SHENZHEN INVESTMENT HOLDINGS BAY AREA DEVELOPMENT COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Codes: 737 (HKD counter) & 80737 (RMB counter)

2023

ANNUAL REPORT

About Us

Shenzhen Investment Holdings Bay Area Development Company Limited (the "Company", formerly known as Hopewell Highway Infrastructure Limited) was incorporated in the Cayman Islands with limited liability and listed on The Stock Exchange of Hong Kong Limited since 6 August 2003 with stock codes 737 (HKD counter) and 80737 (RMB counter). The Company is principally engaged in expressway business and adopts development strategies focusing on the infrastructure and correlated business as well as land development and utilisation along the GS Superhighway within the Guangdong-Hong Kong-Macao Greater Bay Area. Shenzhen Expressway Corporation Limited, a company listed on The Stock Exchange of Hong Kong Limited (Stock Code: 548) and Shanghai Stock Exchange (Stock code: 600548), became the controlling shareholder of the Company on 11 January 2022.

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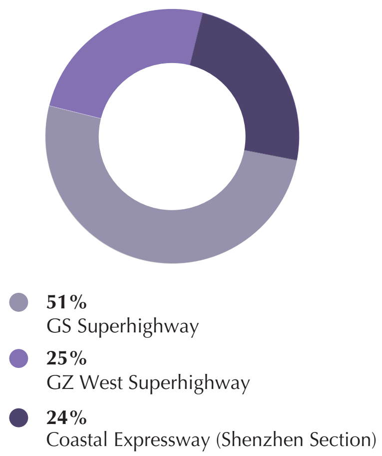
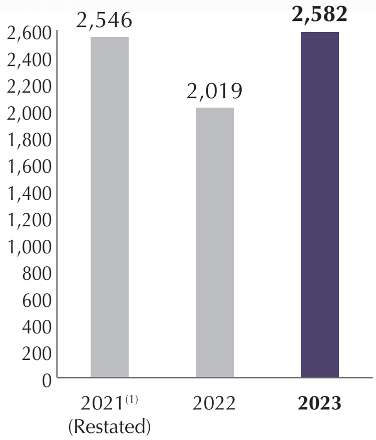
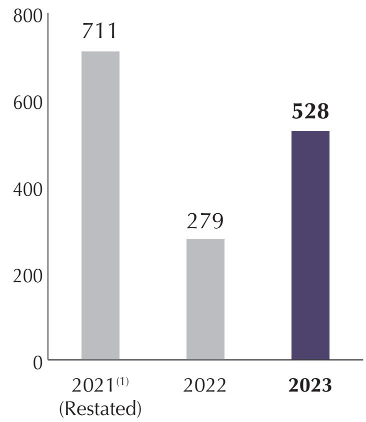
The Group's Share of Net Toll Revenue by Expressway for 2023



The Group's Share of Net Toll Revenue
(RMB million)



Profit Attributable to Equity Shareholders of the Company
(RMB million)



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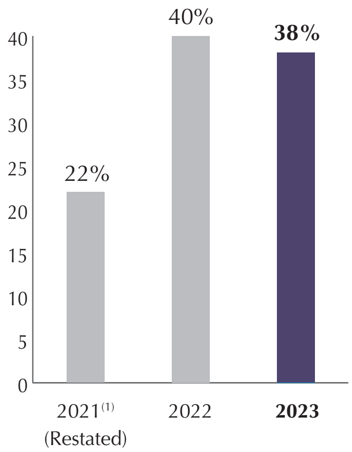
(Total Liabilities/Total Assets)



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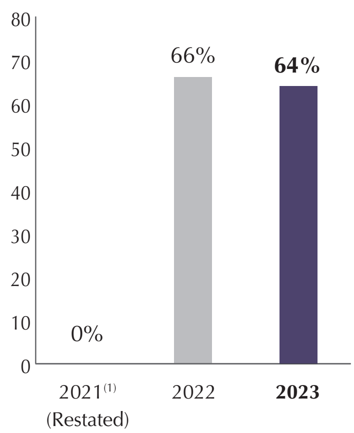

Financial Highlights

Notes:

(1) On 18 August 2022, the Company entered into a subscription agreement with Shenzhen Expressway, an intermediate holding company of the Company, pursuant to which Shenwan Infrastructure has conditionally agreed to inject RMB2,998 million to the Coastal Company to obtain 51% of the enlarged equity interest in the Coastal Company, and the remaining 49% continue to be held by Shenzhen Expressway upon completion. The Subscription was completed on 30 November 2022. The Coastal Company becomes an indirect non-wholly owned subsidiary of the Company.

The Subscription is accounted for as a business combination under common control as the Group and the Coastal Company are both controlled by SIHC before and after the Subscription and that control is not transitory. The results of the Group for the two years ended 31 December 2021 and 2022 were prepared as if the current group structure upon completion of the Subscription had been in existence throughout the two years ended 31 December in 2021 and 2022. The results for the year ended 31 December 2021 had been restated accordingly.

5-Year Financial Summary

The financial summary of the Group for the year ended 31 December 2019 to the year ended 31 December 2023.

On 18 August 2022, the Company entered into a subscription agreement with Shenzhen Expressway, an intermediate holding company of the Company, pursuant to which Shenwan Infrastructure has conditionally agreed to inject RMB2,998 million to the Coastal Company to obtain 51% of the enlarged equity interest in the Coastal Company, and the remaining 49% continue to be held by Shenzhen Expressway upon completion. The Subscription was completed on 30 November 2022. The Coastal Company becomes an indirect non-wholly owned subsidiary of the Company.

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Restatement in respect of the business combination described above has not been made for the year ended 31 December 2019 and 2020.

Consolidated Results Prepared (RMB million)

	2019	2020	2021 (Restated)	2022	**2023**
Share of results of joint ventures	701	295	656	354	**691**
Corporate results	(80)	(10)	162	(27)	**(53)**
Gain on partial disposal of a joint venture (net of tax)	–	409	–	–	**–**
Profit for the year	621	694	818	327	**638**
Attributable to:					
Equity shareholders of the Company	**612**	**689**	**711**	**279**	**528**
Non-controlling interests	9	5	107	48	**110**
Profit for the year	**621**	**694**	**818**	**327**	**638**

5-Year Financial Summary

Segment Revenue and Results (RMB million)

	2019	2020	2021 (Restated)	2022	**2023**
Revenue	**2,144**	**1,573**	**2,565**	**2,050**	**2,951**
Coastal Expressway (Shenzhen Section)	–	–	591	481	**629**
GS Superhighway	1,409	1,041	1,289	1,016	**1,301**
GZ West Superhighway	735	532	666	522	**652**
Xintang Interchange	–	–	19	31	**369**
EBITDA	**1,875**	**1,277**	**2,251**	**1,748**	**2,455**
Coastal Expressway (Shenzhen Section)	–	–	502	388	**530**
GS Superhighway (1)	1,248	860	1,194	941	**1,339**
GZ West Superhighway	627	418	560	412	**525**
Xintang Interchange	–	(1)	(5)	7	**61**
Depreciation and amortisation	**(690)**	**(693)**	**(926)**	**(808)**	**(1,032)**
Coastal Expressway (Shenzhen Section)	–	–	(220)	(181)	**(227)**
GS Superhighway	(445)	(450)	(469)	(426)	**(536)**
GZ West Superhighway	(245)	(243)	(237)	(201)	**(269)**
Xintang Interchange	–	–	–	(0)	**(0)**
Interest and tax	**(511)**	**(370)**	**(526)**	**(445)**	**(551)**
Coastal Expressway (Shenzhen Section)	–	–	(82)	(118)	**(98)**
GS Superhighway	(316)	(189)	(259)	(197)	**(308)**
GZ West Superhighway	(193)	(140)	(160)	(117)	**(126)**
Xintang Interchange	(2)	(41)	(25)	(13)	**(19)**
Segment results (2)	**674**	**214**	**799**	**495**	**872**
Coastal Expressway (Shenzhen Section)	–	–	200	89	**205**
GS Superhighway	487	221	466	318	**495**
GZ West Superhighway	189	35	163	94	**130**
Xintang Interchange	(2)	(42)	(30)	(6)	**42**
Segment corporate results (3)	**(31)**	**(2)**	**(6)**	**(79)**	**(212)**
Gain on partial disposal of a joint venture (net of tax)	–	409	–	–	**–**
Net exchange (loss)/gain (net of related income tax)	(22)	73	25	(89)	**(22)**
Profit for the year	621	694	818	327	**638**
Attributable to:					
Equity shareholders of the Company	**612**	**689**	**711**	**279**	**528**
Non-controlling interests	9	5	107	48	**110**
Profit for the year	**621**	**694**	**818**	**327**	**638**

5-Year Financial Summary

Consolidated Statement of Financial Position Prepared (RMB million)

	As at 31 December				
	2019	2020	2021 (Restated)	2022	**2023**
Property, plant and equipment	2	2	313	290	**272**
Right-of-use assets	–	–	5	22	**13**
Concession intangible assets	–	–	5,527	5,675	**5,795**
Interests in joint ventures	4,858	4,674	4,971	4,519	**4,991**
Equity instrument at fair value through other comprehensive income ("FVOCI")	23	31	20	20	**18**
Deferred tax assets	–	–	303	211	**117**
Trade and other receivables	–	–	1,108	322	**169**
Amount due from a joint venture	311	350	264	210	**–**
Structured deposits	–	801	351	451	**320**
Time deposits	–	240	–	–	**204**
Restricted bank deposits	–	–	13	15	**3**
Cash and cash equivalents	50	519	1,860	474	**484**
Other assets	1	2	8	11	**27**
Total assets	**5,245**	**6,619**	**14,743**	**12,220**	**12,413**
Lease liabilities	–	–	5	23	**14**
Bank loans and bank overdrafts	281	1,078	1,936	3,957	**4,032**
Deferred tax liabilities	81	76	131	133	**158**
Trade and other payables	–	–	1,101	716	**506**
Tax payables	–	147	10	5	**–**
Interim dividend payable	–	306	–	–	**–**
Other liabilities	13	10	2	–	**–**
Total liabilities	**375**	**1,617**	**3,185**	**4,834**	**4,710**
Non-controlling interests	24	24	3,197	2,850	**2,952**
Total equity attributable to equity shareholders of the Company	**4,846**	**4,978**	**8,361**	**4,536**	**4,751**

5-Year Financial Summary

Consolidated Statement of Cash Flows (RMB million)

	2019	2020	2021 (Restated)	2022	**2023**
Net cash (used in)/generated from operating activities	(39)	(51)	(633)	87	**468**
Net cash generated from/(used in) investing activities					
— Increase in structured deposits	–	(800)	(1,045)	(1,468)	**(1,290)**
— Increase in time deposits	–	(240)	–	–	**(200)**
— Advance to a joint venture	(309)	(559)	(354)	–	**–**
— Proceeds on partial disposal of a joint venture	–	558	–	–	**–**
— Cash receipt from the disposal of loans to a joint venture and accrued interests	–	533	–	–	**–**
— Dividends received (net of PRC withholding tax)	613	495	777	603	**391**
— Repayment of loan from a joint venture	–	–	–	53	**210**
— Withdrawal of time deposit	–	–	240	–	**–**
— Withdrawal of structure deposits	–	–	1,495	1,368	**1,420**
— Increase in amount due from Shenzhen Expressway	–	–	(500)	–	**–**
— Payment for purchases of property, plant and equipment, construction in progress and intangible assets	–	–	–	(318)	**(309)**
— Others	(2)	(6)	112	72	**12**
Net cash (used in)/generated from financing activities					
— Proceeds from new bank loans	546	3,190	2,466	2,379	**1,204**
— Repayment of bank loans	(265)	(2,318)	(1,575)	(542)	**(1,176)**
— Dividends paid	(639)	(323)	(879)	(513)	**(287)**
— Increase in amounts due to other related parties	–	–	51	30	**–**
— Repayment of capital reduction to Shenzhen Expressway	–	–	–	(3,050)	**(266)**
— Others	(1)	(16)	(20)	(89)	**(171)**
Net (decrease)/increase in cash and cash equivalents	(96)	463	135	(1,388)	**6**
Cash and cash equivalents at the beginning of year	140	50	1,723	1,860	**474**
Effect of foreign exchanges rates changes	6	6	2	2	**4**
Cash and cash equivalents at the end of year	50	519	1,860	474	**484**
Total cash and cash equivalents	**50**	**519**	**1,860**	**474**	**484**

5-Year Financial Summary

Per Share Basis

	2019	2020	2021 (Restated)	2022	**2023**
Basic earnings per share (RMB cents)	19.86	22.35	23.09	9.04	**17.15**
Dividend per share (RMB cents)					
— Interim	9.80	–	9.30	5.75	**5.55**
— Special interim	–	10.00	–	–	**–**
— Final	10.10	9.10	10.45	3.25	**11.55**
Net asset value per share (RMB)	1.57	1.62	2.71	1.47	**1.54**
Regular dividend payout ratio (4)	100%	100%	100%	100%	**100%**

Financial Ratios

	As at 31 December				
	2019	2020	2021 (Restated)	2022	**2023**
Return on equity attributable to equity shareholders of the Company	13%	14%	10%	7%	**11%**
Debt to asset ratio (Total liabilities/ total assets)	7%	24%	22%	40%	**38%**
Gearing ratio (Net debt (5)/equity attributable to equity shareholders of the Company)	5%	–	–	66%	**64%**

Notes:

(1) Excluding exchange differences and related income tax.

(2) The segment results represent (i) the Group's share of results of joint ventures before exchange differences (net of related income tax) and net of withholding tax attributed to the dividend received from and the undistributed earnings of joint ventures; and (ii) Group's results from the operation of Coastal Expressway.

(3) The segment corporate results represent the corporate results before corporate exchange differences and withholding tax attributed to the dividend received from and the undistributed earnings of joint ventures.

(4) Excluding special dividend and impact of restatement.

(5) Net debt is defined as total bank loans less total cash and cash equivalents, restricted bank deposits, structured deposits and time deposits.

Chairman's Statement

In 2023, Chinese Mainland's economic performance has maintained a positive momentum, and was riding on the upward trend of economic recovery as production and consumption steadily rallied with increasing growth propulsion. As the economy recovered, domestic transportation volume has shown restorative growth. As residents' travelling continued to return, driving the substantial increase in traffic volume and tolls on the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section). I was appointed by the Board as the Executive Director and Chairman of the Board on 6 January 2023, and had the honor to participate in and witness the development of the Group in the past year, and to share its operating results with our investors.

Financial Results and Dividend Proposal

On behalf of the Board, I am delighted to report to the Shareholders the final results of the Group for 2023. The revenue from investment projects attributable to the Group was approximately RMB2,951 million. The profit attributable to equity shareholders of the Company amounted to approximately RMB528 million and a basic earnings per share of RMB17.15 cents, representing a YoY growth of 89%, mainly due to (i) increase in toll revenue; (ii) reverse in share of resurfacing obligations of the GS Superhighway; and (iii) increase in the share of results of Grand Park City project.

The Board has proposed a final dividend of RMB11.55 cents per share for year 2023 with a dividend payout ratio amounting to 100% of total dividend to the profit attributable to equity shareholders of the Company. Payment of the final dividend is subject to approval by Shareholders at the 2024 Annual General Meeting.

Operating Environment

In 2023, the global economy still faced multiple downward risks. As international geopolitical turmoil intensified, global inflation pressure continued to rise, with overseas demand slowing down as uncertainties increase, all of which causing difficulties on the global economic development. Facing complexity and severe condition around the globe, Chinese Mainland's economy has overcome demanding challenges against such downward pressure, making huge contribution to the worldwide economic growth. In 2023, GDP of Chinese Mainland grew by 5.2% YoY, demonstrating strong resilience, and the total economic volume reached a new level of approximately RMB126 trillion, among which, the GDP of Guangdong Province increased by 4.8% YoY, with a total economic volume of approximately RMB13.57 trillion and the total economic volume continued to rank first in the country. The Guangdong-Hong Kong-Macao Greater Bay Area is one of the regions with the strongest economic vitality and the highest degree of openness in the PRC. Located next to the two special administrative regions of Hong Kong and Macao, Guangdong Province is an important player in the region, and has led Chinese Mainland's economic development and maintained its strong economic growth resilience. Guangdong Province managed to realise mutual advancement of domestic and international development, and has taken up an important demonstration role in the country and driving the development of its surrounding areas, accelerating the construction of a new development pattern, and create favorable external operation environment for the steady operation and long-term development for the Group.

Chairman's Statement

Business Review

During the year under review, due to the restorative growth of domestic social transportation volume, residents' travelling volume and traffic volume, the toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) have seen a larger increase as compared with that of last year, total net toll revenue increased by 28% YoY. In 2023, the total toll revenue of the GS Superhighway was approximately RMB2,892 million, average daily toll revenue and average daily mixed traffic increased by 28% and 20% YoY respectively; the GZ West Superhighway grew at the same pace with economic growth, the total toll revenue amounted to approximately RMB1,304 million, average daily toll revenue and average daily mixed traffic increased by 25% and 22% YoY respectively; the total toll revenue of the Coastal Expressway (Shenzhen Section) was approximately RMB629 million, average daily toll revenue and average daily mixed traffic increased by 31% and 34% YoY respectively. The significant increase in annual toll revenue was mainly due to the social transportation volume in Chinese Mainland experienced restorative growth, the economy of the cities along the expressways, such as Shenzhen, Dongguan, Guangzhou, Zhongshan and Zhuhai maintained steady growth, as well as a low comparison base in 2022.

As for the business development, the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen Section) Reconstruction and Expansion Project has made significant progress in 2023 as the key project of the Group. The project is divided into two phases, namely, the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Guangzhou Huocun section of the Guangzhou-Foshan Expressway and the reconstruction and expansion project of the Dongguan Chang'an to Shenzhen Huanggang section of the Beijing-Hong Kong-Macao Expressway. Among which, the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Guangzhou Huocun section of the Guangzhou-Foshan Expressway was approved by the Guangdong Provincial Development and Reform Commission on 22 August 2023, and has commenced construction gradually by the end of 2023. With the advancement of the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen Section) Reconstruction and Expansion Project, the Group will continue to consolidate and enhance its main expressway business, which would strengthen the Group's core competitiveness in the toll road industry, and is in line with the Group's development strategy.

In addition, the Group had actively participated in investments in land development projects along expressway. The Grand Park City project, the Group's first comprehensive land development project along the expressway, had achieved remarkable results in 2023. Since the third quarter of 2023, residential units of the first phase of the Grand Park City were gradually delivered to the buyers, achieving cumulative profit of approximately RMB42 million during the year. Meanwhile, the Group maintained active communications with Guangdong Highway Construction, aiming to seize opportunities and release the value of land along the GS Superhighway to achieve substantial investment returns. The Group shall also proceed with the screening for other land parcels along the expressway, conduct market research on multiple industries and diversify its plans to revitalise its existing land resources as soon as possible.

Chairman's Statement

Prospects

2024 is a critical year for the Group's in-depth vertical development under the "14th Five-Year Plan" development strategic plan. The Group will continue to focus on strategic planning, consolidate the main business of toll roads, accelerate the revitalisation of land resources along the expressway, and expand on the investment opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area. At the same time, the Group will focus on promoting the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen Section) Reconstruction and Expansion Project, in particular, the Group will strive for the approval of the reconstruction and expansion project of the Dongguan Chang'an to Shenzhen Huanggang section of the Beijing-Hong Kong-Macao Expressway, laying the foundation for the Group's high-quality and sustainable development.

Looking forward, the macro environment in Chinese Mainland is expected to be generally positive, but with the complex and ever-changing international affairs, external challenges shall not be overlooked. The Group will anchor on its strategic goals, and go all out to solidify its standing in the Guangdong-Hong Kong-Macao Greater Bay Area to advance on its various tasks. I believe that with the joint efforts of the management and employees, the Group shall continue to achieve high quality and sustainable development and create better returns for the Shareholders.

Appreciation

On behalf of the Company, I would like to take this opportunity to express my sincere gratitude to the Shareholders, banks, business partners and friends from all walks of life for their support and trust in the development of the Company. I would also like to thank the Directors and senior management for their wise contribution, and the staff for their unity, cooperation and diligence. In 2024, all staff of the Company will seize the opportunities, continue to contribute to the construction of the Guangdong-Hong Kong– Macao Greater Bay Area, and strive to achieve a new level of development of the Company.

Xiangwen LIAO*
Chairman

Hong Kong, 19 March 2024

* *For identification purpose only*

Dividend and Closure of Register

Final Dividend

The Board has proposed a final dividend of RMB11.55 cents per share (equivalent to HK12.724173 cents per share at the exchange rate of RMB1:HK$1.10166) for the year ended 31 December 2023. Together with the interim dividend of RMB5.55 cents per share (equivalent to HK6.043062 cents per share at the exchange rate of RMB1:HK$1.08884) which had been paid on Friday, 10 November 2023, the total regular dividends for the year ended 31 December 2023 will amount to RMB17.10 cents per share (equivalent to HK18.767235 cents per share) which is 90% more than the total regular dividends of RMB9.00 cents per share of last year. The total regular dividends for the year ended 31 December 2023 represented a regular dividend payout ratio of 100% of the Group's profit attributable to equity shareholders of the Company.

Subject to Shareholders' approval at the 2024 Annual General Meeting to be held on Tuesday, 21 May 2024, the proposed final dividend will be paid on Monday, 15 July 2024 to Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 27 May 2024.

If the proposed final dividend is approved by the Shareholders at the 2024 Annual General Meeting, it will be payable in cash in RMB or HK Dollars, or a combination of these currencies, at the exchange rate of RMB to HKD as published by The People's Bank of China on Tuesday, 19 March 2024 and Shareholders will be given the option of electing to receive the final dividend in either RMB or HK Dollars or a combination of RMB and HK Dollars.

To make the dividend election, Shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 19 June 2024. **If no dividend election is made by a Shareholder, such Shareholder will receive the final dividend in HK Dollars, unless receipt of dividend in RMB has been previously elected.**

Dividend and Closure of Register

Closure of Register

To ascertain Shareholders' eligibility to attend and vote at the 2024 Annual General Meeting to be held on Tuesday, 21 May 2024, the register of members of the Company will be closed from Thursday, 16 May 2024 to Tuesday, 21 May 2024, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify to attend and vote at the 2024 Annual General Meeting, all transfers of Shares, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 14 May 2024.

To ascertain Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed for one day on Monday, 27 May 2024, if and only if the proposed final dividend is approved by the Shareholders at the 2024 Annual General Meeting. No transfer of Shares will be effected on the aforementioned book-close date. To qualify for the proposed final dividend, all transfers of Shares, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 24 May 2024.

Profile of Directors

Mr. Xiangwen LIAO*

Aged 55, Mr. LIAO was appointed as an Executive Director, the Chairman of the Board, a member and the chairman of the Executive Committee, and a member and the chairman of the Nomination Committee of the Company on 6 January 2023. He obtained a Doctor degree in Laws from Southwest University of Political Science and Law. He has extensive experience in toll highway management, legal affairs and human resource management.

Mr. LIAO has previously served in the Transport Commission of Shenzhen Municipality. He joined Shenzhen Expressway in November 2004 and had successively served as the deputy manager of the public relations department and the general manager of the human resources department. From September 2009 to September 2018, Mr. LIAO was the vice president of Shenzhen Expressway and was appointed as president since September 2018. Mr. LIAO has been a Director of Shenzhen Expressway since November 2016 and chaired the operation of the board of directors of Shenzhen Expressway for the moment since December 2022. Mr. LIAO now also holds directorship in some subsidiaries and investment enterprises of Shenzhen Expressway.

Mr. Jianming WU*

Aged 43, Mr. WU was appointed as an Executive Director and the Executive General Manager and a member of the Executive Committee of the Company on 4 February 2022. He is a senior engineer and graduated from Jilin Jianzhu University* (吉林建築大學) with a bachelor's degree in Transportation Civil Engineering* (交通土建專業). Mr. WU was the general manager of Shenzhen Expressway Construction Development Company Limited* (深圳高速建設發展有限公司) ("SZ Construction"), which is a wholly-owned subsidiary of Shenzhen Expressway (together with subsidiaries of Shenzhen Expressway, the "SZ Expressway Group").

Mr. WU has extensive experience in project and corporate management. He joined SZ Expressway Group in 2004 and had worked in various projects of the SZ Expressway Group. Mr. WU had been appointed as a deputy general manager of SZ Construction from May 2017 to January 2019. Since February 2019, Mr. WU has been appointed as a general manager of SZ Construction and a general manager of Waihuan Project Management Office* (外環項目管理處). In addition, he has successively held the positions of the deputy general manager of Jihe Reconstruction and Expansion Project Management Office* (機荷改擴建項目管理處) of the SZ Expressway Group since April 2019, an executive director of Shenzhen Expressway Asphalt Technology Company Limited* (深圳高速瀝青科技有限公司) since April 2021 and a director of SZ Shenzhen Expressway Financial Leasing Company Limited* (深圳深高速融資租賃有限公司) since September 2021, both companies being non-wholly owned subsidiaries of Shenzhen Expressway.

* *For identification purpose only*

Mr. Cheng WU*

Aged 54, Mr. WU was appointed as an Executive Director, the Deputy General Manager and a member of the Executive Committee of the Company, and a director of various subsidiaries of the Company on 11 April 2018. He obtained a bachelor' s degree in Transportation Management* (交通運輸管理工程專業) from the Changsha Jiaotong College* (長沙交通學院) (now known as Changsha University of Science and Technology) in July 1995. Mr. WU worked as the Deputy General Manager and General Manager at the Luohu Station of Shenzhen Transportation Services Corporation* (深圳市交通運輸服務公司羅湖汽車站) since October 1997, and became the Deputy General Manager of the Management Office of Shenzhen Kuaiyibu Logistics Company Limited* (深圳市快一步物流有限公司) in February 2002. He was the head of the Business Department of Shenzhen Highway Passenger and Freight Transport Service Centre* (深圳市公路客貨運輸服務中心) in February 2009. Mr. WU joined Shenzhen Highway Passenger and Freight Transport Service Center Company Limited* (深圳市公路客貨運輸服務中心有限公司) in June 2012 as a Deputy General Manager, and has also held an additional post of the Chairman of the Board of Directors of Shenzhen Transportation Service Company Limited* (深圳市客運服務有限公司) since November 2014.

Mr. Ji LIU*

Aged 48, Mr. LIU was appointed as an Executive Director, the Deputy General Manager, secretary to the Board and a member of the Executive Committee of the Company, and a director of various subsidiaries of the Company on 11 April 2018. Mr. LIU obtained a bachelor's degree in Economics from Zhongnan University of Finance and Economics and a Master of Science degree from the Hong Kong Polytechnic University in 1998 and 2004 respectively, and obtained an EMBA degree from Xiamen University in September 2018. He has obtained the qualification as an Economist in 2002.

Mr. LIU has many years of experience on investment and mergers of listed companies, state-owned property management, and corporate governance of listed companies. He joined Shenzhen Shenhua Group Corporation* (深圳市深華集團公司) in 1998 and joined the Property Management Office of the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal* (深圳市國有資產監督管理委員會產權管理處) in 2005. Mr. LIU joined Shenzhen International since August 2006. He successively held the posts of the Secretary of the Board of Executive Directors, the General Manager of the Information Technology Department, the General Manager of the Administration Department, the General Manager of the Corporation Management Department and the General Manager of the Investment Management Department, etc. Mr. LIU is currently a mediator of Shenzhen Court of International Arbitration* (Shenzhen Arbitration Commission*) (深圳國際仲裁院(深圳仲裁委員會)) and the Supervisor of Shenzhen Cereals Holdings Co., Ltd. (深圳市深糧控股股份有限公司) (listed on the Shenzhen Stock Exchange (stock codes: A000019 and B200019)). From November 2016 to May 2018, he was a non-executive director of Shenzhen Expressway.

* *For identification purpose only*

Profile of Directors

Ms. Siyan CHEN*

Aged 37, Ms. CHEN was appointed as a Non-executive Director of the Company on 3 February 2023. She graduated from Peking University in 2010 with a double bachelor's degree in Science and Economics and obtained a master's degree in finance from Peking University in 2013. She is a registered Chinese Certified Public Accountant (CPA). After graduation, Ms. CHEN had successively worked in Zhongrong International Trust Co., Ltd.* (中融國際信託有限公司) and Western Trust Co., Ltd.* (西部信託有限公司) and has an extensive experience in corporate investment and financing in real estate, infrastructure and other areas. In December 2016, Ms. CHEN joined Taiping Investment Holdings Co., Ltd.* (太平投資控股有限公司), now renamed as Taiping Capital Insurance Assets Management Co., Ltd. (太平資本保險資產管理有限公司). Currently, Ms. CHEN is the executive director of Taiping Financial Holdings Equity Investment Fund Management (Shenzhen) Co., Ltd.* (太平金控股權投資基金管理(深圳)有限公司) and is responsible for insurance capital investment and fund businesses.

Mr. Xuan WANG*

Aged 50, Mr. Wang was appointed as a Non-executive Director of the Company on 30 June 2023. He obtained a Master's Degree in National Economics from Zhongnan University of Economics and Law in 2000. From 2002 to 2006, he successively worked for Wuhan Vanke Real Estate Co. Ltd.* (武漢市萬科房地產有限公司) and Shenzhen Vanke Development Co. Ltd.* (深圳市萬科發展有限公司). During 2007 to 2022, he served successively as the business manager of project investment center, assistant general manager and partner of business development center of China Vanke Co. Ltd. (Shenzhen Stock Exchange stock code: 000002 and the Stock Exchange stock code: 2202). Since 2023, he has been transferred to the southern region headquarters of China Vanke Co. Ltd. and is currently the regional partner and investment and strategy research general manager of the southern region headquarters of China Vanke Co. Ltd.

Mr. Yu Lung CHING

Aged 54, Mr. CHING was appointed as an Independent Non-executive Director, a member and the chairman of the Audit Committee, a member of the Remuneration Committee of the Company on 11 April 2018 and a member of the Nomination Committee of the Company on 1 January 2022. He has more than 31 years of experience in auditing, corporate finance and accounting, and is currently a financial consultant. Mr. CHING obtained a bachelor's degree in business administration from the Chinese University of Hong Kong and executive master's degree in business administration from Tsinghua University in 1992 and 2006, respectively. Mr. CHING is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants and a member of the American Institute of Certified Public Accountants. Mr. CHING is an Independent Non-executive Director of Hopson Development Holdings Limited (stock code: 754), Ngai Hing Hong Company Limited (stock code: 1047) and Luzhou Bank Co.,Ltd. (stock code: 1983), all are listed on the Main Board of the Stock Exchange. He resigned as the chief financial officer of a listed company on the Main Board of the Stock Exchange with effect from 1 July 2023.

* *For identification purpose only*

Profile of Directors

Mr. Tony Chung Nin KAN SBS, JP

Aged 73, Mr. KAN was appointed as an Independent Non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee of the Company on 11 April 2018, a member of the Nomination Committee of the Company on 1 January 2022 and the Chairman of the Remuneration Committee of the Company on 19 May 2023. He is the Founder and Senior Consultant of Tony Kan & Co., Solicitors & Notaries, practising as a Solicitor of the Supreme Court of Hong Kong since 1982. He is also a Solicitor of the Supreme Court of England and Wales, a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory, as well as Advocate and Solicitor of the Supreme Court of the Republic of Singapore. He is also a China Appointed Attesting Officer and a Notary Public. Mr. KAN was a Committee Member of the National Committee of the Chinese People's Political Consultative Conference for three consecutive terms and was a Committee Member of the Guangdong Committee of the Chinese People's Political Consultative Conference for three consecutive terms. Mr. KAN had been an Elected Member of the Sha Tin District Council from 1985 to the end of 2011. He had also been an Elected Member of the Regional Council and he was elected as Vice Chairman of the Council in July 1997 until its dissolution at the end of 1999.

Since 1988, Mr. KAN has served as a Councillor of Heung Yee Kuk in the New Territories and is currently an Ex Officio Member and Executive Committee Member of Heung Yee Kuk. Mr. KAN is serving and has served on various advisory committees for the government, including Town Planning Board Member as well as the Building Committee Member of the Housing Authority. Mr. KAN has been appointed as an Independent Non-executive Director of Man Wah Holdings Limited (stock code: 1999) since May 2013, a company listed in Hong Kong. Mr. KAN has been appointed as an Independent Non-executive Director of Nameson Holdings Limited (stock code: 1982) since 29 January 2016, which has been listed on the Stock Exchange on 12 April 2016. He has been appointed as a Vice Chairman of the Board of Directors of DBG Technology Co., Ltd. (stock code: 300735) which has been listed on Shenzhen Stock Exchange ChiNext on 29 December 2017.

He was the Non-executive director of Midland Holdings Limited ("Midland Holdings") (listed on the Main Board of the Stock Exchange (stock code: 1200), and subsequently became the Independent Non-executive Director of Midland Holdings during the period from October 1994 to September 2004. Mr. KAN has also served as a Non-executive director of Midland Holdings during the period from March 2014 to October 2016 and has been approved as a Non-executive Director as well as the chairman of the board of Midland IC&I Limited (listed on the Main Board of the Stock Exchange (stock code: 459) since October 2016 to October 2019. He has been appointed as an Independent Non-executive Director of Kimou Environmental Holding Limited (stock code: 6805) since 18 June 2019, which has been listed on the Stock Exchange on 16 July 2019.

Mr. Peng XUE*

Aged 53, Mr. Xue was appointed as an Independent Non-executive Director of the Company on 4 February 2022, a member of the Audit Committee and a member of the Remuneration Committee of the Company on 19 May 2023. He is the company secretary, authorised representative and the general manager of the operations management center of SITC International Holdings Company Limited ("SITC", together with its subsidiaries, "SITC Group"), a company listed on the Stock Exchange (Stock Code: 1308). Mr. XUE had been a director of SITC from January 2008 to March 2021. From January 2008 to May 2013, he served as a chief financial officer of SITC. Mr. XUE has been appointed as the general manager of the operations management center of the SITC Group since July 2017. Mr. XUE has also been appointed as an independent non-executive director of China Beststudy Education Group, a company listed on the Stock Exchange (Stock Code: 3978) since 3 December 2018 and has resigned with effect from 4 July 2022.

Mr. XUE graduated from Shandong Province Foreign Trade and Economic University* (山東省對外貿易經濟學校) in 1991 majoring in financial accounting, and graduated from Shandong University of Economics* (山東經濟學院) in 1997 majoring in accounting. He was qualified as an intermediate accountant in 2004 and also obtained an undergraduate degree in Accounting from Renmin University of China* (中國人民大學) in 2006. He received a master's degree in Business Administration from China Europe International Business School* (中歐國際工商學院) in 2011. He obtained a master's degree in Corporate Governance by The Open University of Hong Kong in 2019 and was also qualified of the fellowship of The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute) and Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute) and Chartered Governance Professional.

* *For identification purpose only*

Overall Business Performance

During the year under review, the total net toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) increased by 28% YoY to approximately RMB4,825 million. The significant increase in toll revenue was mainly due to the social transportation volume in Chinese Mainland experienced restorative growth, the economy of the cities along the expressways, such as Shenzhen, Dongguan, Guangzhou, Zhongshan and Zhuhai maintained steady growth, as well as a low comparison base in 2022. Among which, growth in passenger vehicles was higher than that of trucks. The average daily toll revenue and average daily mixed traffic of the GS Superhighway increased by 28% and 20% YoY to approximately RMB7.92 million and 632,000 vehicles respectively; the average daily toll revenue and average daily mixed traffic of the GZ West Superhighway increased by 25% and 22% YoY to approximately RMB3.57 million and 270,000 vehicles respectively; the average daily toll revenue and average daily mixed traffic of the Coastal Expressway (Shenzhen Section) increased by 31% and 34% YoY to approximately RMB1.72 million and 189,000 vehicles respectively.

During the year under review, the contracted sales of the Grand Park City amounted to approximately RMB970 million. Residential units of the first phase has started to deliver to buyers in the third quarter of 2023 as scheduled and the construction of residential units of the second phase is in progress as planned.

Year	2023	2022	% Change
At Operational Level			
GS Superhighway			
Average daily toll revenue[N1] (RMB '000)	**7,924**	6,186	28%
Average daily mixed traffic[N2] (No. of vehicles '000)	**632**	527	20%
GZ West Superhighway			
Average daily toll revenue[N1] (RMB '000)	**3,572**	2,862	25%
Average daily mixed traffic[N2] (No. of vehicles '000)	**270**	222	22%
Coastal Expressway (Shenzhen Section)			
Average daily toll revenue[N1] (RMB '000)	**1,724**	1,318	31%
Average daily mixed traffic[N2] (No. of vehicles '000)	**189**	141	34%

N1: Excluding tax

N2: Average daily mixed traffic excludes toll free traffic travelled during the period when Holiday Toll-Free Policy was implemented

Project Summary

Guangzhou — Shenzhen Superhighway

Location	Guangzhou to Shenzhen, Guangdong, PRC
Length	122.8 km
Lanes	A total of 6 lanes in dual directions, except for certain sections being 10 lanes
Class	Expressway
Toll Collection Period	July 1997–June 2027
Profit Sharing Ratio	Year 1–10: 50% Year 11–20: 48% Year 21–30: 45%

Guangzhou — Zhuhai West Superhighway

Location	Guangzhou to Zhuhai, Guangdong, PRC
Length	97.9 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	Phase I West (September 2003 to September 2033) Phase II West (June 2010 to June 2035) Phase III West (January 2013 to January 2038)
Profit Sharing Ratio	50%

Guangshen Coastal Expressway (Shenzhen Section)

Location	Shenzhen, Guangdong, PRC
Length	Approximately 37 km
Lanes	A total of 8 lanes in dual directions
Class	Expressway
Toll Collection Period	December 2013 to December 2038
Profit Sharing Ratio	51%

Grand Park City

Location	Xintang Town, Zengcheng District, Guangzhou, Guangdong, PRC
Nature of Development	Residential Project
Stake	15%
Total Site Area	Approximately 200,000 square metres
Gross Floor Area	Approximately 600,000 square metres

Operating Environment

Domestic and External Economic Situation

In 2023, the global economic growth continued to slow down. Amid a series of risks such as intensified geopolitical tensions, weak trade growth, high core inflation and rising financial vulnerabilities, the global economy was still facing a relatively high downward pressure. However, Chinese Mainland's rebounding economy has been promising. As the effect of the policies introduced in the early stage was gradually emerging, domestic demand had continued to recover, economic benefit of enterprises had improved, and market confidence had gradually recovered, withstanding the downward pressure brought by overseas risk challenges and the cumulative and inter-related domestic factors. In 2023, the GDP of Chinese Mainland increased by 5.2% YoY to approximately RMB126 trillion, among which, the GDP of Guangdong Province increased by 4.8% YoY, with a total economic volume of approximately RMB13.57 trillion and the total economic volume continued to rank first in the country.

The Central Economic Work Conference emphasised that, in 2024, it is necessary to adhere to the general working guideline of seeking progress while maintaining stability, by fully, accurately and comprehensively adopting the new development concept and accelerating the construction of a new development pattern, so as to strive for high-quality development, comprehensively deepened reforms and opening up and to encourage high-level of science and technology for independence and strength. Efforts on macro-control will be increased, when coordination will be conducted to expand domestic demand and to deepen structural reforms on the supply side. Resolution to seek progress is required while maintaining stability by advancing and breaking record. More policies that are conducive to securing expectations, growth and employment are required, when it is advised to be proactive in changing methods, adjusting structures, improving quality and increasing efficiency, so as to relentlessly consolidating the foundation for steady improvement. It is believed that with the supporting policies, the national economic operation is expected to constantly rebound in 2024, driving the continuous increase in passenger flow, logistics and transportation demand, providing a solid foundation for the expressway business operated by the Group.

Development of the Bay Area

During the visit of Guangdong by Xi Jinping, the General Secretary, for inspection in April 2023, he emphasised that the Guangdong-Hong Kong-Macao Greater Bay Area should be made a strategic fulcrum for the new development pattern, a demonstration zone for high-quality development and the leading area for Chinese-style modernisation, indicating the direction for further constructing the Guangdong-Hong Kong-Macao Greater Bay Area for the new era. On 29 December 2023, the Economic Work Conference of the Guangdong Provincial Committee emphasised that cooperation among Guangdong, Hong Kong and Macao should be deepened around the new positioning of materialising the "one point for two places (一點兩地)" in the Guangdong-Hong Kong-Macao Greater Bay Area and that the supporting and driving role of the Greater Bay Area should be better made use of, with a focus on comprehensively refined reforms in key areas and critical aspects such as education, science and technology, talent, business environment and corporate governance, so as to increase economic depth during continuous promotion of two-way opening up and to effectively activate the organic driving force for high-quality development in Guangdong. Vigorously spurring the positive development of the highway industry, the Chinese Mainland's competent authorities, Guangdong Province and the society's recognition of the importance of the mission and tasks of the development of the Guangdong-Hong Kong-Macao Greater Bay Area will benefit the operating environment of the Group's expressway business in the long run and provide strong support for the sustainable development of the Group's business.

Latest Updates on Industry Policies

Five-Year Action Plan for Speeding Up the Building of National Strength in Transportation (2023–2027) (《加快建設交通強國五年行動計劃(2023–2027年)》)

In March 2023, the Ministry of Transport, the National Railway Administration of the PRC, the Civil Aviation Administration of China, the State Post Bureau of the PRC and China State Railway Group Co., Ltd.* (中國國家鐵路集團有限公司) jointly issued the "Five-Year Action Plan for Speeding Up the Building of National Strength in Transportation (2023–2027)" (《加快建設交通強國五年行動計劃(2023–2027年)》) (the "Five-Year Action Plan"), making clear the idea, the target and action tasks for speeding up the building of national strength in transportation in the next five years. The Five-Year Action Plan proposes in one of the ten major activities of the "Modern Comprehensive Transportation Infrastructure Construction Action" that, focusing on "networking, repairing the network and strengthening the chain", the comprehensive transportation network should be optimised and improved for accelerating the frame construction of the national comprehensive transportation network and international comprehensive transportation hub clusters such as the Beijing-Tianjin-Hebei Urban Agglomeration, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area and for building a number of comprehensive passenger traffic hubs to support a number of cities in strengthening the project construction of comprehensive freight hubs and collection, distribution, and transportation system, to facilitate the construction of a number of major transportation infrastructure projects and to strive to build a modern comprehensive transportation infrastructure system. Among them, the Guangdong-Hong Kong-Macao Greater Bay Area, as a key construction target under the Five-Year Action Plan, is conducive to the high-quality development of the Group's business of expressways and the development and utilisation of land along highways.

Promoting the Work Plan for Steady Growth of the Automobile Industry (2023–2024) (推動《汽車行業穩增長工作方案(2023–2024)》)

In August 2023, seven departments including the Ministry of Industry and Information Technology and the Ministry of Finance jointly issued the "Work Plan for Steady Growth of the Automobile Industry (2023–2024)" (《汽車行業穩增長工作方案 (2023–2024)》, proposing that the operation of the automobile industry will maintain a stable and positive development trend in 2023, competing for the realised annual vehicle sales of approximately 27 million vehicles, representing a YoY increase of approximately 3%, of which the sales of new energy vehicles will be approximately 9 million vehicles, representing a YoY increase of approximately 30%. The added value of the automobile manufacturing industry should increase by approximately 5% YoY. The plan clearly proposes to stabilise the consumption of vehicles using fuel. Specifically, local measures on limiting new vehicle purchase are not allowed and addition of a certain number of vehicle purchase indicators on the basis of the vehicle purchase indicators in 2022 is encouraged to further promote vehicle consumption. This measure is conducive to well promoting the stable growth of the automobile industry on the supply side, supporting the continuous growth of car ownership and transportation volume and also the operating environment of the expressway industry.

Policy for Small Passenger Vehicles During the Lunar New Year Holiday in 2024

According to the "Notice of the Ministry of Transport on Optimising the Toll-free Period for Small Passenger Vehicles on Toll Roads during the Lunar New Year holiday in 2024" (《交通運輸部關於優化2024年春節假期收費公路免收小型客車通行費時段的通知》), the toll-free period for small passenger vehicles during the Lunar New Year holiday in 2024 was nine days from 9 February to 17 February, an increase of two days compared to the previous seven days toll-free period.

Annual Vehicle Sales Data in Chinese Mainland

With the intensive introduction of the national and Guangdong policies to promote vehicle consumption, the confidence in consumption has been improved, and the momentum of vehicle consumption in Guangdong has been released, not only stimulating the consumption demand of new energy vehicles but also driving the healthy development of the new energy vehicle industry chain in Guangdong. According to the vehicle sales data released by the China Association of Automobile Manufacturers, the annual domestic vehicle sales volume in 2023 was approximately 30.09 million cars, representing a YoY increase of 12%. The overall recovery and the promising future of the national vehicle market in the face of adversity is beneficial to strong growth, which is conducive to the development of the Group's toll road business.

GS Superhighway

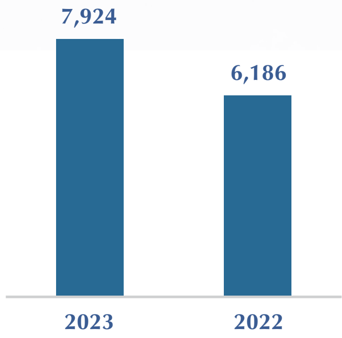
The GS Superhighway is a main expressway connecting the three major cities — Guangzhou, Dongguan and Shenzhen on the eastern bank of Bay Area to Hong Kong. The GDP of Guangzhou, Dongguan and Shenzhen, the cities along the expressway, rose 4.6%, 2.6% and 6.0% YoY respectively in 2023, showing the economy has maintained steady growth. The operational performance of the GS Superhighway has also improved in line with the economic performance. In 2023, the total toll revenue of the GS Superhighway was approximately RMB2,892 million. The average daily toll revenue and average daily mixed traffic increased by 28% and 20% YoY to approximately RMB7.92 million and 632,000 vehicles respectively. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounts for 82.9% and 92.0% of the toll revenue and mixed traffic volume of the GS Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 65% and 67% of the toll revenue and traffic volume of the GS Superhighway respectively.

The Dongguan-Panyu Expressway is another major artery running through the central part of Dongguan, connecting the Heyuan-Huizhou-Dongguan Expressway in the east and the Nansha Bridge in the west. It links with several north-south oriented expressways, including connecting with the GS Superhighway at the Houjienan interchange. The project is divided into three phases, with Phase I and Phase II have already opened to traffic. Phase III connects the section between the Conghua-Dongguan Expressway and the Dongguan-Shenzhen Expressway and has opened to traffic by the end of 2023. Currently, the Changhu Expressway, another east-west route, is connected to the GS Superhighway at Xinlian and Wudianmei interchanges. With the completion of the entire Dongguan-Panyu Expressway, vehicles in the central area of Dongguan will have another travel option for east-west journeys, which may result in traffic diversion for vehicles travelling to and from Xinlian and Wudianmei interchanges. The Company will closely monitor the impact of the opening of Phase III of the Dongguan-Panyu Expressway on the GS Superhighway.

The Shenzhen-Zhongshan Channel, a new major channel across the Pearl River and another convenient route for vehicles travelling between Shenzhen and the western Guangdong, is expected to open to traffic in June 2024. The Shenzhen-Zhongshan Channel connects the Jihe Expressway in the east, crosses the Pearl River to the west and connects the Zhongshan section of the Zhongshan-Kaiping Expressway (scheduled to open to traffic in June 2024 simultaneously), and interconnecting the GS Superhighway, the Coastal Expressway (Shenzhen Section) and the Guangzhu East Expressway. Subsequent to the opening of the Shenzhen-Zhongshan Channel, it is expected to cause certain impact of diversion on the vehicles originally passing the Humen Bridge and the Nansha Bridge via the GS Superhighway for travelling to and from the western Guangdong. The Company will closely monitor the impact of the opening of Shenzhen-Zhongshan Channel on the GS Superhighway.

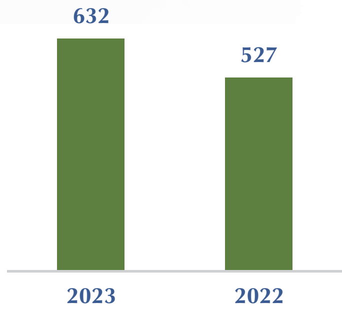
Average Daily Toll Revenue^

(RMB thousand)



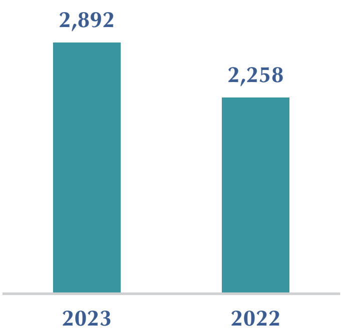
Average Daily Mixed Traffic

(No. of vehicles in thousand)

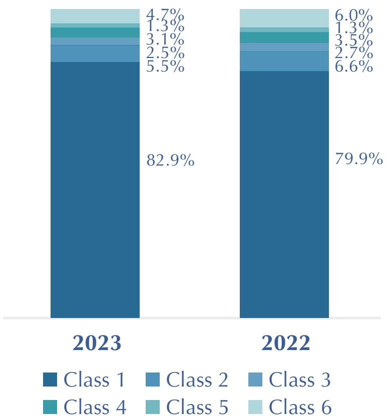


Annual Toll Revenue^

(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Mixed Traffic Breakdown by Vehicle Type

^ Excluding tax

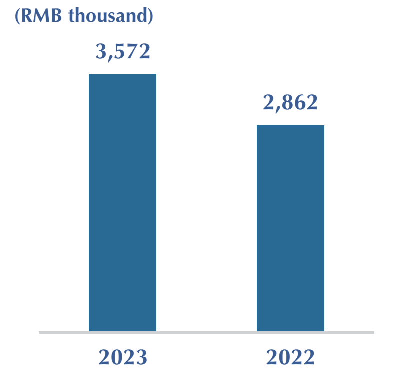
GZ West Superhighway

The GZ West Superhighway is the expressway artery between the city centres of Guangzhou and Zhuhai, and offers access to the HZM Bridge. The GDP of Guangzhou, Foshan, Zhongshan and Zhuhai, the cities along the expressway, rose 4.6%, 5.0%, 5.6% and 3.8% YoY respectively in 2023, and the economy maintained steady growth. The operational performance of the GZ West Superhighway has also improved in line with the economic performance. In 2023, the total toll revenue of the GZ West Superhighway was approximately RMB1,304 million. The average daily toll revenue and average daily mixed traffic increased by 25% and 22% YoY to approximately RMB3.57 million and 270,000 vehicles respectively. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounts for 83.6% and 93.0% of the toll revenue and mixed traffic volume of the GZ West Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 66% and 67% of the toll revenue and traffic volume of the GZ West Superhighway respectively.

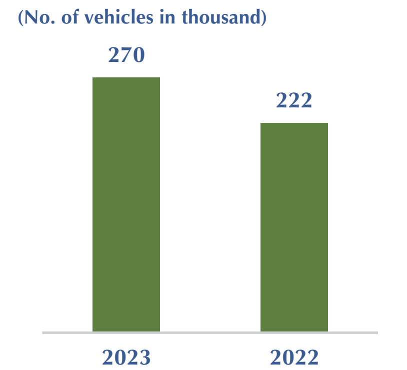
The Zhongshan West Ring Expressway was opened to traffic in January 2023. It is located on the west side of the GZ West Superhighway, with a north-south direction and parallel to the section of Dongfu interchange to Yuehuan interchange of the GZ West Superhighway. Its southern end connects the Xianghai Bridge in Zhuhai, which was opened to traffic in November 2022, and provides an alternative route for vehicles travelling between the western part of Zhongshan and the urban area of Zhuhai, which has caused diversion impact to the GZ West Superhighway. In addition, due to the full closure of a local bridge in Foshan for renovation, coupled with the implementation of traffic control measures prohibiting trucks on certain sections of Bigui Road located near the GZ West Superhighway, some vehicles that originally used local roads have switched to the GZ West Superhighway. This has had a positive impact on the operational performance of the GZ West Superhighway. However, the combination of positive and negative factors has resulted in a slight negative impact on the toll revenue and traffic volume of the GZ West Superhighway.

The Zhongshan section of the Zhongshan-Kaiping Expressway is expected to open to traffic in June 2024, connecting the Shenzhen-Zhongshan Channel (scheduled to open to traffic in June 2024) in the east and the Jiangmen section of the Zhongshan-Kaiping Expressway in the west, and connects to the GZ West Superhighway at Kangle interchange. Subsequent to the opening of the Zhongshan section of the Zhongshan-Kaiping Expressway and the Shenzhen-Zhongshan Channel, it is expected to have a slight diversion impact on vehicles that originally passing the Nansha Bridge or Humen Bridge via the GZ West Superhighway through the Shunde East interchange, and travelling to and from western Guangdong and eastern Guangdong. The Company will closely monitor the impact of the opening of Zhongshan section of the Zhongshan-Kaiping Expressway on the GZ West Superhighway.

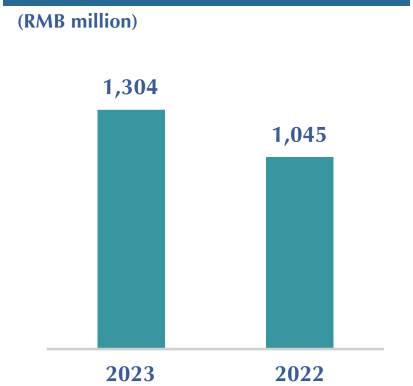
Average Daily Toll Revenue^



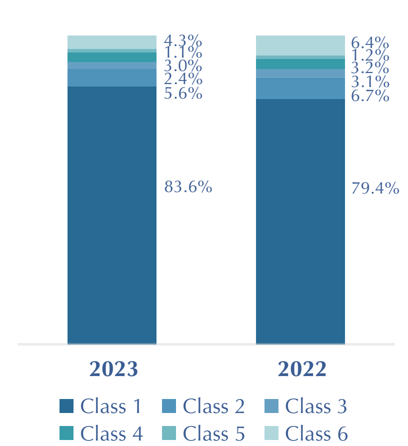
Average Daily Mixed Traffic



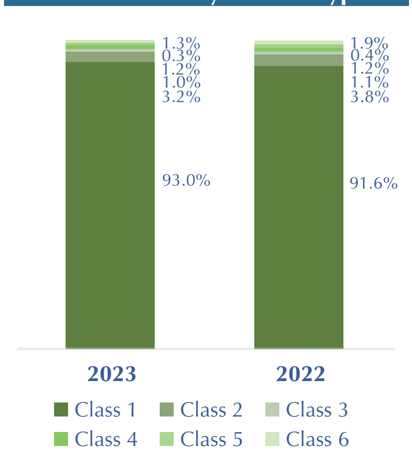
Annual Toll Revenue^



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Mixed Traffic Breakdown by Vehicle Type

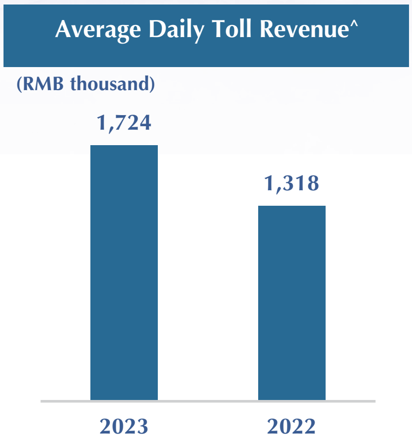


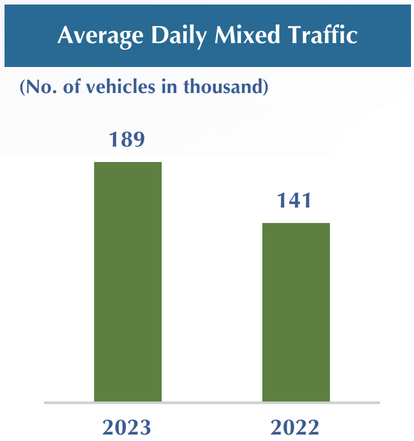
^ Excluding tax

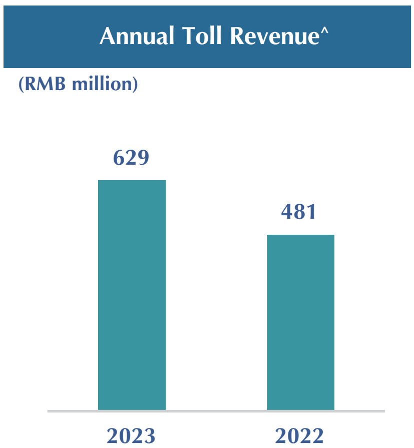
Coastal Expressway (Shenzhen Section)

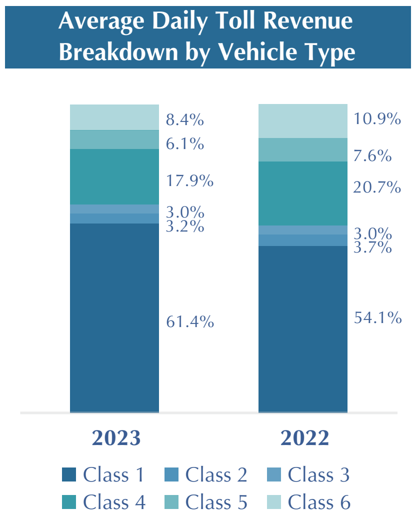
Coastal Expressway (Shenzhen Section) is the Shenzhen section of Guangshen Coastal Expressway, extending from Dongbao River, the boundary between Dongguan and Shenzhen, to Nanshan District, Shenzhen and connecting with Hong Kong-Shenzhen Western Corridor in the south. It is the main passageway for the three port areas of Shekou, Chiwan and Dachan Bay in the west of Shenzhen. In 2023, the total toll revenue of the Coastal Expressway (Shenzhen Section) was approximately RMB629 million. The average daily toll revenue and average daily mixed traffic increased by 31% and 34% YoY to approximately RMB1.72 million and 189,000 vehicles respectively. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounts for 61.4% and 85.4% of the toll revenue and mixed traffic volume of the Coastal Expressway (Shenzhen Section) respectively.

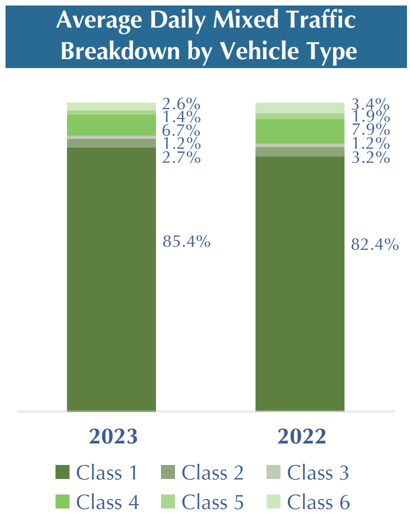
The connecting lane on the Shenzhen side of Shenzhen-Zhongshan Channel of the Phase II of Coastal Expressway (Shenzhen Section) connects the Jihe Expressway in the east and the Shenzhen-Zhongshan Channel in the west. It is currently under construction and is scheduled to be completed and open to traffic in June 2024 to align with the opening to traffic of Shenzhen-Zhongshan Channel. It is expected that there will be a positive promotional effect to the operational performance of the Coastal Expressway (Shenzhen Section) when it opens to traffic.











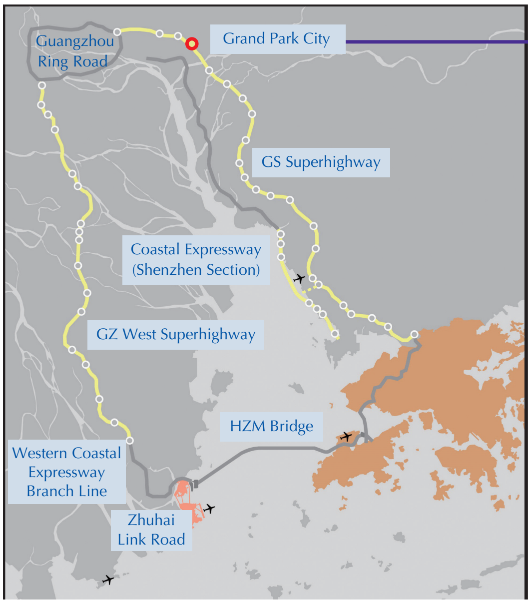
^ Excluding tax

Grand Park City

The Grand Park City Project consists of three phases. All 7 blocks of the first phase and 1 block of the second phase have been launched for pre-sale. During the year under review, contracted sales amounted to approximately RMB970 million, representing the average sales price of RMB23,000 per square metre. Since the beginning of pre-sale, the accumulated contracted sales amounted to approximately RMB3,247 million, representing the average sales price of RMB25,000 per square meter.

The construction of residential units has been smoothly proceeded as scheduled. All 7 blocks of the first phase started to deliver to buyers in the third quarter of 2023 as scheduled. The second phase consists of 12 blocks and the construction had commenced by phase in the second quarter of 2022, of which 3 blocks had topped out by the end of 2023 as scheduled and are planned to be delivered to buyers in 2024.

Location of Grand Park City



Demonstration Diagram of Grand Park City

Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen Section) Reconstruction and Expansion Project

The Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen Section) Reconstruction and Expansion Project is divided into two phases, namely, the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Guangzhou Huocun section of the Guangzhou-Foshan Expressway and the reconstruction and expansion project of the Dongguan Chang'an to Shenzhen Huanggang section of the Beijing-Hong Kong-Macao Expressway. Among which, the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Guangzhou Huocun section of the Guangzhou-Foshan Expressway was approved by the Guangdong Provincial Development and Reform Commission on 22 August 2023 and shall mainly adopt the integral section method expansion in dual directions to a total of 10 lanes, and has commenced construction gradually by the end of 2023.

The project will be invested and constructed by the GSZ Company and its total investment amount is currently estimated to be approximately RMB29.40 billion, of which approximately 25% is planned to be funded by the GSZ Company by way of capital contributions. The Group intends to undertake for not more than 50% of such capital contribution (expected to be not more than RMB3.70 billion). The Group will negotiate the capital contribution matters with Guangdong Highway Construction in due course. In the event the capital contribution matters are materialised, further approval procedures will be conducted and disclosures will be made as and when appropriate in compliance with the relevant requirements of the Listing Rules.

Besides, the revision of the feasibility report of the reconstruction and expansion project of the Dongguan Chang'an to Shenzhen Huanggang section of the Beijing-Hong Kong-Macao Expressway is completed and pending to the approval by relevant departments, specific investment terms have yet to be finalised.

Potential Land Development and Utilisation of GS Superhighway

On 30 September 2022, GS JV entered into the Compensation Agreement with Land Reserve Centre and the Representatives in relations to land resumption along Luogang interchange, pursuant to which GS JV agreed to surrender land use rights of the Resumed Land together with the Attached Buildings to Land Reserve Centre in consideration of approximately RMB317.0 million. Thereafter, the Huangpu District of Guangzhou Municipal Planning and Natural Resources Bureau issued a notice on 20 October 2022, that the detailed planning modification of the land parcels along Luogang interchange has been approved and the Luogang interchange will be transformed to vacate land for residential development (inclusive of commercial use). Currently, the Company maintains active communications with Guangdong Highway Construction, aiming to seize opportunities and release the value of land along the GS Superhighway to achieve substantial investment returns.

Meanwhile, the Company and Guangdong Highway Construction are promoting the studies on the planning that integrates the expansion with land development of Dongguan section and Shenzhen section. In particular, Daojiao interchange, Chang'an interchange, Tongle interchange and Xinqiao interchange will be the key projects for study on feasibility in the next stage, and will further communicate with relevant government authorities proactively.

The Group's results for the year ended 31 December 2023 were as follows:

	Year ended 31 December									
	2023					2022				
RMB million	*Revenue*	*EBITDA*	*Depreciation and amortisation*	*Interest and tax*	*Results*	*Revenue*	*EBITDA*	*Depreciation and amortisation*	*Interest and tax*	*Results*
Group's share project contributions:										
Toll expressway projects										
— Coastal Expressway (Shenzhen Section) (100% shared)	**629**	**530**	**(227)**	**(98)**	**205**	481	388	(181)	(118)	89
— GS Superhighway [Note 1] (45% shared)	**1,301**	**1,339**	**(536)**	**(308)**	**495**	1,016	941	(426)	(197)	318
— GZ West Superhighway (50% shared)	**652**	**525**	**(269)**	**(126)**	**130**	522	412	(201)	(117)	94
Sub-total	**2,582**	**2,394**	**(1,032)**	**(532)**	**830**	2,019	1,741	(808)	(432)	501
Land development and utilisation project										
— Xintang Interchange (15% shared)	**369**	**61**	**(0)**	**(19)**	**42**	31	7	(0)	(13)	(6)
Total	**2,951**	**2,455**	**(1,032)**	**(551)**	**872**	2,050	1,748	(808)	(445)	495
YoY change	**44%**	**40%**	**28%**	**24%**	**76%**					
Corporate:										
Interest income from bank deposits					**10**					34
Investment income from structured deposits					**7**					9
Interest income from loans made by the Group to a joint venture					**4**					16
Other income and other gain					**15**					7
Administrative expenses and depreciation					**(79)**					(78)
Finance costs					**(168)**					(59)
Income tax					**(1)**					(8)
Net exchange loss (net of related income tax)					**(22)**					(89)
Profit for the year					**638**					327
Profit for the year attributable to non-controlling interests [Note 2]					**(110)**					(48)
Profit for the year attributable to equity shareholders of the Company					**528**					279
YoY change					**89%**					

Note 1: Excluding exchange differences on US Dollar and HK Dollar loans, and related income tax.

Note 2: It mainly comprised 49% of the results of the Coastal Expressway (Shenzhen Section).

Toll Expressway Projects

The Group's share of net toll revenue of the expressway projects namely Coastal Expressway (Shenzhen Section) operated by a non-wholly owned subsidiary and the GS Superhighway and the GZ West Superhighway operated by two joint ventures increased by 28% to approximately RMB2,582 million from approximately RMB2,019 million in 2022, of which the net toll revenue of the Coastal Expressway (Shenzhen Section) increased by 31% to approximately RMB629 million from approximately RMB481 million in 2022; the net toll revenue of the GS Superhighway increased by 28% to approximately RMB1,301 million from approximately RMB1,016 million in 2022; the net toll revenue of the GZ West Superhighway increased by 25% to approximately RMB652 million from approximately RMB522 million in 2022. The increase in toll revenue was mainly due to the social transportation volume in Chinese Mainland experienced restorative growth, the economy of the cities along the expressways, such as Shenzhen, Dongguan, Guangzhou, Zhongshan and Zhuhai maintained stable growth, the operation performance of the toll roads grew at the same pace with economic growth, as well as a low comparison of toll revenue last year.

As a result of the increase in toll revenue of the Coastal Expressway (Shenzhen Section), the GS Superhighway and the GZ West Superhighway for the year and considering the ongoing reconstruction and expansion of the GS Superhighway, and the conclusion about the GS Superhighway's pavement from independent professional toll road experts, the Group has reversed the resurfacing obligations of the GS JV for the year. The Group's share of aggregate EBITDA of its three toll expressways (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) increased by 38% to approximately RMB2,394 million from approximately RMB1,741 million in 2022. The Group's EBITDA of the Coastal Expressway (Shenzhen Section) increased by 37% to approximately RMB530 million from approximately RMB388 million; the Group's share of EBITDA of the GS Superhighway increased by 42% to approximately RMB1,339 million from approximately RMB941 million in 2022; the Group's share of EBITDA of the GZ West Superhighway increased by 27% to approximately RMB525 million from approximately RMB412 million in 2022.

As benefited from the economic growth of cities along the expressways, the actual full-length equivalent traffic of the Coastal Expressway (Shenzhen Section), the GS Superhighway and the GZ West Superhighway during the year increased as compared to last year. The Group's depreciation and amortisation charges of the Coastal Expressway (Shenzhen Section) amounted to approximately RMB227 million, representing an increase of 25% from approximately RMB181 million in 2022. The Group's share of depreciation and amortisation charges of the GS Superhighway amounted to approximately RMB536 million, representing an increase of 26% from approximately RMB426 million in 2022. The Group's share of depreciation and amortisation charges of the GZ West Superhighway amounted to approximately RMB269 million, representing an increase of 34% from approximately RMB201 million in 2022. Overall, the Group's share of aggregate depreciation and amortisation charges of the three toll expressways amounted to approximately RMB1,032 million, representing an increase of 28% from approximately RMB808 million in 2022.

During the year, the bank loans of the GS JV was mainly denominated in HK Dollar, as affected by the increase in the interest rate of Hong Kong Dollar loans, the Group's share of interest expenses of the GS JV increased by 74% to approximately RMB66 million from approximately RMB38 million last year. The GZ West JV successfully reached an agreement with the banks to reduce the interest rate of some loans and benefited from the decline in the RMB denominated loan prime rate, leading to a reduction of interest expenses of the GZ West JV. The Group's share of interest expenses of the GZ West JV decreased by 8% to approximately RMB72 million from approximately RMB78 million last year. The applicable PRC EIT rate for the Coastal Company, the GS JV and the GZ West JV is 25%. With the combined effect brought by the increase in toll revenue and the reversal of deferred tax assets of the Coastal Company last year, the tax expenses of the Coastal Company increased by 2% to approximately RMB94 million from approximately RMB92 million last year. With the increase in toll revenue and the reverse of resurfacing obligations of the GS JV, the Group's share of tax expenses of the GS JV increased by 52% to approximately RMB242 million from approximately RMB159 million last year, while the Group's share of tax expenses of the GZ West JV increased by 38% to approximately RMB54 million from approximately RMB39 million last year. Overall, the Group's share of interest and tax expenses of the Coastal Company and the two joint ventures in aggregate increased by 23% to approximately RMB532 million from approximately RMB432 million last year.

During the year, the Group's net profit of the Coastal Expressway (Shenzhen Section) was approximately RMB205 million, representing an increase of 130% as compared to a net profit of approximately RMB89 million last year; the Group's share of net profit of the GS JV was approximately RMB495 million, representing an increase of 56% as compared to a net profit of approximately RMB318 million last year; the Group's share of net profit of the GZ West JV was approximately RMB130 million, representing an increase of 38% as compared to a net profit of approximately RMB94 million last year. The Group's share of aggregate net profit of the three expressway projects (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) was approximately RMB830 million, representing an increase of 66% as compared to a net profit of approximately RMB501 million last year.

Land Development and Utilisation Project

The Group (through Shenwan Infrastructure), GPCG (through Lealu Investment and Leaxin Investment) and Shenzhen Run Investment holds 15%, 25% (in aggregate) and 60% of equity interest in the Xintang JV respectively.

In order to meet the relevant bank financing requirements in Chinese Mainland, on 30 June 2021, the Xintang JV increased its registered capital from RMB10 million to RMB3.04 billion through a debt-for-equity swap on the existing shareholder's loans, and the shareholder's loans contributed by the Parties accordingly decreased from approximately RMB4,983 million to approximately RMB1,953 million; the registered capital contributed by the Group (through Shenwan Infrastructure) increased from RMB1.50 million to approximately RMB456 million based on its shareholding percentage, and the shareholder's loans decreased from approximately RMB747 million to approximately RMB293 million. As Xintang JV further repaid shareholders' loans to the Parties based on its shareholding percentage, the Group's shareholders' loans to Xintang JV all have been fully recovered this year. Residential units of the first phase of Grand Park City has started to deliver to buyers in the third quarter of 2023 as scheduled, contributed profit for the year of approximately RMB42 million to the Group.

Corporate

The aggregate amount of the corporate's interest income from bank deposits and investment income from structured deposits decreased to approximately RMB17 million from approximately RMB43 million last year, which was mainly due to decreases in the balances of bank deposits and the structured deposits, and the decreases of deposit rate of Chinese Mainland. As set out in the paragraph under the "Land Development and Utilisation Project", Xintang JV further repaid shareholder's loans to the Parties based on its shareholding percentage, and the Group's shareholder's loans to Xintang JV have been fully repaid during the year. Besides, the annual interest rate of shareholders' loans was reduced from 8% to 6% from September 2022. As a result, the interest income of loans to a JV decreased from approximately RMB16 million last year to approximately RMB4 million.

The interest expense of bank loans during the year increased by 185% to approximately RMB168 million from approximately RMB59 million last year, which was mainly due to the increase in the interest rate of Hong Kong Dollar loans in rate hike cycle during the year and the increase in the average bank loan balances.

Affected by the depreciation of RMB during the year, the net exchange loss (including the Group's share of exchange loss on the US Dollar and HK Dollar denominated loans of the GS JV) amounted to approximately RMB22 million was recorded, as compared to the net exchange loss of RMB89 million recorded last year.

Overall, the profit for the year attributable to equity shareholders of the Company amounted to approximately RMB528 million, representing an increase of 89% from approximately RMB279 million as compared to last year.

Outlook

Although the global economic prospect remains uncertain, the macro environment in Chinese Mainland is expected to be generally positive. With restorative growth of social transportation volume in Chinese Mainland, the economic growth of the cities along the expressways will have a positive impact on the subsidiaries and joint ventures, and the Group believes that the stable core business of the Coastal Expressway (Shenzhen Section), the GS Superhighway and the GZ West Superhighway will continue to support the Group's future performance enhancement. Overall, the Group remains cautiously optimistic about its future performance.

As the economic growth of Chinese Mainland tends to be stable, the financial situation of the Group remains robust. The Board believes that the Group's full-year regular dividend payout ratio target of 100% on recurring income will be maintained.

Financing of the Group

The Group (through Shenwan Infrastructure), GPCG (through Lealu Investment and Leaxin Investment) and Shenzhen Run Investment owns 15%, 25% (in aggregate) and 60% of equity interests in the Xintang JV respectively pursuant to the JV agreement and JV articles of the Xintang JV entered into on 10 September 2020. The maximum total amount to be contributed (whether by way of registered capital, shareholders' loans, shareholders' guarantee and any amount of other nature) by the Parties for the investment in the project (through the Xintang JV) is RMB6,800 million ("Total Upper Limit"), among which, each of Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment, will contribute the respective amounts of up to RMB1,020 million, RMB1,360 million, RMB340 million and RMB4,080 million, representing 15%, 20%, 5% and 60% of the maximum total amount of contribution of the Parties, and accordingly, the registered capital of the Xintang JV owned by the Parties in the same proportion.

The Total Upper Limit was arrived with reference to the estimated cost of acquisition of the land use rights of the Project Land, the estimated costs of the ancillary works and other estimated costs and expenses in relation to the operation of the Xintang JV. The respective Party's limit was determined based on their respective percentage of equity interest in the Xintang JV. It is intended that Shenwan Infrastructure's commitment of up to its respective Party's limit will be satisfied by way of external financing and internal resources of the Group. The total investment amount of the Xintang JV is not bound by the Total Upper Limit. Xintang JV may arrange financing from banks or other third parties for the cost of development of the Project Land with the use of its own credit and assets.

The Group has duly made arrangement to meet the capital need of the Xintang JV. During the year, Xintang JV further repaid shareholder's loans to the Parties based on their respective shareholdings, and paid off the bank financing which was guaranteed by the Group based on its shareholding. As of 31 December 2023, the Group contributed approximately RMB456 million to the registered capital of Xintang JV.

Financial position

The financial position of the Group comprises assets and liabilities at the corporate level and the Coastal Company and the Group's share of assets and liabilities of the GS JV, the GZ West JV and the Xintang JV.

Corporate

	31 December 2023 RMB million	31 December 2022 RMB million		31 December 2023 RMB million	31 December 2022 RMB million
Cash and cash equivalents	**382**	317	Bank loans	**4,002**	3,927
Structured deposits	**320**	451	Tax liabilities	**66**	134
Time deposit	**204**	–	Other liabilities	**50**	52
Shareholder's loan to a JV	**–**	210			
Dividend receivable	**–**	181			
Other assets	**44**	53			
	950	1,212		**4,118**	4,113
			Net liabilities of corporate	**(3,168)**	(2,901)

Coastal Company

	31 December 2023 RMB million	31 December 2022 RMB million		31 December 2023 RMB million	31 December 2022 RMB million
Cash and cash equivalents	**102**	157	Bank loans	**30**	30
Restricted bank deposits	**3**	15	Other liabilities	**470**	691
Concession intangible assets	**5,795**	5,677			
Other assets	**572**	639			
	6,472	6,488		**500**	721
			Net assets of the Coastal Company	**5,972**	5,767

The Group's share of JVs

GS JV (The Group's shared portion: 45%)

	31 December 2023 RMB million	31 December 2022 RMB million		31 December 2023 RMB million	31 December 2022 RMB million
Cash and cash equivalents	**349**	369	Bank loans		
Concession intangible assets	**2,682**	2,728	— HKD	**911**	1055
Other assets	**400**	410	— RMB	**276**	281
			Other loan	**12**	12
			Other liabilities	**685**	854
	3,431	3,507		**1,884**	2,202
			Net assets of GS JV	**1,547**	1,305

GZ West JV (The Group's shared portion: 50%)

	31 December 2023 RMB million	31 December 2022 RMB million		**31 December 2023 RMB million**	31 December 2022 RMB million
Cash and cash equivalents	**229**	158	Bank loans	**1,956**	2,056
Concession intangible assets	**4,911**	5,119	Other liabilities	**434**	555
Other assets	**169**	171			
	5,309	5,448		**2,390**	2,611
			Net assets of GZ West JV	**2,919**	2,837

Xintang JV (The Group's shared portion: 15%)

	31 December 2023 RMB million	31 December 2022 RMB million		**31 December 2023 RMB million**	31 December 2022 RMB million
Cash and cash equivalents	**30**	37	Shareholder's loan	**–**	210
Inventories	**775**	957	Bank loan	**296**	93
Other assets	**69**	13	Other liabilities	**145**	326
	874	1,007		**441**	629
			Net assets of Xintang JV	**433**	378

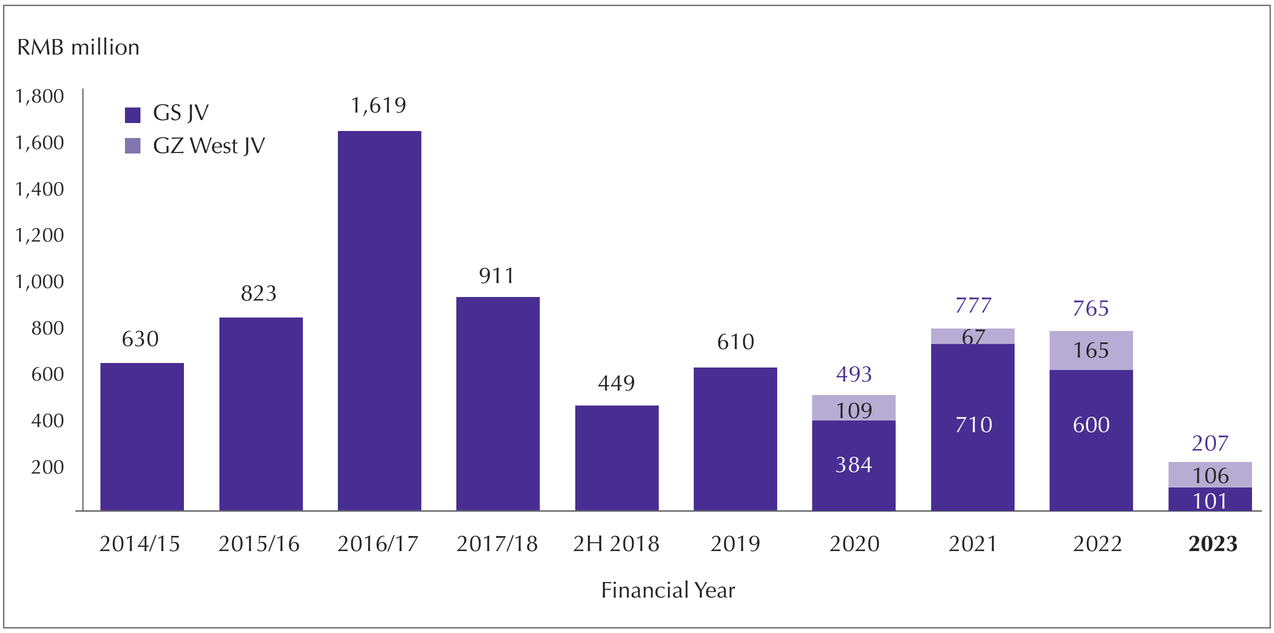
	31 December 2023 RMB million	31 December 2022 RMB million		**31 December 2023 RMB million**	31 December 2022 RMB million
			Total liabilities	**9,333**	10,276
			Equity attributable to equity shareholders of the Company	**4,751**	4,536
			Non-controlling interests	**2,952**	2,850
Total Assets	**17,036**	17,662	**Total Shareholder's Equity and Liabilities**	**17,036**	17,662
			Total net assets	**7,703**	7,386

	31 December 2023 RMB million	31 December 2022 RMB million
Total liabilities	**4,710**	4,834
Net debt [Note]	**3,021**	3,016
Total assets	**12,413**	12,220
Equity attributable to equity shareholders of the Company	**4,751**	4,536
Debt to asset ratio (Total liabilities/Total assets)	**38%**	40%
Gearing ratio (Net debt/Equity attributable to equity shareholders of the Company)	**64%**	66%

Note: Net debt is defined as total bank loans less total cash and cash equivalents, restricted bank deposits, structured deposits and time deposit.

Liquidity and Financial Resources

Cash Dividends (Net of Tax) from JVs to the Group



Bank and Other Borrowings

On 31 December 2023, the Group (including the Coastal Company) had HK Dollar bank loan of equivalent to approximately RMB2,101 million and RMB bank loan of equivalent to approximately RMB1,931 million, together with the bank and other borrowings of the JVs shared by the Group amounted to approximately RMB3,452 million (including HK Dollar bank loan of equivalent to approximately RMB911 million, RMB bank loans of approximately RMB2,529 million and other loans of approximately RMB12 million) totalling approximately RMB7,484 million (31 December 2022: approximately RMB7,454 million) with the following profile:

(a) 99.8% (31 December 2022: 99.8%) consisted of bank loans and 0.2% (31 December 2022: 0.2%) of other loan; and

(b) 59.7% (31 December 2022: 57%) was denominated in RMB and 40.3% (31 December 2022: 43%) was denominated in HK Dollar.

Debt Maturity Profile

As at 31 December 2023, the maturity profile of the bank and other borrowings (excluding shareholder's loans) of the Group (including the corporate and the Coastal Company) and the Group's share of JVs were shown below, together with the corresponding comparatives as at 31 December 2022:

Corporate

	31 December 2023		31 December 2022	
	RMB million	**%**	RMB million	%
Repayable within 1 year	**1,818**	**45%**	1,146	29%
Repayable between 1 and 5 years	**1,684**	**42%**	1,781	45%
Repayable beyond 5 years	**500**	**13%**	1,000	26%
	4,002	**100%**	3,927	100%

Coastal Company

	31 December 2023		31 December 2022	
	RMB million	**%**	RMB million	%
Repayable within 1 year	**–**	**–**	–	–
Repayable between 1 and 5 years	**8**	**28%**	5	17%
Repayable beyond 5 years	**22**	**72%**	25	83%
	30	**100%**	30	100%

The Group's share of JVs

	31 December 2023		31 December 2022	
	RMB million	**%**	RMB million	%
Repayable within 1 year	**598**	**17%**	558	16%
Repayable between 1 and 5 years	**2,122**	**62%**	2,510	72%
Repayable beyond 5 years	**732**	**21%**	429	12%
	3,452	**100%**	3,497	100%

Interest Rate and Exchange Rate Exposure

The Group closely monitors its exposure to interest rates and foreign currency exchange rates. At present, the Group and JVs have not employed any financial derivative instruments to hedge their exposure to interest rates or foreign currency exchange rates.

Treasury Policies

The Group continues to adopt proactive but prudent treasury policies in its financial and funding management and closely monitors its liquidity, financial resources, interest rate and exchange rate movements, with a view to minimising its funding costs and enhancing return on its financial assets. The reasonable and efficient use of temporary idle funds will enhance the overall capital gain of the Group, which is consistent with the core objectives of the Group to ensure capital safety and liquidity, for example, the impact of risk factors on the expected rate of return of structured deposits with guaranteed principal is low, but the Group could get a higher return as compared with fixed term deposits in commercial banks in the PRC. As at 31 December 2023, 99% of the Group's bank balances and cash (including structured deposits) were denominated in RMB and the remaining 1% were denominated in HK Dollar. The overall treasury yield on bank deposits (including structured deposits) of the Group was 2.20% during the year whereas 2.90% during 2022.

Guarantee

As at 31 December 2023, the available banking facilities of the Group amounting to approximately RMB7,232 million (31 December 2022: approximately RMB5,344 million), in which the available banking facilities of the Company's subsidiaries amounting to approximately RMB4,832 million, were guaranteed by the Company. The Company is able to control the utilisation of the facilities.

Contingent Liability

The Group had no material contingent liability as at 31 December 2023.

Material Acquisition or Disposal

The Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the year ended 31 December 2023.

Events After The Reporting Period

Save as the announcement of the Company dated 25 January 2024 in relation to the continuing connected transaction in respect of the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement, there were no other significant events after the end of the reporting period and up to the date of this annual report.

Employees and Remuneration Policies

As at 31 December 2023, the Group (excluding JV companies) had 499 employees (including 434 employees from the Coastal Company). The Group provides competitive remuneration for its employees with reference to the prevailing market remuneration level and the performance of the employees. Discretionary bonuses will be granted to employees based on their individual performance and the Group's business performance. In addition, the Group also provides employees with staff benefits such as retirement contribution scheme, medical insurance, provident fund contributions and labour union benefits.

Besides offering competitive remuneration packages, the Group is committed to promoting family-friendly employment policies and practises. The Group also invests in human resources development. During the year, the Group formulated the "1234 Planned Action for Youth Employee Career Development System Optimisation (青年員工職業發展體系優化1234計劃行動)" and implemented the "Orientation Course Plan (引路人授課計劃)". Through the provision of relevant mechanism and system construction and internal and external training to enhance the productivity of employees and to fill the skill gap shown in their performance appraisal, employees are helped for career development and are provided with preparation for future positions, thereby promoting the successful development of the Group's business. Besides formal training programmes, the Group also provides comprehensive and relevant opportunities of training and further study to employees such as on-the-job training and the educational subsidies.

Corporate Governance Report

Corporate Governance Practices

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management and is strived to improve the governance system and fully adopt the effective code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules of the Stock Exchange. The Board has set up procedures on corporate governance that comply with the requirements of the CG Code. The Company believes that good corporate governance can promote the sound operation and healthy development of the Company and enhance the Shareholders' value in the long run.

During the year ended 31 December 2023 (the "Year"), the Company complied with all the code provisions as set out in the CG Code.

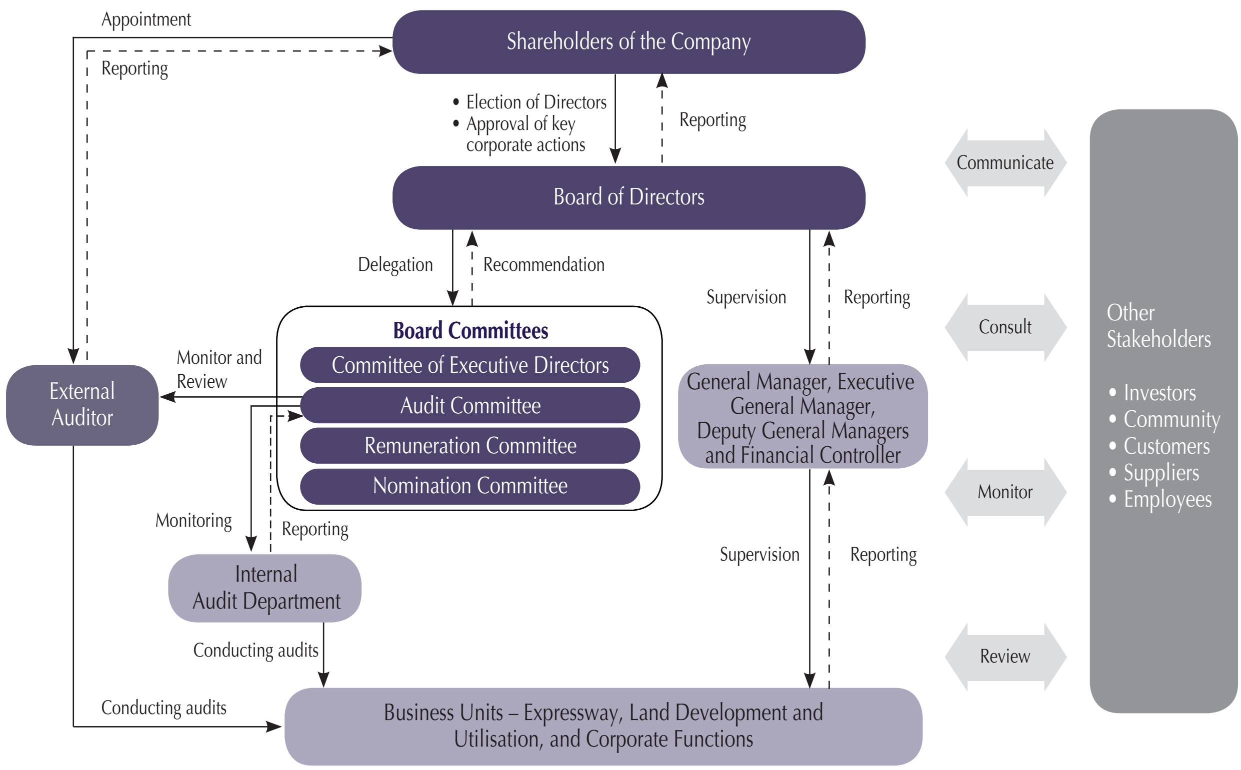
The Company has established a corporate governance structure with the Board as the core, and Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee have been established under the Board. According to the authorisation of the general meeting, the Board exercises management decision-making power in respect of development of strategy, investment and financing, financial control, human resources and corporate governance, and is responsible for leading the overall development of the Group, providing necessary resource guarantee for the implementation of strategic objectives, and supervising and inspecting the development and operation of the Company to promote the sustainable and healthy operation of the Company. The Company has formulated a number of corporate governance related documents, mainly including the Memorandum and Articles of Association, the Rules and Procedures of Board Meetings, the Executive Committee — Terms of Reference, and the Terms of Reference of each specific committee, the Code of Conduct and the Whistleblowing Policy, etc.; among which, the Memorandum and Articles of Association serves as the basis for corporate governance. The Directors of the Company take this as the guideline, take the initiative to lead by example, and perform their duties of loyalty and diligence. During the Year, the Company completed the amendment of Memorandum and Articles of Association of the Company in accordance with the Core Shareholder Protection Standards as set out in Appendix A1 of the Listing Rules to meet the needs of the Company's future development.

The Board is responsible for formulating the Company's medium and long-term development strategies, including corporate mission, corporate culture and values, corporate spirit, strategic objectives, development plans and implementation guarantees. In order to clarify the Company's future development direction and strategic planning objectives, promote and ensure the Company's high-quality development, based on in-depth research on internal and external environments and the Company's core competitiveness, the Company has formulated the "14th Five-Year" development strategic plan.

Corporate Governance Report

The Company discuss and analyse the performance of the Group in the annual report every year, including the impact and the changing trends of domestic and international economic situations, the development situation of the Bay Area, the policies of the expressway industry on the Company's operations, the actual operating results of the Year and the factors affecting them, the completion of the annual operating plan and the annual operating plan for the next year, etc., to ensure the realisation of the Company's medium and long-term development strategic goals.

Corporate Governance Structure



Board of Directors

The Board

The Company is managed through the Board which as at date of this report comprises four Executive Directors (including the chairman of the Board ("Chairman")), two Non-executive Directors and three Independent Non-executive Directors. One third of the Board are Independent Non-executive Directors. The names and biographical details of the Directors, and the relationship amongst them, if any, are set out on pages 14 to 18 of this annual report.

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder of the Company or a Director, the approval of the interim and final results, other disclosures to the public or regulators and the risk management and internal control systems are reserved by the Board and the decisions relating to such matters shall be subject to the decision of the Board. Matters not specifically reserved to the Board and related to the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the Executive General Manager.

Independent Non-executive Directors are selected with the necessary skills and experience to provide strong independent element to the Board and to exercise independent judgement. At least one of the Independent Non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise as provided under Rule 3.10 of the Listing Rules. The Board has received from each Independent Non-executive Director a written annual confirmation of independence. All the Independent Non-executive Directors meet the independence criteria set out in Rule 3.13 of the Listing Rules.

The Board has agreed procedures for the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense. According to the consideration and decision making needs, the Company may engage the professional institutions including the accounting firms, lawyers and assessment institutions based on the actual situations to issue written reports for the Directors' review. To ensure the independence of the professional institutions, the specific selection and engagement work is conducted by the Independent Non-executive Directors or independent board committee for the engagement of independent financial advisor for the connected transactions. The selection and engagement shall be determined by a majority of votes of the members and the members with connected relationship or conflict of interest shall abstain from voting and shall not be counted as total number of members. The Board reviews the implementation and effectiveness of the above mechanism annually.

The Company provides the Board and each specific committee under the Board with the materials and information required for consideration of resolutions within a reasonable time frame, makes prompt responses and may provide further information after receiving inquiries from the Directors. Under normal circumstances, relevant documents containing matters intended to be proposed to the Board for consideration or discussion would be dispatched to all Directors at least three days before the meeting. During the Year, the Company provided support to the Directors through the following channels. For example, arrangement was made for managers to report the progress of major events of the Group at Board meetings; and monthly reports on operational and financial performance were sent, to regularly report to the Board on the operational performance in areas such as traffic and toll revenue of expressways, the progress of key works and investment projects as well as relevant financial information and other conditions.

All Directors have given sufficient time and attention to the affairs of the Company after their appointments during the Year and have disclosed to the Company the major offices they held in public companies or organisations and other significant commitments.

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

Chairman and General Manager

During the Year, Mr. Wei HU* resigned as an Executive Director and the Chairman on 6 January 2023 due to retirement. Mr. Xiangwen LIAO* was appointed and served as the Executive Director and the Chairman since 6 January 2023 and was responsible to chair the operation of the Board and to ensure that the Board works effectively.

During the Year, Mr. Tianliang ZHANG* resigned as the Executive Director and General Manager on 31 March 2023 due to retirement. Mr. Jianming WU* served as the Executive Director and Executive General Manager, is responsible for leading and managing daily operation of the Group. The division of the responsibilities between the Chairman and the Executive General Manager have been established, set out clearly in writing and is not performed by the same individual.

* *For identification purpose only*

Board Diversity

The Board has a board diversity policy since January 2019 which aims to set out the approach of the Company to achieve diversity on the Board.

Policy Statement

To enhance decision-making capability and achieve a sustainable development, the Company is committed to maintain a Board with diversity of directors. A number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, nationality and ethnicity, skills, knowledge and length of service, have been considered during the selection process to ensure diversity and to be relevant to the Company's business. All appointment to the Board will be based on merit, having regard to the ability of candidates to complement and expand the skills, knowledge and experience of the Board as a whole.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, nationality and ethnicity, skills, knowledge and length of service. The Board also includes a balanced composition of Executive Directors, Non-executive Directors and Independent Non-executive Directors so that there is element of independence in the Board.

Up to date of this report, the Board comprises nine Directors, including four Executive Directors (including the Chairman), Mr. Xiangwen LIAO*, Mr. Jianming WU*, Mr. Cheng WU* and Mr. Ji LIU*; two Non-executive Directors, Mr. Xuan WANG* and Ms. Siyan CHEN* ; and three Independent Non-executive Directors, Mr. Yu Lung CHING, Mr. Tony Chung Nin KAN and Mr. Peng XUE*. In terms of professional background, the members of the Board possess industry and professional skills in various aspects of toll road operation, project management, transportation, investment and merger and acquisition, listed corporate governance, real estate development, financial securities, financial accounting and auditing, legal affairs, human resources, etc.. In terms of gender, the Board consists of one female Director and eight male Directors, which is not a single-gender Board. Members of the Board are of different professional backgrounds and genders, which help to maintain the diversity of the Board and achieve more comprehensive decision-making. At the same time, the Company is also committed to building a gender-diverse working environment. In the process of employee recruitment, we balance the gender ratio of men and women based on the characteristics of the position. As of 31 December 2023, among all employees of the Company (including senior management), female accounted for 39%, male accounted for 61%, and the gender ratio was relatively balanced.

* *For identification purpose only*

Appointment, Re-election and Removal

During the Year, the Board regularly considered and reviewed the plans for orderly succession for appointments to the Board and its structure, size and composition to ensure it had a balance of skills and experience appropriate for the requirements of the business of the Company and had a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there was a strong independent element on the Board, which can effectively exercise independent judgement, and the Non-executive Directors had sufficient caliber and number for their views to carry weight. New Director(s) would be nominated by the Nomination Committee and the appointment should be subject to the Board's approval.

During the Year, among the Non-executive Directors (including Independent Non-executive Directors) appointed, all five Directors have no specific term of service but are subject to retirement from office and re-election at the annual general meetings of the Company in accordance with the Articles of Association, at least every three years.

In accordance with the Articles of Association, all newly appointed Directors shall hold office until the first annual general meeting of the Company after their appointment and shall then be eligible for re-election. Every Director shall retire at the conclusion of the annual general meeting of the Company held in the third year following the year of his/her (i) last appointment by the Board, (ii) last election or (iii) last re-election, and shall be eligible for re-election subject to the provisions of the Articles of Association.

Newly appointed Director(s) will be given an induction on the information of the Group and a manual on the duties and responsibilities as a director of a listed company both under the Listing Rules and applicable laws.

Mr. Xiangwen LIAO* was appointed by the Board as an Executive Director and the Chairman on 6 January 2023. Ms. Siyan CHEN* was appointed by the Board as a Non-executive Director on 3 February 2023. Mr. Xuan WANG* was appointed by the Board as a Non-executive Director on 30 June 2023. The Board has taken into consideration their background, experience and professional skills, the recommendation of the Nomination Committee and considered that they could provide support towards the effective discharge of the duties and responsibilities of the Board. Mr. Xuan WANG* shall hold office until the 2024 Annual General Meeting after his appointment and, being eligible, offer himself for re-election.

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Board Committees

The Board established the Executive Committee with delegated authority for reviewing and approving the day-to-day business operations and ordinary and usual course of business of the Company. This committee comprises all the Executive Directors.

In addition, the Company established the Audit Committee, the Remuneration Committee and the Nomination Committee to deal with the specific matters as set out below in the interest of all Shareholders in an objective manner. The Audit Committee and the Remuneration Committee currently comprise three Independent Non-executive Directors; while the Nomination Committee is chaired by the Chairman and comprises two Independent Non-executive Directors.

Audit Committee

The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. Yu Lung CHING (chairman), Mr. Tony Chung Nin KAN and Mr. Peng XUE*. The company secretary of the Company, or in his/her absence, his/her representative, serves as the secretary of the Audit Committee and minutes of the meetings are sent to the members of the Audit Committee within a reasonable time after the meetings.

At least one of the members of the Audit Committee has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within two years immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company.

The Board expects the members of the Audit Committee to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the Audit Committee in order to comply with the requirements of the CG Code. Under the terms of reference of the Audit Committee, the corporate governance functions of the Board have been delegated to the Audit Committee to monitor, procure and manage corporate compliance within the Group.

Major roles and functions of the Audit Committee include:

- to make recommendations to the Board on the appointment, re-appointment and removal of external auditor
- to approve the remuneration and terms of engagement of external auditor
- to review and monitor external auditor's independence and objectivity

* *For identification purpose only*

- to review the Group's financial controls, risk management and internal control systems on on-going basis
- to review the interim and annual financial statements before approval by the Board
- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board
- to review and monitor the training and continuous professional development of Directors and senior management
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements
- to develop, review and monitor the code of conduct applicable to employees and Directors
- to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report
- to review arrangements for raising concerns about possible improprieties in financial reporting, internal control or other matters

During the Year, the Audit Committee held 5 meetings, and principal works reviewed and discussed included:

- to make recommendations to the Board on the engagement of KPMG as the Company's new external auditor and to determine remuneration of KPMG
- to review the annual financial statements for the year ended 31 December 2022, the first quarter financial statements for the three months ended 31 March 2023, the interim financial statements for the six months ended 30 June 2023 and the third quarter financial statements for the nine months ended 30 September 2023 and make recommendations to the Board for approval
- to review the work performed by Internal Audit Department of the Company
- to review the Group's risk management and internal control systems
- to review the policy of provision of non-assurance services and the report on agreed upon procedures for the third quarter of 2023 by the external auditor
- to review the Company's policies and practices on corporate governance

The terms of reference setting out the authority of the Audit Committee and its duties are available on the Company's website and the Stock Exchange's website.

Remuneration Committee

The Remuneration Committee comprises three Independent Non-executive Directors namely, Mr. Tony Chung Nin KAN (chairman), Mr. Yu Lung CHING and Mr. Peng XUE*. The head of Human Resources Department of the Company, or in his/her absence, his/her representative, serves as the secretary of the Remuneration Committee and minutes of the meetings are sent to the members of the Remuneration Committee within a reasonable time after the meetings.

The Remuneration Committee has adopted the model that it will review the proposals made by the management of the Company on the remuneration of Executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

Major roles and functions of the Remuneration Committee include:

- to make recommendations to the Board on the Company's policy and structure of all Directors' and senior management's remuneration; and the establishment of a formal and transparent procedure for developing remuneration policy
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives
- to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management
- to make recommendations to the Board on the remuneration of Non-executive Directors (including Independent Non-executive Directors)

During the Year, the Remuneration Committee held 3 meetings, principal works reviewed and discussed included:

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the year ended 31 December 2023
- to make recommendations to the Board on the performance indicators, performance assessment results and application proposals of senior management for 2021
- to make recommendations to the Board on the performance assessment results and application proposals of management personnel for 2022
- to review the proposal of the tenure contract at the managerial level and make recommendations to the Board

The terms of reference setting out the authority of the Remuneration Committee and its duties are available on the Company's website and on the Stock Exchange's website.

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Nomination Committee

The Nomination Committee is chaired by the Chairman and comprises two Independent Non-executive Directors namely, Mr. Xiangwen LIAO* (chairman), Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN. The company secretary of the Company, or in his/her absence, his/her representative, shall act as the secretary of the Nomination Committee and minutes of the meetings are sent to the members of the Nomination Committee within a reasonable time after the meetings.

The Nomination Committee is to assist the Board in providing transparent and independent oversight for matters in relation to board nomination and recruitment, board diversity and succession planning of the Company.

Major roles and functions of the Nomination Committee include:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy
- to identify individuals suitably qualified to become a Director and select or make recommendations to the Board on the selection of individuals nominated for directorships
- to assess the independence of Independent Non-executive Directors
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman, the General Manager and the Executive General Manager

During the Year, the Nomination Committee held 1 meeting and all members signed 3 written resolutions, principal works reviewed and discussed included:

- to assess Directors who stand for re-election at the annual general meeting in 2023 and make recommendations to the Board
- to assess Mr. Xiangwen LIAO*, a candidate as an Executive Director and Chairman, Ms. Siyan CHEN*, a candidate as a Non-executive Director, and Mr. Xuan WANG*, a candidate as a Non-executive Director, and make recommendations to the Board
- to assess and recognise the independence of Independent Non-executive Directors

The terms of reference setting out the authority of the Nomination Committee and its duties are available on the Company's website and the Stock Exchange's website.

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Attendance at Meetings

During the Year, the attendance records of the following Directors at Board meeting, Audit Committee meeting, Remuneration Committee meeting, Nomination Committee meeting and the 2023 Annual General Meeting are as follows:

	Number of meetings attended/held				
Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2023 Annual General Meeting
Executive Directors					
Mr. Xiangwen LIAO* *Chairman* (appointed on 6 January 2023)	5/6	N/A	N/A	1/1	1/1
Mr. Wei HU* *Chairman* (resigned on 6 January 2023)	N/A	N/A	N/A	N/A	N/A
Mr. Tianliang ZHANG* *General Manager* (resigned on 31 March 2023)	2/2	N/A	N/A	N/A	N/A
Mr. Jianming WU* *Executive General Manager*	6/6	N/A	N/A	N/A	1/1
Mr. Cheng WU* *Deputy General Manager*	6/6	N/A	N/A	N/A	1/1
Mr. Ji LIU* *Deputy General Manager and Secretary to the Board*	6/6	N/A	N/A	N/A	1/1
Non-executive Directors					
Ms. Siyan CHEN* (appointed on 3 February 2023)	5/5	N/A	N/A	N/A	0/1
Mr. Xuan WANG* (appointed on 30 June 2023)	3/3	N/A	N/A	N/A	N/A
Mr. Junye CAI* (resigned on 3 February 2023)	1/1	N/A	N/A	N/A	N/A
Mr. Weiguo ZONG* (resigned on 30 June 2023)	0/3	N/A	N/A	N/A	0/1
Independent Non-executive Directors					
Mr. Brian David Man Bun LI JP (retired on 19 May 2023)	3/3	2/2	2/2	1/1	1/1
Mr. Yu Lung CHING	6/6	5/5	3/3	1/1	1/1
Mr. Tony Chung Nin KAN SBS, JP	5/6	4/5	2/3	0/1	1/1
Mr. Peng XUE*	6/6	3/3	1/1	N/A	1/1

* *For identification purpose only*

Induction Programme and Training for Board Members

A comprehensive and formal induction programme on key areas of business operations and practices of the Company is given to newly appointed Board members by the Company. A Guide on Directors' Duties published by the Companies Registry of Hong Kong and a Guide for Independent Non-executive Directors published by The Hong Kong Institute of Directors (in case of Independent Non-executive Director(s)) has/have been sent to each Director for his/her information and ready reference.

During the Year, Directors received regular updates and presentations on changes and developments to the Group's business and on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities.

Directors' training is an on-going process. All Directors are encouraged to attend relevant training courses to enrich their knowledge in discharging their duties as a director.

The Directors received trainings on the following areas to update and develop their skills and knowledge during the Year:

Name of Directors	Corporate Governance	Legal and Regulatory	Group's Business
Executive Directors			
Mr. Xiangwen LIAO* (appointed on 6 January 2023)	✔	✔	✔
Mr. Wei HU* (resigned on 6 January 2023)	N/A	N/A	N/A
Mr. Tianliang ZHANG* (resigned on 31 March 2023)	N/A	N/A	N/A
Mr. Jianming WU*	✔	✔	✔
Mr. Cheng WU*	✔	✔	✔
Mr. Ji LIU*	✔	✔	✔
Non-executive Directors			
Ms. Siyan CHEN* (appointed on 3 February 2023)	✔	✔	✔
Mr. Xuan WANG* (appointed on 30 June 2023)	✔	✔	✔
Mr. Junye CAI* (resigned on 3 February 2023)	N/A	N/A	N/A
Mr. Weiguo ZONG* (resigned on 30 June 2023)	✔	✔	✔
Independent Non-executive Directors			
Mr. Brian David Man Bun LI JP (retired on 19 May 2023)	✔	✔	✔
Mr. Yu Lung CHING	✔	✔	✔
Mr. Tony Chung Nin KAN SBS, JP	✔	✔	✔
Mr. Peng XUE*	✔	✔	✔

* *For identification purpose only*

Company Secretary

The company secretary of the Company (the "Company Secretary") is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. He/She is also responsible for ensuring that the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

The Company Secretary reports to the Chairman and the Executive General Manager, plays an essential role in the relationship between the Company and its Shareholders, and assists the Board in discharging its obligations to Shareholders pursuant to the Listing Rules.

Ms. Ching Fan KOO of Fair Wind Secretarial Services Limited, an external service provider, has been engaged by the Company as its Company Secretary. The primary contact person of the Company with Ms. KOO is Mr. Ji LIU*, the Deputy General Manager and Secretary to the Board. Ms. KOO attended no less than 15 hours of relevant professional training during the Year.

Accountability and Audit

Financial Reporting

The Directors recognise the responsibility for preparing the consolidated financial statements of the Group. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

During the Year, all Directors have been provided, on a monthly basis, with the Group's updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under the relevant requirements of the Listing Rules.

External Auditor and their Remuneration

The Company's external auditor is KPMG. The responsibilities of the auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 89 to 93 of this Annual Report. The independence of the external auditor is monitored by the Audit Committee which is also responsible for making recommendations to the Board on the appointment of external auditor as well as approving the terms of engagement and remuneration.

* *For identification purpose only*

During the Year, the fees payable by the Group to the external auditor in respect of audit and non-audit services provided by them were as follows:

	RMB'000
Audit services	**1,030**
Non-audit services:	
Interim review	**300**
Others	**389**
Total	**1,719**

Risk Management and Internal Controls

The Board is of the opinion that sound risk management and internal control systems will help achieve the Group's business objectives, safeguard the Group's assets and contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations. The Group commits to implement the risk management and internal control systems compatible with the COSO (Committee of Sponsoring Organisations of the Treadway Commission) standards to provide reasonable, though not absolute, assurance against material misstatement or loss.

Roles and Responsibilities

The Board acknowledges its overall responsibility for the Group's risk management and internal control systems and for overseeing its effectiveness on an on-going basis through the Audit Committee which reports to the Board, when necessary, during the regular quarterly board meetings. Executive Directors and management teams are delegated the roles of designing and maintaining an environment where managing risks forms the base of all activities.

Evaluation of the Group's risk management and internal control systems, including its effectiveness, proper functioning and compliance with internal policies and external regulations, is independently and consistently conducted by the Internal Audit Department for principal operations.

Risk Management and Internal Control Framework

Under the Risk Management Policy approved by the Board, the Group strives to ensure that risk management and internal controls are integrated into the normal business processes and aligned with the strategic goals of the Group. The Group's risk management and internal control framework, integrating the principles of the COSO, is highlighted as follows:

Control Environment

The Group, committed to ethical values, believes that honesty, integrity and fair play are its important assets in doing business. Such belief is realised through the Group's Code of Conduct under which employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. To enhance the Group's internal control mechanism and the awareness of corporate justice, a Whistle-blowing Policy has been in force. The policy provides a platform for employees and those who deal with the Company raising serious concerns internally in an effective manner.

The Group attaches great importance to the maintenance of an honest and upright working environment, and adopts a "zero tolerance" attitude towards improper conducts such as corruption, bribery and fraud. The Group have formulated the Code of Conduct and Whistleblowing Policy. Of which, the Code of Conduct regulates the ethics of employees at all levels of the Group. The main content includes: unless with the prior and specific approval from the Group, the Directors and staff should not solicit or accept any advantage for themselves or others from any person, company or organisation having business dealings with the Group; and, when actual or potential conflicts of interest arises, employees should report to the General Manager or the Board. The Whistleblowing Policy provides employees with relevant guidelines to ensure that improper behavior can be reported in a timely manner. The main content includes: when employee who has a legitimate malpractice concern, should inform the respective head of department and the head of internal audit department in person or in writing; and depending on the nature and circumstances, the reported matter can be investigated internally, referred to the Hong Kong Police Force or relevant regulatory body, referred to an external auditor and/or constituted an independent inquiry. The Group's anti-corruption system and Whistleblowing Policy can be found in the environmental, social and governance ("ESG") report which is available on the Company's website and the Stock Exchange's website.

The Board, as the top strategy and policy setting body of the Group, provides oversight to the Group's management under the leadership of the General Manager. Clear corporate governance structure (as depicted on page 47 of our Corporate Governance Report) and reporting lines have been established with responsible parties held accountable for their own assigned areas.

Risk Assessment

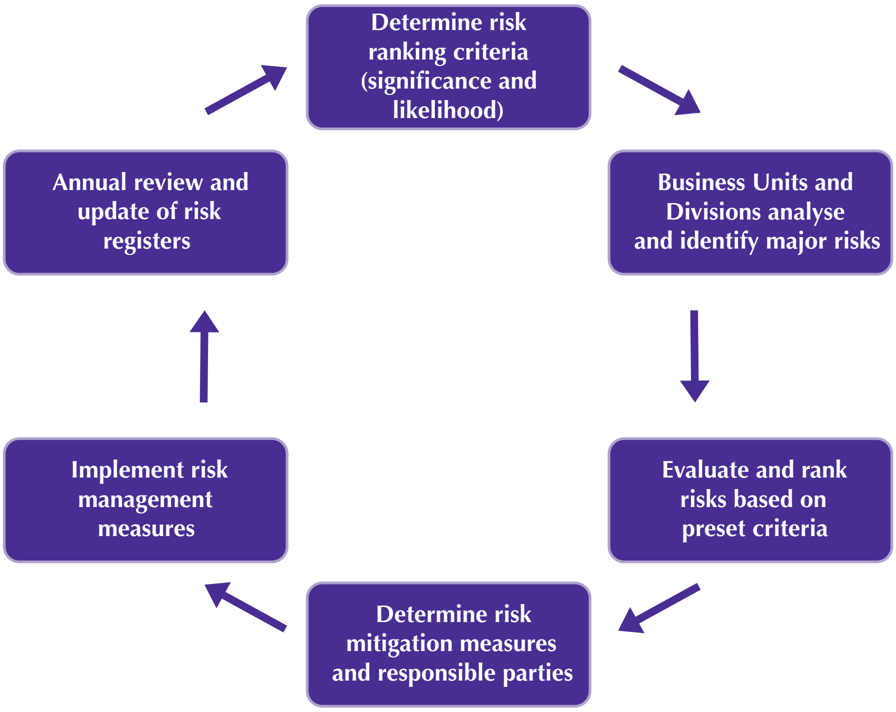
A holistic risk management framework is adopted across the Group for:

(i) Identifying, communicating, mitigating and escalating major risk issues (including ESG risks);

(ii) Incorporating risk management principles and objectives into strategic, operational and resource planning activities; and

(iii) Designing and implementing an effective and efficient operation, enabling the Group to respond to a variety of risks (including ESG risks).

The Group's ongoing risk assessment program encompasses the following key steps:



Control Activities/Information and Communication

Internal control procedures of the Group include a comprehensive budgeting, information reporting and performance monitoring system.

Business plans and budgets, taking into consideration significant business risks, are prepared annually by the management of each business unit of the Company for review and approval by the Executive Directors. These plans and budgets are then reviewed periodically against actual performance for validity and adjustments. Various policies and procedures have been established for the approval and control of operating expenses, capital expenditures, project investments, unbudgeted items and acquisitions.

The Executive Directors review monthly management reports and hold periodical meetings with the operational and finance management to discuss business performance, budget variances, forecasts, market outlooks, and to address any operation and finance related matters.

Senior management of the Company conducts a self-assessment on their compliance with the Group's policies, relevant regulations and the fulfillment of their risk management and internal control duties annually. A confirmation is then completed and submitted to the Audit Committee and be reported to the Board.

Monitoring Activities

The Board, through the Audit Committee, oversee the risk management and internal controls of the Group, with assistance from external and internal auditors. External auditor informs senior management of the Company and the Audit Committee on the operation of financial controls reviewed as part of the statutory audit. Findings and risk concerns of internal auditor are raised to responsible management by the Internal Audit Department for rectification with significant items reported to the Audit Committee at least twice every year. Implementation status of audit findings would also be followed up by the Internal Audit Department and reported to the Audit Committee.

Risk Management and Internal Control Review

During the Year, the Board, through the Audit Committee, has reviewed the effectiveness and proper functioning of the Group's internal control and risk management systems, financial reporting and rules/regulations compliance. These reviews also covered the adequacy of resources and competency of the financial/internal auditing as well as those relating to the Company's ESG performance and reporting. No major exception was noted.

Key Risk Profile of the Group

Based on the risk assessment conducted for the Year, impacts from the macroeconomic, financial, exchange rates, road safety and toll system security contributed to the most highly-ranked risks of the Group's main business segments.

The key risks thus identified and their trends are further illustrated as follows:

Risk Category	Risk Event	Risk Description	Risk Change in 2023
Macroeconomic Risk	Global economy	In 2023, under the severe and complex situation such as the rising risk of global stagflation, the economy faced a greater impact and the downward pressure was significantly increased.	↔
Financial Risk	Capital expenditure	Major business expansion projects such as Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen Section) Reconstruction and Expansion Project require more capital expenditures. Although the Company has established funding management plans, phased investment and monitoring of major financial indicators, unpredictable risks still exist.	↔
Exchange Rates Risk	HKD borrowing rates and exchange rate fluctuations	Exchange losses arises from debts held in foreign currencies caused by exchange rate fluctuations and significant increase in interest rates of foreign currencies.	↔
Safety Risk	1. Responsibility of road safety management 2. Toll collection system breakdown due to virus attack or error	1. Possible safety risks resulting from any failure to perform the responsibility of road safety management. 2. In the national ETC network of toll collection system, data security must be strictly guaranteed. Data leakage will not only bring serious consequences to users, but may also lead to wrong charges. If there is a safety risk in the physical transmission link in the ETC system, the signal will be interfered or tampered with.	↔

Remarks:

↔ Inherent risks (risks before mitigation measures) remain stable

The Company prepares a detailed list of annual risk management plans, which records in detail the risk issues identified and the assessment results of the risk issues, formulates risk response measures on risks, and prioritises the risk issues based on the quantified risk assessment values, and determines key significant risks to focus on and prioritize control.

In addition to the significant risks mentioned above, the Company also continuously monitors and responds to other identified major risks: production management risks, capital operation risks, debt risks, investment risks, market competition risks, policy risks, etc., to ensure the realisation of the Group's business objectives.

Business Ethics

The Company considers ethical corporate culture and employees' honesty and integrity to be important assets and endeavours to comply with the laws and regulations of the countries in which we operate. All Directors and employees are required to act responsibly to ensure that the reputation of the Company is not tarnished. To uphold a high standard of integrity in all aspects of everyday activities, the Company adopts a Code of Conduct which provides employees with a set of defined ethical standards for adherence. The Code of Conduct is posted on the Company's intranet for observance by all staff. The heads of business units, through the Human Resources Department of the Company, are charged with the responsibility of disseminating the Code of Conduct requirements to the employees concerned.

Remuneration Policy

The Company formulates a competitive remuneration policy by reference to prevailing market salary practices in order to attract, retain and motivate the Directors and senior management of the Company to achieve the strategic targets of the Group. The remuneration package of the Executive Directors comprises of basic annual salary and performance related bonus and other benefits including contributions to retirement benefit scheme, medical insurance, accident cover. No Director is allowed to approve his/her own remuneration.

The Executive Directors' remunerations are reviewed by the Company annually by reference to the Executive Directors' job nature, job responsibilities and performance assessment. Directors' fees for the Year had been approved by the Shareholders at the 2023 annual general meeting.

Inside Information Policy

The Board has adopted the Inside Information Policy setting out the guidelines to the Directors and all employees of the Group to ensure that inside information can be promptly identified, assessed and disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.

Model Code for Securities Transactions

The Company has adopted the Model Code as its model code for securities transactions by the Directors and an employees' share dealing rules (the "Share Dealing Rules") on terms no less exacting than those set out in the Model Code for the relevant employees who are or may be in possession of inside information. Having made specific enquiry with all Directors and the relevant employees, all of them have confirmed that they have fully complied with the Model Code and the Share Dealing Rules respectively throughout the Year.

Shareholders

Communication with Shareholders

The Company recognises the importance of communication with the Shareholders, both individual and institutional as well as potential investors. The Board has adopted a Shareholders' Communication Policy setting out the provisions with the objective of ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company. Specific communication channels include the option for Shareholders to access the latest and material information of the Group's major development projects through the Company's website; the annual general meeting to provide a platform for Shareholders to raise questions, deliver proposals and exchange views with the Directors; from time to time, arranging press conferences, analyst and investor briefing sessions to provide interested parties with the latest information on the Group's business performance. The Shareholders' Communication Policy of the Company is posted on the Company's website.

Disclosure of Information on the Company's Website

The Company endeavours to disclose all material information about the Group to all interested parties as widely and as timely as possible. The Company maintains a corporate website at www.sihbay.com where important and updated information about the Group's activities and corporate matters such as annual and interim reports, announcements, business development and operations, corporate governance practices and other information are available for review by Shareholders and other stakeholders. The Company also discloses in a timely manner the toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) on a monthly basis. When announcements are made through the Stock Exchange, the same information is also made available on the Company's website.

Annual General Meeting

The Company's annual general meeting is one of the principal channels of communication with its Shareholders. It provides an opportunity for Shareholders to communicate face-to-face with the Directors about the Company's performance and operations. It has been the practice for all the Executive Directors (including the Chairman) and the chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee together with the external auditor of the Company to attend the annual general meeting to response Shareholders' questions. The 2023 annual general meeting was held at Century Room II, Basement 2, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 19 May 2023. The 2024 Annual General Meeting has been scheduled to be held on 21 May 2024.

Investor Relations

Committed to upholding sound corporate governance practices, the Company believes that good communications with the market and Shareholders as well as transparency are of high priority.

As an important component to engage market participants, the Company's open and effective communications with the investment community is well-recognised. Proactive investor relations program was continued during the Year. Subsequent to interim and annual results announcements, two online results presentations via internet platform with investors, analysts and media were held with the attendance of senior management of the Company to answer queries. To further facilitate exchange of opinions, the senior management of the Company regularly attended investor meetings, roadshows, and conferences engaging both local and overseas investors and analysts. During the Year, more than twenty related activities were participated and communicated with investors and analysts with a total attendance of over 100. In addition, the Company answered the enquiries of investors related to the business of the Company in a timely manner and communicate with investors through direct calls and emails and etc..

Good information disclosure can help investors to effectively understand the Company's operation and improve investors' awareness and recognition. During the Year, the Company completed the compilation and disclosure of the annual report and interim report in a timely manner, and conducted in-depth analysis on the Company's operation and financial conditions and changes in the external operating environment in the annual report and interim report. At the same time, information such as quarterly financial information and monthly operating information announcements continued to be disclosed during the Year, which further deepen investors' understanding of the Company's business development trend. On the other hand, the Company kept its website updated by publishing essential corporate information including announcements, press releases and financial reports on a timely and accurate basis. As a result, investors could keep track of the latest updates of the Company's business and financial performance.

The Board has reviewed the implementation of the Shareholders' Communication Policy of the Company for 2023. Having considered the above communication channels with investors, the steps taken and the activities held by the Company, the Company considers that the Shareholders' Communication Policy for 2023 has been effectively implemented. Going onward, the Company will continue to advocate its high level of corporate governance framework, aiming to enhance market confidence and maximise Shareholders' value. Investors can direct any comment or enquiry to the Company's investor relations team at ir@sihbay.com.

Shareholders' Rights

The Company recognises the significance and importance of having a governance framework that protects Shareholders' rights.

Voting by Poll

Save as provided under the Listing Rules, resolutions put to vote at the general meetings of the Company (other than procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the Shareholders at each general meeting, and questions from Shareholders regarding the voting procedures are answered. The poll results are posted on the Company's website and on the Stock Exchange's website on the same day of the poll.

Convening of Extraordinary General Meeting on Requisition by Shareholders

In accordance with Article 68 of the Articles of Association, any one or more Shareholders holding together, as at the date of deposit of the requisition, Shares representing not less than one-tenth of the voting rights, on a one vote per share basis, which carry the right of voting at general meetings of the Company, may require the Board to convene an extraordinary general meeting ("EGM") by written requisition. The written requisition shall be deposited at the principal office of the Company in Hong Kong at Rooms 4902–4916, 49th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s) for the attention of the Company Secretary.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene an EGM, the Shareholder(s) concerned or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of 3 months from the date of deposit of the requisition.

The EGM convened by the Shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the Board.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Investor Relations Department of the Company whose contact details are as follows:

Investor Relations Department
Shenzhen Investment Holdings Bay Area Development Company Limited
Rooms 4902–4916, 49th Floor, Sun Hung Kai Centre,
30 Harbour Road, Wan Chai, Hong Kong
Email: ir@sihbay.com
Tel No.: (852) 2191 1622
Fax No.: (852) 2861 0177

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions.

Procedures for Putting Forward Proposals at General Meetings by Shareholders

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Act of the Cayman Islands. However, Shareholders are requested to follow Article 68 of the Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above.

Pursuant to Article 116 of the Articles of Association, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless (i) he/she is recommended by the Board for election; or (ii) a Shareholder shall have given notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been given to the Company in the year commencing no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for the Shareholders to propose a person for election as Director is posted on the Company's website.

Report of the Directors

The Board of Directors have pleasure in presenting their report on the affairs of the Company and the Group together with the audited financial statements for the year ended 31 December 2023.

Principal Activities

The Company is an investment holding company. The Group focuses on initiation, promotion, development and operation of toll expressways and bridges as well as land development and utilisation along with the GS Superhighway in the PRC through its joint ventures established in the PRC. The principal activities of the Group's principal subsidiaries and the joint ventures are set out in notes 31 and 17 to the consolidated financial statements respectively.

Business Review

A review of the business of the Group during the year, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the Chairman's Statement on pages 9 to 11 and the Management Discussion and Analysis on pages 19 to 45 of this Annual Report. Also, the financial risk management policies and practices of the Group can be found in note 30 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2023, if applicable, are provided in the Chairman's Statement on pages 9 to 11, the Management Discussion and Analysis on pages 19 to 45 and this Report of the Directors on pages 69 to 88 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on page 2 to 3 and the 5-Year Financial Summary on pages 4 to 8 of this Annual Report.

In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Chairman's Statement, the Management Discussion and Analysis, the Corporate Governance Report and this Report of the Directors on pages 9 to 11, pages 19 to 45, pages 46 to 68 and pages 69 to 88 of this Annual Report respectively and the Environmental, Social and Governance Report to be available on the Company's website www.sihbay.com. All the above mentioned cross references form parts of this Directors' Report.

Results

The results of the Group for the year ended 31 December 2023 are set out in the Consolidated Statement of Profit or Loss on page 94.

Dividends

The Directors recommend the payment of a final dividend of RMB11.55 cents per share (equivalent to HK12.724173 cents per share at the exchange rate of RMB1:HK$1.10166) (year ended 31 December 2022: a final dividend of RMB3.25 cents per share (equivalent to HK3.688685 cents per share)) in respect of the year ended 31 December 2023.

Together with the interim dividend of RMB5.55 cents per share (equivalent to HK6.043062 cents per share) paid on 10 November 2023, the total dividends for the year will be RMB17.10 cents per share (equivalent to HK18.767235 cents per share) (year ended 31 December 2022: RMB9.00 cents per share (equivalent to HK10.361675 cents per share)).

Major Projects and Events

Details regarding major projects undertaken by the Group and events that have taken place during the year are incorporated under the section "Business Review" as set out on pages 19 to 33.

Significant Investments Held

Details of significant investments held by the Group, representing 5% or more of the Group's total assets as at 31 December 2023 are set out in note 17 to the consolidated financial statements. In addition, discussion of the Group's investment strategy for the significant investments are incorporated under the section "Business Review" as set out on pages 19 to 33.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

Reserves and Distributable Reserve

Details of the movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on page 98.

Details of the distributable reserve of the Company during the year are set out in note 28 to the consolidated financial statements and the Company's distributable reserve at 31 December 2023 amounted to approximately RMB2,882 million (31 December 2022: RMB2,503 million) which represented retained profits and share premium of the Company as at that date.

Fixed Assets

Details of the movements in property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

Major Customers and Suppliers

There are no major customers and suppliers in view of the nature of the Group's business.

Directors

The Directors and their profiles as at the date of this report are set out on pages 14 to 18. Directors during the year and up to date of this report are as follows:

Executive Directors

Mr. Xiangwen LIAO*	(appointed as an Executive Director on 6 January 2023)
Mr. Wei HU*	(resigned as an Executive Director on 6 January 2023, due to retirement)
Mr. Tianliang Zhang*	(resigned as an Executive Director on 31 March 2023, due to retirement)
Mr. Jianming WU*	
Mr. Cheng WU*	
Mr. Ji LIU*	

Non-executive Directors

Ms. Siyan CHEN*	(appointed as a Non-executive Director on 3 February 2023)
Mr. Xuan WANG*	(appointed as a Non-executive Director on 30 June 2023)
Mr. Junye CAI*	(resigned as a Non-executive Director on 3 February 2023, due to other work allocation)
Mr. Weiguo ZONG*	(resigned as a Non-executive Director on 30 June 2023, due to other work allocation)

Independent Non-executive Directors

Mr. Brian David Man Bun LI JP	(retired as an Independent Non-executive Director on 19 May 2023, in order to focus on other commitments)
Mr. Yu Lung CHING	
Mr. Tong Chung Nin KAN SBS JP	
Mr. Peng XUE*	

In accordance with the Articles of Association, every Director shall retire at the conclusion of the annual general meeting of the Company held in the third year following the year of his last election/re-election and shall be eligible for re-election subject to the provisions of the Articles of Association. Mr. Cheng WU*, Mr. Ji LIU*, Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN shall retire from office at the 2024 Annual General Meeting and, being eligible, offered themselves for re-election.

Furthermore, in accordance with the Articles of Association, all newly appointed Directors shall hold office until the first annual general meeting of the Company after their appointment and shall then be eligible for re-election. Mr. Xuan WANG* (appointed as a Non-executive Director on 30 June 2023), shall hold office until the 2024 Annual General Meeting after his appointment and, being eligible, offered himself for re-election.

Permitted Indemnity Provision

Pursuant to the Articles of Association, every Director shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Group.

Directors' Material Interest in Transactions, Arrangements or Contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries, fellow subsidiaries or its parent company was a party or were parties and in which a Director or entities connected with him had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Contracts Between the Company and Controlling Shareholders

Save as the section headed "Connected Transactions and Continuing Connected Transactions" below and Note 33 to the financial statements, there is no contract of significance whether for provision of service or otherwise, between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of their subsidiaries at any time during the year.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules are set out as follows:

Long positions in ordinary Shares of the Company:

Director	Number of ordinary Shares held	Approximate percentage to the issued share capital of the Company	Nature of interests	Capacity
Siyan CHEN*	5,500	0.00018%	Personal interests	Beneficial owner
	86,500	0.00281%	Family interests	Interests of spouse

Long positions in ordinary shares of Shenzhen International, an associated corporation of the Company:

Director	Number of ordinary shares and underlying shares(1) held	Approximate percentage to the issued share capital of Shenzhen International	Nature of interests	Capacity
Xiangwen LIAO*	850,293	0.03%	Family interests	Interests of spouse

Interests in share options of Shenzhen International, an associated corporation of the Company:

		Change during the year								
Director	Outstanding share options at 1/1/2023	Adjustment	Granted	Exercised	Lapsed	Expired	Outstanding share options(1) at 31/12/2023	Exercise price per share HK$	Nature of interests	Capacity
Xiangwen LIAO*	0	–	830,000	–	–	–	830,000	5.37	Family interests	Interests of spouse

Note:

(1) The share options under share option scheme were granted on 1 November 2023 and 40% of the share options granted shall be vested on 1 November 2025 and become exercisable from 1 November 2025 to 31 October 2028; 30% of the share options granted shall be vested on 1 November 2026 and become exercisable from 1 November 2026 to 31 October 2028 and 30% of the share options granted shall be vested on 1 November 2027 and become exercisable from 1 November 2027 to 31 October 2028.

Save as disclosed above, as at 31 December 2023, none of the Directors or the chief executives of the Company had any other interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options

(A) A share option scheme was approved by the Shareholders effective on 22 October 2013 (the "Share Option Scheme"). The Share Option Scheme expired on 21 October 2023, but any options then outstanding will continue to be exercisable. A summary of some of the principal terms of the Share Option Scheme is set out in (B) below.

(B) The Share Option Scheme was designated to provide the Company with an alternative means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to any eligible persons (including substantial Shareholders, directors or employees or consultants, professionals or advisers of/to each member of the Group) and for such other purposes as the Board may approve from time to time.

The maximum number of Shares in the Company in respect of which options may be granted (together with Shares issued pursuant to options exercised and Shares in respect of which any option remains outstanding excluding options lapsed from time to time in accordance with the Share Option Scheme) under the Share Option Scheme and any other share option schemes of the Company will not exceed 10% in aggregate the total number of issued Shares as at the date of adoption of the Share Option Scheme, unless a fresh approval from the Shareholders is obtained. The maximum entitlement of each participant under the Share Option Scheme in any 12-month period must not exceed 1% of the total number of issued Shares.

No option under the Share Option Scheme was granted, vested, exercised, lapsed or outstanding since its adoption. As at 1 January 2023 and 31 December 2023, 308,169,028 Shares and nil Shares were available for grant under the Share Option Scheme, representing approximately 10% and 0% of total number of issued Shares respectively. The number of Shares that may be issued in respect of options granted under the Share Option Scheme during the year ended 31 December 2023 divided by the weighted average number of the Shares in issue for the year ended 31 December 2023 is nil as no option was granted before expiry of the Share Option Scheme.

The period within which an option may be exercised will be determined by the Board at its discretion, save that an option shall expire not later than 10 years after the date of grant. Unless otherwise determined by the Board and specified in the offer letter at the time of the offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for such time to be determined by the Board and specified in the offer letter. The amount payable on acceptance of an option is HK$1. The full amount of exercise price for the subscription of shares has to be paid upon exercise of an option.

The exercise price for an option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option. The exercise price shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (deemed to be the date of offer), which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a Share.

Equity-Linked Agreements

Save as disclosed in the section headed "Share Options", no equity-linked agreements were entered into during the year or subsisted at the end of the Year.

Arrangements to Acquire Shares or Debentures

Save as disclosed in the previous section headed "Share Options", at no time during the year ended 31 December 2023 was the Company or any of its subsidiaries, fellow subsidiaries or its parent company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights.

Directors' Remuneration

The Directors' fees are approved by Shareholders at the annual general meeting of the Company and the other emoluments payable to Executive Directors are determined by the Board based on the recommendation of the Remuneration Committee with reference to the prevailing market practice, the Company's remuneration policy, the Directors' duties and responsibilities within the Group and contribution to the Group.

Directors' Service Contracts

No Director proposed for re-election at the 2024 Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation). During the Year, among the Non-executive Directors (including Independent Non-executive Directors) appointed, all five Directors have no specific term of service but are subject to retirement from office and re-election at the annual general meetings of the Company in accordance with the Articles of Association, at least every three years.

Retirement and Pension Plan

To comply with the statutory requirements of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), the Group has set up the MPF Schemes. Mandatory contributions to these schemes are made by both the employers and employees at 5% of the employees' monthly relevant income capped at HK$30,000. The PRC employees employed by the Group are members of the state-managed retirement benefit schemes operated by the PRC government. The Group are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. As at 31 December 2023, there were no forfeited contributions available to reduce future obligations. The total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the year ended 31 December 2023 are RMB7,231,000 (year ended 31 December 2022: RMB8,299,000).

Management Contracts

No contract of significance concerning the management and administration of the whole or any substantial part of any business of the Company was entered into during the year or subsisted at the end of the Year.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2023, so far is known to the Directors, the interests or short positions of substantial Shareholders of the Company (other than the Directors and the chief executives of the Company disclosed above) in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Capacity	Number of Shares	Approximate % of total number of issued Shares
Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd ("SIICHIC") (深圳投控國際資本控股基建有限公司)(i)	Beneficial owner	2,213,449,666 (L)	71.83
Shenzhen Expressway Company Limited (now known as Shenzhen Expressway Corporation Limited) ("Shenzhen Expressway") (深圳高速公路股份有限公司(現稱深圳高速公路集團股份有限公司))(i)	Interests of controlled corporation	2,213,449,666 (L)	71.83
Shenzhen International Holdings Limited ("Shenzhen International") (深圳國際控股有限公司)(i)	Interests of controlled corporation	2,213,449,666 (L)	71.83
Shenzhen Investment Holdings Co., Ltd ("SIHC") (深圳市投資控股有限公司)(i)	Interests of controlled corporation	2,213,449,666 (L)	71.83
Golden Baycrest (BVI) Limited(ii)	Beneficial owner	305,087,338 (L)	9.90
China Vanke Co., Limited (萬科企業股份有限公司)(ii)	Interests of controlled corporation	305,087,338 (L)	9.90
CMF Global Quantitative Multi-Asset SPC — CMF Global Quantitative Stable SP(iii)	Trustee	291,207,411 (L)	9.45
China Taiping Life Insurance (Hong Kong) Company Limited(iii)	Beneficiary of a trust (other than a discretionary interest)	291,207,411 (L)	9.45
China Taiping Insurance Holdings Company Limited(iii)	Interests of controlled corporation	291,207,411 (L)	9.45

L: Long Position

Notes:

(i) The 2,213,449,666 Shares were held by SIICHIC, an indirect wholly-owned subsidiary of Shenzhen Expressway which in turn was a subsidiary of Shenzhen International. Shenzhen International was indirectly owned as to 44.24% by SIHC. The interests of SIICHIC, Shenzhen Expressway, Shenzhen International and SIHC in the 2,213,449,666 Shares represented the same block of Shares and were deemed under the SFO to have same interests with each other.

(ii) The 305,087,338 Shares were held by Golden Baycrest (BVI) Limited, an indirect wholly-owned subsidiary of China Vanke Co., Limited. The interests of Golden Baycrest (BVI) Limited and China Vanke Co., Limited in the 305,087,338 Shares represented the same block of Shares and were deemed under the SFO to have same interests with each other.

(iii) China Taiping Life Insurance (Hong Kong) Company Limited is a direct wholly-owned subsidiary of China Taiping Insurance Holdings Company Limited which in turn is directly owned as to 52.97% by China Taiping Insurance Group (HK) Company Limited, 1.76% by Taiping Golden Win Investment Limited, 4.68% by Easiwell Limited and 1.84% by Manhold Limited. Taiping Golden Win Investment Limited, Easiwell Limited and Manhold Limited are wholly-owned by China Taiping Insurance Group (HK) Company Limited which in turn is a direct wholly-owned subsidiary of China Taiping Insurance Group Ltd. The interests of China Taiping Life Insurance (Hong Kong) Company Limited, China Taiping Insurance Holdings Company Limited and CMF Global Quantitative Multi-Asset SPC in the 291,207,411 Shares represented the same block of Shares.

Save as disclosed above, as at 31 December 2023, the Company had not been notified of any other interests or short positions representing 5% or more of the total number of issued Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing Shareholders.

Connected Transactions and Continuing Connected Transactions

During the Year, the Group conducted certain transactions with connected persons which constituted "connected transactions" or "continuing connected transactions" under the Listing Rules. Details of those transactions which are subject to the reporting requirements under Rule 14A.71 of the Listing Rules are summarised as follows:

(1) Connected Transaction — Expressway BIM And Digital Management, Research and Development Contract

On 28 February 2023, the Coastal Company (an indirect non wholly-owned subsidiary of the Company) entered into the Technological Development Contract with the Consortium, pursuant to which the Consortium agreed to conduct expressway BIM and digital management, research and development for Coastal Phase I and Coastal Phase II at a total service fee of RMB22,725,800 (including taxes). On 4 September 2023, the Coastal Company and the Consortium entered into a supplemental agreement (the "Supplemental Agreement"), pursuant to which the parties agreed to remove the requirement of producing the certificate of registration by the Consortium as one of the conditions for the initial payment.

Shenzhen Expressway Digital Technology Co., Ltd. ("Digital Technology Company") and Yunji Intelligent Engineering Holding Company Limited ("Yunji Intelligent") together form the Consortium and shall assume joint and several rights and obligations under the Technological Development Contract. Digital Technology Company is owned as to 51% by Shenzhen Expressway, the Company's controlling Shareholder, and is therefore an associate of Shenzhen Expressway and a connected person of the Company. Accordingly, the entering into of the Technological Development Contract between the Coastal Company and the Consortium constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Technological Development Contract exceeds 0.1% but all of them (other than the profit ratio) are less than 5%, the Technological Development Contract is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The entering into the Technological Development Contract is conducive to improving the Coastal Company's overall management efficiency and operating capability. Through BIM and digital management, research and development, the Coastal Company can realise BIM asset management, space management, maintenance management and digital management of progress, safety and quality etc.. Further, the engagement into the Technological Development Contract is in line with the development trend of digital government and smart city, which is beneficial to the Coastal Company and the Group's long-term development.

The Directors (including the Independent Non-executive Directors) are of the view that the Technological Development Contract and the Supplemental Agreement were entered into (i) the ordinary and usual course of business of the Group and (ii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Details of the Technological Development Contract and the Supplemental Agreement were set out in the announcements of the Company dated 28 February 2023, 3 March 2023 and 4 September 2023, respectively.

(2) Discloseable Transaction and Connected Transaction — Construction Works Agreement (TJ1 Section)

After an open tender and bidding process conducted through Guangzhou Public Resources Trading Center, on 7 December 2023, GSZ Company entered into the Construction Works Agreement (TJ1 Section) with Poly Changda Overseas Engineering Company Limited ("Poly Changda"), pursuant to which Poly Changda will undertake construction works of TJ1 Section in connection with the Approved Road Section R&E Project at a project price of RMB419,825,633.

Poly Changda shall be responsible for the works in TJ1 Section, mainly including the construction of roadbed, bridge culvert and interchange, the mechanical and electrical maintenance, the relocation of pipeline, the transplantation of trees, etc.

The entering into of the Construction Works Agreement (TJ1 Section) is a part of the implementation of the Approved Road Section R&E Project. The implementation of Approved Road Section R&E Project will help to enhance the traffic capacity and service level of the Approved Road Section, and strengthen the core competitiveness of the Group in the toll road industry, which is in line with the development strategy of the Group.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Construction Works Agreement (TJ1 Section) exceed 5% but all of them are less than 25%, the entering into the Construction Works Agreement (TJ1 Section) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Given that Poly Changda is owned as to approximately 37.60% by GPCG, which is the holding company of Guangdong Highway Construction, the substantial Shareholder of GSZ Company, Poly Changda is an associate of Guangdong Highway Construction, and thus a connected person of the Company at the subsidiary level. The Construction Works Agreement (TJ1 Section) therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Directors (including the Independent Non-executive Directors) have approved the Construction Works Agreement (TJ1 Section) and confirmed that the terms thereunder are fair and reasonable, the transaction is on normal commercial terms, and the entering into of the Construction Works Agreement (TJ1 Section) is in the ordinary and usual course of business of the Group and in the interest of the Company and its Shareholders as a whole. By reason of the aforesaid, pursuant to Rule 14A.101 of the Listing Rules, the Construction Works Agreement (TJ1 Section) will only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Construction Works Agreement (TJ1 Section) were set out in the announcement of the Company dated 7 December 2023.

(3) Continuing Connected Transactions — Entrusted Coastal Expressway Operation and Maintenance Management Agreement and the Entrusted Coastal Expressway Daily Maintenance, Electrical and Mechanical Maintenance and Towing Services Agreement

Shenzhen Expressway Operation Development Limited (the "Operation Development Company") and Shenzhen Expressway Engineering Development Limited (the "Engineering Development Company"), both being subsidiaries of Shenzhen Expressway, have been entrusted to provide operation and maintenance services for the Coastal Expressway (Shenzhen Section) in the past and these services will continue to be provided to the Coastal Company after Completion pursuant to the Entrusted Coastal Expressway Operation and Maintenance Management Agreement dated 26 July 2022 and the Entrusted Coastal Expressway Daily Maintenance, Electrical and Mechanical Maintenance and Towing Services Agreement dated 11 August 2022 (collectively the "Existing Continuing Transactions Agreements") in order to ensure the smooth and stable operation and maintenance of the Coastal Expressway (Shenzhen Section) after Completion. The Operation Development Company and the Engineering Development Company are connected persons of the Company within the meaning of the Listing Rules by virtue of being the associates of Shenzhen Expressway, the controlling Shareholder of the Company. Therefore, the transactions contemplated under the Existing Continuing Transactions Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Under the Existing Continuing Transactions Agreements, the fees payable by the Coastal Company to the Operation Development Company for the years ending 31 December 2022, 2023 and 2024 shall not exceed RMB37,956,926.83 (which includes estimated contracts sums payable by the Operation Development Company to third party contractors in the amount of approximately RMB16,587,022.82), RMB22,224,700.17 and RMB23,113,688.17 respectively and the total fee payable by the Coastal Company to the Engineering Development Company during the term of agreement (i.e. from 11 August 2022 until 14 September 2023) shall not exceed RMB94,683,459. For the year ended 31 December 2023, the actual amount of fees paid by the Coastal Company to the Operation Development Company and the Engineering Development Company were RMB14,089,000 and RMB22,818,000 respectively.

Details of the Subscription Agreement and the Existing Continuing Transactions Agreements were set out in the announcement and the circular of the Company dated 18 August 2022 and 23 September 2022 respectively.

The Independent Non-executive Directors have reviewed the existing continuing connected transactions and confirmed that they have been entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

(4) Connected Transaction and Continuing Connected Transaction — Compensation Agreement in relation to the Joint Operation of New Hezhou Toll Station

On 18 September 2023, the GS JV and Shenzhen Expressway entered into the compensation agreement ("Compensation Agreement (New Hezhou Toll Station)"), pursuant to which, it was agreed that (i) the GS JV and Shenzhen Expressway shall jointly operate the New Hezhou Toll Station; (ii) Shenzhen Expressway shall pay a one-off layout optimisation fee of RMB2,867,900 (inclusive of tax) to the GS JV ("Layout Optimisation Fee"); and (iii) Shenzhen Expressway shall pay the operation management fees with an annual cap that shall not exceed RMB30,000,000 to the GS JV as compensation for the increased operation costs ("Operation Management Fee") during the term of the Compensation Agreement (New Hezhou Toll Station).

Hezhou Toll Station is wholly owned by the GS JV and locates at the Hezhou Interchange of the GS Superhighway, while Huanghe Toll Station of the Jihe Expressway is wholly owned by Shenzhen Expressway. As part of the Coastal Phase II project, Shenzhen Expressway will dismantle Huanghe Toll Station and will build the Extended Toll Station to replace Huanghe Toll Station to collect tolls for travelling on the Jihe Expressway. For the purpose of accelerating the completion of the Coastal Phase II project, Shenzhen Expressway and the GS JV reached a consensus on the joint operation of the New Hezhou Toll Station which is combining the Hezhou Toll Station and the Extended Toll Station, and entered into the Compensation Agreement (New Hezhou Toll Station). The GS JV will be responsible for operation, management and toll collection of the New Hezhou Toll Station, and Shenzhen Expressway shall thereby compensate the GS JV for the increased operation costs in accordance with the terms of the Compensation Agreement (New Hezhou Toll Station).

The entering into of the Compensation Agreement (New Hezhou Toll Station) is conducive to improving the GS JV's overall management efficiency and operating capacity. The compensation from Shenzhen Expressway in accordance with the Compensation Agreement (New Hezhou Toll Station) can basically offset the increase in its operating costs, and will not increase the financial burden of the GS JV.

Shenzhen Expressway is the intermediate controlling Shareholder (as defined in the Listing Rules) of the Company holding 71.83% of the total issued share capital of the Company, accordingly a connected person of the Company under Chapter 14A of the Listing Rules. GS JV is a deemed subsidiary of the Company. The Layout Optimisation Fee is a one-off payment and the Operation Management Fees are continuous payment payable by Shenzhen Expressway to GS JV, therefore the transactions contemplated under the Compensation Agreement (New Hezhou Toll Station) constitute a connected transaction and continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the respective highest applicable percentage ratio for the Layout Optimisation Fee and annual cap for the Operation Management Fees as defined under Rule 14.07 of the Listing Rules exceeds 0.1% but all applicable percentage ratios are less than 5%, pursuant to Rule 14A.76 of the Listing Rules, the entering of the Compensation Agreement (New Hezhou Toll Station) by the GS JV and Shenzhen Expressway is exempt from the circular (including independent financial advice) and shareholders' approval requirements and are only subject to the announcement and annual reporting requirements.

Under the Compensation Agreement (New Hezhou Toll Station), Shenzhen Expressway shall pay the Operation Management Fees with an annual cap that shall not exceed RMB30,000,000 to the GS JV as compensation for the increased operation costs during the term of the Compensation Agreement (New Hezhou Toll Station) (i.e. from 18 September 2023 until 17 September 2026). For the year ended 31 December 2023, the actual amount of fees paid by the Shenzhen Expressway to the GS JV was nil.

The Directors (including the Independent Non-executive Directors) are of the view that the terms of the Compensation Agreement (New Hezhou Toll Station) and the proposed annual caps are fair and reasonable. The transactions contemplated under the Compensation Agreement (New Hezhou Toll Station) are on normal commercial terms or better as compared to those available from independent third parties under the prevailing market conditions, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

Details of the Compensation Agreement (New Hezhou Toll Station) in relation to the Joint Operation of New Hezhou Toll Station were set out in the announcement of the Company dated 18 September 2023.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740, Auditor's Letter on Continuing Connected Transactions under the Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing their findings and conclusions in respect of the existing continuing connected transactions disclosed by the Group on pages 79 to 83 of this annual report in accordance with the Listing Rule 14A.56. The auditor has reported its findings and conclusions to the Board.

Save as disclosed above, a summary of related party transactions made during the Year, which included the above connected transactions and continuing connected transactions of the Company, is disclosed in Note 33 to the financial statements. Save for the transactions disclosed above, none of these related party transactions constitutes connected transaction or continuing connected transaction that is subject to, among other things, reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. To the extent that the Group's related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

Discloseable Transaction

Humen Town Section Land Expropriation, Demolition and Relocation Works Agreement

On 21 December 2023, the GSZ Company entered into the Humen Town Section Land Expropriation, Demolition and Relocation Works Agreement with the People's Government of Humen Town of Dongguan City ("Humen Town Government"), pursuant to which, Humen Town Government agreed to undertake the Land Expropriation, Demolition and Relocation Works of Humen Town section in Dongguan City under the Approved Road Section R&E Project and the GSZ Company agreed to pay an aggregated compensation fee currently expected to be approximately RMB204.55 million.

The land to be expropriated is currently expected to be approximately 260.0 Mu, with the final area to be determined in accordance with the map of site boundaries to be provided by the GSZ Company. The scope of the Land Expropriation, Demolition and Relocation Works covers the route lands of the Approved Road Section R&E Project within the administrative jurisdiction of Humen Town Government, the lands for interchange, the lands for ancillary facilities, the lands for emergency rescue, the lands for auxiliary roads and the lands for pipelines and relocation of facilities, together with the greenery and attachments, structural buildings and ancillary facilities on these lands.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Humen Town Section Land Expropriation, Demolition and Relocation Works Agreement exceeds 5% but all of them are less than 25%, the entering into the Humen Town Section Land Expropriation, Demolition and Relocation Works Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Details of the Humen Town Section Land Expropriation, Demolition and Relocation Works Agreement were set out in the announcement of the Company dated 21 December 2023.

Events After The Reporting Year

On 25 January 2024, the Coastal Company entered into the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement with the Engineering Development Company, pursuant to which the Engineering Development Company shall provide the maintenance services to the Coastal Company for a term of one year commencing from 1 January 2024. The Company expects that the maximum amount to be paid by the Coastal Company to the Engineering Development Company for the maintenance services provided per year ("Annual Cap") for the transactions contemplated under the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement for the year ending 31 December 2024 shall be in the amount not more than RMB22.4 million.

Engineering Development Company has been entrusted to provide daily maintenance, electrical and mechanical maintenance and towing services for the Coastal Expressway (Shenzhen Section) in the past and continued to provide these services to the Coastal Company after completion of the Subscription under the Entrusted Coastal Expressway Daily Maintenance, Electrical and Mechanical Maintenance and Towing Services Agreement dated 11 August 2022 in order to ensure the smooth and stable maintenance of the Coastal Expressway (Shenzhen Section) after completion of the Subscription. As the Entrusted Coastal Expressway Daily Maintenance, Electrical and Mechanical Maintenance and Towing Services Agreement dated 11 August 2022 has expired, on 25 January 2024 the Coastal Company entered into the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement with the Engineering Development Company, pursuant to which the Engineering Development Company agreed to provide the maintenance services to the Coastal Company in accordance with the terms therein.

The Engineering Development Company possesses the relevant expertise and experience. By entering into the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement, the Coastal Company will continue to enjoy the maintenance services provided by the relevant member of the Shenzhen Expressway group and can ensure the smooth and stable maintenance of the Coastal Expressway (Shenzhen Section).

As the Coastal Company is an indirect non-wholly owned subsidiary of the Company and the Engineering Development Company is an indirect non-wholly owned subsidiary of Shenzhen Expressway (the intermediate controlling shareholder of the Company holding 71.83% of the total issued Shares) and therefore a connected person of the Company, the transactions contemplated under the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Annual Cap exceeds 0.1% but all applicable percentage ratios are less than 5%, the transactions contemplated under the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements and are only subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

The Directors (including the Independent Non-executive Directors but excluding Mr. Xiangwen LIAO*) consider that the entering into the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement will provide the Coastal Company with secured and reliable maintenance services, and is of the view that (i) the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and no less favourable than those available to or from independent third parties, and (ii) the terms of the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Details of the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement were set out in the announcement of the Company dated 25 January 2024.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is sufficient public float of more than 25% of the Company's total number of issued Shares as required under the Listing Rules.

Auditor

At the annual general meeting of the Company held on 19 May 2023, Messrs. Deloitte Touche Tohmatsu retired as the auditor of the Company and Messrs. KPMG was appointed as the new auditor of the Company.

A resolution to re-appoint Messrs. KPMG as auditor of the Company will be proposed at the 2024 Annual General Meeting.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Yu Lung CHING (chairman), Mr. Tony Chung Nin KAN and Mr. Peng XUE*. This annual report has been reviewed by the Audit Committee.

Corporate Governance

The Group is committed to maintaining a high level of corporate governance practices. A detailed Corporate Governance Report is set out on pages 46 to 68 of this annual report.

On behalf of the Board

Xiangwen LIAO*
Chairman

Hong Kong, 19 March 2024

* *For identification purpose only*

KPMG

To the shareholders of Shenzhen Investment Holdings Bay Area Development Company Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Shenzhen Investment Holdings Bay Area Development Company Limited (the "Company") and its subsidiaries ("the Group") set out on pages 94 to 162, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

Key audit matters (continued)

Amortisation of concession intangible assets of the joint ventures ("JVs")

Refer to Notes 4(a)(i) and 17 to the consolidated financial statements and the accounting policies in Notes 3(d) and 3(g).

The key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the interest in JVs was RMB4,990,898,000 and the share of results of JVs for the year then ended 31 December 2023 amounted to RMB691,297,000. Included in the share of results of JVs, there was an amortisation of concession intangible assets of the JVs shared by the Group amounting to RMB736,730,000 for the year ended 31 December 2023. Amortisation of the intangible assets are calculated based on units-of-usage basis, whereby amortisation is provided based on the proportion of actual traffic volume for a particular period over the total projected traffic volume throughout the period for which the Group has been granted the right to operate the toll road (the "Traffic Flow Amortisation Method"). Management regularly reviews the total projected traffic volumes throughout the operating periods of the respective toll roads. The management will appoint an external traffic consultant to perform independent professional traffic studies if there is a material difference between the total projected traffic volume and the actual results and, based on these studies, the directors will make the appropriate accounting adjustments, if necessary. We identified the amortisation of concession intangible assets of the joint ventures as a key audit matter because certain judgements are required in determining the estimation of further traffic volume which has an impact on the carrying value of the concession intangible assets as at year end and amortisation charges for the current and future years.	Our audit procedures to the amortisation of concession intangible assets included the following: • Understanding and evaluating the process and key internal controls related to the amortisation of concession intangible assets; • assessing the capabilities, experience and competence of the third party traffic consultant engaged by the Group to estimate the traffic volume; • evaluating management's assessment of the unit amortisation charges derived from the Traffic Flow Amortisation Method, which included comparing projected traffic volumes with the historical actual results, evaluating the appropriateness of key basis and assumptions, including the annual growth rate of the traffic volume, the change of the transportation network of the region and government policies relating to the toll roads operation in the Chinese Mainland, and evaluating management's adjustments to the unit amortisation charges through independent re-calculation of the unit amortisation charges using the revised total projected traffic volumes throughout the period; and • assessing the disclosures in the consolidated financial statements in respect of changes in accounting estimates of the projected traffic volumes used in the Traffic Flow Amortisation Method with reference to the requirements of the prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Chun Pong.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023
(Expressed in RMB)

	Notes	2023 RMB'000	2022 RMB'000
Revenue	6	**944,777**	789,701
Cost of sales		**(643,957)**	(599,808)
Gross profit		**300,820**	189,893
Other income	7	**37,825**	83,682
Other net loss		**(15,260)**	(14,888)
Administrative expenses		**(72,487)**	(77,915)
Finance costs	8(b)	**(171,923)**	(85,106)
Share of results of joint ventures	17	**691,297**	353,561
Profit before tax		**770,272**	449,227
Income tax	9	**(132,043)**	(122,486)
Profit for the year	8	**638,229**	326,741
Attributable to:			
Equity shareholders of the Company		**528,483**	278,572
Non-controlling interests		**109,746**	48,169
Profit for the year		**638,229**	326,741
Earnings per share	11		
Basic		**RMB17.15 cents**	RMB9.04 cents

The notes on pages 101 to 162 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 28.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023
(Expressed in RMB)

	2023 RMB'000	2022 RMB'000
Profit for the year	**638,229**	326,741
Other comprehensive income for the year (after tax):		
Item that will not be reclassified to profit or loss:		
Fair value loss on investment in equity instrument at FVOCI, net of tax	**(1,371)**	(90)
Item that may be reclassified subsequently to profit or loss:		
Exchange loss arising on translation of foreign operations	**(40,771)**	(187,084)
Other comprehensive income for the year	**(42,142)**	(187,174)
Total comprehensive income for the year	**596,087**	139,567
Attributable to:		
Equity shareholders of the Company	**486,341**	91,398
Non-controlling interests	**109,746**	48,169
Total comprehensive income for the year	**596,087**	139,567

The notes on pages 101 to 162 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023
(Expressed in RMB)

	Notes	**2023 RMB'000**	2022 RMB'000
Non-current assets			
Property, plant and equipment	13	**271,599**	289,976
Right-of-use assets	14	**12,984**	21,872
Construction in progress	15	**23,987**	6,956
Concession intangible assets	16	**5,795,148**	5,675,057
Other intangible assets		**2,545**	1,777
Interests in joint ventures	17	**4,990,898**	4,519,423
Equity instrument at FVOCI	18	**18,477**	20,000
Deposit paid for acquisition of property, plant and equipment		**–**	578
Deferred tax assets	27	**116,979**	210,959
		11,232,617	10,746,598
Current assets			
Inventories		**212**	427
Trade and other receivables	19	**168,538**	322,134
Amount due from a joint venture	20	**–**	210,385
Structured deposits	21	**320,372**	451,440
Time deposit	22	**204,393**	–
Restricted bank deposits	23	**3,434**	15,048
Cash and cash equivalents	23	**483,617**	474,015
		1,180,566	1,473,449
Total assets		**12,413,183**	12,220,047
Non-current liabilities			
Lease liabilities	25	**4,682**	13,885
Bank loans	26	**2,214,075**	2,811,290
Deferred tax liabilities	27	**158,537**	133,408
		2,377,294	2,958,583
Current liabilities			
Trade and other payables	24	**505,933**	715,907
Lease liabilities	25	**9,081**	8,872
Bank loans	26	**1,817,816**	1,145,512
Tax payables		**–**	5,386
		2,332,830	1,875,677
Total liabilities		**4,710,124**	4,834,260

Consolidated Statement of Financial Position

As at 31 December 2023
(Expressed in RMB)

	Notes	**2023** **RMB'000**	2022 RMB'000
Capital and reserves			
Share capital	28(a)	**270,603**	270,603
Reserves		**4,480,611**	4,265,459
Total equity attributable to equity shareholders of the Company		**4,751,214**	4,536,062
Non-controlling interests		**2,951,845**	2,849,725
Total equity		**7,703,059**	7,385,787
Total equity and liabilities		**12,413,183**	12,220,047

Xiangwen Liao
Chairman

Jianming Wu
Director

The notes on pages 101 to 162 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(Expressed in RMB)

	Note	*Attributable to equity shareholders of the Company*									
		Share capital RMB'000	*Share premium RMB'000*	*The People's Republic of China ("PRC") statutory reserves RMB'000*	*Investment revaluation reserves RMB'000*	*Translation reserves RMB'000*	*Capital reserves RMB'000*	*Retained profits RMB'000*	*Total RMB'000*	*Non-controlling interests RMB'000*	*Total equity RMB'000*
Balance at 1 January 2023		270,603	2,337,689	109,590	13,283	(438,308)	1,029,980	1,213,225	4,536,062	2,849,725	7,385,787
Changes in equity for the year ended 31 December 2023:											
Fair value loss on investment in equity instrument at FVOCI, net of tax		–	–	–	(1,371)	–	–	–	(1,371)	–	(1,371)
Exchange loss on translation of foreign operations		–	–	–	–	(40,771)	–	–	(40,771)	–	(40,771)
Profit for the year		–	–	–	–	–	–	528,483	528,483	109,746	638,229
Total comprehensive income		–	–	–	(1,371)	(40,771)	–	528,483	486,341	109,746	596,087
Transfer between reserves		–	–	500	–	–	–	(500)	–	–	–
Dividends declared	28(b)	–	–	–	–	–	–	(271,189)	(271,189)	–	(271,189)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(7,626)	(7,626)
Balance at 31 December 2023		270,603	2,337,689	110,090	11,912	(479,079)	1,029,980	1,470,019	4,751,214	2,951,845	7,703,059

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(Expressed in RMB)

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000	Share premium RMB'000	The People's Republic of China ("PRC") statutory reserves RMB'000	Investment revaluation reserves RMB'000	Translation reserves RMB'000	Capital reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022		270,603	2,337,689	109,090	13,373	(251,224)	4,437,000	1,444,795	8,361,326	3,197,450	11,558,776
Changes in equity for the year ended 31 December 2022:											
Fair value loss on investment in equity instrument at FVOCI, net of tax		–	–	–	(90)	–	–	–	(90)	–	(90)
Exchange loss on translation of foreign operations		–	–	–	–	(187,084)	–	–	(187,084)	–	(187,084)
Profit for the year		–	–	–	–	–	–	278,572	278,572	48,169	326,741
Total comprehensive income		–	–	–	(90)	(187,084)	–	278,572	91,398	48,169	139,567
Capital reduction of a subsidiary		–	–	–	–	–	(3,407,020)	–	(3,407,020)	(392,980)	(3,800,000)
Transfer between reserves		–	–	500	–	–	–	(500)	–	–	–
Dividends declared	28(b)	–	–	–	–	–	–	(509,642)	(509,642)	–	(509,642)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(2,914)	(2,914)
Balance at 31 December 2022		270,603	2,337,689	109,590	13,283	(438,308)	1,029,980	1,213,225	4,536,062	2,849,725	7,385,787

The notes on pages 101 to 162 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023
(Expressed in RMB)

	Notes	2023 RMB'000	2022 RMB'000
Operating activities			
Cash generated from operations		**470,453**	98,660
Tax paid		**(2,599)**	(11,481)
Net cash generated from operating activities	23(b)	**467,854**	87,179
Investing activities			
Withdrawal of structured deposits		**1,420,000**	1,368,000
Increase in structured deposits		**(1,290,000)**	(1,468,000)
Increase in time deposits		**(200,000)**	–
Dividends received (net of PRC withholding tax)		**390,946**	602,919
Investment income received from structured deposits		**7,932**	9,326
Repayment of loan from a joint venture		**210,000**	52,920
Interest received		**4,433**	65,183
Increase in restricted bank deposits		**–**	(2,076)
Payment for purchases of property, plant and equipment, construction in progress and intangible assets		**(308,777)**	(318,274)
Net cash generated from investing activities		**234,534**	309,998
Financing activities			
Proceeds from new bank loans	23(c)	**1,203,879**	2,378,554
Repayment of bank loans	23(c)	**(1,175,888)**	(541,520)
Interest paid on bank loans	23(c)	**(167,702)**	(84,587)
Dividends paid to:			
— equity shareholders of the Company		**(279,756)**	(509,642)
— non-controlling interests of a subsidiary		**(7,626)**	(2,914)
Capital element of lease rentals paid	23(c)	**(2,950)**	(4,239)
Interest element of lease rentals paid	23(c)	**(201)**	(519)
Increase in amounts due to other related parties		**–**	30,159
Repayment of capital reduction to Shenzhen Expressway Corporation Limited ("Shenzhen Expressway")		**(265,942)**	(3,050,000)
Net cash used in financing activities		**(696,186)**	(1,784,708)
Net increase/(decrease) in cash and cash equivalents		**6,202**	(1,387,531)
Cash and cash equivalents at 1 January		**474,015**	1,859,996
Effect of foreign exchanges rates changes		**3,400**	1,550
Cash and cash equivalents at 31 December	23(a)	**483,617**	474,015

The notes on pages 101 to 162 form part of these financial statements.

1 General Information

Shenzhen Investment Holdings Bay Area Development Company Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 31 December 2023, the Company's immediate holding company and ultimate holding company are Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. (深圳投控國際資本控股基建有限公司) ("SIICHIC"), a company incorporated in the British Virgin Islands with limited liability, and Shenzhen Investment Holdings Co., Ltd (深圳市投資控股有限公司) ("SIHC"), a company established in the People's Republic of China ("PRC") with limited liability, respectively.

The addresses of the registered office and principal place of business of the Company are disclosed in the section of corporate information in the annual report.

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries and the joint ventures are set out in notes 31 and 17, respectively.

The Company's functional currency and presentation currency are Renminbi ("RMB").

2 Basis of preparation of the consolidated financial statements

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and Interpretations (hereinafter collectively referred to as the "IFRS Accounting Standards") issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Material accounting policies adopted by the Group are disclosed in Note 3.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3(a) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources (including but not limited to future operating cashflow and unused and estimated amount of bank facilities to be obtained) to continue in operational existence for the foreseeable future. Thus the Group continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2 Basis of preparation of the consolidated financial statements (continued)

(c) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with IFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. Details are set out in note 30.

3 Material accounting policies

(a) New and amended IFRS Accounting Standards adopted during the year

The Group has applied the following new and amended IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform — Pillar Two model rules*

The new and amended IFRS Accounting Standards applied for the year has had no material impact on the Group's consolidated financial statements for the current and prior periods.

3 Material accounting policies (continued)

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the equity shareholders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3 Material accounting policies (continued)

(c) Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

(d) Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the joint venture's accounting policies to those of the Group. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3 Material accounting policies (continued)

(d) Interests in joint ventures (continued)

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former joint venture and the retained interest is a financial asset within the scope of IFRS 9 "Financial Instruments", the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon partial disposal of the relevant joint venture.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group has incurred additional development expenditure for the construction and development of the toll expressways operated by the joint ventures, which were not accounted for by those entities. Such cost are included in additional cost of investments in joint ventures and are amortised over the joint venture period on the same basis as that adopted by the relevant joint ventures in respect of amortisation of its project cost, commencing from the date of operation of the project undertaken. On disposal of a joint venture, the attributable amount of the unamortised additional cost of investments is included in the determination of the profit or loss on disposal.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

3 Material accounting policies (continued)

(e) Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(f) Construction in progress

The cost of construction in progress is determined according to the actual expenditure for the construction, including all necessary construction expenditure incurred during the construction period, borrowing costs that should be capitalised before the construction is ready for its intended use and other relevant expenses. The amount is carried at cost, less any recognised impairment loss. Construction in progress is transferred to property, plant and equipment or intangible assets when the asset is ready for its intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(g) Concession intangible assets

Concession intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

Concession intangible assets refer to the rights granted by the respective concession grantors, which entitle the Group to receive the toll fees from users.

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition. The concession intangible assets of the toll road that the Group has delivered but not yet completed the final settlement account are temporarily estimated based on the book value of the toll road project. When the final account is completed, the book value will be adjusted to the actual value.

When toll roads are ready for their intended use, amortisation of the intangible assets is calculated based on the traffic volume amortisation method. Amortisation is provided on projected units-of-usage, which is calculated based on the total projected traffic volume during the operating period of the concessions and the book value of the concession intangible assets combined with the actual traffic volume during each accounting period.

Subsequent expenditures incurred for the toll roads are included in the cost of the concession intangible assets when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

3 Material accounting policies (continued)

(h) Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Toll revenue is from operating toll roads, and is recognised in accordance with the amount collected and receivable when a vehicle is passing through.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation.

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

During the construction period, the construction service provided by the Group shall be regarded as the performance obligations performed over time and the construction revenue shall be recognised by the completion percentage methods in accordance with the proportion of the incurred costs to estimated total costs.

3 Material accounting policies (continued)

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(i) The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of car parks, office and staff quarters that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use asset

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and

- any initial direct costs incurred by the Group.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use asset in which the Group is reasonably certain to obtain ownership of the underlying leased asset at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use asset as a separate line item on the consolidated statement of financial position.

Refundable rental deposit

Refundable rental deposit paid is accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use asset.

3 Material accounting policies (continued)

(j) Leases (continued)

Definition of a lease (continued)

(i) The Group as a lessee (continued)

Lease liability

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liability is adjusted by interest accretion and lease payments.

The Group presents lease liability as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liability by making corresponding adjustments to the relevant right-of-use asset.

(ii) The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

3 Material accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(i) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(ii) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

(m) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

3 Material accounting policies (continued)

(n) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in joint ventures.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity shareholders of the Company are reclassified to profit or loss.

(o) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

(p) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

3 Material accounting policies (continued)

(q) Taxation

Income tax expense represents the sum of the current tax and deferred tax.

The current tax payable is based on the taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3 Material accounting policies (continued)

(r) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

3 Material accounting policies (continued)

(r) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Equity instruments designated as at FVOCI

Investments in equity instruments at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI or designated as FVOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income" line item.

3 Material accounting policies (continued)

(r) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amount due from a joint venture, restricted bank deposits and bank deposits and cash) and other item (financial guarantee contract) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3 Material accounting policies (continued)

(r) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contract, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3 Material accounting policies (continued)

(r) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

3 Material accounting policies (continued)

(r) Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities including trade and other payables, bank overdrafts, bank loans and dividend payables are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3 Material accounting policies (continued)

(s) Impairment on property, plant and equipment, right-of-use assets and concession intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and concession intangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and concession intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment is recognised immediately in profit or loss.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment is recognised immediately in profit or loss.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the year of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting periods that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

(a) Interests in joint ventures/share of results of joint ventures

(i) Amortisation of concession intangible assets of the joint ventures

When toll roads are ready for their intended use, amortisation of the concession intangible assets is calculated based on the traffic volume amortisation method. Amortisation is provided on projected units-of-usage, which is calculated based on the total projected traffic volume during the operating period of the concessions and the book value of the concession intangible assets combined with the actual traffic volume during each accounting period. The total expected traffic volume over the remaining concession period was estimated by the management annually, taking into consideration of various factors such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in Chinese Mainland. When material differences between actual traffic volume and projected traffic volume exist, the Group will appoint an independent professional traffic consultant to perform a study on the future traffic volume, and then adjust the amortisation based on unit usage according to the revised total projected traffic volume, to ensure that the respective concession intangible assets would be fully amortised in the operation period.

In view of that the actual traffic volume of Guangzhou — Shenzhen Superhighway ("GS Superhighway") and Guangzhou — Zhuhai West Superhighway ("GZ West Superhighway") differs from the projected traffic volume and may last for further period, the Group appoints independent professional traffic consultants to reassess the projected traffic volume for GS Superhighway and GZ West Superhighway. The Group has adjusted the units-of-usage for the GS Superhighway and GZ West Superhighway according to the revised total projected traffic volume since 1 November 2023. Such change in accounting estimate has resulted in increase in profit attributable to equity shareholders of the Company of RMB11,724,000 for the year ended 31 December 2023 and will affect the amortisation charges of the Group in the future.

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

(a) Interests in joint ventures/share of results of joint ventures (continued)

(ii) Resurfacing obligations of the joint ventures

The joint ventures of the Group have contractual obligations under the contractual service arrangements to maintain the toll expressways to a specified level of serviceability over the respective concession periods. These obligations to maintain or restore the toll expressways, except for upgrade services, are to be recognised and measured as resurfacing obligations. Resurfacing obligations had been made at the present value of expenditures expected to be incurred by the joint ventures to settle the obligations.

The provision at the end of the reporting period is determined based on the number of major resurfacing works to be undertaken over the concession periods under the service concession agreements and the expected costs to be incurred for each event. The costs are then discounted to the present value based on a pre-tax discount rate to derive the provision amount.

The expected costs for maintenance and resurfacing and the timing of such events to take place involve estimates made by the management, which were based on the resurfacing plans of the Group, historical costs incurred for similar activities and the latest quotations from the service provider.

If the expected expenditures, resurfacing plans and discount rate were different from the management's current estimates, the change in resurfacing obligations is required to be accounted for prospectively.

The management is of the view that the discount rate currently used in the current estimate should reflect the time value of money and the risks specific to the obligations.

Considering the reconstruction and expansion of GS Superhighway, GS JV appointed independent professional toll road experts to perform studies and concluded resurfacing works would not be undertaken over the remaining period of the existing concession rights. Therefore, the Group's share of resurfacing obligations of the GS JV of RMB243,064,000 was reversed and resulted in increase in profit attributable to equity shareholders of the Company of RMB170,297,000.

(b) Amortisation of concession intangible assets of the Group

Same as amortisation of concession intangible assets of the joint ventures, amortisation of concession intangible assets of the Coastal Company, the only concession intangible assets held by the subsidiaries of the Group, is calculated based on units-of-usage basis. Details are set out in note 4(a)(i) above.

5 Segment information

The Group's reportable and operating segments are determined based on information reported to the chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment.

Information reported to the CODM, including segment revenue, the Group's share of joint ventures' earnings before interest, tax, depreciation and amortisation and net exchange gain/loss ("EBITDA"), the Group's share of joint ventures' depreciation and amortisation including amortisation of additional cost of investments in joint ventures ("depreciation and amortisation"), the Group's share of joint ventures' interest and tax excluding tax on exchange gain/loss and including withholding tax on earnings distributed by joint ventures ("interest and tax"), and segment results. The CODM is more specifically focused on individual toll expressway projects and land development and utilisation project jointly operated and managed by the Group and the relevant joint venture partners. After the acquisition of the Coastal Company in 2022, the Group also operates and manages the toll expressway project individually. Accordingly, the Group's reporting and operating segments under IFRS 8 "Operating Segments" are therefore as follows:

— Coastal Expressway (Shenzhen Section) ("Coastal Expressway")

— GS Superhighway

— GZ West Superhighway

— Xintang interchange

5 Segment information (continued)

Information regarding the above segments is reported below.

Segment revenue and results

	2023					2022				
	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000
Toll expressway project										
Subsidiary										
Coastal Expressway	629,309	530,310	(227,200)	(97,897)	205,213	481,038	387,942	(180,737)	(118,392)	88,813
Joint ventures										
— GS Superhighway	1,301,491	1,338,774	(536,077)	(307,447)	495,250	1,016,109	940,532	(426,114)	(196,748)	317,670
— GZ West Superhighway	651,934	524,868	(268,854)	(126,060)	129,954	522,389	412,197	(200,994)	(117,324)	93,879
	2,582,734	2,393,952	(1,032,131)	(531,404)	830,417	2,019,536	1,740,671	(807,845)	(432,464)	500,362
Joint venture										
— Land development and utilisation project										
Xintang Interchange	369,096	61,022	(143)	(18,960)	41,919	30,521	7,214	(160)	(12,603)	(5,549)
Total	2,951,830	2,454,974	(1,032,274)	(550,364)	872,336	2,050,057	1,747,885	(808,005)	(445,067)	494,813
Corporate interest income from bank deposits					10,092					33,802
Corporate investment income from structured deposits					6,864					9,385
Corporate interest income from loans made by the Group to a joint venture					3,818					16,105
Other income and other gain					14,984					6,802
Corporate administrative expenses and depreciation					(78,820)					(77,895)
Corporate finance costs					(168,067)					(58,507)
Corporate income tax					(846)					(8,284)
Net exchange loss (net of related income tax) (note)					(22,132)					(89,480)
Profit for the year					638,229					326,741
Profit for the year attributable to non-controlling interests					(109,746)					(48,169)
Profit for the year attributable to equity shareholders of the Company					528,483					278,572

Note: Net exchange loss (net of related income tax) is composed of the Group's share of exchange loss (net of related income tax) of a joint venture of RMB12,981,000 (2022: RMB74,849,000) and the net exchange loss of the Group of RMB9,151,000 (2022: RMB14,631,000).

The segment revenue includes the Group's toll revenue from the operation of Coastal Expressway and the Group's share of joint ventures' toll revenue from the operations of toll expressways in Chinese Mainland and revenue from sales of properties from land development and utilisation project in Chinese Mainland based on the profit-sharing ratios specified in the relevant joint venture agreements but excludes the Group's construction revenue. All of the segment revenue reported above is earned from external customers.

5 Segment information (continued)

Segment revenue and results (continued)

The reconciliation between the total revenue of reportable segment and the revenue of the Group is as follows:

	2023 **RMB'000**	2022 RMB'000
Total reportable segment revenue	**2,951,830**	2,050,057
Exclusion of joint ventures' revenue	**(2,322,521)**	(1,569,019)
Construction revenue	**315,468**	308,663
The Group's revenue	**944,777**	789,701

The segment results represent (i) the Group's results from the operation of Coastal Expressway; (ii) the Group's share of joint ventures' results from the operations of toll expressways and land development and utilisation project in the PRC before net exchange gain/loss (net of related income tax) respectively based on the profit-sharing ratios or shareholding percentage specified in the relevant joint venture agreements; (iii) net of the withholding tax attributed to the dividend received from the joint ventures and deferred tax expenses recognised in respect of the undistributed earnings of the joint ventures; and (iv) amortisation of additional cost of investments in joint ventures. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Geographical information

The main operations of the Group and its joint ventures are located in Chinese Mainland. All of the Group and its joint ventures' revenue from external customers was generated from the services provided in Chinese Mainland. The non-current assets exclude other receivables and deferred tax assets amounting to RMB8,680,000 (2022: RMB12,738,000) are located in Hong Kong and the remaining balances are located in Chinese Mainland.

Segment assets and liabilities

Segment assets and liabilities are not disclosed as they are not regularly provided to the CODM for the purpose of resource allocation and performance assessment.

Information about major customers

No individual customer of the Group had contributed sales of over 10% of the total revenue of the Group for both years.

6 Revenue

	2023 **RMB'000**	2022 RMB'000
Toll revenue	**629,309**	481,038
Construction revenue	**315,468**	308,663
	944,777	789,701

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts, hence no information required by paragraph 120 of IFRS 15 was disclosed.

7 Other income

	2023 RMB'000	2022 RMB'000
Interest income on:		
— Bank deposits	11,330	35,322
— Amount due from a joint venture	3,818	16,105
— Loan to a related party	–	13,425
Investment income from structured deposits	6,864	9,385
Government grants	200	596
Dividend income from equity instrument at FVOCI	920	500
Other services income	13,848	3,197
Others	845	5,152
	37,825	83,682

8 Profit before taxation

Profit before taxation is arrived at after charging:

	2023 RMB'000	2022 RMB'000
(a) Staff costs		
Directors' emoluments (note 10)	7,941	10,567
Other staff costs	80,611	77,001
	88,552	87,568
(b) Finance costs		
Interest on bank loans	167,289	58,166
Interest arising from capital reduction to Shenzhen Expressway	3,856	26,421
Interest on lease liabilities (note 14)	778	519
	171,923	85,106
(c) Other items		
Auditor's remuneration	1,330	2,207
Depreciation of right-of-use-assets	8,636	5,170
Depreciation of property, plant and equipment	22,479	21,428
Amortisation of concession intangible assets and other intangible assets	206,533	157,831
Loss on disposal of property, plant and equipment	–	469
Short-term lease expense	956	1,556
Net exchange loss	9,151	14,631

9 Income tax

Taxation in the consolidated statement of profit or loss represents:

	2023 RMB'000	2022 RMB'000
Current tax		
— Corporate income tax	**1,701**	7,225
— Withholding tax	**11,081**	20,797
Deferred tax	**119,261**	94,464
	132,043	122,486

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong for both years.

The provision for income tax in the current year's taxes of the Group is RMB11,081,000 (2022: RMB20,797,000), mainly representing the 5% withholding tax imposed on dividends declared during the year by joint ventures of the Group of which the corresponding amount had already been recognised as deferred tax liabilities in prior years in respect of undistributed earnings of a joint venture.

The reconciliation between income tax expense for the year and profit before tax in consolidated statement of profit or loss is set out below:

	2023 RMB'000	2022 RMB'000
Profit before taxation	**770,272**	449,227
Tax calculated at PRC statutory income tax rate of 25% (2022: 25%)	**192,568**	112,306
Effect of different tax rates on income tax expense	**(20,740)**	(7,188)
Tax effect of income not taxable for tax purposes	**(268)**	(1,614)
Tax effect of non-deductible expenses	**18,178**	37,326
Tax effect of share of results of joint ventures	**(172,824)**	(88,390)
Tax effect of tax losses	**78,767**	46,577
Withholding tax	**36,362**	23,469
Income tax expense	**132,043**	122,486

10 Directors' and five highest paid individuals' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2023				
	Directors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Contribution to retirement benefits plans RMB'000	Total RMB'000
Executive directors					
Xiangwen LIAO (Note (a))	–	–	–	–	–
Wei HU (Note (b))	4	47	76	1	128
Tianliang ZHANG (Note (c))	45	135	731	26	937
Jianming WU	181	540	831	151	1,703
Cheng WU	181	440	864	151	1,636
Ji LIU	181	440	854	151	1,626
Non-executive directors					
Junye CAI (Note (d))	30	–	–	–	30
Weiguo ZONG (Note (e))	158	–	–	–	158
Siyan CHEN (Note (f))	287	–	–	–	287
Xuan WANG	158	–	–	–	158
Independent non-executive directors					
Brian David Man Bun LI (Note (g))	153	–	–	–	153
Yu Lung CHING	398	–	–	–	398
Tony Chung Nin KAN	388	–	–	–	388
Peng XUE	339	–	–	–	339
	2,503	1,602	3,356	480	7,941

10 Directors' and five highest paid individuals' emoluments (continued)

	Year ended 31 December 2022				
	Directors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Contribution to retirement benefits plans RMB'000	Total RMB'000
Executive directors					
Wei HU (Note (b))	216	324	–	16	556
Tianliang ZHANG (Note (c))	172	919	1,139	159	2,389
Jianming WU	156	842	446	134	1,578
Cheng WU	172	794	884	159	2,009
Ji LIU	172	794	922	159	2,047
Non-executive directors					
Junye CAI (Note (d))	302	–	–	–	302
Weiguo ZONG (Note (e))	302	–	–	–	302
Independent non-executive directors					
Brian David Man Bun LI (Note (g))	379	–	–	–	379
Yu Lung CHING	379	–	–	–	379
Tony Chung Nin KAN	353	–	–	–	353
Peng XUE	273	–	–	–	273
	2,876	3,673	3,391	627	10,567

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the non-executive directors and independent non-executive directors shown above were paid for their services as directors of the Company.

Notes:

(a) Mr. Xiangwen LIAO was appointed as an executive director and the chairman of the board of directors of the Company on 6 January 2023. During the year he has agreed to waive 2023 emoluments of RMB222,000.

(b) Mr. Wei HU was ceased to act as an executive director and the chairman of the board of directors of the Company on 6 January 2023.

(c) Mr. Tianliang ZHANG ceased to act as an executive director of the Company on 31 March 2023.

(d) Mr. Junye CAI ceased to act as a non-executive director of the Company on 3 February 2023.

(e) Mr. Weiguo ZONG ceased to act as a non-executive director of the Company on 30 June 2023.

(f) Ms. Siyan CHEN was appointed as a non-executive director of the Company on 3 February 2023.

(g) Mr. Brian David Man Bun LI ceased to act as an independent non-executive director of the Company on 19 May 2023.

10 Directors' and five highest paid individuals' emoluments (continued)

Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments in the Group, 3 (2022: 4) were directors whose details of their emoluments are disclosed above.

The emoluments of the remaining 2 (2022: 1) highest paid employees were as follows:

	2023 ***RMB'000***	*2022* *RMB'000*
Salaries,allowances and other benefits	**2,593**	1,205
Discretionary bonuses	**258**	85
Contribution to retirement benefits plans	**36**	16
	2,887	1,306

The number of the highest paid employees who are not directors whose remuneration fell within the following band is as follows:

	2023 ***Number of individuals***	*2022* *Number of individuals*
HK$1,000,001–HK$1,500,000	**–**	1
HK$1,500,001–HK$2,000,000	**2**	–

During the years ended 31 December 2023 and 2022, no emoluments were paid by the Group to any of the persons who are directors or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

11 Earnings per share

The calculation of basic earnings per share attributable to ordinary shareholders of the Company is based on the following data:

	2023 **RMB'000**	2022 RMB'000
Earnings for the purposes of basic earnings per share	**528,483**	278,572

	2023	2022
Number of ordinary shares for the purpose of basic earnings per share	**3,081,690,283**	3,081,690,283

There was no potential dilutive ordinary shares in issue during both years and therefore no diluted earnings per share were presented.

12 Retirement benefits plans

The Group has established the Mandatory Provident Fund Scheme (the "MPF Scheme") for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000. In addition, Chinese Mainland employees employed by the Group are members of the state-managed retirement benefit schemes operated by the PRC Government. The Group is required to contribute the proportion specified by the local government of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. The total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the year ended 31 December 2023 are RMB7,231,000 (2022: RMB8,299,000).

13 Property, plant and equipment

	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
Cost:					
At 1 January 2022	288,067	4,300	12,265	214,543	519,175
Additions	–	171	7,100	1,426	8,697
Transfer from construction in progress	–	–	–	2,053	2,053
Disposals	–	–	(388)	–	(388)
Adjustments	–	–	–	(11,964)	(11,964)
Write-off	–	–	(4,670)	–	(4,670)
At 31 December 2022	288,067	4,471	14,307	206,058	512,903
At 1 January 2023	**288,067**	**4,471**	**14,307**	**206,058**	**512,903**
Additions	**–**	**–**	**507**	**204**	**711**
Transfer from construction in progress	**–**	**–**	**–**	**4,117**	**4,117**
Disposals	**–**	**–**	**(407)**	**–**	**(407)**
Adjustments	**–**	**–**	**(627)**	**(99)**	**(726)**
At 31 December 2023	**288,067**	**4,471**	**13,780**	**210,280**	**516,598**
Accumulated depreciation:					
At 1 January 2022	50,592	3,062	10,110	142,324	206,088
Charge for the year	12,772	466	741	7,449	21,428
Write back on disposals	–	–	(75)	–	(75)
Write-off	–	–	(4,514)	–	(4,514)
At 31 December 2022	63,364	3,528	6,262	149,773	222,927
At 1 January 2023	**63,364**	**3,528**	**6,262**	**149,773**	**222,927**
Charge for the year	**12,773**	**363**	**1,676**	**7,667**	**22,479**
Write back on disposals	**–**	**–**	**(407)**	**–**	**(407)**
At 31 December 2023	**76,137**	**3,891**	**7,531**	**157,440**	**244,999**
Net book value:					
At 31 December 2023	**211,930**	**580**	**6,249**	**52,840**	**271,599**
At 31 December 2022	224,703	943	8,045	56,285	289,976

14 Right-of-use assets

	RMB'000
Cost	
As at 1 January 2022	5,146
Additions	26,307
Decrease	(5,146)
As at 31 December 2022	26,307
As at 1 January 2023	**26,307**
Decrease	**(252)**
As at 31 December 2023	**26,055**
Accumulated depreciation	
As at 1 January 2022	147
Additions	5,170
Decrease	(882)
As at 31 December 2022	4,435
As at 1 January 2023	**4,435**
Charge for the year	**8,636**
As at 31 December 2023	**13,071**
Carrying amounts	
As at 31 December 2023	**12,984**
As at 31 December 2022	21,872

	2023	*2022*
	RMB'000	*RMB'000*
Interest on lease liabilities (note 8)	**778**	519
Expense relating to short-term leases	**956**	1,556

The Group leases office premises for its operations. Lease contracts are entered into for fixed term of 3 years (2022: 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year ended 31 December 2023, the Group did not acquire any additional right-of-use assets and lease liabilities (2022: RMB26,307,000 and RMB26,307,000 respectively), and they made total cash outflow for leases amounting to RMB3,151,000 (2022: RMB4,758,000).

14 Right-of-use assets (continued)

Restrictions or covenants on leases

In addition, lease liabilities of RMB13,763,000 (2022: RMB22,757,000) are recognised with related right-of-use assets of RMB12,984,000 (2022: RMB21,872,000) as at 31 December 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

In addition, the Group regularly entered into short-term leases for car parks, office and staff quarters, of which the Group applies the short-term lease recognition exemption to leases of such properties. For the year ended 31 December 2023, the Group incurred expense relating to short-term leases amounting to RMB956,000 (2022: RMB1,556,000). As at 31 December 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

15 Construction in progress

	RMB'000
As at 1 January 2022	4,742
Additions	4,267
Transfer to property, plant and equipment	(2,053)
As at 31 December 2022	6,956
As at 1 January 2023	**6,956**
Additions	**21,148**
Transfer to property, plant and equipment	**(4,117)**
As at 31 December 2023	**23,987**

16 Concession intangible assets

	RMB'000
Cost	
As at 1 January 2022	9,312,151
Additions	305,310
As at 31 December 2022	9,617,461
As at 1 January 2023	**9,617,461**
Additions	**325,615**
As at 31 December 2023	**9,943,076**
Accumulated amortisation and impairment losses	
As at 1 January 2022	3,785,185
Charge for the year	157,219
As at 31 December 2022	3,942,404
As at 1 January 2023	**3,942,404**
Charge for the year	**205,524**
As at 31 December 2023	**4,147,928**
Carrying amounts	
As at 31 December 2023	**5,795,148**
As at 31 December 2022	5,675,057

As at 31 December 2023 and 2022, the concession intangible assets of Coastal Expressway are pledged to a bank to secure the bank facilities granted to Coastal Expressway.

Concession intangible assets represent the rights to operate Coastal Expressway granted by the relevant local government authorities in the PRC to the Coastal Company.

The period of rights to operate the toll is up to year 2038. In accordance with the relevant governments' approval documents and the relevant regulations, the Coastal Company is responsible for the construction of the toll roads and the acquisition of the related facilities and equipments. The Coastal Company is also responsible for the operations and management, maintenance and overhaul of the toll roads during the operation period. The toll fees collected and collectible during the operation period are attributable to the Coastal Company. The relevant toll roads assets are required to be returned to the local government authorities when the operation period expires without any consideration payable to the Coastal Company. The operating right is generally not renewable and the Coastal Company does not have any termination options.

The Coastal Company has set policies to execute internal review on the total projected traffic volume during the operation period of the concessions annually. The Coastal Company also appoints an independent professional traffic consultant to perform independent professional traffic studies every 3 to 5 years, or when material differences between actual traffic volume and projected traffic volume exist and then adjust the amortisation based on unit usage according to the revised total projected traffic volume, to ensure that the respective concession intangible assets would be fully amortised in the operation period.

Carrying amounts of concession intangible assets as at 31 December 2023 and 2022 are net of impairment loss of RMB2,638,235,000 recognised in 2017.

17 Interests in joint ventures

	2023 RMB'000	2022 RMB'000
At 1 January	**4,519,423**	4,971,183
Share of result of joint ventures	**691,297**	353,561
Group's share of dividends distributed by JVs	**(219,822)**	(805,321)
At 31 December	**4,990,898**	4,519,423

Particulars of the Group's joint ventures are as follows:

Name of company	Place of establishment and principal place of operation	Fully paid registered capital		Principal activity	Proportion of registered capital contribution		Proportion of voting rights held	
		2023	2022		2023	2022	2023	2022
Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GZJV", 廣深珠高速公路有限公司)	Chinese Mainland	**Nil (Note i)**	Nil (Note i)	Development, operation and management of GS Superhighway	**Not applicable**	Not applicable	**50%**	50%
Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("GZ West JV", 廣東廣珠西綫高速公路有限公司)	Chinese Mainland	**RMB4,899,000,000 (Note ii)**	RMB4,899,000,000 (Note ii)	Development, operation and management of GZ West Superhighway	**50%**	50%	**50%**	50%
Guangzhou Zhentong Development Company Limited ("Xintan JV", 廣州臻通實業發展有限公司)	Chinese Mainland	**RMB3,040,000,000 (Note iii)**	RMB3,040,000,000 (Note iii)	Land development and utilisation	**15%**	15%	**15%**	15%

Both GS JV and GZ West JV are sino-foreign co-operative joint venture enterprises established to invest in toll expressways projects in Chinese Mainland.

17 Interests in joint ventures (continued)

The principal terms of the joint venture agreements entered into between the relevant subsidiaries and the corresponding joint venture partners under which the joint ventures operate are as follows:

(i) GS JV

GS JV is established to undertake the development, operation and management of the GS Superhighway, an expressway in Guangdong Province of the PRC running between Shenzhen and Guangzhou. The operation period is 30 years from the official opening date of 1 July 1997.

The Group's entitlement to the profit of the toll operations of GS JV is 50% for the initial 10 years of operation period, 48% for the next 10 years and 45% for the last 10 years of the operation period.

The registered capital previously injected by the Group to GS JV had been repaid to the Group by GS JV during the year ended 30 June 2008.

With the economic development and the increase in car ownership in Guangdong Province, the traffic flow on GS Superhighway has been nearly saturated and the reconstruction and expansion of GS Superhighway ("the project") are required. the project will be divided into two sections, the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Guangzhou Huocun section of the Guangzhou-Foshan Expressway and the reconstruction and expansion project of the Dongguan Chang'an to Shenzhen Huanggang section of the Beijing-Hong Kong-Macao Expressway. Among which, the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Guangzhou Huocun section of the Guangzhou-Foshan Expressway was approved by the Guangdong Provincial Development and Reform Commission during the year and expansion work has been commenced by end of 2023. At present, it is expected that the total investment of this section will be about RMB29.4 billion, of which about 25% is expected to be funded by shareholders of the GS JV. The Group expects to bear no more than 50% of the shareholder investment (expected to be not more than RMB3.7 billion). The revision of feasibility study report of the reconstruction and expansion project of the Dongguan Chang'an to Shenzhen Huanggang section of the Beijing-Hong Kong-Macao Expressway is still in progress as at the date of the financial statements.

17 Interests in joint ventures (continued)

(ii) GZ West JV

GZ West JV is established to undertake the development, operation and management of GZ West Superhighway, an expressway linking Guangzhou, Zhongshan and Zhuhai and was built in three phases.

Phase I of the GZ West Superhighway ("Phase I West")

The total investment for the Phase I West is RMB1,680,000,000, 35% of which was funded by the registered capital of GZ West JV amounting to RMB588,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB294,000,000). The operation period for Phase I West is 30 years commencing from 17 September 2003.

Phase II of the GZ West Superhighway ("Phase II West")

The total investment for Phase II West is RMB6,715,000,000, 35% of which was funded by the registered capital of GZ West JV amounting to RMB2,351,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB1,175,500,000). The operation period for Phase II West is 25 years commencing from 25 June 2010.

Phase III of the GZ West Superhighway ("Phase III West")

The total investment for the Phase III West is RMB5,600,000,000, 35% of which was funded by the registered capital of GZ West JV amounting to RMB1,960,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB980,000,000). The operation period for Phase III West is 25 years commencing from 25 January 2013.

The Group is entitled to 50% of the distributable profits from operation of GZ West JV. At the end of the respective operation periods of Phase I West, Phase II West and Phase III West, all the immovable assets and facilities of each phase will be reverted to relevant PRC governmental authority which regulates transportation without compensation. The registered capital contributions are required to be repaid to both the Group and the PRC joint venture partner. The repayments are required to be approved by the Board of Directors of GZ West JV.

17 Interests in joint ventures (continued)

(iii) Xintang JV

Xintang JV is established to engage in the development of residential project on the Xintang Interchange.

On 10 September 2020, the Group entered into an agreement to dispose of 22.5% equity interest of Xintang JV, together with the transfer of its rights in the corresponding portion of its shareholders' loans advanced to Xintang JV and the outstanding interests accrued thereon, through a public tender process (the "Partial Disposal"). The Group held 15% equity interest in the Xintang JV upon completion of the Partial Disposal.

A gain on Partial Disposal of RMB545,181,000 was recognised during the year ended 31 December 2020, which was the difference between the consideration received from the Partial Disposal of RMB1,090,432,000 less corresponding portion of its shareholder's loans advanced to Xintang JV of RMB532,534,000 less related fees of RMB12,717,000 and the carrying value of the Group's 22.5% equity interest of Xintang JV on the completion date amounted to zero.

As at 31 December 2020, the fully paid registered capital of Xintang JV was RMB10,000,000. During the year ended 31 December 2021, the fully paid registered capital was increased from RMB10,000,000 to RMB3,040,000,000 and the Group had capitalised an amount due from a joint venture of RMB454,500,000 into capital contribution of the joint venture on a dollar-to-dollar basis.

As at 31 December 2023 and 2022, the Group held 15% equity interest in the Xintang JV. The Group is able to exercise joint control over Xintang JV which the decisions about the relevant activities require the unanimous consent of the Group and the other shareholders. Accordingly, Xintang JV is regarded as a joint venture of the Group.

17 Interests in joint ventures (continued)

Summarised financial information of joint ventures

Summarised financial information in respect of the Group's joint ventures and reconciliation of the summarised financial information to the carrying amount of the interests in the respective joint ventures recognised in the consolidated financial statements are set out below:

In respect of the years ended 31 December 2023 and 2022:

	At 31 December 2023			
	GS JV RMB'000	GZ JV West RMB'000	Xintang JV RMB'000	Total RMB'000
Current assets	1,272,157	489,479	5,625,698	
Non-current assets	5,510,192	10,064,985	200,325	
Current liabilities	(1,579,391)	(953,296)	(1,065,681)	
Non-current liabilities	(2,492,153)	(6,137,633)	(1,876,147)	
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	776,265	457,810	197,823	
Concession intangible assets	5,125,565	9,757,640	–	
Bank and other loans in current liabilities	(607,510)	(618,904)	(98,745)	
Bank and other loans in non-current liabilities	(2,059,454)	(3,293,968)	(1,876,147)	
Net assets of joint ventures	2,710,805	3,463,535	2,884,195	
Proportion of the Group's interests	45%	50%	15%	
Group's share of joint ventures' net assets	1,219,862	1,731,768	432,629	
Elimination of unrealised profit on disposal of land (Note i and ii)	(63,310)	–	–	
Effect of change in profit sharing ratio of a joint venture over the operation period in prior year	988	–	–	
Interest-free registered capital contributions made by the Group	–	1,187,153	–	
Net assets contributable to the Group	1,157,540	2,918,921	432,629	4,509,090
Carrying amount of additional cost of investment	449,642	32,166	–	481,808
Carrying amount of the Group's interest in joint ventures	1,607,182	2,951,087	432,629	4,990,898

	For the year ended 31 December 2023			
	GS JV RMB'000	GZ JV West RMB'000	Xintang JV RMB'000	Total RMB'000
Profit and total comprehensive income for the year	1,365,927	275,758	279,458	
Group's share of dividends distributed by the joint ventures	108,000	111,822	–	
The above profit for the year includes the following:				
Toll revenue	2,892,203	1,303,868	–	
Revenue from sales of properties	–	–	2,460,640	
Construction revenue	1,048,476	38,392	–	
Depreciation and amortisation	(964,313)	(535,644)	(956)	
Toll expressway operation expenses	(417,059)	(232,432)	–	
Income tax	(459,001)	(94,302)	(93,011)	
Proportion of the Group's interest	45%	50%	15%	
Profit shared by the Group	614,667	137,879	41,919	794,465
The impact of additional development expenses borne by the Group due to joint ventures	(102,136)	(1,032)	–	(103,168)
Share of results of joint ventures by the Group	512,531	136,847	41,919	691,297

17 Interests in joint ventures (continued)

Summarised financial information of joint ventures (continued)

	At 31 December 2022			
	GS JV RMB'000	*GZ JV West RMB'000*	*Xintang JV RMB'000*	*Total RMB'000*
Current assets	1,354,142	341,236	6,789,263	
Non-current assets	5,303,760	10,553,990	151,917	
Current liabilities	(1,805,380)	(1,085,049)	(3,713,354)	
Non-current liabilities	(3,261,914)	(6,205,792)	(623,091)	
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	819,822	315,694	245,119	
Concession intangible assets	4,925,157	10,238,265	–	
Bank and other loans in current liabilities	(609,448)	(577,020)	–	
Bank and other loans in non-current liabilities	(2,391,770)	(3,539,579)	(623,091)	
Net assets of joint ventures	1,590,608	3,604,385	2,604,735	
Proportion of the Group's interests	45%	50%	15%	
Group's share of joint ventures' net assets	715,774	1,802,193	390,709	
Elimination of unrealised profit on disposal of land (Note i and ii)	(65,891)	–	–	
Effect of change in profit sharing ratio of a joint venture over the operation period in prior year	988	–	–	
Interest-free registered capital contributions made by the Group	–	1,090,672	–	
Net assets contributable to the Group	650,871	2,892,865	390,709	3,934,445
Carrying amount of additional cost of investment	551,780	33,198	–	584,978
Carrying amount of the Group's interest in joint ventures	1,202,651	2,926,063	390,709	4,519,423

	For the year ended 31 December 2022			
	GS JV RMB'000	*GZ JV West RMB'000*	*Xintang JV RMB'000*	*Total RMB'000*
Profit (loss) and total comprehensive income (expense) for the year	876,213	199,017	(36,991)	
Group's share of dividends distributed by the joint ventures	631,680	173,641	–	
The above profit (loss) for the year includes the following:				
Toll revenue	2,258,022	1,044,778	–	
Revenue from sales of properties	–	–	203,475	
Construction revenue	21,585	29,182	–	
Depreciation and amortisation	(766,491)	(400,678)	(1,068)	
Toll expressway operation expenses	(401,379)	(206,988)	–	
Income tax (charge) credit	(294,738)	(67,670)	11,928	
Proportion of the Group's interest	45%	50%	15%	
Profit (loss) shared by the Group	394,296	99,509	(5,549)	488,256
The impact of additional development expenses borne by the Group due to joint ventures	(81,193)	(655)	–	(81,848)
Elimination of unrealised profit on disposal of land (Note ii)	(52,847)	–	–	(52,847)
Share of results of joint ventures by the Group	260,256	98,854	(5,549)	353,561

17 Interests in joint ventures (continued)

Summarised financial information of joint ventures (continued)

Notes:

(i) GS JV disposed of certain land with a carrying amount of RMB3,990,000 to the local government at a total consideration of RMB179,022,000 in November 2019. Subsequently, Xintang JV won the bid for the land use rights with the local government to acquire part of the aforesaid disposed land at a total consideration of RMB4,124,000,000 in December 2019. In 2019, a sale and purchase agreement was entered into by Xintang JV and the local government while the land was handed over in 2020. GS JV is regarded as disposing of certain land with a carrying amount of RMB2,643,000 to Xintang JV. An unrealised profit on disposal of such land amounting to RMB32,611,000 was eliminated in the consolidated financial statements of the Group during the year ended 31 December 2019. For the year ended 31 December 2020, after completing a partial sale of the Xintang joint venture, unrealised profits of RMB19,567,000 was released.

For the year ended 31 December 2023, upon recognition of sales of properties of Xintang JV, unrealised profit of RMB2,581,000 was released.

(ii) During the year ended 31 December 2022, a sale and purchase agreement of land was entered into by GS JV and the local government. GS JV disposed of certain land with a carrying amount RMB5,566,000 to the local government at a total consideration of RMB319,346,000 and the legal title of the land was transferred to local government in December 2022, resulting in a gain on disposal of RMB235,335,000 (net of tax). In addition, the local government has published an auction plan for certain portion of the land being disposed. As this is the intention of the management to establish a new project company with other company and acquire the land for property development project, this is considered to be a single transaction. For the portion of land which will not be auctioned, the 45% share of gain on disposal of that piece of land amounted to RMB53,054,000 was recognised as share of results of joint ventures during the year ended 31 December 2022. For the portion of land which will be auctioned, share of the gain amounted to RMB52,847,000 was considered as unrealised profit and eliminated in the consolidated financial statements of the Group as at 31 December 2022.

For the year ended 31 December 2023, no further unrealised profit was released during the year.

18 Equity instrument at FVOCI

The Group holds certain interest in an unlisted limited company established in Chinese Mainland, which directors have elected to designate the investment in equity instrument as at FVOCI as they believe that the investment is not held for trading and not expected to be sold in the foreseeable future.

19 Trade and other receivables

	2023 **RMB'000**	2022 RMB'000
Trade receivables	**141,933**	133,520
Dividend receivable from a joint venture	**–**	181,377
Deposits and prepayment	**22,021**	5,184
Others	**4,584**	2,053
	26,605	188,614
	168,538	322,134

As at 31 December 2023 and 2022, entire balances of trade receivables are pledged to a bank to secure bank facilities granted by the bank to a subsidiary.

The following is the ageing analysis of trade receivables presented based on the revenue recognition date:

	2023 **RMB'000**	2022 RMB'000
0–60 days	**31,808**	28,425
61–90 days	**11,195**	9,291
91–180 days	**34,693**	34,056
181–365 days	**64,237**	61,748
	141,933	133,520

As at 31 December 2023 and 2022, no trade receivable balance is past due. Included in the balance in an amount of RMB134,814,000 (2022: RMB126,911,000) relating to subsidies on toll fee from the government. The balances are to be settled within 60 days after the end of the fiscal year in which the balances are recognised.

20 Amount due from a joint venture

The balance as at 31 December 2022 represented an amount due from Xintang JV which was unsecured, interest bearing at 6% per annum and was settled during the year.

21 Structured deposits

At 31 December 2023, the Group's structured deposits represent financial products issued by banks, with maturity of 70 days and 90 days (2022: 53 days and 70 days) and expected returns at 2.80% and 3.02% (2022: 3.50% and 3.06%) per annum respectively.

22 Time deposit

Time deposit is a deposit certificate issued by bank in Chinese Mainland and bear fixed interest rate.

23 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	2023 RMB'000	2022 RMB'000
Cash at bank and in hand	**487,051**	489,063
Less: restricted bank deposits	**(3,434)**	(15,048)
	483,617	474,015

(b) Reconciliation of profit before taxation to cash generated from operations:

	2023 RMB'000	2022 RMB'000
Profit before taxation	**770,272**	449,227
Adjustments for:		
Dividend income from equity instrument at FVOCI	**(920)**	(500)
Interest income	**(8,211)**	(64,852)
Investment income from structured deposits	**(6,864)**	(9,385)
Interest expense	**171,923**	85,106
Gain on early termination of lease	**–**	(57)
Exchange loss	**9,151**	14,632
Depreciation of property, plant and equipment	**22,479**	21,428
Depreciation of right-of-use assets	**8,636**	5,170
Amortisation of concession intangible assets and other intangible assets	**206,533**	157,831
Loss on disposal of property, plant and equipment	**–**	469
Share of results of joint ventures	**(691,297)**	(353,561)
Changes in working capital:		
Decrease in inventories	**215**	100
(Increase)/decrease in trade and other receivables	**(10,474)**	52,557
Decrease in trade and other payables	**(990)**	(259,505)
Cash generated from operating activities	**470,453**	98,660
Income tax paid, net	**(2,599)**	(11,481)
Net cash generate from operating activities	**467,854**	87,179

23 Cash and cash equivalents (continued)

(c) Reconciliation of liabilities arising from financing activities

	Bank loans RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	**3,960,331**	**22,757**	**3,983,088**
Changes from financing cash flows:			
Proceeds from new bank loans	**1,203,879**	**–**	**1,203,879**
Repayment of bank loans	**(1,175,888)**	**–**	**(1,175,888)**
Interest paid on bank loans	**(167,702)**	**–**	**(167,702)**
Capital element of lease rentals paid	**–**	**(2,950)**	**(2,950)**
Interest element of lease rentals paid	**–**	**(201)**	**(201)**
Total changes from financing cash flows	**(139,711)**	**(3,151)**	**(142,862)**
Other changes:			
Interest expenses (note 8)	**171,145**	**778**	**171,923**
Rent payable	**–**	**(6,720)**	**(6,720)**
Exchange differences	**40,126**	**99**	**40,225**
Total other changes	**211,271**	**(5,843)**	**205,428**
At 31 December 2023	**4,031,891**	**13,763**	**4,045,654**

	Bank loans RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2022	1,936,922	5,009	1,941,931
Changes from financing cash flows:			
Proceeds from new bank loans	2,378,554	–	2,378,554
Repayment of bank loans	(541,520)	–	(541,520)
Interest paid on bank loans	(84,587)	–	(84,587)
Capital element of lease rentals paid	–	(4,239)	(4,239)
Interest element of lease rentals paid	–	(519)	(519)
Total changes from financing cash flows	1,752,447	(4,758)	1,747,689
Other changes:			
Interest expenses (note 8)	84,587	519	85,106
New lease entered	–	26,307	26,307
Early termination of lease	–	(4,320)	(4,320)
Exchange differences	186,375	–	186,375
Total other changes	270,962	22,506	293,468
At 31 December 2022	3,960,331	22,757	3,983,088

23 Cash and cash equivalents (continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2023 **RMB'000**	2022 RMB'000
Within financing cash flows	**(3,151)**	(4,758)

24 Trade and other payables

	2023 **RMB'000**	2022 RMB'000
Trade payables (note i)	**199,674**	154,212
Amount due to Shenzhen Expressway (note ii)	**2,954**	236,415
Amounts due to related parties (note ii)	**75,815**	77,544
Subsidies received from government (note iii)	**143,289**	152,142
Deposits and retention payables	**4,942**	4,863
Accruals on maintenance expenses	**35,358**	50,474
Payroll payables	**29,767**	21,192
Others	**14,134**	19,065
	505,933	715,907

Notes:

(i) The balance includes an amount of RMB36,129,000 payable to Shenzhen Expressway as at 31 December 2023.

(ii) The amounts are unsecured and repayable on demand.

(iii) The amount represents unutilised portion of government subsidies received from Shenzhen Finance Bureau for the purpose of construction of phase two of the Coastal Expressway.

The following is the ageing analysis of trade payables presented based on the recognition dates:

	2023 **RMB'000**	2022 RMB'000
Within 1 year	**46,344**	153,547
Over 1 year	**153,330**	665
	199,674	154,212

25 Lease liabilities

	2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	**9,081**	8,872
Within a period of more than one year but not exceeding two years	**4,682**	9,186
Within a period of more than two years but not exceeding five years	**–**	4,699
	13,763	22,757
Less: Amount due for settlement within one year (shown under current liabilities)	**(9,081)**	(8,872)
Amounts due for settlement after one year	**4,682**	13,885

No extension options are included in any of the lease agreements entered by the Group. The weighted average incremental borrowing rates applied by the relevant group entity are ranging from 3.02% to 3.70% per annum (2022: 3.02% to 3.70%). The lease liabilities are measured at the present value of the lease payments that are not yet paid, and the lease obligations are denominated in the currency that is same as the functional currency of the relevant group entity.

26 Bank loans

	2023 RMB'000	2022 RMB'000
Unsecured (Note a)	**4,001,891**	3,926,802
Secured (Note b)	**30,000**	30,000
	4,031,891	3,956,802

Notes:

(a) As at 31 December 2023 and 2022, the bank loans are guaranteed by the Company.

(b) As at 31 December 2023 and 2022, the bank loan is secured by the toll collection rights and the concession intangible assets of the Coastal Expressway of the Coastal Company.

Included in bank loans are amounts denominated in the following currency:

	2023 RMB'000	2022 RMB'000
HKD	**2,100,707**	2,128,802
RMB	**1,931,184**	1,828,000

26 Bank loans (continued)

	2023 RMB'000	2022 RMB'000
The borrowings are repayable as follows:		
On demand or within one year	**1,817,816**	1,145,512
After 1 year but within 2 years	**786,175**	170,556
After 2 years but within 5 years	**906,300**	1,610,734
After 5 years	**521,600**	1,030,000
	4,031,891	3,956,802
Less: Amounts due for settlement on demand or within one year (shown under current liabilities)	**(1,817,816)**	(1,145,512)
Amounts due for settlement after 1 year	**2,214,075**	2,811,290

As at 31 December 2023, variable rate HKD denominated bank loans carried interests are not higher than Hong Kong Interbank Offered Rate ("HIBOR") plus 1.30% (2022: not higher than HIBOR plus 1.50%) per annum, and variable rate RMB denominated bank loans carried interests are not higher than Loan Prime Rate minus 1.30% (2022: not higher than Loan Prime Rate minus 0.85%) per annum.

27 Deferred tax assets (liabilities)

	2023 RMB'000	2022 RMB'000
Net deferred tax asset in the consolidated statement of financial position	**116,979**	210,959
Net deferred tax liability in the consolidated statement of financial position	**(158,537)**	(133,408)
	(41,558)	77,551

27 Deferred tax assets (liabilities) (continued)

The movement of deferred tax assets (liabilities) is as follows:

	Excess of tax amortisation over accounting amortisation and impairment of intangible assets RMB'000	Fair value change on investment in equity instrument at FVOCI RMB'000	Tax on undistributed earnings of subsidiary and joint ventures RMB'000	Tax on dividends from a joint venture reinvested RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	185,234	(1,942)	(98,067)	(30,737)	117,418	99	172,005
Charged to profit or loss	(51,671)	–	(23,469)	–	(40,121)	–	(115,261)
Credit to other comprehensive income	–	10	–	–	–	–	10
Reclassification	–	–	19,995	(19,995)	–	–	–
Release to profit or loss upon declaration of dividends	–	–	20,797	–	–	–	20,797
At 31 December 2022 and 1 January 2023	**133,563**	**(1,932)**	**(80,744)**	**(50,732)**	**77,297**	**99**	**77,551**
Charged (credited) to profit or loss	**(40,126)**	**–**	**(36,362)**	**–**	**(53,975)**	**121**	**(130,342)**
Credit to other comprehensive income	**–**	**152**	**–**	**–**	**–**	**–**	**152**
Release to profit or loss upon declaration of dividends	**–**	**–**	**11,081**	**–**	**–**	**–**	**11,081**
31 December 2023	**93,437**	**(1,780)**	**(106,025)**	**(50,732)**	**23,322**	**220**	**(41,558)**

28 Capital, reserves and dividends

(a) Share capital

	Number of shares	Nominal amount HKD'000
Ordinary shares of HKD0.1 each		
Authorised:		
As at 1 January 2022, 31 December 2022 and 2023	10,000,000,000	1,000,000

	Number of shares	Nominal amount HKD'000	Nominal amount Equivalent to RMB'000
Issued and fully paid:			
As at 1 January 2022, 31 December 2022 and 2023	3,081,690,283	308,169	270,603

(b) Dividends

(i) Dividends recognised as a distribution during the year:

	2023 RMB'000	2022 RMB'000
Final dividend for the year ended 31 December 2022 paid of RMB3.25 cents (equivalent to HK3.688685 cents) (2022: for the year ended 31 December 2021 paid of RMB10.45 cents (equivalent to HK12.880879 cents)) per share	**100,155**	332,495
Interim dividend for the year ended 31 December 2023 paid of RMB5.55 cents (equivalent to HK6.043062 cents) (2022: for the year ended 31 December 2022 paid of RMB5.75 cents (equivalent to HK6.67299 cents)) per share	**171,034**	177,147
	271,189	509,642

(ii) Proposed dividends:

	2023 RMB'000	2022 RMB'000
Final dividend for the year ended 31 December 2023 proposed of RMB11.55 cents (equivalent to HK12.724173 cents) (2022: for the year ended 31 December 2022 proposed of RMB3.25 cents (equivalent to HK3.688685 cents)) per share	**355,935**	100,155

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

28 Capital, reserves and dividends (continued)

(c) Share premium

It represents the excess of the net proceeds from issuance of the Company's shares over its par value.

(d) Statutory reserve

Pursuant to applicable PRC regulations, PRC companies are required to appropriate 10% of their profit after taxation (after offsetting prior years' losses) to the reserve until such reserve reaches 50% of the registered capital.

(e) Investment revaluation reserve

Investment revaluation reserve has been set up and is dealt with in accordance with the accounting policy set out in Note 3(r).

(f) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the group entities which functional currency is not RMB. The reserve is handled with in accordance with the accounting policies set out in note 3(n).

(g) Capital reserve

Capital reserve represented the 51% share of registered capital and capital reserve of the Coastal Company amounting to RMB4,437,000,000 less (a) the capital reduction of the Coastal Company of RMB3,800,000,000 and add (b) the 49% share by non-controlling interests in the net movement in registered capital and capital reserve (being the capital reduction of RMB3,800,000,000 net of the Subscription of RMB2,998,000,000) amounting to RMB392,980,000.

29 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from that of the prior years.

The capital structure of the Group consists of net debt, which includes the borrowings and lease liabilities respectively, net of cash and cash equivalents and equity attributable to equity shareholders of the Company, comprising share capital, share premium, retained profits and other reserves.

The directors review the capital structure periodically. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the issue of new debt or the repayment of existing debt.

The Directors monitor the utilisation of bank loans and ensures full compliance with loan covenants during the year.

30 Financial risk management and fair values of financial instruments

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Directors monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, restricted bank deposits and bank deposits. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

The Group has a significant concentration credit risk as all trade receivables are from two debtors as at 31 December 2023 and 2022. The debtors are governmental organisations and State-owned enterprises with good reputation and repayment records.

The management of the Group regularly follows up the subsequent settlement from the counterparties. In this regard, the management of the Group considers that this credit concentration risk has been significantly mitigated. In order to minimise the credit risk on trade receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group applies simplified approach and always recognises lifetime ECL for trade receivables on an individual basis. Taking into account the financial condition of the customers and historical settlement pattern with no history of default in the past and the forward-looking information, the management of the Group considers the trade receivables are at lower risk under internal credit rating assessment and the probability of default of the counterparties was low. The ECL arising from the trade receivables was insignificant and no loss allowance provision was recognised as at 31 December 2023 and 2022. There were no credit-impaired trade receivables as at 31 December 2023 and 2022.

Restricted deposits and bank deposits

The credit risks of the Group on liquid funds are limited because the counterparties are banks with good reputation.

30 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Historically, the Group has relied principally on both operational sources of cash and non-operational sources of equity and debt financing to fund its operations and business development.

Considered historical cash requirements, working capital and capital expenditures plans, estimated cash flows provided by operations, existing cash on hand, ability to renew or refinance banking and other financing facilities upon maturity as well as other key factors, including utilisation of credit facilities granted by financial institutions and ability to adjust the scheduled capital commitments. Management believes the assumptions used in the cash forecast are reasonable.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	***More than 1 year but less than 2 years RMB'000***	***More than 2 years but less than 5 years RMB'000***	***More than 5 years RMB'000***	***Total undiscounted cash flows RMB'000***	***Carrying amount at 31 December RMB'000***
Trade and other payables	**505,933**	**–**	**–**	**–**	**505,933**	**505,933**
Lease liabilities	**9,520**	**4,746**	**–**	**–**	**14,266**	**13,763**
Bank loans	**1,919,696**	**854,540**	**1,004,108**	**638,071**	**4,416,415**	**4,031,891**
	2,435,149	**859,286**	**1,004,108**	**638,071**	**4,936,614**	**4,551,587**

	2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	*More than 1 year but less than 2 years RMB'000*	*More than 2 years but less than 5 years RMB'000*	*More than 5 years RMB'000*	*Total undiscounted cash flows RMB'000*	*Carrying amount at 31 December RMB'000*
Trade and other payables	488,875	–	–	–	488,875	488,875
Lease liabilities	9,520	9,520	4,746	–	23,786	22,757
Bank loans	1,271,383	729,333	1,330,974	1,144,091	4,475,781	3,956,802
Financial guarantee	225,000	–	–	–	225,000	–
	1,994,778	738,853	1,335,720	1,144,091	5,213,442	4,468,434

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

30 Financial risk management and fair values of financial instruments (continued)

(c) Interest rate risk

(i) Interest rate risk

The cash flows interest rate risk of the Group relates primarily to variable rate bank loans with details as set out in notes 26 respectively and the variable rate bank loans of its joint ventures.

The Group is exposed to fair value interest risk in relation to certain lease liabilities (see note 25). The management continues to monitor the fair value interest rate exposure of the Group.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

For the floating rate loans that are linked to HIBOR, the management expects the HIBOR will continue to maturity. Accordingly, the management does not expect there is significant uncertainty or risks arising from the interest rate benchmark reform.

(ii) Sensitivity analysis

The sensitivity analysis includes only variable financial instruments outstanding at the end of the reporting period were outstanding for the whole period. A 100 basis points is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As at 31 December 2023, the Group (excluding its joint ventures) are exposed to cash flow interest rate in relation to the variable rate bank loans. If interest rate had been 100 basis points higher/lower, the profit for the year of equity shareholders would decrease/increase by RMB28,710,000 (2022: RMB34,677,000).

As at 31 December 2023, the joint ventures of the Group are exposed to cash flow interest rate risk in relation to the variable rate bank loans. If interest rate had been 100 basis points higher/lower, the profit for the year of equity shareholders would decrease/increase by RMB25,865,000 (2022: RMB20,791,000).

30 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk

(i) Exposure to currency risk

The Group undertake certain transactions denominated in foreign currencies, hence exposure to exchange fluctuation arises. Certain of the financial assets and financial liabilities of the Group are denominated in HKD or USD which are currencies other than their respective functional currencies of the respective group entities. The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates.

The carrying amounts of financial assets and financial liabilities of the entities comprising the Group (not including joint ventures) denominated in currencies other than their respective functional currencies at the end of the reporting period are as follows:

	2023 **RMB'000**	2022 RMB'000
— Asset	**7,483**	38,934
— Liabilities	**5,268**	7,946

In addition, the carrying amounts of monetary assets and monetary liabilities of the Group's joint ventures denominated in currencies other than their respective functional currencies at the end of the reporting period are as follows:

	2023 **RMB'000**	2022 RMB'000
— Asset	**9**	65
— Liabilities	**2,019,756**	2,345,407

The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure.

30 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The foreign currency risk of the Group and a joint venture is mainly concentrated on the fluctuation of RMB, the functional currency of the Company, its subsidiaries and a joint venture as at 31 December 2023, against HKD and USD. The following sensitivity analysis includes currency risk related to HKD and USD denominated monetary items of respective group entities and the joint venture.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate and all other variables are held constant.

As at 31 December 2023, the entities comprising the Group (excluding the joint ventures) had monetary assets and monetary liabilities denominated in HKD that is not the functional currency of the relevant group entities (i.e. RMB). If exchange rate of RMB against HKD had been strengthened/weakened by 5%, the profit for the year attributable to equity shareholders of the Company for the current year would decrease/increase by RMB83,000 (2022: RMB1,162,000).

As at 31 December 2023, a joint venture of the Group had outstanding bank loans and bank deposits denominated in HKD and USD that are not the functional currency of a joint venture (i.e. RMB). The foreign currency risk associated with foreign currency borrowings and bank deposits exposed by a joint venture is reflected in the share of results of joint ventures. If exchange rate of RMB against HKD and USD had been strengthened/weakened by 5%, the profit for the year attributable to equity shareholders of the Company for the current year would increase/decrease by RMB34,083,000 (2022: RMB37,017,000).

(Expressed in RMB unless otherwise indicated)

30 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

Financial assets	*2023*	*2022*	*Fair value hierarchy*	*Valuation technique and key inputs*	*Significant unobservable inputs*	*Relationship of unobservable inputs to fair value(Note)*
Equity instrument at fair value through other comprehensive income	**Unlisted equity investment: RMB18,477,000**	Unlisted equity investment: RMB20,000,000	Level 3	Market Approach	Price-to-book multiples of several comparable companies with average at 1.98 (2022: 1.84)	The higher the multiples, the higher the fair value
					Risk adjustment for a discount on lack of marketability at 32% (2022: 27%)	The higher the discount, the lower the fair value
Structured deposit	**RMB320,372,000**	RMB451,440,000	Level 3	Discounted cash flow	Potential return rate of 2.80% to 3.50% (2022: 2.90% to 4.42%) per annum	The higher the potential return rate, the lower the fair value

Note: If the price-to-book multiples to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value would increase/decrease by approximately RMB923,000 (2022: RMB855,000). If the risk adjustment for a discount on lack of marketability to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value would decrease/increase by approximately RMB441,000 (2022: RMB322,000).

30 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis (continued)

Reconciliation of Level 3 fair value measurements

	Equity instrument at FVOCI *RMB'000*	*Structured deposit* *RMB'000*
At 1 January 2022	20,100	351,381
Total gains/(losses):		
— in profit or loss	–	9,385
— in other comprehensive income	(90)	–
Purchase	–	1,468,000
Withdrawal	–	(1,368,000)
Interest received	–	(9,326)
Deferred tax	(10)	–
At 31 December 2022	20,000	451,440
At 1 January 2023	**20,000**	**451,440**
Total gains/(losses):		
— in profit or loss	**–**	**6,864**
— in other comprehensive income	**(1,371)**	**–**
Purchase	**–**	**1,290,000**
Withdrawal	**–**	**(1,420,000)**
Interest received	**–**	**(7,932)**
Deferred taxes	**(152)**	**–**
At 31 December 2023	**18,477**	**320,372**

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amounts of the financial assets and financial liabilities recognised at amortised cost approximate their fair values.

(Expressed in RMB unless otherwise indicated)

31 Particulars of principal subsidiaries

The following list contains the particulars of the subsidiaries of the Company at 31 December 2023 and 2022 which principally affect the results, assets or liabilities of the Group as the directors are of the opinion that a full list of all the subsidiaries would be of excessive length.

Name of subsidiary	*Place of incorporation/ establishment/ operation*	*Issued and fully paid share*		*Attributable equity interest held by the Company*		*Proportion of voting power held by the Company*		*Principal activity*
		2023	2022	**2023**	2022	**2023**	2022	
Kingnice (BVI) Limited	British Virgin Islands	**ordinary shares US$20,000**	Ordinary shares US$20,000	**97.5%**	97.5%	**97.5%**	97.5%	Investment holding
Hopewell China Development (Superhighway) Limited	Hong Kong, China	**Ordinary shares HK$2 Non-voting deferred shares HK$Nil**	Ordinary shares HK$2 Non-voting deferred shares HK$Nil	**97.5% of issued ordinary shares**	97.5% of issued ordinary shares	**97.5%**	97.5%	Investment in expressway project
Hopewell Guangzhou-Zhuhai Superhighway Development Limited	Hong Kong, China	**Ordinary shares HK$2 Non-voting deferred shares HK$Nil**	Ordinary shares HK$2 Non-voting deferred shares HK$Nil	**100% of issued ordinary shares**	100% of issued ordinary shares	**100.0%**	100.0%	Investment in expressway project
SIH Bay Area Finance Limited	Hong Kong, China	**Ordinary share HK$1**	Ordinary share HK$1	**100.0%**	100.0%	**100.0%**	100.0%	Loan finance
Shenwan Bay Area Infrastructure (Shenzhen) Company Limited	Chinese Mainland	**Paid-in capital RMB1,894,785,997**	Paid-in capital RMB1,894,785,997	**97.5%**	97.5%	**97.5%**	97.5%	Investment holding
The Coastal Company	Chinese Mainland	**Paid-in capital RMB5,714,285,714**	Paid-in capital RMB5,714,285,714	**51.0%**	51.0%	**51.0%**	51.0%	Investment, construction and operation of an expressway

Except SIH Bay Area Finance Limited, all the above subsidiaries are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

31 Particulars of principal subsidiaries (continued)

Details of non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	*Place of incorporation/ establishment*	*Proportion of ownership interest held by non-controlling interests*		*Profit allocated to non-controlling interests*		*Accumulated non-controlling interests*	
		2023	*2022*	***2023*** ***RMB'000***	*2022* *RMB'000*	***2023*** ***RMB'000***	*2022* *RMB'000*
The Coastal Company	Chinese Mainland	**49%**	49%	**100,554**	43,518	**2,926,434**	2,825,881

Summarised financial information in respect of the Coastal Company is set out below. The summarised financial information below represents amounts before intragroup eliminations.

The Coastal Company

	2023 ***RMB'000***	*2022* *RMB'000*
Current assets	**267,476**	309,824
Non-current assets	**6,204,400**	6,177,931
Current liabilities	**(469,561)**	(690,417)
Non-current liabilities	**(30,000)**	(30,235)
Total equity	**5,972,315**	5,767,103

	2023 ***RMB'000***	*2022* *RMB'000*
Revenue	**944,777**	789,701
Profit and total comprehensive income for the year	**205,212**	88,813
Net cash generated from operating activities	**515,756**	216,058
Net cash used in investing activities	**(305,674)**	(479,387)
Net cash (used in)/generated from financing activities	**(265,975)**	127,669

32 Capital commitments

Commitments outstanding at 31 December 2023 and 2022 contracted but not provided for in these consolidated financial statements:

	2023 ***RMB'000***	*2022* *RMB'000*
Construction of expressway	**294,839**	616,455

33 Related party transactions

Other than as disclosed elsewhere in these consolidated financial statements,the Group also entered into the following transactions with Shenzhen Expressway and its subsidiaries, as well as joint ventures of the Group during the years ended 31 December 2023 and 2022:

	2023 RMB'000	2022 RMB'000
Guarantee income	**531**	2,123
Maintenance expenses	**37,128**	35,682
Management fee expenses	**3,042**	2,262
Rental and services income	**13,796**	53
Interest income	**3,818**	29,530
Construction costs	**14,143**	21,941
Acceptance of research and development services	**17,004**	–

Compensation of key management personnel

The remuneration of key management personnel who are all Directors is disclosed in note 10.

34 Company-level statement of financial position

	2023 RMB'000	2022 RMB'000
Non-current assets		
Investments in subsidiaries	**1,143,665**	1,140,212
Amount due from a subsidiary	**1,843,014**	1,792,502
	2,986,679	2,932,714
Current assets		
Deposits and prepayments	**652**	501
Amounts due from subsidiaries	**2,032,619**	1,505,657
Cash and cash equivalents	**11,174**	51,551
	2,044,445	1,557,709
Total assets	**5,031,124**	4,490,423
Current liabilities		
Bank loans	**200,678**	–
Trade and other payables	**21,347**	18,614
Amounts due to subsidiaries	**2,027,370**	2,068,861
Total liabilities	**2,249,395**	2,087,475
Capital and reserves		
Share capital	**270,603**	270,603
Share premium and reserves	**2,511,126**	2,132,345
Total equity	**2,781,729**	2,402,948

34 Company-level statement of financial position (continued)

Company's share premium and reserves

The Company's reserves available for distribution represent the share premium and retained profits. Under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of a dividend, the Company is able to pay its debt as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can only be distributed out of the retained profits and share premium of the Company. As at 31 December 2023, the Company's reserves available for distribution to its shareholders amounting to RMB2,881,726,000 (2022: RMB2,502,945,000), comprising retained profits of RMB544,037,000 (2022: RMB165,256,000) and share premium of RMB2,337,689,000 (2022: RMB2,337,689,000).

	Share premium RMB'000	*Translation reserve* RMB'000	*Retained profits* RMB'000	*Total* RMB'000
Balance at 31 December 2021	2,337,689	(370,600)	847,654	2,814,743
Changes in equity for 2022:				
Loss and total comprehensive income	–	–	(172,756)	(172,756)
Dividends recognised as distribution	–	–	(509,642)	(509,642)
Total comprehensive income	–	–	(682,398)	(682,398)
Balance at 31 December 2022	2,337,689	(370,600)	165,256	2,132,345
Changes in equity for 2023:				
Gain and total comprehensive income	**–**	**–**	**649,970**	**649,970**
Dividends recognised as distribution	**–**	**–**	**(271,189)**	**(271,189)**
Total comprehensive income	**–**	**–**	**378,781**	**378,781**
Balance at 31 December 2023	**2,337,689**	**(370,600)**	**544,037**	**2,511,126**

(Expressed in RMB unless otherwise indicated)

35 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2023

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to IAS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to IAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far, the Group has concluded that the adoption of them will have no significant impact on these consolidated financial statements.

36 Approval of financial statements

The consolidated financial statements on pages 94 to 162 were approved and authorised for issue by the Board of Directors on 19 March 2024.

Glossary

"2014/15"	the year ended 30 June 2015
"2015/16"	the year ended 30 June 2016
"2016/17"	the year ended 30 June 2017
"2017/18"	the year ended 30 June 2018
"2H 2018"	the six months ended 31 December 2018
"2019"	the year ended 31 December 2019
"2020"	the year ended 31 December 2020
"2021"	the year ended 31 December 2021
"2022"	the year ended 31 December 2022
"2023"	the year ended 31 December 2023
"2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement"	the agreement dated 25 January 2024 entered into between the Coastal Company and Shenzhen Expressway Engineering Development Limited* (深圳高速工程發展有限公司) in relation to the provision of daily maintenance, electrical maintenance and towing services for the Coastal Expressway (Shenzhen Section) in 2024, as disclosed in the Company's announcement dated 25 January 2024
"Approved Road Section"	The Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Guangzhou Huocun section of the Guangzhou-Foshan Expressway* (京港澳高速公路廣州火村至東莞長安段及廣佛高速公路廣州黃村至火村段), as disclosed in the Company's announcement dated 7 December 2023
"Approved Road Section R&E Project"	the reconstruction and expansion project of the Approved Road Section approved by Guangdong Provincial Development and Reform Commission on 22 August 2023, as disclosed in the Company's announcement dated 7 December 2023
"Audit Committee"	the audit committee of the Company

Glossary

"Attached Buildings"	buildings constructed on the Resumed Land with an aggregated gross floor area of 13,785.70 square metres, as disclosed in the Company's announcement dated 30 September 2022
"Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen Section) Reconstruction and Expansion Project"	the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Guangzhou Huocun section of the Guangzhou-Foshan Expressway and the reconstruction and expansion project of the Dongguan Chang'an to Shenzhen Huanggang section of the Beijing-Hong Kong-Macao Expressway
"BIM"	Building Information Modelling, which is a model equipped with a complete and realistic construction database by building a virtual three-dimensional construction model and using digitisation technology. It is a digitised tool applied to engineering design, construction and management. Meanwhile, the model plays a key role in enhancing productivity, saving costs and shortening construction periods, as disclosed in the Company's announcement dated 28 February 2023
"Board"	the board of Directors of the Company
"CG Code"	Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Chinese Mainland"	the PRC, excluding Hong Kong and Macao
"Coastal Company"	Shenzhen Guangshen Coastal Expressway Investment Company Limited* (深圳市廣深沿江高速公路投資有限公司), a company incorporated in the PRC with limited liability, the equity interest of which is currently held as to 51% and 49% by the Company and Shenzhen Expressway respectively
"Coastal Expressway (Shenzhen Section)"	the Shenzhen section of Guangshen Coastal Expressway, which comprises of Coastal Phase I and Coastal Phase II
"Coastal Phase I"	Phase I of Coastal Expressway (Shenzhen Section), on the main line of Coastal Expressway (Shenzhen Section), the toll mileage is approximately 30.9 km and was opened to traffic on 28 December 2013

Glossary

"Coastal Phase II"	Phase II of Coastal Expressway (Shenzhen Section) which includes two parts, being the construction of the interchange of the International Convention and Exhibition Center which was completed and opened to traffic in 2019 and the construction of the connection lane on the Shenzhen side of Shenzhen-Zhongshan Channel which has total length of approximately 5.7 km and is currently under construction
"Company"	Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited), a company incorporated in the Cayman Islands with limited liability
"Consortium"	A consortium comprising Digital Technology Company and Yunji Intelligent, as disclosed in the Company's announcement dated 28 February 2023
"Construction Works Agreement (TJ1 Section)"	the civil engineering construction works agreement (TJ1 Section) under the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Huocun section of the Guangzhou-Foshan Expressway* (《京港澳高速公路廣州火村至東莞長安段及廣佛高速公路廣州黄村至火村段改擴建項目土建工程施工合同(第TJ1合同段)》) dated 7 December 2023 entered into between GSZ Company and Poly Changda, as disclosed in the Company's announcement dated 7 December 2023
"Compensation Agreement"	The Compensation Agreement for Resumption of State owned Land Use Rights* (收回國有土地使用權補償合同) entered into among Land Reserve Centre, GS JV and the Representatives on 30 September 2022 in relation to the Land Resumption, as disclosed in the Company's announcement dated 30 September 2022
"Completion"	completion of the payment of the Consideration by Shenwan Infrastructure to the Coastal Company and the registration of the change of the registered capital, shareholders and directors of the Coastal Company as a result of the Subscription with the relevant government authority in the PRC, as disclosed in the Company's circular dated 23 September 2022, which has taken place on 30 November 2022, as disclosed in the Company's announcement dated 2 December 2022
"Consideration"	RMB2,998,000,000, being the consideration payable by Shenwan Infrastructure to obtain 51% of the enlarged equity interest in the Coastal Company pursuant to the Subscription Agreement, as disclosed in the Company's circular dated 23 September 2022
"Director(s)"	director(s) of the Company
"EBITDA"	earnings before interest, tax, depreciation and amortisation (before net exchange gain/loss)
"EIT"	enterprise income tax

Glossary

"Entrusted Coastal Expressway Daily Maintenance, Electrical and Mechanical Maintenance and Towing Services Agreement"	the agreement dated 11 August 2022 entered into between the Coastal Company and the Engineering Development Company in relation to the provision of daily maintenance, electrical maintenance and towing services for the Coastal Expressway (Shenzhen Section), as disclosed in the Company's announcement dated 18 August 2022
"Entrusted Coastal Expressway Operation and Maintenance Management Agreement"	an agreement dated 26 July 2022 entered into between the Coastal Company and the Operation Development Company in relation to provision of operational and maintenance management services for Coastal Expressway (Shenzhen Section), as disclosed in the Company's announcement dated 18 August 2022
"Executive Committee"	the committee of Executive Directors of the Company
"Extended Toll Station"	a new toll station to be built on the right of the exit plaza of the Hezhou Toll Station with a total of 6 lanes, including 4 newly built lanes and the 2 transformed direct channels and will be wholly owned by Shenzhen Expressway, as disclosed in the Company's announcement dated 18 September 2023
"GDP"	gross domestic product
"GPCG"	Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司) and its subsidiaries collectively (including Guangdong Highway Construction, Lealu Investment and Leaxin Investment)
"Greater Bay Area"	Guangdong-Hong Kong-Macao Greater Bay Area, a national development strategy of the PRC
"Guangdong Highway Construction"	Guangdong Provincial Highway Construction Company Limited* (廣東省公路建設有限公司), the PRC joint venture partner of GS Superhighway JV and a company established in the PRC with limited liability and a non wholly-owned subsidiary of Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), being a state-owned enterprise established in the PRC
"Group"	the Company and its subsidiaries
"GS JV" or "GSZ Company"	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture established for the GS Superhighway
"GS Superhighway"	Guangzhou-Shenzhen Superhighway
"GZ West JV"	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the GZ West Superhighway
"GZ West Superhighway"	Guangzhou-Zhuhai West Superhighway, also known as the Western Delta Route

Glossary

"Hezhou Toll Station"	the toll station of GS Superhighway at the Hezhou Interchange, which is divided into north and south toll plazas, and has a total 20 lanes, as disclosed in the Company's announcement dated 18 September 2023
"Huanghe Toll Station"	the toll station of Jihe Expressway at the Huanghe Interchange and has a total 10 lanes, as disclosed in the Company's announcement dated 18 September 2023
"Humen Town Section Land Expropriation, Demolition and Relocation Works Agreement"	the land expropriation, demolition and relocation works delegation agreement (Dongguan City Humen Town section) under the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Huocun section of the Guangzhou-Foshan Expressway* (《京港澳高速公路廣州火村至東莞長安段及廣佛高速公路廣州黃村至火村段改擴建項目(東莞市虎門鎮路段)徵地拆遷工作委託協議》) entered into between the GSZ Company and Humen Town Government on 21 December 2023, as disclosed in the Company's announcement dated 21 December 2023
"HK$", "HKD" or "HK Dollar(s)"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"HZM Bridge"	the Hong Kong-Zhuhai-Macao Bridge
"JV(s)"	joint venture(s)
"km"	kilometre(s)
"Land Expropriation, Demolition and Relocation Works"	the land expropriation, demolition and relocation works in Dongguan City Humen Town section to be undertaken by Humen Town Government, as agreed in the Humen Town Section Land Expropriation, Demolition and Relocation Works Agreement, as disclosed in the Company's announcement dated 21 December 2023
"Land Reserve Centre"	Guangzhou Development District Land Development Reserve Exchange Centre* (廣州開發區土地開發儲備交易中心), a public institution in Guangzhou City, Guangdong Province, the PRC entrusted by Huangpu District Government to execute the Land Resumption, as disclosed in the Company's announcement dated 30 September 2022
"Land Resumption"	the resumption of the land use rights of the Resumed Land and the Attached Buildings by Land Reserve Centre under the Compensation Agreement, as disclosed in the Company's announcement dated 30 September 2022

* *For identification purpose only*

Glossary

"Lealu Investment"	Guangzhou Lealu Investment Company Limited* (廣州利路實業投資有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of GPCG
"Leaxin Investment"	Guangzhou Leaxin Investment Company Limited* (廣州利新實業投資有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of GPCG
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macao" or "Macao SAR"	the Macao Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Mu"	unit of area, equal to approximately 667 square metres
"net toll revenue"	toll revenue after related tax
"New Hezhou Toll Station"	the combined toll station of Hezhou Toll Station and Extended Toll Station, and has 26 lanes, as disclosed in the Company's announcement dated 18 September 2023
"Nomination Committee"	the nomination committee of the Company
"Parties"	collectively, Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment, and each a "Party"
"PRC"	the People's Republic of China
"PRD"	Pearl River Delta
"Project Land"	the land (plot number: 83101203A19206) located at the Xintang interchange on both sides of the GS Superhighway, as disclosed in the Company's announcement dated 29 November 2019
"Remuneration Committee"	the remuneration committee of the Company

Glossary

"Representatives"	Guangzhou Huangpu District People's Government Yunpu Street Office* (廣州市黃埔區人民政府雲埔街道辦事處) and Guangzhou Dongjin New District Development Co. Ltd.* (廣州東進新區開發有限公司), a limited company established in the PRC, as disclosed in the Company's announcement dated 30 September 2022
"Resumed Land"	two land parcels located at the Luogang Interchange of Huangpu District of Guangzhou City, the PRC (i.e. in the Guangzhou section of the GS Superhighway) with an aggregated ascertained site area of 294,540.09 sq.m., as disclosed in the Company's announcement dated 30 September 2022
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Shenwan Infrastructure"	Shenwan Bay Area Infrastructure (Shenzhen) Company Limited* (深灣基建(深圳)有限公司), a company established in the PRC with limited liability established by the Company for the purpose of investing into the Xintang JV
"Shenzhen Expressway"	Shenzhen Expressway Corporation Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00548) and the A shares of which are listed on the Shanghai Stock Exchange (Security Code: 600548)
"Shenzhen International"	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00152)
"Shenzhen Run Investment"	Shenzhen Run Investment Consulting Co., Ltd.* (深圳市潤投諮詢有限公司), a company established in the PRC with limited liability
"SIHC"	Shenzhen Investment Holdings Co., Ltd* (深圳市投資控股有限公司), incorporated in the PRC with limited liability, the ultimate controlling Shareholder of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

Glossary

"Subscription"	the capital injection to obtain 51% enlarged equity interest in the Coastal Company upon Completion by Shenwan Infrastructure pursuant to the Subscription Agreement, as disclosed in the Company's circular dated 23 September 2022
"Subscription Agreement"	a conditional subscription agreement entered into between Shenwan Infrastructure, Shenzhen Expressway and the Coastal Company on 18 August 2022 in respect of the capital injection to the Coastal Company by Shenwan Infrastructure, as disclosed in the Company's circular dated 23 September 2022
"Target Company"	Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), incorporated in the British Virgin Islands with limited liability
"Technological Development Contract"	a technological development contract dated 28 February 2023 entered into between the Coastal Company and the Consortium in relation to the provision of services for the expressway BIM and digital management, research and development for Coastal Phase I and Coastal Phase II, as disclosed in the Company's announcement dated 28 February 2023
"TJ1 Section"	road section starting from K2+270 and ending at K8+800 of the Approved Road Section with a total length of 6.53km, as disclosed in the Company's announcement dated 7 December 2023
"Total Upper Limit"	The maximum total amount of contribution (whether by way of registered capital, shareholders' loans, or in any other nature) by the Parties to Xintang JV shall not exceed RMB6.8 billion, as disclosed in the Company's announcement dated 10 September 2020
"US"	the United States of America
"USD" or "US Dollar(s)"	United States Dollars, the lawful currency of the US
"Xintang JV"	Guangzhou Zhentong Development Company Limited* (廣州臻通實業發展有限公司), a joint venture established in the PRC for the development of the Project Land, the equity interest of which is currently held as to 15%, 20%, 5% and 60% by Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment respectively
"YoY"	year-on-year

Corporate Information

Board of Directors

Mr. Xiangwen LIAO*
(Executive Director and Chairman)
Mr. Jianming WU*
(Executive Director and Executive General Manager)
Mr. Cheng WU*
(Executive Director and Deputy General Manager)
Mr. Ji LIU* *(Executive Director, Deputy General Manager and secretary to the Board)*
Ms. Siyan CHEN* *(Non-executive Director)*
Mr. Xuan WANG* *(Non-executive Director)*
Mr. Yu Lung CHING
(Independent Non-executive Director)
Mr. Tony Chung Nin KAN SBS, JP
(Independent Non-executive Director)
Mr. Peng XUE* *(Independent Non-executive Director)*

Audit Committee

Mr. Yu Lung CHING *(Chairman)*
Mr. Tony Chung Nin KAN SBS, JP
Mr. Peng XUE*

Remuneration Committee

Mr. Tony Chung Nin KAN SBS, JP *(Chairman)*
Mr. Yu Lung CHING
Mr. Peng XUE*

Nomination Committee

Mr. Xiangwen LIAO* *(Chairman)*
Mr. Yu Lung CHING
Mr. Tony Chung Nin KAN SBS, JP

Company Secretary

Ms. Ching Fan KOO

Solicitors

Loong & Yeung, Solicitors

Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

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Email: info@sihbay.com

* *For identification purpose only*

Listing Information

The Stock Exchange of Hong Kong Limited
HKD-traded Ordinary Shares (Stock Code: 737)
RMB-traded Ordinary Shares (Stock Code: 80737)

Principal Bankers+

Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Chong Hing Bank Limited
CMB Wing Lung Bank Limited
Industrial Bank Co., Ltd. Hong Kong Branch
Ping An Bank Co., Ltd., Hong Kong Branch
Shanghai Pudong Development Bank Co., Ltd.

\+ *names are in alphabetical order*

Cayman Islands Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2529 6087

American Depositary Receipt

CUSIP No.	823219100
Trading Symbol	SIHBY
ADR to share ratio	1:10
Depositary Bank	Citibank, N.A., U.S.A.

International Securities Identification Number

ISIN code (HKD counter) KYG8088A1168
ISIN code (RMB counter) KYG8088A1085

Investor Relations

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Website

www.sihbay.com

Financial Calendar

Interim dividend announcement	23 August 2023
Exchange rate determined for payment of interim dividend in Hong Kong Dollars	23 August 2023
Closure of register of members	25 September 2023
Deadline for submission of dividend election form	13 October 2023
Interim dividend payable ***RMB5.55 or HK6.043062 cents per share***	10 November 2023
Final results announcement for the year ended 31 December 2023 and proposed final dividend payable	19 March 2024
Closure of Register of Members for eligibility to attend the 2024 Annual General Meeting	16 May 2024 to 21 May 2024 *(both days inclusive)*
2024 Annual General Meeting	21 May 2024
Ex-dividend date	23 May 2024
Closure of Register of Members for entitlement of proposed final dividend	27 May 2024
Deadline for submission of dividend election form	19 June 2024
Proposed final dividend payable[#] ***Final dividend: RMB11.55 cents or HK12.724173 cents per share***	15 July 2024

[#] Subject to approval by shareholders at the 2024 Annual General Meeting to be held on 21 May 2024.

SHENZHEN INVESTMENT HOLDINGS
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