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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)

2023 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 2023 (the “Reporting Period”), as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	(Unaudited)	
		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Revenue	4	1,935,448	1,615,538
Cost of services	5	(840,864)	(717,944)
Construction income under service concession upgrade services		41,064	90,660
Construction costs under service concession upgrade services		(41,064)	(90,660)
Other income, gains and losses - net	6	10,586	37,914
General and administrative expenses	5	(133,903)	(102,138)
Operating profit		971,267	833,370
Finance income	7	13,642	28,836
Finance costs	7	(283,934)	(334,027)
Share of result of a joint venture, net of tax		35,571	26,328
Share of results of associates, net of tax		94,813	64,565
Profit before income tax		831,359	619,072
Income tax expense	8	(218,792)	(173,137)
Profit for the period		612,567	445,935
Attributable to:			
Shareholders of the Company		427,106	295,318
Non-controlling interests		185,461	150,617
		612,567	445,935
		RMB	RMB
Earnings per share for profit			
attributable to shareholders of the Company	9		
Basic earnings per share		0.2553	0.1765
Diluted earnings per share		0.2553	0.1764

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Profit for the period	612,567	445,935
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Currency translation differences	812	1,151
Cash flow hedges – movement in hedging reserve	—	(655)
Other comprehensive income for the period	812	496
Total comprehensive income for the period	613,379	446,431
Attributable to:		
Shareholders of the Company	427,918	295,814
Non-controlling interests	185,461	150,617
	613,379	446,431

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2023

		(Unaudited) 30 June 2023 RMB'000	(Audited) 31 December 2022 RMB'000
ASSETS			
Non-current assets			
Intangible operating rights		30,045,958	30,641,331
Goodwill		514,577	514,577
Property, plant and equipment		39,538	41,497
Investment properties		39,342	38,584
Right-of-use assets		10,032	15,250
Other intangible assets		14,781	16,944
Investment in a joint venture		477,176	463,763
Investments in associates		1,777,983	1,823,180
Prepayments	11	597,761	—
Loan to an associate		6,406	6,406
		<u>33,523,554</u>	<u>33,561,532</u>
Current assets			
Trade receivables	11	190,705	127,730
Other receivables, deposits and prepayments	11	118,818	156,451
Amounts due from associates		—	11,430
Cash and cash equivalents		1,766,712	2,480,267
		<u>2,076,235</u>	<u>2,775,878</u>
Total assets		<u>35,599,789</u>	<u>36,337,410</u>
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital		147,322	147,322
Reserves		11,355,667	11,083,123
		<u>11,502,989</u>	<u>11,230,445</u>
Non-controlling interests		<u>3,081,602</u>	<u>3,004,530</u>
Total equity		<u>14,584,591</u>	<u>14,234,975</u>

		(Unaudited)	(Audited)
		30 June	31 December
	Notes	2023	2022
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		7,677,370	6,821,973
Notes payable		999,142	1,998,463
Corporate bonds		499,548	2,499,094
Contract liabilities and deferred revenue		287,065	292,754
Deferred income tax liabilities		3,060,707	3,052,185
Lease liabilities		4,349	5,141
		<u>12,528,181</u>	<u>14,669,610</u>
Current liabilities			
Borrowings		1,599,094	2,625,674
Notes payable		3,352,249	3,109,011
Corporate bonds		2,562,980	689,200
Amount due to a non-controlling interest of a subsidiary		1,611	1,611
Trade and other payables and accrued charges	12	854,454	921,901
Contract liabilities and deferred revenue		20,831	23,252
Lease liabilities		6,288	10,833
Current income tax liabilities		89,510	51,343
		<u>8,487,017</u>	<u>7,432,825</u>
Total liabilities		<u>21,015,198</u>	<u>22,102,435</u>
Total equity and liabilities		<u>35,599,789</u>	<u>36,337,410</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This Financial Information for the six months ended 30 June 2023 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 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

As at 30 June 2023, the Group’s current liabilities exceeded its current assets by RMB6,410,782,000. The Group’s current liabilities primarily comprise of current portion of borrowings, notes payable, corporate bonds and trade and other payables and accrued charges of RMB1,599,094,000, RMB3,352,249,000, RMB2,562,980,000 and RMB854,454,000, 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 2022, except for the adoption of the following new and revised HKFRSs for the first time for the current period’s financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The above new and revised HKFRSs effective for the financial year beginning 1 January 2023 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 2022.

4 REVENUE AND SEGMENT INFORMATION

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

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

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2023 and 2022 respectively.

	Toll roads operations RMB'000	All other segments RMB'000	Total RMB'000
Six months ended 30 June 2023			
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>
Amortisation of			
– Intangible operating rights	(636,437)	—	(636,437)
– Other intangible asset	(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	971,114	153	971,267
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	837,176	(5,817)	831,359
Income tax expense	(218,792)	—	(218,792)
	<u>618,384</u>	<u>(5,817)</u>	<u>612,567</u>
Profit/(loss) for the period	618,384	(5,817)	612,567

	Toll roads operations RMB'000	All other segments RMB'000	Total RMB'000
Six months ended 30 June 2022			
Revenue (from external customers)			
– Toll revenue	1,569,313	—	1,569,313
– Income from service area and gas station	17,577	—	17,577
– Entrusted road management service income	11,709	—	11,709
– Construction service income	14,583	—	14,583
– Other toll operating income	2,356	—	2,356
	<u>1,615,538</u>	<u>—</u>	<u>1,615,538</u>
Amortisation of			
– Intangible operating rights	(547,183)	—	(547,183)
– Other intangible asset	(1,941)	—	(1,941)
Depreciation of			
– Property, plant and equipment	(5,435)	(338)	(5,773)
– Right-of-use assets	(5,729)	—	(5,729)
Other compensation income	28,494	—	28,494
Government subsidy	<u>1,781</u>	<u>—</u>	<u>1,781</u>
Operating profit/(loss)	833,421	(51)	833,370
Finance income	28,836	—	28,836
Finance costs	(334,027)	—	(334,027)
Share of result of a joint venture, net of tax	26,328	—	26,328
Share of results of associates, net of tax	<u>70,052</u>	<u>(5,487)</u>	<u>64,565</u>
Profit/(loss) before income tax	624,610	(5,538)	619,072
Income tax expense	<u>(173,137)</u>	<u>—</u>	<u>(173,137)</u>
Profit/(loss) for the period	<u>451,473</u>	<u>(5,538)</u>	<u>445,935</u>

The following tables present assets and liabilities information regarding the Group's operating segments as at 30 June 2023 and 31 December 2022 respectively.

	Toll roads operations RMB'000	All other segments RMB'000	Total RMB'000
Assets and liabilities			
As at 30 June 2023			
Total segment assets	35,513,933	85,856	35,599,789
Addition to non-current assets (other than financial instruments)	47,424	32	47,456
Total segment assets include:			
Investment in a joint venture	477,176	—	477,176
Investments in associates	1,727,596	50,387	1,777,983
Total segment liabilities	<u>(21,014,981)</u>	<u>(217)</u>	<u>(21,015,198)</u>
As at 31 December 2022			
Total segment assets	36,246,753	90,657	36,337,410
Acquisition of a subsidiary	1,098,000	—	1,098,000
Addition to non-current assets (other than financial instruments)	304,418	17	304,435
Total segment assets include:			
Investment in a joint venture	463,763	—	463,763
Investments in associates	1,766,823	56,357	1,823,180
Total segment liabilities	<u>(22,102,225)</u>	<u>(210)</u>	<u>(22,102,435)</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 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	
	2023	2022
	RMB'000	RMB'000
Taxes and surcharges	7,070	5,905
Amortisation of		
– Intangible operating rights	636,437	547,183
– Other intangible asset	3,018	1,941
Depreciation of		
– Property, plant and equipment	6,923	5,773
– Right-of-use assets	5,708	5,729
Toll highways and bridges maintenance expenses	47,407	38,715
Toll highways and bridges operating expenses	57,532	43,600
Staff costs (including directors' emoluments)		
– Wages and salaries	125,810	97,431
– Pension costs (defined contribution plan)	19,420	15,222
– Social security costs	19,308	17,674
– Staff welfare and other benefits	17,057	13,629
– Equity-settled share option expense	(1,137)	2,241
Auditor's remuneration	1,526	1,350
Legal and professional fees	5,863	5,762

6 OTHER INCOME, GAINS AND LOSSES – NET

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Compensation for expressways and bridges damages	5,037	3,564
Other compensation income (note)	317	28,494
Management service income	693	907
Government subsidy	2,492	1,781
Other rental income	352	328
Gain on disposal of property, plant and equipment	74	537
Others	1,621	2,303

Note: The amount mainly represented compensation received relating to requisition of land and demolition of plants and other greening facilities.

7 FINANCE INCOME/COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Bank interest income	13,516	28,836
Interest income on loan to an associate	126	—
	<u>13,642</u>	<u>28,836</u>
Finance income	<u>13,642</u>	<u>28,836</u>
Interest expenses:		
– Bank borrowings	(154,840)	(178,628)
– Other borrowing	—	(3,057)
– Bank facility fees	(2,242)	(6,862)
– Loan from the immediate holding company	(1,584)	—
– Loan from a joint venture	—	(1,085)
– Notes payable	(64,781)	(75,679)
– Corporate bonds	(54,665)	(55,510)
– Lease liabilities	(315)	(378)
Net other exchange gain/(loss)	2,338	(3,146)
Others	(7,845)	(9,682)
	<u>(283,934)</u>	<u>(334,027)</u>
Finance costs	<u>(283,934)</u>	<u>(334,027)</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 2022: Nil).
- (b) During the six months ended 30 June 2023, 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 2023 is 25% (30 June 2022: 25%). Guangzhou North Second Ring Transport Technology Company Limited (“GNSR”), a subsidiary of the Group, has been recognised as an eligible entity in 2019 to enjoy three years' preferential tax treatment of income tax, at a preferential income tax rate of 15%, started from 2018. In 2021, the preferential tax treatment of income tax has been extended to the year ended 31 December 2023. Guangxi Yuexiu Cangyu Expressway Company Limited, a subsidiary of the Group, has been recognised as an eligible entity to enjoy preferential tax treatment of income tax, at a preferential income tax rate of 15% started from 2013, and extended to the year ended 31 December 2030 in 2020.

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to withholding income tax at a rate of 5% or 10%. During the 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 2022: 5% or 10%).

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current income tax		
PRC enterprise income tax	210,270	187,328
Deferred income tax	8,522	(14,191)
	<u>218,792</u>	<u>173,137</u>

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

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

	Six months ended 30 June	
	2023	2022
Earnings		
Profit attributable to shareholders of the Company (RMB'000)	<u>427,106</u>	<u>295,318</u>
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation ('000)	1,673,162	1,673,162
Effect of dilution - weighted average number of ordinary shares: Share options ('000)	<u>—</u>	<u>1,036</u>
Weighted average number of ordinary shares in issue and potential ordinary shares during the period used in the diluted earnings per share calculation ('000)	<u>1,673,162</u>	<u>1,674,198</u>

10 INTERIM DIVIDENDS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interim, proposed, HK\$0.15 equivalent to approximately RMB0.1372 (30 June 2022: HK\$0.10 equivalent to approximately RMB0.0861) per share	229,610	144,093

A dividend of RMB154,237,000 that relates to the year ended 31 December 2022 was paid on 29 June 2023 (30 June 2022: RMB586,136,000 that relates to the year ended 31 December 2021 was paid on 29 June 2022).

On 8 August 2023, the board of directors has resolved to declare an interim dividend of HK\$0.15 per share (30 June 2022: HK\$0.10 per share). This interim dividend, amounting to RMB229,610,000 (30 June 2022: RMB144,093,000), has not been recognised as a liability in this Financial Information. It will be recognised in shareholder's equity for the year ending 31 December 2023.

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Trade receivables	190,705	127,730
Other receivables, deposits and prepayments	716,579	156,451
	907,284	284,181
Less: non-current portion (note)	(597,761)	—
Current portion	309,523	284,181

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

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

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

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

12 TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	30 June 2023 RMB'000	31 December 2022 RMB'000
Trade payables	50,001	47,327
Other payables and accrued charges	506,913	599,659
Construction related accruals and payables	297,540	274,915
	854,454	921,901

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

	30 June 2023 RMB'000	31 December 2022 RMB'000
0 - 30 days	36,880	36,345
31 - 90 days	16,851	32,689
Over 90 days	293,810	253,208
	347,541	322,242

Notes:

- (1) There are 8 lanes for the section from Huocun to Luogang, and 6 lanes for other sections.
- (2) The Group completed the acquisition of 100% of the equity interest in Henan Lanwei Expressway on 18 November 2022.
- (3) There are 6 lanes for the section from Miliang Shan to Wuhan Outer Ring Road, and 4 lanes for other sections.
- (4) There are 6 lanes for the sections of Airport North Extension and from Taoyuanji interchange to Hengdian interchange, and 4 lanes for other sections.
- (5) The profit-sharing ratio was 18.446% from 2010 onwards.
- (6) There are 8 lanes for the section from Shabei to Bainihe Bridge, and 6 lanes for other sections.
- (7)
 - a. Projects within Guangdong Province: Pursuant to the supporting and protective policies from the relevant authorities in the Guangdong Province regarding waiver of tolls on toll roads during the COVID-19 pandemic, the operators of toll roads for the Group's projects within Guangdong Province shall submit compensation applications one year before the original toll collection deadline of the project.
 - b. Projects within Guangxi Autonomous Region, Hunan Province and Hubei Province: Pursuant to the supporting and protective policies from the relevant authorities in the Guangxi Autonomous Region, Hunan Province and Hubei Province regarding waiver of tolls on toll roads during the COVID-19 pandemic, the original approved toll collection deadline for the Group's projects within Guangxi Autonomous Region, Hunan Province and Hubei Province were postponed for 79 days.
 - c. Projects within Tianjin City and Henan Province: relevant supporting and protective policies were under research and formulation.
- (8) 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 2023

	Average daily toll revenue ⁽¹⁾		Average daily toll traffic volume	
	First half of 2023 (RMB/day)	Y-O-Y Change %	First half of 2023 (Vehicle/day)	Y-O-Y Change %
SUBSIDIARIES				
GNSR Expressway	2,955,239	11.0%	287,018	17.7%
Cangyu Expressway	271,779	13.1%	19,851	25.9%
Jinxiong Expressway	227,315	24.3%	35,334	31.9%
Changzhu Expressway	674,389	5.7%	70,130	7.6%
Weixu Expressway	1,032,299	-4.8%	26,944	25.0%
Lanwei Expressway ⁽²⁾	843,098	-8.2%	32,994	30.4%
Suiyuenan Expressway	1,941,375	13.5%	34,581	17.3%
Hancai Expressway	759,133	20.0%	60,279	36.4%
Han'e Expressway	414,565	-6.3%	34,273	9.9%
Daguangnan Expressway	1,288,366	19.5%	30,549	23.5%
ASSOCIATES AND JOINT VENTURE				
Han-Xiao Expressway	656,485	16.2%	33,261	16.4%
GWSR Expressway	1,279,238	17.4%	87,888	25.9%
Humen Bridge	2,685,893	45.7%	99,203	44.1%
Northern Ring Road	1,940,747	10.6%	381,738	11.5%
Shantou Bay Bridge	284,618	-31.6%	17,672	-31.2%
Qinglian Expressway	1,905,014	11.2%	52,105	14.3%
	Average daily ticket business revenue		Average daily passenger volume	
	First half of 2023 (RMB/day)	Y-O-Y Change %	First half of 2023 (People/day)	Y-O-Y Change %
ASSOCIATE				
Pazhou Port ⁽³⁾	43,873	N/A	172	N/A

Notes:

- (1) Average daily toll revenue does not include value-added tax.
- (2) The Group completed the acquisition of 100% of the equity interest in Henan Lanwei Expressway on 18 November 2022. As for year-on-year comparison, both of average daily toll revenue and average daily toll traffic volume were compared with project data for the same period in the first half of 2022 prior to the acquisition by the Group.
- (3) The trial operation of Pazhou Port commenced on 14 April 2023, and formal operation commenced on 4 May 2023. The figures of average daily ticket business revenue and average daily passenger volume were for the period from 14 April 2023 to 30 June 2023.

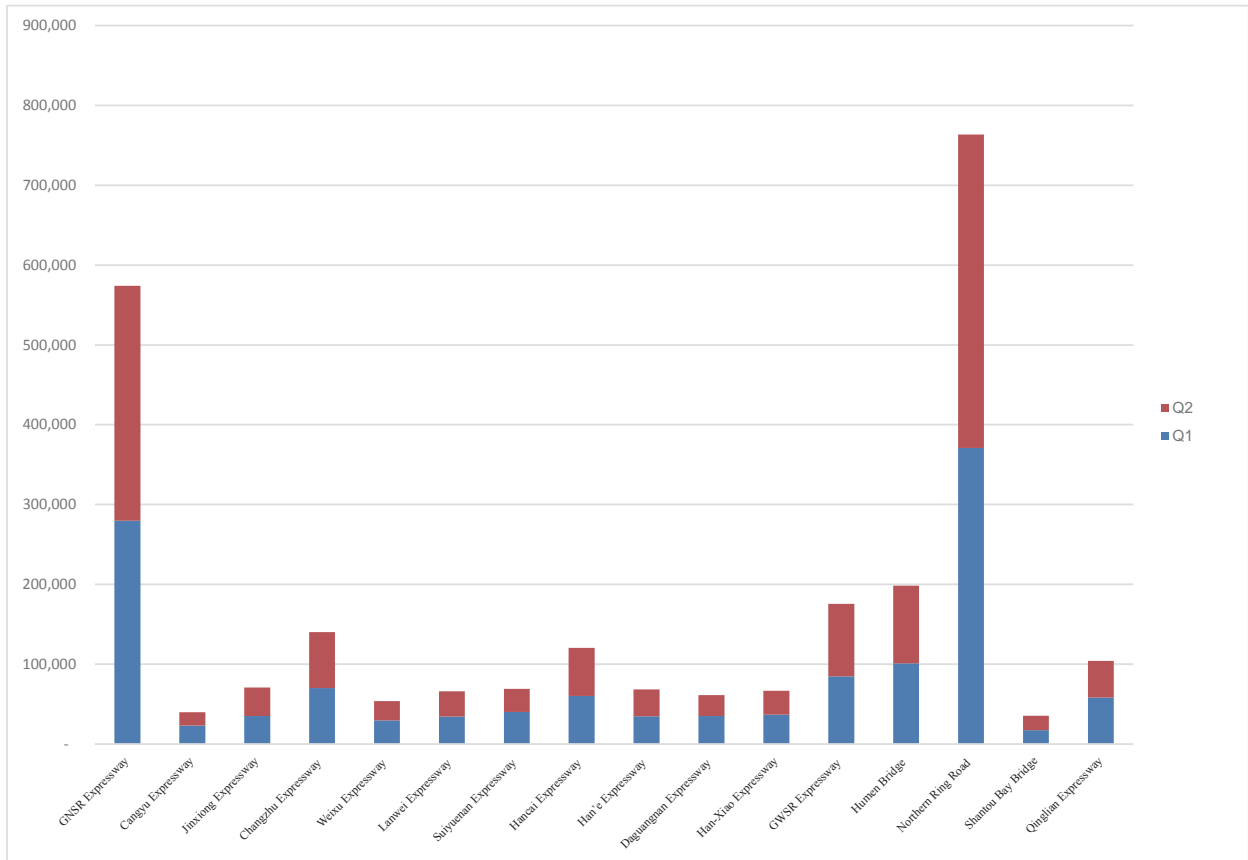
TOLL ROADS AND BRIDGES

Quarterly analysis of average daily toll traffic volume for 2023

	Average daily toll traffic volume of the first quarter in 2023 (Vehicle/day)	Average daily toll traffic volume of the second quarter in 2023 (Vehicle/day)
SUBSIDIARIES		
GNSR Expressway	279,786	294,171
Cangyu Expressway	23,036	16,701
Jinxiong Expressway	35,080	35,585
Changzhu Expressway	70,236	70,026
Weixu Expressway	29,609	24,308
Lanwei Expressway ⁽¹⁾	34,477	31,527
Suiyuan Expressway	40,227	28,997
Hancai Expressway	60,287	60,271
Han'e Expressway	34,583	33,966
Daguangnan Expressway	35,122	26,027
ASSOCIATES AND JOINT VENTURE		
Han-Xiao Expressway	36,762	29,798
GWSR Expressway	84,714	91,027
Humen Bridge	101,118	97,309
Northern Ring Road	371,034	392,325
Shantou Bay Bridge	17,262	18,076
Qinglian Expressway	58,244	46,035

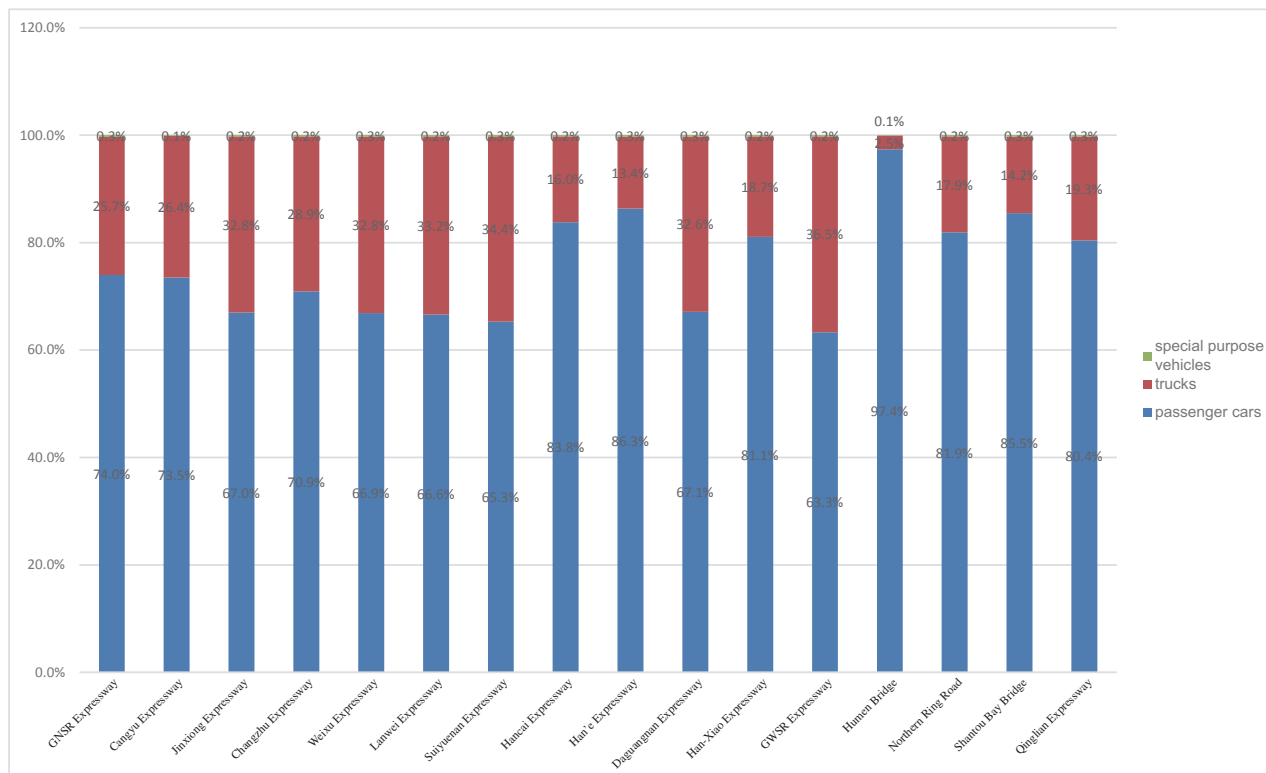
Note:

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



Vehicle Type Analysis (By Traffic Volume)

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



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

SUMMARY OF OPERATING PERFORMANCE

Macroeconomic Environment

The International Monetary Fund (IMF) raised the global growth forecast for 2023 by 0.2 percentage points to 3.0% in the World Economic Outlook published in July 2023.

In the face of a complex and challenging international environment and difficult and arduous tasks in promoting reform and development at home, the PRC stayed true to the general principle of pursuing progress while ensuring stability, and strived to promote high-quality development, thereby promoting a full economic recovery. According to the information released by the National Bureau of Statistics, the gross domestic product (GDP) for the first half of 2023 amounted to RMB59,303.4 billion, representing a year-on-year increase of 5.5%; and by quarter, the GDP for the first quarter and the second quarter recorded a year-on-year increase of 4.5% and 6.3% respectively.

According to the Ministry of Public Security, domestic car ownership maintained a steady growth momentum; as of 30 June 2023, domestic car ownership reached 328 million vehicles, representing a year-on-year increase of 5.8%; and new energy vehicle ownership reached 16.20 million, representing a year-on-year increase of 61.8% and reaching 4.9% of total number of vehicles.

According to the Ministry of Transport, from January to June 2023, fixed asset investment in highway traffic was RMB1,383.0 billion, representing a year-on-year increase of 8.9%; and from January to June 2023, highway passenger and cargo turnover increased by 35.7% and 6.6% year-on-year, respectively.

The projects invested and operated by the Group are distributed throughout Guangdong, Tianjin, Guangxi, Hunan, Hubei and Henan. According to the National and Provincial Bureaus of Statistics, the GDP of these regions for the first half of 2023 increased by 5.0%, 4.8%, 2.8%, 3.6%, 5.6% and 3.8% 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 2023	593,034	62,910	7,843	12,685	23,999	26,259	31,326
GDP changes for the first half of 2023	5.5%	5.0%	4.8%	2.8%	3.6%	5.6%	3.8%
GDP changes for the first half of 2022	2.5%	2.0%	0.4%	2.7%	4.3%	4.5%	3.1%

Source: National and Provincial Bureaus of Statistics

Regulatory Environment of the Sector

On 16 June 2023, a series of policies and measures to promote the sustained recovery of the economy were considered at the State Council executive meeting. The meeting concluded that the PRC is currently in a full economic recovery, as reflected by the gradually recovering market demand, continuously increasing production and supply, overall stable prices and employment and steadily evolving high-quality development following the introduction and implementation of earlier policies and measures. However, the increasingly complex and challenging external environment and the slowdown in global trade and investment have resulted in direct impact on the economic recovery of the PRC. In light of changes in the economic situation, more effective measures must be taken to strengthen growth momentum, optimise the economic structure, and promote sustained economic recovery. With a focus on four aspects: greater efforts in macro-policy regulation, expanding effective demand, strengthening and improving the real economy, and preventing and resolving risks in key areas, a series of policies and measures were considered and proposed at the meeting. The Group will continue to monitor the relevant policies and measures.

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

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 along the highway, charging pile installation in service areas, and transformation and upgrade of service areas. In particular, the first phase of Hunan Changzhu Photovoltaic Power Generation New Energy Facilities Project has been successfully connected to the grid, which is the science and technology progress and innovation project of the Department of Transportation of Hunan Province. Fourthly, the Group strived to ensure that all tolls are collected and prevent toll evasion and avoidance. In particular, the Group established an intelligent audit system and implemented its on-line operation on GNSR Expressway and Jinxiong Expressway on a trial basis, with an automatic processing rate of audit work orders exceeding 85%, effectively reducing manual operations.

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

The Group continued to advance its application of innovative technology. 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 improve 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 invest in building a smart traffic integration system platform and applying big data technology with technical features such as “all-round monitoring, accurate detection and rapid early warning”, in order to improve the level of operation and maintenance management digitalisation and promote the long-term development of enterprises with advanced technologies, (iv) the Group further promoted the intelligent toll collection technology, deployed intelligent toll collection equipment from an innovative brand established for cooperative research and development on road sections managed by its subsidiaries to build standardised “unmanned toll stations” of Yuexiu Transport and enhance the Company's corporate image and influence in the industry, and (v) the Group actively undertook the safety and emergency digitisation pilot project of the Ministry of Transport, thereby achieving a new high in technological innovation capability.

During the Reporting Period, the Group carried out 25 scientific research projects, and was granted scientific research projects of the Ministry of Transport for the first time to undertake the implementation of the Pilot Application Project of Safety and Emergency Digitisation of Highways in Service (《在役高速公路安全與應急數字化試點應用項目》). Up to now, the project has passed the interim inspection and evaluation of the expert panel of the Ministry of Transport.

The Group is committed to improving its management and control and level of talent development. It will continue to optimise organizational 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 and Macau Greater Bay Area and Central China and been expanding its presence in other developing areas benefiting from continued urbanisation and industrialisation going forward. The Group will also seek development opportunities for other infrastructure projects with stable cash flows and projects in the upstream and downstream of expressway value chain.

The GNSR Expressway R&E Project is a strategic construction project of the Group with the largest investment and that is the most difficult in recent years, which will help strengthen the Group's most important revenue generating asset, enhance premium assets in the Greater Bay Area, and ensure sustainable development. Following the approval of the Huangpu District and Baiyun District Land Expropriation Agreements in connection with the GNSR Expressway R&E Project at the special general meeting on 10 January 2023, Guangzhou City North Second Ring Transport Technology Company Limited has completed the signing of the Land Expropriation Works Agreements for Huangpu District and Baiyun District. During the process of the project, the Guangzhou Transportation Work Leading Group Office formally formed a special team for the construction of the GNSR Expressway R&E Project headed by the deputy mayor, and successfully established a normalised coordination mechanism at the municipal level to provide strong support for the smooth progress of the project. With the support of the government and the unremitting efforts of the Group, in the first half of 2023, the GNSR Expressway R&E Project has made comprehensive breakthroughs and important progress in key tasks such as design optimisation of construction drawing, application for approval in connection with land use, approval for environmental impact assessment and project supporting financing. In addition, on 26 July 2023, the project fully completed its survey and land delineation. Currently, the Group is progressing with the tendering for construction units of the reconstruction and expansion, and plans to commence the construction in full swing of the project as soon as possible in 2023. It is anticipated that the Group may enter into construction contracts under the GNSR Expressway R&E Project with different parties. In the event these transactions materialize, depending on the scale and nature of such transactions, they may or may not constitute notifiable transactions and/or connected transactions under Chapters 14 and 14A of the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules in respect of these transactions accordingly.

Expressways, Bridges and Port

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

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

Subsidiaries

GNSR Expressway

During the Reporting Period, the average daily toll revenue was RMB2,955,000, representing a year-on-year increase of 11.0% from the first half of 2022. The average daily toll traffic volume was 287,018 vehicles, representing a year-on-year increase of 17.7% from the first half of 2022.

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

Cangyu Expressway

During the Reporting Period, the average daily toll revenue was RMB272,000, representing a year-on-year increase of 13.1% from the first half of 2022. The average daily toll traffic volume was 19,851 vehicles, representing a year-on-year increase of 25.9% from the first half of 2022.

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

Jinxiong Expressway

During the Reporting Period, the average daily toll revenue was RMB227,000, representing a year-on-year increase of 24.3% from the first half of 2022. The average daily toll traffic volume was 35,334 vehicles, representing a year-on-year increase of 31.9% from the first half of 2022.

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

Changzhu Expressway

During the Reporting Period, the average daily toll revenue was RMB674,000, representing a year-on-year increase of 5.7% from the first half of 2022. The average daily toll traffic volume was 70,130 vehicles, representing a year-on-year increase of 7.6% from the first half of 2022.

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

Weixu Expressway

During the Reporting Period, the average daily toll revenue was RMB1,032,000, representing a year-on-year decrease of 4.8% from the first half of 2022. The average daily toll traffic volume was 26,944 vehicles, representing a year-on-year increase of 25.0% from the first half of 2022.

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

Lanwei Expressway

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

During the Reporting Period, the average daily toll revenue was RMB843,000, representing a year-on-year decrease of 8.2% from the first half of 2022. The average daily toll traffic volume was 32,994 vehicles, representing a year-on-year increase of 30.4% from the first half of 2022.

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

Suiyuenan Expressway

During the Reporting Period, the average daily toll revenue was RMB1,941,000, representing a year-on-year increase of 13.5% from the first half of 2022. The average daily toll traffic volume was 34,581 vehicles, representing a year-on-year increase of 17.3% from the first half of 2022.

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

Hancai Expressway

During the Reporting Period, the average daily toll revenue was RMB759,000, representing a year-on-year increase of 20.0% from the first half of 2022. The average daily toll traffic volume was 60,279 vehicles, representing a year-on-year increase of 36.4% from the first half of 2022.

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

Han'e Expressway

During the Reporting Period, the average daily toll revenue was RMB415,000, representing a year-on-year decrease of 6.3% from the first half of 2022. The average daily toll traffic volume was 34,273 vehicles, representing a year-on-year increase of 9.9% from the first half of 2022.

The year-on-year increase of the average daily toll traffic volume and the year-on-year decrease of the average daily toll revenue were mainly due to the relatively low base number of the traffic volume of passenger cars for the same period in 2022 as a result of the impact of the pandemic. The toll charges exemption of Wuhuang Expressway which competes with this project since 10 December 2022 resulted in a diversion of traffic volume of trucks and has an impact on the road section.

Daguangnan Expressway

During the Reporting Period, the average daily toll revenue was RMB1,288,000, representing a year-on-year increase of 19.5% from the first half of 2022. The average daily toll traffic volume was 30,549 vehicles, representing a year-on-year increase of 23.5% from the first half of 2022.

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

Associates and Joint Venture

Han-Xiao Expressway

During the Reporting Period, the average daily toll revenue was RMB656,000, representing a year-on-year increase of 16.2% from the first half of 2022. The average daily toll traffic volume was 33,261 vehicles, representing a year-on-year increase of 16.4% from the first half of 2022.

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

GWSR Expressway

During the Reporting Period, the average daily toll revenue was RMB1,279,000, representing a year-on-year increase of 17.4% from the first half of 2022. The average daily toll traffic volume was 87,888 vehicles, representing a year-on-year increase of 25.9% from the first half of 2022.

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

Humen Bridge

During the Reporting Period, the average daily toll revenue was RMB2,686,000, representing a year-on-year increase of 45.7% from the first half of 2022. The average daily toll traffic volume was 99,203 vehicles, representing a year-on-year increase of 44.1% from the first half of 2022.

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

Northern Ring Road

During the Reporting Period, the average daily toll revenue was RMB1,941,000, representing a year-on-year increase of 10.6% from the first half of 2022. The average daily toll traffic volume was 381,738 vehicles, representing a year-on-year increase of 11.5% from the first half of 2022.

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

Shantou Bay Bridge

During the Reporting Period, the average daily toll revenue was RMB285,000, representing a year-on-year decrease of 31.6% from the first half of 2022. The average daily toll traffic volume was 17,672 vehicles, representing a year-on-year decrease of 31.2% from the first half of 2022.

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

Qinglian Expressway

During the Reporting Period, the average daily toll revenue was RMB1,905,000, representing a year-on-year increase of 11.2% from the first half of 2022. The average daily toll traffic volume was 52,105 vehicles, representing a year-on-year increase of 14.3% from the first half of 2022.

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

Pazhou Port Project

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

The average daily ticket business revenue was RMB44,000 and the average daily passenger volume was 172 person-time.

FINANCIAL REVIEW

Key operating results figures

	Six months ended 30 June		Change %
	2023 RMB'000	2022 RMB'000	
Revenue	1,935,448	1,615,538	19.8
Gross profit	1,094,584	897,594	21.9
Operating profit	971,267	833,370	16.5
Earnings before interests, tax, depreciation and amortisation (“EBITDA”) ⁽¹⁾	1,767,180	1,513,189	16.8
Finance costs	(283,934)	(334,027)	-15.0
Share of result of a joint venture, net of tax	35,571	26,328	35.1
Share of results of associates, net of tax	94,813	64,565	46.8
Profit attributable to shareholders of the Company	427,106	295,318	44.6
Basic earnings per share	RMB0.2553	RMB0.1765	44.6
Diluted earnings per share	RMB0.2553	RMB0.1764	44.7
Dividend	229,610	144,093	59.3

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

I. Overview of operating results

In the Reporting Period and as compared with the previous reporting period, the Group’s revenue increased by 19.8 percent to RMB1.94 billion; operating profit increased by 16.5 percent to RMB971 million; and profit attributable to shareholders of the Company increased by 44.6 percent to RMB427 million.

The increases in the Group’s revenue and profit attributable to shareholders of the Company during the Reporting Period were mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume. Besides, the increment was because of the consolidation of the financial results of the newly acquired Henan Lanwei Expressway by the Group since 19 November 2022.

The Board resolved to declare an interim dividend for 2023 of HK\$0.15 which is equivalent to approximately RMB0.1372 (2022 interim dividend: HK\$0.10 which was equivalent to approximately RMB0.0861) per share, representing an interim dividend payout ratio of 53.8 percent (2022 interim dividend payout ratio: 48.8 percent).

II. Analysis of operating results

Revenue

The Group recorded total revenue of RMB1.94 billion in the Reporting Period, which comprised total toll revenue of RMB1.88 billion and other revenue related to normal toll roads operation of RMB51.68 million.

Toll revenue

The Group recorded total toll revenue of RMB1.88 billion in the Reporting Period, representing an increase of 20.0 percent from RMB1.57 billion as compared with the same period in 2022. The increase was mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume during the Reporting Period. 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

Controlled Projects	Reporting Period RMB'000	Percentage of total toll revenue %	First half of 2022 RMB'000	Percentage of total toll revenue %	Change %
GNSR Expressway	534,899	28.4	481,835	30.7	11.0
Suiyuanan Expressway	351,389	18.6	309,477	19.7	13.5
Daguangnan Expressway	233,194	12.4	195,081	12.4	19.5
Weixu Expressway	186,846	9.9	196,211	12.5	-4.8
Hancai Expressway	137,403	7.3	114,543	7.3	20.0
Changzhu Expressway	122,064	6.5	115,481	7.4	5.7
Han'e Expressway	75,036	4.0	80,086	5.1	-6.3
Cangyu Expressway	49,192	2.6	43,487	2.8	13.1
Jinxiong Expressway	41,144	2.2	33,112	2.1	24.3
Lanwei Expressway ⁽¹⁾	152,601	8.1	—	—	N/A
Total toll revenue	<u>1,883,768</u>	<u>100.0</u>	<u>1,569,313</u>	<u>100.0</u>	20.0

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

Other revenue

In the Reporting Period, the Group recorded other revenue related to normal toll roads operation of RMB51.68 million (same period in 2022: RMB46.23 million), mainly comprising the construction service income of RMB16.37 million (same period in 2022: RMB14.58 million), income from service area and gas station of RMB16.35 million (same period in 2022: RMB17.58 million) and entrusted road management service income of RMB16.24 million (same period in 2022: RMB11.71 million).

Cost of services

In the Reporting Period, the Group's total cost of services amounted to RMB841 million, representing an increase of 17.1 percent from RMB718 million as compared with the same period in 2022. In the Reporting Period, the total cost of services of the Group's controlled projects amounted to RMB832 million. Overall cost ratio (cost of services/revenue) was 43.4 percent in the Reporting Period, which was 1.0 percentage point lower than that of the same period in 2022.

Analysis of cost of services by each controlled project

Controlled Projects	Reporting Period RMB'000	Percentage of total %	First half of 2022 RMB'000	Percentage of total %	Change %
GNSR Expressway	196,076	23.6	177,747	25.1	10.3
Suiyuanan Expressway	120,631	14.5	108,612	15.3	11.1
Daguangan Expressway	120,741	14.5	101,680	14.3	18.7
Weixu Expressway	75,803	9.1	73,777	10.4	2.7
Hancai Expressway	76,046	9.2	77,176	10.9	-1.5
Changzhu Expressway	66,014	7.9	62,012	8.7	6.5
Han'e Expressway	39,114	4.7	62,141	8.7	-37.1
Cangyu Expressway	21,908	2.6	20,905	2.9	4.8
Jinxiong Expressway	26,548	3.2	26,205	3.7	1.3
Lanwei Expressway ⁽¹⁾	88,670	10.7	—	—	N/A
Total	831,551	100.0	710,255	100.0	17.1

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

Analysis of controlled projects' cost of services by nature

	Reporting Period RMB'000	Percentage of total %	First half of 2022 RMB'000	Percentage of total %	Change %
Amortisation of intangible operating rights	636,437	76.5	547,183	77.0	16.3
Staff costs	81,377	9.8	74,259	10.5	9.6
Toll highways and bridges operating expenses	55,118	6.6	42,055	5.9	31.1
Toll highways and bridges maintenance expenses	47,407	5.7	38,715	5.5	22.5
Taxes and surcharges	7,070	0.9	5,851	0.8	20.8
Depreciation of other fixed assets	4,142	0.5	2,192	0.3	89.0
Total	831,551	100.0	710,255	100.0	17.1

Gross profit

Gross profit in the Reporting Period was RMB1.09 billion, representing an increase of 21.9 percent from RMB898 million in the same period in 2022. The total gross profit of the Group's controlled projects in the Reporting Period was RMB1.09 billion. Overall gross profit margin in the Reporting Period was 56.6 percent, which was 1.0 percentage point higher than that of the same period in 2022.

Analysis of gross profit by each controlled project

Controlled Projects	Reporting Period		First half of 2022	
	Gross Profit RMB'000	Gross Margin ⁽¹⁾	Gross Profit RMB'000	Gross Margin ⁽¹⁾
GNSR Expressway	357,188	64.6%	321,861	64.4%
Suiyuanan Expressway	235,857	66.2%	207,139	65.6%
Daguangnan Expressway	117,478	49.3%	98,413	49.2%
Weixu Expressway	112,167	59.7%	122,702	62.5%
Hancai Expressway	62,459	45.1%	38,341	33.2%
Changzhu Expressway	56,289	46.0%	53,589	46.4%
Han'e Expressway	39,925	50.5%	21,729	25.9%
Cangyu Expressway	27,284	55.5%	22,582	51.9%
Jinxiong Expressway	15,078	36.2%	7,218	21.6%
Lanwei Expressway ⁽²⁾	63,930	42.0%	—	—
Total	<u>1,087,655</u>	<u>56.7%</u>	<u>893,574</u>	<u>55.7%</u>

⁽¹⁾ Gross margin = Gross profit/revenue

⁽²⁾ The Group completed the acquisition of 100% of the equity interest in Lanwei Expressway in November 2022

General and administrative expenses

The Group's general and administrative expenses in the Reporting Period amounted to RMB134 million, representing an increase of 31.1 percent from RMB102 million in the same period in 2022. The increase was mainly due to the increase in staff cost of RMB29.86 million during the Reporting Period.

Other income, gains and losses – net

The Group's other income, gains and losses – net was RMB10.59 million in the Reporting Period (same period in 2022: RMB37.91 million), which was 72.1 percent lower than that of the same period in 2022. The changes were mainly due to decrease in the compensation income on requisition of land and demolition of plants and other greening facilities of RMB23.55 million during the Reporting Period.

Finance income/Finance costs

The Group's finance income in the Reporting Period amounted to RMB13.64 million (same period in 2022: RMB28.84 million), which was 52.7 percent lower than that of the same period in 2022. The decrease was mainly due to the decrease in interest income as a result of the decrease in average cash and cash equivalents in the banks during the Reporting Period.

The Group's finance costs in the Reporting Period decreased by 15.0 percent to RMB284 million as compared with RMB334 million in the same period in 2022, mainly due to management's continuous effort in reducing debt level, optimising the overall debt structure and lowering debts' interest rate. The Group's overall weighted average interest rate in the Reporting Period was 3.33 percent (same period in 2022: 3.78 percent).

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

The Group's share of results of associates and a joint venture, net of tax, increased by 43.4 percent to RMB130 million in the Reporting Period (same period in 2022: RMB90.89 million). The increase was mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume during the Reporting Period. More details of the toll revenue of each expressway and bridge 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 28.6 percent to RMB43.50 million. Share of post-tax profit of Northern Ring Road in the Reporting Period increased by 24.9 percent to RMB27.89 million. Share of post-tax profit of Shantou Bay Bridge in the Reporting Period decreased by 49.6 percent to RMB5.49 million. The decrease was mainly due to the diversion impact on this road section as a result of the commencement of operation of Shantou Bay Tunnel on 28 September 2022 and the implementation of free permit for passenger cars. Share of post-tax profit of Qinglian Expressway in the Reporting Period amounted to RMB15.26 million (same period in 2022: share of post-tax loss of RMB5.47 million). Share of post-tax loss of Pazhou Port in the Reporting Period amounted to RMB5.97 million (same period in 2022: RMB5.49 million). Share of post-tax profit of Huaxia Yuexiu Expressway REIT in the Reporting Period increased by 2.3 percent to RMB8.64 million. Share of post-tax profit of GWSR Expressway in the Reporting Period increased by 35.1 percent to RMB35.57 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	YoY change %	Share of results, net of tax Reporting Period RMB'000	YoY change %
Associates					
Humen Bridge	18.446	502,050	38.4	43,498	28.6
Northern Ring Road	24.3	351,275	10.6	27,894	24.9
Shantou Bay Bridge	30.0	52,662	-30.4	5,492	-49.6
Huaxia Yuexiu Expressway REIT	30.0	121,830	15.7	8,635	2.3
Qinglian Expressway	23.63	347,687	11.1	15,264	turned profit
Pazhou Port	45.0	4,104	N/A	(5,970)	8.8
Joint venture					
GWSR Expressway	35.0	233,946	16.9	35,571	35.1

Income tax expense

Total income tax expense of the Group in the Reporting Period increased by 26.4 percent to RMB219 million (same period in 2022: RMB173 million). The increase was mainly due to the increase in profit before tax due to the recovery of the toll traffic volume during the Reporting Period.

Profit attributable to shareholders of the Company

The Company reported a profit attributable to its shareholders of RMB427 million in the Reporting Period, representing an increase of 44.6 percent from RMB295 million in the same period in 2022. The increase was mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy, the continuing recovery and growth of passenger volume during the Reporting Period and the consolidation of the financial results of the newly acquired Henan Lanwei Expressway by the Group since 19 November 2022.

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

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

	Reporting Period RMB'000	Percentage of total %	First half of 2022 RMB'000	Percentage of total %	Change %
Net profit from controlled projects	572,739	81.5	485,867	84.2	17.9
Net profit from non-controlled projects ⁽¹⁾	130,384	18.5	90,893	15.8	43.4
Net profit from projects	703,123	100.0	576,760	100.0	21.9
Withholding tax on PRC dividend/ interest income	(27,327)		(21,150)		29.2
Holding companies expenses	(99,112)		(71,641)		38.3
Holding companies income/ gains, net	7,915		6,680		18.5
Holding companies finance income	8,787		22,260		-60.5
Holding companies finance costs	(166,280)		(217,591)		-23.6
Profit attributable to shareholders of the Company	427,106		295,318		44.6

⁽¹⁾ 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)

Controlled Projects	Reporting Period RMB'000	Percentage of total net profit from projects %	First half of 2022 RMB'000	Percentage of total net profit from projects %	Change %
GNSR Expressway	186,371	26.5	171,430	29.7	8.7
Suiyuenan Expressway	123,178	17.5	92,488	16.0	33.2
Weixu Expressway	81,999	11.7	88,131	15.3	-7.0
Daguangnan Expressway	53,583	7.6	51,128	8.8	4.8
Changzhu Expressway	43,661	6.2	59,560	10.3	-26.7
Hancai Expressway	31,508	4.5	21,286	3.7	48.0
Lanwei Expressway ⁽¹⁾	31,475	4.5	—	—	N/A
Cangyu Expressway	21,647	3.1	17,879	3.1	21.1
Jinxiong Expressway	5,518	0.8	2,066	0.4	167.1
Han'e Expressway	(6,201)	-0.9	(18,101)	-3.1	loss decreased
Total	<u>572,739</u>	<u>81.5</u>	<u>485,867</u>	<u>84.2</u>	17.9

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

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

Controlled Projects	Reporting Period RMB'000	Percentage of total net profit from projects⁽¹⁾ %	First half of 2022 RMB'000	Percentage of total net profit from projects⁽¹⁾ %	Change %
GNSR Expressway	186,371	30.2	171,430	37.5	8.7
Suiyuanan Expressway	115,282	18.6	94,233	20.6	22.3
Weixu Expressway	82,509	13.4	88,900	19.4	-7.2
Daguangnan Expressway	19,972	3.2	(12,873)	-2.8	turned profit
Changzhu Expressway	23,137	3.7	32,798	7.2	-29.5
Hancai Expressway	16,420	2.7	323	0.1	4,983.6
Lanwei Expressway ⁽²⁾	31,485	5.1	—	—	N/A
Cangyu Expressway	22,702	3.7	18,372	4.0	23.6
Jinxiong Expressway	5,851	0.9	2,221	0.5	163.4
Han'e Expressway	(16,310)	-2.6	(29,355)	-6.4	loss decreased
Total	487,419	78.9	366,049	80.1	33.2

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

⁽²⁾ The Group completed the acquisition of 100% of the equity interest in Lanwei Expressway in November 2022

In the Reporting Period, net profit from non-controlled projects increased by 43.4 percent to RMB130 million (same period in 2022: RMB90.89 million) as compared with the same period in 2022. The increase was mainly due to the optimisation of pandemic prevention control, the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume.

During the Reporting Period and at the holding companies level, the withholding tax on PRC dividend/interest income increased by RMB6.18 million; holding companies expenses increased by RMB27.47 million, mainly due to increase in staff costs provision during the Reporting Period; holding companies income/gains, net increased by RMB1.24 million during the Reporting Period; and holding companies finance income decreased by RMB13.47 million, mainly due to the decrease in interest income from banks at holding companies level during the Reporting Period. In addition, holding companies finance cost decreased by RMB51.31 million, mainly due to management's optimisation of debt portfolio during the Reporting Period.

Interim dividend

The Board resolved to declare an interim dividend for 2023 of HK\$0.15 which is equivalent to approximately RMB0.1372 (2022 interim dividend: HK\$0.10 which was equivalent to approximately RMB0.0861) per share payable on or about 29 November 2023 to shareholders whose names appear on the register of members of the Company on 9 November 2023. Interim dividend payout ratio is 53.8 percent (2022 interim dividend payout ratio: 48.8 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 2023 RMB’000	31 December 2022 RMB’000	Change %
Total assets	35,599,789	36,337,410	-2.0
Total liabilities	21,015,198	22,102,435	-4.9
Cash and cash equivalents	1,766,712	2,480,267	-28.8
Total debts	16,602,290	17,561,068	-5.5
of which: Bank borrowings*	9,126,723	9,285,666	-1.7
Corporate bonds*	3,028,213	3,114,362	-2.8
Notes payable*	4,296,349	4,994,698	-14.0
Current ratio	0.2 times	0.4 times	
EBITDA interest coverage	6.4 times	4.7 times	
Equity attributable to the shareholders of the Company	11,502,989	11,230,445	2.4

* *excluding interest payable*

Assets, Liabilities and Equity

As at 30 June 2023, the Group's total assets amounted to RMB35.60 billion, which was 2.0 percent lower than the balance as at 31 December 2022. The Group's total assets consisted mainly of intangible operating rights of RMB30.05 billion (31 December 2022: RMB30.64 billion); investments in a joint venture and associates of RMB2.26 billion (31 December 2022: RMB2.29 billion); and cash and cash equivalents of RMB1.77 billion (31 December 2022: RMB2.48 billion).

As at 30 June 2023, the Group's total liabilities amounted to RMB21.02 billion, which was 4.9 percent lower than the balance as at 31 December 2022. The Group's total liabilities consisted mainly of bank borrowings of RMB9.13 billion (31 December 2022: RMB9.29 billion); corporate bonds of RMB3.03 billion (31 December 2022: RMB3.11 billion); notes payable of RMB4.30 billion (31 December 2022: RMB4.99 billion); loan from the immediate holding company of RMB100 million (31 December 2022: RMB100 million); loans from non-controlling interests of RMB40.37 million (31 December 2022: RMB50.37 million); and deferred income tax liabilities of RMB3.06 billion (31 December 2022: RMB3.05 billion).

As at 30 June 2023, the Group's total equity increased by RMB350 million to RMB14.58 billion (31 December 2022: RMB14.23 billion), of which RMB11.50 billion was attributable to the shareholders of the Company (31 December 2022: RMB11.23 billion).

Analysis of major assets, liabilities and equity items

Items	(Unaudited)	31 December	Change %
	30 June 2023 RMB'000	2022 RMB'000	
Total assets	35,599,789	36,337,410	-2.0
Approximately 90.0 % of which:			
Intangible operating rights	30,045,958	30,641,331	-1.9
Investments in a joint venture and associates	2,255,159	2,286,943	-1.4
Cash and cash equivalents	1,766,712	2,480,267	-28.8
Total liabilities	21,015,198	22,102,435	-4.9
Approximately 90.0 % of which:			
Bank borrowings* – due within 1 year	1,479,720	2,504,061	-40.9
– long-term portion	7,647,003	6,781,605	12.8
Corporate bonds* – due within 1 year	2,528,665	615,268	311.0
– long-term portion	499,548	2,499,094	-80.0
Notes payable* – due within 1 year	3,297,207	2,996,235	10.0
– long-term portion	999,142	1,998,463	-50.0
Loan from the immediate holding company – due within 1 year	100,000	100,000	—
Loans from non-controlling interests			
– due within 1 year	10,000	10,000	—
– long-term portion	30,368	40,368	-24.8
Deferred income tax liabilities	3,060,707	3,052,185	0.3
Total equity	14,584,591	14,234,975	2.5
Of which: Equity attributable to the shareholders of the Company	11,502,989	11,230,445	2.4

* *excluding interest payable*

Cash flows

The Group's primary objective is focused on preventing risks and improving liquidity. The Group has maintained an appropriate level of cash on hand so as to prevent liquidity risks. As at the end of the Reporting Period, the Group's cash and cash equivalents amounted to RMB1.77 billion, which was 28.8 percent lower than the amount as at 31 December 2022. The Group's cash was deposited in commercial banks, with no deposit in non-bank institutions.

Analysis of cash flow movement

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Net cash generated from operating activities	1,340,491	1,072,817
Net cash (used in)/generated from investing activities	(456,724)	229,207
Net cash used in financing activities	(1,598,566)	(1,349,912)
Decrease in cash and cash equivalents	(714,799)	(47,888)
Cash and cash equivalents at 1 January	2,480,267	2,918,574
Effect of exchange rate changes on cash and cash equivalents	1,244	(5,069)
Cash and cash equivalents at 30 June	<u>1,766,712</u>	<u>2,865,617</u>

Net cash generated from operating activities during the Reporting Period amounted to RMB1.34 billion (30 June 2022: RMB1.07 billion), which was the sum of cash generated from operations of RMB1.49 billion (30 June 2022: RMB1.25 billion) less PRC enterprise income tax and withholding tax paid of RMB152 million (30 June 2022: RMB181 million).

Net cash used in investing activities during the Reporting Period amounted to RMB457 million (30 June 2022: net cash generated of RMB229 million). The outflow mainly consisted of capital expenditures of RMB645 million (30 June 2022: RMB115 million). The inflow mainly consisted of dividend distributions from associates and a joint venture of RMB174 million (30 June 2022: RMB315 million); interest received in aggregate of RMB14.03 million (30 June 2022: RMB28.84 million) and proceeds from disposal of property, plant and equipment of RMB156,000 (30 June 2022: RMB508,000).

Net cash used in financing activities during the Reporting Period amounted to RMB1.60 billion (30 June 2022: RMB1.35 billion). The outflow mainly included repayment of notes payable of RMB2.0 billion (30 June 2022: Nil); repayment of bank borrowings of RMB1.70 billion (30 June 2022: RMB3.93 billion); dividend paid to the shareholders of the Company of RMB154 million (30 June 2022: RMB586 million); payment of interest and related financing fees of RMB372 million (30 June 2022: RMB356 million); dividend paid to non-controlling interests of RMB108 million (30 June 2022: RMB95.55 million); repayments of loans from non-controlling interest of subsidiaries of RMB10.0 million (30 June 2022: RMB10.0 million); payment for lease liabilities (including interest) of RMB6.14 million (30 June 2022: RMB5.74 million) and repayment of corporate bonds of RMB87.0 million (30 June 2022: Nil). There was no repayment of other borrowings (30 June 2022: RMB200 million) and no repayment of loan from a joint venture (30 June 2022: RMB52.5 million) during the Reporting Period. The inflow mainly included the drawdown of bank borrowings of RMB1.54 billion (30 June 2022: RMB2.39 billion) and net proceeds from notes payable of RMB1.30 billion (30 June 2022: RMB1.50 billion).

Current ratio

The current ratio (current assets over current liabilities) as at 30 June 2023 was 0.2 times (31 December 2022: 0.4 times). As at 30 June 2023, current assets balance was RMB2.08 billion (31 December 2022: RMB2.78 billion) and current liabilities balance was RMB8.49 billion (31 December 2022: RMB7.43 billion). Cash and cash equivalents were the major components of the Group's current assets and amounted to RMB1.77 billion as at 30 June 2023 (31 December 2022: RMB2.48 billion). The Group's current liabilities as at 30 June 2023 mainly included external debts with maturities within one year (excluding interest payable) of RMB7.31 billion (31 December 2022: RMB6.12 billion), which consisted of bank borrowings of RMB1.48 billion, notes payable of RMB3.30 billion and corporate bonds of RMB2.53 billion (31 December 2022: bank borrowings of RMB2.50 billion, notes payable of RMB3.0 billion and corporate bonds of RMB615 million). The management will continue to take a prudent approach to effectively match capital and debt commitments with existing cash, future operating cash flow and cash return from investments, in order to manage liquidity risks. Taking into account the additional financing facilities available to the Group and the internally generated funds from operations, the management is confident that the Group will be able to meet its liabilities as they fall due in the next twelve months.

EBITDA interest coverage and other financial ratios

EBITDA interest coverage for the period ended 30 June 2023 was 6.4 times (30 June 2022: 4.7 times), which was measured as the ratio of earnings before interests, tax, depreciation and amortisation (“EBITDA”) to interest expenses (profit and loss impact).

EBITDA to total external debt ratio for the period ended 30 June 2023 was 10.7 percent (30 June 2022: 9.4 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 2023 was 4.0 times (30 June 2022: 3.0 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 2023 was 5.0 times (30 June 2022: 4.6 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 RMB645 million (same period in 2022: RMB115 million). Capital expenditures related to intangible operating rights and fixed assets included:(1) payments of prepayment related to GNSR Expressway R&E Project of RMB548 million (same period in 2022: Nil), (2) payments of construction costs of toll highways and bridges upgrade services of RMB88.96 million (same period in 2022: RMB107 million) and (3) purchase of property, plant and equipment of RMB7.79 million (same period in 2022: RMB7.64 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 investments needs.

Capital structures

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

Analysis of capital structures

	(Unaudited) 30 June 2023 RMB'000	31 December 2022 RMB'000
External debts*		
Bank borrowings	9,126,723	9,285,666
Corporate bonds ⁽¹⁾	3,028,213	3,114,362
Notes payable ⁽²⁾	4,296,349	4,994,698
Loan from the immediate holding company	100,000	100,000
Loans from non-controlling interests	40,368	50,368
Lease liabilities	10,637	15,974
	<hr/>	<hr/>
Total debts	16,602,290	17,561,068
Less: cash and cash equivalents	(1,766,712)	(2,480,267)
	<hr/>	<hr/>
Net debt	14,835,578	15,080,801
Total Equity	14,584,591	14,234,975
	<hr/>	<hr/>
Total capitalisation (Net debt + Total equity)	<u>29,420,169</u>	<u>29,315,776</u>
* <i>excluding interest payable</i>		
Financial ratios		
Gearing ratio (net debt/total capitalisation)	50.4%	51.4%
Debt to Equity ratio (net debt/total equity)	101.7%	105.9%
Total liabilities/Total assets ratio	59.0%	60.8%

(1) As at 30 June 2023, the details of the corporate bonds issued in the Shanghai Stock Exchange:

	Drawdown date:	Principal:	Principal repayment date:	Coupon rate (per annum):	Next interest payment date:
RMB800 million seven-year corporate bonds (2016 Phase 2)	28 October 2016	RMB530 million	26 October 2023	3.18%	26 October 2023
RMB1,000 million five-year corporate bonds (2021 Phase 1)	25 January 2021	RMB1,000 million	25 January 2026	3.63%	25 January 2024
RMB1,000 million five-year corporate bonds (2021 Phase 2)	13 May 2021	RMB1,000 million	13 May 2026	3.48%	13 May 2024
RMB500 million seven-year corporate bonds (2021 Phase 2)	13 May 2021	RMB500 million	13 May 2028	3.84%	13 May 2024

(2) As at 30 June 2023, the details of the notes payable issued in the Beijing Financial Assets Exchange:

	Drawdown date:	Principal:	Principal repayment date:	Coupon rate (per annum):	Next interest payment date:
RMB500 million three-year medium term notes (2020 Phase 2)	14 August 2020	RMB500 million	14 August 2023	3.54%	14 August 2023
RMB1,000 million five-year medium term notes (2021 Phase 1)	28 January 2021	RMB1,000 million	28 January 2026	3.78%	28 January 2024
RMB1,000 million five-year medium term notes (2022 Phase 1)	18 March 2022	RMB1,000 million	18 March 2027	3.28%	18 March 2024
RMB500 million 270 days super short-term commercial paper (2022 Phase 3)	31 October 2022	RMB500 million	28 July 2023	1.81%	28 July 2023
RMB500 million 270 days super short-term commercial paper (2023 Phase 1)	8 February 2023	RMB500 million	5 November 2023	2.30%	5 November 2023
RMB800 million 180 days super short-term commercial paper (2023 Phase 2)	20 April 2023	RMB800 million	17 October 2023	2.36%	17 October 2023

Financing structures

In a way to ensure that the Group is carrying out its financing activities at a safe leverage level, the Company is keeping a close watch on the Group's overall borrowing structure from time to time, so as to optimise its debt portfolio further. In order to effectively maintain cost-efficient funding, the Group will: (1) continue to maintain close banking relationship with financial institutions both in Hong Kong and China, to capitalise on the different levels of liquidity offered by, and to take advantage of the cost differentials, in these two markets and in international markets; and (2) strike a balance between lowering interest rate and mitigating exchange risk exposure. As at the end of the Reporting Period, the Group's total debts comprised bank borrowings, corporate bonds, notes payable, loan from the immediate holding company, loans from non-controlling interests and lease liabilities. There was no debt with foreign exchange risk exposure as at 30 June 2023 (31 December 2022: Nil).

As at 30 June 2023, the Group's total external debts (excluding interest payable) in aggregate were RMB16.45 billion (31 December 2022: RMB17.39 billion), which consisted of bank borrowings of RMB9.13 billion (31 December 2022: RMB9.29 billion), corporate bonds of RMB3.03 billion (31 December 2022: RMB3.11 billion) and notes payable of RMB4.30 billion (31 December 2022: RMB4.99 billion). Onshore and offshore debts ratio was 100.0 percent and 0 percent (31 December 2022: 97.4 percent and 2.6 percent). Secured external debt ratio was 42.9 percent (31 December 2022: 37.9 percent). The effective interest rate of total external debt at 30 June 2023 was 3.30 percent (31 December 2022: 3.38 percent). Of the bank borrowings, RMB8.75 billion was at floating rates and RMB380 million was at fixed rates with the overall effective interest rate of 3.24 percent at 30 June 2023 (31 December 2022: 3.38 percent). Corporate bonds (in four types) were at fixed rates with coupon rates of 3.18 percent, 3.63 percent, 3.48 percent and 3.84 percent respectively with the overall effective interest rate at 3.65 percent as at 30 June 2023 (31 December 2022: 3.65 percent). Notes payable included medium term notes (in three tranches) were at fixed rates with coupon rates of 3.54 percent, 3.78 percent and 3.28 percent respectively and super short-term commercial paper (in three tranches) was at fixed rate with coupon rate of 1.81 percent, 2.30 percent and 2.36 percent respectively, with the overall effective interest rate at 3.17 percent as at 30 June 2023 (31 December 2022: 3.22 percent).

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

	(Unaudited)	
	30 June	31 December
	2023	2022
	Percentage	Percentage
	of total	of total
Source		
Onshore	100.0%	97.4%
Offshore	—	2.6%
	100.0%	100.0%
Repayment term		
Within 1 year	44.4%	35.2%
1 to 2 years	11.8%	23.5%
More than 2 years and less than 5 years	28.9%	25.7%
Above 5 years	14.9%	15.6%
	100.0%	100.0%
Currency		
RMB	100.0%	100.0%
HKD	—	—
	100.0%	100.0%
Interest rate		
Fixed	46.8%	54.4%
Floating	53.2%	45.6%
	100.0%	100.0%
Terms of credit		
Secured	42.9%	37.9%
Unsecured	57.1%	62.1%
	100.0%	100.0%
Financing method		
Direct financing	44.5%	46.6%
Indirect financing	55.5%	53.4%
	100.0%	100.0%

* *excluding interest payable*

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

Loans from non-controlling interests of certain subsidiaries are unsecured, interest-free and denominated in RMB. The carrying amounts of these loans approximated their fair values, calculated based on cash flows discounted at a rate of 4.35 percent (31 December 2022: 4.35 percent) per annum. Loans from non-controlling interests of certain subsidiaries are repayable between one and four years, except for RMB10.0 million which is due within one year.

Foreign-currency denominated assets and liabilities

The Group's businesses are principally conducted in the PRC and its functional currency is RMB. All of its major revenue, operating expenses, capital expenditures and its external debts (31 December 2022: 100.0 percent) are denominated in RMB. As at the end of the Reporting 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. Capital commitments and contingent liabilities

As at 30 June 2023, the Group had capital commitments related to intangible operating rights and property, plant and equipment, of which approximately RMB3.73 billion was contracted but not provided for.

Except for the aforementioned, the Group had no material capital commitments as at 30 June 2023. There were no significant contingent liabilities as at 30 June 2023.

V. Employees

As at 30 June 2023, the Group had approximately 2,121 employees, of whom about 1,892 were directly engaged in the daily operation, management and supervision of toll projects. The Group remunerates its employees largely based on industry practice, including social insurance, contributory provident funds, share options and other staff benefits.

FUTURE PROSPECTS

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

In 2023, the global economy has been recovering in a fragile environment, where the economic outlook has improved, but there is still a high level of uncertainty. Recently, the frequent high-level interactions covering various fields between China and the U.S. have brought positive expectations to the bilateral relationship. Against this backdrop, the International Monetary Fund slightly raised the global economic growth forecast from 2.8% to 3.0% in the World Economic Outlook report published in July, indicating that overall economic growth remained weak; while China was expected to become a key driver of global economic growth and bring more certainty to such an uncertain period.

In June 2023, China's expressway passenger volume grew by approximately 18.6% year-on-year. The traffic volume remained at a high level during the "May Day" holiday and reached a new high for the same periods in the past five years. 106 million domestic trips were recorded during the "Dragon Boat Festival" holiday, representing a year-on-year growth of 32.3% and have recovered to 112.8% of the level in the same period in 2019 on a comparable basis. Benefiting from the recovery and growth of macroeconomy and the continuing recovery and growth of passenger volume, the toll revenue of most projects under the Group continued to rebound year-on-year during the period, with revenue gradually returned to normal.

In July 2023, the Ministry of Transport issued the "Statistical Bulletin on the Development of the Transportation Industry in 2022" (《2022年交通運輸行業發展統計公報》) (hereinafter referred to as the "Bulletin"). According to the Bulletin, China's arterial traffic network has been developing. As at the end of 2022, the mileages of national highways, provincial highways and rural highways reached 379,500 kilometers, 393,600 kilometers and 4,531,400 kilometers respectively. In the next step, in accordance with the requirements of the "Outline for Building China's Strength in Transport" (《交通強國建設綱要》) and the "National Comprehensive Three-dimensional Transportation Network Planning Outline" (《國家綜合立體交通網規劃綱要》), the Ministry of Transport will actively expand effective investments in transportation, and continue to promote the projects involving transportation in 102 major projects under the "14th Five-Year Plan" with a focus on extending network and strengthening chains, thereby accelerating the construction of the main framework of the national comprehensive three-dimensional transportation network which comprises of "6 axes, 7 corridors and 8 channels". China continues to increase its efforts in building transportation strength, constantly optimises its transportation system, and improves the quality of transportation services, which will help the Group actively explore opportunities for investment in incremental projects and for reconstruction and expansion of existing projects.

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 R&E Project is expected to significantly improve the current traffic conditions, service quality and traffic capacity of the GNSR Expressway, while reducing traffic accidents to secure travel safety. Meanwhile, it is expected that the R&E Project will help extend the toll operating period of the GNSR Expressway, which in turn allows the Company to continue to benefit from the development of the Greater Bay Area, helps the Company to enhance the development capacity of its principal toll road business, 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 to build and improve the three platforms (listed platform, REITs platform, incubation platform), enhance the three core abilities (investment ability, operation and maintenance ability, financialisation ability), and adhere 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 2023, 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 2023 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

The Company has not redeemed any of its listed securities (including equity securities and debt securities) during the six months ended 30 June 2023. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities (including equity securities and debt securities) during the period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 7 November 2023 to Thursday, 9 November 2023, 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, 6 November 2023.

By order of the Board
Yuexiu Transport Infrastructure Limited
LI Feng
Chairman

Hong Kong, 8 August 2023

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

<i>Executive Directors</i>	:	<i>LI Feng (Chairman), HE Baiqing, CHEN Jing, CAI Minghua and PAN Yongqiang</i>
<i>Independent Non-executive Directors</i>	:	<i>FUNG Ka Pun, LAU Hon Chuen Ambrose, CHEUNG Doi Shu and PENG Vincent Shen</i>