



越秀交通基建有限公司

YUEXIU TRANSPORT INFRASTRUCTURE LIMITED

(Stock Code: 01052)

2022 ANNUAL REPORT



CREATING

EXCELLENT VALUES



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FIVE YEARS FINANCIAL SUMMARY

STATEMENTS OF PROFIT OR LOSS

Year ended 31 December

(RMB'000)	2022	2021	2020	2019	2018
Income from operations	3,288,923	3,702,276	2,919,838	3,023,221	2,847,073
Earnings before interests, tax, depreciation and amortisation ("EBITDA") ¹	2,866,872	3,292,190	2,452,006	2,956,565	2,855,785
Profit before income tax	1,065,340	2,218,350	682,421	1,900,445	1,891,655
Profit for the year	737,811	1,792,694	404,336	1,595,043	1,411,681
Profit attributable to:					
Shareholders of the Company	453,114	1,464,984	160,491	1,137,590	1,054,135
Non-controlling interests	284,697	327,710	243,845	457,453	357,546
Basic earnings per share for profit attributable to the shareholders of the Company	RMB0.2708	RMB0.8756	RMB0.0959	RMB0.6799	RMB0.6300
Dividend per share	RMB0.1744	RMB0.4980	RMB0.0584	RMB0.3500	RMB0.3375

STATEMENTS OF FINANCIAL POSITION

31 December

(RMB'000)	2022	2021	2020	2019	2018
Total Assets	36,337,410	35,661,108	36,367,600	36,797,875	22,739,750
Total Liabilities	22,102,435	21,188,359	22,713,855	23,169,125	10,332,171
Total Equity	14,234,975	14,472,749	13,653,745	13,628,750	12,407,579
Equity attributable to:					
Shareholders of the Company	11,230,445	11,511,515	10,424,891	10,571,655	10,071,871
Non-controlling interests	3,004,530	2,961,234	3,228,854	3,057,095	2,335,708
Net assets per share to shareholders of the Company	RMB6.71	RMB6.88	RMB6.23	RMB6.32	RMB6.02

FINANCIAL RATIOS

Year ended 31 December

	2022	2021	2020	2019	2018
Return on equity attributable to shareholders of the Company	4.03%	12.73%	1.54%	10.76%	10.47%
EBITDA Interest Coverage	4.7 times	4.6 times	3.1 times	7.6 times	8.2 times
Gearing ratio ²	51.4%	48.5%	54.3%	55.4%	29.6%
Total liabilities/Total assets ratio ³	60.8%	59.4%	62.5%	63.0%	45.4%

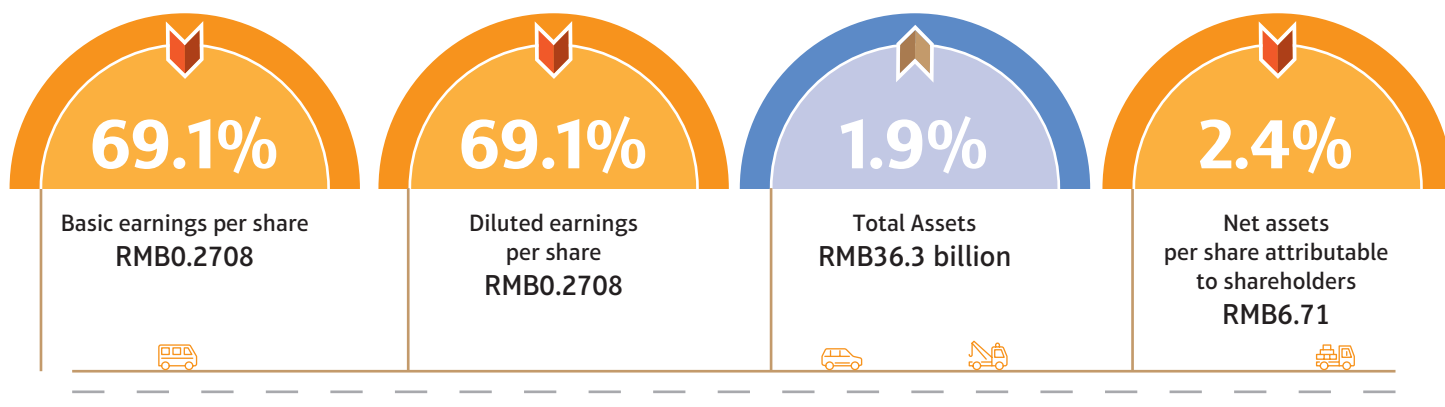
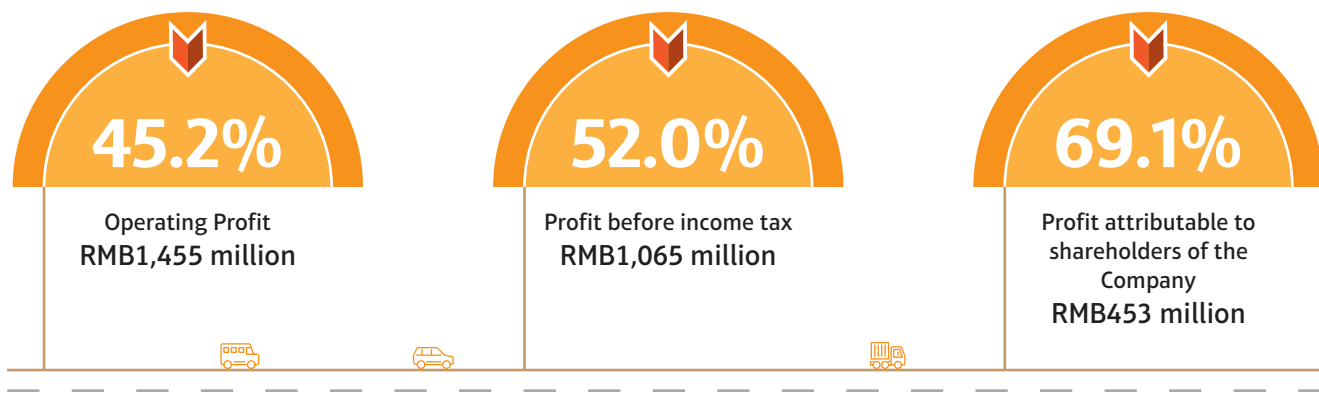
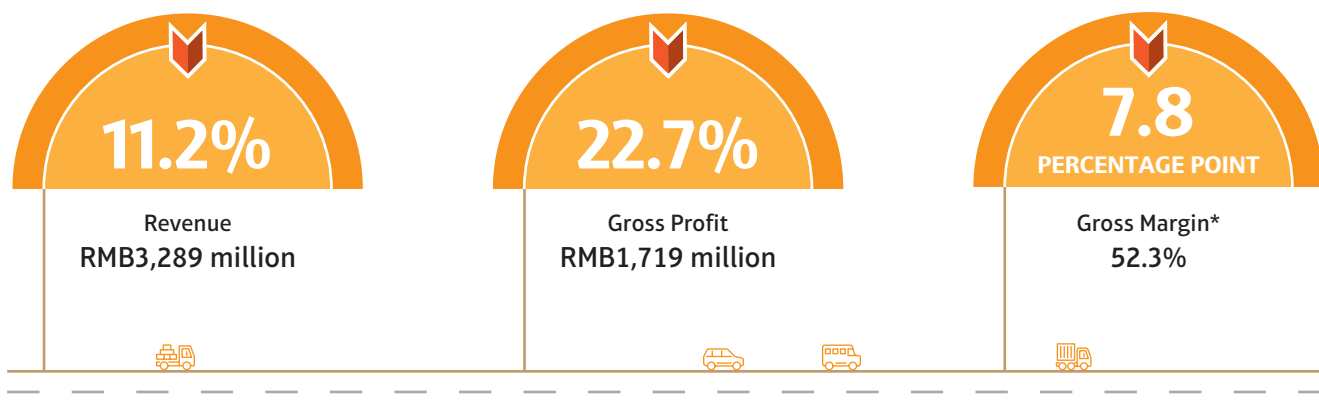
1: EBITDA includes profit from associates and joint venture, but excludes non-cash gains and losses.

2: net debts ÷ total capitalization

3: total liabilities ÷ total assets

FINANCIAL HIGHLIGHTS

RESULTS HIGHLIGHTS FOR 2022



* 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%



Public

55.6%

Yue Xiu Enterprises
(Holdings) Limited

44.4%#



Yuexiu Transport Infrastructure Limited



Expressway / Bridge / Port



GNSR Expressway	60%
Cangyu Expressway	100%
Jinxiong Expressway	60%
Changzhu Expressway	100%
Weixu Expressway	100%
Lanwei Expressway	100%
Suiyuan Expressway	70%
Hancai Expressway	67%
Han'e Expressway	100%
Daguangnan Expressway	90%



Han-Xiao Expressway	30%
Humen Bridge	27.78%*
Northern Ring Road	24.3%
Qinglian Expressway	23.63%
GWSR Expressway	35%
Shantou Bay Bridge	30%
Pazhou Port	45%

beneficial shareholding as at 31 December 2022

* The Group's profit sharing ratio in Humen Bridge could be referred to notes of 'Business Review' in page 21.

◆ subsidiaries

◆ associates and joint venture

16

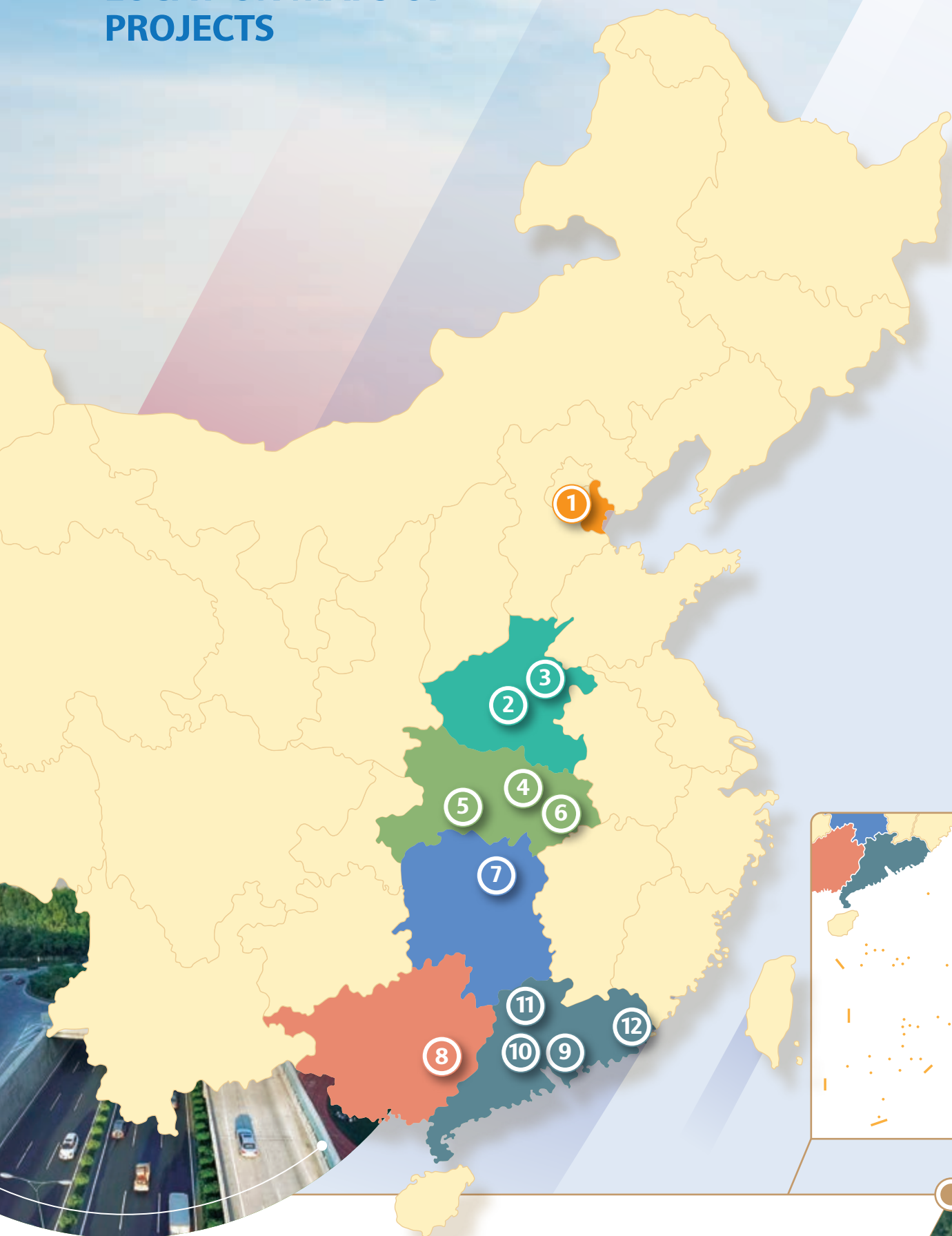
INVESTMENTS IN ITS OPERATING EXPRESSWAYS AND BRIDGE PROJECTS IN TOTAL

Yuexiu Transport Infrastructure Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in investment, operation and management of toll expressways and bridges in Guangdong Province and other high growth provinces in the People’s Republic of China (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 2022, the Group had a total of 16 investments in its operating expressways and bridge projects which included Guangzhou Northern Second Ring Expressway (“GNSR Expressway”), Guangzhou Western Second Ring Expressway (“GWSR Expressway”), Guangzhou Northern Ring Road (“Northern Ring Road”), Guangdong Humen Bridge (“Humen Bridge”), Shantou Bay Bridge and Guangdong Qinglian Expressway, all of which are located within Guangdong Province; Han-Xiao Expressway, Suiyuan Expressway, Hancui Expressway, Han’e Expressway and Daguangnan Expressway in Hubei Province; Cangyu Expressway in Guangxi Zhuang Autonomous Region (“Cangyu Expressway”); Jinxiong Expressway in Tianjin Municipality; Changzhu Expressway in Hunan Province; Weixu Expressway and Lanwei Expressway in Henan Province. As at 31 December 2022, the attributable toll mileage of the Group’s subsidiaries was 477.7 km (total toll mileage was approximately 556.2 km), attributable toll mileage of the Group’s associates and joint venture was approximately 88.8 km, the attributable toll mileage of all expressways and bridges was approximately 566.5 km.



LOCATION MAPS OF PROJECTS



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

Han'e Expressway

Suiyuan Expressway

Daguangnan Expressway

5 Jingzhou City

6 Huanggang City

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



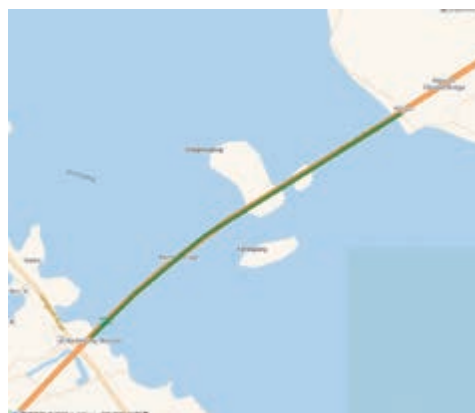
It has a toll length of approximately 42.5 km, of which there are 8 lanes for the section from the Huocun to Luogang, and 6 lanes for other sections, with 10 flyovers in total. GNSR Expressway also connects with GWSR Expressway, Guangqing Expressway, Airport Expressway, G4 Expressway, Huanan Expressway,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



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.



NORTHERN RING ROAD



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





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.



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.



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.



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.



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.



HENAN



WEIXU EXPRESSWAY

Located in Henan Province, Weixu Expressway is an important part of Lan-nan Expressway as well as the significant linkage between G4 Expressway, 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.



LOCATION MAPS OF PROJECTS

HUBEI

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, G4 Expressway, Wuhan Ring Road, Daijiashan-Huangpi Expressway and Xiaoxiang Expressway.



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 (route number G4) and extends to Huyu Expressway (route number G50), being an important west bound corridor for Wuhan.





HAN'E EXPRESSWAY

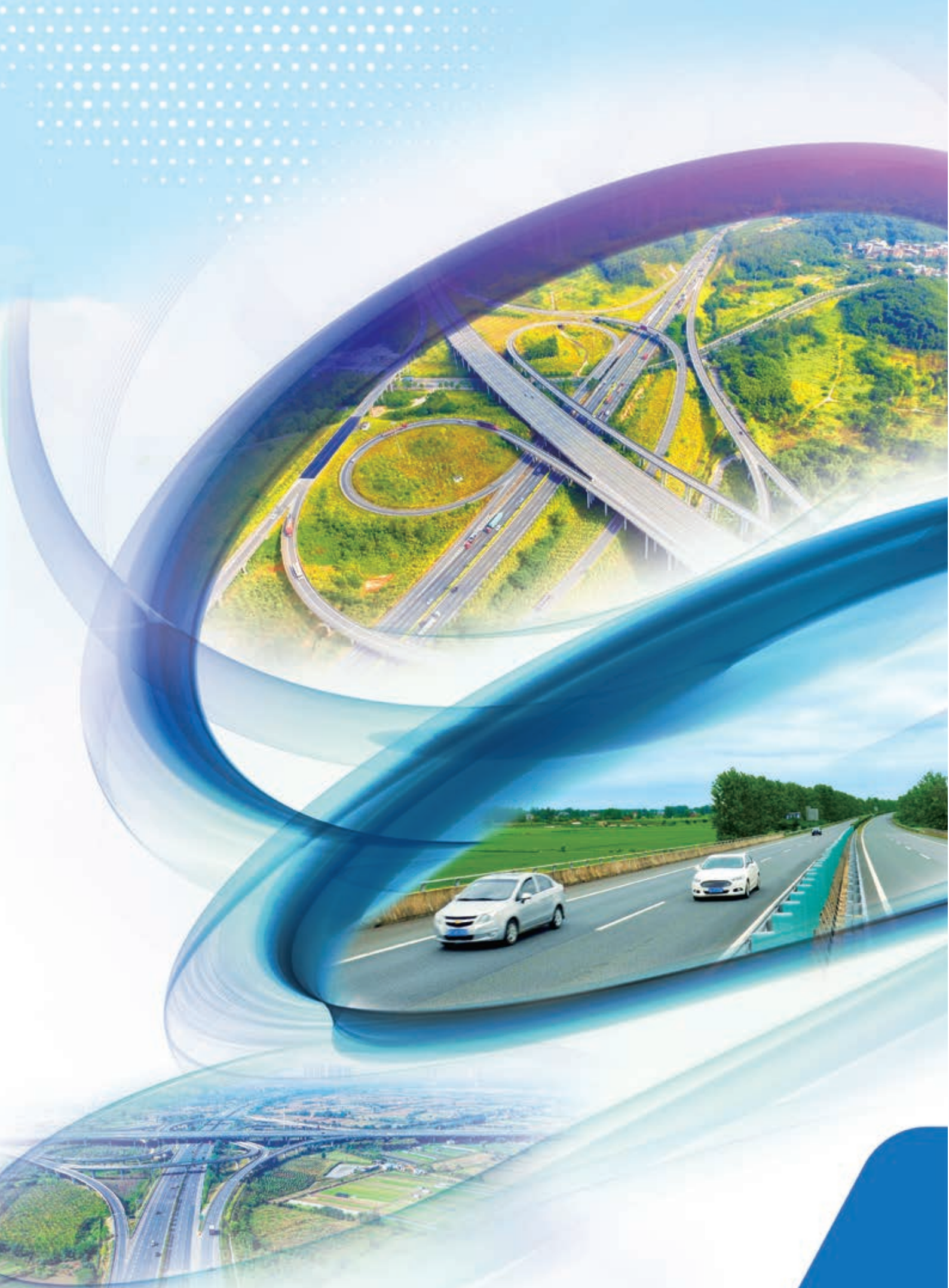
It is a four-lane expressway with approximately 54.8 km of toll length, starts from Xinqiao Village of Zuoling Town in Wuhan and ends at the Huahu interchange which is the southern route of the E'Dong Changjiang Bridge of the Daguang Expressway. This expressway is one of the seven fast urban exit roads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





The background of the slide features abstract, flowing, ribbon-like shapes in shades of blue and purple. These shapes are layered over a light blue sky with soft white clouds. In the bottom right corner, there is a rectangular inset image showing a multi-lane highway stretching into the distance under a clear sky. The overall design is modern and dynamic.

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT



LI FENG
Chairman

OPERATING RESULTS AND DIVIDEND

During the year ended 31 December 2022 (the "Reporting Year"), the Group recorded revenue of RMB3,289 million, representing a year-on-year decrease of 11.2%. Profit attributable to shareholders amounted to RMB453 million, representing a year-on-year decrease of 69.1%. The decrease in revenue and profit was mainly attributable to the revenue decrement due to the impact of the pandemic, the prevention and control measures in response to the pandemic and the absence of the gain on disposal recognised during the Reporting Year as a result of the spin-off of Hubei Han-Xiao Expressway in 2021 (2021: RMB961.0 million).

The Board has recommended the payment of a final dividend for 2022 of HK\$0.10 per share. Together with the interim dividend of HK\$0.10 per share paid, the total dividend for the Reporting Year is HK\$0.20 per share, which is equivalent to RMB0.1744 per share, and the annual dividend payout ratio of the year is 64.4%.

ANNUAL REVIEW

Marco-Economy and Regulatory Environment of the Sector

In 2022, the global economy was affected by the challenges posed by the recurring COVID-19 pandemic and the Russia-Ukraine conflict. A number of countries, including the United States, continued to raise interest rate aggressively in advance to cope with the inflationary pressure. The International Monetary Fund (IMF) forecasted that the global economic growth rate in 2022 would be 3.4%. In the face of the combined impact of the pandemic and other unexpected factors at home and abroad, China advanced its economy while navigating challenges and surmounting difficulties. Despite the impact of the pandemic, the economy achieved reasonable growth for the year through dedicated efforts, recording a year-on-year GDP growth of 3.0%. With persistently growing resilience, China's economy is showing a promising recovery trend.

Over the past year, amid the extremely complex and harsh macro environment, the transport sector faced huge challenges from the combined adverse impact of the slowdown in economic growth, pandemic disruption and toll reduction policies. As China has crossed the peak period of the COVID-19 pandemic outbreak by the end of the year, the transport sector witnessed a rebound in December. In terms of investment in transportation infrastructure construction, according to the Ministry of Transport, in 2022, fixed asset investment in transportation was more than RMB3.8 trillion, including RMB2.9 trillion in highways, representing a year-on-year increase of 9.7%. In terms of cargo transportation supply chain, cargo volume maintained at a low level due to the impact of ongoing outbreak of COVID-19 pandemic in various provinces in the PRC and other factors. In addition, passenger volume continued to be sluggish due to the pandemic and the pandemic prevention and control measures. The China Transportation Services Index (CTSI) in December indicated that, as the pandemic evolved into a stable stage, the transportation production is expected to start a period of rapid recovery.



CHAIRMAN'S STATEMENT

Development Strategies and Business Development

Facing the 14th Five-Year Plan, Yuexiu Transport is committed to becoming a leading transport infrastructure asset management company in China. The Group will build and improve the three platforms (incubation platform, listed platform, and REITs platform) under the guidance of the “3331” development strategy, enhance the three core abilities (investment ability, operation and maintenance ability, financialisation ability), adhere to focusing on three directions (expressway main business, key areas, expansion of related auxiliary businesses).

During the Reporting Year, due to the impact of the pandemic, the slowdown in macro-economic growth, the diversion of traffic to the road networks and the policy of 10% reduction on the truck toll charges on toll roads for the fourth quarter, the Group recorded a decline of 11.2% in revenue. In particular, projects in Guangdong Province were affected by the recurring pandemic and the diversion of traffic to the surrounding road networks. Especially in the fourth quarter, Guangzhou City suffered the most complex and severe pandemic in the past three years, resulting in great impact on the revenue of the projects. The toll revenue from projects in central provinces, including Hubei Suiyuan Expressway and Henan Weixu Expressway, maintained growth during the year and showed a promising growth momentum. With the further implementation of 20 measures and 10 new measures to optimise and adjust pandemic prevention and control policy since December, the transportation industry has shown a recovery trend and the toll revenue from the Group's projects also recovered well.

During the Reporting Year, the Group entered into agreements with Guangzhou Yue Xiu Holdings Limited to acquire 100% of the equity interest in Henan Yuexiu Lanwei Expressway Company Limited* (河南越秀蘭尉高速公路有限公司). The transaction was approved by the independent shareholders at the special general meeting held on 18 November 2022 and completion of which took place on the same day. The acquisition is an important practice for the interaction between the incubation platform and the listed platform. In line with its regional expansion strategy, the Group has made further investment in central provinces to share the benefits from economic growth, which will optimise its asset allocation in the region and enhance its ability to resist risks.

During the Reporting Year, Guangzhou North Second Ring (“GNSR”) Transport Technology Company Limited obtained the approval in principle from the Guangdong Provincial Development and Reform Commission for the GNSR Expressway R&E Project and commenced the construction of the preliminary portion. Baiyun District and Huangpu District land expropriation agreements of the project were approved by the shareholders at the special general meeting held on 10 January 2023. GNSR Expressway, as the artery for the transportation in the north of Guangzhou City, plays a major role in the Group. The Group is of the view that the reconstruction and expansion of the GNSR Expressway can effectively improve the asset quality, extend the remaining operating period, expand the scale of the Group's expressway assets, enhance the Group's future development capacity of its principal toll road business, and further strengthen the Group's core advantages in the investment, construction and operation of toll roads. Using funds recovered from the REITs to invest in the R&E Project is an important practice for the interaction between the REITs platform and the listed platform.

Going forward, the Group will also continue to grasp the policy opportunities of the public offering of infrastructure REITs, and adhere to improving the strategies of “investment, financing, management and retreat”.

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 maintained the Group's investment grade rating of Baa2, while Fitch upgraded the Group's investment grade rating from BBB- to BBB.

FUTURE PROSPECT AND OUTLOOK

Outlook of Macro-Economy and Industry Development Prospect

From a global perspective, efforts to curb inflation and the Russia-Ukraine conflict exerted pressure on global economic activities in 2023. However, the rapid reopening of China has paved the way for a rapid rebound in economic activities. Global financial environment is expected to improve as inflationary pressures begin to subside. In January 2023, the IMF released its updated World Economic Outlook report, which projects a global economic growth of 2.9% in 2023, with China and India being the key engines of economic growth for the year. In 2023, the pandemic situation, inflation trends and geopolitics remain highly uncertain. Despite the efforts to curb inflation over the past year, the monetary policies of various countries are still subject to uncertainties in the near future as the international market is still exposed to the risk of changes. The two-way fluctuation of exchange rate of RMB against USD is expected to continue with lower volatility.

The Chinese economy is also under pressure in the context of elevated uncertainty towards the global economic growth outlook. However, in the long run, China's economy remains resilient. On 28 January 2023, the State Council executive meeting concluded that, in 2023, solid steps will be taken to ensure effective implementation of the policy package for stabilising the economy and its follow-up measures; key projects and equipment upgrading and renovation supported by fiscal and financial policy tools will be advanced to generate more physical gains; and policies to extend the duration of VAT relief for small-scale taxpayers and inclusive loans granted to micro and small businesses will be effectively implemented, which will consolidate and expand the momentum of economic rebound.

Featuring high efficiency, safety and flexibility, 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. "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 strong transportation network. On 7 December, 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 a progressive lift of the control measures on prevention of the pandemic. Benefiting from the optimisation and adjustment of pandemic prevention and control measures, the revenue of most projects under the Group has rebounded since December. The statistics of 2023 Spring Festival travel rush reflects the resilience of China's economy and people's demand for travel following the adjustment of pandemic prevention and control measures. Since 2023 Spring Festival travel rush, the traffic volume of the Group's toll roads showed double-digit growth as compared to that in the same periods in 2022 and 2019. With the rising income levels and the increasing travel demand, room for growth in car ownership, steady growth in freight transport along with the 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.

CHAIRMAN'S STATEMENT

Investment Opportunities

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. The Group will continue to spare no effort in the GNSR Expressway R&E Project to ensure that the project progresses as planned and in accordance with the laws and regulations. Currently, the Guangzhou Municipal Government has established a command center for the GNSR Expressway R&E Project to facilitate the overall planning and progress of the project, aiming at ensuring the comprehensive implementation of land expropriation and construction works for the project. It is expected that the main construction of the GNSR Expressway R&E Project will commence in June 2023 and be completed in 2028.

The Group will continue to grasp the strategic opportunity period for expressway investment and mergers and acquisitions. Gaining its foothold in Guangdong, Hong Kong and Macau Greater Bay Area and Central China and expanding its presence in other developing areas benefiting from continued urbanisation and industrialisation going forward, 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, 6 March 2023

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) ⁽⁶⁾
SUBSIDIARIES						
GNSR Expressway	42.5	6/8 ⁽¹⁾	6	Expressway	60.00	2032/01/10 ^a
Cangyu Expressway	22.0	4	0	Expressway	100.00	2030/12/28 ^b
Jinxiong Expressway	23.9	4	2	Expressway	60.00	2030/03/17 ^c
Changzhu Expressway	46.5	4	5	Expressway	100.00	2040/08/30 ^b
Weixu Expressway	64.3	4	2	Expressway	100.00	2035/11/18 ^c
Lanwei Expressway ⁽²⁾	61.0	4	3	Expressway	100.00	2034/07/01 ^c
Suiyuanan Expressway	98.1	4	4	Expressway	70.00	2040/03/09 ^b
Hancai Expressway	36.0	4/6 ⁽³⁾	2	Expressway	67.00	2038/08/27 ^b
Han'e Expressway	54.8	4	5	Expressway	100.00	2042/06/30 ^b
Daguangnan Expressway	107.1	4	6	Expressway	90.00	2042/04/29 ^b
ASSOCIATES AND JOINT VENTURE						
Han-Xiao Expressway	38.5	4/6 ⁽⁴⁾	2	Expressway	30.00	2036/12/09 ^b
GWSR Expressway	42.1	6	2	Expressway	35.00	2030/12/19 ^a
Humen Bridge	15.8	6	4	Suspension Bridge	27.78 ⁽⁵⁾	2029/05/08 ^a
Northern Ring Road	22.0	6	8	Expressway	24.30	2023/11/29 ^a
Shantou Bay Bridge	6.5	6	3	Suspension Bridge	30.00	2028/12/23 ^a
Qinglian Expressway	215.2	4	15	Expressway	23.63	2034/06/30 ^a
Pazhou Port ⁽⁷⁾		N/A			45.00	N/A

Notes:

- (1) There are 8 lanes for the section from the Huocun to Luogang, and 6 lanes for other sections.
- (2) The Group completed the acquisition of 100% of the equity interest in Henan Lanwei Expressway on 18 November 2022.
- (3) There are 6 lanes for the section from Miliang Shan to Wuhan Outer Ring Road, and 4 lanes for other sections.
- (4) There are 6 lanes for the sections of Airport North Extension and from Taoyuanji interchange to Hengdian interchange, and 4 lanes for other sections.
- (5) The profit-sharing ratio was 18.446% from 2010 onwards.

MANAGEMENT DISCUSSION AND ANALYSIS

- (6) 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.
- b. Projects within Guangxi Autonomous Region, Hunan Province and Hubei Province: Pursuant to the supporting and protective policies from the relevant authorities in the Guangxi Autonomous Region, Hunan Province and Hubei 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 and Hubei Province were postponed for 79 days.
- c. Projects within Tianjin City and Henan Province: relevant supporting and protective policies were under research and formulation.
- (7) The approval of the opening of Pazhou Port is being considered, and formal operation will commence after completion.

TOLL SUMMARY OF TOLL ROADS AND BRIDGES

For the twelve months ended 31 December 2022

	Average daily toll revenue ⁽¹⁾		Average daily toll traffic volume	
	Full year of 2022 (RMB/day)	Y-O-Y Change %	Full year of 2022 (Vehicle/day)	Y-O-Y Change %
SUBSIDIARIES				
GNSR Expressway	2,687,829	-12.5%	243,180	-13.4%
Cangyu Expressway	243,801	-0.5%	15,445	-0.7%
Jinxiong Expressway	197,550	-10.1%	29,413	-14.6%
Changzhu Expressway	633,505	-14.0%	64,434	-12.7%
Weixu Expressway	1,067,612	11.6%	21,491	-8.7%
Lanwei Expressway ⁽²⁾	901,935	6.5%	25,802	-17.5%
Suiyuan Expressway	1,731,809	2.9%	28,181	-7.5%
Hancai Expressway	616,988	-12.7%	42,871	-15.7%
Han'e Expressway	414,660	-27.7%	29,157	-29.6%
Daguangnan Expressway	1,066,632	-13.5%	23,365	-20.9%
ASSOCIATES AND JOINT VENTURE				
Han-Xiao Expressway	544,471	-12.0%	27,043	-19.3%
GWSR Expressway	1,109,560	-19.6%	72,054	-22.1%
Humen Bridge	1,907,584	-19.5%	72,149	-19.4%
Northern Ring Road	1,758,498	-10.2%	344,067	-7.7%
Shantou Bay Bridge	388,035	-25.2%	24,521	-17.0%
Qinglian Expressway	1,686,091	-29.7%	44,922	-15.3%

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.

TOLL ROADS AND BRIDGES

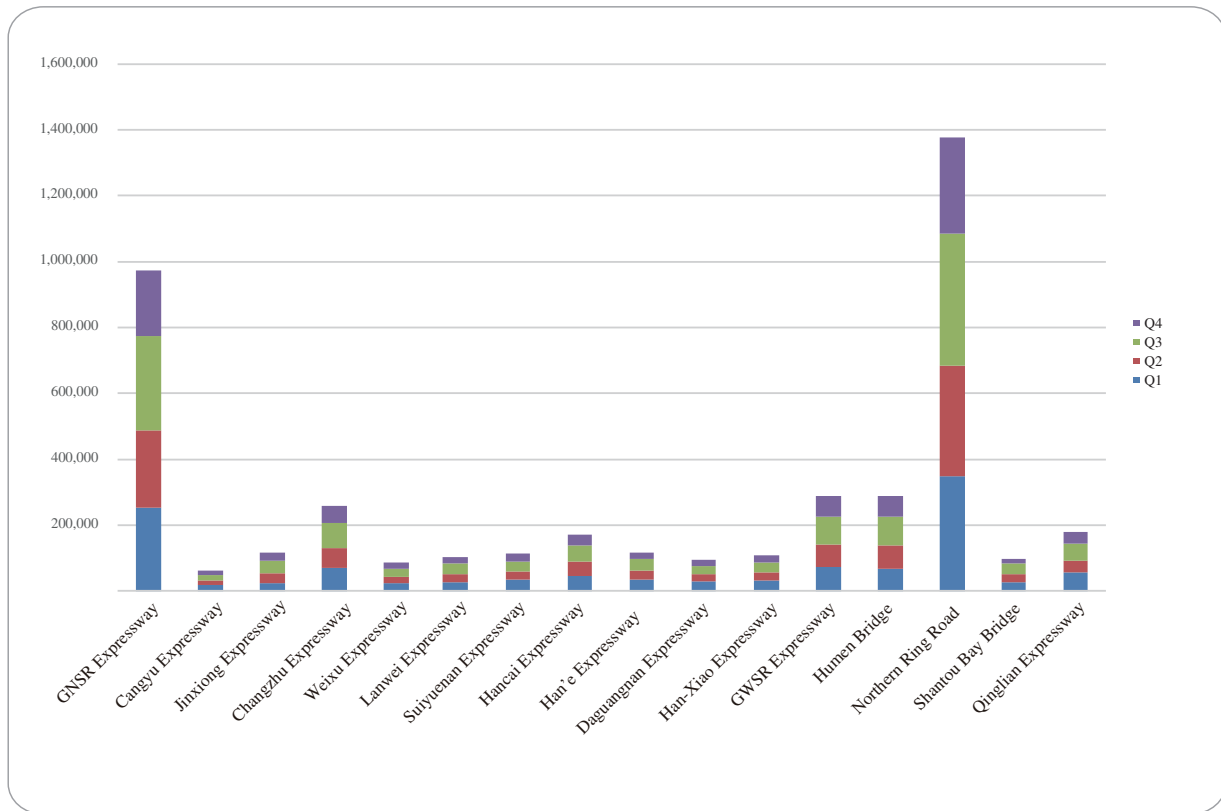
Quarterly analysis of average daily toll traffic volume for 2022

	Average daily toll traffic volume of the First quarter in 2022 (Vehicle/day)	Average daily toll traffic volume of the Second quarter in 2022 (Vehicle/day)	Average daily toll traffic volume of the Third quarter in 2022 (Vehicle/day)	Average daily toll traffic volume of the Fourth quarter in 2022 (Vehicle/day)
SUBSIDIARIES				
GNSR Expressway	251,482	236,476	284,753	200,115
Cangyu Expressway	18,830	12,744	16,455	13,795
Jinxiong Expressway	22,936	30,599	37,147	26,843
Changzhu Expressway	70,107	60,310	75,591	51,806
Weixu Expressway	22,226	20,887	25,339	17,520
Lanwei Expressway ⁽¹⁾	26,827	23,809	31,742	20,831
Suiyuan Expressway	34,257	24,736	30,364	23,461
Hancai Expressway	46,341	42,094	49,729	33,387
Han'e Expressway	34,734	27,699	33,898	20,401
Daguangnan Expressway	28,746	20,755	25,043	19,004
ASSOCIATES AND JOINT VENTURE				
Han-Xiao Expressway	32,410	24,802	29,105	21,949
GWSR Expressway	73,435	66,166	86,061	62,518
Humen Bridge	66,828	70,802	87,324	63,511
Northern Ring Road	348,882	336,085	400,171	291,147
Shantou Bay Bridge	26,192	25,164	31,666	15,104
Qinglian Expressway	55,180	36,097	52,890	35,647

Note:

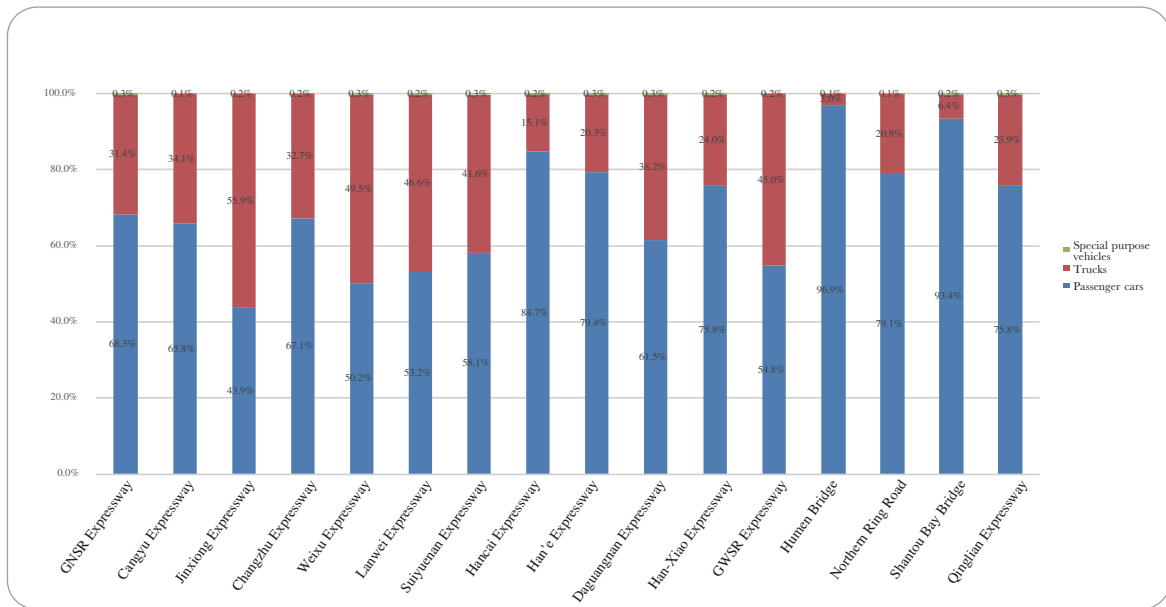
(1) The Group completed the acquisition of 100% of the equity interest in Henan Lanwei Expressway on 18 November 2022.

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/municipalities: 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.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING PERFORMANCE

Macroeconomic Environment

During the Reporting Year, the international environment has become more complex and severe, and with the frequent and sporadic outbreak of domestic epidemics, the adverse effects have increased significantly. Such internal and external challenges were effectively overcome via various effective pandemic control measures in the PRC as well as economic and social development. In turn, such measures led to a continuous development in the PRC national economy and increased stability in the economy and society. According to the information released by the National Bureau of Statistics, the gross domestic product (GDP) for the year of 2022 amounted to RMB121,020.7 billion, representing a year-on-year increase of 3.0%; 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 4.8%, 0.4%, 3.9% and 2.9% respectively.

According to the Ministry of Public Security, domestic car ownership maintained a steady growth momentum; as of 31 December 2022, domestic car ownership reached 319 million vehicles, representing a year-on-year increase of 5.8%; and new energy vehicle ownership reached 13.10 million, representing a year-on-year increase of 67.1% and reach 4.1% of total number of vehicles.

According to the Ministry of Transport, in 2022, fixed asset investment in transportation was more than RMB3.8 trillion, including RMB2.9 trillion in highways, representing a year-on-year increase of 9.7%; and from January to December 2022, highway passenger and cargo turnover decreased by 33.7% and 1.2% year-on-year, respectively.

The projects invested and operated by the Group are distributed throughout Guangdong, Tianjin, Guangxi, Hunan, Hubei and Henan. According to the National and Provincial Bureaus of Statistics, the GDP of these regions for 2022 increased by 1.9%, 1.0%, 2.9%, 4.5%, 4.3% and 3.1% 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 2022	1,210,207	129,119	16,311	26,301	48,670	53,735	61,345
GDP changes for the year 2022	3.0%	1.9%	1.0%	2.9%	4.5%	4.3%	3.1%
GDP changes for the year 2021	8.1%	8.0%	6.6%	7.5%	7.7%	12.9%	6.3%

Source: National and Provincial Bureaus of Statistics

Regulatory Environment of the Sector

During the Reporting Year, in order to further improve the legal and regulatory governance system and promote sustainable development of toll roads, various amendments to the Highway Law (《公路法》) and the Regulations on the Administration of Toll Roads (《收費公路管理條例》) have been included in Category Two of the 2022 Legislative Plan for the Ministry of Transport for “in-depth research and timely promotion”.

The National Development and Reform Commission and the Ministry of Transport jointly promulgated the National Expressway Network Plan (《國家公路網規劃》), which targets that by 2035, a modern and high-quality national expressway network with extensive coverage, complete functions, intensive efficiency, green intelligence, safety and reliability will be built. With the National Expressway Network Plan, the length of national expressway is targeted to reach approximately 162,000 kilometers.

The National Development and Reform Commission proposed to actively expand effective investments and emphasise the key role of investment in optimising the supply structure. Work will continue to comprehensively strengthen the infrastructure construction in accordance with or ahead of schedule, which in turn will be beneficial for leading industrial development and urbanisation construction.

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.

In September 2022, in the State Council executive meeting, it was determined to promote smooth transportation and unobstructed logistics channels and introduce special relief policies to support related market players, in a bid to support the stable operation of the economy. Specifically, truck toll charges on toll roads were reduced by 10% in the fourth quarter of the Reporting Year, and the toll road operators were given targeted financial support to lower their financing costs to some extent. The policy of 10% reduction on the truck toll charges on toll roads for the fourth quarter had a certain impact on the toll revenue of the Group's projects. As of 31 December 2022, the special policy of reduction in truck toll charges on toll roads for the fourth quarter has expired.

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 a progressive lift 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 lift the control measures in the transportation industry. In late February 2023, the National Health Commission announced that China had withstood the impacts and challenges brought about by the latest wave of the pandemic and an effective population immunity barrier has been established. Therefore, it concluded that the pandemic has basically ended. It is expected that the economy activities will rebound rapidly when things get back to normal.

MANAGEMENT DISCUSSION AND ANALYSIS

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 in the expressway, ancillary lands and facilities along the expressway and billboards to diversify its sources of revenue. Thirdly, the Group also actively promoted the pilot application of photovoltaic new energy and facilitated the construction of charging piles in the main service areas in response to national requirements to speed up the construction of charging infrastructure along the highway, so as to better cater to drivers and passengers’ demands while creating certain corporate benefits. Fourthly, the Group introduced a new generation of intelligent audit system in GNSR Expressway to strengthen its inspection capabilities, with the aim of ensuring that all tolls are collected and preventing toll evasion and avoidance.

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, various indicators (including ETC calculation successful rate and car plate automatic identification rate) were better than the industry averages. 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. 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. Meanwhile, the Group also continued to carry out digital transformation of business model and invest in building a smart traffic integration system platform and applying big data technology with technical features such as “all-round monitoring, accurate detection and rapid early warning”, in order to improve the level of operation and maintenance management digitalisation and promote the long-term development of enterprises with advanced technologies. Finally, the Group promoted intelligent unmanned toll collection technology. In particular, the first unmanned toll collection resolution for diamond-shaped toll station in China has been implemented at the Xiangxue toll station of GNSR Expressway, which further improved lane traffic efficiency and provided better experience for drivers and passengers.

During the Reporting Year, the Group vigorously carried out 24 scientific project studies and included 5 additional special invention projects. In particular, tunnel front lighting technology in GNSR Expressway have been successfully applied; The “Early Warning and Rescue” AI platform (「預警救援」AI平台) was highly recognised by experts and won the second prize of the start-up group in the Guangzhou State-owned Enterprise Innovation Competition (廣州市國資國企創新大賽).

The Group is committed to promoting management quality and efficiency. It will continue to enhance its diversified incentive scheme with clear criteria and improved mechanisms, and improve the quality of its management and staff. The Group continues to take various measures to build its team by optimising the performance management mechanism, tenure system and contracting mechanism for managers, and comprehensively revising and improving the human resource system.

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 and Macau Greater Bay Area and Central China and 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.

During the Reporting Year, the Group entered into agreement with Guangzhou Yue Xiu Holdings Limited to acquire 100% of the equity interest in Henan Yuexiu Lanwei Expressway Company Limited* (河南越秀蘭尉高速公路有限公司). The transaction was approved by the independent shareholders at the special general meeting held on 18 November 2022 and completion of which took place on the same day.

During the Reporting Year, Guangzhou North Second Ring Transport Technology Company Limited obtained the approval in principle from the Guangdong Provincial Development and Reform Commission for the GNSR Expressway R&E Project. Baiyun District and Huangpu District land expropriation agreements of the project were approved by the shareholders at the special general meeting held on 10 January 2023. On 28 February 2023, Guangzhou North Second Ring Transport Technology Company Limited entered into the Huangpu District Land Expropriation and Relocation Works Agreement with Guangzhou Development District Key Project Promotion Centre.

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. In 2022, the adjustments to the pandemic control measures in various regions of China and expressway toll policies, the launch of toll reduction policy (for example, truck toll charges on toll roads reduced by 10% in the fourth quarter) and changes in the industry subsidy policy, all has brought about uncertainties to 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.

(1) 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, 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. Carry out platform innovation and marketing, build a network marketing service platform, to improve user loyalty and build a user ecosystem.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) *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.

Counter measures:

- GNSR Company has engaged public institutions under supervision of the respective provincial 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 prior to 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 preliminary works portion of the GNSR Expressway R&E Project has been approved by, and the environmental impact reports for all works under the GNSR Expressway R&E Project are also expected to be approved by, the Ecology and Environment Bureau of Guangzhou City before the respective construction works are undertaken, 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. 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.

3) Investment risks faced:

The total investment amount estimated by the Company may be subject to change in light of a number of factors in line with industry practices, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Expressways, Bridges and Port

During the Reporting Year, the average daily toll revenue and the average daily toll traffic volume of the Group's various projects showed a year-on-year decrease trend due to the impact of COVID-19, which was basically consistent with the development trend of the pandemic in the local areas. In addition, the special policy of 10% reduction on the truck toll charges on toll roads for the fourth quarter also had a certain impact on the toll revenue of the Group's projects.

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 a progressive lift 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 lift the control measures in the transportation industry. Since December, the average daily toll revenue and average daily toll traffic volume of most projects under the Group have gradually rebounded.

In response to the unfavorable factors such as the pandemic, the Group is committed to fulfilling national requirements of "preventing the COVID-19 outbreak, stabilising the economy, and realising development security" and formulating and actively implementing various economic stabilisation measures. It will implement pandemic control measures to fully support the normal operation of its projects, ensure the safe and smooth operation of highways, promote the stable operation of industrial chains and supply chains, and serve the overall development of the economy and the society. In addition, it aims to increase income and reduce spending, strive to explore operating potential, and reduce the adverse impact from the COVID-19 pandemic.

Subsidiaries

GNSR Expressway

During the Reporting Year, the average daily toll revenue was RMB2,688,000, representing a year-on-year decrease of 12.5% from 2021. The average daily toll traffic volume was 243,180 vehicles, representing a year-on-year decrease of 13.4% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to: (1) the impact of COVID-19 and the overall economic conditions in the relevant areas of Guangdong in 2022; and (2) drivers' usage of the Chaoyang Interchange on the Guangzhou-Foshan-Zhaoqing Expressway (Guangzhou Section), which officially commenced operation on 16 January 2022.

Cangyu Expressway

During the Reporting Year, the average daily toll revenue was RMB244,000, representing a year-on-year decrease of 0.5% from 2021. The average daily toll traffic volume was 15,445 vehicles, representing a year-on-year decrease of 0.7% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the impact of COVID-19 and the overall economic conditions in the relevant areas of Guangxi in 2022.

Jinxiong Expressway

During the Reporting Year, the average daily toll revenue was RMB198,000, representing a year-on-year decrease of 10.1% from 2021. The average daily toll traffic volume was 29,413 vehicles, representing a year-on-year decrease of 14.6% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to: (1) the impact of COVID-19 and the overall economic conditions in the relevant areas of Tianjin in 2022; and (2) the continuing traffic diversion on this road section caused by Jin-Shi Expressway (Tianjin West Section), which commenced operation on 22 December 2020.

Changzhu Expressway

During the Reporting Year, the average daily toll revenue was RMB634,000, representing a year-on-year decrease of 14.0% from 2021. The average daily toll traffic volume was 64,434 vehicles, representing a year-on-year decrease of 12.7% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the impact of COVID-19 and the overall economic conditions in the relevant areas of Hunan in 2022.

Weixu Expressway

During the Reporting Year, the average daily toll revenue was RMB1,068,000, representing a year-on-year increase of 11.6% from 2021. The average daily toll traffic volume was 21,491 vehicles, representing a year-on-year decrease of 8.7% from 2021.

The year-on-year decrease of the average daily toll traffic volume and the year-on-year increase of the average daily toll revenue were mainly due to the impact of COVID-19 and road traffic control measures in nearby areas in Henan in 2022, resulting in a decrease in the traffic volume of passenger vehicles, an increase in the truck traffic volume and an extension of the average travelling mileage for this expressway section.

Lanwei Expressway

The Group completed the acquisition of 100% of the equity interest in Henan Lanwei Expressway on 18 November 2022.

During the Reporting Year, the average daily toll revenue was RMB902,000, representing a year-on-year increase of 6.5% from 2021. The average daily toll traffic volume was 25,802 vehicles, representing a year-on-year decrease of 17.5% from 2021.

The year-on-year decrease of the average daily toll traffic volume and the year-on-year increase of the average daily toll revenue were mainly due to the impact of COVID-19 and road traffic control measures in nearby areas in Henan in 2022, resulting in a decrease in the traffic volume of passenger vehicles, an increase in the truck traffic volume and an extension of the average travelling mileage for this expressway section.

MANAGEMENT DISCUSSION AND ANALYSIS

Suiyuenan Expressway

During the Reporting Year, the average daily toll revenue was RMB1,732,000, representing a year-on-year increase of 2.9% from 2021. The average daily toll traffic volume was 28,181 vehicles, representing a year-on-year decrease of 7.5% from 2021.

The year-on-year decrease of the average daily toll traffic volume and the year-on-year increase of the average daily toll revenue were mainly due to the decrease in traffic volume of this expressway section caused by the impact of COVID-19 and the overall economic conditions in the relevant areas of Hubei in 2022, and the increases in traffic volume and average travelling mileage from heavy cargo trucks on this expressway section diverted from the Jianli-Shangchewan section (Zhuhe-Bailuo section) of the nearby National Highway G351, which has been closed since 6 April 2022 for maintenance and construction (completed on 1 March 2023).

Hancai Expressway

During the Reporting Year, the average daily toll revenue was RMB617,000, representing a year-on-year decrease of 12.7% from 2021. The average daily toll traffic volume was 42,871 vehicles, representing a year-on-year decrease of 15.7% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the impact of COVID-19 and the overall economic conditions in the relevant areas of Hubei in 2022.

Han'e Expressway

During the Reporting Year, the average daily toll revenue was RMB415,000, representing a year-on-year decrease of 27.7% from 2021. The average daily toll traffic volume was 29,157 vehicles, representing a year-on-year decrease of 29.6% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to: (1) the impact of COVID-19 and the overall economic conditions in the relevant areas of Hubei in 2022; and (2) drivers' usage of the E-Xian Expressway, which commenced operation on 28 September 2021.

Daguangnan Expressway

During the Reporting Year, the average daily toll revenue was RMB1,067,000, representing a year-on-year decrease of 13.5% from 2021. The average daily toll traffic volume was 23,365 vehicles, representing a year-on-year decrease of 20.9% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to: (1) the impact of COVID-19 and the overall economic conditions in the relevant areas of Hubei in 2022; and (2) drivers' usage of the E-Xian Expressway which commenced operation on 28 September 2021 and Wuxue Changjiang Bridge which commenced operation on 25 September 2021.

Associates and Joint Venture

Han-Xiao Expressway

During the Reporting Year, the average daily toll revenue was RMB544,000, representing a year-on-year decrease of 12.0% from 2021. The average daily toll traffic volume was 27,043 vehicles, representing a year-on-year decrease of 19.3% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the impact of COVID-19 and the overall economic conditions in the relevant areas of Hubei in 2022.

GWSR Expressway

During the Reporting Year, the average daily toll revenue was RMB1,110,000, representing a year-on-year decrease of 19.6% from 2021. The average daily toll traffic volume was 72,054 vehicles, representing a year-on-year decrease of 22.1% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to: (1) the impact of COVID-19 and the overall economic conditions in the relevant areas of Guangdong in 2022; and (2) drivers' usage of the Chaoyang Interchange on the Guangzhou-Foshan-Zhaoqing Expressway (Guangzhou Section), which officially commenced operation on 16 January 2022.

Humen Bridge

During the Reporting Year, the average daily toll revenue was RMB1,908,000, representing a year-on-year decrease of 19.5% from 2021. The average daily toll traffic volume was 72,149 vehicles, representing a year-on-year decrease of 19.4% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the impact of COVID-19 and the overall economic conditions in the relevant areas of Guangdong in 2022.

Northern Ring Road

During the Reporting Year, the average daily toll revenue was RMB1,758,000, representing a year-on-year decrease of 10.2% from 2021. The average daily toll traffic volume was 344,067 vehicles, representing a year-on-year decrease of 7.7% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the impact of COVID-19 and the overall economic conditions in the relevant areas of Guangdong in 2022.

Shantou Bay Bridge

During the Reporting Year, the average daily toll revenue was RMB388,000, representing a year-on-year decrease of 25.2% from 2021. The average daily toll traffic volume was 24,521 vehicles, representing a year-on-year decrease of 17.0% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to: (1) the impact of COVID-19 and the overall economic conditions in the relevant areas of Guangdong in 2022; and (2) the diversion impact on the 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Qinglian Expressway

During the Reporting Year, the average daily toll revenue was RMB1,686,000, representing a year-on-year decrease of 29.7% from 2021. The average daily toll traffic volume was 44,922 vehicles, representing a year-on-year decrease of 15.3% from 2021.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to: (1) the impact of COVID-19 and the overall economic conditions in the relevant areas of Guangdong in 2022; and (2) the full operation of the Guangzhou-Lianzhou Expressway since 31 December 2021, which resulted in less demand for vehicles travelling entire or most of the route in this road section.

Pazhou Project

During the Reporting Year, the Group continued to promote the construction of the Guangzhou Pazhou Port Project and other related work. Currently, the Group has completed and inspected the land project and the port construction, and obtained the permit of port operations (《港口經營許可證》) as the port operation conditions have been met. The approval of the opening of the port is being considered, and formal operation will commence after completion.

FINANCIAL REVIEW

Key operating results figures

	Reporting Year RMB'000	2021 RMB'000	Change %
Revenue	3,288,923	3,702,276	-11.2
Gross profit	1,719,388	2,223,246	-22.7
Operating profit	1,454,942	2,653,702	-45.2
Earnings before interests, tax, depreciation and amortisation ("EBITDA") ⁽¹⁾	2,866,872	3,292,190	-12.9
Finance costs	(625,483)	(743,027)	-15.8
Share of result of a joint venture, net of tax	53,257	76,917	-30.8
Share of results of associates, net of tax	119,007	186,874	-36.3
Profit attributable to shareholders of the Company	453,114	1,464,984	-69.1
Basic earnings per share	RMB0.2708	RMB0.8756	-69.1
Diluted earnings per share	RMB0.2708	RMB0.8752	-69.1
Dividend	291,793	833,323	-65.0

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

I. Overview of operating results

In the Reporting Year and as compared with the previous reporting year, the Group's revenue decreased by 11.2 percent to RMB3,288,923,000; operating profit decreased by 45.2 percent to RMB1,454,942,000; and profit attributable to shareholders of the Company decreased by 69.1 percent to RMB453,114,000.

The decrease in the Group's revenue during the Reporting Year was mainly due to the impact of COVID-19 control, the policy of 10% reduction on the truck toll charges on toll roads for the fourth quarter and the overall economic conditions which affected the Group's overall operating performance. In addition, upon the completion of the spin-off of Hubei Han-Xiao Expressway in December 2021, the financial results of the project company is no longer consolidated by the Group as a subsidiary. The financial results of the newly acquired Henan Lanwei Expressway have been consolidated by the Group since 19 November 2022 and are expected to replenish the revenue decrement from the spin-off of Hubei Han-Xiao Expressway in 2023.

In addition to the revenue decrement, the decrease in the profit attributable to shareholders of the Company during the Reporting Year was mainly due to the absence of gain on disposal recognised as a result of the spin-off of Hubei Han-Xiao Expressway in 2021 (2021: RMB960,976,000).

The Board has recommended the payment of final dividend for 2022 of HK\$0.10 which is equivalent to approximately RMB0.0883 (2021: HK\$0.41 which was equivalent to approximately RMB0.3317) per share. Together with the interim dividend of HK\$0.10 which was equivalent to approximately RMB0.0861 (2021: HK\$0.20 which was equivalent to approximately RMB0.1663) per share, the total dividend for the year ended 31 December 2022 amounts to HK\$0.20 which is equivalent to approximately RMB0.1744 (2021: HK\$0.61 which was equivalent to approximately RMB0.4980) per share, representing a dividend payout ratio of 64.4 percent (2021: 56.9 percent).

II. Analysis of operating results

Revenue

The Group recorded total revenue of RMB3,288,923,000 in the Reporting Year, which comprised total toll revenue of RMB3,193,138,000 and other revenue related to normal toll roads operation of RMB95,785,000.

Toll revenue

The Group recorded total toll revenue of RMB3,193,138,000 in the Reporting Year, representing a decrease of 12.5 percent from RMB3,649,754,000 in 2021. The decrease was mainly due to outbreaks of the pandemic in various areas of the PRC, the policy of 10% reduction on the truck toll charges on toll roads for the fourth quarter and the overall economic conditions 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 report.

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of toll revenue by each controlled project

Controlled Projects	Reporting Year RMB'000	Percentage of total toll revenue %	2021 RMB'000	Percentage of total toll revenue %	Change %
GNSR Expressway	981,058	30.7	1,121,176	30.7	-12.5
Suiyuan Expressway	632,110	19.8	614,075	16.8	2.9
Weixu Expressway	389,678	12.2	349,218	9.6	11.6
Daguangnan Expressway	389,321	12.2	450,087	12.3	-13.5
Changzhu Expressway	231,230	7.2	268,735	7.4	-14.0
Hancai Expressway	225,200	7.1	258,070	7.1	-12.7
Han'e Expressway	151,351	4.7	209,377	5.7	-27.7
Cangyu Expressway	88,987	2.8	89,420	2.5	-0.5
Jinxiong Expressway	72,106	2.3	80,248	2.2	-10.1
Lanwei Expressway	32,097 ⁽¹⁾	1.0	—	—	N/A
Han-Xiao Expressway	—	—	209,348 ⁽²⁾	5.7	N/A
Total toll revenue	3,193,138	100.0	3,649,754	100.0	-12.5

⁽¹⁾ Toll revenue accounted for the period from 19 November 2022 to 31 December 2022

⁽²⁾ Toll revenue accounted for the period from 1 January 2021 to 6 December 2021

Other revenue

In the Reporting Year, the Group recorded other revenue related to normal toll roads operation of RMB95,785,000 (2021: RMB52,522,000), mainly comprising the income from service area and gas station of RMB34,408,000 (2021: RMB40,469,000), entrusted road management service income of RMB32,114,000 (2021: Nil) and construction service income of RMB23,783,000 (2021: Nil).

Cost of services

In the Reporting Year, the Group's total cost of services amounted to RMB1,569,535,000, representing an increase of 6.1 percent from RMB1,479,030,000 in 2021. In the Reporting Year, the total cost of services of the Group's controlled projects amounted to RMB1,553,664,000. Overall cost ratio (cost of services/revenue) was 47.7 percent in the Reporting Year, which was 7.8 percentage point higher than that of 2021.

Analysis of cost of services by each controlled project

Controlled Projects	Reporting Year RMB'000	Percentage of total %	2021 RMB'000	Percentage of total %	Change %
GNSR Expressway	414,570	26.7	355,745	24.0	16.5
Suiyuanan Expressway	225,889	14.5	202,401	13.7	11.6
Weixu Expressway	146,160	9.4	157,681	10.7	-7.3
Daguangnan Expressway	215,116	13.8	195,741	13.2	9.9
Changzhu Expressway	132,331	8.5	125,626	8.5	5.3
Hancai Expressway	164,490	10.6	160,840	10.9	2.3
Han'e Expressway	135,386	8.7	125,365	8.5	8.0
Cangyu Expressway	47,231	3.1	35,670	2.4	32.4
Jinxiong Expressway	54,261	3.5	56,679	3.8	-4.3
Lanwei Expressway	18,230 ⁽¹⁾	1.2	—	—	N/A
Han-Xiao Expressway	—	—	63,282 ⁽²⁾	4.3	N/A
Total	1,553,664	100.0	1,479,030	100.0	5.0

⁽¹⁾ Cost of services accounted for the period from 19 November 2022 to 31 December 2022

⁽²⁾ Cost of services accounted for the period from 1 January 2021 to 6 December 2021

Analysis of controlled projects' cost of services by nature

	Reporting Year RMB'000	Percentage of total %	2021 RMB'000	Percentage of total %	Change %
Amortisation of intangible operating rights	1,146,491	73.8	1,061,270	71.8	8.0
Staff costs	158,747	10.2	165,840	11.2	-4.3
Toll highways and bridges maintenance expenses	119,613	7.7	121,334	8.2	-1.4
Toll highways and bridges operating expenses	109,567	7.0	105,737	7.1	3.6
Taxes and surcharges	12,181	0.8	19,073	1.3	-36.1
Depreciation of other fixed assets	7,065	0.5	5,776	0.4	22.3
Total	1,553,664	100.0	1,479,030	100.0	5.0

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit

Gross profit in the Reporting Year was RMB1,719,388,000, representing a decrease of 22.7 percent from RMB2,223,246,000 in 2021. The total gross profit of the Group's controlled projects in the Reporting Year was RMB1,703,145,000. Overall gross profit margin in the Reporting Year was 52.3 percent, which was 7.8 percentage point lower than that of 2021.

Analysis of gross profit by each controlled project

Controlled Projects	Reporting Year		2021	
	Gross Profit RMB'000	Gross Margin ⁽¹⁾	Gross Profit RMB'000	Gross Margin ⁽¹⁾
GNSR Expressway	595,743	59.0%	775,429	68.6%
Suiyuan Expressway	417,080	64.9%	423,960	67.7%
Weixu Expressway	244,427	62.6%	194,079	55.2%
Daguangnan Expressway	184,649	46.2%	265,778	57.6%
Changzhu Expressway	99,396	42.9%	143,903	53.4%
Hancai Expressway	63,349	27.8%	99,411	38.2%
Han'e Expressway	24,131	15.1%	91,250	42.1%
Cangyu Expressway	41,807	47.0%	53,828	60.1%
Jinxiong Expressway	18,695	25.6%	24,696	30.3%
Lanwei Expressway	13,868 ⁽²⁾	43.4%	—	—
Han-Xiao Expressway	—	—	150,912 ⁽³⁾	70.5%
Total	1,703,145	52.3%	2,223,246	60.1%

⁽¹⁾ Gross margin = Gross profit/revenue

⁽²⁾ Gross profit accounted for the period from 19 November 2022 to 31 December 2022

⁽³⁾ Gross profit accounted for the period from 1 January 2021 to 6 December 2021

General and administrative expenses

The Group's general and administrative expenses in the Reporting Year amounted to RMB310,419,000, representing a decrease of 16.0 percent from RMB369,664,000 in 2021. The decrease was mainly due to the (i) decrease in staff cost of RMB52,302,000 and (ii) decrease in legal and professional fees of RMB15,401,000 during the Reporting Year.

Other income, gains and losses – net

The Group's other income, gains and losses – net was RMB45,973,000 in the Reporting Year (2021: RMB800,120,000), which was 94.3 percent lower than that of 2021. The changes were mainly due to the absence of gain on disposal recognised as a result of the spin-off of Hubei Han-Xiao Expressway (2021: RMB960,976,000) and the respective impairment losses on Jinxiong Expressway (2021: RMB97,302,000) and Humen Bridge (2021: RMB128,186,000) made during the Reporting Year.

Finance income/Finance costs

The Group's finance income in the Reporting Year amounted to RMB63,617,000 (2021: RMB43,884,000), which was 45.0 percent higher than that of 2021. The increase was mainly due to the increase in interest income generated by an increase in average cash and cash equivalents in the banks during the Reporting Year.

The Group's finance costs in the Reporting Year decreased by 15.8 percent to RMB625,483,000 as compared with RMB743,027,000 in 2021. The decrease in finance costs was mainly due to management's continuous effort in optimising the overall debt structure to reduce finance costs. The Group's overall weighted average interest rate in the Reporting Year was 3.60 percent (2021: 3.87 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, decreased by 34.7 percent to RMB172,264,000 in the Reporting Year (2021: RMB263,791,000). The decrease was mainly due to the impact of COVID-19 control, the policy of 10% reduction on the truck toll charges on toll roads for the fourth quarter and the overall economic conditions during the Reporting Year. More details of the toll revenue of each expressway and bridge are stated in the "Business Review – Expressways, Bridges and Port" section of this report.

Share of post-tax profit of Humen Bridge in the Reporting Year decreased by 8.2 percent to RMB62,424,000. Share of post-tax profit of Northern Ring Road in the Reporting Year decreased by 25.1 percent to RMB52,145,000. Share of post-tax profit of Shantou Bay Bridge in the Reporting Year decreased by 38.5 percent to RMB18,282,000. Share of post-tax loss of Qinglian Expressway in the Reporting Year amounted to RMB15,352,000 (2021: share of post-tax profit of RMB28,904,000). Share of post-tax loss of Pazhou Port in the Reporting Year was RMB7,902,000 (2021: RMB9,426,000). As the approval of the opening of Pazhou Port is being considered, there was no revenue recognised in the Reporting Year. The Pazhou Port's share of post-tax loss mainly represented the general and administrative expense recorded during the Reporting Year. Upon the completion of the spin-off of Hubei Han-Xiao Expressway on 14 December 2021, the Group effectively holds 30% equity interest in Hubei Han-Xiao Expressway through the Huaxia Yuexiu Expressway REIT. Share of post-tax profit of Huaxia Yuexiu Expressway REIT in the Reporting Year was RMB9,410,000. Share of post-tax profit of GWSR Expressway in the Reporting Year decreased by 30.8 percent to RMB53,257,000.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Profit Sharing ratio %	Revenue	YoY change %	Share of results, net of tax	YoY change %
		Reporting Year RMB'000		Reporting Year RMB'000	
Associates					
Humen Bridge	18.446	728,986	-18.1	62,424	-8.2
Northern Ring Road	24.3	677,459	-9.8	52,145	-25.1
Shantou Bay Bridge	30.0	141,941	-25.1	18,282	-38.5
Huaxia Yuexiu					
Expressway REIT	30.0	204,839	N/A	9,410	N/A
Qinglian Expressway	23.63	618,872	-29.6	(15,352)	turned losses
Pazhou Port	45.0	—	—	(7,902)	-16.2
Joint venture					
GWSR Expressway	35.0	410,524	-19.4	53,257	-30.8

Income tax expense

Total income tax expense of the Group in the Reporting Year decreased by 23.1 percent to RMB327,529,000 (2021: RMB425,656,000). The decrease was mainly due to the decrease in profit before tax brought by the outbreak of the COVID-19 pandemic, the policy of 10% reduction on the truck toll charges on toll roads for the fourth quarter and the overall economic conditions during the Reporting Year.

Profit attributable to shareholders of the Company

The Company reported a profit attributable to its shareholders of RMB453,114,000 in the Reporting Year, representing a decrease of 69.1 percent from RMB1,464,984,000 in 2021. The decrease was mainly due to the revenue decrement and absence of the gain on disposal recognised as a result of the spin off of Hubei Han-Xiao Expressway (2021: RMB960,976,000) during the Reporting Year.

The management team continues to optimise the Group's overall debt structure. As part of such optimisation, inter-company loan interests were incurred at the controlled projects level and the holding companies level, and 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 %	2021 RMB'000	Percentage of total %	Change %
Net profit from controlled projects	899,016	83.9	1,186,286	89.7	-24.2
Net profit from non-controlled projects ⁽¹⁾	172,264	16.1	135,604	10.3	27.0
Net profit from projects	1,071,280	100.0	1,321,890	100.0	-19.0
Withholding tax on PRC dividend/ income	(35,065)		(17,816)		96.8
Holding companies expenses	(231,622)		(366,171)		-36.7
Holding companies income/gains, net	18,417		15,118		21.8
Holding companies finance income	49,183		21,250		131.4
Holding companies finance costs	(419,079)		(470,263)		-10.9
Profit attributable to shareholders of the Company before disposal gain	453,114		504,008		-10.1
Gain on disposal of a subsidiary	—		960,976		-100.0
Profit attributable to shareholders of the Company	453,114		1,464,984		-69.1

⁽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 %	2021 RMB'000	Percentage of total net profit from projects %	Change %
GNSR Expressway	319,399	29.8	403,157	30.5	-20.8
Suiyuanan Expressway	209,242	19.6	173,303	13.1	20.7
Weixu Expressway	173,866	16.2	148,212	11.2	17.3
Changzhu Expressway	94,285	8.8	112,675	8.5	-16.3
Daguangnan Expressway	79,661	7.4	160,134	12.1	-50.3
Cangyu Expressway	31,927	3.0	59,962	4.5	-46.8
Hancai Expressway	31,273	2.9	58,263	4.4	-46.3
Lanwei Expressway	7,867 ⁽¹⁾	0.7	—	—	N/A
Jinxiong Expressway					
– operation	5,096	0.5	8,752	0.7	-41.8
– impairment loss	—	—	(43,786)	-3.3	-100.0
Han'e Expressway	(53,600)	-5.0	5,255	0.4	turned losses
Han-Xiao Expressway	—	—	100,359 ⁽²⁾	7.6	N/A
Total	899,016	83.9	1,186,286	89.7	-24.2

⁽¹⁾ Net profit (after elimination of inter-company loan interests) accounted for the period from 19 November 2022 to 31 December 2022

⁽²⁾ Net profit (after elimination of inter-company loan interests) accounted for the period from 1 January 2021 to 6 December 2021

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⁾ %	2021 RMB'000	Percentage of total net profit from projects ⁽¹⁾ %	Change %
GNSR Expressway	319,399	37.9	403,157	37.7	-20.8
Suiyuanan Expressway	191,865	22.7	189,924	17.7	1.0
Weixu Expressway	175,085	20.7	150,945	14.1	16.0
Changzhu Expressway	45,482	5.4	61,264	5.7	-25.8
Daguangnan Expressway	(24,223)	-2.9	13,625	1.3	turned losses
Cangyu Expressway	32,937	3.9	60,870	5.7	-45.9
Hancai Expressway	(7,484)	-0.9	13,390	1.2	turned losses
Lanwei Expressway	7,867 ⁽²⁾	0.9	—	—	N/A
Jinxiong Expressway					
– operation	5,563	0.7	9,064	0.8	-38.6
– impairment loss	—	—	(43,786)	-4.1	-100.0
Han'e Expressway	(74,968)	-8.8	(29,082)	-2.7	157.8
Han-Xiao Expressway	—	—	105,534 ⁽³⁾	9.9	N/A
Total	671,523	79.6	934,905	87.3	-28.2

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

⁽²⁾ Net profit (before elimination of inter-company loan interests) accounted for the period from 19 November 2022 to 31 December 2022

⁽³⁾ Net profit (before elimination of inter-company loan interests) accounted for the period from 1 January 2021 to 6 December 2021

MANAGEMENT DISCUSSION AND ANALYSIS

In the Reporting Year, net profit from non-controlled projects increased by 27.0 percent to RMB172,264,000 (2021: RMB135,604,000) as compared with 2021. Excluding the impairment loss of Humen Bridge recorded in 2021 (2021: RMB128,186,000), the net profit from non-controlled projects decreased by 34.7 percent as compared with 2021. This was mainly due to the impact of COVID-19 control, the policy of 10% reduction on the truck toll charges on toll roads for the fourth quarter and the overall economic conditions during the Reporting Year.

During the Reporting Year and at the holding companies level, the withholding tax on PRC dividend/income increased by RMB17,249,000; holding companies expenses decreased by RMB134,549,000, mainly due to decrease in staff costs and legal and professional fees during the Reporting Year; holding companies income/gains, net increased by RMB3,299,000 during the Reporting Year; and holding companies finance income increased by RMB27,933,000, mainly due to the increase in interest income from banks at holding companies level during the Reporting Year. In addition, holding companies finance cost decreased by RMB51,184,000, mainly due to management's optimisation of debt portfolio during the Reporting Year.

Final dividend

The Board has recommended the payment of final dividend for 2022 of HK\$0.10 which is equivalent to approximately RMB0.0883 (2021: HK\$0.41 which was equivalent to approximately RMB0.3317) per share payable to shareholders whose names appear on the register of members of the Company on 21 June 2023. Subject to the approval of shareholders at the Annual General Meeting to be held on 13 June 2023, the final dividend will be paid on or about 29 June 2023. Together with the interim dividend of HK\$0.10 which was equivalent to approximately RMB0.0861 (2021: HK\$0.20 which was equivalent to approximately RMB0.1663) per share, the total dividend for the year ended 31 December 2022 amounts to HK\$0.20 which is equivalent to approximately RMB0.1744 (2021: HK\$0.61 which was equivalent to approximately RMB0.4980) per share, representing a dividend payout ratio of 64.4 percent (2021: 56.9 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.

III. Analysis of financial position

Key financial position figures

	Reporting Year RMB'000	2021 RMB'000	Change %
Total assets	36,337,410	35,661,108	1.9
Total liabilities	22,102,435	21,188,359	4.3
Cash and cash equivalents	2,480,267	2,918,574	-15.0
Total debts	17,561,068	16,543,589	6.2
of which: Bank borrowings*	9,285,666	9,590,774	-3.2
Other borrowing*	—	200,000	-100.0
Corporate bonds*	3,114,362	3,112,693	0.1
Notes payable*	4,994,698	3,493,891	43.0
Current ratio	0.4 times	0.7 times	
EBITDA interest coverage	4.7 times	4.6 times	
Equity attributable to the shareholders of the Company	11,230,445	11,511,515	-2.4

* excluding interest payable

Assets, Liabilities and Equity

As at 31 December 2022, the Group's total assets amounted to RMB36.337 billion, which was 1.9 percent higher than the balance as at 31 December 2021. The Group's total assets consisted mainly of intangible operating rights of RMB30.641 billion (31 December 2021: RMB29.186 billion); investments in a joint venture and associates of RMB2.287 billion (31 December 2021: RMB2.561 billion); and cash and cash equivalents of RMB2.480 billion (31 December 2021: RMB2.919 billion).

As at 31 December 2022, the Group's total liabilities amounted to RMB22.102 billion, which was 4.3 percent higher than the balance as at 31 December 2021. The Group's total liabilities consisted mainly of bank borrowings of RMB9.286 billion (31 December 2021: RMB9.591 billion); corporate bonds of RMB3.114 billion (31 December 2021: RMB3.113 billion); notes payable of RMB4.995 billion (31 December 2021: RMB3.494 billion); loan from the immediate holding company of RMB0.10 billion (31 December 2021: Nil); loans from non-controlling interests of RMB50,368,000 (31 December 2021: RMB72,287,000); and deferred income tax liabilities of RMB3.052 billion (31 December 2021: RMB3.046 billion).

As at 31 December 2022, the Group's total equity decreased by RMB0.238 billion to RMB14.235 billion (31 December 2021: RMB14.473 billion), of which RMB11.230 billion was attributable to the shareholders of the Company (31 December 2021: RMB11.512 billion).

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of major assets, liabilities and equity items

Items	Reporting Year RMB'000	2021 RMB'000	Change %
Total assets	36,337,410	35,661,108	1.9
Approximately 90.0 % of which:			
Intangible operating rights	30,641,331	29,186,460	5.0
Investments in a joint venture and associates	2,286,943	2,560,928	-10.7
Cash and cash equivalents	2,480,267	2,918,574	-15.0
Total liabilities	22,102,435	21,188,359	4.3
Approximately 90.0 % of which:			
Bank borrowings* – due within 1 year	2,504,061	2,039,815	22.8
– long-term portion	6,781,605	7,550,959	-10.2
Other borrowing* – due within 1 year	—	200,000	-100.0
Corporate bonds* – due within 1 year	615,268	—	N/A
– long-term portion	2,499,094	3,112,693	-19.7
Notes payable* – due within 1 year	2,996,235	995,671	200.9
– long-term portion	1,998,463	2,498,220	-20.0
Loan from the immediate holding company			
– due within 1 year	100,000	—	N/A
Loans from non-controlling interests – due within			
1 year	10,000	10,000	—
– long-term portion	40,368	62,287	-35.2
Loan from a joint venture – due within 1 year	—	52,500	-100.0
Deferred income tax liabilities	3,052,185	3,046,469	0.2
Total equity	14,234,975	14,472,749	-1.6
Of which: Equity attributable to the shareholders of the Company	11,230,445	11,511,515	-2.4

* excluding interest payable

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 RMB2.480 billion, which was 15.0 percent lower than the amount as at 31 December 2021. 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	2021 RMB'000
Net cash generated from operating activities	2,210,569	2,569,950
Net cash (used in)/generated from investing activities	(668,383)	1,285,411
Net cash used in financing activities	(1,980,948)	(2,450,825)
(Decrease)/increase in cash and cash equivalents	(438,762)	1,404,536
Cash and cash equivalents at 1 January	2,918,574	1,516,004
Effect of exchange rate changes on cash and cash equivalents	455	(1,966)
Cash and cash equivalents at 31 December	2,480,267	2,918,574

Net cash generated from operating activities during the Reporting Year amounted to RMB2.211 billion (2021: RMB2.570 billion), which was the sum of cash generated from operations of RMB2.577 billion (2021: RMB3.069 billion) less PRC enterprise income tax and withholding tax paid of RMB0.366 billion (2021: RMB0.499 billion).

Net cash used in investing activities during the Reporting Year amounted to RMB0.668 billion (2021: net cash generated of RMB1.285 billion). The outflow mainly consisted of capital expenditures of RMB1.198 billion (2021: RMB0.013 billion) and increase in loan to an associate of RMB6,406,000 (2021: Nil). The inflow mainly consisted of dividend distributions from associates and a joint venture of RMB0.471 billion (2021: RMB0.202 billion); interest received in aggregate of RMB64,545,000 (2021: RMB38,167,000) and proceeds from disposal of property, plant and equipment of RMB541,000 (2021: RMB146,000). During the Reporting Year, there was no proceeds from disposal of Hubei Han-Xiao Expressway (2021: RMB2.031 billion) and no proceeds from compensation arrangement (2021: RMB27,090,000).

Net cash used in financing activities during the Reporting Year amounted to RMB1.981 billion (2021: RMB2.451 billion). The outflow mainly included repayment of bank borrowings of RMB6.596 billion (2021: RMB7.10 billion); repayment of notes payable of RMB1.0 billion (2021: Nil); dividend paid to the shareholders of the Company of RMB0.740 billion (2021: RMB0.376 billion); payment of finance costs and related fees of RMB0.572 billion (2021: RMB0.633 billion); repayment of other borrowings of RMB0.20 billion (2021: Nil); dividend paid to non-controlling interests of RMB0.308 billion (2021: RMB0.595 billion); repayment of loan from a joint venture of RMB52,500,000 (2021: RMB94,500,000); repayments of loans from non-controlling interest of subsidiaries of RMB22,000,000 (2021: RMB8,516,000); payment for lease liabilities (including interest) of RMB11,736,000 (2021: RMB11,915,000) and no repayment of corporate bonds (2021: RMB1.293 billion). The inflow mainly included the drawdown of bank borrowings of RMB4.860 billion (2021: RMB4.171 billion); net proceeds from notes payable of RMB2.495 billion (2021: RMB0.997 billion); drawdown of loan from the immediate holding company of RMB0.10 billion (2021: Nil); capital contribution from non-controlling interest of RMB66,667,000 (2021: Nil) and no net proceeds from corporate bonds (2021: RMB2.494 billion).

MANAGEMENT DISCUSSION AND ANALYSIS

Current ratio

The current ratio (current assets over current liabilities) as at 31 December 2022 was 0.4 times (31 December 2021: 0.7 times). As at 31 December 2022, current assets balance was RMB2.776 billion (31 December 2021: RMB3.293 billion) and current liabilities balance was RMB7.433 billion (31 December 2021: RMB4.594 billion). Cash and cash equivalents were the major components of the Group's current assets and amounted to RMB2.480 billion as at 31 December 2022 (31 December 2021: RMB2.919 billion). The Group's current liabilities as at 31 December 2022 mainly included external debts with maturities within one year (excluding interest payable) of RMB6.115 billion (31 December 2021: RMB3.236 billion), which consisted of bank borrowings of RMB2.504 billion, notes payable of RMB2.996 billion and corporate bonds of RMB0.615 billion (31 December 2021: bank borrowings of RMB2.04 billion, notes payable of RMB0.996 billion and other borrowing of RMB0.2 billion). 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 2022 was 4.7 times (31 December 2021: 4.6 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 2022 was 16.5 percent (31 December 2021: 20.1 percent), which was measured as the ratio of EBITDA to the aggregate balance of bank borrowings, other borrowing, corporate bonds and notes payable ("total external debts").

Profit before interest and income tax interest coverage for the year ended 31 December 2022 was 2.8 times (31 December 2021: 3.1 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 2022 was 5.5 times (31 December 2021: 5.8 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 RMB1.198 billion (2021: RMB1.013 billion). Capital expenditures related to investment in subsidiary include payment of considerations to the acquisition of Henan Lanwei Expressway (net of cash acquired) of approximately RMB0.862 billion (2021: Nil). There was no investment in associate during the Reporting Year (2021: RMB0.639 billion). Capital expenditures related to intangible operating rights and fixed assets included: (1) payments of construction costs of toll highways and bridges upgrade services of RMB0.311 billion (2021: RMB0.352 billion) and (2) purchase of property, plant and equipment of RMB24,454,000 (2021: RMB22,063,000). 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 investments needs.

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	2021 RMB'000
External debts*		
Bank borrowings	9,285,666	9,590,774
Other borrowing	—	200,000
Corporate bonds ⁽¹⁾	3,114,362	3,112,693
Notes payable ⁽²⁾	4,994,698	3,493,891
Loan from the immediate holding company	100,000	—
Loans from non-controlling interests	50,368	72,287
Loan from a joint venture	—	52,500
Lease liabilities	15,974	21,444
Total debts	17,561,068	16,543,589
Less: cash and cash equivalents	(2,480,267)	(2,918,574)
Net debt	15,080,801	13,625,015
Total Equity	14,234,975	14,472,749
Total capitalisation (Net debt + Total equity)	29,315,776	28,097,764

* excluding interest payable

Financial ratios

Gearing ratio (net debt/total capitalisation)	51.4%	48.5%
Debt to Equity ratio (net debt/total equity)	105.9%	94.1%
Total liabilities/Total assets ratio	60.8%	59.4%

MANAGEMENT DISCUSSION AND ANALYSIS

(1) As at 31 December 2022, 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:
RMB700 million seven-year corporate bonds (2016 Phase 1)	22 March 2016	RMB87 million	21 March 2023	3.60%	21 March 2023
RMB800 million seven-year corporate bonds (2016 Phase 2)	28 October 2016	RMB530 million	26 October 2023	3.18%	26 October 2023
RMB1,000 million five-year corporate bonds (2021 Phase 1)	25 January 2021	RMB1,000 million	25 January 2026	3.63%	25 January 2023
RMB1,000 million five-year corporate bonds (2021 Phase 2)	13 May 2021	RMB1,000 million	13 May 2026	3.48%	13 May 2023
RMB500 million seven-year corporate bonds (2021 Phase 2)	13 May 2021	RMB500 million	13 May 2028	3.84%	13 May 2023

(2) As at 31 December 2022, 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 three-year medium term notes (2020 Phase 1)	10 January 2020	RMB1,000 million	10 January 2023	3.47%	10 January 2023
RMB500 million three-year medium term notes (2020 Phase 2)	14 August 2020	RMB500 million	14 August 2023	3.54%	14 August 2023
RMB1,000 million five-year medium term notes (2021 Phase 1)	28 January 2021	RMB1,000 million	28 January 2026	3.78%	28 January 2023
RMB1,000 million five-year medium term notes (2022 Phase 1)	18 March 2022	RMB1,000 million	18 March 2027	3.28%	18 March 2023
RMB500 million 270 days super short-term commercial paper (2022 Phase 1)	23 May 2022	RMB500 million	17 February 2023	2.10%	17 February 2023
RMB500 million 263 days super short-term commercial paper (2022 Phase 2)	8 August 2022	RMB500 million	28 April 2023	1.77%	28 April 2023
RMB500 million 270 days super short-term commercial paper (2022 Phase 3)	31 October 2022	RMB500 million	28 July 2023	1.81%	28 July 2023

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 optimise its debt portfolio further. 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, loans from non-controlling interests and lease liabilities. There was no debt with foreign exchange risk exposure as at 31 December 2022 (31 December 2021: approximately RMB0.245 billion).

As at 31 December 2022, the Group's total external debts (excluding interest payable) in aggregate were RMB17.395 billion (31 December 2021: RMB16.397 billion), which consisted of bank borrowings of RMB9.286 billion (31 December 2021: RMB9.591 billion), corporate bonds of RMB3.114 billion (31 December 2021: RMB3.113 billion), notes payable of RMB4.995 billion (31 December 2021: RMB3.494 billion) and no other borrowing (31 December 2021: RMB0.2 billion). Onshore and offshore debts ratio was 97.4 percent and 2.6 percent (31 December 2021: 92.6 percent and 7.4 percent). Secured external debt ratio was 37.9 percent (31 December 2021: 33.3 percent). The effective interest rate of total external debt at 31 December 2022 was 3.38 percent (31 December 2021: 3.85 percent). Of the bank borrowings, RMB7.936 billion was at floating rates and RMB1.350 billion was at fixed rates with the overall effective interest rate of 3.38 percent at 31 December 2022 (31 December 2021: 3.88 percent). Corporate bonds (in five types) were at fixed rates with coupon rates of 3.60 percent, 3.18 percent, 3.63 percent, 3.48 percent and 3.84 percent respectively with the overall effective interest rate at 3.65 percent as at 31 December 2022 (31 December 2021: 3.65 percent). Notes payable included medium term notes (in four tranches) were at fixed rates with coupon rates of 3.47 percent, 3.54 percent, 3.78 percent and 3.28 percent respectively and super short-term commercial paper (in three tranches) was at fixed rate with coupon rate of 2.1 percent, 1.77 percent and 1.81 percent respectively, with the overall effective interest rate at 3.22 percent as at 31 December 2022 (31 December 2021: 3.80 percent).

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Reporting Year Percentage of total	2021 Percentage of total
Source		
Onshore	97.4%	92.6%
Offshore	2.6%	7.4%
	100.0%	100.0%
Repayment term		
Within 1 year	35.2%	19.7%
1 to 2 years	23.5%	25.4%
More than 2 years and less than 5 years	25.7%	36.8%
Above 5 years	15.6%	18.1%
	100.0%	100.0%
Currency		
RMB	100.0%	98.5%
HKD	—	1.5%
	100.0%	100.0%
Interest rate		
Fixed	54.4%	47.4%
Floating	45.6%	52.6%
	100.0%	100.0%
Terms of credit		
Secured	37.9%	33.3%
Unsecured	62.1%	66.7%
	100.0%	100.0%
Financing method		
Direct financing	46.6%	40.3%
Indirect financing	53.4%	59.7%
	100.0%	100.0%

* excluding interest payable

Loan from the immediate holding company is unsecured, interest bearing at an annual rate 3.15%, denominated in RMB and repayable in 2023.

Loans from non-controlling interests of certain subsidiaries are unsecured, interest-free and denominated in RMB. The carrying amounts of these loans approximated their fair values, calculated based on cash flows discounted at a rate of 4.35 percent (2021: 4.35 percent) per annum. Loans from non-controlling interests of certain subsidiaries are repayable between one and five years, except for RMB10,000,000 which is due within one year.

Loan from a joint venture was unsecured, interest bearing at an annual rate of People's Bank of China Benchmark Interest Rates minus 10%, denominated in RMB and it was fully repaid during the Reporting 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 2021: 98.5 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. Capital commitments and contingent liabilities

As at 31 December 2022, the Group had capital commitments related to intangible operating rights and property, plant and equipment, of which approximately RMB0.512 billion was contracted but not provided for.

Except for the aforementioned, the Group had no material capital commitments as at 31 December 2022. There were no significant contingent liabilities as at 31 December 2022.

V. Employees

As at 31 December 2022, the Group had approximately 2,164 employees, of whom about 1,930 were directly engaged in the daily operation, management and supervision of toll projects. The Group remunerates its employees largely based on industry practice, including social insurance, contributory provident funds, share options and other staff benefits.

MANAGEMENT DISCUSSION AND ANALYSIS

VI. Continuing Disclosure Requirements Under Rule 13.21 of The Listing Rules

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

- (i) Yue Xiu remains as the single largest shareholder of the Company;
- (ii) Yue Xiu maintains a direct or indirect shareholding interest of not less than 30% or 35% in the issued voting shares of the Company;
- (iii) Yue Xiu maintains an effective management control over the Company.

As at 31 December 2022, the loan balances subject to the above conditions were RMB450,000,000. Such facility agreements will expire on 29 March 2023 and 29 April 2023 respectively.

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

These obligations have been duly complied with for the year ended 31 December 2022.

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 online conferences for results announcement, participating in online 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 and China Merchants Securities released research coverage reports on the Group successively, and institutions such as HSBC, HTSC and China Merchants Securities also organised market briefings on the Group successively and arranged meetings with international 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 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	Guangzhou Conference call	2021 Annual Results Roadshow	HSBC
March	Guangzhou Physical Meeting	2021 Annual Results Roadshow	HTSC
May	Guangzhou Conference call	2021 Annual Results Roadshow	China Merchants Securities
August	Guangzhou Conference call	2022 Interim Results Roadshow	HSBC
August	Guangzhou Conference call	2022 Interim Results Roadshow	HTSC
October	Guangzhou Conference call	Non-deal Roadshow of the Company	The Company

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 of the Year 2022

Capital Magazine: Listed Enterprise Excellence Awards 2021 and 2022

Quamnet: Quamnet Outstanding Enterprise Awards 2021 and 2022

The Institute of ESG & Benchmark (or "IESGB"): Special ESG Awards-Outstanding ESG Performer of the Year (Listed Company) 2021/2022 Gold

League of American Communications Professionals LLC (LACP) 2021 Vision Awards – a total of four awards received as follows

- 1) Gold Award
- 2) Top 80 Annual Reports in the Asia-Pacific Region
- 3) Top 50 Chinese Annual Reports
- 4) Technical Achievement Award

The International Annual Report Design Awards (IADA) – a total of four awards received as follows

- 1) Bronze Cover Design
(Category: Transportation & Logistic)
- 2) Honors Integrated Presentation
(Category: Transportation & Logistic)
- 3) Honors Cover Design
(Category: Infrastructure)
- 4) Honors Integrated Presentation
(Category: Infrastructure)

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.

	2016	2017	2018	2019	2020	2021	2022
Earnings per share (RMB)	0.5491	0.5666	0.6300	0.6799	0.0959	0.8756	0.2708
Dividend per share (HKD)	0.33	0.36	0.39	0.39	0.07	0.61	0.20
Dividend payout ratio	52.5%	52.4%	53.6%	51.5%	60.9%	56.9%	64.4%

DIRECTORS' PROFILES

EXECUTIVE DIRECTORS

Mr Li Feng, aged 54, 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 an executive director of Yuexiu Property Company Limited ("Yuexiu Property") (Stock Code: 123), a director of Guangzhou City Construction & Development Co. Ltd. ("GCCD"), chairman and a non-executive director of Yuexiu Financial Holdings Limited ("YFHL"), the chairman of the board of directors of Yue Xiu Securities Holdings Company Limited, a non-executive director of Yuexiu REIT Asset Management Limited (the manager of Yuexiu Real Estate Investment Trust (Stock Code: 405)), a non-executive director of Chong Hing Bank Limited ("Chong Hing Bank"), 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).

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 president of Association of Guangzhou Belt and Road Investment Enterprises, a member of Guangzhou Housing Provident Fund Management Committee, director of Guangzhou People's Association for Friendship with Foreign Countries and 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 58, 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 51, was appointed as an executive director of the Company on 13 April 2018. Ms Chen is the chief financial officer and general manager of the finance department of Guangzhou Yue Xiu and Yue Xiu. She is an executive director and chief financial officer of Yuexiu Property, a director of GCCD, Guangzhou Yuexiu Foods Group Co., Ltd. and Guangzhou Yuexiu Agriculture and Animal Husbandry Technology Co., Ltd.. She is also a non-executive director of YFHL and Chong Hing Bank. 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. 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 45, was appointed as an executive director of the Company on 9 July 2021 and 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.

In July 2005, Mr Cai joined Yuexiu 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Fung Ka Pun, aged 77, 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 75, 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 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 in 1992-1993, a Member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a Member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council). He served as a Standing Committee Member of the 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference.

Mr Cheung Doi Shu, aged 61, 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.

CORPORATE GOVERNANCE REPORT

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

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 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 2022.

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

CORPORATE GOVERNANCE REPORT

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 2022, the Board comprised four executive directors and three independent non-executive directors.

For a list of directors during the year ended 31 December 2022 and up to the date of this annual report, please refer to page 75 of the Report of the Directors. The updated list of directors is also available on the Company's website (www.yuexiutransportinfrastructure.com) and the Stock Exchange's website.

Selection of Board members is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision is based on merit and contribution that the selected Board members could bring to the Board, with due regard 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 2022, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The number of independent non-executive directors on the Board meets one-third requirement under the Listing Rules throughout the year.

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

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

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.

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 digital strategy, current economic situation, latest amendments to the Listing Rules and anti-corruption. According to the records maintained by the Company, the Directors received trainings in the following areas:

Directors	Corporate Governance/ Updates on Laws, Rules & Regulations Attended	
	Read Materials	Seminars/ Briefings
Executive Directors		
Li Feng	✓	✓
He Baiqing	✓	✓
Chen Jing	✓	✓
Cai Minghua	✓	✓
Independent Non-Executive Directors		
Fung Ka Pun	✓	✓
Lau Hon Chuen Ambrose	✓	✓
Cheung Doi Shu	✓	✓

CORPORATE GOVERNANCE REPORT

Board Meetings

Number of Meetings and Directors' Attendance

In year 2022, the Board held 4 meetings. The attendance record of each member of the Board is set out below:

Directors	Attendance/Number of Meetings		
	Board meetings	Annual General Meeting	Special General Meeting
Executive Directors			
Li Feng	4/4	1/1	1/1
He Baiqing	4/4	1/1	1/1
Chen Jing	4/4	1/1	1/1
Cai Minghua	4/4	1/1	1/1
Independent Non-Executive Directors			
Fung Ka Pun	4/4	1/1	1/1
Lau Hon Chuen Ambrose	4/4	0/1	1/1
Cheung Doi Shu	4/4	1/1	0/1

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 deemed appropriate.

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

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

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.

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 practice. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

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

BOARD COMMITTEES

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

The main duties of the Audit Committee include the following:

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

CORPORATE GOVERNANCE REPORT

The Audit Committee held two meetings during the year ended 31 December 2022 to review the financial results and reports, financial reporting and compliance procedures, internal control and risk management systems and the re-appointment of the external auditor. The composition of the Audit Committee and attendance record of each Audit Committee member are set out below:

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

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

Remuneration Committee

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

The primary objectives of the Remuneration Committee include making recommendations on the remuneration policy and structure and remuneration packages of the executive directors and the senior management, including benefits in kind, pension rights and compensation payments such as compensation payable for loss or termination of their office or appointment. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/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:

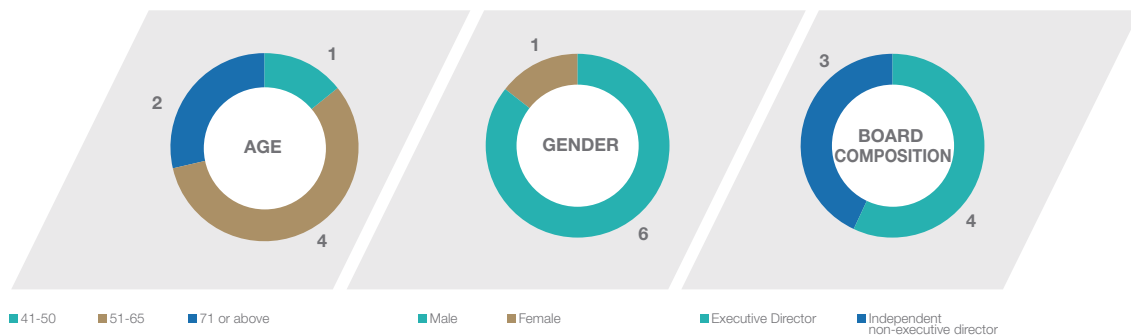
Members	Meetings Attended
<i>Executive Director</i>	
Li Feng	1/1
<i>Independent Non-Executive Directors</i>	
Fung Ka Pun	1/1
Lau Hon Chuen Ambrose	1/1
Cheung Doi Shu	1/1

The Remuneration Committee met once during the year ended 31 December 2022 with 100% attendance to review and make recommendations on the remuneration policy and structure of the Company and remuneration packages of the executive directors for the year under review.

Nomination Committee

The Nomination Committee comprises one executive director, namely Mr Li Feng and three independent non-executive directors, namely Mr Fung Ka Pun, Mr Lau Hon Chuen Ambrose and Mr Cheung Doi Shu. The committee is chaired by Mr 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 seven directors, one of whom is female (2021: one). Four directors are experienced in finance, toll road construction/operation, financial, capital operations, administrative management and human resource management and the other three 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.



CORPORATE GOVERNANCE REPORT

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 the 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 Articles of Association.

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

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

The Nomination Committee met once during the year ended 31 December 2022 to review the structure, size and composition of the Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Environmental, Social and Governance ("ESG") Committee ("ESG Committee") was established on 8 March 2022. It comprises two executive directors, namely Mr Li Feng and Mr He Baiqing and three independent non-executive directors, namely Mr Fung Ka Pun, Mr Lau Hon Chuen Ambrose and Mr Cheung Doi Shu. The committee is chaired by Mr 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 shall report to the Board on their decisions or recommendations not less than once a year.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2022.

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

COMPANY SECRETARY

Mr Yu Tat Fung has been the company secretary of the Company since 2004. He is 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 2022, Mr Yu has taken no less than 15 hours of relevant professional training.

ACCOUNTABILITY AND AUDIT

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

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

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2022.

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 2022, 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 RMB2,950,000 and in respect of non-audit services fees amounted to RMB1,595,000. The non-audit services conducted mainly include tax services, interim results review and assurance services on financing and corporate transactions.

CORPORATE GOVERNANCE REPORT

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 29 to 31 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.

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 amend 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 system 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 14 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 relevant directors and 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.

CORPORATE GOVERNANCE REPORT

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.

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

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
 Yuxiu 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 the current business position, future operations and income, and the 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 64.4%. The Board will review and monitor the implementation of said policy from time to time to ensure its effectiveness and application.

CONSTITUTIONAL DOCUMENTS

The Company's Bye-Laws are available on the websites of the Company and the Stock Exchange. During 2022, there is no change in the Company's constitutional documents.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

The results for the year are set out in the consolidated statement of profit or loss on page 91.

The Directors have declared and now recommend the following dividends in respect of the year ended 31 December 2022:

	RMB'000
Interim dividend of HK\$0.10 equivalent to approximately RMB0.0861 per share paid on 29 November 2022	144,093
Proposed final dividend of HK\$0.10 equivalent to approximately RMB0.0883 per share	147,700
	291,793

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 8 June 2023 to Tuesday, 13 June 2023, 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 13 June 2023, 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 Wednesday, 7 June 2023.

In addition, the register of members of the Company will be closed from Tuesday, 20 June 2023 to Wednesday, 21 June 2023, 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, 19 June 2023.

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 2022 is set out in the section headed "Management Discussion And Analysis" on pages 21 to 56 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 2022 are set out in note 42 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the distributable reserves of the Company available for distribution amounted to RMB1,597,435,000 (2021: RMB1,984,594,000).

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

Independent Non-Executive Directors

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

The Directors' Profiles are set out on pages 59 to 60.

ROTATION AND RE-ELECTION OF DIRECTORS

Mr He Baiqing, Ms Chen Jing and Mr Cheung Doi Shu 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 five highest paid individuals of the Company are set out in notes 41(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'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.

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 2022, the aggregate Bank balances deposited by the Group with Chong Hing Bank amounted to approximately RMB286,617,000. The maximum daily aggregate amount of outstanding deposits maintained by the Group with Chong Hing Bank for the year ended 31 December 2022 amounted to approximately RMB1,382,905,000. This transaction is a related party transaction as set out in note 38(c)(i) to the consolidated financial statements.

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

The Company has engaged the auditor of the Company to report on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (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.

On 17 October 2022, Yuexiu (China) Transport Infrastructure Investment Company Limited* (越秀(中國)交通基建投資有限公司) (the “Purchaser”), a wholly-owned subsidiary of the Company, and Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司) (the “Vendor”), the controlling shareholder of the Company, entered into the conditional sale and purchase agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 100% of the equity interest in Henan Yuexiu Lanwei Expressway Company Limited* (河南越秀蘭尉高速公路有限公司), which holds the toll collection right and operates the Lanwei Expressway, for the total consideration of RMB1,098,000,000. The Vendor is the controlling shareholder of the Company and hence a connected person of the Company. As such, the acquisition constitutes a connected transaction of the Company. Completion of the acquisition took place on 18 November 2022.

Other related party transactions disclosed in note 38(b)(i), (ii), (iii), (iv), (ix), (x), (xi), (xii) and 38(c)(ix) 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 Reporting Year and are regarded as “exempted transaction” or “de minimis transaction”, pursuant to the Listing Rules.

On 20 June 2019, the Company entered into the two foreign exchange forward contracts with Yue Xiu to purchase HKD in the amount of HK\$200 million and HK\$300 million, respectively, with RMB on the terms stated therein, with a view to managing the Group’s foreign exchange exposure in relation to the two principal repayments of (i) HK\$200 million on 29 March 2021 and (ii) HK\$300 million on 29 March 2022, respectively. As Yue Xiu is the controlling shareholder of the Company, it is a connected person of the Company.

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 2022 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 RMB2,500 million for repaying the bank loans and notes payable of the Group. Details of the notes payable of the Group are set out in note 28 to the consolidated financial statements.

* For identification purpose only

REPORT OF THE DIRECTORS

INTERESTS OF DIRECTORS

As at 31 December 2022, 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
Mr He Baiqing	Personal	52,000	1,371,993	1,423,993	0.09
Mr Cai Minghua	Personal	—	519,131	519,131	0.03
Mr Lau Hon Chuen Ambrose	Personal	195,720	—	195,720	0.01
Mr Cheung Doi Shu	Personal	500,000	—	500,000	0.03

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
Mr Li Feng	Personal	34,580	0.001
Mr Lau Hon Chuen Ambrose	Personal	968,240	0.031

Save as disclosed herein, as at 31 December 2022, 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 SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 31 December 2022, the following persons had an interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the shares of the Company

Name	Capacity in holding interest	Number of shares held	Approximate % of shareholding in shares
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

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 interest of Yue Xiu in the shares of the Company 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.

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 2022, 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.

REPORT OF THE DIRECTORS

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 2022 were 150,993,835 Shares and 151,142,803 Shares respectively.

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 151,142,803 Shares, representing approximately 9.03% 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.

REPORT OF THE DIRECTORS

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 2022 are as below:—

Grantees	Date of the conditional grant	Exercise price per share (HK\$)	Closing price per share immediately before the date of grant (HK\$)	Vesting period/ Exercise period	Number of options				
					Balance as at 1 January 2022	Granted during the period	Exercised during the period	Lapsed/ Cancelled during the period	Balance as at 31 December 2022
He Baiqing	25 June 2021	4.43	4.44	Note 1	1,371,993	—	N/A (Note 5)	—	1,371,993
Cai Minghua	9 July 2021	4.45	4.37	Note 2	519,131	—	N/A (Note 5)	—	519,131
Other employees of the Group	25 June 2021	4.43	4.44	Note 1	13,912,139	—	N/A (Note 5)	(148,968)	13,763,171
(in aggregate)	25 August 2021	4.68	4.64	Note 3	519,131	—	N/A (Note 5)	—	519,131
Total					16,322,394	—	N/A (Note 5)	(148,968)	16,173,426

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 as below note 4, 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 as below note 4, 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 as below note 4, 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 interest, income taxes, 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

REPORT OF THE DIRECTORS

(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 period ended 31 December 2022.

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 2022.

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, 6 March 2023

INDEPENDENT AUDITOR'S REPORT



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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 91 to 193, which comprise the consolidated statement of financial position as at 31 December 2022, 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 a summary of significant accounting policies.

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 2022, 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 ("HKSA") 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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<i>Amortisation of intangible operating rights</i>	
As at 31 December 2022, the Group has intangible operating rights of RMB30,641 million which accounted for 84% of the Group's total assets and was material to the Group. During the year ended 31 December 2022, the Group recognised amortisation of intangible operating rights amounting to RMB1,146 million which represented 73% 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 assessment 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.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of long-term assets</i>	
As at 31 December 2022, the Group has non-financial long-term assets including intangible operating rights of RMB30,641 million, goodwill of RMB515 million, investment in a joint venture of RMB464 million and investments in associates of RMB1,823 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 2022. 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, no impairment was recognised for the year ended 31 December 2022. 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 and 20 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 evaluation process of impairment assessments; – Discussed with management on the impairment indicators of non-financial long-term assets and checked the reasonableness of 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.

INDEPENDENT AUDITOR'S REPORT

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.

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, 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 HKSA's 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 HKSA's, 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.

INDEPENDENT AUDITOR'S REPORT

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

6 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	5	3,288,923	3,702,276
Cost of services	7, 8	(1,569,535)	(1,479,030)
Construction income under service concession upgrade services	36	283,987	179,847
Construction costs under service concession upgrade services	36	(283,987)	(179,847)
Other income, gains and losses - net	6	45,973	800,120
General and administrative expenses	7, 8	(310,419)	(369,664)
Operating profit		1,454,942	2,653,702
Finance income	9	63,617	43,884
Finance costs	9	(625,483)	(743,027)
Share of result of a joint venture, net of tax	19	53,257	76,917
Share of results of associates, net of tax	20	119,007	186,874
Profit before income tax		1,065,340	2,218,350
Income tax expense	10	(327,529)	(425,656)
Profit for the year		737,811	1,792,694
Attributable to:			
Shareholders of the Company		453,114	1,464,984
Non-controlling interests		284,697	327,710
		737,811	1,792,694
Earnings per share for profit attributable to the shareholders of the Company	11	RMB	RMB
Basic earnings per share		0.2708	0.8756
Diluted earnings per share		0.2708	0.8752

The notes on pages 98 to 193 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	2022 RMB'000	2021 RMB'000
Profit for the year	737,811	1,792,694
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in subsequent period:</i>		
Currency translation differences	2,245	276
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	(655)	(14,076)
Reclassification adjustments for gains included in the consolidated statement of profit or loss	—	10,471
	(655)	(3,605)
Other comprehensive income/(loss) for the year	1,590	(3,329)
Total comprehensive income for the year	739,401	1,789,365
Total comprehensive income attributable to:		
Shareholders of the Company	454,704	1,461,655
Non-controlling interests	284,697	327,710
	739,401	1,789,365

The notes on pages 98 to 193 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Intangible operating rights	13	30,641,331	29,186,460
Goodwill	14	514,577	514,577
Property, plant and equipment	15(a)	41,497	39,125
Other intangible assets	16	16,944	8,444
Investment properties	17	38,584	37,900
Right-of-use assets	15(b)	15,250	20,722
Investment in a joint venture	19	463,763	481,431
Investments in associates	20	1,823,180	2,079,497
Loan to an associate	38	6,406	—
		33,561,532	32,368,156
Current assets			
Trade receivables	21	127,730	153,028
Other receivables, deposits and prepayments	21	156,451	139,963
Amounts due from associates	38	11,430	81,387
Cash and cash equivalents	22	2,480,267	2,918,574
		2,775,878	3,292,952
Total assets		36,337,410	35,661,108
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital	23	147,322	147,322
Reserves	24	11,083,123	11,364,193
		11,230,445	11,511,515
Non-controlling interests		3,004,530	2,961,234
Total equity		14,234,975	14,472,749

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	25	6,821,973	7,613,246
Notes payable	28	1,998,463	2,498,220
Corporate bonds	29	2,499,094	3,112,693
Contract liabilities and deferred revenue	26	292,754	312,584
Deferred income tax liabilities	27	3,052,185	3,046,469
Lease liabilities	15(b)	5,141	11,314
		14,669,610	16,594,526
Current liabilities			
Borrowings	25	2,625,674	2,318,081
Notes payable	28	3,109,011	1,074,013
Corporate bonds	29	689,200	73,932
Amount due to a non-controlling interest of a subsidiary	38	1,611	1,611
Amounts due to holding companies	38	—	2,613
Trade and other payables and accrued charges	31	921,901	990,929
Contract liabilities and deferred revenue	26	23,252	25,573
Lease liabilities	15(b)	10,833	10,130
Derivative financial instruments	30	—	26,758
Current income tax liabilities		51,343	70,193
		7,432,825	4,593,833
Total liabilities		22,102,435	21,188,359
Total equity and liabilities		36,337,410	35,661,108

The financial statements on pages 91 to 193 were approved by the Board of Directors on 6 March 2023 and were signed on its behalf by:

Li Feng
Director

He Baiqing
Director

The notes on pages 98 to 193 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash generated from operations	35(a)	2,577,285	3,069,110
PRC enterprise income tax and withholding tax paid		(366,716)	(499,160)
Net cash generated from operating activities		2,210,569	2,569,950
Cash flows from investing activities			
Payments of construction costs under service concession upgrade services		(311,473)	(351,671)
Investment in an associate		—	(639,000)
Acquisition of a subsidiary	33	(861,664)	—
Disposal of a subsidiary	34	—	2,031,057
Proceeds from compensation arrangements		—	27,090
Proceeds from disposal of property, plant and equipment and other intangible asset		541	146
Purchase of property, plant and equipment and other intangible asset		(24,454)	(22,063)
Advance of loan to an associate		(6,406)	—
Dividends received from associates		399,603	118,594
Dividend received from a joint venture		70,925	83,091
Interest received		64,545	38,167
Net cash (used in)/generated from investing activities		(668,383)	1,285,411
Cash flows from financing activities	35(b)		
Proceeds from bank borrowings		4,860,000	4,171,000
Proceeds from loan from the immediate holding company		100,000	—
Proceeds from issuance of notes		2,494,627	996,719
Proceeds from issuance of corporate bonds		—	2,494,458
Repayment of bank borrowings		(6,596,140)	(7,100,257)
Repayment of other borrowing		(200,000)	—
Payment of bank facility fees		(3,870)	(300)
Repayment of notes		(1,000,000)	—
Repayment of corporate bonds		—	(1,293,000)
Repayment of loan from a joint venture		(52,500)	(94,500)
Repayment of loans from non-controlling interests of subsidiaries		(22,000)	(8,516)
Capital contribution from non-controlling shareholders		66,667	—
Dividends paid to the shareholders of the Company		(740,259)	(376,026)
Dividends paid to non-controlling interests		(308,068)	(595,330)
Interest paid		(567,669)	(633,158)
Payment for lease liabilities (including interest)	15(b)	(11,736)	(11,915)
Net cash used in financing activities		(1,980,948)	(2,450,825)
Net (decrease)/increase in cash and cash equivalents		(438,762)	1,404,536
Cash and cash equivalents at 1 January		2,918,574	1,516,004
Effects of exchange rate changes on cash and cash equivalents		455	(1,966)
Cash and cash equivalents at 31 December	22	2,480,267	2,918,574

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

	Attributable to shareholders of the Company		Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Reserves RMB'000		
Balance at 1 January 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

	Attributable to shareholders of the Company		Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Reserves RMB'000		
Balance at 1 January 2021	147,322	10,277,569	3,228,854	13,653,745
Comprehensive income				
Profit for the year	—	1,464,984	327,710	1,792,694
Other comprehensive income				
Currency translation differences	—	276	—	276
Cash flow hedges – movement in hedging reserve	—	(3,605)	—	(3,605)
Total other comprehensive income	—	(3,329)	—	(3,329)
Total comprehensive income	—	1,461,655	327,710	1,789,365
Transactions with owners				
Equity-settled share option arrangements	—	995	—	995
Dividends to the shareholders of the Company	—	(376,026)	—	(376,026)
Dividends to non-controlling interests	—	—	(595,330)	(595,330)
Total transactions with owners	—	(375,031)	(595,330)	(970,361)
Balance at 31 December 2021	147,322	11,364,193	2,961,234	14,472,749

The notes on pages 98 to 193 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Yuexiu Transport Infrastructure Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in investment in and development, operation and management of expressways and bridges mainly in Guangdong, 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 Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, 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 6 March 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant 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 2022, the Group’s current liabilities exceeded its current assets by RMB4,656,947,000. The Group’s current liabilities primarily comprise current portion of borrowings, notes payable, corporate bonds, and trade and other payables and accrued charges of RMB2,625,674,000, RMB3,109,011,000, RMB689,200,000 and RMB921,901,000, 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 super short-term commercial paper 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 (including derivative financial instruments) and investment properties which are measured at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(iv) New standards, amendments to standards

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The above amendments effective for the financial year beginning on 1 January 2022 do not have a material impact on the Group.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

New standards, amendments		Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced
HKFRS 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to HKFRS 17	<i>Insurance Contracts*</i>	1 January 2023
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information**</i>	1 January 2023
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)**</i>	1 January 2024
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) *Basis of preparation (Continued)*

(iv) *New standards, amendments to standards (Continued)*

- * As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023.
- ** An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17.
- *** As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, 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 new standards, amendments are not expected to have a material impact on the Group in future reporting periods when they become effective.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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.

(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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(vi) Business combinations (Continued)

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation (Continued)

(iii) Group companies (Continued)

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.

(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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible operating rights (Continued)

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.

2 SUMMARY OF SIGNIFICANT 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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) *Investments and other financial assets (Continued)*

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. 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.

(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

2 SUMMARY OF SIGNIFICANT 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) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) *Derivatives and hedging activities (Continued)*

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 30. Movements in the hedging reserve in shareholders' equity are shown in note 24. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) *Cash flow hedges that qualify for hedge accounting*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within "Finance income/(costs)" as shown in note 9.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is recognised within OCI in the costs of hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) *Derivatives and hedging activities (Continued)*

(ii) *Derivatives that do not qualify for hedge accounting*

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in “other income, gains and losses - net”.

(o) *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.

(p) *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.

(q) *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.

(r) *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.

(s) *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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) *Borrowings and borrowing costs (Continued)*

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.

(t) *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.

(u) *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.

(v) *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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) *Current and deferred income tax (Continued)*

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.

(w) *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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) *Leases (Continued)*

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.

(y) *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.

(z) *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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) *Revenue recognition (Continued)*

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 on a straight-line basis because customer simultaneously receives and consumes the benefits provided by the Group.
 - (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) 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.

(ab) 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.

(ac) 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.

(ad) 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ad) Related parties (Continued)

- (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.

(ae) Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. 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 32 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ae) Share-based payments (Continued)

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.

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 2022	Denominated in Hong Kong dollars ("HKD") RMB'000
Cash and cash equivalents	4,541
Other receivables	75
Other payable	(3,855)
As at 31 December 2021	Denominated in Hong Kong dollars ("HKD") RMB'000
Cash and cash equivalents	5,416
Other receivables	152
Other payable	(20,984)
Bank borrowings	(245,109)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022, the following foreign-exchange related amounts were recognised in the consolidated statement of profit or loss and the consolidated statement of comprehensive income:

	2022 RMB'000	2021 RMB'000
<i>Amounts recognised in the consolidated statement of profit or loss</i>		
Net other exchange (loss)/gain	(1,599)	3,889
<i>Amounts recognised in other comprehensive income</i>		
Currency translation differences	2,245	276
Cash flow hedges – movement in hedging reserve	(655)	(3,605)
	1,590	(3,329)

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 2022, 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 RMB38,000 higher/lower (2021: RMB771,000 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 2022 and 2021, the Group's borrowings at variable rates were mainly denominated in RMB.

At 31 December 2022, 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 RMB20,459,000 (2021: RMB21,593,000).

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 amounts due from associates 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 state-owned banks or listed 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 2022.

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 amounts due from associates 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 2022 and 2021, 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

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	On demand RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total 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
Amounts due to a non-controlling interests 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
	<u>1,611</u>	<u>7,499,614</u>	<u>4,421,183</u>	<u>4,526,017</u>	<u>3,681,749</u>	<u>20,130,174</u>

	On demand RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000
Contractual maturities of financial liabilities As at 31 December 2021						
Borrowings	—	2,173,099	2,930,532	3,084,064	3,504,854	11,692,549
Notes payable	—	1,123,058	1,549,997	1,002,900	—	3,675,955
Corporate bonds	—	110,286	721,793	2,560,606	—	3,392,685
Amounts due to holding companies	2,613	—	—	—	—	2,613
Amount due to a non-controlling interest of a subsidiary	1,611	—	—	—	—	1,611
Trade and other payables and accrued charges	—	772,557	—	—	—	772,557
Lease liabilities	—	11,192	11,101	385	—	22,678
	<u>4,224</u>	<u>4,190,192</u>	<u>5,213,423</u>	<u>6,647,955</u>	<u>3,504,854</u>	<u>19,560,648</u>

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:

	2022 RMB'000	2021 RMB'000
Borrowings	9,436,034	9,915,561
Notes payable	4,994,698	3,493,891
Corporate bonds	3,114,362	3,112,693
Lease liabilities	15,974	21,444
Total debts	17,561,068	16,543,589
Less: cash and cash equivalents	(2,480,267)	(2,918,574)
Net debt	15,080,801	13,625,015
Total equity	14,234,975	14,472,749
Total capital	29,315,776	28,097,764
Gearing ratio	51.4%	48.5%

The increase in the gearing ratio during 2022 was primarily resulted from the increase in notes payable during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 table.

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.

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2021				
Derivative financial instruments - liabilities	—	(26,758)	—	(26,758)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The fair values of foreign currency forwards contracts are calculated as the present value of the estimated future cash flows based on forward exchange rate at the end of the reporting period.

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 2022 RMB'000	31 December 2021 RMB'000	31 December 2022 RMB'000	31 December 2021 RMB'000
Loan to an associate	6,406	—	6,406	—
Non-current borrowings	6,821,973	7,613,246	6,425,206	7,198,945
Notes payable (due after one year)	1,998,463	2,498,220	2,074,257	2,605,080
Corporate bonds (due after one year)	2,499,094	3,112,693	2,594,849	3,238,195

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

- Trade receivables
- Other receivables, deposits and prepayments
- Cash and cash equivalents
- Borrowings due within one year
- Amounts due to a non-controlling interest of a subsidiary
- Amounts due to holding companies
- Trade and other payables and accrued charges
- Corporate bonds due within one year
- Notes payable due within one year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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 -12.4% to 13.5% (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.

(e) *Fair value of investment properties*

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

5 SEGMENT INFORMATION

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

The chief operating decision-maker (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

5 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
– Other toll operating income	5,480	—	5,480
– 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
	3,288,923	—	3,288,923
Amortisation of			
– Intangible operating rights	(1,146,491)	—	(1,146,491)
– Other intangible asset	(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

5 SEGMENT INFORMATION (CONTINUED)

	Toll roads operations RMB'000	All other segments RMB'000	Total RMB'000
Year ended 31 December 2021			
Revenue (from external customers)			
– Toll revenue	3,649,754	—	3,649,754
– Other toll operating income	12,053	—	12,053
– Income from service area and gas station	40,469	—	40,469
	3,702,276	—	3,702,276
Amortisation of			
– Intangible operating rights	(1,061,270)	—	(1,061,270)
– Other intangible asset	(1,884)	—	(1,884)
Depreciation of			
– Property, plant and equipment	(13,167)	(677)	(13,844)
– Right-of-use assets	(10,665)	(336)	(11,001)
Other compensation income	10,824	—	10,824
Government subsidy	14,169	—	14,169
Impairment of intangible operating right	(97,302)	—	(97,302)
Impairment of investment in an associate	(128,186)	—	(128,186)
Gain on disposal of a subsidiary	960,976	—	960,976
Operating profit	2,653,296	406	2,653,702
Finance income	43,884	—	43,884
Finance costs	(743,027)	—	(743,027)
Share of result of a joint venture, net of tax	76,917	—	76,917
Share of results of associates, net of tax	196,300	(9,426)	186,874
Profit/(loss) before income tax	2,227,370	(9,020)	2,218,350
Income tax expense	(425,656)	—	(425,656)
Profit/(loss) for the year	1,801,714	(9,020)	1,792,694

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (CONTINUED)

	Toll roads operations RMB'000	All other segments RMB'000	Total RMB'000
Assets and liabilities			
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)
As at 31 December 2021			
Total segment assets	35,563,329	97,779	35,661,108
Addition to non-current assets (other than financial instruments)	193,736	1,702	195,438
Total segment assets include:			
Investment in a joint venture	481,431	—	481,431
Investments in associates	2,015,237	64,260	2,079,497
Total segment liabilities	(21,188,074)	(285)	(21,188,359)

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

	2022 RMB'000	2021 RMB'000
Fair value (loss)/gain on investment properties (note 17)	(1,383)	1,404
Gain/(loss) on disposal of property, plant and equipment	653	(211)
Compensation for expressways and bridges damages	7,531	28,432
Other compensation income (note a)	28,494	10,824
Management service income	2,620	6,035
Government subsidy (note b)	3,769	14,169
Others	4,289	3,979
Gain on disposal of a subsidiary (note 34)	—	960,976
Impairment of intangible operating right (note 13)	—	(97,302)
Impairment of investment in an associate (note 20)	—	(128,186)
	45,973	800,120

Notes:

- (a) The amount mainly represented compensation from third parties and the government on requisition of land and demolition of plants and other greening facilities.
- (b) During the year ended 31 December 2022, the Group did not receive any one-off non-assets related government subsidy from the Guangzhou Municipal Bureau of Commerce and the Wuhan Municipal Bureau of Commerce (2021: RMB5,999,000 and RMB4,660,000, respectively).

7 EXPENSES BY NATURE

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

	2022 RMB'000	2021 RMB'000
Taxes and surcharges	20,580	19,073
Amortisation of		
– Intangible operating rights (note 13)	1,146,491	1,061,270
– Other intangible asset (note 16)	5,599	1,884
Depreciation of		
– Property, plant and equipment (note 15(a))	12,141	13,844
– Right-of-use assets (note 15(b))	11,118	11,001
Employee benefit expense (note 8)	392,129	437,441
Toll highways and bridges maintenance expenses	119,613	121,334
Toll highways and bridges operating expenses	111,354	105,737
Auditor's remuneration		
– Audit services	2,950	2,700
– Non-audit services	1,595	386
Legal and professional fees	19,179	34,580

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EMPLOYEE BENEFIT EXPENSE

	2022 RMB'000	2021 RMB'000
Staff costs (including directors' emoluments)		
– Wages and salaries	278,244	331,617
– Pension costs (defined contribution plan) (note a)	37,918	32,187
– Social security costs	36,856	36,585
– Staff welfare and other benefits	34,626	36,057
– Equity-settled share option expense (note 32)	4,485	995
Total employee benefit expense	392,129	437,441

Employee benefit expenses are included in “cost of services” and “general and administrative expenses” of RMB172,830,000 (2021: RMB165,840,000) and RMB219,299,000 (2021: RMB271,601,000) respectively in the consolidated statement of profit or loss.

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 RMB1,301) per employee per month. The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HKD7,100 per month (equivalent to RMB6,158). The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid.

There was no forfeited contribution as at 31 December 2022 (2021: Nil). No forfeited contribution was utilised during the year (2021: Nil). Contributions totalling RMB37,918,000 (2021: RMB32,187,000) 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 two (2021: three) directors whose emoluments are reflected in the analysis shown in note 41. The emoluments payable to the remaining three (2021: two) individuals during the year amounted to RMB7,364,000 (2021: RMB5,129,000), which include(s) salaries of RMB1,587,000 (2021: RMB1,076,000), discretionary bonuses of RMB4,326,000 (2021: RMB3,499,000), estimated money value of other benefits of RMB351,000 (2021: RMB213,000), employer's contribution to a retirement benefit scheme of RMB379,000 (2021: RMB220,000) and equity-settled share option expense of RMB721,000 (2021: RMB121,000).

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	
	2022	2021
Emolument bands (in HK dollar)		
HKD2,500,001 – HKD3,000,000	3	—
HKD3,000,001 – HKD3,500,000	—	2

9 FINANCE INCOME/(COSTS)

	2022 RMB'000	2021 RMB'000
Bank interest income	63,609	38,167
Interest income on other non-current receivables	8	1,828
Net other exchange gain	—	3,889
Finance income	63,617	43,884
Interest expenses:		
– Bank borrowings	(313,381)	(459,608)
– Other borrowing	(3,058)	(15,839)
– Bank facility fees	(9,446)	(3,573)
– Loan from the immediate holding company	(34)	—
– Loan from a joint venture	(324)	(5,920)
– Loans from non-controlling interests of certain subsidiaries	(81)	(76)
– Notes payable (note 28)	(166,614)	(127,402)
– Corporate bonds (note 29)	(111,956)	(107,965)
– Lease liabilities (note 15(b))	(729)	(1,636)
Net other exchange loss	(1,599)	—
Others	(18,261)	(21,008)
Finance costs	(625,483)	(743,027)

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 (2021: Nil).
- (b) During the year ended 31 December 2022, 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 2022 is 25% (2021: 25%). Guangzhou North Second Ring Transport Technology Company Limited ("GNSR"), 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. During the year ended 31 December 2021, the preferential tax treatment of income tax has been extended to the year ended 31 December 2023. Guangxi Yuexiu Cangyu Expressway Company Limited, a subsidiary of the Group, has been recognised as an eligible entity to enjoy preferential tax treatment of income tax, at a preferential income tax rate of 15%, started from 2013 and extended to the year ended 31 December 2030 during the year ended 31 December 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% (2021: 5% or 10%).

As at 31 December 2022, deferred tax liabilities of RMB110,739,000 (2021: RMB113,942,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 INCOME TAX EXPENSE (CONTINUED)

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

	2022 RMB'000	2021 RMB'000
Current income tax		
PRC enterprise income tax	347,866	480,970
Deferred income tax (note 27)	(20,337)	(55,314)
	327,529	425,656

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:

	2022 RMB'000	2021 RMB'000
Profit before income tax	1,065,340	2,218,350
Less: share of results of associates, net of tax	(119,007)	(186,874)
Less: share of result of a joint venture, net of tax	(53,257)	(76,917)
	893,076	1,954,559
Calculated at a tax rate of 25% (2021: 25%)	223,269	488,640
Income not subject to tax	(2,413)	(82,704)
Expenses not deductible for tax purposes	58,079	129,329
Profit of subsidiaries with preferential tax treatment	(81,281)	(95,318)
Tax losses not recognised (note (i))	88,541	77,746
Utilisation of previously unrecognised tax losses	(145)	(90,266)
Adjustments in respect of current tax of previous periods	6,414	(2,559)
Effect of income tax on the distributable profits of subsidiaries and associates	31,839	17,816
Withholding tax on the interest income from subsidiaries established in Mainland China	3,226	—
Effect of change in tax rate on the balance of deferred tax	—	(17,028)
Income tax expense	327,529	425,656

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 RMB139,255,000 (2021: RMB72,377,000) in respect of unused losses amounting to approximately RMB557,019,000 (2021: RMB289,508,000). Unused tax losses of approximately RMB124,296,000 (2021: RMB81,291,000) will expire in 1 year and the remaining unused tax losses will expire prior to 2027.

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 (2021: 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.

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

	2022 RMB'000	2021 RMB'000
Earnings		
Profit attributable to shareholders of the Company used in the basic earnings per share calculation (RMB'000)	453,114	1,464,984
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)	—	686
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	1,673,848

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2022 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

	2022 RMB'000	2021 RMB'000
Interim, paid, HKD0.10 equivalent to approximately RMB0.0861 (2021: HKD0.20 equivalent to approximately RMB0.1663) per share	144,093	278,320
Final, proposed, HKD0.10 equivalent to approximately RMB0.0883 (2021: HKD0.41 equivalent to approximately RMB0.3317) per share	147,700	555,003
	291,793	833,323

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

13 INTANGIBLE OPERATING RIGHTS

	RMB'000
Year ended 31 December 2022	
Opening net book amount	29,186,460
Additions	274,130
Acquisition of a subsidiary (note 33)	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
Year ended 31 December 2021	
Opening net book amount	31,712,956
Additions	176,504
Amortisation (note 7)	(1,061,270)
Impairment (note 6)	(97,302)
Disposal of a subsidiary (note 34)	(1,544,428)
Closing net book amount	29,186,460
At 31 December 2021	
Cost	35,324,729
Accumulated amortisation and impairment	(6,138,269)
Net book amount	29,186,460

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

At 31 December 2022, intangible operating rights with a net book amount of RMB22,462,666,000 (2021: RMB25,730,337,000) were pledged to secure the Group's bank borrowings.

13 INTANGIBLE OPERATING RIGHTS (CONTINUED)

For 2022, Hancai Expressway, Han'e Expressway and Daguangnan Expressway (individual CGUs) recorded a year-on-year decrease in toll revenue, which was mainly due to the impact of COVID-19, the overall economic conditions in the relevant areas of Hubei in 2022 and the diversion of traffic to the road networks. The Group has performed an impairment assessment on the CGUs related to the intangible operating right of Hancai Expressway, Han'e Expressway and Daguangnan Expressway with carrying amounts of RMB2,966,000,000, RMB3,714,000,000 and RMB6,455,000,000 respectively. The recoverable amounts of the CGUs have been determined based on the higher of value-in-use calculations or fair value less costs of disposal, which requires the Group to estimate the future cash flows expected to arise from the cash-generating units to which the intangible operating right belong and the use of suitable discount rates and also revenue growth rate assumption.

The recoverable amounts of the individual CGUs were determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management.

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

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.

Based on the management's assessment, no impairment was recognised for the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 GOODWILL

	2022 RMB'000	2021 RMB'000
Cost:		
At 1 January	567,850	687,115
Disposal of a subsidiary (note 34)	—	(119,265)
At 31 December	567,850	567,850
Accumulated impairment:		
At 1 January	(53,273)	(54,496)
Disposal of a subsidiary (note 34)	—	1,223
At 31 December	(53,273)	(53,273)
Net carrying amount:		
At 31 December	514,577	514,577

Goodwill is allocated to the Group's five CGUs including the operations of Guangzhou Northern Second Ring Expressway, Guangxi Cangyu Expressway, Henan Weixu Expressway, Hunan Changzhu Expressway and Hubei Suiyuan Expressway. The recoverable amounts of the above CGUs are determined based on the 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 9.7% (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 6.8% to 7.8%. The specific risks underlying the toll highways industry are incorporated in the calculations.

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 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 33)	—	—	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)	(71,683)	(14,884)	(103,305)
Net book amount	373	1,393	29,474	10,257	41,497
31 December 2021					
Opening net book amount	380	2,605	40,304	9,810	53,099
Additions	—	—	14,380	2,852	17,232
Disposal of a subsidiary (note 34)	—	—	(1,998)	(363)	(2,361)
Disposals and reclassification	—	—	(14,799)	(129)	(14,928)
Depreciation (note 7)	(16)	(663)	(10,145)	(3,020)	(13,844)
Exchange differences	(9)	(64)	—	—	(73)
Closing net book amount	355	1,878	27,742	9,150	39,125
At 31 December 2021					
Cost	432	16,505	92,800	23,261	132,998
Accumulated depreciation	(77)	(14,627)	(65,058)	(14,111)	(93,873)
Net book amount	355	1,878	27,742	9,150	39,125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

	2022 RMB'000	2021 RMB'000
Right-of-use assets – properties		
As at 1 January	20,722	30,021
Additions	2,527	1,702
Acquisition of a subsidiary (note 33)	3,119	—
Depreciation charge (note 7)	(11,118)	(11,001)
As at 31 December	15,250	20,722
Lease liabilities		
Carrying amount at 1 January	21,444	30,021
New leases	2,527	1,702
Acquisition of a subsidiary (note 33)	3,010	—
Accretion of interest recognised during the year	729	1,636
Payments	(11,736)	(11,915)
Carrying amount at 31 December	15,974	21,444
Analysed into:		
Current	10,833	10,130
Non-current	5,141	11,314
	15,974	21,444

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:

	2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets	(11,118)	(11,001)
Interest expense (included in finance costs) (note 9)	(729)	(1,636)
Total amount recognised in profit or loss	(11,847)	(12,637)

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:

	2022 RMB'000	2021 RMB'000
Within financing activities	11,736	11,915

16 OTHER INTANGIBLE ASSETS

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
31 December 2021	Software RMB'000
Cost at 1 January 2021, net of accumulated amortisation	—
Additions	2,368
Amortisation provided during the year (note 7)	(1,884)
Reclassification	8,047
Disposals	(83)
Disposal of a subsidiary (note 34)	(4)
At 31 December 2021	8,444
At 31 December 2021:	
Cost	15,872
Accumulated amortisation	(7,428)
Net carrying amount	8,444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVESTMENT PROPERTIES

	2022 RMB'000	2021 RMB'000
At 1 January	37,900	37,144
Exchange differences	2,067	(648)
Fair value (loss)/gain (note 6)	(1,383)	1,404
At 31 December	38,584	37,900

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 2022. 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)	
	2022 RMB'000	2021 RMB'000
Recurring fair value measurements		
Investment properties:		
– Office units - PRC	15,020	14,925
– Office units - Hong Kong	16,329	16,352
– Residential units - Hong Kong	7,235	6,623
	38,584	37,900

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 (2021: Nil).

17 INVESTMENT PROPERTIES (CONTINUED)

Fair value measurements using significant unobservable inputs (Level 3)

	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)

	Year ended 31 December 2021		
	Office units – PRC RMB'000	Office units – Hong Kong RMB'000	Residential units – Hong Kong RMB'000
Opening balance	14,420	15,991	6,733
Net gains from fair value adjustment	505	817	82
Exchange difference	—	(456)	(192)
Closing balance	14,925	16,352	6,623
Total changes in unrealised gains for the year as included in profit or loss for assets held at the end of the year	505	817	82

Valuation processes of the Group

The Group's investment properties at 31 December 2022 and 2021 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

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 2022.

Description	Fair value at 31 December 2022 (RMB'000)	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Office units – PRC	15,020 (2021: 14,925)	Direct comparison approach	Adjusted average price per square metre	RMB9,870 – RMB12,063 per square metre	The higher the adjusted average price per square metre, the higher the fair value
Office units – Hong Kong	16,329 (2021: 16,352)	Direct comparison approach	Adjusted average price per square foot	RMB12,595 – RMB15,364 per square foot	The higher the adjusted average price per square foot, the higher the fair value
Residential units – Hong Kong	7,235 (2021: 6,623)	Direct comparison approach	Adjusted average price per square foot	RMB7,593 – RMB9,201 per square foot	The higher the adjusted average price per square foot, the higher the fair value

18 SUBSIDIARIES

(a) Subsidiaries

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

(b) Material non-controlling interests

As at 31 December 2022, the total non-controlling interests were RMB3,004,530,000 (2021: RMB2,961,234,000).

Name of subsidiary with material non-controlling interests	Percentage of equity interests held by non-controlling interests		Non-controlling interests	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
			RMB'000	RMB'000
Guangzhou North Second Ring Transport Technology Company Limited	40%	40%	1,020,595	1,031,170
Hubei Suiyuanan Expressway Company Limited	30%	30%	1,227,590	1,161,131
Tianjin Jinfu Expressway Company Limited	40%	40%	166,036	168,486
Hubei A'shennan Expressway Development Company Limited	10%	10%	196,476	200,336
Hancai Expressway Company Limited of Hubei Province	33%	33%	390,492	396,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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				Hubei Suiyuanan				Tianjin Jinfu				Hubei A'shennan				Hancai Expressway			
	Second Ring Transport				Expressway Company				Expressway Company				Development Company				Company Limited of			
	Limited				Limited				Limited				Limited				Hubei Province			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	626,964	536,727	136,407	570,225	43,443	92,061	103,366	125,130	35,725	39,925										
Current liabilities	(193,781)	(237,748)	(187,018)	(161,759)	(24,933)	(29,406)	(800,647)	(3,773,569)	(227,039)	(1,102,022)										
Total net current assets/(liabilities)	433,183	298,979	(50,611)	408,466	18,510	62,655	(697,281)	(3,648,439)	(191,314)	(1,062,097)										
Non-current assets	2,568,227	2,771,776	5,714,628	5,814,025	342,837	326,888	6,900,319	7,020,851	3,526,237	3,654,108										
Non-current liabilities	(452,028)	(494,937)	(1,572,049)	(2,352,054)	(71,879)	(93,953)	(4,238,274)	(1,369,050)	(2,151,614)	(1,389,674)										
Total net non-current assets	2,116,199	2,276,839	4,142,579	3,461,971	270,958	232,935	2,662,045	5,651,801	1,374,623	2,264,434										
Net assets	2,549,382	2,575,818	4,091,968	3,870,437	289,468	295,590	1,964,764	2,003,362	1,183,309	1,202,337										

18 SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (Continued)

Summarised statement of profit or loss

	Guangzhou North				Hubei Suiyuanan				Hubei A'shennan				Hancui Expressway			
	Second Ring Transport				Expressway Company				Expressway Development Company				Company Limited of			
	Technology Company Limited				Limited				Limited				Hubei Province			
	2022	2021			2022	2021			2022	2021			2022	2021		
	RMB'000	RMB'000			RMB'000	RMB'000			RMB'000	RMB'000			RMB'000	RMB'000		
Revenue	1,010,314	1,131,174			642,969	626,361			399,765	461,519			227,839	260,251		
Profit/(loss) before income tax	585,620	774,399			363,458	357,991			(605)	43,173			(17,686)	6,594		
Income tax (expense)/credit	(59,926)	(106,014)			(91,927)	(89,373)			(37,994)	(40,567)			(1,342)	4,858		
Profit/(loss) and total comprehensive income/(loss)	525,694	668,385			271,531	268,618			(38,599)	2,606			(19,028)	11,452		
Total comprehensive income/(loss) attributable to non-controlling interests	210,278	267,354			81,459	80,586			(3,860)	260			(6,279)	3,779		
Dividends declared to non-controlling interests	287,519	583,438			15,000	—			—	—			—	—		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (Continued)

Summarised cash flows

	Guangzhou North Second Ring Transport Technology Company Limited									
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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	793,707	1,015,913	580,576	595,913	45,010	51,058	332,367	370,692	176,499	195,140
Income tax paid	(121,947)	(139,663)	(88,834)	(86,173)	(3,978)	(5,872)	—	—	(12,984)	(5,992)
Net cash generated from operating activities	671,760	876,250	491,742	509,740	41,032	45,186	332,367	370,692	163,515	189,148
Net cash used in investing activities	(75,086)	(25,425)	(42,885)	(253,952)	(30,955)	(6,693)	(82,178)	(116,030)	(22,576)	(22,516)
Net cash used in financing activities	(552,131)	(1,458,596)	(403,354)	(275,019)	(35,875)	(33,728)	(246,516)	(257,588)	(147,776)	(149,647)
Net increase/(decrease) in cash and cash equivalents	44,543	(607,771)	45,503	(19,231)	(25,798)	4,765	3,673	(2,926)	(6,837)	16,985
Cash and cash equivalents at 1 January	507,236	1,115,007	32,313	51,544	66,402	61,637	9,678	12,604	17,808	823
Cash and cash equivalents at 31 December	551,779	507,236	77,816	32,313	40,604	66,402	13,351	9,678	10,971	17,808

19 INVESTMENT IN A JOINT VENTURE

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

	2022 RMB'000	2021 RMB'000
At 1 January	481,431	487,605
Share of results for the year		
– profit before income tax	71,044	105,615
– income tax expense	(17,787)	(28,698)
	53,257	76,917
Dividends	(70,925)	(83,091)
At 31 December	463,763	481,431

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:

	2022 RMB'000	2021 RMB'000
Revenue	410,524	509,220
Depreciation and amortisation	(136,387)	(128,736)
Interest income	4,245	18,049
Interest expense	(8,236)	(28,633)
Other expenses - net	(67,164)	(68,144)
Profit before income tax	202,982	301,756
Income tax expense	(50,819)	(81,994)
Profit and total comprehensive income	152,163	219,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 INVESTMENT IN A JOINT VENTURE (CONTINUED)

	2022 RMB'000	2021 RMB'000
Current		
Cash and cash equivalents	34,627	99,090
Other current assets	8,016	159,702
Total current assets	42,643	258,792
Trade payables and other current liabilities	(75,980)	(99,167)
Total current liabilities	(75,980)	(99,167)
Non-current		
Total non-current assets	1,432,328	1,586,475
Financial liabilities	(32,000)	(312,000)
Other liabilities	(41,955)	(58,584)
Total non-current liabilities	(73,955)	(370,584)
Net assets	1,325,036	1,375,516

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:

	2022 RMB'000	2021 RMB'000
Opening net assets at 1 January	1,375,516	1,393,157
Profit for the year	152,163	219,762
Dividends paid	(202,643)	(237,403)
Closing net assets at 31 December	1,325,036	1,375,516
Group's share of net assets	463,763	481,431
Carrying amount of investment in the joint venture	463,763	481,431

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

20 INVESTMENTS IN ASSOCIATES

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

	2022 RMB'000	2021 RMB'000
At 1 January	2,079,497	1,536,113
Share of results for the year		
– profit before income tax	150,477	240,898
– income tax expense	(31,470)	(54,024)
	119,007	186,874
Subscription	—	639,000
Dividends	(375,324)	(154,304)
Impairment (note 6)	—	(128,186)
At 31 December	1,823,180	2,079,497

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

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2022 RMB'000	2021 RMB'000
Share of the associates' profit for the year	—	26
Share of the associates' total comprehensive income	—	26
Aggregate carrying amount of the Group's investments in the associates	—	639,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.				Real Estate Investment Trust for Huaxia Yuexiu Expressway	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	728,986	890,214	618,872	879,347	677,459	750,649	141,941	189,628	—	—	—	—	—	—	—	—	—	—	—	—	204,839	—
Profit/(loss) and total comprehensive income/(loss)	338,414	368,478	(64,969)	122,318	214,590	286,651	60,939	99,148	—	—	—	—	60,939	99,148	—	—	(17,561)	(20,946)	—	—	31,368	—
Dividends declared to the Group	(86,726)	(68,166)	(26,608)	—	(199,950)	(35,710)	(27,237)	(50,428)	—	—	—	—	(27,237)	(50,428)	—	—	—	—	—	—	(34,803)	—
Assets:																						
Non-current assets	1,940,054	1,812,793	5,283,477	5,708,724	42,619	263,682	191,624	215,918	—	—	—	—	191,624	215,918	—	—	272,493	246,311	—	—	2,410,977	—
Current assets	92,604	240,850	117,209	137,393	349,182	909,525	43,115	76,549	—	—	—	—	43,115	76,549	—	—	42,906	32,799	—	—	135,174	—
	2,032,658	2,053,643	5,400,686	5,846,117	391,801	1,173,207	234,739	292,467	—	—	—	—	234,739	292,467	—	—	315,399	279,110	—	—	2,546,151	—
Liabilities:																						
Non-current liabilities	(613,549)	(466,941)	(2,386,268)	(2,859,773)	(1,503)	(7,891)	(32,694)	(37,673)	—	—	—	—	(32,694)	(37,673)	—	—	(174,991)	(136,057)	—	—	(421,298)	—
Trade payables and other current liabilities	(103,523)	(139,368)	(402,480)	(196,834)	(106,988)	(273,725)	(15,489)	(38,387)	—	—	—	—	(15,489)	(38,387)	—	—	(15,170)	(254)	—	—	(79,408)	—
	(717,072)	(606,309)	(2,788,748)	(3,056,607)	(108,491)	(281,616)	(48,183)	(76,060)	—	—	—	—	(48,183)	(76,060)	—	—	(190,161)	(136,311)	—	—	(500,706)	—
Net assets	1,315,586	1,447,334	2,611,938	2,789,510	283,310	891,591	186,556	216,407	—	—	—	—	186,556	216,407	—	—	125,238	142,799	—	—	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) adjusted for differences in accounting policies between the Group and the associates. The fair value of investment in the Real Estate Investment Trust for Huaxia Yuexiu Expressway as at 31 December 2022 is 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 Qinglian						Guangdong Shantou Bay		Guangzhou Pazhou		Real Estate Investment Trust for Huaxia Yuexiu Expressway	
	Guangdong Humen Bridge Co., Ltd.		Highway Development Co., Ltd.		Guangzhou Northring Super Highway Co., Ltd.		Bridge Co., Ltd.		Port Co., Ltd		Huaxia Yuexiu Expressway	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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	1,447,334	1,331,112	2,789,510	2,667,192	891,591	751,899	216,407	285,352	142,799	163,745	2,130,087	
Profit/(loss) for the year	338,414	368,478	(64,969)	122,318	214,590	286,651	60,939	99,147	(17,561)	(20,946)	31,368	
Dividends	(470,162)	(252,256)	(112,603)	—	(822,871)	(146,959)	(90,790)	(168,092)	—	—	(116,010)	
Closing net assets at 31 December	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	
Group's share of net assets	345,284	369,583	617,200	659,160	68,869	216,677	55,968	64,922	56,357	64,260	613,633	
Goodwill	—	—	—	—	—	—	106,073	106,073	—	—	—	
(less cumulative impairment)	—	—	—	—	—	—	—	—	—	—	—	
Provision for impairment losses	(34,502)	(34,502)	(5,702)	(5,702)	—	—	—	—	—	—	—	
Carrying amount of investments in the associates	310,782	335,081	611,498	653,458	68,869	216,677	162,041	170,995	56,357	64,260	613,633	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 RMB'000	2021 RMB'000
Trade receivables	127,730	153,028
Other receivables, deposits and prepayments	156,451	139,963
	284,181	292,991

As at 31 December 2022, trade receivables were all aged below 30 days (2021: 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

	2022 RMB'000	2021 RMB'000
Cash at banks and in hand	2,480,267	1,634,014
Short-term bank deposits with original maturities of less than three months	—	1,284,560
Cash and cash equivalents	2,480,267	2,918,574

22 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
Renminbi	2,475,726	2,913,158
HK dollars	4,541	5,416
	2,480,267	2,918,574

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 short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

23 SHARE CAPITAL

	2022		2021	
	Number of shares	RMB'000	Number of shares	RMB'000
Issued and fully paid:				
Ordinary shares of RMB0.08805 each	1,673,162,295	147,322	1,673,162,295	147,322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 RESERVES

	Share premium RMB'000	Capital reserve (note (a)) RMB'000	Share option reserve (note 32) 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	—	—	—	—	—	—	(586,136)	—	—	(586,136)
– 2021 final dividend	—	—	—	—	—	—	(154,123)	—	—	(154,123)
– 2022 interim dividend	—	—	—	—	—	—	—	—	—	—
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

24 RESERVES (CONTINUED)

	Share premium RMB'000	Capital reserve (note (a)) RMB'000	Share option reserve (note 32) 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 2021	2,375,743	1,501,716	—	404,153	400,383	4,260	5,098,799	558,250	(65,735)	10,277,569
Profit for the year	—	—	—	—	—	—	1,464,984	—	—	1,464,984
Currency translation differences	—	—	—	276	—	—	—	—	—	276
Cash flow hedges - movement in hedging reserve	—	—	—	—	—	(3,605)	—	—	—	(3,605)
Transfers	—	—	—	—	34,080	—	(34,080)	—	—	—
Equity-settled share option arrangements	—	—	995	—	—	—	—	—	—	995
Dividends	—	—	—	—	—	—	—	—	—	—
– 2020 final dividend	—	—	—	—	—	—	(96,090)	—	—	(96,090)
– 2021 interim dividend	—	—	—	—	—	—	(279,936)	—	—	(279,936)
Balance at 31 December 2021	2,375,743	1,501,716	995	404,429	434,463	655	6,153,677	558,250	(65,735)	11,364,193

Notes:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 BORROWINGS

	2022 RMB'000	2021 RMB'000
Bank borrowings	9,285,666	9,590,774
Other borrowing	—	200,000
Loan from the immediate holding company	100,000	—
Loan from a joint venture	—	52,500
Loans from non-controlling interests of certain subsidiaries	50,368	72,287
Interest payable	11,613	15,766
Total borrowings	9,447,647	9,931,327
Less: Amounts due within one year as shown under current liabilities	(2,625,674)	(2,318,081)
Total non-current borrowings	6,821,973	7,613,246

(a) As at 31 December 2022, the Group's borrowings were repayable as follows:

	2022 RMB'000	2021 RMB'000
Within one year	2,625,674	2,318,081
Between one and two years	1,105,165	2,109,083
Between two and five years	3,009,083	2,533,955
Later than five years	2,707,725	2,970,208
	9,447,647	9,931,327

(b) Bank borrowings of RMB6,585,990,000 (2021: RMB4,659,890,000) are secured by intangible operating rights (note 13) of the Group. All bank borrowings are interest-bearing at rates ranging from 2.50% to 3.60% (2021: 1.80% to 4.90%) per annum. The effective interest rate of these borrowings at 31 December 2022 is 3.38% (2021: 4.06%).

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

(d) Loan from a joint venture is unsecured, interest-bearing at an annual rate of the People's Bank of China Benchmark Interest Rate minus 10% and is repayable within one year.

(e) Loans from non-controlling interests of certain subsidiaries are 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% (2021: 4.35%) per annum.

Loans from non-controlling interests of certain subsidiaries are repayable between one and five years except for a loan of RMB10,000,000 which is due within one year.

(f) All borrowings are denominated in RMB as at 31 December 2022. All borrowings are denominated in RMB as at 31 December 2021, except for bank borrowings of approximately RMB245,109,000 are denominated in HKD..

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 20 years and construction service fees received in advance.

	2022 RMB'000	2021 RMB'000
At 1 January	338,157	355,169
Addition	29,682	6,104
Credited to "Revenue"	(51,833)	(23,116)
At 31 December	316,006	338,157
Less: non-current portion	(292,754)	(312,584)
Current portion	23,252	25,573

As at 31 December 2022, the Group expected that the transaction prices allocated to unsatisfied performance obligation for income from service areas and gas stations of RMB337,650,000 will be recognised as income from service areas and gas stations from 2022 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.

	2022 RMB'000	2021 RMB'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	24,649	47,813
Deferred income tax assets to be recovered within 12 months	21,884	12,645
	46,533	60,458
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after 12 months	3,066,215	3,089,105
Deferred income tax liabilities to be recovered within 12 months	32,503	17,822
	3,098,718	3,106,927
	3,052,185	3,046,469

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 DEFERRED INCOME TAX (CONTINUED)

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

	2022 RMB'000	2021 RMB'000
At 1 January	3,046,469	3,300,573
Credited to the consolidated statement of profit or loss (note 10)	(20,337)	(55,314)
Acquisition of a subsidiary (note 33)	26,053	—
Disposal of a subsidiary (note 34)	—	(187,061)
Others	—	(11,729)
At 31 December	3,052,185	3,046,469

Deferred income tax liabilities

	Withholding tax on 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 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 33)	—	—	26,053	—	—	26,053
At 31 December 2022	35,000	17,961	2,261,331	784,173	253	3,098,718
At 1 January 2021	35,000	76,435	2,569,582	712,227	104	3,393,348
Charged/(credited) to the consolidated statement of profit or loss (note 10)	—	17,816	(130,548)	74,468	125	(38,139)
Transferred to current income tax expenses for dividends declared (note 10)	—	(61,221)	—	—	—	(61,221)
Disposal of a subsidiary (note 34)	—	—	(115,512)	(71,549)	—	(187,061)
At 31 December 2021	35,000	33,030	2,323,522	715,146	229	3,106,927

27 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets

	Deferred income RMB'000	Accelerated accounting amortisation of intangible operating rights RMB'000	Tax losses RMB'000	Total RMB'000
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)
At 1 January 2021	—	(21,308)	(71,467)	(92,775)
Charged to the consolidated statement of profit or loss (note 10)	—	21,308	22,738	44,046
Others	(11,729)	—	—	(11,729)
At 31 December 2021	(11,729)	—	(48,729)	(60,458)

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

28 NOTES PAYABLE

	2022 RMB'000	2021 RMB'000
Notes payable	4,994,698	3,493,891
Notes interest payable	112,776	78,342
Total notes payable	5,107,474	3,572,233
Less: amounts due within one year shown under current liabilities	(3,109,011)	(1,074,013)
Total non-current notes payable	1,998,463	2,498,220

On 2 December 2019, the Group issued 2019 Phase I Medium Term Notes with coupon rate of 3.58% per annum due December 2022 for an aggregate principal amount of RMB1,000,000,000 (the "2019 Phase I Notes"). The 2019 Phase I Notes were issued at 100% of the aggregate nominal amount with interest payable annually. On 2 December 2022, the 2019 Phase I Notes have been fully repaid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 NOTES PAYABLE (CONTINUED)

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.

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.

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.

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 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”).

On 8 August 2022, the Group issued 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”).

On 31 October 2022, the Group issued 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 2019 Phase I Notes, 2020 Phase I Notes, 2020 Phase II Notes, 2021 Phase I Notes and 2022 Phase I Notes (Collectively, “MTN”) and 2022 Tranche 1 SCP, 2022 Tranche 2 SCP and 2022 Tranche 3 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.

The effective interest rate for notes payable, which includes the interest charged as well as amortisation of the capitalised cost on issuance, is 3.22% (31 December 2021: 3.80%) per annum. The Group recognised interest expense of RMB166,614,000 (year ended 31 December 2021: RMB127,402,000) on the notes for the year ended 31 December 2022.

29 CORPORATE BONDS

	2022 RMB'000	2021 RMB'000
Corporate bonds	3,114,362	3,112,693
Bonds interest payable	73,932	73,932
Total corporate bonds	3,188,294	3,186,625
Less: amounts due within one year shown under current liabilities	(689,200)	(73,932)
Total non-current corporate bonds	2,499,094	3,112,693

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 aggregate 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 first tranche of the corporate bonds of a principal amount of RMB300,000,000 issued on 22 March 2016 have been 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 CORPORATE BONDS (CONTINUED)

The second phase of 2016 corporate bonds ("Second Phase 2016 Corporate Bonds") to qualified investors in the PRC were 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 first tranche of the corporate bonds of a principal amount of RMB200,000,000 issued on 28 October 2016 have been fully repaid, and 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 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 were 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 were 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.

29 CORPORATE BONDS (CONTINUED)

The First Phase 2016 Corporate Bonds, Second Phase 2016 Corporate Bonds, First Phase 2021 Corporate Bonds, and Second Phase 2021 Corporate Bonds (Collectively, “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 is 3.65% (31 December 2021: 3.65%) per annum, which includes the interest charged on the Corporate Bonds as well as amortisation of the debt issuance cost. The Group recognised interest expense of RMB111,956,000 (year ended 31 December 2021: RMB107,965,000) of finance cost on the Corporate Bonds for the year ended 31 December 2022.

30 DERIVATIVE FINANCIAL INSTRUMENTS

	2022 RMB'000	2021 RMB'000
Current liabilities		
Foreign exchange forward contracts – cash flow hedges	—	(26,758)

The notional principal amount of the outstanding foreign exchange forward contracts designated as cash flow hedges as at 31 December 2021 was HKD300,000,000. The foreign exchange forward contracts have been assessed as highly effective hedging instruments for the HKD denominated borrowings of the Group. The forward contract has been settled on 29 March 2022.

Changes in fair values of derivative financial instruments are included in “Finance income/(costs)” in the consolidated statement of profit or loss and “other comprehensive income” in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	2022 RMB'000	2021 RMB'000
Trade payables	47,327	60,768
Other payables and accrued charges	599,659	688,368
Construction related accruals and payables	274,915	241,793
	921,901	990,929

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

	2022 RMB'000	2021 RMB'000
0 - 30 days	36,345	44,580
31 - 90 days	32,689	23,032
Over 90 days	253,208	234,949
	322,242	302,561

32 SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group and any invested entity. Eligible participants of the Scheme include any employee (whether full-time or part-time) or director of any member of the Group, other than an (i) any person who is an independent non-executive director of any member of the Group and/or (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. The Scheme became effective on 11 October 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

32 SHARE OPTION SCHEME (CONTINUED)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors.

The offer of a grant of share options may be accepted on or before the date specified in the grant provided that no grant shall be open for acceptance after the expiry of the scheme period or after the Scheme has been terminated in accordance with the provisions thereof, upon payment of a nominal consideration of HKD1 in total by the grantee.

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.

The exercise price of share options is determinable by the board of directors in its absolute discretion and shall not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of the grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company.

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:

	2022		2021	
	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	16,322	—	—
Granted during the year	—	—	4.44	16,732
Forfeited during the year	4.44	(149)	4.44	(410)
At 31 December	4.44	16,173	4.44	16,322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 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 '000	Exercise price* HKD per share	Exercise period
3,501	4.43	2023-06-25 to 2031-06-25
104	4.45	2023-07-09 to 2031-07-09
104	4.68	2023-08-25 to 2031-08-25
26	4.45	2024-01-01 to 2031-07-09
26	4.68	2024-01-01 to 2031-08-25
283	4.43	2024-01-01 to 2031-06-25
3,501	4.43	2024-06-25 to 2031-06-25
104	4.45	2024-07-09 to 2031-07-09
104	4.68	2024-08-25 to 2031-08-25
3,501	4.43	2025-06-25 to 2031-06-25
104	4.45	2025-07-09 to 2031-07-09
104	4.68	2025-08-25 to 2031-08-25
283	4.43	2026-01-01 to 2031-06-25
26	4.45	2026-01-01 to 2031-07-09
26	4.68	2026-01-01 to 2031-08-25
3,501	4.43	2026-06-25 to 2031-06-25
104	4.45	2026-07-09 to 2031-07-09
104	4.68	2026-08-25 to 2031-08-25
283	4.43	2029-01-01 to 2031-06-25
26	4.45	2029-01-01 to 2031-07-09
26	4.68	2029-01-01 to 2031-08-25
283	4.43	2031-01-01 to 2031-06-25
26	4.45	2031-01-01 to 2031-07-09
23	4.68	2031-01-01 to 2031-08-25
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 RMB4,485,000 during the year ended 31 December 2022 (2021: RMB995,000).

At the end of the year, the Company had approximately 16,173,000 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 approximately 16,173,000 additional ordinary shares of the Company and additional share capital of has approximately HKD1,617,300 (before issue expenses).

At the date of approval of these financial statements, the Company had approximately 16,173,000 share options outstanding under the Scheme, which represented approximately 0.97% of the Company's shares in issue as at that date.

33 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 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 are 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	35(b)	(1,438,969)
Deferred income tax liabilities	27	(26,053)
Lease liability	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 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)
	(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 attributable to shareholders of the Company for the year would have been RMB3,899,485,000 and RMB525,341,000, respectively. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year ended 31 December 2022, nor is it intended to be a projection of future results.

34 DISPOSAL OF A SUBSIDIARY

The Group completed the spin-off of Hubei Hanxiao Expressway for the public offering of Real Estate Investment Trust for Huaxia Yuexiu Expressway and had it listed in Shenzhen Stock Exchange on 14 December 2021. Hubei Hanxiao Expressway was no longer a subsidiary of the Group after the completion of the spin-off.

	Notes	2021 RMB'000
Net assets disposed of:		
Intangible operating rights	13	1,544,428
Property, plant and equipment	15(a)	2,361
Other intangible assets	16	4
Trade receivables		23,531
Other receivables, deposits and prepayments		1,225
Cash and cash equivalents		97,443
Borrowings		(350,000)
Deferred income tax liabilities	27	(187,061)
Trade and other payables and accrued charges		(31,570)
Current income tax liabilities		(5,201)
Amount due to a holding company		(45,678)
		1,049,482
Goodwill	14	118,042
		1,167,524
Gain on disposal of a subsidiary	6	960,976
		2,128,500
Satisfied by:		
Cash		2,128,500

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2021 RMB'000
Cash consideration	2,128,500
Cash and bank balances disposed of	(97,443)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	2,031,057

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2022 RMB'000	2021 RMB'000
Operating profit	1,454,942	2,653,702
Amortisation of intangible operating rights	1,146,491	1,061,270
Amortisation of other intangible asset	5,599	1,884
Depreciation of		
– property, plant and equipment	12,141	13,844
– right-of-use assets	11,118	11,001
Fair value loss/(gain) on investment properties	1,383	(1,404)
Impairment losses on intangible operating rights	—	97,302
Impairment losses on investments in associates	—	128,186
(Gain)/loss on disposal of property, plant and equipment	(653)	211
Gain on disposal of a subsidiary	—	(960,976)
Contract liabilities and deferred income	(51,833)	(23,116)
Equity-settled share option expense	4,485	995
Operating cash flows before working capital changes	2,583,673	2,982,899
Changes in working capital:		
– (increase)/decrease in trade and other receivables, deposits and prepayments	(11,410)	25,053
– decrease/(increase) in amounts due from associates	45,678	(45,678)
– (decrease)/increase in trade and other payables and accrued charges	(67,725)	98,272
– addition of contract liabilities and deferred income	29,682	6,104
– (decrease)/increase in amounts due to holding companies	(2,613)	2,460
Cash generated from operations	2,577,285	3,069,110

35 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities:

2022

	Borrowings RMB'000	Notes payable RMB'000	Corporate bonds RMB'000	Lease liabilities RMB'000
Balance as at 31 December 2021	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 33)	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

2021

	Borrowings RMB'000	Notes payable RMB'000	Corporate bonds RMB'000	Lease liabilities RMB'000
Balance as at 31 December 2020	13,298,943	2,492,974	1,909,152	30,021
Changes from financing cash flows	(3,032,573)	996,719	1,201,458	(11,915)
Interest paid	(479,647)	(88,200)	(65,311)	—
Disposal of a subsidiary (note 34)	(350,000)	—	—	—
Interest expenses (note 9)	485,016	127,402	107,965	1,636
Foreign exchange adjustments	(7,517)	—	—	—
Other non-cash movements	17,105	43,338	33,361	1,702
Balance as at 31 December 2021	9,931,327	3,572,233	3,186,625	21,444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 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:

	2022 RMB'000	2021 RMB'000
Construction income under service concession upgrade services	283,987	179,847
Construction costs under service concession upgrade services	(283,987)	(179,847)

Construction income is recognised over time.

As at 31 December 2022, the Group expects that the transaction price allocated to unsatisfied performance obligation for construction income under service concession upgrade services of RMB46,349,000 will be recognised as construction income from 2023 onwards.

37 COMMITMENTS

(a) Capital commitments

	2022 RMB'000	2021 RMB'000
Contracted but not provided for		
Upgrade and construction of toll expressways under concession arrangements:		
Reconstruction and expansion project on the GNSR Expressway	464,619	—
Upgrade project on the other expressways	47,082	192,311
	511,701	192,311

38 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 2022:

Significant related parties	Relationship with the Company
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	The immediate holding company
Yuexiu Property Company Limited ("Yuexiu Property")	A fellow subsidiary
Artform Investment Limited ("Artform")	A fellow subsidiary
Chong Hing Bank Limited ("Chong Hing Bank")	A fellow subsidiary
Chong Hing Insurance Co., Ltd ("Chong Hing Insurance")	A fellow subsidiary
Guangzhou Yuexiu City Construction Jones Lang LaSalle Property Management Co., Ltd. ("YX Jones Lang LaSalle")	A fellow subsidiary
Guangzhou Yue Xiu Enterprises (Holding) Limited ("GZYXE")	A fellow subsidiary
Guangzhou Yuexiu Property Development Co., Ltd. ("Guangzhou Yuexiu Property Development")	A fellow subsidiary
Guangzhou Western Second Ring Expressway Co., Ltd. ("GWSR")	A joint venture
Guangdong Humen Bridge Co., Ltd. ("Humen Bridge")	An associate
Guangdong Qinglian Highway Development Co., Ltd. ("Qinglian Highway")	An associate
Guangdong Shantou Bay Bridge Co., Ltd. ("Shantou Bay Bridge")	An associate
Guangzhou Northring Super Highway Co., Ltd. ("Northring")	An associate
Guangzhou Pazhou Port Company Limited ("Pazhou")	An associate
Real Estate Investment Trust for Huaxia Yuexiu Expressway ("Huaxia Yuexiu Expressway REIT")	An associate
Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. ("Yue Xiu IFC")	An associate of a fellow subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 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:

	2022 RMB'000	2021 RMB'000
(i) Administrative service fees to Yuexiu Property	1,123	1,079
(ii) Building management fee to Yue Xiu Property Management Ltd	157	153
(iii) Building management fee to YX Jones Lang LaSalle	2,058	1,993
(iv) Property Management Services fee to Guangzhou Yuexiu Property Development	2,744	75
(v) Interest income from Chong Hing Bank	14,006	12,605
(vi) Management service income received from Qinglian Highway, Humen Bridge, GWSR and Pazhou	2,620	2,074
(vii) Entrusted road management service income from Huaxia Yuexiu Expressway REIT	32,114	3,961
(viii) Interest expense to GWSR	324	5,920
(ix) Interest expense to Yue Xiu	34	—
(x) Insurance expenses to Chong Hing Insurance	28	37
(xi) Guarantee fee to GZYZ	94	1,021
(xii) Addition of right-of-use assets from Yue Xiu IFC	2,512	—
(xiii) Addition of right-of-use assets from Artform	—	2,108

The guarantee fee paid to GZYZ has been disclosed in the circular dated 16 October 2019.

During the year, the Group acquired a subsidiary, Lanwei, from GZYZ at a consideration of RMB1,098,000,000. Further details of the transaction are disclosed in the circular of the Company dated 1 November 2022.

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

	2022 RMB'000	2021 RMB'000
(i) Bank balance deposited in a fellow subsidiary	286,617	654,828
(ii) Amounts due to holding companies	—	(2,613)
(iii) Loan to an associate	6,406	—
(iv) Loan from the immediate holding company	(100,000)	—
(v) Loan from a joint venture	—	(52,500)
(vi) Loans from non-controlling interests of certain subsidiaries	(50,368)	(72,287)
(vii) Amount due to a non-controlling interest of a subsidiary	(1,611)	(1,611)
(viii) Amounts due from associates	11,430	81,387
(ix) Lease liabilities to an associate of a fellow subsidiary	(11,838)	(18,378)
(x) Lease liabilities to a fellow subsidiary	(1,121)	(1,829)

(d) Key management compensation

	2022 RMB'000	2021 RMB'000
Salaries and other short-term benefits	8,966	9,711

Further details of directors' emoluments are included in note 41 to the financial statements.

39 EVENT AFTER THE REPORTING PERIOD

Baiyun District and Huangpu District land expropriation agreements in connection with the GNSR Expressway reconstruction and expansion project which constitute major transactions of the Company were approved by the shareholders at the special general meeting held on 10 January 2023. On 28 February 2023, Guangzhou North Second Ring Transport Technology Company Limited and Guangzhou Development District Key Project Promotion Centre entered into the Huangpu District Land Expropriation and Relocation Works Agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION, RESERVE MOVEMENT, STATEMENT OF PROFIT OR LOSS, STATEMENT OF CASH FLOWS OF THE COMPANY

Note (i) Statement of financial position

	31 December 2022 RMB'000	31 December 2021 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	871	1,548
Investments in subsidiaries	5,933,323	5,929,459
Right-of-use assets	1,086	1,810
	5,935,280	5,932,817
Current assets		
Amounts due from subsidiaries	13,997,269	14,226,573
Deposits and prepayments	5,336	8,163
Cash and cash equivalents	1,131,953	374,988
	15,134,558	14,609,724
Total assets	21,069,838	20,542,541
EQUITY		
Equity attributable to the shareholders of the Company		
Share capital	147,322	147,322
Reserves (note (ii))	3,978,658	4,361,987
Total equity	4,125,980	4,509,309

40 STATEMENT OF FINANCIAL POSITION, RESERVE MOVEMENT, STATEMENT OF PROFIT OR LOSS, STATEMENT OF CASH FLOWS OF THE COMPANY (CONTINUED)

Note (i) Statement of financial position (Continued)

	31 December 2022 RMB'000	31 December 2021 RMB'000
LIABILITIES		
Non-current liabilities		
Borrowings	—	849,326
Notes payable	1,998,463	2,498,220
Corporate bonds	2,499,094	3,112,693
Deferred income tax liabilities	35,000	35,000
Lease liabilities	382	1,121
	4,532,939	6,496,360
Current liabilities		
Borrowings	552,304	868,201
Notes payable	3,109,011	1,074,013
Corporate bonds	689,200	73,931
Amounts due to subsidiaries	8,024,786	7,468,423
Amounts due to holding companies	—	2,458
Other payables and accrued charges	34,879	22,380
Lease liabilities	739	708
Derivative financial instruments	—	26,758
	12,410,919	9,536,872
Total liabilities	16,943,858	16,033,232
Total equity and liabilities	21,069,838	20,542,541

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION, RESERVE MOVEMENT, STATEMENT OF PROFIT OR LOSS, 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 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
At 1 January 2021	2,375,743	—	1,561,564	4,260	794,286	4,735,853
Profit for the year	—	—	—	—	4,770	4,770
Cash flow hedges – movement in hedging reserve	—	—	—	(3,605)	—	(3,605)
Equity-settled share option arrangements	—	995	—	—	—	995
Dividends:						—
2020 final dividend	—	—	—	—	(96,090)	(96,090)
2021 interim dividend	—	—	—	—	(279,936)	(279,936)
At 31 December 2021	2,375,743	995	1,561,564	655	423,030	4,361,987

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.

40 STATEMENT OF FINANCIAL POSITION, RESERVE MOVEMENT, STATEMENT OF PROFIT OR LOSS, STATEMENT OF CASH FLOWS OF THE COMPANY (CONTINUED)

Note (iii) Statement of profit or loss of the Company

	Notes	2022 RMB'000	2021 RMB'000
Other income, gains and losses - net	(a)	350,000	250,000
General and administrative expenses	(b)	(33,705)	(31,946)
Operating profit		316,295	218,054
Finance income	(c)	365,230	97,451
Finance costs	(c)	(325,199)	(310,735)
Profit before income tax		356,326	4,770
Income tax expense		(3,226)	—
Profit for the year		353,100	4,770

Notes:

(a) Other income, gains and losses - net

	2022 RMB'000	2021 RMB'000
Dividend income	350,000	250,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION, RESERVE MOVEMENT, STATEMENT OF PROFIT OR LOSS, STATEMENT OF CASH FLOWS OF THE COMPANY (CONTINUED)

Note (iii) Statement of profit or loss of the Company (Continued)

Notes: (Continued)

(b) Expenses by nature

	2022 RMB'000	2021 RMB'000
Depreciation of		
– property, plant and equipment	683	697
– right-of-use asset	724	362
Auditor's remuneration		
– Audit services	2,550	2,400
– Non-audit services	1,355	386
Legal and professional fee	10,943	13,107
Employee benefit expense (including directors' emoluments)	15,573	14,622

(c) Finance income/(costs)

	2022 RMB'000	2021 RMB'000
Bank interest income	4,002	4,999
Intercompany loan interest income	361,228	92,452
Finance income	365,230	97,451
Interest expenses:		
– Bank borrowings	(43,738)	(56,862)
– Bank facility fees	(9,446)	(3,573)
– Notes payable	(166,614)	(127,402)
– Corporate bonds	(111,956)	(107,965)
– Others	(97)	(44)
Net other exchange gain/(loss)	6,652	(14,889)
	(325,199)	(310,735)

40 STATEMENT OF FINANCIAL POSITION, RESERVE MOVEMENT, STATEMENT OF PROFIT OR LOSS, STATEMENT OF CASH FLOWS OF THE COMPANY (CONTINUED)

Note (iv) Statement of cash flows of the Company

	2022 RMB'000	2021 RMB'000
Cash flows from operating activities		
Operating profit	316,295	218,054
Depreciation of		
– property, plant and equipment	683	697
– right-of-use asset	724	362
Operating cash flows before working capital changes	317,702	219,113
Changes in working capital:		
Decrease/(increase) in deposits and prepayments	2,827	(4,318)
Increase/(decrease) in other payables and accrued charges	22,508	(14,145)
Decrease/(increase) in amounts due from subsidiaries	563,774	(2,590,486)
Increase in amounts due to subsidiaries	553,905	642,392
Net cash generated from/(used in) operations	1,460,716	(1,747,444)
PRC enterprise income tax and withholding tax paid	(3,226)	—
Net cash generated from/(used in) operating activities	1,457,490	(1,747,444)
Cash flows from investing activities		
Capital contribution into a subsidiary	(1,933)	—
Purchase of property, plant and equipment	(8)	(84)
Interest received	4,002	4,999
Net cash generated from investing activities	2,061	4,915
Cash flows from financing activities		
Payment of bank facility fees	(3,870)	(300)
Proceeds from bank borrowings	100,000	599,000
Proceeds from loan from the immediate holding company	100,000	—
Proceeds from issuance of corporate bonds	—	2,494,458
Proceeds from issuance of notes	2,494,627	996,719
Repayment of notes	(1,000,000)	—
Repayment of corporate bonds	—	(1,293,000)
Repayment of bank borrowings	(1,363,867)	(168,396)
Dividend paid to shareholders of the Company	(740,259)	(376,026)
Interest paid	(283,445)	(207,707)
Payment for lease liability (including interest)	(707)	(496)
Net cash (used in)/generated from financing activities	(697,521)	2,044,252
Net increase in cash and cash equivalents	762,030	301,723
Cash and cash equivalents at 1 January	374,988	75,869
Effect of exchange rate changes on cash and cash equivalents	(5,065)	(2,604)
Cash and cash equivalents at 31 December	1,131,953	374,988

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS

(A) Directors' and chief executive's emoluments

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

For the year ended 31 December 2022

Name of directors	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		Total
	Fees RMB'000	Salaries RMB'000	Discretionary bonuses (note c) RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (note d) RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Equity-settled share option expense RMB'000	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
	—	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	285	—	—	—	—	—	—	—	285
Ambrose	220	—	—	—	—	—	—	—	220
CHEUNG Doi Shu	725	—	—	—	—	—	—	—	725
	725	2,281	5,726	—	466	279	493	1,145	11,115

41 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

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

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

For the year ended 31 December 2021

Name of directors	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	Total RMB'000
	Fees RMB'000	Salaries RMB'000	Discretionary bonuses (note c) RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (note d) RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Equity- settled share option expense RMB'000	RMB'000	
Executive directors									
LI Feng	—	640	2,356	—	—	—	—	—	2,996
CHEN Jing	—	597	1,500	—	—	—	—	—	2,097
XIE Yanhui (note a)	—	240	1,139	—	52	60	—	—	1,491
CAI Minghua (note b)	—	238	868	—	55	58	30	—	1,249
	—	1,715	5,863	—	107	118	30	—	7,833
Executive director and the Chief executive									
HE Baiqing	—	507	1,079	—	329	132	80	1,277	3,404
Independent non-executive directors									
FUNG Ka Pun	220	—	—	—	—	—	—	—	220
LAU Hon Chuen Ambrose	285	—	—	—	—	—	—	—	285
CHEUNG Doi Shu	220	—	—	—	—	—	—	—	220
	725	—	—	—	—	—	—	—	725
	725	2,222	6,942	—	436	250	110	1,277	11,962

Notes:

- (a) Appointed on 28 February 2020 and resigned with effect from 9 July 2021.
- (b) Appointed on 7 July 2021.
- (c) Discretionary bonuses are determined based on the Group's financial performance.
- (d) Other benefits mainly include provision of accommodation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 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 (2021: 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 (2021: 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 (2021: 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 (2021: 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 (2021: Nil).

42 GROUP STRUCTURE

As at 31 December 2022, 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		Principal activities
			Direct	Indirect	
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	RMB1,066,666,700	—	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 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					
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
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

42 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					
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
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 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					
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	RMB260,000,000	—	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

42 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
			Owner ship	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 Guangdong
CAMC-Yuexiu Expressway Close-end Infrastructure Securities Investment Fund ("Huaxia Yuexiu Expressway REIT")	PRC, trust fund	—	—	30	Development and management of HanXiao Expressway in Hubei Province

(a) The profit sharing ratio was changed to 18.446% from 2010 onwards.

CORPORATE AND INVESTOR RELATIONS INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr Li Feng (*Chairman*)
Mr He Baiqing
Ms Chen Jing
Mr Cai Minghua

Independent non-executive directors & audit committee members

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

COMPANY SECRETARY

Mr Yu Tat Fung

AUDITOR

Ernst & Young
Hong Kong Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
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

Bonds and notes

Shanghai Stock Exchange
RMB87,000,000 3.6 per cent. Corporate Bonds
due 2023 (code: 136324)(repaid in full on 21 March 2023)

RMB530,000,000 3.18 per cent. Corporate Bonds
due 2023 (code: 136806)

RMB1,000,000,000 3.63 per cent. Corporate Bonds
due 2026 (code: 175650)

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 3.47 per cent. Medium Term Notes
due 2023 (code: 102000026)(repaid in full on 10 January 2023)

RMB500,000,000 3.54 per cent. Medium Term Notes
due 2023 (code: 102001532)

RMB1,000,000,000 3.78 per cent. Medium Term Notes
due 2026 (code: 102100198)

RMB1,000,000,000 3.28 per cent. Medium Term Notes
due 2027 (code: 102280559)

RMB500,000,000 2.10 per cent. Super Short-term
Commercial Paper due 2023 (code: 012281864) (repaid in full
on 17 February 2023)

RMB500,000,000 1.77 per cent. Super Short-term
Commercial Paper due 2023 (code: 012282751)

RMB500,000,000 1.81 per cent. Super Short-term
Commercial Paper due 2023 (code: 012283791)

RMB500,000,000 2.30 per cent. Super Short-term
Commercial Paper due 2023 (code: 012380404)

INVESTOR RELATIONS

For further information about
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Email : contact@yuexiutransport.com.hk

WEBSITES TO ACCESS

COMPANY INFORMATION

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