5/5	1/1	4/4
He Baiqing	5/5	1/1	4/4
Chen Jing	5/5	1/1	4/4
Cai Minghua	5/5	1/1	4/4
Pan Yongqiang (appointed on 8 May 2023)	4/4	1/1	3/3
Independent Non-Executive Directors			
Fung Ka Pun	5/5	1/1	4/4
Lau Hon Chuen Ambrose	5/5	1/1	4/4
Cheung Doi Shu	5/5	1/1	4/4
Peng Vincent Shen (appointed on 8 May 2023)	4/4	1/1	3/3

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 Group 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 think 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 close associates have a material interest.

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 Li Feng 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 practices. 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 four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the ESG 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 the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company's website (www.yuexiutransportinfrastructure.com) and the Stock Exchange's website.

Audit Committee

The Audit Committee comprises four 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.

The Audit Committee held two meetings during the year ended 31 December 2023 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
Independent Non-Executive Directors	
Fung Ka Pun	2/2
Lau Hon Chuen Ambrose	2/2
Cheung Doi Shu	2/2
Peng Vincent Shen (appointed on 8 May 2023)	1/1

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

During the Year, the Remuneration Committee comprises one executive director, namely Mr Li Feng and four independent non-executive directors, namely Mr Fung Ka Pun, Mr Lau Hon Chuen Ambrose, Mr Cheung Doi Shu and Mr Peng Vincent Shen, 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/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

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

Members	Meeting Attended
Executive Director	
Li Feng	1/1
Independent Non-Executive Directors	
Fung Ka Pun	1/1
Lau Hon Chuen Ambrose	1/1
Cheung Doi Shu	1/1
Peng Vincent Shen (appointed on 8 May 2023)	–

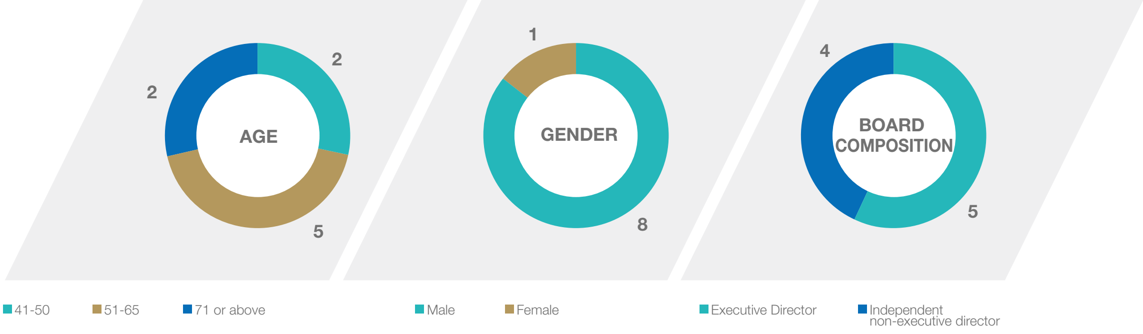
The Remuneration Committee held one meeting during the year ended 31 December 2023 to review and make recommendations on the remuneration policy and structure of the Company and remuneration packages of the executive directors and senior management for the year under review.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee comprises one executive director, namely Mr Li Feng and four independent non-executive directors, namely Mr Fung Ka Pun, Mr Lau Hon Chuen Ambrose, Mr Cheung Doi Shu and Mr Peng Vincent Shen. The committee is chaired by Mr Li Feng, the Chairman of the Board.

The role and function of the 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, the appointment or re-appointment of directors and succession planning for directors. In assessing the Board composition and the candidate proposed to the Nomination Committee for consideration, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Board members' appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The Board currently comprises diversified members, including nine directors, one of whom is female (2022: one). Five directors are experienced in finance, toll road construction/operation, financial, capital operations, administrative management and human resource management and the other four directors, being the independent non-executive directors, contribute extensive experiences in the legal and compliance, acquisitions and mergers as well as financial businesses to the Board. In order to ensure that the Board possesses experiences and skills relevant to its strategy and the ability and mindset to manage changes from time to time, the Nomination Committee formulates the following measurable objectives: gender, age, length of tenure, professional experience and knowledge (e.g. legal, accounting, establishment/operation of highways, finance and capital management, etc.), reviews the diversity of the Board and makes proposal to the Board if necessary.



Process of appointment of directors

In accordance with the strategic needs of the Board, suitable candidates are identified for consideration by the Nomination Committee. The Nomination Committee would consider such candidates based on various factors such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service set out in the Board Diversity Policy. Recommendation will be made to the Board based on meritocracy and objective criteria, having due regard to the benefits of diversity on the Board. The Board will ultimately decide on the merits of the candidate and their potential contributions to the Board. New directors so appointed shall be re-elected at the Company's general meeting as required by the Bye-laws of the Company.

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

Members	Meeting Attended
Executive Director	
Li Feng	1/1
Independent Non-Executive Directors	
Fung Ka Pun	1/1
Lau Hon Chuen Ambrose	1/1
Cheung Doi Shu	1/1
Peng Vincent Shen (appointed on 8 May 2023)	–

The Nomination Committee held one meeting during the year ended 31 December 2023 to review the structure, size and composition of the Board. During the Year, the Nomination Committee also made recommendation to the Board on the respective appointment of the new Executive Director and Independent Non-Executive Director.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Environmental, Social and Governance ("ESG") Committee ("ESG Committee") comprises two executive directors, namely Mr Li Feng and Mr He Baiqing and four independent non-executive directors, namely Mr Fung Ka Pun, Mr Lau Hon Chuen Ambrose, Mr Cheung Doi Shu and Mr Peng Vincent Shen. The committee is chaired by Mr Li Feng, the Chairman of the Board.

The main duties of the ESG Committee include the following:

(a) to review, formulate and approve the Group's vision, goals, strategies and management policies regarding ESG issues, and make recommendations to the Board on the relevant ESG matters;

(b) to review and evaluate the adequacy and effectiveness of the management framework for ESG matters at the Group level;

(c) to review and monitor the Group's policies on ESG to ensure compliance with legal and regulatory requirement; and

(d) to review and report to the Board on major international trends in legislation and regulation of corporate ESG, identify and assess the ESG related risks and opportunities that have an impact on the Group's operation.

The ESG Committee held one meeting during the Year to review the progress on 2022 ESG goals and approve future goals. It also reviewed and recommended to the Board for approval the 2022 ESG Report.

CORPORATE GOVERNANCE REPORT

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

Members	Meeting Attended
Executive Directors	
Li Feng	1/1
He Baiqing	1/1
Independent Non-Executive Directors	
Fung Ka Pun	1/1
Lau Hon Chuen Ambrose	1/1
Cheung Doi Shu	1/1
Peng Vincent Shen (appointed on 8 May 2023)	–

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 C3 (formerly known as 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 2023.

Specific employees who are likely to be in possession of inside 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 the Group General Counsel of Yue Xiu, and also the company secretary of Yue Xiu, Yuexiu Property Company Limited (Stock Code: 123), Yuexiu Services Group Limited (Stock Code: 6626) 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 2023, 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 responsibilities for preparing the consolidated financial statements of the Company for the year ended 31 December 2023.

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 2023, the remuneration paid or payable to Ernst & Young (Certified Public Accountants and Registered Public Interest Entity Auditor), the external auditor of the Company, in respect of audit related services amounted to approximately RMB2,980,000 and in respect of non-audit services fees amounted to RMB1,070,000. The non-audit services conducted mainly include tax services and assurance services on financing and corporate transactions.

RISK MANAGEMENT AND INTERNAL CONTROLS

Role of the Board

The Board has overall responsibility for evaluating and determining the nature and extent of the risks (including environmental, social and governance risks) taken by the Group to achieve its strategic business objectives. The Board, through its Audit Committee and ESG Committee, regularly reviews the effectiveness of the risk management and internal control systems and monitors the corporate governance practices, compliance procedures and environmental, social and governance practices on an ongoing basis. To assist the Audit Committee and ESG Committee to fulfill its responsibilities, the management has formed a task force, comprising representatives from major departments of the Company, to identify, update and report the key risk areas which covered all aspects of corporate strategies, operation, finance, environmental, social and governance performance and reporting to the Board quarterly. The possible risk exposure of the Group is set out on pages 31 to 33 of this Annual Report.

During the Year, the Audit and Risk Management Department submitted to the Audit Committee the Risk Management and Internal Control Report for review on a half-yearly basis. The Board has reviewed, through the Audit Committee, the various reports on the risk management and internal control systems and conducted a comprehensive review of the Group's risk management and internal control systems, and agreed that the Group's risk management and internal control systems for the Year is adequate and effective and it will continue to enhance the implementation of the corporate risk management framework and risk control procedures.

CORPORATE GOVERNANCE REPORT

Risk management structural framework

The Group's risk management structural framework comprises the following components:

Audit Committee of the Board

- Approve the Company's annual risk appetite policy and measures
- Consider the risk appetite report from the management and monitor the implementation continuously
- Assess the appropriateness of risk appetite with respect to business environment and development strategy and encourage the management for improvement

Management

- Review the risk appetite policy and measures and submit them for the Audit Committee's approval
- Approve the risk limit indicators with reference to the Company's annual risk appetite policy
- Review the implementation of risk appetite and report to the Audit Committee

Audit and risk management department

- Prepare and revise the risk appetite measures
- Initiate the risk management work plan regularly. With the support from various departments and subsidiaries, determine various risk appetite indicators and measurements and submit them for the management's approval
- Responsible for monitoring risk appetite indicators, collecting and summarising the implementation situation of the risk appetite. Arrange and coordinate relevant departments to provide solutions for abnormal indicator and make timely report to the management
- Gather comment and feedback from various departments and subsidiaries during the implementation process and provide recommendations to the management

Internal control 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. The main features of internal control system consist of five elements including, internal environment, risk assessment, monitoring activities, information and communication and internal monitoring. However, any internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives; and 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.

Internal audit

The Group's audit and risk management department plays an important role in reviewing and monitoring the overall internal compliance and governance systems of the Group. The department directly reports to the Audit Committee and performs specific internal audit projects. The department has unrestricted access to review all the Group's business activities, departments and subsidiaries and identify the areas of concern. During the Year, the department has completed 15 internal audit projects covering performance auditing, economic responsibility auditing and special projects auditing.

Handling and dissemination of inside information

For the purpose of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to the directors and relevant employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

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 the paid-up capital of the Company carrying 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 purposes 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.

The Board has reviewed the shareholders' communication policy during the Year and was satisfied with the implementation and effectiveness of the shareholders' communication policy conducted.

PROCEDURES FOR RAISING ENQUIRIES

To ensure effective communication between the Company and the Shareholders:

(1) Shareholders may direct their questions about their shareholdings to the Company's Hong Kong branch share registrar.

(2) Shareholders may at any time send their enquires and concerns to the Board in writing to the Capital Management Department of the Company whose contact details are as follows:

Capital Management Department
Yuexiu Transport Infrastructure Limited
17A Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

(3) Shareholders may also make enquiries with the Board at the general meetings of the Company.

DIVIDEND POLICY

The Company is committed to maintaining a relatively stable and sustainable dividend policy. The dividend policy is based on the principle of balancing shareholders' expectations and maintaining the Company's sustainable development, with consideration of various factors, such as current business position, future operations and income, and financial position of the Company, current and future macro-economic environment and development, capital needs and capital reserves, future major investment or acquisition plans, adjustments to industry policies and continuity of past dividend policies. Generally speaking, the total dividend of the Company for a year represents approximately 50% to 60% of the profit attributable to shareholder. During the period, the payout ratio was 59.8%. The Board will review and monitor the implementation of said policy from time to time to ensure its effectiveness and application.

CONSTITUTIONAL DOCUMENTS

In 2023, the new amended and restated Bye-laws of the Company was adopted to incorporate certain amendments concerning (i) the updated Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") with respect to core shareholder protection standards, the applicable laws of Bermuda, and other consequential and housekeeping amendments to the Listing Rules and (ii) the consultation conclusions of the "Proposals to Expand the Paperless Listing Regime and Other Rule Amendments" published by the Stock Exchange in June 2023 with respect to corporate communications amendments. The special resolution in respect of the adoption of the new amended and restated Bye-laws of the Company was duly passed by the Shareholders at the special general meeting held on 24 November 2023. For further details, please refer to the Company's circular dated 1 November 2023.

The Company's amended and restated Bye-Laws is available on the websites of the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of the investment, construction and development, operation and management of toll highways 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 statement of profit or loss on page 94.

The Directors have declared and now recommend the following dividends in respect of the year ended 31 December 2023:

	RMB'000
Interim dividend of HK$0.15 equivalent to approximately RMB0.1372 per share paid on 29 November 2023	229,610
Proposed final dividend of HK$0.15 equivalent to approximately RMB0.1362 per share	227,837
	457,447

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 16 May 2024 to Tuesday, 21 May 2024, 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 21 May 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Tuesday, 14 May 2024.

In addition, the register of members of the Company will be closed from Tuesday, 28 May 2024 to Wednesday, 29 May 2024, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to the final dividend. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Abacus Limited, no later than 4:30 p.m. on Monday, 27 May 2024.

DONATIONS

During the Year, the Group did not make any charitable donation.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2023 is set out in the section headed "Management Discussion And Analysis" on pages 20 to 54 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 23 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 2023 are set out in note 39 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the distributable reserves of the Company available for distribution amounted to RMB2,009,053,000 (2022: RMB1,597,435,000).

DIRECTORS

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

Executive Directors
Mr Li Feng
Mr He Baiqing
Ms Chen Jing
Mr Cai Minghua
Mr Pan Yongqiang (appointed on 8 May 2023)

Independent Non-Executive Directors
Mr Fung Ka Pun
Mr Lau Hon Chuen Ambrose
Mr Cheung Doi Shu
Mr Peng Vincent Shen (appointed on 8 May 2023)

The Directors' Profiles are set out on pages 57 to 59.

ROTATION AND RE-ELECTION OF DIRECTORS

Mr Cai Minghua, Mr Fung Ka Pun and Mr Lau Hon Chuen Ambrose will 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.

REPORT OF THE DIRECTORS

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of Directors' emoluments and emoluments of the five highest paid individuals of the Company are set out in notes 38(A) and 8 to the consolidated financial statements, respectively.

Directors and senior management of the Company may receive emoluments in the form of fees, salaries, contributions to pension schemes, other allowances, other benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and performance of the Directors and senior management, as well as the performance of the Group. No Director is involved in deciding his or her own remuneration.

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, the Company's subsidiaries, its holding companies or its fellow subsidiaries was a party and in which any Director of the Company and the entity connected with the 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.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed in the paragraph headed "Continuing Connected Transactions and Connected Transactions" as set out in this report and other related party transactions and balances disclosed in note 36(b) and (c) to the consolidated financial statements, there were no other contracts of significance between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries, or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisting at the end of the Year or at any time during the Year.

PERMITTED INDEMNITY PROVISION

Pursuant to Bye-Law 178 of the Company's Bye-Laws, the Directors, Managing Directors, company secretary or other officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their offices or otherwise in relation thereto. The Company has arranged directors and officer liability insurances for its directors and officers. The relevant provisions of the Bye-laws of the Company and the directors' and officers' liability insurances are currently in force and were in force throughout the Year.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

Continuing Connected Transactions

Bank Deposits Agreement

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. Chong Hing Bank is a subsidiary of Yue Xiu Enterprises (Holdings) Limited, which is a controlling shareholder of the Company, and therefore is a connected person of the Company.

On 23 November 2020, the Company entered into a bank deposits agreement with Chong Hing Bank pursuant to which the aggregate maximum balance of the bank deposits maintained by the Group with Chong Hing Bank on any given day would not exceed RMB1.5 billion for the years ending 31 December 2021, 2022 and 2023. As at 31 December 2023, the aggregate Bank balances deposited by the Group with Chong Hing Bank amounted to approximately RMB783,254,000. The maximum daily aggregate amount of outstanding deposits maintained by the Group with Chong Hing Bank for the year ended 31 December 2023 amounted to approximately RMB783,254,000. This transaction is a related party transaction as set out in note 36(c) to the consolidated financial statements.

On 5 May 2023, the Company entered into another bank deposits agreement with Chong Hing Bank for a term of three years for the purpose of renewing the term of the bank deposits agreement expiring on 31 December 2023, and pursuant to which the aggregate maximum balance of the bank deposits maintained by the Group with Chong Hing Bank on any given day would not exceed RMB1.5 billion for the years ending 31 December 2024, 2025 and 2026. The aforementioned transactions constitute continuing connected transactions of the Company subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions were approved by the independent shareholders at the special general meeting of the Company on 13 June 2023. Further details of the bank deposits agreement were disclosed in the announcement of the Company dated 5 May 2023 and the circular of the Company dated 23 May 2023.

Property Management and Commercial Operation and Management Services Framework Agreement

On 1 February 2023, the Company and Yuexiu Services Group Limited ("Yuexiu Services") entered into the property management and commercial operation and management services framework agreement, pursuant to which Yuexiu Services and its subsidiaries may provide, and the Group may procure, the property management services and commercial operation and management services for a term commencing on 1 February 2023 and ending on 31 December 2024. The annual caps for the year ended 31 December 2023 and 2024 are RMB12,985,000 and RMB15,775,000, respectively. Yuexiu Services is an associate of 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited*), the ultimate controlling shareholder of the Company, and hence a connected person of the Company. For the year ended 31 December 2023, the aggregate transaction value of the property management services and commercial operation and management services were approximately RMB7,116,000 and RMB2,127,000, respectively. The aforementioned transactions constitute continuing connected transactions of the Company subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. These transactions are the related party transactions as set out in note 36(b) to the consolidated financial statements. Further details of the framework agreement were disclosed in the announcement of the Company dated 1 February 2023.

REPORT OF THE DIRECTORS

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) on normal commercial terms; (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 (Revised) "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 the Company; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the maximum aggregate annual caps in respect of the above continuing connected transactions.

Connected Transactions

T4 Main Works Agreement and Construction Supervision Agreement in connection with the GNSR Expressway R&E Project

After the standardized tender and bidding process through the Guangzhou Public Resources Trading Center, on 17 October 2023, Guangzhou City North Second Ring Transport Technology Company Limited* (廣州市北二環交通科技有限公司) ("GNSR Company"), a subsidiary of the Company, issued a letter of award to Guangzhou Highway Engineering Group Co., Ltd.* (廣州公路工程集團有限公司) ("GHEG") pursuant to which GNSR Company would enter into the section TJ4 main construction works agreement with GHEG. Pursuant to the section TJ4 main construction works agreement, GHEG as contractor shall undertake the construction works in connection with the main construction section TJ4 of the reconstruction and expansion project of Guangzhou City Northern Second Ring Expressway ("GNSR Expressway R&E Project") at a total contract amount of approximately RMB701,897,275 (inclusive of VAT) for a construction period of 60 months commencing from the date on which the supervisor for the construction project has issued the works commencement notice. The contract was awarded to GHEG through an open tender and bidding process after GNSR Company considered comprehensively a number of factors such as the bidding price, construction organisation and design, historical performance and contract performance reputation of the bidders. In connection with the construction works, GHEG shall be responsible for arranging, among others, all necessary labour and management personnel, materials and construction equipment.

Furthermore, in connection with the commencement of the main construction works for the GNSR Expressway R&E Project, on the same day, GNSR Company issued a letter of award to Guangzhou Chengxin Highway Supervision & Consulting Co., Ltd.* (廣州誠信公路建設監理諮詢有限公司) ("Chengxin S&C") pursuant to which GNSR Company would enter into the construction supervision agreement with Chengxin S&C for supervisory works for the construction works under the GNSR Expressway R&E Project at a total service amount of approximately RMB29,634,638 (inclusive of VAT) for a service period of 86 months commencing from the issuance of the commencement notice by GNSR Company to Chengxin S&C. The contract was awarded to Chengxin S&C through an open tender and bidding process after GNSR Company considered comprehensively a number of factors such as the bidding price, technical proposal prepared by Chengxin S&C and the other bidders, key personnel, historical performance and contract performance reputation of the bidders.

GHEG and Chengxin S&C are associates of Guangzhou Communications Investment Group Co., Ltd.* (廣州交通投資集團有限公司) ("GCIG"), a substantial shareholder of a subsidiary of the Company. On this basis, GHEG and Chengxin S&C are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The aforementioned transactions constitute the connected transactions of the Company which are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The aforementioned transactions, on an aggregate basis, also constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules. On 3 November 2023, GNSR Company entered into the section TJ4 main construction works agreement and the construction supervision agreement with GHEG and Chengxin S&C respectively. Further details of the section TJ4 main construction works agreement and the construction supervision agreement were disclosed in the announcements of the Company dated 17 October 2023 and 3 November 2023.

Overhaul Agreement in connection with the Suiyuenan Expressway Overhaul Project

After an open tender and bidding process conducted through the Guangzhou Public Resources Trading Center, on 28 September 2023, Hubei Suiyuenan Expressway Company Limited* (湖北隨岳南高速公路有限公司) ("Suiyuenan Expressway Company"), a subsidiary of the Company, granted a letter of award to Poly Changda Engineering Co., Ltd.* (保利長大工程有限公司) ("Poly Changda Engineering"), pursuant to which Suiyuenan Expressway Company and Poly Changda Engineering shall enter into the overhaul agreement within 30 days from the date of the letter of award. Pursuant to the overhaul agreement, Poly Changda Engineering as contractor shall provide certain overhaul services to Suiyuenan Expressway Company in relation to the Suiyuenan Expressway overhaul project at a total contract amount of RMB68,915,483 for the overhaul period of 220 calendar days commencing from the date determined by the supervisor for the Suiyuenan Expressway overhaul project. Suiyuenan Expressway Company accepted the bidding proposal of Poly Changda Engineering after considering comprehensively a number of factors, such as the bidding proposals submitted by the bidders, bidding price, qualification of key personnel, technical capability, business performance and contract performance reputation of the bidders. In connection with the overhaul work, Poly Changda Engineering shall be responsible for arranging, among others, all necessary labour and personnel, materials, construction and engineering equipment and temporary facilities.

Poly Changda Engineering is an associate of Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), which is a substantial shareholder of a subsidiary of the Company. On this basis, Poly Changda Engineering is a connected person of the Company at the subsidiary level. The transaction constitutes a connected transaction of the Company which is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. On 13 October 2023, Suiyuenan Expressway Company and Poly Changda Engineering entered into the overhaul agreement. Further details of the overhaul agreement was disclosed in the announcements of the Company dated 28 September 2023 and 13 October 2023. This transaction is a related party transaction as set out in note 36(b) to the consolidated financial statements.

REPORT OF THE DIRECTORS

2024 Lease Agreements

On 29 December 2023, Guangzhou Suiqiao Development Company Limited* (廣州穗橋發展有限公司) (an indirectly wholly-owned subsidiary of the Company), Guangzhou Yue Peng Information Limited* (廣州越鵬信息有限公司) (an indirectly wholly-owned subsidiary of the Company) and Guangzhou Yue Tong Expressway Operations and Management Company Limited* (廣州越通公路運營管理有限公司) (a directly wholly-owned subsidiary of the Company) (as tenants) and 廣州越秀城建國際金融中心有限公司 (Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd.*) (as landlord) entered into seven lease agreements ("2024 Lease Agreements"), pursuant to which the Group will rent certain premises located at Guangzhou International Finance Center in Guangzhou, the People's Republic of China as offices and staff canteen. The aggregate estimated value of the right-of-use assets under the 2024 Lease Agreements recognized by the Company is RMB27,449,503. Each 2024 Lease Agreement has the following common terms:

(a) the lease term is three years commencing on 1 January 2024 (except for one lease agreement in respect of the staff canteen the term of which is one year commencing on 1 January 2024);

(b) the monthly rent is approximately RMB262.30 per square metre (except for two lease agreements under which the monthly rent is approximately RMB230.70 per square metre and approximately RMB205.80 per square metre respectively given the leased premises are at lower floors and have different external views);

(c) the rent is payable on a quarterly basis; and

(d) subject to the relevant tenant having complied with the terms of the relevant 2024 Lease Agreement, the rent for one month in the first quarter of each year will be waived (except for one lease agreement in respect of the staff canteen which does not provide for waiver of rent).

The landlord is an associate of Yue Xiu Enterprises (Holdings) Limited, the controlling shareholder of the Company, and hence a connected person of the Company. The 2024 Lease Agreements, on an aggregate basis, constitutes a connected transaction of the Company which is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further details of the 2024 Lease Agreements were disclosed in the announcement of the Company dated 29 December 2023.

Save as disclosed above, other related party transactions disclosed in note 36(b) and 36(c) to the consolidated financial statements also constitute connected transactions or continuing connected transactions (as the case may be) entered into or continued by the Group during the Year and are regarded as "exempted transaction" or "de minimis transaction", pursuant to the Listing Rules.

* *For identification purposes only*

BANK LOANS AND OTHER BORROWINGS

Analysis of bank loans and other borrowings of the Group as well as information on charges on the Group's assets as at 31 December 2023 are set out in note 25 to the consolidated financial statements.

DEBENTURES ISSUED

During the Year, the Group issued the notes payable in an aggregate principal amount of RMB4,100 million for financing general working capital and repaying the debts of the Group. Details of the notes payable of the Group are set out in note 28 to the consolidated financial statements.

INTERESTS OF DIRECTORS

As at 31 December 2023, 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

The Company

Long positions in shares and underlying shares of the Company:

Name of Director	Nature of interest	Beneficial interest in shares	Interests in underlying shares pursuant to share options	Aggregate interests	Approximate % of interest[(1)]
Mr He Baiqing	Personal	52,000	1,028,995[(3)]	1,080,995	0.07
Mr Cai Minghua	Personal	–	389,349[(3)]	389,349	0.02
Mr Pan Yongqiang	Personal/ Spouse	264,000[(2)]	778,700[(3)]	1,042,700	0.06
Mr Lau Hon Chuen Ambrose	Personal	195,720	–	195,720	0.01
Mr Cheung Doi Shu	Personal	500,000	–	500,000	0.03

Notes:

(1) The total number of 1,673,162,295 shares of the Company in issue as at 31 December 2023 was used for the calculation of the approximate percentage.

(2) Mr Pan Yongqiang is interested in 264,000 shares, out of which 164,000 shares are owned by him as personal interest and 100,000 shares are held by his spouse.

(3) The relevant interests are unlisted physically settled options granted pursuant to the Share Option Scheme.

REPORT OF THE DIRECTORS

Yuexiu Property Company Limited

Long positions in shares of Yuexiu Property Company Limited:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest(1)
Mr Li Feng	Personal	44,954	0.001
Mr Lau Hon Chuen Ambrose	Personal	1,258,712	0.031

Note:

(1) The total number of 4,025,392,913 shares of Yuexiu Property Company Limited in issue as at 31 December 2023 was used for the calculation of the approximate percentage.

Save as disclosed herein, as at 31 December 2023, 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.

DISCLOSEABLE INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 31 December 2023, the following persons (other than the Directors and chief executive of the Company) 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:

Long positions in the shares of the Company

Name	Capacity in holding interest	Number of shares held	Approximate % of shareholding in shares(Note 4)
Substantial Shareholders			
廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) (Note 1)	Interest of controlled corporations	739,526,200	44.20
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") (Notes 1 & 2)	Beneficial owner and interest of controlled corporations	739,526,200	44.20
Grace Lord Group Limited (Note 2)	Beneficial owner	303,159,087	18.12
Housemaster Holdings Limited (Note 2)	Beneficial owner	367,500,000	21.96
Persons other than substantial shareholders			
招商局公路網絡科技控股股份有限公司 ("招商局公路") (Note 3)	Beneficial owner	100,411,000	6.00

Notes:

(1) The entire issued shares of Yue Xiu is owned by 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited). By virtue of the SFO, 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) was deemed to be interested in the shares of the Company in which Yue Xiu was interested as described in note (2) below.

(2) Yue Xiu was interested in an aggregate of 739,526,200 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 739,517,547 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.

(3) 招商局公路 was interested in an aggregate of 100,411,000 shares of the Company (long position) of which 74,120,000 were held by it as beneficial owner. By virtue of the SFO, 招商局公路 is also deemed to be interested in 26,291,000 shares (long position) through its wholly-owned subsidiary, namely, 佳選控股有限公司.

(4) The total number of 1,673,162,295 shares of the Company in issue as at 31 December 2023 was used for the calculation of the approximate percentage.

Save as disclosed herein, the Directors are not aware of any other person (other than the Directors and chief executive of the Company) who, as at 31 December 2023, 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.

EQUITY LINKED AGREEMENT

SHARE OPTION INCENTIVE SCHEME

Pursuant to the resolution of the Shareholders' passed on 11 October 2021, the Company has adopted the Share Option Incentive Scheme (the Share Option Scheme) to recognise and acknowledge the contributions of the Eligible Participants to the Group by granting Options to them as incentives or rewards.

Set out below is a summary of the principal terms of the Share Option Scheme:

1. **Purpose**
   The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the Eligible Participants to the Group by granting Options to them as incentives or rewards. The basis of eligibility of any of the Eligible Participants to the grant of Options shall be determined by the Board from time to time at its absolute discretion on the basis of his contribution or potential contribution to the development and growth of the Group.

2. **Duration of the Share Option Scheme**
   The Share Option Scheme shall be valid and effective for the period commencing on the Adoption Date (the date on which the Share Option Scheme is adopted by an ordinary resolution of the Shareholders on 11 October 2021) and expiring at 5:00 p.m. on the Business Day immediately preceding the tenth anniversary of the Adoption Date unless terminated earlier by the Shareholders in general meeting (Scheme Period). Upon termination of the Share Option Scheme, no further Options may be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.

3. **Participants**
   Only the Eligible Participants may be granted Options. On and subject to the terms of the Share Option Scheme, the Board may, on a Business Day during the Scheme Period, at its absolute discretion (and subject to any conditions as it may think fit, including but not limited to the achievement of any performance target and/or any minimum period for which an Option must be held before it can be exercised) make an offer in writing (in such form as the Board may from time to time determine) to an Eligible Participant an Option to subscribe at the Exercise Price for such number of ordinary shares ("Shares") as the Board may determine.

"Eligible Participant" refers to any employee (whether full-time or part-time) or director of any member of the Group, other than an Excluded Person. "Excluded Person" refers to (i) any person who is an independent non-executive director of any member of the Group; (ii) any person alone or together with his family member(s) is interested in 5% or more of the issued Shares at the time of any proposed grant; or (iii) the spouse, father, mother or child of the person referred to in (i) or (ii) above and who is not an employee of any member of the Group.

4. Acceptance of a grant

Any grant may be accepted on or before the date specified in the grant (or at such other time and in such other manner as the Board may otherwise determine, including but not limited to an agreement in relation to the grant of the Options between an Eligible Participant and the Company) provided that no grant shall be open for acceptance after the expiry of the Scheme Period or after the Share Option Scheme has been terminated in accordance with the provisions thereof. An amount of HK$1.00 is payable by an Eligible Participant on acceptance of a grant.

5. Exercise price

The price per Share payable on the exercise of an Option as determined by the Board and shall at least be the highest of: (a) the nominal value of the Shares; (b) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which shall be a Business Day; and (c) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant; or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme.

The total subscription price payable upon exercise of an Option shall be an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which the Option is exercised.

6. Maximum number of shares for which options may be granted

The total number of Shares which may be issued in aggregate upon exercise of all Options to be granted under the Share Option Scheme and any Other Schemes (i.e. schemes analogous to a share option scheme as described in Chapter 17 of the Listing Rules) not exceed 10% (167,316,229 Shares) of the Shares in issue as at the date of adoption of Share Option Incentive Scheme. The number of options available for grant under the Share Option Scheme at the beginning and the end of the year 2023 were 151,142,803 Shares and 155,262,723 Shares respectively.

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 155,262,723 Shares, representing approximately 9.28% of the total number of the Shares in issue.

7. Maximum number of options to each participant

The total number of Shares issued and to be issued upon the exercise of all Options granted to each Eligible Participant (including both exercised and outstanding Options) in any period of twelve (12) consecutive months shall not exceed 1% of the Shares in issue.

The Company may grant further Options in excess of the limit set out in the preceding paragraph, subject to the Shareholders' approval in general meeting, at which the Eligible Participant involved and his close associates (or his associates if the Eligible Participant is a connected person) shall abstain from voting, and the following provisions shall apply:

(a) a circular containing the identity of the Eligible Participant involved, the number and terms of Options granted and to be granted and the information and the disclaimer respectively required under Rule 17.02(2)(d) and Rule 17.02(4) of the Listing Rules shall be dispatched to the Shareholders together with the notice of the relevant general meeting;

(b) the number and terms (including the Exercise Price) of Options to be granted to the Eligible Participant involved shall be fixed before the general meeting; and

(c) the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price.

8. Exercise period of the options

Subject to the provisions of the Share Option Scheme and the terms and conditions of the relevant grant(s), Options may be exercised by an Eligible Participant (or in the case of his death, his designated successor or legal successor and including the personal representative(s)), in whole or in part, at any time during the Option Period.

In order for the exercise of an Option to be effective, the secretary of the Company (or such other officers or department as the Board may designate from time to time) must, prior to the expiry of the Option Period, have received, among other things, a written notice exercising the Option and payment in full of the Subscription Price. Unless otherwise agreed between the Company and the Option Holder, Shares in respect of an Option shall be issued within twenty eight (28) days of the date upon which the exercise of the Option becomes effective.

9. The remaining life of the share option

The Share Option Scheme became effective since 11 October 2021. It, unless otherwise cancelled or amended, will remain in force for ten years from that date.

A summary of the principal terms and conditions of the Share Option Scheme is set out in the Appendix to the circular of the Company dated 20 September 2021.

The details and the movement of the options granted under this Share Option Scheme during the year ended 31 December 2023 are as below:–

					Number of options				
Grantees	Date of the conditional grant	Exercise price per share (HK$)	Closing price before the date of the conditional grant (HK$)	Vesting period/ Exercise period	Balance as at 1 January 2023	Granted during the period	Exercised during the period	Lapsed/ Cancelled during the period (Note 6)	Balance as at 31 December 2023
Directors									
He Baiqing	25 June 2021	4.43	4.44	(Note 1)	1,371,993	–	N/A (Note 5)	-342,998	1,028,995
Cai Minghua	9 July 2021	4.45	4.37	(Note 2)	519,131	–	N/A (Note 5)	-129,782	389,349
Pan Yongqiang	25 June 2021	4.43	4.44	(Note 1)	1,038,266	–	N/A (Note 5)	-259,566	778,700
Other employees of the Group	25 June 2021	4.43	4.44	(Note 1)	12,724,905	–	N/A (Note 5)	-3,257,792	9,467,113
(In aggregate)	25 August 2021	4.68	4.64	(Note 3)	519,131	–	N/A (Note 5)	-129,782	389,349
Total					16,173,426	–	N/A (Note 5)	-4,119,920	12,053,506

REPORT OF THE DIRECTORS

Notes:

1. Subject to the terms of the share option scheme and the terms of the initial grant proposal, as well as the Vesting Conditions as set out in note 4 below, these options shall be vested and become exercisable until 10 years from the date of the conditional grant in four tranches each comprising 25% of the options conditionally granted as described below: the first tranche shall be vested on the second anniversary of the date of the conditional grant (i.e. 25 June 2023); the second tranche shall be vested on the third anniversary of the date of the conditional grant (i.e. 25 June 2024); the third tranche shall be vested on the fourth anniversary of the date of the conditional grant (i.e. 25 June 2025); the fourth tranche shall be vested on the fifth anniversary of the date of the conditional grant (i.e. 25 June 2026).

2. Subject to the terms of the share option scheme and the terms of the initial grant proposal, as well as the Vesting Conditions as set out in note 4 below, these options shall be vested and become exercisable until 10 years from the date of the conditional grant in four tranches each comprising 25% of the options conditionally granted as described below: the first tranche shall be vested on the second anniversary of the date of the conditional grant (i.e. 9 July 2023); the second tranche shall be vested on the third anniversary of the date of the conditional grant (i.e. 9 July 2024); the third tranche shall be vested on the fourth anniversary of the date of the conditional grant (i.e. 9 July 2025); the fourth tranche shall be vested on the fifth anniversary of the date of the conditional grant (i.e. 9 July 2026).

3. Subject to the terms of the share option scheme and the terms of the initial grant proposal, as well as the Vesting Conditions as set out in note 4 below, these options shall be vested and become exercisable until 10 years from the date of the conditional grant in four tranches each comprising 25% of the options conditionally granted as described below: the first tranche shall be vested on the second anniversary of the date of the conditional grant (i.e. 25 August 2023); the second tranche shall be vested on the third anniversary of the date of the conditional grant (i.e. 25 August 2024); the third tranche shall be vested on the fourth anniversary of the date of the conditional grant (i.e. 25 August 2025); the fourth tranche shall be vested on the fifth anniversary of the date of the conditional grant (i.e. 25 August 2026).

4. Vesting Conditions for such Options are as follows:

   (i) Vesting Conditions: in relation to the Company and in respect of each tranche of 25% of the Options granted:

      (A) the EOE (earnings before interests, tax, depreciation and amortisation on average equity) for the most recent full financial year shall not be less than (I) 22.55% and (II) that of the Peer Benchmark Companies;

      (B) the growth in the market capitalisation of the Company as compared with the previous financial year shall not be less than (I) 4.65% and (II) that of the Peer Benchmark Companies;

      (C) revenue derived from the principal business of the Company in the last financial year shall not be less than 85% of the total revenue of the Company in that financial year;

      (D) cash dividend declared in respect of the last financial year shall not be less than 30% of the net profit of the Company of that financial year; and

      (E) none of the following circumstances having occurred:

         (I) issue of the financial and accounting report of the Company for the most recent financial year in which a certified public accountant gave a negative opinion or was unable to give an opinion;

         (II) imposition of administrative penalties by regulatory authorities as a result of material breach of rules and regulations in the preceding year; and

         (III) other circumstances under which implementation of share option incentive schemes is prohibited as determined by regulatory authorities.

   (ii) Vesting Conditions: in relation to an Eligible Participant who has accepted a grant of Options and in respect of each tranche of 25% of the Options granted:

      (A) he has obtained an assessment grade of "B" (or 80 marks) or above in the year preceding the scheduled vesting date in which case the entire tranche of 25% of the Options granted will be vested (for the avoidance of doubt, if an Eligible Participant who has accepted a grant of Options fails to obtain the aforesaid assessment result, the entire tranche of 25% of the Options granted will lapse); and

(B) none of the following circumstances having occurred:

(I) he is publicly reprimanded by the Stock Exchange in the last three years;

(II) imposition of administrative penalties by regulatory authorities as a result of material breach of rules and regulations in the last three years; and

(III) he is prohibited by the relevant laws and regulations from acting as a director or a member of the senior management of a company.

Please refer to the circular of the Company dated 20 September 2021 for the details of the Vesting Conditions.

5. None of the options had become exercisable during the year ended 31 December 2023.

6. Options lapsed during the year ended 31 December 2023 in accordance with the rules of the Share Option Scheme.

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 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 as at the latest practicable date prior to the issue of this report.

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 for the year ended 31 December 2023.

AUDITOR

The consolidated financial statements have been audited by Ernst & Young ("EY"), Certified Public Accountants and Registered Public Interest Entity Auditor.

At the annual general meeting of the Company held on 2 June 2021, PricewaterhouseCoopers retired as the auditor of the Company and EY appointed as the new auditor of the Company.

EY will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Li Feng
Chairman

Hong Kong, 5 March 2024

INDEPENDENT AUDITOR'S REPORT

EY 安永

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Quarry Bay, Hong Kong

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To the shareholders of Yuexiu Transport Infrastructure Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Yuexiu Transport Infrastructure Limited (the "Company") and its subsidiaries (the "Group") set out on pages 94 to 187, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, 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 notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Amortisation of intangible operating rights	
As at 31 December 2023, the Group had intangible operating rights of RMB30,248 million which accounted for 83% of the Group's total assets and was material to the Group. During the year ended 31 December 2023, the Group recognised amortisation of intangible operating rights amounting to RMB1,278 million which represented 70% of the Group's cost of services provided. Amortisation of intangible operating rights is calculated to write off their costs on a unit-of-usage basis based on the traffic volume for a particular period over the projected total traffic volume throughout the operating period of the intangible operating rights. This projected total traffic volume estimation takes into account the historical operating information, the expected development of the toll road and its adjacent traffic network and where applicable, independent professional traffic studies prepared by traffic consultants, which require significant management judgement and estimates. Prospective adjustments will be made if there are material changes in the estimates of the projected total traffic volume. Details of the amortisation of intangible operating rights are disclosed in notes 2(f), 4(c) and 13 to the consolidated financial statements.	We performed the following procedures in relation to the amortisation of intangible operating rights: – Obtained an understanding of management's internal control and evaluation process of the projected total traffic volume; – Obtained and understood the procedures taken by management in estimating the projected total traffic volume of the intangible operating rights and discussed with management on the reasonableness of such estimation; – Where traffic studies prepared by traffic consultants have been used and referenced by management, performed evaluation of the independent external traffic consultants' qualifications, competence, capabilities and objectivity; – Evaluated the key assumptions used in the estimates of the projected total traffic volume; and – Recalculated and checked management's calculation on the amortisation recognised for intangible operating rights.

INDEPENDENT AUDITOR'S REPORT (continued)

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of long-term assets	
As at 31 December 2023, the Group had non-financial long-term assets including intangible operating rights of RMB30,248 million, goodwill of RMB515 million, investment in a joint venture of RMB479 million, investments in associates of RMB1,600 million and prepayments of non-current portion of RMB917 million, which accounted for 92% of the Group's total assets and were material to the Group. Management assessed whether there were any impairment indicators for all non-financial long-term assets excluding goodwill as at 31 December 2023. Long-term assets with impairment indicators and goodwill are tested for impairment. Management calculated the recoverable amounts of the cash-generating units ("CGUs"), which are the higher of the fair value less costs of disposal and the value in use in the impairment test. The calculation of the recoverable amounts involved significant judgements and assumptions, such as estimated traffic volume, revenue growth, discount rates, etc. Based on management's assessment, an impairment provision of RMB100 million has been made for the investments in associates for the year ended 31 December 2023. Details of the impairment assessment of non-financial long-term assets are disclosed in notes 2(g), 2(k), 4(a), 4(b), 13, 14, 19, 20 and 21 to the consolidated financial statements.	We performed the following procedures in relation to the impairment assessment of non-financial long-term assets: – Obtained an understanding of management's internal control and process of impairment assessments; – Discussed with management on the impairment indicators of non-financial long-term assets and checked the reasonableness of the impairment test model; – Involved internal valuation experts to assist in evaluating the appropriateness of assumptions and parameters; – Evaluated the methodologies used and the appropriateness of the key assumptions based on our knowledge of the industry; – Checked input data to supporting evidence, such as historical financial information, approved budgets and reviewed the accuracy of management's budgets made historically; – Checked the mathematical accuracy of management's value in use calculations in management's impairment assessments; and – Performed sensitivity analysis on reasonably possible downside changes in key assumptions adopted including discount rate and the growth in revenue generated from future traffic.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements 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.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hui Kin Fai, Stephen.

Ernst & Young
Certified Public Accountants
Hong Kong
5 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	5	**3,966,726**	3,288,923
Cost of services	7, 8	**(1,819,383)**	(1,569,535)
Construction income under service concession upgrade services	34	**713,062**	283,987
Construction costs under service concession upgrade services	34	**(713,062)**	(283,987)
Other income, gains and losses – net	6	**(75,163)**	45,973
General and administrative expenses	7, 8	**(267,776)**	(310,419)
Operating profit		**1,804,404**	1,454,942
Finance income	9	**30,191**	63,617
Finance costs	9	**(562,395)**	(625,483)
Share of result of a joint venture, net of tax	19	**75,708**	53,257
Share of results of associates, net of tax	20	**200,998**	119,007
Profit before income tax		**1,548,906**	1,065,340
Income tax expense	10	**(427,263)**	(327,529)
Profit for the year		**1,121,643**	737,811
Attributable to:			
Shareholders of the Company		**765,309**	453,114
Non-controlling interests		**356,334**	284,697
		1,121,643	737,811
Earnings per share for profit attributable to the shareholders of the Company	11	**RMB**	RMB
Basic earnings per share		**0.4574**	0.2708
Diluted earnings per share		**0.4574**	0.2708

The notes on pages 101 to 187 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2023

	2023 **RMB'000**	2022 RMB'000
Profit for the year	**1,121,643**	737,811
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent period:		
Currency translation differences	**361**	2,245
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**–**	(655)
Other comprehensive income for the year	**361**	1,590
Total comprehensive income for the year	**1,122,004**	739,401
Total comprehensive income attributable to:		
Shareholders of the Company	**765,670**	454,704
Non-controlling interests	**356,334**	284,697
	1,122,004	739,401

The notes on pages 101 to 187 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Intangible operating rights	13	30,247,734	30,641,331
Goodwill	14	514,577	514,577
Property, plant and equipment	15(a)	41,609	41,497
Other intangible assets	16	19,078	16,944
Investment properties	17	38,039	38,584
Right-of-use assets	15(b)	4,737	15,250
Investment in a joint venture	19	478,813	463,763
Investments in associates	20	1,599,983	1,823,180
Prepayments	21	916,926	–
Loan to an associate	36	6,406	6,406
		33,867,902	33,561,532
Current assets			
Trade receivables	21	112,389	127,730
Other receivables, deposits and prepayments	21	102,789	156,451
Amount due from an associate	36	38,593	11,430
Cash and cash equivalents	22	2,380,785	2,480,267
		2,634,556	2,775,878
Total assets		36,502,458	36,337,410
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital	23	147,322	147,322
Reserves	24	11,466,015	11,083,123
		11,613,337	11,230,445
Non-controlling interests		3,236,600	3,004,530
Total equity		14,849,937	14,234,975

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	25	8,457,900	6,821,973
Notes payable	28	1,498,746	1,998,463
Corporate bonds	29	499,667	2,499,094
Contract liabilities and deferred revenue	26	286,264	292,754
Deferred income tax liabilities	27	3,072,085	3,052,185
Lease liabilities	15(b)	3,310	5,141
		13,817,972	14,669,610
Current liabilities			
Borrowings	25	1,178,089	2,625,674
Notes payable	28	3,373,285	3,109,011
Corporate bonds	29	2,067,750	689,200
Amount due to a non-controlling interest of a subsidiary	36	1,611	1,611
Trade and other payables and accrued charges	30	1,117,332	921,901
Contract liabilities and deferred revenue	26	15,792	23,252
Lease liabilities	15(b)	1,763	10,833
Current income tax liabilities		78,927	51,343
		7,834,549	7,432,825
Total liabilities		21,652,521	22,102,435
Total equity and liabilities		36,502,458	36,337,410

The financial statements on pages 94 to 187 were approved by the Board of Directors on 5 March 2024 and were signed on its behalf by:

Li Feng
Director

He Baiqing
Director

The notes on pages 101 to 187 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from operations	33(a)	3,172,357	2,577,285
PRC enterprise income tax and withholding tax paid		(374,675)	(366,716)
Net cash generated from operating activities		2,797,682	2,210,569
Cash flows from investing activities			
Increase in long-term prepayments		(916,926)	–
Payments of construction costs under service concession upgrade services		(606,101)	(311,473)
Acquisition of a subsidiary	32	–	(861,664)
Proceeds from disposal of property, plant and equipment and other intangible assets		338	541
Purchase of property, plant and equipment and other intangible assets		(27,625)	(24,454)
Advance of loan to an associate		–	(6,406)
Dividends received from associates		296,864	399,603
Dividend received from a joint venture		60,658	70,925
Interest received		30,368	64,545
Net cash used in investing activities		(1,162,424)	(668,383)
Cash flows from financing activities	33(b)		
Proceeds from bank borrowings		2,815,898	4,860,000
Proceed from loan from the immediate holding company		100,000	100,000
Proceeds from issuance of notes payable		4,094,031	2,494,627
Repayment of bank borrowings		(2,605,323)	(6,596,140)
Repayment of other borrowing		–	(200,000)
Payment of bank facility fees		(568)	(3,870)
Repayment of notes payable		(4,300,000)	(1,000,000)
Repayment of corporate bonds		(617,000)	–
Repayment of loan from a joint venture		–	(52,500)
Repayment of loan from non-controlling interest of a subsidiary		(22,000)	(22,000)
Repayment of loan from the immediate holding company		(100,000)	–
Capital contribution from non-controlling shareholders		160,000	66,667
Dividends paid to the shareholders of the Company		(382,949)	(740,259)
Dividends paid to non-controlling interests		(284,264)	(308,068)
Interest paid		(580,293)	(567,669)
Payment for lease liabilities (including interest)	15(b)	(12,323)	(11,736)
Net cash used in financing activities		(1,734,791)	(1,980,948)
Net decrease in cash and cash equivalents		(99,533)	(438,762)
Cash and cash equivalents at 1 January		2,480,267	2,918,574
Effects of exchange rate changes on cash and cash equivalents		51	455
Cash and cash equivalents at 31 December	22	2,380,785	2,480,267

The notes on pages 101 to 187 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

	Attributable to shareholders of the Company			
	Share capital RMB'000	Reserves RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2023	147,322	11,083,123	3,004,530	14,234,975
Comprehensive income				
Profit for the year	–	765,309	356,334	1,121,643
Other comprehensive income				
Currency translation differences	–	361	–	361
Total comprehensive income	–	765,670	356,334	1,122,004
Transactions with owners				
Capital contribution from non-controlling shareholders	–	–	160,000	160,000
Equity-settled share option arrangements	–	171	–	171
Dividends to the shareholders of the Company	–	(382,949)	–	(382,949)
Dividends to non-controlling interests	–	–	(284,264)	(284,264)
Total transactions with owners	–	(382,778)	(124,264)	(507,042)
Balance at 31 December 2023	147,322	11,466,015	3,236,600	14,849,937

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to shareholders of the Company			
	Share capital RMB'000	Reserves RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2022	147,322	11,364,193	2,961,234	14,472,749
Comprehensive income				
Profit for the year	–	453,114	284,697	737,811
Other comprehensive income				
Currency translation differences	–	2,245	–	2,245
Cash flow hedges – movement in hedging reserve	–	(655)	–	(655)
Total other comprehensive income	–	1,590	–	1,590
Total comprehensive income	–	454,704	284,697	739,401
Transactions with owners				
Capital contribution from non-controlling shareholders	–	–	66,667	66,667
Equity-settled share option arrangements	–	4,485	–	4,485
Dividends to the shareholders of the Company	–	(740,259)	–	(740,259)
Dividends to non-controlling interests	–	–	(308,068)	(308,068)
Total transactions with owners	–	(735,774)	(241,401)	(977,175)
Balance at 31 December 2022	147,322	11,083,123	3,004,530	14,234,975

The notes on pages 101 to 187 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 the investment, construction and development, operation and management of expressways and bridges mainly in Guangdong, Hubei and other high-growth provinces in the People's Republic of China (the "PRC").

The Company is an exempted company incorporated under the laws of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and its principal place of business in Hong Kong is 17A, 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"), unless otherwise stated and all values are rounded to the nearest thousand except when otherwise indicated. These financial statements have been approved for issue by the Board of Directors on 5 March 2024.

2 MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies applied in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with HKFRSs and HKCO

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO").

(ii) Going concern consideration

As at 31 December 2023, the Group's current liabilities exceeded its current assets by RMB5,199,993,000. The Group's current liabilities primarily comprise the current portion of borrowings, notes payable, corporate bonds, and trade and other payables and accrued charges of RMB1,178,089,000, RMB3,373,285,000, RMB2,067,750,000 and RMB1,117,332,000, respectively. Notwithstanding the above, the directors of the Company are confident that the Group will be able to meet its liabilities as they fall due in the next twelve months, taking into account the forecast cash flows including the banking facilities, unutilised quota for the issuance of corporate bonds and multiple types of debt financing instruments available to the Group and the internally generated funds from operations. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

(iii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities and investment properties which are measured at fair value.

2 MATERIAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(iv) New standard and amendments to standards

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The above new and revised HKFRSs effective for the financial year beginning on 1 January 2023 did not have a material impact on the Group.

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to standards		Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not determined yet*
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")#	1 January 2024
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")#	1 January 2024
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*	1 January 2024
Amendments to HKAS 21	*Lack of Exchangeability*	1 January 2025

* No mandatory effective date yet determined but available for adoption

As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Management considers that the adoption of the above mentioned amendments is not expected to have a material impact on the Group in future reporting periods when they become effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (note 2(b)(iv)), after initially being recognised at cost.

(iii) Joint arrangements

Under HKFRS 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method (note 2(b)(iv)), after initially being recognised at cost in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

(b) Principles of consolidation and equity accounting (continued)

(iv) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2(k).

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes 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 or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

(b) Principles of consolidation and equity accounting (continued)

(vi) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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 remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(c) 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 (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

(d) 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 make strategic decisions.

(e) 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 Renminbi (RMB), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the consolidated statement of profit or loss.

All foreign exchange gains and losses are presented as "Finance income/(costs)" in the consolidated statement of profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary 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 and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2 MATERIAL ACCOUNTING POLICIES (continued)

(e) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of foreign operations (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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– income and expenses for each statement of profit or loss are translated at average exchange rates (unless this 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.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(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.

2 MATERIAL ACCOUNTING POLICIES (continued)

(f) 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 18 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 consolidated statement of financial position as "Intangible operating rights".

Amortisation of intangible operating rights is calculated to write off their costs on a unit-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. Prospective adjustment will be made should there be a material change from the previous estimates on the projected total traffic volume.

(g) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses as described in note 2(k). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(h) Intangible assets (other than intangible operating rights and goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) 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 historical 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Shorter of the remaining lease term and the useful life
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(k)).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in profit or loss.

(j) Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are recorded in profit or loss as part of "Other income, gains and losses – net".

(k) Impairment of investments in non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss ("FVPL");
- Fair value through other comprehensive income ("FVOCI"); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 MATERIAL ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets (continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and included in "Finance income/(costs)" together with foreign exchange gains and losses. Impairment losses are presented as separate line items in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Finance income/(costs)". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are included in "Finance income/(costs)" and impairment expenses are presented as separate line items in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "Other income, gains and losses – net" in the period in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets (continued)

(iii) Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "Finance income/(costs)" when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in "Finance income/(costs)" in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(m) Impairment of financial assets at amortised cost

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1(b) for further details.

(n) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

(o) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial instruments and short-term bank deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(p) 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.

(q) Trade and other payables

Trade and other payables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period.

2 MATERIAL ACCOUNTING POLICIES (continued)

(r) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees 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.

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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are charged to the consolidated statement of profit or loss in the period in which they are incurred.

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

(s) Notes payable

Notes payable 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 consolidated statement of profit or loss over the estimated term of the facilities using the effective interest method.

(t) Corporate bonds

The corporate bonds are recognised initially at fair value, net of debt issuance costs incurred. Corporate bonds are subsequently stated at amortised cost; any difference between the proceeds (net of debt issuance costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the corporate bonds using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

(u) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, 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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred income tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only if it is probable that future taxable amount will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income taxes balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

(v) 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 management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

(w) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (where applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 MATERIAL ACCOUNTING POLICIES (continued)

(w) Leases (continued)

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

(x) 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

(y) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the services in the ordinary course of the Group's activities. If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenues are recognised when or as the control of the service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the service may be transferred over time or at a point in time.

Control of the service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at the point in time when the customer obtains control of the asset. Specific criteria where revenue is recognised are described below.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

(i) Toll revenue from road and bridge operations and other toll operating income is recognised at the point in time when the related services are provided.

(ii) Rental income from investment property and income from service area and gas station are recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

(iii) Entrusted road management service income is recognised over the scheduled period because customer simultaneously receives and consumes the benefits provided by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

(y) Revenue recognition (continued)

(iv) Construction service income is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

(v) Construction income generated from construction and upgrade services rendered by the Group is recognised over time as the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced. Thus, the Group satisfies a performance obligation over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of year as a percentage of total estimated costs for each contract. In determining the transaction price, the Group adjusts the amount of consideration for the effect of a financing component if it is significant.

(z) Dividend distribution, dividend income and interest income

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.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis using the effective interest method.

(aa) Contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to provide services to the customer.

(ab) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2 MATERIAL ACCOUNTING POLICIES (continued)

(ac) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 MATERIAL ACCOUNTING POLICIES (continued)

(ad) Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and 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 entered into foreign exchange forward contracts to mitigate the foreign exchange rate risk arising from bank borrowings as mentioned in note 3.1(a)(i).

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The functional currency of the Company and its major subsidiaries is RMB. The 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 as set out below:

As at 31 December 2023	**Denominated in Hong Kong dollars ("HKD") RMB'000**
Cash and cash equivalents	**3,558**
Other receivables	**587**
Other payable	**(1,018)**

As at 31 December 2022	Denominated in Hong Kong dollars ("HKD") RMB'000
Cash and cash equivalents	4,541
Other receivables	75
Other payable	(3,855)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

During the year ended 31 December 2023, the following foreign-exchange related amounts were recognised in the consolidated statement of profit or loss and the consolidated statement of comprehensive income:

	2023 RMB'000	2022 RMB'000
Amounts recognised in the consolidated statement of profit or loss		
Net other exchange loss	(200)	(1,599)
Amounts recognised in other comprehensive income		
Currency translation differences	361	2,245
Cash flow hedges – movement in hedging reserve	–	(655)
	361	1,590

The conversion of RMB into HKD is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2023, if HKD had weakened/strengthened by 5% against the RMB with all other variables held constant, post-tax profit for the year would have been approximately RMB156,000 higher/lower (2022: RMB38,000 higher/lower), mainly as a result of net foreign exchange gain/(loss) on translation of foreign currency denominated balances.

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from bank balances, borrowings, notes payable and corporate bonds. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank balances held at variable rates. Borrowings, notes payable and corporate bonds issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to minimise the interest rate risk by closely monitoring the ratio between borrowings at variable rates and borrowings, notes payable and corporate bonds at fixed rates. During 2023 and 2022, the Group's borrowings at variable rates were mainly denominated in RMB.

At 31 December 2023, 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 RMB25,608,000 (2022: RMB20,459,000).

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, other receivables, deposits and prepayments, loan to an associate and amount due from an associate represent the Group's maximum exposure to credit risk in relation to its financial assets. The credit risk for bank balances is minimal as such balances are placed with regulated commercial banks, and 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. There is no significant concentration of credit risk as at 31 December 2023.

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables with an insignificant expected loss rate applied. The counterparty of the trade receivables is the PRC Government and hence the expected credit loss is minimal. Trade receivables of the Group continue to be recognised at amortised cost.

Impairment of other receivables, deposits and prepayments, loan to an associate and amount due from an associate are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If there is a significant increase in credit risk since initial recognition, the impairment is measured as lifetime expected credit losses. As at 31 December 2023 and 2022, the Group assessed the expected credit losses for the other receivables to be insignificant.

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

(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 (see also note 2(a)(ii)).

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial liabilities, and

(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities based on the remaining period at the end of the reporting period 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	Within 1 year RMB'000	Over 1 year and within 2 years RMB'000	Over 2 years and within 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000
Contractual maturities of financial liabilities						
As at 31 December 2023						
Borrowings	–	1,481,853	1,897,167	4,127,059	3,634,122	11,140,201
Notes payable	–	3,428,182	1,047,150	514,350	–	4,989,682
Corporate bonds	–	2,090,300	19,200	519,200	–	2,628,700
Amount due to a non-controlling interest of a subsidiary	1,611	–	–	–	–	1,611
Trade and other payables and accrued charges	–	867,119	–	–	–	867,119
Lease liabilities	–	1,913	964	1,127	1,691	5,695
	1,611	7,869,367	2,964,481	5,161,736	3,635,813	19,633,008

	On demand RMB'000	Within 1 year RMB'000	Over 1 year and within 2 years RMB'000	Over 2 years and within 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000
Contractual maturities of financial liabilities						
As at 31 December 2022						
Borrowings	–	2,951,945	1,349,303	3,498,369	3,172,738	10,972,355
Notes payable	–	3,092,221	1,035,700	1,006,919	–	5,134,840
Corporate bonds	–	721,793	2,034,462	19,200	506,944	3,282,399
Amount due to a non-controlling interest of a subsidiary	1,611	–	–	–	–	1,611
Trade and other payables and accrued charges	–	721,091	–	–	–	721,091
Lease liabilities	–	12,564	1,718	1,529	2,067	17,878
	1,611	7,499,614	4,421,183	4,526,017	3,681,749	20,130,174

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management

The Group's objectives for 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, corporate bonds, borrowings (excluding interest payable to notes payable, corporate bonds and borrowings), lease liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The gearing ratio is calculated as follows:

	2023 **RMB'000**	2022 RMB'000
Borrowings	**9,624,866**	9,436,034
Notes payable	**4,794,783**	4,994,698
Corporate bonds	**2,499,094**	3,114,362
Lease liabilities	**5,073**	15,974
Total debt	**16,923,816**	17,561,068
Less: cash and cash equivalents	**(2,380,785)**	(2,480,267)
Net debt	**14,543,031**	15,080,801
Total equity	**14,849,937**	14,234,975
Total capital	**29,392,968**	29,315,776
Gearing ratio	**49.5%**	51.4%

The decrease in the gearing ratio as at 31 December 2023 was primarily resulted from the decrease in the balance of corporate bonds issued by the Group as at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers among level 1, level 2 and level 3 fair value hierarchy classifications in both years.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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 and corporate bonds is determined by using valuation techniques as it is not traded in an active market and is categorised as level 2.

The carrying amount and fair value of the respective financial assets and liabilities measured at amortised cost are as follows:

	Carrying amount		**Fair value**	
	31 December 2023 RMB'000	31 December 2022 RMB'000	**31 December 2023 RMB'000**	31 December 2022 RMB'000
Loan to an associate	**6,406**	6,406	**6,406**	6,406
Non-current borrowings	**8,457,900**	6,821,973	**8,179,107**	6,425,206
Notes payable (due after one year)	**1,498,746**	1,998,463	**1,537,531**	2,074,257
Corporate bonds (due after one year)	**499,667**	2,499,094	**523,975**	2,594,849

The fair values of the following financial assets and liabilities approximate to their carrying amounts:

- Trade receivables
- Financial assets included in other receivables, deposits and prepayments
- Amount due from an associate
- Cash and cash equivalents
- Amounts due to a non-controlling interest of a subsidiary
- Financial liabilities included in trade and other payables and accrued charges
- Borrowings due within one year
- Notes payable due within one year
- Corporate bonds due within one year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. 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) Impairment of goodwill and intangible operating rights

The Group tests annually whether goodwill has suffered any impairment. The Group also tested whether intangible operating rights have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined based on value-in-use and 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 units to which the goodwill and intangible operating right belong and the use of suitable discount rates 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.

(b) Impairment of non-financial assets (other than goodwill and intangible operating rights)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investments in associates at 31 December 2023 was RMB1,599,983,000 (2022: RMB1,823,180,000) and an impairment loss of RMB100,168,000 (2022: nil) has been recognised for the current year. Further details are set out in note 20 to the financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Amortisation of intangible operating rights

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

At present, the range of annual traffic growth rates that have been projected for individual toll highways and bridges is approximately -9.3% to 24.6% (excluding the growth rates in the year of performing significant repair and maintenance).

(d) 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.

5 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the investment, construction and development, operation and management of expressways and bridges in the PRC.

The chief operating decision-maker (the “CODM”) has been identified as the Executive Directors. The Executive Directors review the Group’s internal reporting in order to assess performance of the Group’s main reporting segment – Toll highways and bridges projects in the PRC. The Executive Directors assess the performance of this main reporting segment based on measurement of profit after income tax for the year. Other operations mainly comprise investment and others. None of these operations constitutes a separate segment. There have been no sales carried out between segments. The financial information provided to the CODM is measured in a manner consistent with that of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5 REVENUE AND SEGMENT INFORMATION (continued)

	Toll roads operations RMB'000	All other segments RMB'000	Total RMB'000
Year ended 31 December 2023			
Revenue (from external customers)			
– Toll revenue	3,841,319	–	3,841,319
– Income from service area and gas station	35,462	–	35,462
– Entrusted road management service income	35,907	–	35,907
– Construction service income	47,092	–	47,092
– Other toll operating income	6,946	–	6,946
	3,966,726	–	3,966,726
Amortisation of			
– Intangible operating rights	(1,277,869)	–	(1,277,869)
– Other intangible assets	(6,398)	–	(6,398)
Depreciation of			
– Property, plant and equipment	(12,091)	(205)	(12,296)
– Right-of-use assets	(11,446)	–	(11,446)
Other compensation income	1,079	–	1,079
Government subsidy	6,209	–	6,209
Operating profit/(loss)	1,804,745	(341)	1,804,404
Finance income	30,191	–	30,191
Finance costs	(562,395)	–	(562,395)
Share of result of a joint venture, net of tax	75,708	–	75,708
Share of results of associates, net of tax	220,075	(19,077)	200,998
Profit/(loss) before income tax	1,568,324	(19,418)	1,548,906
Income tax expense	(427,263)	–	(427,263)
Profit/(loss) for the year	1,141,061	(19,418)	1,121,643

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5 REVENUE AND SEGMENT INFORMATION (continued)

	Toll roads operations RMB'000	All other segments RMB'000	Total RMB'000
Year ended 31 December 2022			
Revenue (from external customers)			
– Toll revenue	3,193,138	–	3,193,138
– Income from service area and gas station	34,408	–	34,408
– Entrusted road management service income	32,114	–	32,114
– Construction service income	23,783	–	23,783
– Other toll operating income	5,480	–	5,480
	3,288,923	–	3,288,923
Amortisation of			
– Intangible operating rights	(1,146,491)	–	(1,146,491)
– Other intangible assets	(5,599)	–	(5,599)
Depreciation of			
– Property, plant and equipment	(11,491)	(650)	(12,141)
– Right-of-use assets	(11,118)	–	(11,118)
Other compensation income	28,494	–	28,494
Government subsidy	3,769	–	3,769
Operating profit/(loss)	1,456,484	(1,542)	1,454,942
Finance income	63,617	–	63,617
Finance costs	(625,483)	–	(625,483)
Share of result of a joint venture, net of tax	53,257	–	53,257
Share of results of associates, net of tax	126,909	(7,902)	119,007
Profit/(loss) before income tax	1,074,784	(9,444)	1,065,340
Income tax expense	(327,529)	–	(327,529)
Profit/(loss) for the year	747,255	(9,444)	737,811
Assets and liabilities			
As at 31 December 2023			
Total segment assets	**36,432,839**	**69,619**	**36,502,458**
Addition to non-current assets (other than financial instruments)	**1,651,852**	**5**	**1,651,857**
Total segment assets include:			
Investment in a joint venture	**478,813**	**–**	**478,813**
Investments in associates	**1,562,703**	**37,280**	**1,599,983**
Total segment liabilities	**(21,645,902)**	**(6,619)**	**(21,652,521)**
As at 31 December 2022			
Total segment assets	36,246,753	90,657	36,337,410
Acquisition of a subsidiary	1,098,000	–	1,098,000
Addition to non-current assets (other than financial instruments)	304,418	17	304,435
Total segment assets include:			
Investment in a joint venture	463,763	–	463,763
Investments in associates	1,766,823	56,357	1,823,180
Total segment liabilities	(22,102,225)	(210)	(22,102,435)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5 REVENUE AND SEGMENT INFORMATION (continued)

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.

Information about the Group's performance obligations is summarised below:

Toll revenue and other toll operating income

The performance obligation is satisfied when the relevant services have been provided upon the completion of passing through the road and bridge. Payment is due immediately when the service is provided.

Income from service area and gas station

The performance obligation is satisfied over time on a straight-line basis over the service period. Payment in advance is normally required for income from service area and gas station.

Entrusted road management service income

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are billed based on the time incurred.

Construction service income

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

6 OTHER INCOME, GAINS AND LOSSES – NET

	2023 RMB'000	2022 RMB'000
Fair value loss on investment properties (note 17)	(882)	(1,383)
Gain on disposal of property, plant and equipment	317	653
Compensation for expressways and bridges damages	9,933	7,531
Other compensation income (note a)	1,079	28,494
Management service income	7,524	2,620
Government subsidy	6,209	3,769
Others	825	4,289
Impairment loss on investment in an associate (note 20)	(100,168)	–
	(75,163)	45,973

Note:

(a) The amount mainly represented compensation from third parties and the government on requisition of land and demolishment of plants and other greening facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7 EXPENSES BY NATURE

Expenses included in cost of services and general and administrative expenses primarily comprise the following items:

	2023 RMB'000	2022 RMB'000
Taxes and surcharges	23,511	20,580
Amortisation of		
– Intangible operating rights (note 13)	1,277,869	1,146,491
– Other intangible assets (note 16)	6,398	5,599
Depreciation of		
– Property, plant and equipment (note 15(a))	12,296	12,141
– Right-of-use assets (note 15(b))	11,446	11,118
Employee benefit expense (note 8)	384,970	392,129
Toll highways and bridges maintenance expenses	145,647	119,613
Toll highways and bridges operating expenses	169,072	111,354
Auditor's remuneration		
– Audit services	2,980	2,950
– Non-audit services	1,070	1,595
Legal and professional fees	19,386	19,179

8 EMPLOYEE BENEFIT EXPENSE

	2023 RMB'000	2022 RMB'000
Staff costs (including directors' emoluments)		
– Wages and salaries	266,585	278,244
– Pension costs (defined contribution plan) (note a)	41,264	37,918
– Social security costs	39,353	36,856
– Staff welfare and other benefits	37,597	34,626
– Equity-settled share option expense (note 31)	171	4,485
Total employee benefit expense	384,970	392,129

Employee benefit expenses are included in "cost of services" and "general and administrative expenses" of RMB204,631,000 (2022: RMB172,830,000) and RMB180,339,000 (2022: RMB219,299,000) respectively in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 EMPLOYEE BENEFIT EXPENSE (continued)

Notes:

(a) 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.

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 RMB1,359) per employee per month. The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HKD7,100 per month (equivalent to RMB6,393). The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid.

There was no forfeited contribution as at 31 December 2023 (2022: Nil). No forfeited contribution was utilised during the year (2022: Nil). Contributions totalling RMB41,264,000 (2022: RMB37,918,000) were payable to the fund during the year. There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2022: two) directors whose emoluments are reflected in the analysis shown in note 38. The emoluments payable to the remaining one (2022: three) individual during the year amounted to RMB2,494,000 (2022: RMB7,364,000), which include(s) salaries of RMB530,000 (2022: RMB1,587,000), discretionary bonuses of RMB1,699,000 (2022: RMB4,326,000), estimated money value of other benefits of RMB124,000 (2022: RMB351,000), employer's contribution to a retirement benefit scheme of RMB127,000 (2022: RMB379,000) and equity-settled share option expense of RMB14,000 (2022: RMB721,000).

The number of non-director and non-chief executive highest paid employees whose emoluments fell within the following bands is as follows:

	Number of individuals	
	2023	2022
Emolument bands (in HK dollar)		
HKD2,500,001 – HKD3,000,000	**1**	3

9 FINANCE INCOME/(COSTS)

	2023 RMB'000	2022 RMB'000
Bank interest income	29,869	63,609
Interest income on loan to an associate	322	8
Finance income	30,191	63,617
Interest expenses:		
– Bank borrowings	(307,884)	(313,381)
– Other borrowing	–	(3,058)
– Bank facility fees	(2,309)	(9,446)
– Loan from the immediate holding company	(3,194)	(34)
– Loan from a joint venture	–	(324)
– Loan from a non-controlling interest of a subsidiary	–	(81)
– Notes payable (note 28)	(132,156)	(166,614)
– Corporate bonds (note 29)	(106,408)	(111,956)
– Lease liabilities (note 15(b))	(489)	(729)
Net other exchange loss	(200)	(1,599)
Others	(14,539)	(18,261)
	(567,179)	(625,483)
Less: Interest capitalised in respect of intangible operating rights	4,784	–
Finance costs	(562,395)	(625,483)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10 INCOME TAX EXPENSE

(a) No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group had no assessable income subject to Hong Kong profits tax during the year (2022: Nil).

(b) During the year ended 31 December 2023, PRC enterprise income tax was provided on the profits of the Group's subsidiaries, associates and joint venture in the PRC in accordance with the Corporate Income Tax Law of China. The applicable principal income tax rate for the year ended 31 December 2023 is 25% (2022: 25%). Guangzhou North Second Ring Transport Technology Company Limited ("GNSR Company"), a subsidiary of the Group, has been recognised as an eligible entity in 2019 to enjoy three years' preferential tax treatment of income tax, at a preferential income tax rate of 15%, started from 2018. In 2021, the preferential tax treatment of income tax was extended to the year ended 31 December 2023. In 2013, Guangxi Yuexiu Cangyu Expressway Company Limited, a subsidiary of the Group, has been recognised as an eligible entity to enjoy eighteen years' preferential tax treatment of income tax, at a preferential income tax rate of 15%, started from 2013 and the preferential tax treatment of income tax was extended to the year ended 31 December 2030 in 2020.

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 dividend distributed for reinvestment and undistributed profits of certain of the Group's subsidiaries and associates in the PRC at a rate of 5% or 10% (2022: 5% or 10%).

As at 31 December 2023, deferred tax liabilities of RMB151,979,000 (2022: RMB110,739,000) were not recognised in respect of withholding tax on the unremitted earnings of certain entities in the PRC, as these earnings are expected to be reinvested in the PRC.

(c) The amount of income tax charged/(credited) to the consolidated statement of profit or loss represents:

	2023 **RMB'000**	2022 RMB'000
Current income tax		
PRC enterprise income tax	**407,363**	347,866
Deferred income tax (note 27)	**19,900**	(20,337)
	427,263	327,529

10 INCOME TAX EXPENSE (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:

	2023 RMB'000	2022 RMB'000
Profit before income tax	**1,548,906**	1,065,340
Less: share of results of associates, net of tax	**(200,998)**	(119,007)
Less: share of result of a joint venture, net of tax	**(75,708)**	(53,257)
	1,272,200	893,076
Calculated at a tax rate of 25% (2022: 25%)	**318,050**	223,269
Income not subject to tax	**(1,401)**	(2,413)
Expenses not deductible for tax purposes	**76,202**	58,079
Profit of subsidiaries with preferential tax treatment	**(92,732)**	(81,281)
Tax losses not recognised (note (i))	**83,080**	88,541
Utilisation of previously unrecognised tax losses	**(113)**	(145)
Adjustments in respect of current tax of previous periods	**(311)**	6,414
Effect of income tax on the distributable profits of subsidiaries and associates	**33,395**	31,839
Withholding tax on the interest income from subsidiaries established in Chinese Mainland	**11,093**	3,226
Income tax expense	**427,263**	327,529

Note:

(i) 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 RMB191,148,000 (2022: RMB139,255,000) in respect of unused losses amounting to approximately RMB764,593,000 (2022: RMB557,019,000). Unused tax losses of approximately RMB296,325,000 (2022: RMB124,296,000) will expire in 1 year and the remaining unused tax losses will expire prior to 2028.

11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,673,162,000 (2022: 1,673,162,000) during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the share options, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11 EARNINGS PER SHARE (continued)

The calculations of basic and diluted earnings per share are based on:

	2023	2022
Earnings		
Profit attributable to shareholders of the Company used in the basic and diluted earnings per share calculation (RMB'000)	765,309	453,114
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation ('000)	1,673,162	1,673,162
Effect of dilution – weighted average number of ordinary shares: Share options ('000)	–	–
Weighted average number of ordinary shares in issue and potential ordinary shares during the year used in the diluted earnings per share calculation ('000)	1,673,162	1,673,162

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2023 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

12 DIVIDENDS

	2023 RMB'000	2022 RMB'000
Interim, paid, HKD0.15 equivalent to approximately RMB0.1372 (2022: HKD0.10 equivalent to approximately RMB0.0861) per ordinary share	229,610	144,093
Final, proposed, HKD0.15 equivalent to approximately RMB0.1362 (2022: HKD0.10 equivalent to approximately RMB0.0883) per ordinary share	227,837	147,700
	457,447	291,793

The final dividend was proposed after the end of the reporting period and has not been recognised as a liability at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13 INTANGIBLE OPERATING RIGHTS

	RMB'000
Year ended 31 December 2023	
Opening net book amount	**30,641,331**
Additions	**713,062**
Adjustment in final settlements	**171,210**
Amortisation (note 7)	**(1,277,869)**
Closing net book amount	**30,247,734**
At 31 December 2023	
Cost	**38,810,363**
Accumulated amortisation and impairment	**(8,562,629)**
Net book amount	**30,247,734**
Year ended 31 December 2022	
Opening net book amount	29,186,460
Additions	274,130
Acquisition of a subsidiary (note 32)	2,327,232
Amortisation (note 7)	(1,146,491)
Closing net book amount	30,641,331
At 31 December 2022	
Cost	37,926,091
Accumulated amortisation and impairment	(7,284,760)
Net book amount	30,641,331

Amortisation of intangible operating rights is included in the cost of services in the consolidated statement of profit or loss.

During the year, the Group was in the construction progress of the reconstruction and expansion project of GNSR Expressway. Total construction costs of RMB504,996,000 were incurred (2022: RMB42,337,000). All construction works were sub-contracted to third party subcontractors.

In addition, construction revenue of RMB504,996,000 (2022: RMB42,337,000) was recognised in respect of the construction services provided by the Group for the reconstruction and expansion project of GNSR Expressway using the input method during the year.

At 31 December 2023, intangible operating rights with a net book amount of RMB24,655,239,000 (2022: RMB22,462,666,000) were pledged to secure the Group's bank borrowings.

Based on management's assessment, no impairment on intangible operating rights was recognised for the year ended 31 December 2023 (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14 GOODWILL

	2023 RMB'000	2022 RMB'000
Cost:		
At 1 January and 31 December	**567,850**	567,850
Accumulated impairment:		
At 1 January and 31 December	**(53,273)**	(53,273)
Net carrying amount:		
At 1 January and 31 December	**514,577**	514,577

Goodwill is allocated to the Group's individual CGUs including the operations of Guangzhou Northern Second Ring Expressway, Guangxi Cangyu Expressway, Henan Weixu Expressway, Hunan Changzhu Expressway and Hubei Suiyuenan Expressway. The recoverable amounts of the above individual CGUs are determined based on higher of 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 remaining concession period of the expressways and the annual traffic growth rates ranged from -9.3% to 8.8% (excluding the growth rates in the year of performing significant repair and maintenance), which is similar to industry practice.

Key assumptions and considerations used in the calculations included estimated traffic growth, vehicle types of the toll expressways and highway operation and discount rate. Toll fee charging rates of the expressways or highways 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 range from 6.1% to 8.0%. The specific risks underlying the toll highways industry are incorporated in the calculations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15(a) PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RMB'000	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2023					
Opening net book amount	**373**	**1,393**	**29,475**	**10,256**	**41,497**
Additions	**–**	**–**	**9,947**	**2,457**	**12,404**
Disposals	**–**	**–**	**(21)**	**–**	**(21)**
Depreciation (note 7)	**(16)**	**(204)**	**(9,232)**	**(2,844)**	**(12,296)**
Exchange differences	**5**	**20**	**–**	**–**	**25**
Closing net book amount	**362**	**1,209**	**30,169**	**9,869**	**41,609**
At 31 December 2023					
Cost	**479**	**18,293**	**102,087**	**24,592**	**145,451**
Accumulated depreciation	**(117)**	**(17,084)**	**(71,918)**	**(14,723)**	**(103,842)**
Net book amount	**362**	**1,209**	**30,169**	**9,869**	**41,609**
31 December 2022					
Opening net book amount	355	1,878	27,742	9,150	39,125
Additions	–	–	11,728	1,951	13,679
Acquisition of a subsidiary (note 32)	–	–	1,118	2,226	3,344
Disposals and reclassification	–	–	(2,282)	(411)	(2,693)
Depreciation (note 7)	(15)	(635)	(8,831)	(2,660)	(12,141)
Exchange differences	33	150	–	–	183
Closing net book amount	373	1,393	29,475	10,256	41,497
At 31 December 2022					
Cost	472	18,032	101,157	25,141	144,802
Accumulated depreciation	(99)	(16,639)	(71,682)	(14,885)	(103,305)
Net book amount	373	1,393	29,475	10,256	41,497

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15(b) LEASES

This note provides information for leases where the Group is a lessee:

(i) Amounts recognised in the consolidated statement of financial position

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Right-of-use assets – properties		
As at 1 January	15,250	20,722
Additions	933	2,527
Acquisition of a subsidiary (note 32)	–	3,119
Depreciation charge (note 7)	(11,446)	(11,118)
As at 31 December	4,737	15,250
Lease liabilities		
Carrying amount at 1 January	15,974	21,444
New leases	933	2,527
Acquisition of a subsidiary (note 32)	–	3,010
Accretion of interest recognised during the year	489	729
Payments	(12,323)	(11,736)
Carrying amount at 31 December	5,073	15,974
Analysed into:		
Current	1,763	10,833
Non-current	3,310	5,141
	5,073	15,974

The maturity analysis of lease liabilities is disclosed in note 3 to the financial statements.

(ii) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss includes the following amounts relating to leases:

	2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets	(11,446)	(11,118)
Interest expense (included in finance costs) (note 9)	(489)	(729)
Total amount recognised in profit or loss	(11,935)	(11,847)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15(b) LEASES (continued)

(iii) The total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within financing activities	12,323	11,736

16 OTHER INTANGIBLE ASSETS

31 December 2023	Software RMB'000
Cost at 1 January 2023, net of accumulated amortisation	16,944
Additions	8,532
Amortisation provided during the year (note 7)	(6,398)
At 31 December 2023	19,078
At 31 December 2023:	
Cost	38,503
Accumulated amortisation	(19,425)
Net carrying amount	19,078

31 December 2022	Software RMB'000
Cost at 1 January 2022, net of accumulated amortisation	8,444
Additions	14,099
Amortisation provided during the year (note 7)	(5,599)
At 31 December 2022	16,944
At 31 December 2022:	
Cost	29,971
Accumulated amortisation	(13,027)
Net carrying amount	16,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17 INVESTMENT PROPERTIES

	2023 RMB'000	2022 RMB'000
At 1 January	38,584	37,900
Exchange differences	337	2,067
Fair value loss (note 6)	(882)	(1,383)
At 31 December	38,039	38,584

Independent valuations of the Group's investment properties were performed by the valuers, C S Surveyors Limited and Vigers Appraisal and Consulting Limited, to determine the fair value of the investment properties as at 31 December 2023. 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 are included in "Other income, gains and losses – net" in the consolidated statement of profit or loss (note 6).

Description	Fair value measurements using significant unobservable inputs (Level 3) 2023 RMB'000	2022 RMB'000
Recurring fair value measurements		
Investment properties:		
– Office units – PRC	14,930	15,020
– Office units – Hong Kong	16,312	16,329
– Residential units – Hong Kong	6,797	7,235
	38,039	38,584

The Group's policy is to recognise transfers in/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 (2022: Nil).

17 INVESTMENT PROPERTIES (continued)

Fair value measurements using significant unobservable inputs (Level 3)

	Year ended 31 December 2023		
	Office units – PRC RMB'000	Office units – Hong Kong RMB'000	Residential units – Hong Kong RMB'000
Opening balance	15,020	16,329	7,235
Net losses from fair value adjustment	(90)	(251)	(541)
Exchange difference	–	234	103
Closing balance	14,930	16,312	6,797
Total changes in unrealised losses for the year as included in profit or loss for assets held at the end of the year	(90)	(251)	(541)

	Year ended 31 December 2022		
	Office units – PRC RMB'000	Office units – Hong Kong RMB'000	Residential units – Hong Kong RMB'000
Opening balance	14,925	16,352	6,623
Net gains/(losses) from fair value adjustment	95	(1,289)	(189)
Exchange difference	–	1,266	801
Closing balance	15,020	16,329	7,235
Total changes in unrealised gains/(losses) for the year as included in profit or loss for assets held at the end of the year	95	(1,289)	(189)

Valuation processes of the Group

The Group's investment properties at 31 December 2023 and 2022 were valued 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.

The Group's finance department reviews the valuation performed by the independent valuer for financial reporting purposes. The Group's finance department reports directly to the senior management. At each year end, the finance department verifies all major inputs to the independent valuation report; assesses property valuation movements when compared to the prior year valuation report; and holds discussions with the independent valuer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17 INVESTMENT PROPERTIES (continued)

Valuation techniques

For office and residential units in the PRC and Hong Kong, the valuation was determined using the direct comparison approach. The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted in close proximity and are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre/foot.

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 2023.

Description	Fair value at 31 December 2023 (RMB'000)	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Office units – PRC	14,930 (2022: 15,020)	Direct comparison approach	Adjusted average price per square metre	RMB10,000 – RMB12,500 per square metre	The higher the adjusted average price per square meter, the higher the fair value
Office units – Hong Kong	16,312 (2022: 16,329)	Direct comparison approach	Adjusted average price per square foot	RMB12,099 – RMB16,726 per square foot	The higher the adjusted average price per square foot, the higher the fair value
Residential units – Hong Kong	6,797 (2022: 7,235)	Direct comparison approach	Adjusted average price per square foot	RMB7,458 – RMB8,981 per square foot	The higher the adjusted average price per square foot, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18 SUBSIDIARIES

(a) Subsidiaries

Details of the principal subsidiaries of the Company are set out in note 39.

(b) Material non-controlling interests

As at 31 December 2023, the total non-controlling interests were RMB3,236,600,000 (2022: RMB3,004,530,000).

Name of subsidiary with material non-controlling interests	Percentage of equity interests held by non-controlling interests		Non-controlling interests	
	31 December 2023	31 December 2022	**31 December 2023 RMB'000**	31 December 2022 RMB'000
Guangzhou North Second Ring Transport Technology Company Limited	**40%**	40%	**1,224,489**	1,020,595
Hubei Suiyuenan Expressway Company Limited	**30%**	30%	**1,238,998**	1,227,590
Tianjin Jinfu Expressway Company Limited	**40%**	40%	**168,651**	166,036
Hubei A'shennan Expressway Development Company Limited	**10%**	10%	**198,766**	196,476
Hancai Expressway Company Limited of Hubei Province	**33%**	33%	**402,355**	390,492

18 SUBSIDIARIES (continued)

(b) Material non-controlling interests (continued)

Set out below is the summarised financial information for each subsidiary that has non-controlling interests material to the Group, The amounts disclosed are before any inter-company eliminations.

Summarised statement of financial position

	Guangzhou North Second Ring Transport Technology Company Limited		Hubei Suiyuenan Expressway Company Limited		Tianjin Jinfu Expressway Company Limited		Hubei A'shennan Expressway Development Company Limited		Hancai Expressway Company Limited of Hubei Province	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current assets	**516,749**	626,964	**279,529**	136,407	**32,969**	43,443	**77,026**	103,366	**45,587**	35,725
Current liabilities	**(228,845)**	(193,781)	**(209,342)**	(187,018)	**(32,216)**	(24,933)	**(618,433)**	(800,647)	**(174,412)**	(227,039)
Total net current assets/(liabilities)	**287,904**	433,183	**70,187**	(50,611)	**753**	18,510	**(541,407)**	(697,281)	**(128,825)**	(191,314)
Non-current assets	**3,734,368**	2,568,227	**5,542,387**	5,714,628	**344,679**	342,837	**6,833,721**	6,900,319	**3,427,541**	3,526,237
Non-current liabilities	**(963,154)**	(452,028)	**(1,482,577)**	(1,572,049)	**(49,429)**	(71,879)	**(4,304,651)**	(4,238,274)	**(2,079,459)**	(2,151,614)
Total net non-current assets	**2,771,214**	2,116,199	**4,059,810**	4,142,579	**295,250**	270,958	**2,529,070**	2,662,045	**1,348,082**	1,374,623
Net assets	**3,059,118**	2,549,382	**4,129,997**	4,091,968	**296,003**	289,468	**1,987,663**	1,964,764	**1,219,257**	1,183,309

18 SUBSIDIARIES (continued)

(b) Material non-controlling interests (continued)

Summarised statement of profit or loss

	Guangzhou North Second Ring Transport Technology Company Limited		Hubei Suiyuenan Expressway Company Limited		Tianjin Jinfu Expressway Company Limited		Hubei A'shennan Expressway Development Company Limited		Hancai Expressway Company Limited of Hubei Province	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue	**1,157,542**	1,010,314	**727,438**	642,969	**85,795**	72,955	**468,455**	399,765	**273,873**	227,839
Profit/(loss) before income tax	**680,871**	585,620	**434,423**	363,458	**19,541**	10,509	**61,990**	(605)	**50,450**	(17,686)
Income tax expense	**(84,267)**	(59,926)	**(108,785)**	(91,927)	**(4,922)**	(2,758)	**(39,090)**	(37,994)	**(14,502)**	(1,342)
Profit/(loss) and total comprehensive income/(loss)	**596,604**	525,694	**325,638**	271,531	**14,619**	7,751	**22,900**	(38,599)	**35,948**	(19,028)
Total comprehensive income/(loss) attributable to non-controlling interests	**238,642**	210,278	**97,691**	81,459	**5,848**	3,100	**2,290**	(3,860)	**11,863**	(6,279)
Dividends declared to non-controlling interests	**194,748**	287,519	**86,283**	15,000	**3,233**	5,550	**–**	–	**–**	–

18 SUBSIDIARIES (continued)

(b) Material non-controlling interests (continued)

Summarised cash flows

	Guangzhou North Second Ring Transport Technology Company Limited		Hubei Suiyuenan Expressway Company Limited		Tianjin Jinfu Expressway Company Limited		Hubei A'shennan Expressway Development Company Limited		Hancai Expressway Company Limited of Hubei Province	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Cash flows from operating activities										
Cash generated from operations	**908,925**	793,707	**694,319**	580,576	**57,145**	45,010	**407,692**	332,367	**215,889**	176,499
Income tax paid	**(120,678)**	(121,947)	**(106,323)**	(88,834)	**(5,491)**	(3,978)	**–**	–	**(12,598)**	(12,984)
Net cash generated from operating activities	**788,247**	671,760	**587,996**	491,742	**51,654**	41,032	**407,692**	332,367	**203,291**	163,515
Net cash used in investing activities	**(1,320,718)**	(75,086)	**(32,943)**	(42,885)	**(32,746)**	(30,955)	**(66,520)**	(82,178)	**(9,966)**	(22,576)
Net cash generated from/(used in) financing activities	**464,716**	(552,131)	**(387,327)**	(403,354)	**(30,083)**	(35,875)	**(343,644)**	(246,516)	**(197,450)**	(147,776)
Net (decrease)/increase in cash and cash equivalents	**(67,755)**	44,543	**167,726**	45,503	**(11,175)**	(25,798)	**(2,472)**	3,673	**(4,125)**	(6,837)
Cash and cash equivalents at 1 January	**551,779**	507,236	**77,816**	32,313	**40,604**	66,402	**13,351**	9,678	**10,971**	17,808
Cash and cash equivalents at 31 December	**484,024**	551,779	**245,542**	77,816	**29,429**	40,604	**10,879**	13,351	**6,846**	10,971

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19 INVESTMENT IN A JOINT VENTURE

Movements in the Group's investment in a joint venture are set out below:

	2023 RMB'000	2022 RMB'000
At 1 January	463,763	481,431
Share of results for the year		
– profit before income tax	98,730	71,044
– income tax expense	(23,022)	(17,787)
	75,708	53,257
Dividends	(60,658)	(70,925)
At 31 December	478,813	463,763

The joint venture, 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 commitments and liabilities relating to the Group's interest in the joint venture.

Summarised financial information of the joint venture is set out below:

	2023 RMB'000	2022 RMB'000
Revenue	498,446	410,524
Depreciation and amortisation	(154,025)	(136,387)
Interest income	1,433	4,245
Interest expense	(896)	(8,236)
Other expenses – net	(62,873)	(67,164)
Profit before income tax	282,085	202,982
Income tax expense	(65,776)	(50,819)
Profit and total comprehensive income	216,309	152,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19 INVESTMENT IN A JOINT VENTURE (continued)

	2023 RMB'000	2022 RMB'000
Current		
Cash and cash equivalents	221,702	34,627
Other current assets	11,790	8,016
Total current assets	233,492	42,643
Trade payables and other current liabilities	(90,951)	(75,980)
Total current liabilities	(90,951)	(75,980)
Non-current		
Total non-current assets	1,270,094	1,432,328
Financial liabilities	(22,000)	(32,000)
Other liabilities	(22,599)	(41,955)
Total non-current liabilities	(44,599)	(73,955)
Net assets	1,368,036	1,325,036

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.

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

	2023 RMB'000	2022 RMB'000
Opening net assets at 1 January	1,325,036	1,375,516
Profit for the year	216,309	152,163
Dividends paid	(173,309)	(202,643)
Closing net assets at 31 December	1,368,036	1,325,036
Group's share of net assets	478,813	463,763
Carrying amount of investment in the joint venture	478,813	463,763

Details of the Group's joint venture are set out in note 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20 INVESTMENTS IN ASSOCIATES

Movements in the Group's investments in associates are set out below:

	2023 RMB'000	2022 RMB'000
At 1 January	1,823,180	2,079,497
Share of results for the year		
– profit before income tax	265,132	150,477
– income tax expense	(64,134)	(31,470)
	200,998	119,007
Dividends	(324,027)	(375,324)
Impairment (note 6)	(100,168)	–
At 31 December	1,599,983	1,823,180

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

For the current year, Guangdong Shantou Bay Bridge Co., Ltd. ("Shantou Bay Bridge") has recorded a year-on-year decrease in toll revenue, due to the continuous diversion impact on this road section as a result of the commencement of operation of Shantou Bay Tunnel on 28 September 2022 and the implementation of free permit for passenger cars. The Group has performed an impairment assessment on the investment in Shantou Bay Bridge (the "Investment"), based on the traffic forecast and asset valuation made by the independent traffic consultant and the independent valuer engaged by the Company respectively. The forecast future toll traffic volume and toll revenue of Shantou Bay Bridge are expected to further decrease. A reduction in the future cash flow projection of Shantou Bay Bridge was noted after taking into account the following factors: (i) the continuous diversion impact brought by Shantou Bay Tunnel; and (ii) the expected diversion of Niutianyang Expressway and New Passage Crossing Shantou Bay (tentative name), which are currently under construction and are expected to commence operation in 2024 and 2027, respectively. The recoverable amount of the Investment was determined based on the higher of value-in-use and fair value less cost of disposal calculations. The calculation of value-in-use requires the Group to estimate the future cash flows expected to arise from the Investment and the use of suitable budgeted revenue growth rate and discount rates. The cash flow projections based on the financial budgets used in the value-in-use calculation was approved by management covering the remaining concession period of Shantou Bay Bridge with a budgeted revenue growth rate of –5% to 2% per annum. The pre-tax discount rate applied to the cash flow projections was 25.1%.

There have been no subsequent changes in the valuation methods used in the prior year. As at 31 December 2023, based on the impairment review results, the carrying amount of the net investment was reduced to its recoverable amount of RMB56,000,000 with a remaining term of operation of approximately 5 years (2022: approximately 6 years) through recognition of an impairment loss of RMB100,168,000 against the Investment for the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20 INVESTMENTS IN ASSOCIATES (continued)

This impairment loss on investment in an associate has been included in "other income, gains and losses – net" in the consolidated statement of profit or loss.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the Investment:

Budgeted revenue growth rates – The revenue growth rates were projected by an independent traffic consultant based on traffic survey, historic traffic data, historic economic indices and expected toll network development at nearby areas.

Discount rate – The discount rate was determined by an independent professional valuer with reference to risk-free rate, data of toll road operators, market risk premium and other specific adjustments applicable to the Group.

The values assigned to the key assumptions on market development and discount rate are consistent with external information sources.

20 INVESTMENTS IN ASSOCIATES (continued)

Summarised financial information of the investments in associates that are material to the Group is set out below:

	Guangdong Humen Bridge Co., Ltd.		Guangdong Qinglian Highway Development Co., Ltd.		Guangzhou Northring Super Highway Co., Ltd.		Guangdong Shantou Bay Bridge Co., Ltd.		Guangzhou Pazhou Port Co., Ltd.		CAMC-Yuexiu Expressway Close-end Infrastructure Securities Investment Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,064,559	728,986	682,520	618,872	723,921	677,459	107,637	141,941	23,164	–	244,525	204,839
Profit/(loss) and total comprehensive income/(loss)	478,869	338,414	85,744	(64,969)	351,889	214,590	36,454	60,939	(42,392)	(17,561)	50,121	31,368
Share of dividends declared from the associates	(143,491)	(86,726)	(19,006)	(26,608)	(98,547)	(199,950)	(16,808)	(27,237)	–	–	(46,175)	(34,803)
Assets:												
Non-current assets	1,754,658	1,940,054	4,975,176	5,283,477	25,797	42,619	170,056	191,624	301,709	272,493	2,308,478	2,410,977
Current assets	137,601	92,604	138,049	117,209	271,412	349,182	40,570	43,115	42,198	42,906	106,087	135,174
	1,892,259	2,032,658	5,113,225	5,400,686	297,209	391,801	210,626	234,739	343,907	315,399	2,414,565	2,546,151
Liabilities:												
Non-current liabilities	(250,553)	(613,549)	(2,185,456)	(2,386,268)	(2,285)	(1,503)	(27,182)	(32,694)	(210,037)	(174,991)	(415,793)	(421,298)
Trade payables and other current liabilities	(625,149)	(103,523)	(310,519)	(402,480)	(65,268)	(106,988)	(16,461)	(15,489)	(51,024)	(15,170)	(57,123)	(79,408)
	(875,702)	(717,072)	(2,495,975)	(2,788,748)	(67,553)	(108,491)	(43,643)	(48,183)	(261,061)	(190,161)	(472,916)	(500,706)
Net assets	1,016,557	1,315,586	2,617,250	2,611,938	229,656	283,310	166,983	186,556	82,846	125,238	1,941,649	2,045,445

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts unless stated) adjusted for differences in accounting policies between the Group and the associates. The market value of CAMC-Yuexiu Expressway Close-end Infrastructure Securities Investment Fund as at 31 December 2023 is RMB552,060,000 (31 December 2022: RMB711,540,000).

20 INVESTMENTS IN ASSOCIATES (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's investments in associates that are material to the Group is set out below:

	Guangdong Humen Bridge Co., Ltd.		Guangdong Qinglian Highway Development Co., Ltd.		Guangzhou Northring Super Highway Co., Ltd.		Guangdong Shantou Bay Bridge Co., Ltd.		Guangzhou Pazhou Port Co., Ltd.		CAMC-Yuexiu Expressway Close-end Infrastructure Securities Investment Fund	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**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	**1,315,586**	1,447,334	**2,611,938**	2,789,510	**283,310**	891,591	**186,556**	216,407	**125,238**	142,799	**2,045,445**	2,130,087
Profit/(loss) for the year	**478,869**	338,414	**85,744**	(64,969)	**351,889**	214,590	**36,454**	60,939	**(42,392)**	(17,561)	**50,121**	31,368
Dividends	**(777,898)**	(470,162)	**(80,432)**	(112,603)	**(405,543)**	(822,871)	**(56,027)**	(90,790)	**–**	–	**(153,917)**	(116,010)
Closing net assets at 31 December	**1,016,557**	1,315,586	**2,617,250**	2,611,938	**229,656**	283,310	**166,983**	186,556	**82,846**	125,238	**1,941,649**	2,045,445
Group's share of net assets	**290,125**	345,284	**618,455**	617,200	**55,832**	68,869	**50,095**	55,968	**37,280**	56,357	**582,495**	613,633
Goodwill (less cumulative impairment)	**–**	–	**–**	–	**–**	–	**5,905**	106,073	**–**	–	**–**	–
Provision for impairment	**(34,502)**	(34,502)	**(5,702)**	(5,702)	**–**	–	**–**	–	**–**	–	**–**	–
Carrying amount of investments in the associates	**255,623**	310,782	**612,753**	611,498	**55,832**	68,869	**56,000**	162,041	**37,280**	56,357	**582,495**	613,633

Details of the Group's associates are set out in note 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 RMB'000	2022 RMB'000
Trade receivables	112,389	127,730
Other receivables, deposits and prepayments	1,019,715	156,451
	1,132,104	284,181
Less: non-current portion (note)	(916,926)	–
	215,178	284,181

Note: Non-current portion refers to prepayments made by the Group for the GNSR Expressway reconstruction and expansion project.

As at 31 December 2023, trade receivables were all aged below 30 days (2022: below 30 days) by the date when trade receivables are recognised (i.e. date on which services are rendered).

The Group's revenue is generally settled in cash and it usually does not maintain any account balances owing. The trade receivables represented amounts due from local transport departments which collected the toll revenue for all operating entities due to the implementation of unified toll collection policy on expressways and highways in China. The settlement period is normally within a month.

The carrying amounts of trade and other receivables and deposits approximated to their fair values and were mainly denominated in RMB. The trade and other receivables are measured at amortised cost.

22 CASH AND CASH EQUIVALENTS

	2023 RMB'000	2022 RMB'000
Cash at banks and in hand	2,097,435	2,480,267
Short-term bank deposits with original maturity of less than three months	283,350	–
Cash and cash equivalents	2,380,785	2,480,267

Cash and cash equivalents are denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
Renminbi	2,377,227	2,475,726
HK dollars	3,558	4,541
	2,380,785	2,480,267

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23 SHARE CAPITAL

	2023 Number of shares	2023 RMB'000	2022 Number of shares	2022 RMB'000
Issued and fully paid:				
Ordinary shares of RMB0.08805 each	**1,673,162,295**	**147,322**	1,673,162,295	147,322

24 RESERVES

	Share premium RMB'000	Capital reserve (note (a)) RMB'000	Share option reserve (note 31) RMB'000	Exchange fluctuation reserve RMB'000	Statutory reserves (note (b)) 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 2023	2,375,743	1,501,716	5,480	406,674	568,666	5,732,329	558,250	(65,735)	11,083,123
Profit for the year	-	-	-	-	-	765,309	-	-	765,309
Currency translation differences	-	-	-	361	-	-	-	-	361
Transfers	-	-	-	-	36,360	(36,360)	-	-	-
Equity-settled share option arrangements	-	-	171	-	-	-	-	-	171
Dividends									
– 2022 final dividend	-	-	-	-	-	(154,237)	-	-	(154,237)
– 2023 interim dividend	-	-	-	-	-	(228,712)	-	-	(228,712)
Balance at 31 December 2023	2,375,743	1,501,716	5,651	407,035	605,026	6,078,329	558,250	(65,735)	11,466,015

24 RESERVES (continued)

	Share premium RMB'000	Capital reserve (note (a)) RMB'000	Share option reserve (note 31) RMB'000	Exchange fluctuation reserve RMB'000	Statutory reserves (note (b)) RMB'000	Hedging 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 2022	2,375,743	1,501,716	995	404,429	434,463	655	6,153,677	558,250	(65,735)	11,364,193
Profit for the year	–	–	–	–	–	–	453,114	–	–	453,114
Currency translation differences	–	–	–	2,245	–	–	–	–	–	2,245
Cash flow hedges – movement in hedging reserve	–	–	–	–	–	(655)	–	–	–	(655)
Transfers	–	–	–	–	134,203	–	(134,203)	–	–	–
Equity-settled share option arrangements	–	–	4,485	–	–	–	–	–	–	4,485
Dividends										
– 2021 final dividend	–	–	–	–	–	–	(586,136)	–	–	(586,136)
– 2022 interim dividend	–	–	–	–	–	–	(154,123)	–	–	(154,123)
Balance at 31 December 2022	2,375,743	1,501,716	5,480	406,674	568,666	–	5,732,329	558,250	(65,735)	11,083,123

Notes:

(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.

(c) The asset revaluation reserve represents the fair value gain on revaluation of the 40% equity interest in GNSR Company 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25 BORROWINGS

	2023 RMB'000	2022 RMB'000
Bank borrowings	9,496,565	9,285,666
Loan from the immediate holding company	100,000	100,000
Loan from a non-controlling interest of a subsidiary	28,301	50,368
Interest payable	11,123	11,613
Total borrowings	9,635,989	9,447,647
Less: Amounts due within one year as shown under current liabilities	(1,178,089)	(2,625,674)
Total non-current borrowings	8,457,900	6,821,973

(a) As at 31 December 2023, the Group's borrowings were repayable as follows:

	2023 RMB'000	2022 RMB'000
Within one year	1,178,089	2,625,674
Over 1 year but within 2 years	1,630,243	1,105,165
Over 2 years but within 5 years	3,620,006	3,009,083
Over 5 years	3,207,651	2,707,725
Total	9,635,989	9,447,647

(b) Bank borrowings of RMB7,500,668,000 (2022: RMB6,585,990,000) are secured by intangible operating rights (note 13) of the Group. All bank borrowings are interest-bearing at rates ranging from 2.70% to 4.15% (2022: 2.50% to 3.60%) per annum. The effective interest rate of these borrowings at 31 December 2023 is 3.13% (2022: 3.38%).

(c) Loan from the immediate holding company is unsecured, interest-bearing at a rate of 3.15% (2022: 3.15%) per annum and repayable within one year.

(d) Loan from a non-controlling interest of a subsidiary is unsecured and interest-free. The carrying amounts of these interest-free loans approximate to their fair values which are calculated based on cash flows discounted at a rate of 4.35% (2022: 4.35%) per annum.

Loan from a non-controlling interest of a subsidiary is repayable between one and three years, except for a loan of RMB10,000,000 which is due within a year.

(e) All borrowings are denominated in RMB as at 31 December 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26 CONTRACT LIABILITIES AND DEFERRED REVENUE

Contract liabilities and deferred revenue are mainly related to fees received in advance from contractors relating to operation of service areas and petrol stations along the toll highway for the remaining 1 to 19 years and construction service fees received in advance.

	2023 RMB'000	2022 RMB'000
At 1 January	316,006	338,157
Addition	60,219	29,682
Credited to "Revenue"	(74,169)	(51,833)
At 31 December	302,056	316,006
Less: non-current portion	(286,264)	(292,754)
Current portion	15,792	23,252

As at 31 December 2023, the Group expected that the transaction prices allocated to unsatisfied performance obligation for income from service areas and gas stations of RMB344,704,000 will be recognised as income from service areas and gas stations from 2024 onwards.

27 DEFERRED INCOME TAX

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

	2023 RMB'000	2022 RMB'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	9,171	24,649
Deferred income tax assets to be recovered within 12 months	15,478	21,884
	24,649	46,533
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after 12 months	3,045,176	3,066,215
Deferred income tax liabilities to be recovered within 12 months	51,558	32,503
	3,096,734	3,098,718
	3,072,085	3,052,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27 DEFERRED INCOME TAX (continued)

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

	2023 RMB'000	2022 RMB'000
At 1 January	3,052,185	3,046,469
Charged/(credited) to the consolidated statement of profit or loss (note 10)	19,900	(20,337)
Acquisition of a subsidiary (note 32)	–	26,053
At 31 December	3,072,085	3,052,185

Deferred income tax liabilities

	Withholding tax on dividend distributed for reinvestment RMB'000	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 tax amortisation of intangible operating rights RMB'000	Fair value gain on investment properties RMB'000	Total RMB'000
At 1 January 2023	35,000	17,961	2,261,331	784,173	253	3,098,718
Charged/(credited) to the consolidated statement of profit or loss (note 10)	–	33,395	(95,559)	90,247	(23)	28,060
Transferred to current income tax expenses for dividends declared (note 10)	–	(30,044)	–	–	–	(30,044)
At 31 December 2023	35,000	21,312	2,165,772	874,420	230	3,096,734
At 1 January 2022	35,000	33,030	2,323,522	715,146	229	3,106,927
Charged/(credited) to the consolidated statement of profit or loss (note 10)	–	31,839	(88,244)	69,027	24	12,646
Transferred to current income tax expenses for dividends declared (note 10)	–	(46,908)	–	–	–	(46,908)
Acquisition of a subsidiary (note 32)	–	–	26,053	–	–	26,053
At 31 December 2022	35,000	17,961	2,261,331	784,173	253	3,098,718

27 DEFERRED INCOME TAX (continued)

Deferred income tax assets

	Deferred income RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	**(10,449)**	**(36,084)**	**(46,533)**
Charged to the consolidated statement of profit or loss (note 10)	**639**	**21,245**	**21,884**
At 31 December 2023	**(9,810)**	**(14,839)**	**(24,649)**
At 1 January 2022	(11,729)	(48,729)	(60,458)
Charged to the consolidated statement of profit or loss (note 10)	1,280	12,645	13,925
At 31 December 2022	(10,449)	(36,084)	(46,533)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position.

28 NOTES PAYABLE

	2023 RMB'000	2022 RMB'000
Notes payable	**4,794,783**	4,994,698
Notes interest payable	**77,248**	112,776
Total notes payable	**4,872,031**	5,107,474
Less: amounts due within one year shown under current liabilities	**(3,373,285)**	(3,109,011)
Total non-current notes payable	**1,498,746**	1,998,463

On 13 January 2020, the Group issued 2020 Phase I Medium Term Notes with coupon rate of 3.47% per annum due January 2023 for an aggregate principal amount of RMB1,000,000,000 (the "2020 Phase I Notes"). The 2020 Phase I Notes were issued at 100% of the aggregate nominal amount with interest payable annually. The 2020 Phase I Notes have been fully repaid in 2023.

On 17 August 2020, the Group issued 2020 Phase II Medium Term Notes with coupon rate of 3.54% per annum due August 2023 for an aggregate principal amount of RMB500,000,000 (the "2020 Phase II Notes"). The 2020 Phase II Notes were issued at 100% of the aggregate nominal amount with interest payable annually. The 2020 Phase II Notes have been fully repaid in 2023.

On 28 January 2021, the Group issued 2021 Phase I Medium Term Notes with coupon rate of 3.78% per annum due January 2026 for an aggregate principal amount of RMB1,000,000,000 (the "2021 Phase I Notes"). The 2021 Phase I Notes were issued at 100% of the aggregate nominal amount with interest payable annually. The Company shall be entitled to adjust the coupon rate, and the holders shall be entitled to sell back the relevant notes to the Company, at the end of the third year.

28 NOTES PAYABLE (continued)

On 17 March 2022, the Group issued 2022 Phase I Medium Term Notes with coupon rate of 3.28% per annum due March 2027 for an aggregate principal amount of RMB1,000,000,000 (the "2022 Phase I Notes"). The 2022 Phase I Notes were issued at 100% of the aggregate nominal amount with interest payable annually. The Company shall be entitled to adjust the coupon rate, and the holders shall be entitled to sell back the relevant notes to the Company, at the end of the third year.

On 23 May 2022, the Group issued the first tranche of super short-term commercial paper with coupon rate of 2.1% and a term of 270 days for an aggregate principal amount of RMB500,000,000 (the "2022 Tranche 1 SCP"). The 2022 Tranche 1 SCP has been fully repaid in 2023.

On 8 August 2022, the Group issued the second tranche of super short-term commercial paper with coupon rate of 1.77% and a term of 263 days for an aggregate principal amount of RMB500,000,000 (the "2022 Tranche 2 SCP"). The 2022 Tranche 2 SCP has been fully repaid in 2023.

On 31 October 2022, the Group issued the third tranche of super short-term commercial paper with coupon rate of 1.81% and a term of 270 days for an aggregate principal amount of RMB500,000,000 (the "2022 Tranche 3 SCP"). The 2022 Tranche 3 SCP has been fully repaid in 2023.

On 8 February 2023, the Group issued the first tranche of super short-term commercial paper with coupon rate of 2.3% and a term of 270 days for an aggregate principal amount of RMB500,000,000 (the "2023 Tranche 1 SCP"). The 2023 Tranche 1 SCP has been fully repaid in 2023.

On 20 April 2023, the Group issued the second tranche of super short-term commercial paper with coupon rate of 2.36% and a term of 180 days for an aggregate principal amount of RMB800,000,000 (the "2023 Tranche 2 SCP"). The 2023 Tranche 2 SCP has been fully repaid in 2023.

On 3 August 2023, the Group issued 2023 Phase I Medium Term Notes with coupon rate of 2.87% per annum due August 2026 for an aggregate principal amount of RMB500,000,000 (the "2023 Phase I Notes"). The 2023 Phase I Notes were issued at 100% of the aggregate nominal amount with interest payable annually.

On 10 October 2023, the Group issued the third tranche of super short-term commercial paper with coupon rate of 2.5% and a term of 270 days for an aggregate principal amount of RMB1,300,000,000 (the "2023 Tranche 3 SCP").

On 18 October 2023, the Group issued the fourth tranche of super short-term commercial paper with coupon rate of 2.51% and a term of 270 days for an aggregate principal amount of RMB500,000,000 (the "2023 Tranche 4 SCP").

On 14 December 2023, the Group issued the fifth tranche of super short-term commercial paper with coupon rate of 2.75% and a term of 270 days for an aggregate principal amount of RMB500,000,000 (the "2023 Tranche 5 SCP").

The 2021 Phase I Notes, 2022 Phase I Notes and 2023 Phase I Notes (collectively, "MTN") and 2023 Tranche 3 SCP, 2023 Tranche 4 SCP and 2023 Tranche 5 SCP (collectively, "SCP") were recognised initially at fair values. The directly attributable costs of the issuance of MTN and SCP were capitalised and amortised over the estimated term of the MTN and SCP using the effective interest method.

28 NOTES PAYABLE (continued)

The effective interest rate for notes payable as at 31 December 2023 was 3.19% (31 December 2022: 3.22%) per annum, which includes the interest charged as well as amortisation of the capitalised cost on issuance. The Group recognised interest expense of RMB132,156,000 (2022: RMB166,614,000) on the notes payable for the year ended 31 December 2023.

29 CORPORATE BONDS

	2023 RMB'000	2022 RMB'000
Corporate bonds	2,499,094	3,114,362
Bonds interest payable	68,323	73,932
Total corporate bonds	2,567,417	3,188,294
Less: amounts due within one year shown under current liabilities	(2,067,750)	(689,200)
Total non-current corporate bonds	499,667	2,499,094

The Company received the Approval Document Zheng Jian Xu Ke No. [2016] 522 and the Approval Document Zheng Jian Xu Ke No. [2016] 1530 from the China Securities Regulatory Commission ("CSRC") on 16 March 2016 and 8 July 2016 respectively, approving the application of the Company for a public issue of corporate bonds in an aggregated principal amount of up to RMB1,000,000,000 and RMB2,000,000,000 respectively to the qualified investors in the PRC.

The first phase of 2016 corporate bonds ("First Phase 2016 Corporate Bonds") to qualified investors in the PRC were drawn down on 22 March 2016. The First Phase 2016 Corporate Bonds were issued in two tranches:

(i) five-year corporate bonds of RMB300,000,000 with a coupon rate of 2.85% per annum; the Company shall be entitled to adjust the coupon rate and has the right to redeem the relevant corporate bonds, and the investors shall be entitled to sell back the relevant corporate bonds to the Company, at the end of the third year; and

(ii) seven-year corporate bonds of RMB700,000,000 with a coupon rate of 3.38% per annum; the Company shall be entitled to adjust the coupon rate and has the right to redeem the relevant corporate bonds, and the investors shall be entitled to sell back the relevant corporate bonds to the Company, at the end of the fifth year.

During the year ended 31 December 2021, the five-year corporate bonds of the First Phase 2016 Corporate Bonds were fully repaid. The Company has adjusted the coupon rate of the seven-year corporate bonds of the First Phase 2016 Corporate Bonds from 3.38% to 3.60%, and part of the investors has sold back the relevant corporate bonds of RMB613,000,000 to the Company. The rest of the First Phase 2016 Corporate Bonds of RMB87,000,000 have been fully repaid in 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29 CORPORATE BONDS (continued)

The second phase of 2016 corporate bonds ("Second Phase 2016 Corporate Bonds") to qualified investors in the PRC was drawn down on 28 October 2016. The Second Phase 2016 Corporate Bonds were issued in two tranches:

(i) five-year corporate bonds of RMB200,000,000 with a coupon rate of 2.90% per annum; the Company shall be entitled to adjust the coupon rate and has the right to redeem the relevant corporate bonds, and the investors shall be entitled to sell back the relevant corporate bonds to the Company, at the end of the third year; and

(ii) seven-year corporate bonds of RMB800,000,000 with a coupon rate of 3.18% per annum; the Company shall be entitled to adjust the coupon rate and has the right to redeem the relevant corporate bonds, and the investors shall be entitled to sell back the relevant corporate bonds to the Company, at the end of the fifth year.

During the year ended 31 December 2021, the five-year corporate bonds of the Second Phase 2016 Corporate Bonds were fully repaid. Part of the investors has sold back the seven-year corporate bonds of the Second Phase 2016 Corporate Bonds of RMB270,000,000 to the Company. The rest of the Second Phase 2016 Corporate Bonds of RMB530,000,000 have been fully repaid in 2023.

The Company received the Approval Document Zheng Jian Xu Ke No. [2020] 1004 from the CSRC on 26 May 2020, approving the application of the Company for a public issue of corporate bonds in an aggregate principal amount of up to RMB2,500,000,000 to the qualified investors in the PRC.

The first phase of 2021 corporate bonds ("First Phase 2021 Corporate Bonds") to qualified investors in the PRC was drawn down on 25 January 2021. The First Phase 2021 Corporate Bonds were issued with five-year corporate bonds of RMB1,000,000,000 with a coupon rate of 3.63% per annum; the Company shall be entitled to adjust the coupon rate and has the right to redeem the relevant corporate bonds, and the investors shall be entitled to sell back the relevant corporate bonds to the Company, at the end of the third year.

The second phase of 2021 corporate bonds ("Second Phase 2021 Corporate Bonds") to qualified investors in the PRC was drawn down on 13 May 2021. The Second Phase 2021 Corporate Bonds were issued in two tranches:

(i) five-year corporate bonds of RMB1,000,000,000 with a coupon rate of 3.48% per annum; the Company shall be entitled to adjust the coupon rate and has the right to redeem the relevant corporate bonds, and the investors shall be entitled to sell back the relevant corporate bonds to the Company, at the end of the third year; and

(ii) seven-year corporate bonds of RMB500,000,000 with a coupon rate of 3.84% per annum; the Company shall be entitled to adjust the coupon rate and has the right to redeem the relevant corporate bonds, and the investors shall be entitled to sell back the relevant corporate bonds to the Company, at the end of the fifth year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29 CORPORATE BONDS (continued)

The First Phase 2021 Corporate Bonds and Second Phase 2021 Corporate Bonds were recognised initially at fair values. Debt issuance costs directly attributable were capitalised and amortised over the estimated term of the facilities using the effective interest method.

The effective interest rate for the corporate bonds as at 31 December 2023 was 3.75% (31 December 2022: 3.65%) per annum, which includes the interest charged as well as amortisation of the debt issuance cost. The Group recognised interest expense of RMB106,408,000 (year ended 31 December 2022: RMB111,956,000) on the corporate bonds for the year ended 31 December 2023.

30 TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	2023 **RMB'000**	2022 RMB'000
Trade payables	**46,542**	47,327
Other payables and accrued charges	**538,655**	599,659
Construction related accruals and payables	**532,135**	274,915
	1,117,332	921,901

The ageing analysis of trade payables and construction related accruals and payables by invoice date is as follows:

	2023 **RMB'000**	2022 RMB'000
0 – 30 days	**273,500**	36,345
31 – 90 days	**35,656**	32,689
Over 90 days	**269,521**	253,208
	578,677	322,242

31 SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme"), which became effective on 11 October 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of two to five years and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

	2023		2022	
	Weighted average exercise price HKD per share	**Number of options '000**	Weighted average exercise price HKD per share	Number of options '000
At 1 January	**4.44**	**16,173**	4.44	16,322
Forfeited during the year	**4.44**	**(4,119)**	4.44	(149)
At 31 December	**4.44**	**12,054**	4.44	16,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 SHARE OPTION SCHEME (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Number of options 2023 '000	Number of options 2022 '000	Exercise price* HKD per share	Exercise period
2,607	3,501	4.43	2023-06-25 to 2031-06-25
78	104	4.45	2023-07-09 to 2031-07-09
78	104	4.68	2023-08-25 to 2031-08-25
212	283	4.43	2024-01-01 to 2031-06-25
19	26	4.45	2024-01-01 to 2031-07-09
19	26	4.68	2024-01-01 to 2031-08-25
2,607	3,501	4.43	2024-06-25 to 2031-06-25
78	104	4.45	2024-07-09 to 2031-07-09
78	104	4.68	2024-08-25 to 2031-08-25
2,607	3,501	4.43	2025-06-25 to 2031-06-25
78	104	4.45	2025-07-09 to 2031-07-09
78	104	4.68	2025-08-25 to 2031-08-25
212	283	4.43	2026-01-01 to 2031-06-25
19	26	4.45	2026-01-01 to 2031-07-09
19	26	4.68	2026-01-01 to 2031-08-25
2,607	3,501	4.43	2026-06-25 to 2031-06-25
78	104	4.45	2026-07-09 to 2031-07-09
78	104	4.68	2026-08-25 to 2031-08-25
212	283	4.43	2029-01-01 to 2031-06-25
19	26	4.45	2029-01-01 to 2031-07-09
19	26	4.68	2029-01-01 to 2031-08-25
212	283	4.43	2031-01-01 to 2031-06-25
19	26	4.45	2031-01-01 to 2031-07-09
21	23	4.68	2031-01-01 to 2031-08-25
12,054	16,173		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The Group recognised a share option expense of RMB171,000 during the year ended 31 December 2023 (2022: RMB4,485,000).

At the end of the year, the Company had 12,053,506 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 12,053,506 additional ordinary shares of the Company and additional share capital of approximately HKD1,205,400 (before issue expenses).

At the date of approval of these financial statements, the Company had 12,053,506 share options outstanding under the Scheme, which represented approximately 0.72% of the Company's shares in issue as at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32 BUSINESS COMBINATION

On 18 November 2022, the Group acquired the 100% interest in Henan Yuexiu Lanwei Expressway Company Limited ("Lanwei") from Guangzhou Yue Xiu Holdings Limited, the ultimate controlling shareholder of the Company. The principal business of Lanwei is the holding of the intangible operating right and the operation of the Lanwei Expressway, an expressway located in Henan Province. The purchase consideration for the acquisition was in the form of cash, with RMB1,098,000,000 paid during the year ended 31 December 2022. Further details of the transaction have been disclosed in the circular of the Company dated 1 November 2022.

The fair values of the identifiable assets and liabilities of Lanwei as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Intangible operating rights	13	2,327,232
Property, plant and equipment	15(a)	3,344
Right-of-use asset	15(b)	3,119
Trade receivables		3,285
Other receivables, deposits and prepayments		1,104
Cash and cash equivalents		236,336
Borrowings	33(b)	(1,438,969)
Deferred income tax liabilities	27	(26,053)
Lease liabilities	15(b)	(3,010)
Trade and other payables and accrued charges		(8,388)
Total identifiable net assets at fair value		1,098,000
Satisfied by:		
Cash		1,098,000

The fair values of the trade receivables and other receivables, deposits and prepayments as at the date of acquisition amounted to RMB3,285,000 and RMB1,104,000, respectively. The gross contractual amounts of trade receivables and other receivables, deposits and prepayments were RMB3,285,000 and RMB1,104,000, respectively and none of the balance is expected to be uncollectible.

The Group incurred transaction costs of RMB3,252,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

32 BUSINESS COMBINATION (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	2022 RMB'000
Cash consideration	(1,098,000)
Cash and cash equivalents acquired	236,336
Net outflow of cash and cash equivalents included in cash flows from investing activities	(861,664)
Transaction costs of the acquisition included in cash flows from operating activities	(3,252)
Total net cash flow	(864,916)

Since the acquisition, Lanwei contributed RMB41,043,000 to the Group's revenue and RMB7,266,000 to the consolidated profit for the year ended 31 December 2022.

Had the combination taken place at the beginning of the year ended 31 December 2022, the revenue of the Group and the profit of the Group for the year ended 31 December 2022 would have been RMB3,899,485,000 and RMB525,341,000, respectively.

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to cash generated from operations:

	2023 RMB'000	2022 RMB'000
Operating profit	**1,804,404**	1,454,942
Amortisation of intangible operating rights	**1,277,869**	1,146,491
Amortisation of other intangible assets	**6,398**	5,599
Depreciation of		
– property, plant and equipment	**12,296**	12,141
– right-of-use assets	**11,446**	11,118
Fair value loss on investment properties	**882**	1,383
Impairment loss on investment in an associate	**100,168**	–
Gain on disposal of property, plant and equipment	**(317)**	(653)
Contract liabilities and deferred income	**(74,169)**	(51,833)
Equity-settled share option expense	**171**	4,485
Operating cash flows before working capital changes	**3,139,148**	2,583,673
Changes in working capital:		
– decrease/(increase) in trade and other receivables, deposits and prepayments	**6,333**	(11,410)
– decrease in amount due from an associate	**–**	45,678
– decrease in trade and other payables and accrued charges	**(33,343)**	(67,725)
– addition of contract liabilities and deferred income	**60,219**	29,682
– decrease in amounts due to holding companies	**–**	(2,613)
Cash generated from operations	**3,172,357**	2,577,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Reconciliation of liabilities arising from financing activities:

2023

	Borrowings RMB'000	Notes payable RMB'000	Corporate bonds RMB'000	Lease liabilities RMB'000
Balance as at 1 January 2023	**9,447,647**	**5,107,474**	**3,188,294**	**15,974**
Changes from financing cash flows	**188,007**	**(205,969)**	**(617,000)**	**(12,323)**
Interest paid	**(308,378)**	**(161,630)**	**(110,285)**	**–**
Interest expenses (note 9)	**311,078**	**132,156**	**106,408**	**489**
Other non-cash movements	**(2,365)**	**–**	**–**	**933**
Balance as at 31 December 2023	**9,635,989**	**4,872,031**	**2,567,417**	**5,073**

2022

	Borrowings RMB'000	Notes payable RMB'000	Corporate bonds RMB'000	Lease liabilities RMB'000
Balance as at 1 January 2022	9,931,327	3,572,233	3,186,625	21,444
Changes from financing cash flows	(1,914,510)	1,494,627	–	(11,736)
Interest paid	(331,382)	(126,000)	(110,287)	–
Acquisition of a subsidiary (note 32)	1,438,969	–	–	3,010
Interest expenses (note 9)	326,324	166,614	111,956	729
Foreign exchange adjustments	(1,412)	–	–	–
Other non-cash movements	(1,669)	–	–	2,527
Balance as at 31 December 2022	9,447,647	5,107,474	3,188,294	15,974

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34 CONSTRUCTION INCOME/(COSTS) UNDER SERVICE CONCESSION UPGRADE SERVICES

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

	2023 RMB'000	2022 RMB'000
Construction income under service concession upgrade services	**713,062**	283,987
Construction costs under service concession upgrade services	**(713,062)**	(283,987)

Construction income is recognised over time.

35 COMMITMENTS

Contractual commitments

	2023 RMB'000	2022 RMB'000
Upgrade and construction of toll expressways under concession arrangements:		
Reconstruction and expansion project on the GNSR Expressway	**7,732,983**	464,619
Upgrade projects on other expressways	**102,617**	47,082
Total	**7,835,600**	511,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36 RELATED PARTY TRANSACTIONS

(a) Related parties

The Company's Directors regard 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) ("GZYX") (established 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 2023:

Significant related parties	Relationship with the Company
Yue Xiu Enterprises (Holdings) Limited	The immediate holding company
Yuexiu Property Company Limited	A fellow subsidiary
Artform Investment Limited	A fellow subsidiary
Chong Hing Bank Limited	A fellow subsidiary
Chong Hing Insurance Co., Ltd	A fellow subsidiary
Guangzhou Yuexiu City Construction Jones Lang LaSalle Property Management Co., Ltd.	A fellow subsidiary
Guangzhou Yuexiu Property Development Co., Ltd.	A fellow subsidiary
Guangzhou Yuexiuhui Operation Management Co., Ltd.	A fellow subsidiary
Guangzhou Yuexiu Sharing Service Co., Ltd.	A fellow subsidiary
Guangzhou City Construction & Development Holdings Co., Ltd.	A fellow subsidiary
Guangzhou Yuexiu Property Development Co., Ltd.	A fellow subsidiary
Guangzhou Metro Design & Research Institute Co., Ltd.	A fellow subsidiary
Shandong Qinbin Expressway Construction Co., Ltd.	A fellow subsidiary
Henan Yuexiu Pinglin Expressway Co., Ltd.	A fellow subsidiary
Guangzhou Yuexiu Foods Co., Ltd	A fellow subsidiary
Guangzhou Junjing No.1 Real Estate Development Co., Ltd. Nansha Branch	A fellow subsidiary
Yue Xiu Property Management Limited	A fellow subsidiary
Guangzhou Western Second Ring Expressway Co., Ltd.	A joint venture
Guangdong Humen Bridge Co., Ltd.	An associate
Guangdong Qinglian Highway Development Co., Ltd.	An associate
Guangdong Shantou Bay Bridge Co., Ltd.	An associate
Guangzhou Northring Super Highway Co., Ltd.	An associate
Guangzhou Pazhou Port Company Limited	An associate
CAMC-Yuexiu Expressway Close-end Infrastructure Securities Investment Fund	An associate
Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd.	An associate of a fellow subsidiary
Poly Changda Engineering Co., Ltd.	Other related party

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2023 RMB'000	2022 RMB'000
The ultimate holding company:		
Guarantee fee	–	94
IT system usage fee	4,377	1,016
The immediate holding company:		
Interest expense	3,194	34
Associates:		
Entrusted road management service income	35,907	32,114
Management service income	1,826	2,094
Interest income	254	–
Joint venture:		
Management service income	523	526
Interest expense	–	324
Fellow subsidiaries:		
Administrative service fee	1,171	1,123
Commercial operation and management services fee	2,127	2,215
Property management service fee	7,116	2,744
Purchases of products	1,999	61
Interest income	4,693	14,006
Management service income	5,175	–
Purchases of services	5,559	1,688
Addition of right-of-use assets	443	–
Associate of a fellow subsidiary:		
Addition of right-of-use assets	490	2,512
Other related party:		
Purchases of services	30,252	–

The guarantee fee paid to GZYX has been disclosed in the circular of the Company dated 16 October 2019.

In 2022, the Group acquired a subsidiary, Lanwei, from GZYX at a consideration of RMB1,098,000,000. Further details of the transaction have been disclosed in the circular of the Company dated 1 November 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36 RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

	2023 RMB'000	2022 RMB'000
Bank balance deposited in a fellow subsidiary	783,254	286,617
Loan to an associate	6,406	6,406
Loan from the immediate holding company	(100,000)	(100,000)
Loan from non-controlling interest of a subsidiary	(28,301)	(50,368)
Trade payables to other related party	(11,848)	–
Amount due to a non-controlling interest of a subsidiary	(1,611)	(1,611)
Amount due from an associate	38,593	11,430
Lease liabilities to an associate of a fellow subsidiary	(1,722)	(11,838)
Lease liabilities to a fellow subsidiary	(347)	(1,121)

(d) Key management compensation

	2023 RMB'000	2022 RMB'000
Salaries and other short-term benefits	11,448	8,966

Further details of directors' emoluments are included in note 38 to the financial statements.

37 STATEMENT OF FINANCIAL POSITION, RESERVE MOVEMENT, STATEMENT OF PROFIT OR LOSS AND STATEMENT OF CASH FLOWS OF THE COMPANY

Note (i) Statement of financial position

	31 December 2023 RMB'000	31 December 2022 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	231	871
Investments in subsidiaries	5,933,531	5,933,323
Right-of-use assets	362	1,086
	5,934,124	5,935,280
Current assets		
Amounts due from subsidiaries	13,732,521	13,997,269
Deposits and prepayments	5,180	5,336
Cash and cash equivalents	794,864	1,131,953
	14,532,565	15,134,558
Total assets	20,466,689	21,069,838

37 STATEMENT OF FINANCIAL POSITION, RESERVE MOVEMENT, STATEMENT OF PROFIT OR LOSS AND STATEMENT OF CASH FLOWS OF THE COMPANY (continued)

Note (i) Statement of financial position (continued)

	31 December 2023 RMB'000	31 December 2022 RMB'000
EQUITY		
Equity attributable to the shareholders of the Company		
Share capital	**147,322**	147,322
Reserves (note (ii))	**4,390,447**	3,978,658
Total equity	**4,537,769**	4,125,980
LIABILITIES		
Non-current liabilities		
Notes payable	**1,498,746**	1,998,463
Corporate bonds	**499,667**	2,499,094
Deferred income tax liabilities	**35,000**	35,000
Lease liabilities	**–**	382
	2,033,413	4,532,939
Current liabilities		
Borrowings	**151,234**	552,304
Notes payable	**3,373,285**	3,109,011
Corporate bonds	**2,067,750**	689,200
Amounts due to subsidiaries	**8,259,396**	8,024,786
Other payables and accrued charges	**43,495**	34,879
Lease liabilities	**347**	739
	13,895,507	12,410,919
Total liabilities	**15,928,920**	16,943,858
Total equity and liabilities	**20,466,689**	21,069,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37 STATEMENT OF FINANCIAL POSITION, RESERVE MOVEMENT, STATEMENT OF PROFIT OR LOSS AND STATEMENT OF CASH FLOWS OF THE COMPANY (continued)

Note (ii) Reserve movement of the Company

	Share premium RMB'000	Share option reserve RMB'000	Contributed surplus (note) RMB'000	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2023	**2,375,743**	**5,480**	**1,561,564**	**–**	**35,871**	**3,978,658**
Profit for the year	**–**	**–**	**–**	**–**	**794,567**	**794,567**
Equity-settled share option arrangements	**–**	**171**	**–**	**–**	**–**	**171**
Dividends:						
2022 final dividend	**–**	**–**	**–**	**–**	**(154,237)**	**(154,237)**
2023 interim dividend	**–**	**–**	**–**	**–**	**(228,712)**	**(228,712)**
At 31 December 2023	**2,375,743**	**5,651**	**1,561,564**	**–**	**447,489**	**4,390,447**
At 1 January 2022	2,375,743	995	1,561,564	655	423,030	4,361,987
Profit for the year	–	–	–	–	353,100	353,100
Cash flow hedges – movement in hedging reserve	–	–	–	(655)	–	(655)
Equity-settled share option arrangements	–	4,485	–	–	–	4,485
Dividends:						
2021 final dividend	–	–	–	–	(586,136)	(586,136)
2022 interim dividend	–	–	–	–	(154,123)	(154,123)
At 31 December 2022	2,375,743	5,480	1,561,564	–	35,871	3,978,658

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.

37 STATEMENT OF FINANCIAL POSITION, RESERVE MOVEMENT, STATEMENT OF PROFIT OR LOSS AND STATEMENT OF CASH FLOWS OF THE COMPANY (continued)

Note (iii) Statement of profit or loss of the Company

	Notes	2023 RMB'000	2022 RMB'000
Other income, gains and losses – net	(a)	900,050	350,000
General and administrative expenses	(b)	(34,964)	(33,705)
Operating profit		865,086	316,295
Finance income	(c)	187,572	365,230
Finance costs	(c)	(246,998)	(325,199)
Profit before income tax		805,660	356,326
Income tax expense		(11,093)	(3,226)
Profit for the year		794,567	353,100

Notes:

(a) Other income, gains and losses – net

	2023 RMB'000	2022 RMB'000
Dividend income	900,050	350,000

(b) Expenses by nature

	2023 RMB'000	2022 RMB'000
Depreciation of		
– property, plant and equipment	650	683
– right-of-use assets	724	724
Auditor's remuneration		
– Audit services	2,580	2,550
– Non-audit services	1,070	1,355
Legal and professional fee	8,324	10,943
Employee benefit expense (including directors' emoluments)	18,080	15,573

(c) Finance income/(costs)

	2023 RMB'000	2022 RMB'000
Bank interest income	2,955	4,002
Intercompany loan interest income	184,617	361,228
Finance income	187,572	365,230
Interest expenses:		
– Bank borrowings	(4,099)	(43,738)
– Bank facility fees	(2,309)	(9,446)
– Notes payable	(132,156)	(166,614)
– Corporate bonds	(106,408)	(111,956)
– Others	(3,230)	(97)
Net other exchange gain	1,204	6,652
	(246,998)	(325,199)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37 STATEMENT OF FINANCIAL POSITION, RESERVE MOVEMENT, STATEMENT OF PROFIT OR LOSS AND STATEMENT OF CASH FLOWS OF THE COMPANY (continued)

Note (iv) Statement of cash flows of the Company

	2023 RMB'000	2022 RMB'000
Cash flows from operating activities		
Operating profit	865,086	316,295
Depreciation of		
– Property, plant and equipment	650	683
– Right-of-use assets	724	724
Operating cash flows before working capital changes	866,460	317,702
Changes in working capital:		
Decrease in deposits and prepayments	156	2,827
Increase in other payables and accrued charges	7,176	22,508
Decrease in amounts due from subsidiaries	449,366	563,774
Increase in amounts due to subsidiaries	234,610	553,905
Cash generated from operations	1,557,768	1,460,716
PRC enterprise income tax and withholding tax paid	(11,093)	(3,226)
Net cash generated from operating activities	1,546,675	1,457,490
Cash flows from investing activities		
Capital injection into a subsidiary	–	(1,933)
Purchase of property, plant and equipment	(10)	(8)
Interest received	2,955	4,002
Net cash generated from investing activities	2,945	2,061
Cash flows from financing activities		
Payment of bank facility fees	(568)	(3,870)
Proceeds from bank borrowings	50,000	100,000
Proceed from loan from the immediate holding company	100,000	100,000
Proceeds from issuance of notes payable	4,094,031	2,494,627
Repayment of notes payable	(4,300,000)	(1,000,000)
Repayment of corporate bonds	(617,000)	–
Repayment of bank borrowings	(450,000)	(1,363,867)
Repayment of loan from the immediate holding company	(100,000)	–
Dividend paid to shareholders of the Company	(382,949)	(740,259)
Interest paid	(280,603)	(283,445)
Payment for lease liabilities (including interest)	(774)	(707)
Net cash used in financing activities	(1,887,863)	(697,521)
Net (decrease)/increase in cash and cash equivalents	(338,243)	762,030
Cash and cash equivalents at 1 January	1,131,953	374,988
Effect of exchange rate changes on cash and cash equivalents	1,154	(5,065)
Cash and cash equivalents at 31 December	794,864	1,131,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38 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 2023

	Emoluments paid or receivable in respect of 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	
Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonuses (note b) RMB'000	Estimated money value of other benefits (note c) RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Equity-settled share option expense RMB'000	RMB'000	Total RMB'000
Executive directors								
LI Feng	-	694	2,508	-	-	-	-	3,202
CHEN Jing	-	648	1,594	-	-	-	-	2,242
CAI Minghua	-	460	1,754	124	140	10	-	2,488
PAN Yongqiang (note a)	-	301	1,186	81	91	10	-	1,669
Subtotal	-	2,103	7,042	205	231	20	-	9,601
Executive director and the Chief executive								
HE Baiqing	-	531	1,166	362	163	21	1,342	3,585
Independent non-executive directors								
FUNG Ka Pun	220	-	-	-	-	-	-	220
LAU Hon Chuen Ambrose	285	-	-	-	-	-	-	285
CHEUNG Doi Shu	220	-	-	-	-	-	-	220
PENG Vincent Shen (note a)	143	-	-	-	-	-	-	143
Subtotal	868	-	-	-	-	-	-	868
Total	868	2,634	8,208	567	394	41	1,342	14,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38 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:

For the year ended 31 December 2022

	Emoluments paid or receivable in respect of person's services as a director, whether of the Company or its subsidiary undertaking							
Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonuses (note b) RMB'000	Estimated money value of other benefits (note c) RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Equity-settled share option expense RMB'000	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 RMB'000	Total RMB'000
Executive directors								
LI Feng	–	662	2,093	–	–	–	–	2,755
CHEN Jing	–	618	1,310	–	–	–	–	1,928
CAI Minghua	–	489	1,375	117	129	135	–	2,245
Subtotal	–	1,769	4,778	117	129	135	–	6,928
Executive director and the Chief executive								
HE Baiqing	–	512	948	349	150	358	1,145	3,462
Independent non-executive directors								
FUNG Ka Pun	220	–	–	–	–	–	–	220
LAU Hon Chuen Ambrose	285	–	–	–	–	–	–	285
CHEUNG Doi Shu	220	–	–	–	–	–	–	220
Subtotal	725	–	–	–	–	–	–	725
Total	725	2,281	5,726	466	279	493	1,145	11,115

Notes:

(a) Appointed on 8 May 2023.

(b) Discretionary bonuses are determined based on the Group's financial performance.

(c) Other benefits mainly include provision of accommodation.

38 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(B) Directors' retirement benefits

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 (2022: Nil).

(C) Directors' termination benefits

During the year, no payments or benefits in respect of the termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2022: Nil).

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

During the year, no consideration was provided to or receivable by third parties for making director's services available (2022: 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 (2022: 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 (2022: Nil).

39 GROUP STRUCTURE

As at 31 December 2023, the Company held shares/interest in the following principal subsidiaries, a joint venture and associates.

Company	Place of incorporation, establishment and operation and type of legal entity	Issued and fully paid-up share capital/registered capital	Percentage of ownership interest held by the Company Direct	Indirect	Principal activities
Principal subsidiaries					
Asian East Worldwide Limited	British Virgin Islands	50,000 Ordinary shares of USD1.00 each	–	100	Investment holding in Guangzhou Northring Super Highway Co., Ltd.
Bentfield Limited	British Virgin Islands	1 Ordinary share of USD1.00 each	–	100	Investment holding in Guangzhou North Second Ring Transport Technology 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 USD1.00 each	100	–	Investment holding
Grand Speed Limited	Hong Kong	1 Ordinary share	–	100	Investment holding in Guangxi Yuexiu Cangyu Expressway Co., Ltd
Guangzhou North Second Ring Transport Technology Company Limited	PRC, limited liability company	RMB1,466,666,700	–	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
Guangzhou Yue Da Investment Company Limited	PRC, limited liability company	RMB2,000,000,000	–	100	Investment holding
Guangzhou Yue Hong Investment Company Limited	PRC, limited liability company	RMB65,000,000	–	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39 GROUP STRUCTURE (continued)

Company	Place of incorporation, establishment and operation and type of legal entity	Issued and fully paid-up share capital/registered capital	Percentage of ownership interest held by the Company Direct	Indirect	Principal activities
Principal subsidiaries					
Guangzhou Yue Tong Expressway Operations and Management Company Limited	PRC, limited liability company	RMB301,000,000	100	–	Investment holding in Guangdong Qinglian Highway Development Company Limited
Guangzhou Yue Xin Investment Company Limited	PRC, limited liability company	RMB5,000,000	–	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
Hancai Expressway Company Limited of Hubei Province	PRC, limited liability company	RMB150,000,000	–	67	Development and management of Hancai Expressway in Hubei Province
Henan Yuexiu Weixu Expressway Company Limited	PRC, limited liability company	RMB660,754,500	–	100	Development and management of Henan Weixu Expressway
Hubei A'shennan Expressway Development Company Limited	PRC, limited liability company	RMB200,000,000	–	90	Development and management of Daguangnan Expressway in Hubei Province
Henan Yuexiu Lanwei Expressway Company Limited	PRC, limited liability company	RMB990,000,000	–	100	Development and management of Lanwei Expressway in Henan Province
Hubei Suiyuenan Expressway Company Limited	PRC, limited liability company	RMB1,770,000,000	–	70	Development and management of Suiyuenan Expressway in Hubei Province
Hubei Yue Xiu Han'e Expressway Company Limited	PRC, limited liability company	RMB135,000,000	–	100	Development and management of Han'e Expressway in Hubei Province
Hunan Changzhu Expressway Development Company Limited	PRC, limited liability company	RMB927,730,000	–	100	Development and management of Changzhu Expressway in Hunan Province

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39 GROUP STRUCTURE (continued)

Company	Place of incorporation, establishment and operation and type of legal entity	Issued and fully paid-up share capital/registered capital	Percentage of ownership interest held by the Company		Principal activities
			Direct	Indirect	
Principal subsidiaries					
Ickleton Limited	British Virgin Islands	1 Ordinary share of USD1.00 each	–	100	Investment holding
Kam Cheong Limited	British Virgin Islands	1 Ordinary share of USD1.00 each	–	100	Investment holding
Kiu Fung Limited	British Virgin Islands	2 Ordinary shares of HKD1.00 each	100	–	Investment holding
Smart Top Enterprises Limited	Hong Kong	2 Ordinary shares	–	100	Property holding
Super Praise Ltd.	British Virgin Islands	1 Ordinary share of USD1.00 each	–	100	Investment holding in Guangdong Shantou Bay Bridge Company Limited
Swift Full Limited	Hong Kong	1 Ordinary share	–	100	Investment holding
Tianjin Jinfu Expressway Company Limited	PRC, limited liability company	RMB265,200,000	–	60	Development and management of Jinxiong Expressway in Tianjin
Wuhan Andi Technology Industry Development Company Limited	PRC, limited liability company	RMB260,260,260	–	100	Investment holding
Yan Tung Investment Limited	British Virgin Islands	10,000 Ordinary shares of USD1.00 each	–	83.3	Investment holding
Yuexiu (China) Transport Infrastructure Investment Company Limited	PRC, limited liability company	RMB4,000,000,000	100	–	Investment holding
Yuexiu (Hubei) Expressway Company Limited	PRC, limited liability company	RMB30,000,000	–	100	Investment holding

39 GROUP STRUCTURE (continued)

Joint venture	Place of incorporation/ establishment and operation and type of legal entity	Registered capital	Percentage of ownership interest/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 type of legal entity	Registered capital	Percentage of ownership interest held by the Company		Principal activities
			Direct	Indirect	
Guangdong Humen Bridge Company Limited	PRC, limited liability company	RMB273,900,000	–	27.78 (note a)	Development and management of Humen Bridge in Humen
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 Super Highway Company Limited	PRC, limited liability company	USD19,255,000	–	24.3	Development and management of Guangzhou City Northern Ring Road
Guangzhou Pazhou Port Company Limited	PRC, limited liability company	RMB178,800,000	–	45	Development and management of Pazhou Port in Guangzhou
CAMC-Yuexiu Expressway Close-end Infrastructure Securities Investment Fund	PRC, trust fund	–	–	30	Development and management of Han-Xiao Expressway in Hubei Province

(a) The profit sharing ratio was changed to 18.446% from 2010 onwards.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

CORPORATE AND INVESTOR RELATIONS INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr Li Feng *(Chairman)**
Mr He Baiqing
Ms Chen Jing
Mr Cai Minghua
Mr Pan Yongqiang

Independent non-executive directors & audit committee members

Mr Fung Ka Pun
Mr Lau Hon Chuen Ambrose
Mr Cheung Doi Shu
Mr Peng Vincent Shen

COMPANY SECRETARY

Mr Yu Tat Fung

AUDITOR

Ernst & Young
Hong Kong Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

17A
Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR

Tricor Abacus Limited
17/F, Far East Finance Centre
16 Harcourt Road
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

* Mr. Li Feng resigned as the Chairman and an executive Director of the Company on 17 April 2024. Please refer to the announcement of the Company dated 17 April 2024 for further details.

Bonds and notes

Shanghai Stock Exchange
RMB1,000,000,000 3.63 per cent. Corporate Bonds due 2026 (code: 175650) (repaid in full on 25 January 2024)

RMB1,000,000,000 3.48 per cent. Corporate Bonds due 2026 (code: 188057)

RMB500,000,000 3.84 per cent. Corporate Bonds due 2028 (code: 188058)

Beijing Financial Assets Exchange
RMB1,000,000,000 3.78 per cent. Medium Term Notes due 2026 (code: 102100198) (RMB970,000,000 repaid on 28 January 2024; the remaining RMB30,000,000 was adjusted to 2.70 per cent. Medium Term Notes due 2026)

RMB1,000,000,000 3.28 per cent. Medium Term Notes due 2027 (code: 102280559)

RMB500,000,000 2.87 per cent. Medium Term Notes due 2026 (code: 102381956)

RMB1,300,000,000 2.50 per cent. Super Short-term Commercial Paper due 2024 (code: 012383686)

RMB500,000,000 2.51 per cent. Super Short-term Commercial Paper due 2024 (code: 012383814)

RMB500,000,000 2.75 per cent. Super Short-term Commercial Paper due 2024 (code: 012384479)

RMB200,000,000 2.61 per cent. Super Short-term Commercial Paper due 2024 (code: 012480226)

INVESTOR RELATIONS

For further information about
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WEBSITES TO ACCESS COMPANY INFORMATION

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