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# 越秀交通基建有限公司

## Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 01052)

### 2024 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “Directors” or the “Board”) of Yuexiu Transport Infrastructure Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 (the “Reporting Period”), as follows:

#### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	(Unaudited)	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
Revenue	4	1,826,884	1,935,448
Cost of services	5	(910,964)	(840,864)
Construction income from construction and upgrade services		138,653	41,064
Construction costs of construction and upgrade services		(138,653)	(41,064)
Other income, gains and losses – net	6	10,075	10,586
General and administrative expenses	5	(135,475)	(133,903)
<b>Operating profit</b>		<b>790,520</b>	<b>971,267</b>
Finance income	7	17,199	13,642
Finance costs	7	(249,352)	(283,934)
Share of result of a joint venture, net of tax		35,313	35,571
Share of results of associates, net of tax		41,038	94,813
<b>Profit before income tax</b>		<b>634,718</b>	<b>831,359</b>
Income tax expense	8	(167,123)	(218,792)
<b>Profit for the period</b>		<b>467,595</b>	<b>612,567</b>
<b>Attributable to:</b>			
Shareholders of the Company		313,938	427,106
Non-controlling interests		153,657	185,461
		<b>467,595</b>	<b>612,567</b>
		<b>RMB</b>	<b>RMB</b>
Earnings per share for profit attributable to shareholders of the Company	9		
Basic earnings per share		0.1876	0.2553
Diluted earnings per share		0.1876	0.2553

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME**  
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the period</b>	<b>467,595</b>	612,567
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Currency translation differences	178	812
Other comprehensive income for the period	178	812
<b>Total comprehensive income for the period</b>	<b>467,773</b>	613,379
<b>Attributable to:</b>		
Shareholders of the Company	314,116	427,918
Non-controlling interests	153,657	185,461
	<b>467,773</b>	613,379

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
30 JUNE 2024

		(Unaudited) <b>30 June</b> <b>2024</b> <i>RMB'000</i>	(Audited) 31 December 2023 <i>RMB'000</i>
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible operating rights		29,637,869	30,247,734
Goodwill		514,577	514,577
Property, plant and equipment		38,091	41,609
Investment properties		38,203	38,039
Right-of-use assets		28,392	4,737
Other intangible assets		16,412	19,078
Investment in a joint venture		514,126	478,813
Investments in associates		1,559,591	1,599,983
Prepayments	11	1,078,643	916,926
Loan to an associate		6,406	6,406
		<u>33,432,310</u>	<u>33,867,902</u>
<b>Current assets</b>			
Trade receivables	11	140,844	112,389
Other receivables, deposits and prepayments	11	78,727	102,789
Amounts due from associates		21,118	38,593
Cash and cash equivalents		2,586,145	2,380,785
		<u>2,826,834</u>	<u>2,634,556</u>
<b>Total assets</b>		<u><b>36,259,144</b></u>	<u><b>36,502,458</b></u>
<b>EQUITY</b>			
Equity attributable to the shareholders of the Company			
Share capital		147,322	147,322
Reserves		11,544,327	11,466,015
		<u>11,691,649</u>	<u>11,613,337</u>
<b>Non-controlling interests</b>		<u><b>3,136,504</b></u>	<u><b>3,236,600</b></u>
<b>Total equity</b>		<u><b>14,828,153</b></u>	<u><b>14,849,937</b></u>

	Notes	(Unaudited) 30 June 2024 RMB'000	(Audited) 31 December 2023 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		8,944,522	8,457,900
Notes payable		2,018,754	1,498,746
Corporate bonds		499,548	499,667
Contract liabilities and deferred revenue		267,140	286,264
Deferred income tax liabilities		3,060,223	3,072,085
Lease liabilities		17,860	3,310
		<u>14,808,047</u>	<u>13,817,972</u>
<b>Current liabilities</b>			
Borrowings		1,228,753	1,178,089
Notes payable		4,366,837	3,373,285
Corporate bonds		2,589	2,067,750
Amount due to a non-controlling interest of a subsidiary		1,611	1,611
Trade and other payables and accrued charges	12	906,364	1,117,332
Contract liabilities and deferred revenue		23,400	15,792
Lease liabilities		11,216	1,763
Current income tax liabilities		82,174	78,927
		<u>6,622,944</u>	<u>7,834,549</u>
<b>Total liabilities</b>		<u>21,430,991</u>	<u>21,652,521</u>
<b>Total equity and liabilities</b>		<u>36,259,144</u>	<u>36,502,458</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION

This Financial Information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*. The Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

As at 30 June 2024, the Group’s current liabilities exceeded its current assets by RMB3,796,110,000. The Group’s current liabilities primarily comprise current portion of borrowings, notes payable and trade and other payables and accrued charges of RMB1,228,753,000, RMB4,366,837,000 and RMB906,364,000, respectively. Notwithstanding the above, the directors of the Company are confident that the Group will be able to meet its liabilities as they fall due in the next twelve months, taking into account the forecast cash flows including the banking facilities, unutilised quota for the issuance of corporate bonds and multiple types of debt financing instruments available to the Group and the internally generated funds from operations. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

## 2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The above revised HKFRSs effective for the financial year beginning 1 January 2024 do not have a material impact on the Group.

## 3 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the Financial Information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

#### 4 REVENUE AND SEGMENT INFORMATION

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

The chief operating decision-maker (the “CODM”) has been identified as the Executive Directors. The Executive Directors review the Group’s internal reporting in order to assess performance of the Group’s main reporting segment – Toll highways and bridges projects in the PRC. The Executive Directors assess the performance of this main reporting segment based on measurement of profit after income tax for the period. 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 Financial Information.

During the period ended 30 June 2024, the construction service income was reclassified from “Revenue” to “Construction income from construction and upgrade services” as the CODM believes the revised classification could provide better presentation to the users of the financial information to evaluate the Group’s operating performance from toll roads operations. The comparative figures were not restated.

The following tables present revenue and profit information regarding the Group’s operating segments for the six months ended 30 June 2024 and 2023 respectively.

##### Six months ended 30 June 2024

	<b>Toll roads operations RMB’000</b>	<b>All other segments RMB’000</b>	<b>Total RMB’000</b>
Revenue (from external customers)			
– Toll revenue	1,787,552	—	1,787,552
– Income from service area and gas station	19,197	—	19,197
– Entrusted road management service income	17,508	—	17,508
– Other toll operating income	2,627	—	2,627
	<u>1,826,884</u>	<u>—</u>	<u>1,826,884</u>
Total			
Amortisation of			
– Intangible operating rights	(700,470)	—	(700,470)
– Other intangible assets	(3,116)	—	(3,116)
Depreciation of			
– Property, plant and equipment	(6,060)	(33)	(6,093)
– Right-of-use assets	(5,641)	—	(5,641)
Government subsidy	948	—	948
	<u>790,272</u>	<u>248</u>	<u>790,520</u>
Operating profit			
Finance income	17,199	—	17,199
Finance costs	(249,352)	—	(249,352)
Share of result of a joint venture, net of tax	35,313	—	35,313
Share of results of associates, net of tax	49,090	(8,052)	41,038
	<u>642,522</u>	<u>(7,804)</u>	<u>634,718</u>
Profit/(loss) before income tax			
Income tax expense	(167,123)	—	(167,123)
	<u>475,399</u>	<u>(7,804)</u>	<u>467,595</u>
<b>Profit/(loss) for the period</b>			

**Six months ended 30 June 2023**

	Toll roads operations <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue (from external customers)			
– Toll revenue	1,883,768	—	1,883,768
– Income from service area and gas station	16,349	—	16,349
– Entrusted road management service income	16,242	—	16,242
– Construction service income	16,373	—	16,373
– Other toll operating income	2,716	—	2,716
	<u>1,935,448</u>	<u>—</u>	<u>1,935,448</u>
Total			
Amortisation of			
– Intangible operating rights	(636,437)	—	(636,437)
– Other intangible assets	(3,018)	—	(3,018)
Depreciation of			
– Property, plant and equipment	(6,753)	(170)	(6,923)
– Right-of-use assets	(5,708)	—	(5,708)
Other compensation income	317	—	317
Government subsidy	2,492	—	2,492
	<u>971,114</u>	<u>153</u>	<u>971,267</u>
Operating profit			
Finance income	13,642	—	13,642
Finance costs	(283,934)	—	(283,934)
Share of result of a joint venture, net of tax	35,571	—	35,571
Share of results of associates, net of tax	100,783	(5,970)	94,813
	<u>837,176</u>	<u>(5,817)</u>	<u>831,359</u>
Profit/(loss) before income tax			
Income tax expense	(218,792)	—	(218,792)
	<u>618,384</u>	<u>(5,817)</u>	<u>612,567</u>
<b>Profit/(loss) for the period</b>			

The following tables present assets and liabilities information regarding the Group's operating segments as at 30 June 2024 and 31 December 2023 respectively.

	Toll roads operations <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Assets and liabilities</b>			
<b>As at 30 June 2024</b>			
Total segment assets	36,197,320	61,824	36,259,144
Addition to non-current assets (other than financial instruments)	284,688	—	284,688
Total segment assets include:			
Investment in a joint venture	514,126	—	514,126
Investments in associates	1,530,362	29,229	1,559,591
	<u>(21,311,384)</u>	<u>(119,607)</u>	<u>(21,430,991)</u>
Total segment liabilities			

	Toll roads operations <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Assets and liabilities</b>			
As at 31 December 2023			
Total segment assets	36,432,839	69,619	36,502,458
Addition to non-current assets (other than financial instruments)	1,651,852	5	1,651,857
Total segment assets include:			
Investment in a joint venture	478,813	—	478,813
Investments in associates	1,562,703	37,280	1,599,983
Total segment liabilities	<u>(21,645,902)</u>	<u>(6,619)</u>	<u>(21,652,521)</u>

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.



## 5 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Taxes and surcharges	10,495	7,070
Amortisation of		
– Intangible operating rights	700,470	636,437
– Other intangible assets	3,116	3,018
Depreciation of		
– Property, plant and equipment	6,093	6,923
– Right-of-use assets	5,641	5,708
Toll highways and bridges maintenance expenses	65,908	47,407
Toll highways and bridges operating expenses	45,209	57,532
Staff costs (including directors' emoluments)		
– Wages and salaries	139,061	125,810
– Pension costs (defined contribution plan)	19,519	19,420
– Social security costs	19,529	19,308
– Staff welfare and other benefits	15,608	17,057
– Equity-settled share option expense	(1,380)	(1,137)
Auditor's remuneration	1,526	1,526
Legal and professional fees	4,233	5,863

## 6 OTHER INCOME, GAINS AND LOSSES – NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Compensation for expressways and bridges damages	4,881	5,037
Other compensation income	—	317
Management service income	3,058	693
Government subsidy	948	2,492
Other rental income	—	352
Gain on disposal of property, plant and equipment	31	74
Others	1,157	1,621
Total	10,075	10,586

## 7 FINANCE INCOME/COSTS

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Bank interest income	17,072	13,516
Interest income on loan to an associate	127	126
Finance income	<u>17,199</u>	<u>13,642</u>
Interest expenses:		
– Bank borrowings	(156,432)	(154,840)
– Bank facility fees	(280)	(2,242)
– Loan from the immediate holding company	(1,542)	(1,584)
– Notes payable	(67,640)	(64,781)
– Corporate bonds	(25,020)	(54,665)
– Lease liabilities	(542)	(315)
Net other exchange gain	42	2,338
Others	<u>(5,829)</u>	<u>(7,845)</u>
Subtotal	(257,243)	(283,934)
Less: Interest capitalised in respect of intangible operating rights	<u>7,891</u>	<u>—</u>
Finance costs	<u>(249,352)</u>	<u>(283,934)</u>

## 8 INCOME TAX EXPENSE

- (a) No provision for Hong Kong profits tax has been made in the Financial Information as the Group had no assessable income subject to Hong Kong profits tax during the period (30 June 2023: Nil).
- (b) During the six months ended 30 June 2024, PRC enterprises income tax was provided on the profits of the Group's subsidiaries, associates and joint venture in the PRC in accordance with the Corporate Income Tax Law of China. The applicable principal income tax rate for the six months ended 30 June 2024 is 25% (30 June 2023: 25%). Guangzhou North Second Ring Transport Technology Company Limited ("GNSR Company"), 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 2018. Guangxi Yuexiu Cangyu Expressway Company Limited, a subsidiary of the Group, was recognised as an eligible entity to enjoy preferential tax treatment of income tax, at a preferential income tax rate of 15%, started from 2013.

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 period, 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% (30 June 2023: 5% or 10%).

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
Current income tax		
PRC enterprise income tax	<b>178,985</b>	210,270
Deferred income tax	<b>(11,862)</b>	8,522
	<hr/>	<hr/>
Total	<b>167,123</b>	218,792
	<hr/>	<hr/>

## 9 EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
Earnings		
Profit attributable to shareholders of the Company (RMB'000)	<b>313,938</b>	427,106
	<hr/>	<hr/>
Shares		
Weighted average number of ordinary shares in issue during the period ('000)	<b>1,673,162</b>	1,673,162
	<hr/>	<hr/>

The diluted earnings per share for the six months ended 30 June 2024 equals to the basic earnings per share as there are no potential dilutive ordinary shares in issue during the period (30 June 2023: same).

## 10 DIVIDENDS

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
Final declared and paid – HK\$0.15 equivalent to approximately RMB0.1401 (2023: HK\$0.10 equivalent to approximately RMB0.0922) per share	<b>234,424</b>	154,237
	<hr/>	<hr/>

On 6 August 2024, the board of directors has resolved to declare an interim dividend of HK\$0.12 per share (equivalent to approximately RMB0.1097) (30 June 2023: HK\$0.15 per share (equivalent to approximately RMB0.1372)), amounting to a total of approximately RMB183,534,000 (30 June 2023: RMB229,610,000).

## 11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Trade receivables	<b>140,844</b>	112,389
Other receivables, deposits and prepayments	<b>1,157,370</b>	1,019,715
Total	<b>1,298,214</b>	1,132,104
Less: non-current portion (note)	<b>(1,078,643)</b>	(916,926)
Current portion	<b>219,571</b>	215,178

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

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date when trade receivables are recognised (i.e. date on which services are rendered), is as follows:

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Within 1 month	<b>102,853</b>	112,389
1 to 3 months	<b>10,704</b>	—
3 to 6 months	<b>14,689</b>	—
Over 6 months	<b>12,598</b>	—
Total	<b>140,844</b>	112,389

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. No expected credit losses were provided as the directors consider that the expected credit risks of toll road revenue receivables are minimal.

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.

**12 TRADE AND OTHER PAYABLES AND ACCRUED CHARGES**

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Trade payables	<b>49,656</b>	46,542
Other payables and accrued charges	<b>463,144</b>	538,655
Construction related accruals and payables	<b>393,564</b>	532,135
Total	<b><u>906,364</u></b>	<u>1,117,332</u>

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

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Within 1 month	<b>15,487</b>	273,500
1 to 3 months	<b>25,816</b>	35,656
Over 3 months	<b>401,917</b>	269,521
Total	<b><u>443,220</u></b>	<u>578,677</u>

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

*Notes:*

- (1)
  - a. GNSR Expressway: 8 lanes for the section from Huocun to Luogang, and 6 lanes for other sections.
  - b. Hancai Expressway: 6 lanes for the section from Miliang Shan to Wuhan Outer Ring Road, and 4 lanes for other sections.
  - c. Han-Xiao Expressway: 6 lanes for the sections of Airport North Extension and from Taoyuanji interchange to Hengdian interchange, and 4 lanes for other sections.
  - d. Northern Ring Road: 8 lanes for the section from Shabei to Bainihe Bridge, and 6 lanes for other sections.
- (2) The profit-sharing ratio was 18.446% from 2010 onwards.
- (3)
  - a. Projects within Guangdong Province: Pursuant to the supporting and protective policies from the relevant authorities in the Guangdong Province regarding waiver of tolls on toll roads during the COVID-19 pandemic, the operators of toll roads for the Group's projects within Guangdong Province shall submit compensation applications one year before the original toll collection deadline of the project. In which: Northern Ring Road has met the above requirements and has completed the relevant application process, and the adjusted and approved toll collection deadline is 22 March 2024.
  - b. Projects within Guangxi Autonomous Region, Hunan Province, Hubei Province, Tianjin City and Henan Province: Pursuant to the supporting and protective policies from the relevant authorities in the Guangxi Autonomous Region, Hunan Province, Hubei Province, Tianjin City and Henan Province regarding waiver of tolls on toll roads during the COVID-19 pandemic, the original approved toll collection deadline for the Group's projects within Guangxi Autonomous Region, Hunan Province, Hubei Province, Tianjin City and Henan Province were postponed for 79 days.
- (4) According to provision 14 of the Regulations on the Administration of Toll Roads (《收費公路管理條例》) promulgated by the State Council, the toll collection deadline shall be reviewed and approved by people's governments of provinces, autonomous regions and municipalities directly under the central government in accordance with the following standards: other than provinces, autonomous regions and municipalities directly under the central government in the central and western region determined by the State, the toll collection period for highways under operation shall be determined in accordance with the principle of recovery of investment with reasonable return, with a maximum of 25 years. Based on the new investment in the GNSR Expressway under the GNSR Expressway R&E Project and the information in feasibility report, the Board expected that the toll operating period of the GNSR Expressway would be extended for a period of up to 25 years from the completion date of the GNSR Expressway R&E Project. The extension of toll period (which is expected to be finalised after the completion of GNSR Expressway R&E Project and the reconstructed and expanded GNSR Expressway open to traffic) will be subject to the final approval by the People's Government of Guangdong Province after the submission of the application for assessment of the operating period of GNSR Expressway and the completion of the technical valuation by a qualified valuer appointed by the Department of Transport of Guangdong Province.
- (5) The toll collection right of Northern Ring Road expired at 24:00 on 22 March 2024. The project is currently in the process of being transferred to the government.
- (6) The trial operation of Pazhou Port commenced on 14 April 2023, and formal operation commenced on 4 May 2023.

## TOLL SUMMARY OF TOLL ROADS, BRIDGES AND PORT

For the six months ended 30 June 2024

	Average daily toll revenue <sup>(1)</sup>		Average daily toll traffic volume	
	First half of 2024 (RMB/day)	Y-O-Y Change %	First half of 2024 (Vehicle/day)	Y-O-Y Change %
<b>SUBSIDIARIES</b>				
GNSR Expressway	2,722,208	-7.9%	288,778	0.6%
Cangyu Expressway	267,338	-1.6%	18,833	-5.1%
Jinxiong Expressway	213,368	-6.1%	36,370	2.9%
Changzhu Expressway	667,930	-1.0%	69,078	-1.5%
Weixu Expressway	940,728	-8.9%	25,280	-6.2%
Lanwei Expressway	763,529	-9.4%	30,960	-6.2%
Suiyuanan Expressway	1,853,563	-4.5%	31,390	-9.2%
Hancai Expressway	669,249	-11.8%	49,840	-17.3%
Han'e Expressway	539,728	30.2%	43,746	27.6%
Daguangnan Expressway	1,184,072	-8.1%	26,082	-14.6%
<b>ASSOCIATES AND JOINT VENTURE</b>				
Han-Xiao Expressway	608,030	-7.4%	32,166	-3.3%
GWSR Expressway	1,322,684	3.4%	91,716	4.4%
Humen Bridge	2,895,749	7.8%	107,222	8.1%
Northern Ring Road <sup>(2)</sup>	1,931,720	N/A	359,708	N/A
Shantou Bay Bridge	268,314	-5.7%	17,028	-3.6%
Qinglian Expressway	1,798,056	-5.6%	49,955	-4.1%
	Average daily ticket business revenue		Average daily passenger volume	
	First half of 2024 (RMB/day)	Y-O-Y Change %	First half of 2024 (People/day)	Y-O-Y Change %
<b>ASSOCIATE</b>				
Pazhou Port <sup>(3)</sup>	139,838	N/A	429	N/A



Notes:

- (1) Average daily toll revenue does not include value-added tax.
- (2) The toll collection right of Northern Ring Road expired at 24:00 on 22 March 2024. The figures of average daily toll revenue and the average daily toll traffic volume were for the periods from 1 January to 22 March for the year 2024 and from 1 January to 30 June for the year 2023 respectively. Thus, the year-on-year change is not applicable.
- (3) The trial operation of Pazhou Port commenced on 14 April 2023, and formal operation commenced on 4 May 2023. The figures of average daily ticket business revenue and average daily passenger volume were for the periods from 1 January to 30 June for the year 2024 and from 14 April to 30 June for the year 2023. Thus, the year-on-year change is not applicable.

## TOLL ROADS AND BRIDGES

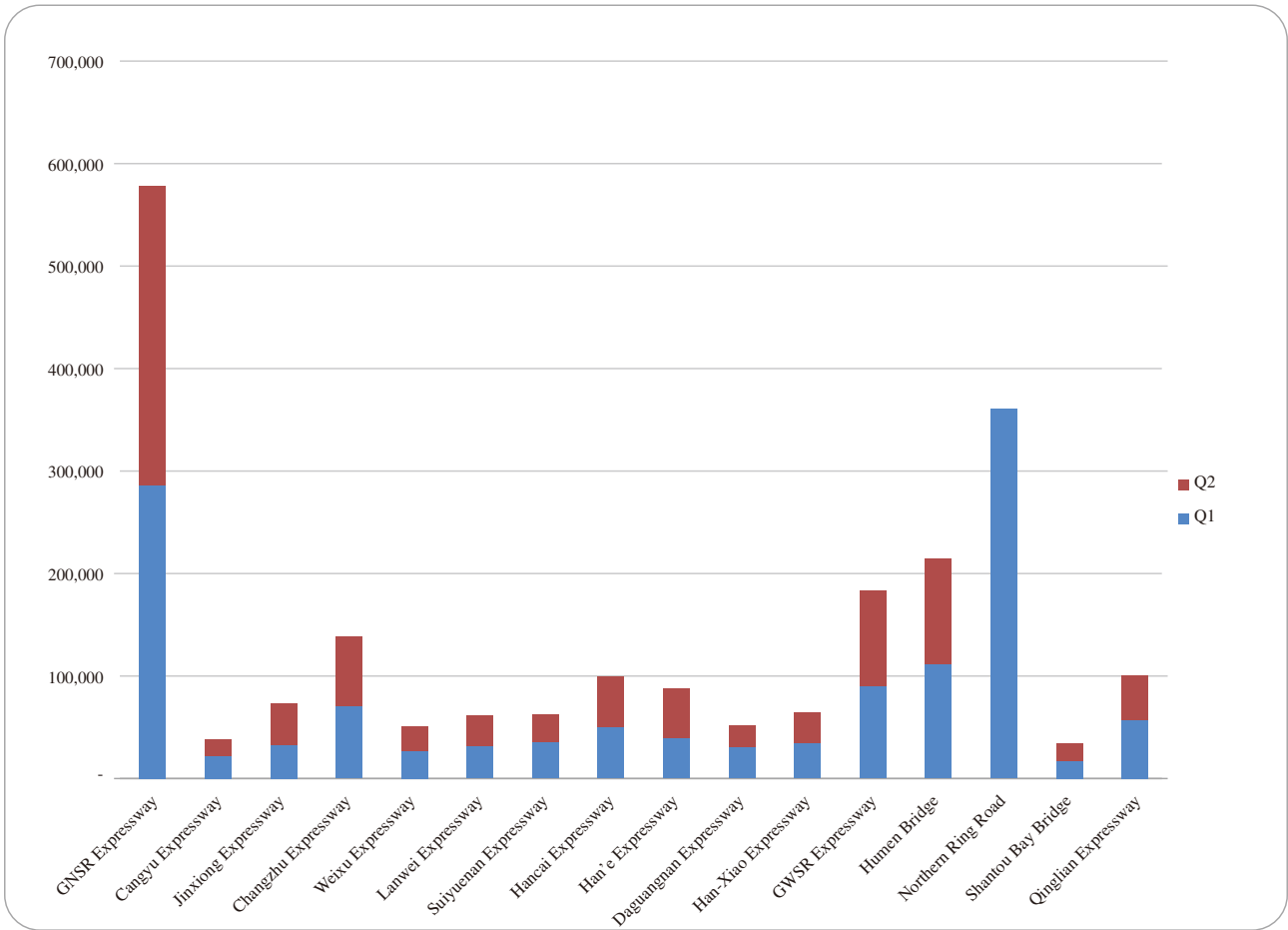
### Quarterly analysis of average daily toll traffic volume for 2024

	<b>Average daily toll traffic volume of the first quarter in 2024 (Vehicle/day)</b>	<b>Average daily toll traffic volume of the second quarter in 2024 (Vehicle/day)</b>
<b>SUBSIDIARIES</b>		
GNSR Expressway	286,046	291,510
Cangyu Expressway	22,005	15,661
Jinxiong Expressway	32,650	40,089
Changzhu Expressway	69,715	68,440
Weixu Expressway	26,553	24,007
Lanwei Expressway	31,134	30,787
Suiyuan Expressway	34,196	28,583
Hancai Expressway	48,902	50,778
Han'e Expressway	38,120	49,371
Daguangnan Expressway	30,025	22,139
<b>ASSOCIATES AND JOINT VENTURE</b>		
Han-Xiao Expressway	33,390	30,942
GWSR Expressway	88,998	94,433
Humen Bridge	110,516	103,928
Northern Ring Road <sup>(1)</sup>	359,708	N/A
Shantou Bay Bridge	17,220	16,836
Qinglian Expressway	56,942	42,967

Note:

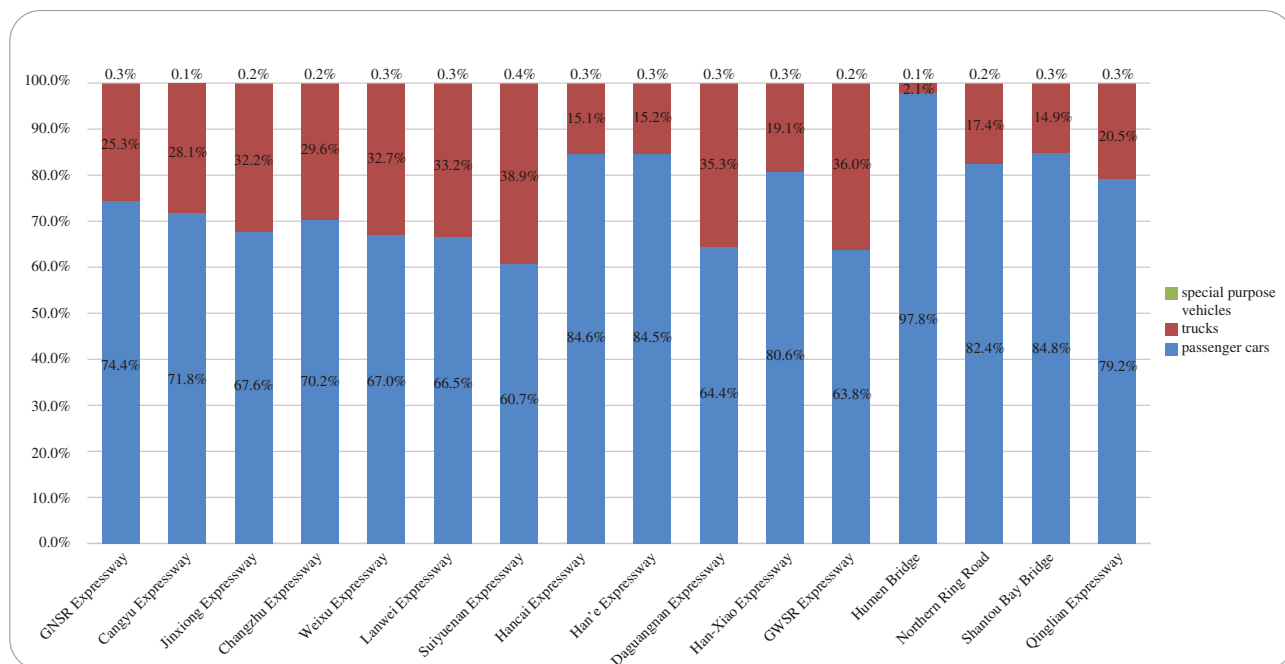
- (1) The toll collection right of Northern Ring Road expired at 24:00 on 22 March 2024. The figures of average daily toll traffic volume for the first quarter of 2024 were for the period from 1 January to 22 March.

Unit: Vehicle/day



## Vehicle Type Analysis (By Traffic Volume)

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



Note:

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

## SUMMARY OF OPERATING PERFORMANCE

### Macro-economic Environment

In the face of a complex and challenging international environment and difficult and arduous tasks in promoting reform and development at home, the PRC stayed true to the general principle of pursuing progress while ensuring stability and promoting stability through progress, thereby the national economy maintaining generally stable. According to the information released by the National Bureau of Statistics, the gross domestic product (GDP) for the first half of 2024 amounted to RMB61,683.6 billion, representing a year-on-year increase of 5.0%; and by quarter, the GDP for the first quarter and the second quarter recorded a year-on-year increase of 5.3% and 4.7%, respectively.

According to the Ministry of Public Security, domestic car ownership maintained a steady growth momentum; as of 30 June 2024, domestic car ownership reached 345 million vehicles, representing a year-on-year increase of 5.2%; and new energy vehicle ownership reached 24.72 million, representing a year-on-year increase of 52.6% and reaching 7.2% of total number of vehicles.

The projects invested and operated by the Group are distributed throughout Guangdong, Tianjin, Guangxi, Hunan, Hubei and Henan. According to the National Bureau of Statistics and bureaus of statistics of provinces, municipalities or autonomous region, the GDP of these regions for the first half of 2024 increased by 3.9%, 4.9%, 3.6%, 4.5%, 5.8% and 4.9% year-on-year, respectively.

(Unit: RMB100 million)

	National	Guangdong Province	Tianjin Municipality	Guangxi Autonomous Region	Hunan Province	Hubei Province	Henan Province
GDP for the first half of 2024	616,836	65,243	8,191	13,116	24,545	27,346	31,231
Year-on-year GDP changes for the first half of 2024	5.0%	3.9%	4.9%	3.6%	4.5%	5.8%	4.9%
Year-on-year GDP changes for the first half of 2023	5.5%	5.0%	4.8%	2.8%	3.6%	5.6%	3.8%

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

## Regulatory Environment of the Sector

On 28 March 2024, the Administrative Measures for Infrastructure and Public Utilities Concession (《基礎設施和公用事業特許經營管理辦法》) were promulgated by six ministries and commissions including the National Development and Reform Commission. The measures which are applicable to transportation and other infrastructures in the PRC were implemented on 1 May 2024. According to relevant provisions of the measures, among others, the maximum term of the concession granted by the government to concessionaires for investments in new construction or reconstruction and expansion and operation of infrastructures shall be adjusted from the original “not exceeding 30 years” to “in principle not exceeding 40 years”, and for franchise projects with large investment and long return period, the term can be appropriately extended based on actual circumstances.

On 30 July 2024, the Political Bureau of the Central Committee of the Communist Party of China convened a meeting to study the current economic situation. The meeting held that since the beginning of the year, China’s overall economic recovery and growth has been stable, and the upward trend has continued. The cultivation of new growth drivers and strengths has accelerated, high-quality development has been steadily promoted. The meeting stressed that we must adhere to the general principle of seeking progress while maintaining stability, implement the new development concept in a complete, accurate and comprehensive manner, accelerate the construction of a new development pattern, develop new quality productive forces in line with local conditions, strive to promote high-quality development, and strengthen the sustained upward trend of economic recovery.

On 6 May 2024, the General Office of the State Council issued the Legislation Working Plan of the State Council for the Year 2024 (《國務院二〇二四年度立法工作計劃》), incorporating revisions to the Regulations on the Administration of Toll Roads (《收費公路管理條例》).

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

## **Business Improvements and Innovations**

During the Reporting Period, the Group proactively expanded revenue sources. Firstly, the Group continued to progress combined marketing strategies including “navigating and introducing traffic, linking scenic spots, improving road signage, ensuring smooth traffic flow and promoting brands”, with the aim of attracting traffic and increasing toll revenue via such new media promotions. Secondly, the Group continued to reinforce the concept of “Expressway+” and promote the use of resources such as service areas on the expressway, ancillary lands and facilities along the expressway and billboards to diversify its sources of revenue. Thirdly, the Group developed and utilised auxiliary assets and resources of the expressway to promote the implementation of projects such as photovoltaic power generation (with aggregate installed capacity of 6.5 MW and expected average annual power generation capacity of approximately 7.33 million kWh, which is expected to reduce carbon dioxide emissions by about 7,310 tons per annum on average) along the highway, and transformation and upgrade of service areas. In particular, the “Zero-Carbon Service Area” project of Changsha East on Changzhu Expressway has been approved, becoming one of the first seven “Zero-Carbon” service area pilot projects recognized by the Ministry of Transport. Fourthly, the Group adhered to the concept of green development and transportation, realising full coverage of charging and switching facilities in the service areas under our management. The Group effectively responded to the requirements of low-carbon development of the industry and the demand for new energy vehicles, which could also generate economic benefits. Fifthly, the Group strived to ensure that all tolls are collected and prevent toll evasion and avoidance. In particular, an intelligent audit system dedicated to prevent toll avoidance has been implemented its on-line operation on the routes of all subsidiaries, with the audit work order system improving processing efficiency thanks to its increasing automatic processing rate. Sixthly, a travel service online platform was rolled out by the Group to all its subsidiaries, which has accumulated a total of about 270,000 registered vehicle-owner members, laying a solid foundation for further tapping into the value of customer resources.

Through continuous investments in maintenance and careful operation and management, the Group strived to make sure the technological standards of highways were in line with the industry averages, provided the public with a “green, clean, smooth, beautiful and safe” traveling environment, enhanced business and service quality and optimised the efficiency and service level of expressway and toll stations. It continued to maintain, adjust and optimize key toll collection facilities and equipment, to ensure stable ongoing operation. As a result, the average ETC calculation success rate and car plate automatic identification rate for the first half of the year were 99.30% and 97.88% respectively, which were better than the industry averages (98% and 95%). It also continued to improve the safety management capabilities and build a safety management system with the characteristics of transportation industry.

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

During the Reporting Period, the Group newly obtained 1 invention patent, 2 utility patents and 8 software copyright. GNSR Company became the sole enterprise in the industry to be simultaneously certified as a “High-tech Enterprise”, an “Innovative Enterprise” and a “Specialised and Sophisticated Enterprise with Unique and Innovative Technologies”.

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

### **Progress of Investment**

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

### **GNSR Expressway R&E Project**

The GNSR Expressway R&E Project is a strategic construction project of the Group with the largest investment and that is the most difficult in recent years, which will help strengthen the Group’s most important revenue generating asset, enhance premium assets in the Greater Bay Area, and ensure sustainable development. Following the approval of the Land Expropriation Works Agreements for Huangpu District and Baiyun District in connection with the GNSR Expressway R&E Project at the special general meeting on 10 January 2023, GNSR Company has completed the signing of the Land Expropriation Works Agreements for Huangpu District and Baiyun District. During the process of the project, the Guangzhou Transportation Work Leading Group Office formally formed a special team for the construction of the GNSR Expressway R&E Project headed by the deputy mayor, and successfully established a normalised coordination mechanism at the municipal level to provide strong support for the smooth progress of the project. With the support of the government and the unremitting efforts of the Group, on 3 October 2023, GNSR Company entered into construction works agreements with relevant contractors for the main works sections. On 24 November 2023, relevant construction works agreements entered into for the main works sections under the GNSR Expressway R&E Project were approved at the special general meeting of the Company. On 29 April 2024, the land for the GNSR Expressway R&E Project has obtained the approval from the Ministry of Natural Resources of the PRC. On 20 June 2024, the construction permit has been granted by the Department of Transport of Guangdong Province, and the project commenced in full swing. The next step for the Group will be to fully advance land expropriation, relocation and on-site construction. For more details of the entering into of the Land Expropriation Works Agreements for Huangpu District and Baiyun District and construction works agreements for the main works sections of the GNSR Expressway R&E Project, please refer to the announcements of the Company dated 17 October 2022, 28 November 2022, 10 January 2023, 28 February 2023, 20 March 2023, 17 October 2023, 3 November 2023 and 24 November 2023 and the circulars of the Company dated 22 December 2022 and 8 November 2023, respectively.

## **Possible Risk Exposure Faced by GNSR Expressway R&E**

### *1. Construction risks faced:*

- (1) 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;
- (2) 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:

- (1) GNSR Company has engaged public institutions under supervision of the respective district governments to assist with the land expropriation works to ensure that the land expropriation works are sufficiently monitored. In addition, the Guangzhou municipal government has established a coordination task force led by the deputy mayor to help coordinate and resolve issues encountered during the construction process of the project; GNSR Company has also conducted a number of feasibility and technical studies during the implementation phase of the GNSR Expressway R&E Project with a view to minimising any unforeseen technical construction complications.
- (2) For production safety, the Group has established relevant response mechanisms, improved its organisational structure, prepared and completed safety management measures, and formed a complete safety management system.
- (3) As for compliance with environmental protection policies, the environmental impact report for the GNSR Expressway R&E Project has been approved by the competent authority, and GNSR Company has supervised and ensured that the relevant construction units would 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:*

- (1) 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, during the preliminary design timeframe of the project, the Group optimised the reconstruction and expansion method of the project according to the review opinions of the Ministry of Transport to mainly adopt two-side separation or one-side separation with overall widening construction as complement. The separation of the newly built section has basically no impact on the traffic of the original road section of the GNSR Expressway, and the overall widening construction is carried out on the side of the original road section of the GNSR Expressway, which has relatively limited impact on the traffic of the original road section. During the timeframe of construction drawing design, the Company, based on the preliminary design, kept improving traffic organisation plans by way of conducting special research on traffic organisation and engaging experts to carry out repeated internal review and optimization; at the preparation stage of construction, the Company has established an integrated coordination mechanism for operation and expansion work to ensure the coordination of operation and construction; during the process of subsequent construction, the Company will continue to carry out dynamic adjustment and optimisation according to the on-site traffic organisation to minimise the impact of construction on the operation of original road.

3. *Investment risks faced:*

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

Counter measures:

- (1) 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, properly handling budget control, close-monitoring of on-site management of construction sites, and reasonable lowering of financing costs.

#### 4. *Integrity risks faced:*

During the construction process of the project, there may be integrity risks at key links such as tendering, land expropriation, construction management, settlement, etc.

Counter measures:

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

### **IMPACT OF NATURAL DISASTERS**

In the first half of 2024, a total of 19 cold air weather occurred across the country, slightly more than that of the same period of the previous years, of which two reached the level of cold snap. In February, two consecutive rounds of cold, rainy, snowy and freezing weather had a greater impact on the central and eastern China. The cold, rainy, snowy and freezing weather, overlapped with the Spring Festival travel rush, caused serious impacts on highway smooth traffic, power supply, people's travel and production and living. In February, the freezing weather caused the Group's revenues from Weixu Expressway, Lanwei Expressway, Suiyuan Expressway, Hancui Expressway, Han'e Expressway and Changzhu Expressway to be affected to a greater extent. In the first half of 2024, the national average precipitation was 316.9 millimeters, 13.9% more than that of the same period of the previous years. Heavy rainfall in many places triggered flash floods, urban floods, landslides, mudslides and other secondary disasters, for example, on 1 May, serious casualties were caused by a highway roadway collapse occurred on the Meida Expressway in Guangdong Province, heading (from Dabu) towards Fujian, due to the impact of continuous heavy rainfall. In the face of the increasing impact of natural disasters, the Group will improve its mechanism and adopt new technological means to be well prepared. Details are as follows:

#### **Possible Risk Exposure Caused by Natural Disasters**

##### *1. Heavy rain and fluvial flooding faced*

- (1) May cause natural disasters such as landslides, slope collapse and debris flows, cause damage to infrastructure, for example, flooding may destroy pavement and damage bridge support structures. Carrying out repair projects may increase the Company's operation and maintenance costs.
- (2) May lead to deterioration of road conditions, traffic and power outages, resulting in road congestion or closure, requiring additional time and resources to restore normal operations, including cleanup, repairs, safety inspections, etc., affecting traffic flow and resulting in a decline in toll revenue.

Counter measures:

- (1) Strengthen the treatment of slopes in mountainous areas along the way, such as afforestation, establishment of protective nets, slope protection reinforcement, etc., to prevent and reduce landslides, debris flows and other geological disasters. Conduct bridge and culvert assessment regularly as required, and implement maintenance and repair work to ensure that the bridge structures are in good technical condition.
- (2) Implement a regular inspection system to enhance the monitoring and patrol frequency of roads withstanding concentrated rainfall and saturated subgrades, and key flood control parts such as roadside slopes, culverts and tunnels, and sections with steep downhill, sharp bends and abrupt slopes and those adjacent to water or cliffs during the flood season each year, carry out hidden hazard investigation and remediation, and implement inspection, monitoring and maintenance of road drainage systems and bridge decks and piers, so as to mitigate the safety risks brought about by road water-logging and scouring around underwater foundations of bridges.
- (3) Pay close attention to meteorological conditions, obtain early warning of extreme precipitation, and keep up with temporary traffic control and other measures to reduce the impact of traffic disruption. Conduct risk assessments in advance for emergencies that may be caused by extreme weather such as heavy rain, floods and strong winds, which could lead to damage or even collapse of bridge structures, and issue early warnings to drivers and passengers in a timely manner.
- (4) Adopt scientific and technological innovative methods to install a life-cycle safety monitoring system for slopes along certain expressways. Based on Beidou satellite positioning monitoring, UAV tilt photography technology and electronic sensor monitoring, image recognition and data analysis, the real-time monitoring of slope displacement is achieved, and the real-time transmission of monitoring data based on 4G/5G communication technology, the visualization of data based on point cloud data technology, and the long-term monitoring of high slope safety based on Internet of Things technology are achieved to realize early warning of potential hazards.
- (5) Improve emergency response capabilities, conduct drills for mechanisms including rescue procedures, safe evacuation routes and emergency contact, to ensure that responses can be swift and effective in emergencies and that they are dealt with promptly.

## 2. *Sleet and snowstorm faced*

- (1) The icy roads with slippery pavement in freezing rainy and snowy weather may cause vehicles to skid and may also lower visibility to make it difficult for drivers to see the roads clearly, and thus raise the risk of accidents.
- (2) Drivers may drive slowly in severe weather conditions, which may lead to traffic jams and affect the traffic efficiency. The freezing rainy and snowy weather may lead to reduced traffic capacity, therefore generating fewer revenues for expressway operators.
- (3) The equipment of highways, including guardrails and markings may fail to work in freezing rainy and snowy weather and require timely maintenance and repair.

### Counter measures:

- (1) Develop a road safety and smooth traffic plan before each winter, closely monitor meteorological information, and issue early warning and forecasts to drivers and passengers in a timely manner for potential adverse weather conditions such as freezing snow, ice, and heavy fog. We prepare in advance to actively ensure that roads remain open and traffic flows remain smooth, and make full use of the “one road, multiple parties (一路多方)” joint operation mechanism to maintain close contact with traffic police and highway authorities, with a view to minimizing losses in toll revenue.
- (2) Intensify the identification and treatment of potential hazards in key areas such as roadbeds, pavements, bridges, spaces under bridges, traffic safety facilities and markings and signs, key sections and accident black spots.
- (3) Strengthen emergency management by improving and detailing emergency response plans, conducting emergency drills and preparing in advance for emergencies. We ensure that emergency rescue teams are ready, and that snow-melting agents, snowplows and other equipment and supplies are in place to carry out 24-hour uninterrupted snow removal and deicing operations, striving to achieve the goal of “removing as it falls and opening the road once the snow stops (即下即清、雪停路通)”.

## **Expressways, Bridges and Port**

During the Reporting Period, some expressway and bridge projects under the Group recorded a year-on-year decrease in average daily toll traffic volume and average daily toll revenue, mainly due to: ① the impact of the widespread rain, snow, cold and freezing weather on China's central and eastern regions (such as Hubei Province, Henan Province and Hunan Province) around the Chinese New Year; ② the fact that there were 4 more days of toll-free holidays for passenger vehicles with 7 seats or less (including 7 seats) in the first half of 2024 than those in the first half of last year (hereinafter referred to as the "Increase in Toll-free holidays"); and ③ the impact of the rainy weather in regions such as Cangyu and Qinglian in the second quarter.

### **Subsidiaries**

#### *GNSR Expressway*

During the Reporting Period, the average daily toll revenue was RMB2,722,000, representing a year-on-year decrease of 7.9% from the first half of 2023. The average daily toll traffic volume was 288,778 vehicles, representing a year-on-year increase of 0.6% from the first half of 2023.

The year-on-year increases of average daily toll traffic volume and the year-on-year decrease of the average daily toll revenue were mainly due to the opening of the adjacent section of the project, namely Congpu Expressway, from 28 October 2023 onwards, which has a major impact on this road section in terms of shortening of some of the travel routes.

#### *Cangyu Expressway*

During the Reporting Period, the average daily toll revenue was RMB267,000, representing a year-on-year decrease of 1.6% from the first half of 2023. The average daily toll traffic volume was 18,833 vehicles, representing a year-on-year decrease of 5.1% from the first half of 2023.

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 the rainy weather in the second quarter and the Increase in Toll-free holidays.

### *Jinxiong Expressway*

During the Reporting Period, the average daily toll revenue was RMB213,000, representing a year-on-year decrease of 6.1% from the first half of 2023. The average daily toll traffic volume was 36,370 vehicles, representing a year-on-year increase of 2.9% from the first half of 2023.

The year-on-year increase of the average daily toll traffic volume and the year-on-year decrease of the average daily toll revenue were mainly due to the construction of National Highway 104 in the vicinity of this project starting from 9 May 2024, which resulted in a large number of short-distance vehicles being detoured to this road section. However, the revenue increase from the increased short-distance vehicle traffic cannot offset the impact of the Increase in Toll-free holidays.

### *Changzhu Expressway*

During the Reporting Period, the average daily toll revenue was RMB668,000, representing a year-on-year decrease of 1.0% from the first half of 2023. The average daily toll traffic volume was 69,078 vehicles, representing a year-on-year decrease of 1.5% from the first half of 2023.

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 the widespread rain, snow, cold and freezing weather around the Chinese New Year and the Increase in Toll-free holidays.

### *Weixu Expressway*

During the Reporting Period, the average daily toll revenue was RMB941,000, representing a year-on-year decrease of 8.9% from the first half of 2023. The average daily toll traffic volume was 25,280 vehicles, representing a year-on-year decrease of 6.2% from the first half of 2023.

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 the widespread rain, snow, cold and freezing weather around the Chinese New Year and the Increase in Toll-free holidays.

### *Lanwei Expressway*

During the Reporting Period, the average daily toll revenue was RMB764,000, representing a year-on-year decrease of 9.4% from the first half of 2023. The average daily toll traffic volume was 30,960 vehicles, representing a year-on-year decrease of 6.2% from the first half of 2023.

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 the widespread rain, snow, cold and freezing weather around the Chinese New Year and the Increase in Toll-free holidays.

### *Suiyuenan Expressway*

During the Reporting Period, the average daily toll revenue was RMB1,854,000, representing a year-on-year decrease of 4.5% from the first half of 2023. The average daily toll traffic volume was 31,390 vehicles, representing a year-on-year decrease of 9.2% from the first half of 2023.

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 the widespread rain, snow, cold and freezing weather around the Chinese New Year and the Increase in Toll-free holidays.

### *Hancai Expressway*

During the Reporting Period, the average daily toll revenue was RMB669,000, representing a year-on-year decrease of 11.8% from the first half of 2023. The average daily toll traffic volume was 49,840 vehicles, representing a year-on-year decrease of 17.3% from the first half of 2023.

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 the widespread rain, snow, cold and freezing weather around the Chinese New Year and the Increase in Toll-free holidays and the relatively high base number resulted from the favourable impact of Changfeng Bridge's closure for construction in the same period last year.

### *Han'e Expressway*

During the Reporting Period, the average daily toll revenue was RMB540,000, representing a year-on-year increase of 30.2% from the first half of 2023. The average daily toll traffic volume was 43,746 vehicles, representing a year-on-year increase of 27.6% from the first half of 2023.

The year-on-year increase of the average daily toll revenue and the average daily toll traffic volume were mainly due to the closure of the competitive section of this project, the Wuhuang Expressway, for construction starting from 10 May 2024, which resulted in some vehicles being detoured to this road section. The year-on-year increase of the average daily toll revenue was higher than that of the average daily toll traffic volume, which was mainly due to the fact that vehicles being detoured from the competitive section of this project, the Wuhuang Expressway, to Han'e Expressway were mainly trucks which contributed higher toll charges than passenger cars.

### *Daguangnan Expressway*

During the Reporting Period, the average daily toll revenue was RMB1,184,000, representing a year-on-year decrease of 8.1% from the first half of 2023. The average daily toll traffic volume was 26,082 vehicles, representing a year-on-year decrease of 14.6% from the first half of 2023.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to: ① the diversion impact of the commencement of operation of Wuyang Expressway, the competitive section of this project, on 20 October 2023; ② the far-end diversion impact on this road section as a result of the closure of Wuhuang Expressway which connects to this project for construction starting from 10 May 2024; and ③ the Increase in Toll-free holidays.

## **Associates and Joint Venture**

### *Han-Xiao Expressway*

During the Reporting Period, the average daily toll revenue was RMB608,000, representing a year-on-year decrease of 7.4% from the first half of 2023. The average daily toll traffic volume was 32,166 vehicles, representing a year-on-year decrease of 3.3% from the first half of 2023.

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 the widespread rain, snow, cold and freezing weather around the Chinese New Year and the Increase in Toll-free holidays.

### *GWSR Expressway*

During the Reporting Period, the average daily toll revenue was RMB1,323,000, representing a year-on-year increase of 3.4% from the first half of 2023. The average daily toll traffic volume was 91,716 vehicles, representing a year-on-year increase of 4.4% from the first half of 2023.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the continuing recovery and growth of passenger volume.

### *Humen Bridge*

During the Reporting Period, the average daily toll revenue was RMB2,896,000, representing a year-on-year increase of 7.8% from the first half of 2023. The average daily toll traffic volume was 107,222 vehicles, representing a year-on-year increase of 8.1% from the first half of 2023.

The year-on-year increases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the continuing recovery and growth of passenger volume.

### *Northern Ring Road*

During the Reporting Period, the toll collection right of Northern Ring Road expired at 24:00 on 22 March 2024.



The average daily toll revenue was RMB1,932,000, and the average daily toll traffic volume was 359,708 vehicles.

#### *Shantou Bay Bridge*

During the Reporting Period, the average daily toll revenue was RMB268,000, representing a year-on-year decrease of 5.7% from the first half of 2023. The average daily toll traffic volume was 17,028 vehicles, representing a year-on-year decrease of 3.6% from the first half of 2023.

The year-on-year decreases of the average daily toll revenue and the average daily toll traffic volume were mainly due to the Increase in Toll-free holidays.

#### *Qinglian Expressway*

During the Reporting Period, the average daily toll revenue was RMB1,798,000, representing a year-on-year decrease of 5.6% from the first half of 2023. The average daily toll traffic volume was 49,955 vehicles, representing a year-on-year decrease of 4.1% from the first half of 2023.

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 the rainy weather in the second quarter and the Increase in Toll-free holidays.

#### *Pazhou Port Project*

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

10 ferry services were operated daily at Pazhou Port (5 arrivals and 5 departures) during the first half of 2024, while 6 ferry services were operated daily (3 arrivals and 3 departures) during the first half of 2023.

The average daily ticket business revenue was RMB140,000, and the average daily passenger volume was 429 person-time.

## FINANCIAL REVIEW

### Key operating results figures

	Six months ended 30 June		Change %
	2024 RMB'000	2023 RMB'000	
Revenue	1,826,884	1,935,448	-5.6
Gross profit	915,920	1,094,584	-16.3
Operating profit	790,520	971,267	-18.6
Earnings before interests, tax, depreciation and amortisation (“EBITDA”) <sup>(1)</sup>	1,599,230	1,767,180	-9.5
Finance costs	(249,352)	(283,934)	-12.2
Share of result of a joint venture, net of tax	35,313	35,571	-0.7
Share of results of associates, net of tax	41,038	94,813	-56.7
Profit attributable to shareholders of the Company	313,938	427,106	-26.5
Basic earnings per share	RMB0.1876	RMB0.2553	-26.5
Diluted earnings per share	RMB0.1876	RMB0.2553	-26.5
Dividend	183,534	229,610	-20.1

<sup>(1)</sup> 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 Period and as compared with the previous reporting period, the Group’s revenue decreased by 5.6 percent to RMB1.83 billion; operating profit decreased by 18.6 percent to RMB791 million; and profit attributable to shareholders of the Company decreased by 26.5 percent to RMB314 million.

The decrease in the Group’s revenue during the Reporting Period primarily because of severe weather conditions, including widespread rain, snow, cold and freezing temperatures, that impacted China’s central and eastern regions (such as Hubei Province, Henan Province and Hunan Province) around the Chinese New Year. Additionally, the revenue decline was mainly due to the Increase in Toll-free holidays during the Reporting Period and the impact of the rainy weather in regions such as Cangyu in the second quarter.

In the Reporting Period, the revenue decreased by 5.6% or RMB109 million and the profit attributable to shareholders of the Company decreased by 26.5% or RMB113 million as compared with same period in 2023. Apart from the reason of the decrease in revenue, the decrease in profit attributable to shareholders of the Company was mainly attributable to the decrease in share of results of associates, net of tax by 56.7% or RMB53.78 million during the Reporting Period as a result of the expiry of toll collection right on the Northern Ring Road on 22 March 2024.

The Board resolved to declare an interim dividend for 2024 is HK\$0.12 which is equivalent to approximately RMB0.1097 (2023 interim dividend: HK\$0.15 which was equivalent to approximately RMB0.1372) per share, representing an interim dividend payout ratio of 58.5 percent (2023 interim dividend payout ratio: 53.8 percent).

## II. Analysis of operating results

### *Revenue*

The Group recorded total revenue of RMB1.83 billion in the Reporting Period, which comprised total toll revenue of RMB1.79 billion and other revenue related to normal toll roads operation of RMB39.33 million.

### *Toll revenue*

The Group recorded total toll revenue of RMB1.79 billion in the Reporting Period, representing a decrease of 5.1 percent from RMB1.88 billion as compared with the same period in 2023. The decrease was mainly because of severe weather conditions that impacted China's central and eastern regions around the Chinese New Year, the Increase in Toll-free holidays during the Reporting Period and the impact of the rainy weather in regions such as Cangyu in the second quarter. 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 announcement.

### **Analysis of toll revenue by each controlled project**

<b>Controlled Projects</b>	<b>Reporting Period RMB'000</b>	<b>Percentage of total toll revenue %</b>	<b>First half of 2023 RMB'000</b>	<b>Percentage of total toll revenue %</b>	<b>Change %</b>
GNSR Expressway	<b>495,442</b>	<b>27.7</b>	534,899	28.4	-7.4
Suiyuan Expressway	<b>337,349</b>	<b>18.9</b>	351,389	18.6	-4.0
Daguangnan Expressway	<b>215,501</b>	<b>12.0</b>	233,194	12.4	-7.6
Weixu Expressway	<b>171,213</b>	<b>9.6</b>	186,846	9.9	-8.4
Lanwei Expressway	<b>138,962</b>	<b>7.8</b>	152,601	8.1	-8.9
Hancai Expressway	<b>121,803</b>	<b>6.8</b>	137,403	7.3	-11.4
Changzhu Expressway	<b>121,563</b>	<b>6.8</b>	122,064	6.5	-0.4
Han'e Expressway	<b>98,231</b>	<b>5.5</b>	75,036	4.0	30.9
Cangyu Expressway	<b>48,655</b>	<b>2.7</b>	49,192	2.6	-1.1
Jinxiong Expressway	<b>38,833</b>	<b>2.2</b>	41,144	2.2	-5.6
Total toll revenue	<b><u>1,787,552</u></b>	<b><u>100.0</u></b>	<b><u>1,883,768</u></b>	<b><u>100.0</u></b>	<b>-5.1</b>

## Other revenue

In the Reporting Period, the Group recorded other revenue related to normal toll roads operation of RMB39.33 million (same period in 2023: RMB51.68 million), mainly comprising income from service area and gas station of RMB19.20 million (same period in 2023: RMB16.35 million) and entrusted road management service income of RMB17.51 million (same period in 2023: RMB16.24 million). In the Reporting Period, the decrease in other revenue was mainly due to the reclassification of construction service income from “Revenue” to “Construction income from construction and upgrade services” was made during the Reporting Period in order to provide better presentation.

## Cost of services

In the Reporting Period, the Group’s total cost of services amounted to RMB911 million, representing an increase of 8.3 percent from RMB841 million as compared with the same period in 2023. In the Reporting Period, the total cost of services of the Group’s controlled projects amounted to RMB903 million. Overall cost ratio (cost of services/revenue) was 49.9 percent in the Reporting Period, which was 6.5 percentage point higher than that of the same period in 2023. The increase was mainly due to the increase in the amortisation of intangible operating rights and the severe weather conditions led to the increase in operating costs during the Reporting Period. The decrease in toll highways and bridges operating expenses was mainly due to the reclassification of construction service cost from “Cost of Services” to “Construction costs from construction and upgrade services” during the Reporting Period in order to provide better presentation.

## Analysis of cost of services by each controlled project

Controlled Projects	Reporting Period RMB'000	Percentage of total %	First half of 2023 RMB'000	Percentage of total %	Change %
GNSR Expressway	187,322	20.7	196,076	23.6	-4.5
Suiyuan Expressway	138,559	15.3	120,631	14.5	14.9
Daguangnan Expressway	129,762	14.4	120,741	14.5	7.5
Weixu Expressway	81,716	9.0	75,803	9.1	7.8
Lanwei Expressway	96,193	10.7	88,670	10.7	8.5
Hancai Expressway	91,187	10.1	76,046	9.2	19.9
Changzhu Expressway	71,257	7.9	66,014	7.9	7.9
Han'e Expressway	56,155	6.2	39,114	4.7	43.6
Cangyu Expressway	23,355	2.6	21,908	2.6	6.6
Jinxiong Expressway	27,749	3.1	26,548	3.2	4.5
Total	<u>903,255</u>	<u>100.0</u>	<u>831,551</u>	<u>100.0</u>	8.6

## Analysis of controlled projects' cost of services by nature

	Reporting Period RMB'000	Percentage of total %	First half of 2023 RMB'000	Percentage of total %	Change %
Amortisation of intangible operating rights	700,470	77.6	636,437	76.5	10.1
Staff costs	83,477	9.2	81,377	9.8	2.6
Toll highways and bridges maintenance expenses	65,908	7.3	47,407	5.7	39.0
Toll highways and bridges operating expenses	42,521	4.7	55,118	6.6	-22.9
Taxes and surcharges	7,265	0.8	7,070	0.9	2.8
Depreciation of other fixed assets	3,614	0.4	4,142	0.5	-12.7
Total	<b>903,255</b>	<b>100.0</b>	<b>831,551</b>	<b>100.0</b>	<b>8.6</b>

## Gross Profit

Gross profit in the Reporting Period was RMB916 million, representing a decrease of 16.3 percent from RMB1.09 billion in the same period in 2023. The total gross profit of the Group's controlled projects in the Reporting Period was RMB906 million. Overall gross profit margin in the Reporting Period was 50.1 percent, which was 6.5 percentage point lower than that of the same period in 2023.

## Analysis of gross profit by each controlled project

Controlled Projects	Reporting Period		First half of 2023	
	Gross Profit RMB'000	Gross Margin <sup>(1)</sup>	Gross Profit RMB'000	Gross Margin <sup>(1)</sup>
GNSR Expressway	310,496	62.4%	357,188	64.6%
Suiyuan Expressway	204,353	59.6%	235,857	66.2%
Daguangnan Expressway	91,684	41.4%	117,478	49.3%
Weixu Expressway	90,718	52.6%	112,167	59.7%
Lanwei Expressway	42,769	30.8%	63,930	42.0%
Hancai Expressway	31,707	25.8%	62,459	45.1%
Changzhu Expressway	50,712	41.6%	56,289	46.0%
Han'e Expressway	46,623	45.4%	39,925	50.5%
Cangyu Expressway	25,300	52.0%	27,284	55.5%
Jinxiong Expressway	11,744	29.7%	15,078	36.2%
Total	<b>906,106</b>	<b>50.1%</b>	<b>1,087,655</b>	<b>56.7%</b>

<sup>(1)</sup> Gross margin = Gross profit/revenue

### ***General and administrative expenses***

The Group's general and administrative expenses in the Reporting Period amounted to RMB135 million, representing an increase of 1.2 percent from RMB134 million in the same period in 2023.

### ***Other income, gains and losses – net***

The Group's other income, gains and losses – net was RMB10.08 million in the Reporting Period (same period in 2023: RMB10.59 million), which was 4.8 percent lower than that of the same period in 2023.

### ***Finance income/Finance costs***

The Group's finance income in the Reporting Period amounted to RMB17.20 million (same period in 2023: RMB13.64 million), which was 26.1 percent higher than that of the same period in 2023. The increase was mainly due to the increase in interest income as a result of the increase in average cash and cash equivalents in the banks during the Reporting Period.

The Group's finance costs in the Reporting Period decreased by 12.2 percent to RMB249 million (exclusive of amount capitalized in construction in progress of RMB7.89 million) as compared with RMB284 million in the same period in 2023, mainly due to management's continuous effort in optimising the overall debt structure and lowering debts' interest rate. The Group's overall weighted average interest rate in the Reporting Period was 3.05 percent (same period in 2023: 3.33 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 41.4 percent to RMB76.35 million in the Reporting Period (same period in 2023: RMB130 million). The decrease was mainly due to the expiration of toll collection right of Northern Ring Road on 22 March 2024. More details of the toll revenue of each expressway and bridge and the ticket business revenue of port are stated in the "Business Review – Expressways, Bridges and Port" section of this announcement.

Share of post-tax profit of Humen Bridge in the Reporting Period increased by 6.1 percent to RMB46.15 million. Share of post-tax loss of Northern Ring Road in the Reporting Period amounted to RMB20.43 million (same period in 2023: share of post-tax profit of RMB27.89 million) due to the expiration of toll collection right on 22 March 2024. Share of post-tax profit of Qinglian Expressway in the Reporting Period decreased by 21.4 percent to RMB12.0 million. The decrease was mainly due to the impact of the rainy weather in the second quarter and the Increase in Toll-free holidays during the Reporting Period. Share of post-tax profit of Huaxia Yuexiu Expressway REIT in the Reporting Period decreased by 12.6 percent to RMB7.55 million. The decrease was mainly due to severe weather conditions around the Chinese New Year and the Increase in Toll-free holidays during the Reporting Period. Share of post-tax profit of Shantou Bay Bridge in the Reporting Period decreased by 30.4 percent to RMB3.82 million. The decrease was mainly due to the Increase in Toll-free holidays during the Reporting Period. Share of post-tax loss of Pazhou Port in the Reporting Period amounted to RMB8.05 million (same period in 2023: RMB5.97 million). Share of post-tax profit of GWSR Expressway in the Reporting Period decreased by 0.7 percent to RMB35.31 million.

#### **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 Reporting Period RMB'000	Y-O-Y change %	Share of results, net of tax Reporting Period RMB'000	Y-O-Y change %
<b>Associates</b>					
Humen Bridge	18.446	<b>545,180</b>	8.6	<b>46,148</b>	6.1
Qinglian Expressway	23.63	<b>331,217</b>	-4.7	<b>11,999</b>	-21.4
Huaxia Yuexiu Expressway REIT	30.0	<b>112,840</b>	-7.4	<b>7,551</b>	-12.6
Shantou Bay Bridge	30.0	<b>48,967</b>	-7.0	<b>3,824</b>	-30.4
Pazhou Port <sup>(1)</sup>	45.0	<b>25,633</b>	N/A	<b>(8,052)</b>	loss increased
Northern Ring Road <sup>(2)</sup>	24.3	<b>159,281</b>	N/A	<b>(20,432)</b>	turned loss
<b>Joint venture</b>					
GWSR Expressway	35.0	<b>243,329</b>	4.0	<b>35,313</b>	-0.7

<sup>(1)</sup> The trial operation of Pazhou Port commenced on 14 April 2023. The data for the same period in 2023 only covered the period from 14 April 2023 to 30 June 2023.

<sup>(2)</sup> Toll collection right was expired on 22 March 2024. The data for the Reporting Period only covered the period from 1 January 2024 to 22 March 2024.

### *Income tax expense*

Total income tax expense of the Group in the Reporting Period decreased by 23.6 percent to RMB167 million (same period in 2023: RMB219 million). The decrease was mainly due to the decrease in profit before tax brought by the decrease in the toll traffic volume during the Reporting Period.

### *Profit attributable to shareholders of the Company*

The Company reported a profit attributable to its shareholders of RMB314 million in the Reporting Period, representing a decrease of 26.5 percent from RMB427 million in the same period in 2023. The decrease was driven by a reduction in revenue and the cessation of toll collection right of the Northern Ring Road on 22 March 2024, which led to the drop in share of results of associates, net of tax during the Reporting Period.

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

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

	<b>Reporting Period RMB'000</b>	<b>Percentage of total %</b>	<b>First half of 2023 RMB'000</b>	<b>Percentage of total %</b>	<b>Change %</b>
Net profit from controlled projects	<b>452,111</b>	<b>85.6</b>	572,739	81.5	-21.1
Net profit from non-controlled projects <sup>(1)</sup>	<b>76,351</b>	<b>14.4</b>	130,384	18.5	-41.4
Net profit from projects	<b>528,462</b>	<b>100.0</b>	703,123	<b>100.0</b>	-24.8
Withholding tax on PRC dividend/ interest income	<b>(15,495)</b>		(27,327)		-43.3
Holding companies expenses	<b>(95,113)</b>		(99,112)		-4.0
Holding companies income/gains, net	<b>8,043</b>		7,915		1.6
Holding companies finance income	<b>12,024</b>		8,787		36.8
Holding companies finance costs	<b>(123,983)</b>		(166,280)		-25.4
Profit attributable to shareholders of the Company	<b>313,938</b>		427,106		-26.5

<sup>(1)</sup> Representing share of results of associates and a joint venture, net of tax



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

<b>Controlled Projects</b>	<b>Reporting Period RMB'000</b>	<b>Percentage of total net profit from projects %</b>	<b>First half of 2023 RMB'000</b>	<b>Percentage of total net profit from projects %</b>	<b>Change %</b>
GNSR Expressway	161,202	30.5	186,371	26.5	-13.5
Suiyuanan Expressway	100,702	19.1	123,178	17.5	-18.2
Weixu Expressway	65,459	12.4	81,999	11.7	-20.2
Daguangnan Expressway	37,749	7.1	53,583	7.6	-29.6
Changzhu Expressway	24,038	4.5	43,661	6.2	-44.9
Cangyu Expressway	19,818	3.8	21,647	3.1	-8.4
Lanwei Expressway	18,486	3.5	31,475	4.5	-41.3
Hancai Expressway	15,760	3.0	31,508	4.5	-50.0
Han'e Expressway	5,225	1.0	(6,201)	-0.9	turned profit
Jinxiong Expressway	3,672	0.7	5,518	0.8	-33.5
<b>Total</b>	<b>452,111</b>	<b>85.6</b>	<b>572,739</b>	<b>81.5</b>	<b>-21.1</b>

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

<b>Controlled Projects</b>	<b>Reporting Period RMB'000</b>	<b>Percentage of total net profit from projects<sup>(1)</sup> %</b>	<b>First half of 2023 RMB'000</b>	<b>Percentage of total net profit from projects<sup>(1)</sup> %</b>	<b>Change %</b>
GNSR Expressway	161,202	33.3	186,371	30.2	-13.5
Suiyuanan Expressway	100,702	20.8	115,282	18.6	-12.6
Weixu Expressway	66,043	13.7	82,509	13.4	-20.0
Daguangnan Expressway	10,601	2.2	19,972	3.2	-46.9
Changzhu Expressway	23,166	4.8	23,137	3.7	0.1
Cangyu Expressway	20,513	4.2	22,702	3.7	-9.6
Lanwei Expressway	18,775	3.9	31,485	5.1	-40.4
Hancai Expressway	4,388	0.9	16,420	2.7	-73.3
Han'e Expressway	(2,573)	-0.5	(16,310)	-2.6	loss decreased
Jinxiong Expressway	4,185	0.9	5,851	0.9	-28.5
<b>Total</b>	<b>407,002</b>	<b>84.2</b>	<b>487,419</b>	<b>78.9</b>	<b>-16.5</b>

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

In the Reporting Period, net profit from non-controlled projects decreased by 41.4 percent to RMB76.35 million (same period in 2023: RMB130 million) as compared with the same period in 2023. The decrease was mainly due to the expiration of toll collection right of Northern Ring Road during the Reporting Period.

During the Reporting Period and at the holding companies level, the withholding tax on PRC dividend/interest income decreased by RMB11.83 million; holding companies expenses decreased by RMB4.0 million; holding companies income/gains, net increased by RMB128,000 during the Reporting Period; and holding companies finance income increased by RMB3.23 million, mainly due to the increase in interest income from banks at holding companies level during the Reporting Period. In addition, holding companies finance cost decreased by RMB42.30 million, mainly due to management's optimisation of debt portfolio and lowering the interest rate on existing debts during the Reporting Period.

### ***Interim dividend***

The Board resolved to declare an interim dividend for 2024 of HK\$0.12 which is equivalent to approximately RMB0.1097 (2023 interim dividend: HK\$0.15 which was equivalent to approximately RMB0.1372) per share payable on or about 29 November 2024 to shareholders whose names appear on the register of members of the Company on 7 November 2024. Interim dividend payout ratio is 58.5 percent (2023 interim dividend payout ratio: 53.8 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

	(Unaudited) 30 June 2024 RMB'000	31 December 2023 RMB'000	Change %
Total assets	<b>36,259,144</b>	36,502,458	-0.7
Total liabilities	<b>21,430,991</b>	21,652,521	-1.0
Cash and cash equivalents	<b>2,586,145</b>	2,380,785	8.6
Total debts	<b>17,007,097</b>	16,923,816	0.5
of which: Bank borrowings*	<b>10,045,576</b>	9,496,565	5.8
Corporate bonds*	<b>499,548</b>	2,499,094	-80.0
Notes payable*	<b>6,314,596</b>	4,794,783	31.7
Current ratio	<b>0.4 times</b>	0.3 times	
EBITDA interest coverage	<b>6.6 times</b>	6.4 times	
Equity attributable to the shareholders of the Company	<b>11,691,649</b>	11,613,337	0.7

\* excluding interest payable

#### *Assets, Liabilities and Equity*

As at 30 June 2024, the Group's total assets amounted to RMB36.26 billion, which was 0.7 percent lower than the balance as at 31 December 2023. The Group's total assets consisted mainly of intangible operating rights of RMB29.64 billion (31 December 2023: RMB30.25 billion); investments in a joint venture and associates of RMB2.07 billion (31 December 2023: RMB2.08 billion); and cash and cash equivalents of RMB2.59 billion (31 December 2023: RMB2.38 billion).

As at 30 June 2024, the Group's total liabilities amounted to RMB21.43 billion, which was 1.0 percent lower than the balance as at 31 December 2023. The Group's total liabilities consisted mainly of bank borrowings of RMB10.05 billion (31 December 2023: RMB9.50 billion); corporate bonds of RMB500 million (31 December 2023: RMB2.50 billion); notes payable of RMB6.31 billion (31 December 2023: RMB4.79 billion); loan from the immediate holding company of RMB100 million (31 December 2023: RMB100 million); loan from a non-controlling interest of a subsidiary of RMB18.30 million (31 December 2023: RMB28.30 million); and deferred income tax liabilities of RMB3.06 billion (31 December 2023: RMB3.07 billion).

As at 30 June 2024, the Group's total equity decreased by RMB21.78 million to RMB14.83 billion (31 December 2023: RMB14.85 billion), of which RMB11.69 billion was equity attributable to the shareholders of the Company (31 December 2023: RMB11.61 billion).

## Analysis of major assets, liabilities and equity items

Items	(Unaudited)	31 December	Change %
	30 June 2024 RMB'000	2023 RMB'000	
<b>Total assets</b>	<b>36,259,144</b>	36,502,458	-0.7
Approximately 90.0% of which:			
Intangible operating rights	<b>29,637,869</b>	30,247,734	-2.0
Investments in a joint venture and associates	<b>2,073,717</b>	2,078,796	-0.2
Cash and cash equivalents	<b>2,586,145</b>	2,380,785	8.6
<b>Total liabilities</b>	<b>21,430,991</b>	21,652,521	-1.0
Approximately 90.0% of which:			
Bank borrowings* – due within 1 year	<b>1,109,355</b>	1,056,966	5.0
– long-term portion	<b>8,936,221</b>	8,439,599	5.9
Corporate bonds* – due within 1 year	—	1,999,427	-100.0
– long-term portion	<b>499,548</b>	499,667	—
Notes payable* – due within 1 year	<b>4,295,842</b>	3,296,037	30.3
– long-term portion	<b>2,018,754</b>	1,498,746	34.7
Loan from the immediate holding company* – due within 1 year	<b>100,000</b>	100,000	—
Loan from a non-controlling interest of a subsidiary – due within 1 year	<b>10,000</b>	10,000	—
– long-term portion	<b>8,301</b>	18,301	-54.6
Deferred income tax liabilities	<b>3,060,223</b>	3,072,085	-0.4
<b>Total equity</b>	<b>14,828,153</b>	14,849,937	-0.1
Of which: Equity attributable to the shareholders of the Company	<b>11,691,649</b>	11,613,337	0.7

\* *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 Period, the Group's cash and cash equivalents amounted to RMB2.59 billion (31 December 2023: RMB2.38 billion), of which 99.8 percent are RMB-denominated and the rest are denominated in HKD. The Group's cash was deposited in commercial banks, with no deposit in non-bank institutions.

### **Analysis of cash flow movement**

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Net cash generated from operating activities	<b>1,183,705</b>	1,340,491
Net cash used in investing activities	<b>(220,861)</b>	(456,724)
Net cash used in financing activities	<b>(757,594)</b>	(1,598,566)
Increase/(decrease) in cash and cash equivalents	<b>205,250</b>	(714,799)
Cash and cash equivalents at 1 January	<b>2,380,785</b>	2,480,267
Effect of exchange rate changes on cash and cash equivalents	<b>110</b>	1,244
Cash and cash equivalents at 30 June	<b>2,586,145</b>	1,766,712

Net cash generated from operating activities during the Reporting Period amounted to RMB1.18 billion (same period in 2023: RMB1.34 billion), which was the sum of cash generated from operations of RMB1.36 billion (same period in 2023: RMB1.49 billion) less PRC enterprise income tax and withholding tax paid of RMB172 million (same period in 2023: RMB152 million).

Net cash used in investing activities during the Reporting Period amounted to RMB221 million (same period in 2023: RMB457 million). The outflow mainly consisted of capital expenditures of RMB337 million (same period in 2023: RMB645 million). The inflow mainly consisted of dividend distributions from associates of RMB98.91 million (same period in 2023: dividend distributions from associates and a joint venture of RMB174 million) and interest received in aggregate of RMB17.41 million (same period in 2023: RMB14.03 million).

Net cash used in financing activities during the Reporting Period amounted to RMB758 million (same period in 2023: RMB1.60 billion). The outflow mainly included repayment of corporate bonds of RMB2.0 billion (same period in 2023: RMB87.0 million); repayment of notes payable of RMB970 million (same period in 2023: RMB2.0 billion); repayment of bank borrowings of RMB611 million (same period in 2023: RMB1.70 billion); dividend paid to the shareholders of the Company of RMB234 million (same period in 2023: RMB154 million); payment of interests and related financing fees of RMB319 million (same period in 2023: RMB372 million); dividend paid to non-controlling interests of RMB254 million (same period in 2023: RMB108 million); repayments of loan from a non-controlling interest of a subsidiary of RMB10.0 million (same period in 2023: RMB10.0 million) and payment for lease liabilities (including interest) of RMB5.68 million (same period in 2023: RMB6.14 million). The inflow mainly included the net proceeds from notes payable of RMB2.49 billion (same period in 2023: RMB1.30 billion) and drawdown of bank borrowings of RMB1.16 billion (same period in 2023: RMB1.54 billion).

### *Current ratio*

The current ratio (current assets over current liabilities) as at 30 June 2024 was 0.4 times (31 December 2023: 0.3 times). As at 30 June 2024, current assets balance was RMB2.83 billion (31 December 2023: RMB2.63 billion) and current liabilities balance was RMB6.62 billion (31 December 2023: RMB7.83 billion). Cash and cash equivalents were the major components of the Group's current assets and the balance amounted to RMB2.59 billion as at 30 June 2024 (31 December 2023: RMB2.38 billion). The Group's current liabilities as at 30 June 2024 mainly included external debts with maturities within one year (excluding interest payable) of RMB5.41 billion (31 December 2023: RMB6.35 billion), which consisted of bank borrowings of RMB1.11 billion and notes payable of RMB4.30 billion (31 December 2023: bank borrowings of RMB1.05 billion, notes payable of RMB3.30 billion and corporate bonds of RMB2.0 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 period ended 30 June 2024 was 6.6 times (30 June 2023: 6.4 times), which was measured as the ratio of earnings before interests, tax, depreciation and amortisation (“EBITDA”) to interest expenses (profit and loss impact).

EBITDA to total external debt ratio for the period ended 30 June 2024 was 9.5 percent (30 June 2023: 10.7 percent), which was measured as the ratio of EBITDA to the aggregate balance of bank borrowings, corporate bonds and notes payable (“total external debts”).

Profit before interest and income tax interest coverage for the period ended 30 June 2024 was 3.6 times (30 June 2023: 4.0 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 period ended 30 June 2024 was 5.2 times (30 June 2023: 5.0 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 Period, total capital expenditures amounted to RMB337 million (same period in 2023: RMB645 million). Capital expenditures related to intangible operating rights and fixed assets included: (1) payments of construction costs of toll highways and bridges upgrade services of RMB163 million (same period in 2023: RMB88.96 million); (2) payments of prepayment related to GNSR Expressway R&E Project of RMB162 million (same period in 2023: RMB548 million); and (3) purchase of property, plant and equipment of RMB12.36 million (same period in 2023: RMB7.79 million). Apart from the aforementioned, no material capital expenditure was incurred during the Reporting Period. Going forward, the management believes that the Group’s operating cash flow and appropriate financing arrangements can satisfy its future capital expenditures and investment needs.

## *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**

	<b>(Unaudited)</b>	
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
External debts*		
Bank borrowings	<b>10,045,576</b>	9,496,565
Corporate bonds <sup>(1)</sup>	<b>499,548</b>	2,499,094
Notes payable <sup>(2)</sup>	<b>6,314,596</b>	4,794,783
Loan from the immediate holding company*	<b>100,000</b>	100,000
Loan from a non-controlling interest of a subsidiary	<b>18,301</b>	28,301
Lease liabilities	<b>29,076</b>	5,073
	<hr/>	<hr/>
Total debts	<b>17,007,097</b>	16,923,816
Less: cash and cash equivalents	<b>(2,586,145)</b>	(2,380,785)
	<hr/>	<hr/>
Net debt	<b>14,420,952</b>	14,543,031
Total Equity	<b>14,828,153</b>	14,849,937
	<hr/>	<hr/>
Total capitalisation (Net debt + Total equity)	<b>29,249,105</b>	29,392,968
	<hr/>	<hr/>

\* *excluding interest payable*

### ***Financial ratios***

Gearing ratio (net debt/total capitalisation)	<b>49.3%</b>	49.5%
Debt to Equity ratio (net debt/total equity)	<b>97.3%</b>	97.9%
Total liabilities/Total assets ratio	<b>59.1%</b>	59.3%



(1) As at 30 June 2024, the details of the corporate bonds issued in the Shanghai Stock Exchange:

	<b>Drawdown date:</b>	<b>Principal:</b>	<b>Principal repayment date:</b>	<b>Coupon rate (per annum):</b>	<b>Next interest payment date:</b>
<b>RMB500 million seven-year corporate bonds (2021 Phase 2)</b>	13 May 2021	RMB500 million	13 May 2028	3.84%	13 May 2025

(2) As at 30 June 2024, the details of the notes payable issued in the Beijing Financial Assets Exchange:

	<b>Drawdown date:</b>	<b>Principal:</b>	<b>Principal repayment date:</b>	<b>Coupon rate (per annum):</b>	<b>Next interest payment date:</b>
<b>RMB1,000 million five-year medium term notes (2021 Phase 1)</b>	28 January 2021	RMB30 million	28 January 2026	2.70%	28 January 2025
<b>RMB1,000 million five-year medium term notes (2022 Phase 1)</b>	18 March 2022	RMB1,000 million	18 March 2027	3.28%	18 March 2025
<b>RMB500 million three-year medium term notes (2023 Phase 1)</b>	7 August 2023	RMB500 million	7 August 2026	2.87%	7 August 2024
<b>RMB1,000 million ten-year medium term notes (2024 Phase 1)</b>	17 April 2024	RMB1,000 million	17 April 2034	2.84%	17 April 2025
<b>RMB500 million three-year medium term notes (2024 Phase 2)</b>	27 June 2024	RMB500 million	27 June 2027	2.16%	27 June 2025
<b>RMB1,300 million 270 days super short-term commercial paper (2023 Phase 3)</b>	11 October 2023	RMB1,300 million	7 July 2024	2.50%	7 July 2024
<b>RMB500 million 270 days super short-term commercial paper (2023 Phase 4)</b>	19 October 2023	RMB500 million	15 July 2024	2.51%	15 July 2024
<b>RMB500 million 270 days super short-term commercial paper (2023 Phase 5)</b>	15 December 2023	RMB500 million	10 September 2024	2.75%	10 September 2024
<b>RMB200 million 270 days super short-term commercial paper (2024 Phase 1)</b>	19 January 2024	RMB200 million	15 October 2024	2.61%	15 October 2024
<b>RMB800 million 270 days super short-term commercial paper (2024 Phase 2)</b>	26 June 2024	RMB800 million	23 March 2025	1.86%	23 March 2025

## *Financing structures*

In a way to ensure that the Group is carrying out its financing activities at a safe leverage level, the Company is keeping a close watch on the Group's overall borrowing structure from time to time, so as to further optimise its debt portfolio. In order to effectively maintain cost-efficient funding, the Group will: (1) continue to maintain close banking relationship with financial institutions both in Hong Kong and China, to capitalise on the different levels of liquidity offered by, and to take advantage of the cost differentials, in these two markets and in international markets; and (2) strike a balance between lowering interest rate and mitigating exchange risk exposure. During the Reporting Period, the Company redeemed corporate bonds and notes payable issued by the Company in an aggregate principal amount of RMB2.0 billion and RMB97.0 million, respectively (same period in 2023: Nil). As at the end of the Reporting Period, the Group's total debts comprised bank borrowings, corporate bonds, notes payable, loan from the immediate holding company, loan from a non-controlling interest of a subsidiary and lease liabilities. There was no debt with material foreign exchange risk exposure as at 30 June 2024 (31 December 2023: Nil).

As at 30 June 2024, the Group's total external debts (excluding interest payable) in aggregate were RMB16.86 billion (31 December 2023: RMB16.79 billion), which consisted of bank borrowings of RMB10.05 billion (31 December 2023: RMB9.50 billion), corporate bonds of RMB500 million (31 December 2023: RMB2.50 billion) and notes payable of RMB6.31 billion (31 December 2023: RMB4.79 billion). Onshore and offshore debts ratio was 99.7 percent and 0.3 percent (31 December 2023: 99.7 percent and 0.3 percent). Secured external debt ratio was 47.3 percent (31 December 2023: 44.7 percent). The effective interest rate of total external debt at 30 June 2024 was 2.92 percent (31 December 2023: 3.24 percent). Of the bank borrowings, RMB9.29 billion was at floating rates and RMB757 million was at fixed rates with the overall effective interest rate of 2.93 percent at 30 June 2024 (31 December 2023: 3.13 percent). Corporate bonds (in one type) was at fixed rate with coupon rate of 3.84 percent with the overall effective interest rate at 3.97 percent as at 30 June 2024 (31 December 2023: 3.75 percent). Notes payable included medium term notes (in five tranches) were at fixed rates with coupon rates ranged from 2.16 percent to 3.28 percent, respectively and super short-term commercial paper (in five tranches) were at fixed rate with coupon rates ranged from 1.86 percent to 2.75 percent respectively, with the overall effective interest rate at 2.81 percent as at 30 June 2024 (31 December 2023: 3.19 percent).

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

	<b>(Unaudited)</b>	
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>Percentage</b>	Percentage
	<b>of total</b>	of total
Source		
Onshore	<b>99.7%</b>	99.7%
Offshore	<b>0.3%</b>	0.3%
	<b>100.0%</b>	100.0%
Repayment term		
Within 1 year	<b>32.1%</b>	37.8%
Over 1 year but within 2 years	<b>15.9%</b>	15.6%
Over 2 years but within 5 years	<b>25.6%</b>	27.5%
Over 5 years	<b>26.4%</b>	19.1%
	<b>100.0%</b>	100.0%
Currency		
RMB	<b>100.0%</b>	100.0%
Interest rate		
Fixed	<b>44.9%</b>	45.2%
Floating	<b>55.1%</b>	54.8%
	<b>100.0%</b>	100.0%
Terms of credit		
Secured	<b>47.3%</b>	44.7%
Unsecured	<b>52.7%</b>	55.3%
	<b>100.0%</b>	100.0%
Financing method		
Direct financing	<b>40.4%</b>	43.4%
Indirect financing	<b>59.6%</b>	56.6%
	<b>100.0%</b>	100.0%

\* *excluding interest payable*

As at 30 June 2024, loan from the immediate holding company is unsecured, interest bearing at an annual rate of 3.05 percent (31 December 2023: 3.15 percent), denominated in RMB and repayable in 2024.

As at 30 June 2024, loan from a non-controlling interest of a subsidiary is unsecured, interest-free and denominated in RMB. The carrying amount of the loan approximated its fair value, calculated based on cash flows discounted at a rate of 4.35 percent (31 December 2023: 4.35 percent) per annum. Loan from a non-controlling interest of a subsidiary is repayable between one and two years, except for RMB10.0 million which is due within one year.

#### ***Foreign-currency denominated assets and liabilities***

The Group's businesses are principally conducted in the PRC and its functional currency is RMB. All of its major revenue, operating expenses, capital expenditures and its external debts (31 December 2023: 100.0 percent) are denominated in RMB. As at the end of the Reporting Period, the Group has no material foreign-currency denominated assets and liabilities. As the foreign exchange market is still volatile, the Group will continue to keep track of developments in the foreign exchange market, strike a balance between interest rate cost and foreign exchange risk, optimise its debt structure and control its foreign currency exposure.

#### **IV. Contractual commitments and contingent liabilities**

As at 30 June 2024, the Group had contractual commitments of approximately RMB7.59 billion, which related to intangible operating rights and property, plant and equipment.

Except for the aforementioned, the Group had no material contractual commitments as at 30 June 2024. There were no significant contingent liabilities as at 30 June 2024.

#### **V. Employees**

As at 30 June 2024, the Group had approximately 2,072 employees, of whom about 1,853 were directly engaged in the daily operation, management and supervision of toll, bridges and port projects. The Group remunerates its employees largely based on industry practice, including social insurance, contributory provident funds, share options and other staff benefits.

## **FUTURE PROSPECTS**

### **Outlook of Macro-Economy and Future Regulatory Environment of the Sector**

At the beginning of 2024, the global economic activity and world trade have stabilised and begun to recover, however, the outlook remains uncertain. Several short-term risks have become increasingly prominent, including the upward risk of inflation and price pressures arising from renewed tensions in trade or geopolitical situations. In the first half of 2024, the phenomenon of climate change intensified. In the first half of the year, natural disasters in China were dominated by floods, geological disasters, droughts, winds and hailstorms, low-temperature freezes and snowstorms, and strong rainfall processes were frequent and extreme, with many places in the southern regions being repeatedly affected. Extreme weathers such as rain, snow and low-temperature freezes over a wide area in the Central and Eastern China had a certain impact on China's economy. According to the World Economic Outlook issued by the International Monetary Fund (IMF) in July 2024, global economic growth is projected to be at 3.2% in 2024 and 3.3% in 2025. In particular, the growth forecast for China's economy for 2024 is revised upward to 5 percent, primarily on account of a rebound in private consumption and strong exports in the first quarter. China will still maintain resilient economic growth.

During the “May Day” holiday in 2024, nationwide passenger turnover and average daily passenger turnover were 1,358 million and over 270 million, respectively, representing an increase of 23.7% and 2.1% comparing to the same period of 2019 (during the Labour Day holiday) and the same period of 2023, respectively. The passenger volume of travels by non-operative minibus on expressways and general national and provincial highways exceeded 1,000 million, representing an increase of 39.2% and 1.4% comparing to the same period of 2019 and the same period of 2023, respectively. During the “Dragon Boat Festival” holiday, nationwide passenger turnover were 637 million and average daily passenger turnover exceeded 210 million, respectively, representing an increase of 16.6% and 9.4% comparing to the same period of 2019 (during the Dragon Boat Festival holiday) and the same period of 2023, respectively. Benefiting from the recovery and growth of macro-economy, passenger volume kept recovering and growing.

On 28 March 2024, the Administrative Measures for Infrastructure and Public Utilities Concession (《基礎設施和公用事業特許經營管理辦法》) was promulgated by the National Development and Reform Commission, the Ministry of Finance, the Ministry of Housing and Urban-Rural Development, the Ministry of Transport, the Ministry of Water Resources, and the People's Bank of China, which was effective since 1 May 2024 and applicable to transportation and other infrastructure within China. According to the measures, among others, the maximum term of the concession granted by the government to concessionaires for investments in new construction or reconstruction and expansion and operation of infrastructures shall be adjusted to “not exceeding 40 years in principle”, and the concession projects with large scale of investment and long cycle of return can be appropriately extended according to the actual situation. In May 2024, the General Office of the State Council issued the Legislative Work Plan of the State Council for the Year 2024 (《國務院二〇二四年度立法工作計劃》), which states that the State Council will resolutely implement the decisions and deployments of the Central Committee of the Communist Party of China (CPC), and serve and protect the overall situation of the CPC and the state with high-quality legislation, and focus on promoting high-quality development. The Regulations on the Administration of Toll Roads (《收費公路管理條例》) is listed as “Administrative Laws and Regulations to be Formulated and Amended in 2024”.

## **Development Strategies**

The Group's major project, GNSR Expressway, has become substantially saturated with traffic volume, which has affected the service level of GNSR Expressway. In order to meet greater traffic demand, the Group is carrying out reconstruction and expansion work. The GNSR Expressway R&E Project is in line with the Company's investment and development strategy of "setting its foothold in Guangdong, Hong Kong and Macau Greater Bay Area". The reconstruction and expansion is expected to significantly improve the current traffic conditions, road service quality and traffic capacity of the GNSR Expressway, while reducing traffic accidents to secure travel safety. Meanwhile, it is expected that the reconstruction and expansion will help extend the toll operating period of the GNSR Expressway, which in turn allows the Company to continue to benefit from the development of the Greater Bay Area, helps the Company to enhance the future development capacity of its principal toll road business, amplify its influence in the industry and improve its capabilities in investment, construction and operation, thereby scaling up its core business on an ongoing basis. In addition, the Group will continue to improve the integrated business strategy of "investment, financing, management and divestment", under which it may acquire quality assets by establishing incubation platforms at the front end and take advantage of the positive effects of publicly traded domestic infrastructure REITs at the back end. It will also leverage on the positive interaction between the incubation platforms, publicly traded domestic infrastructure REITs and listed companies to realise asset inflow and outflow, and thereby further optimise the Group's asset portfolio and create greater value for shareholders.

Going forward, the Group will firmly 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 the regions benefiting from urbanisation process and rapid industrialisation development, with full utilisation of a model featuring the interaction between its three platforms, the Group continues to strengthen and expand its infrastructure business, with a particular focus on toll roads. Yuexiu Transport is committed to becoming a leading transport infrastructure asset management company in China under the guidance of the "3331" development strategy, which includes building and improving the three platforms (listed platform, REITs platform, incubation platform), enhancing the three core abilities (investment ability, operation and maintenance and construction management ability, capital operation ability), and adhering to the focus on three directions (expressway main business, key areas, expansion of related auxiliary businesses).

## **Corporate Governance**

Throughout the six months ended 30 June 2024, the Company has complied with the code provisions as set out in the Corporate Governance Code.

## **Review of Interim Results**

The results of the Group for the six months ended 30 June 2024 have been reviewed by the Audit Committee of the Board and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Hong Kong Institute of Certified Public Accountants.

## **Purchase, Sale or Redemption of the Company's Listed Securities**

Save as disclosed in this announcement, the Company has not redeemed any of its listed securities during the six months ended 30 June 2024. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the Reporting Period.

## **Closure of Register of Members**

The register of members of the Company will be closed from Tuesday, 5 November 2024 to Thursday, 7 November 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim 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 at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on Monday, 4 November 2024.

By order of the Board  
**Yuexiu Transport Infrastructure Limited**  
**LIU YAN**  
*Chairman*

Hong Kong, 6 August 2024

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

*Executive Directors* : *LIU Yan (Chairman), HE Baiqing, CHEN Jing, CAI Minghua and PAN Yongqiang*

*Independent Non-executive Directors* : *FUNG Ka Pun, LAU Hon Chuen Ambrose, CHEUNG Doi Shu and PENG Vincent Shen*