



深圳高速公路集团股份有限公司 SHENZHEN EXPRESSWAY CORPORATION LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 600548 (SSE) 00548 (HKEx))



2023

Annual Report

Cautionary Statement in relation to Forward-looking Statement:

Beside statements of facts, this report also contains certain "forward-looking statements", including, without limitation, statements relating to all anticipation, objectives, estimations and operation plans of the Company which are anticipated or expected to happen. Forward-looking statements involve certain general or specifically known or unknown risk and negative factors. Affected by these factors, the future results of the Company may substantially differ from these forward looking statements. Users of this report should consider the aforesaid and other factors carefully, and should not place undue reliance on such "forward-looking statements". In addition, the Company undertakes no obligation to update or revise any forward-looking statements in this report publicly in respect of any future information, incident or any other reason. The Company and any of its employee or associate make no representation or assurance to the future performance of the Company and expressly disclaim any responsibilities of such statements.

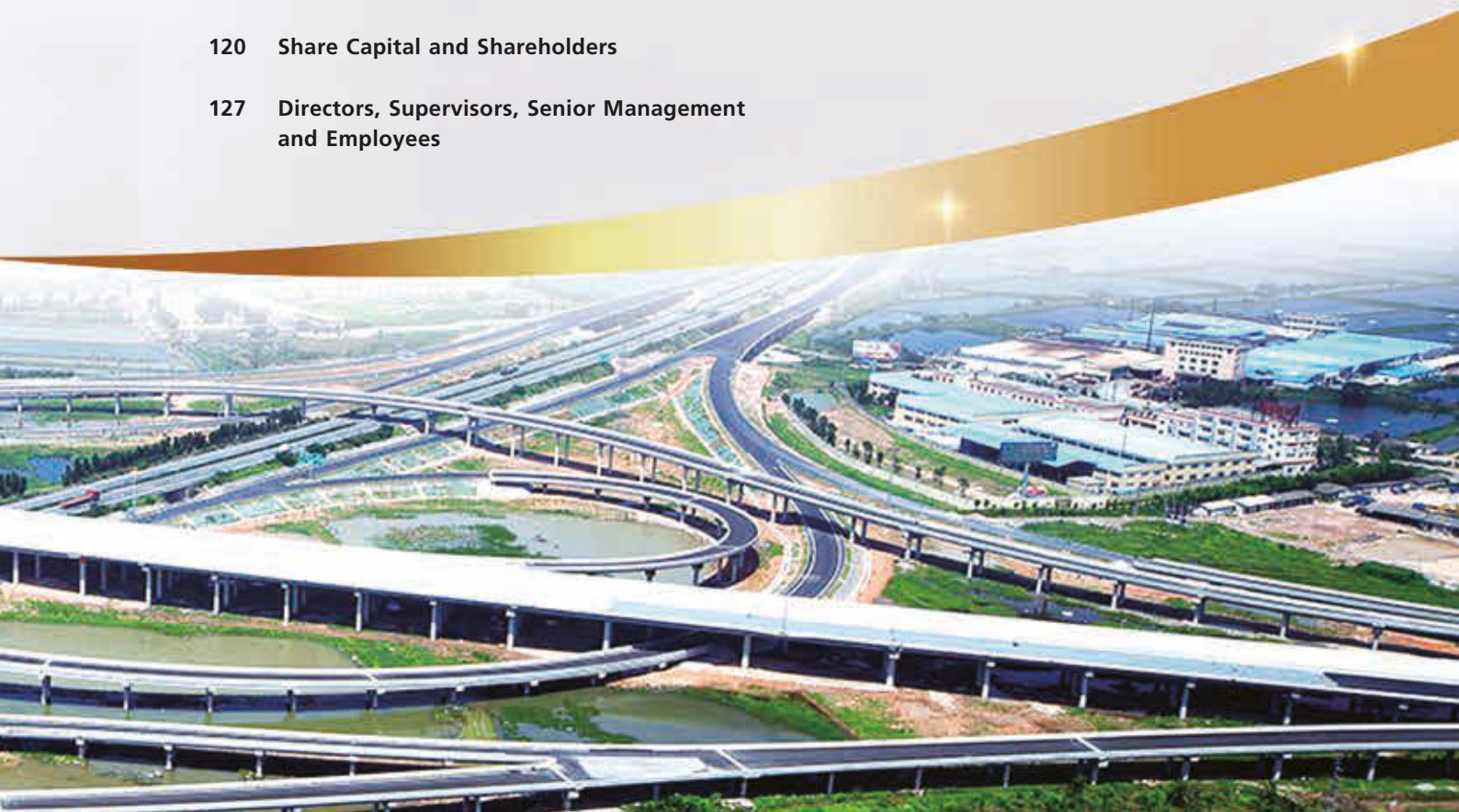
The Board, the Supervisory Committee and the Directors, the Supervisors, the Senior Management of the Company confirm the truthfulness, accuracy and completeness of the content of this annual report and that there are no false representations or misleading statements contained in or material omissions from this report, and assume several and joint legal responsibility.

Member of Shenzhen International Holdings Limited



Contents

2	Definition and Cautionary Statement	
16	Introduction of the Company	
18	Financial and Operational Highlights	
24	Events of the Year	
26	Letter from the Board	
	Management Discussion and Analysis	
32	<i>Discussion and Analysis of the Operations</i>	
34	<i>Particulars of the Industry in which the Company operates during the Reporting Period</i>	
39	<i>Business of the Company during the Reporting Period</i>	
55	<i>Analysis of Core Competitiveness during the Reporting Period</i>	
58	<i>Financial Analysis</i>	
86	<i>Outlook and Plans</i>	
94	Report of the Directors	
120	Share Capital and Shareholders	
127	Directors, Supervisors, Senior Management and Employees	
	Corporate Governance	
141	<i>Corporate Governance Summary</i>	
152	<i>Corporate Governance Report</i>	
169	<i>Internal Control</i>	
173	<i>Investor Relations</i>	
	Auditor's Report and 2023 Financial Statements	
180	<i>Auditor's Report</i>	
185	<i>Consolidated and Company Statement of Financial Position</i>	
190	<i>Consolidated and Company Statement of Profit or Loss and Other Comprehensive Income</i>	
193	<i>Consolidated and Company Statement of Cash Flows</i>	
196	<i>Consolidated and Company Statement of Changes in Equity</i>	
199	<i>Notes to Financial Statements</i>	
374	<i>Supplementary Information</i>	
378	Company Information	



Definition and Cautionary Statement

1. Definitions

In this report, the following expressions shall have the meanings set out below unless the context otherwise requires:

Reporting Period	For the twelve months ended 31 December 2023.
Reporting date	The date on which this Annual Report 2023 of the Company is approved by the Board, being 22 March 2024.
YOY	Year-on-year change rate as compared to the same period of 2022.
The Company, Shenzhen Expressway	Shenzhen Expressway Corporation Limited.
The Group	The Company and its consolidated subsidiaries.
RMB/yuan	Renminbi yuan, the lawful currency of PRC.
A Shares	Renminbi-denominated ordinary shares of the Company which were issued in the mainland China and subscribed in RMB and are listed on SSE.
H Shares	Overseas-listed foreign shares of the Company which were issued in Hong Kong and subscribed in HK\$ and are listed on HKEx.
CSRC	China Securities Regulatory Commission.
SFC	Securities and Futures Commission of Hong Kong.
SSE	The Shanghai Stock Exchange.
SZEX	The Shenzhen Stock Exchange.
HKEX	The Stock Exchange of Hong Kong Limited.
Hong Kong	Hong Kong Special Administrative Region of the PRC.



Listing Rules	The Rules Governing the Listing of Securities on HKEx and/or the Rules Governing the Listing of Stocks on SSE (as the case may be).
CASBE	The Accounting Standards for Business Enterprises (2006) of the PRC and the specific accounting standards as well as relevant provisions issued later.
State Council	State Council of the People's Republic of China (中華人民共和國國務院).
SASAC	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
NDRC	National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會).
MOT	Ministry of Transport of the People's Republic of China (中華人民共和國交通運輸部).
National Energy Administration	National Energy Administration of the People's Republic of China (中華人民共和國國家能源局).
Ministry of Finance	Ministry of Finance of the People's Republic of China (中華人民共和國財政部).
Ministry of Industry and Information Technology	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部).
Ministry of Ecology and Environment	Ministry of Ecology and Environment of the People's Republic of China (中華人民共和國生態環境部).
Ministry of Housing and Urban-Rural Development	Ministry of Housing and Urban-Rural Development of the People's Republic of China (中華人民共和國住房和城鄉建設部).
Guangdong PDRC	Guangdong Provincial Development and Reform Commission (廣東省發展和改革委員會).
Shenzhen SASAC	State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government (深圳市人民政府國有資產監督管理委員會).

Definition and Cautionary Statement

Shenzhen Transport Bureau	Transport Bureau of Shenzhen Municipality (深圳市交通運輸局), formerly known as Transport Commission of Shenzhen Municipality (深圳市交通運輸委員會).
SIHC	Shenzhen Investment Holdings Company Limited (深圳市投資控股有限公司).
Shenzhen International	Shenzhen International Holdings Limited (深圳國際控股有限公司).
XTC Company	Xin Tong Chan Development (Shenzhen) Company Limited (新通產實業開發(深圳)有限公司), formerly known as Shenzhen Freeway Development Company Limited (深圳市高速公路開發公司).
SGH Company	Shenzhen Shen Guang Hui Highway Development Company Limited (深圳市深廣惠公路開發有限公司), formerly known as Shenzhen Shen Guang Hui Highway Development Company (深圳市深廣惠公路開發總公司).
CMET	China Merchants Expressway Network & Technology Holdings Company Limited (招商局公路網絡科技控股股份有限公司), formerly known as China Merchants Hua Jian Highway Investment Company Limited (招商局華建公路投資有限公司).
GDRB Company	Guangdong Roads and Bridges Construction Development Company Limited (廣東省路橋建設發展有限公司).
Shenzhen International (Shenzhen)	Shenzhen International Holdings (SZ) Limited (深國際控股(深圳)有限公司), formerly known as Yiwan Industry Development (Shenzhen) Company Limited (怡萬實業發展(深圳)有限公司).
SZCDTI	Shenzhen SEZ Construction and Development of Transportation and Investment Company Limited (深圳市特區建發交通投資有限公司), a wholly-owned subsidiary of Shenzhen SEZ Construction Development Group Co., Ltd. (深圳市特區建設發展集團有限公司).
SIICH	Shenzhen Investment International Capital Holdings Company Limited (深圳投控國際資本控股有限公司), a wholly-owned subsidiary of SIHC.
SIICHIC	Shenzhen Investment International Capital Holdings Infrastructure Company Limited (深圳投控國際資本控股基建有限公司).
SZI (HK)	Shenzhen International Limited (深國際有限公司).



SZI Logistics	Shenzhen International Logistics Development Company Limited (深圳市深國際物流發展有限公司).
Logistics Financial Company	China Logistics Financial Services Limited (中國物流金融服務有限公司).
Vanke Group	China Vanke Company Limited (萬科企業股份有限公司) and its consolidated subsidiaries.
Guangming Environment	Shenzhen Guangming Environment Technology Company Limited (深圳光明深高速環境科技有限公司).
Guishen Company	Guizhou Guishen Investment Development Company Limited (貴州貴深投資發展有限公司).
Bank of Guizhou	Bank of Guizhou Company Limited (貴州銀行股份有限公司).
Huayu Company	Shenzhen Huayu Expressway Investment Company Limited (深圳市華昱高速公路投資有限公司).
Environmental Company	Shenzhen Expressway Environmental Company Limited (深圳高速環境有限公司).
Infrastructure and Environmental Protection Company	Shenzhen Expressway Infrastructure and Environmental Protection Development Company Limited (深圳深高速基建環保開發有限公司).
Fund Company	Shenzhen Expressway Private Equity Industrial Investment Fund Management Company Limited (深圳高速私募產業投資基金管理有限公司).
Construction Company	Shenzhen Expressway Construction Development Company Limited (深圳高速建設發展有限公司).
Architecture Technology Company	Shenzhen Expressway Architecture Technology Development Company Limited (深圳高速建築科技發展有限公司).
Asphalt Technology Company	Shenzhen Expressway Asphalt Technology Development Company Limited (深圳高速瀝青科技發展有限公司).
Longda Company	Shenzhen Longda Expressway Company Limited (深圳龍大高速公路有限公司).

Definition and Cautionary Statement

Magerk Company	Hubei Magerk Expressway Management Company Limited (湖北馬鄂高速公路經營有限公司).
Meiguan Company	Shenzhen Meiguan Expressway Company Limited (深圳市梅觀高速公路有限公司).
Nanjing Third Bridge Company	Nanjing Yangtze River Third Bridge Company Limited (南京長江第三大橋有限責任公司).
Qinglian Company	Guangdong Qinglian Highway Development Company Limited (廣東清連公路發展有限公司).
Qinglong Company	Shenzhen Qinglong Expressway Company Limited (深圳清龍高速公路有限公司).
Financial Leasing Company	Shenzhen Expressway Financial Leasing Company Limited (深圳市深高速融資租賃有限公司), formerly known as Shenzhen International Financial Leasing Company Limited (深圳市深國際融資租賃有限公司).
Business Company	Shenzhen Expressway Business Company Limited (深圳深高速商務有限公司).
Shenchang Company	Changsha Shenchang High Speed Trunk Road Company Limited (長沙市深長快速幹道有限公司).
Digital Technology Company	Shenzhen Expressway Digital Technology Company Limited (深圳高速公路集團數字科技有限公司).
Shenshan Qiantai	Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Company Limited (深圳深汕特別合作區乾泰技術有限公司).
Investment Company	Shenzhen Expressway Investment Company Limited (深圳高速投資有限公司).
Outer Ring Company	Shenzhen Outer Ring Expressway Investment Company Limited (深圳市外環高速公路投資有限公司).
Property Company	Shenzhen Expressway Property Management Company Limited (深圳高速物業管理有限公司).



GZ W2 Company	Guangzhou Western Second Ring Expressway Company Limited (廣州西二環高速公路有限公司).
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).
Yangmao Company	Guangdong Yangmao Expressway Company Limited (廣東陽茂高速公路有限公司).
Yichang Company	Hunan Yichang Expressway Development Company Limited (湖南益常高速公路開發有限公司).
Yunji Intelligent (Former Consulting Company)	Yunji Intelligent Engineering Holding Company Limited (雲基智慧工程股份有限公司), formerly known as Shenzhen Expressway Engineering Consulting Company Limited (深圳高速工程顧問有限公司).
Operation Development Company	Shenzhen Expressway Operation Development Company Limited (深圳高速運營發展有限公司).
Engineering Development Company	Shenzhen Expressway Engineering Development Company Limited (深圳高速工程發展有限公司), formerly known as Guangdong Boyuan Construction Engineering Company Limited (廣東博元建設工程有限公司).
JEL	Jade Emperor Limited (捷德安派有限公司).
Fameluxe Investment	Fameluxe Investment Limited (豐立投資有限公司).
Maxprofit	Maxprofit Gain Limited.
Mei Wah Company	Mei Wah Industrial (Hong Kong) Limited (美華實業(香港)有限公司).
Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City. The Toll-Free Section of Meiguan Expressway refers to the section from Meilin to Guanlan with a mileage of approximately 13.8 km, which has become toll-free from 24:00 on 31 March 2014. The Toll Section of Meiguan Expressway refers to the section from Shenzhen-Dongguan border to Guanlan with a mileage of approximately 5.4 km which remains toll collection.

Definition and Cautionary Statement

Jihe Expressway	The expressway from Shenzhen International Airport to He'ao in Shenzhen City, comprising Jihe East (Qinghu to He'ao) and Jihe West (Airport to Qinghu).
Shuiguan Expressway	The expressway from Shuijingcun to Guanjintou in Shenzhen City.
Shuiguan Extension	An extension to Shuiguan Expressway, Phase I of Qingping Expressway (the expressway from Yulongkeng to Pinghu in Shenzhen City).
Outer Ring Project	The project of Shenzhen section of Outer Ring Expressway in Shenzhen City (referred to as Outer Ring Expressway), among which, the section with the length of 35.67 km from Shajing to Guanlan and the section with the length of 15.06km from Longcheng to Pingdi, totalling approximately 51 km (referred to as Outer Ring Phase I) has opened to traffic on 29 December 2020. The section with the length of 9.35 km from the end of Longgang Section of Outer Ring Phase I to Kengzi via Pingdi etc. (referred to as Outer Ring Phase II) has opened to traffic on 1 January 2022. The section with the length of 16.8 km from Kengzi to Dapeng (referred to as Outer Ring Phase III) has started construction in late 2023.
Coastal Project	The section from Nanshan, Shenzhen to Dongbao River (the boundary between Dongguan and Shenzhen) (referred to as Coastal Expressway (Shenzhen Section)) of the coastal expressway from Guangzhou to Shenzhen (referred to as Coastal Expressway). Among which, the project of the main line of Coastal Expressway (Shenzhen Section) and related facilities are referred to as Coastal Phase I , and the project of the ramp bridge of airport interchange of Coastal Expressway (Shenzhen Section) and related facilities are referred to as Coastal Phase II .
Longda Expressway	The expressway from Longhua, Shenzhen to Dalingshan, Dongguan. Starting from 0:00 on 7 February 2016, a total of 23.8 km of the Shenzhen section of Longda Expressway (i.e. the section from Longhua Shenzhen to Nanguang expressway ramp access) has been operated by toll-free with card access method, and had been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019. The Toll Section of Longda Expressway refers to the section of about 4.426 km starting from north of Songgang to Guanfo expressway, which still retains toll collection.
Qinglian Expressway	The expressway from Qingyuan to Lianzhou.
Yangmao Expressway	The expressway from Yangjiang to Maoming.



GZ W2 Expressway	The section from Xiaotang to Maoshan of Guangzhou Ring Expressway, also referred to as Guangzhou Western Second Ring Expressway.
Changsha Ring Road	Changsha Ring Expressway (North-Western Section).
Nanjing Third Bridge	Nanjing Yangtze River Third Bridge.
Yichang Project	The expressway from Yiyang to Changde in Hunan (referred to as Yichang Expressway) and Changde connection line.
Four Expressways	Nanguang Expressway, Yanpai Expressway, Yanba Expressway and the Shenzhen section of Longda Expressway (referred to as the Four Expressways), all of which have been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019.
Jihe Expressway R&E Project	The reconstruction and expansion for the section from He'ao to Shenzhen International Airport of the Shenyang to Haikou Expressway.
Bay Area Development	Shenzhen Investment Holdings Bay Area Development Company Limited (深圳投控灣區發展有限公司), a red chip company listed on the HKEx, stock code: 00737.
Shenwan Infrastructure	Shenwan Bay Area Infrastructure (Shenzhen) Company Limited (深灣基建(深圳)有限公司).
Xintang JV	Guangzhou Zhentong Development Company Limited (廣州臻通實業發展有限公司).
Guangshenzhu Company	Guangshenzhu Expressway Co., Ltd, which is mainly engaged in the investment, construction, operation and management of Guangzhou-Shenzhen Expressway. Bay Area Development is indirectly entitled a 45% profit-sharing interest in Guangshenzhu Company.
GS Expressway, the Guangzhou-Shenzhen section of G4	The Guangzhou-Shenzhen section of Beijing-Hong Kong & Macao Expressway (G4), starting from Huangcun interchange in Tianhe District, Guangzhou in the north, ends at Huanggang Checkpoint in Futian District, Shenzhen in the south, with a total length of approximately 122.8 km.

Definition and Cautionary Statement

GZ West Expressway	Guangzhou-Zhuhai West Expressway, comprising Phase I, Phase II and Phase III, starts from Hainan interchange of Liwan District, Guangzhou in the north and to Yuehuan Interchange of Tanzhou Town, Zhongshan in the south, with a total length of approximately 98 km.
Cargo Organisation Adjustment Project	The entrusted construction project of the highway toll stations and ancillary facilities due to implementation of the freight traffic organisation adjustment of Shenzhen which is undertaken by the Company.
Shenshan Environmental Park Project	The entrusted construction and management project for the whole process in relation to the infrastructure and ancillary projects for Shenshan Eco-Environmental Science and Technology Industrial Park which is undertaken by the Group.
Guilong Project	The construction project of phase I of Guilong Road in Longli, Guizhou under BT model and the primary development project of relevant land which is undertaken by the Group.
CCCC Second Highway	CCCC Second Highway Engineering Company Limited (中交第二公路工程局有限公司).
Longli River Bridge Project (Former Duohua Bridge Project)	A road construction project from Jichang Village to Duohua Village in Longli County undertaken by Guishen Company under BT model. The major part of the project is Longli River Bridge.
Guilong Holdings	Guizhou Guilong Holdings (Group) Company Limited (貴州貴龍實業(集團)有限公司).
Bimeng Project	The Bimeng Garden community resettlement project in Longli, Guizhou is undertaken by the Group with BT model.
Guizhou Property	Guizhou Shenzhen Expressway Property Company Limited (貴州深高速置地有限公司).
Guizhou Hengtongli	Guizhou Hengtongli Property Company Limited (貴州恒通利置業有限公司).



Land of Longli Project	The peripheral land of Guilong Project and the Longli River Bridge Project which were successfully bid by the Group. As at the end of the Reporting Period, the Group has cumulatively won the bids for the land of Longli Project with an area of approximately 3,038 mu, including 2,770 mu for Guilong Project and 269 mu for the Longli River Bridge Project.
Guilong Development Project	The proprietary secondary development project of the land with an area of over 1,000 mu in Guilong Project, which is conducted by the Group with approval from the Board.
Meilin Checkpoint Renewal Project	The Urban Renewal Project of Meilin Checkpoint of Minzhi Office in Longhua District, the entity which carried out the project is United Land Company and the area of the land is approximately 96,000 square meters.
Shenzhen Water Planning	Shenzhen Water Planning & Design Institute Company Limited (深圳市水務規劃設計院股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 301038.
Derun Environment	Chongqing Derun Environment Company Limited (重慶德潤環境有限公司).
Water Asset	Chongqing Water Asset Management Company Limited (重慶市水務資產經營有限公司).
Chongqing Water	Chongqing Water Group Company Limited (重慶水務集團股份有限公司), a company listed on the SSE, stock code: 601158.
Sanfeng Environment	Chongqing San Feng Environmental Industrial Group Company Limited (重慶三峰環境集團股份有限公司), a company listed on the SSE, stock code: 601827.
Nanjing Wind Power	Nanjing Wind Power Technology Company Limited (南京風電科技有限公司).
Baotou Nanfeng	Baotou Nanfeng Wind Power Technology Company Limited (包頭市南風風電科技有限公司).
Damao Ningyuan	Damao Ningyuan Wind Power Company Limited (達茂旗寧源風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.

Definition and Cautionary Statement

Damao Ningxiang	Damao Ningxiang Wind Power Company Limited (達茂旗寧翔風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
Damao Ningfeng	Damao Ningfeng Wind Power Company Limited (達茂旗寧風風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
Damao Nanchuan	Damao Nanchuan Wind Power Company Limited (達茂旗南傳風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
Lingxiang Company	Baotou Lingxiang New Energy Company Limited (包頭市陵翔新能源有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
New Energy Company	Shenzhen Expressway New Energy Holdings Company Limited (深圳高速新能源控股有限公司).
Shengneng Technology	Shenzhen Expressway Shengneng Technology Company Limited (深圳深高速晟能科技有限公司).
Weining Energy	State Power Investment Corporation Guizhou Jinyuan Weining Energy Company Limited (國家電投集團貴州金元威寧能源股份有限公司).
Jinshen New Energy	Shenzhen Jinshen New Energy Company Limited (深圳金深新能源有限公司).
Ziyun Jinshen	Guizhou Ziyun Jinshen New Energy Company Limited (貴州紫雲金深新能源有限公司).
Yuansheng New Energy	Xingren Yuansheng New Energy Company Limited (興仁市元盛新能源有限公司).
Jinxin New Energy	Duyun Jinxin New Energy Company Limited (都勻市金鑫新能源有限公司).
Guangdong New Energy	Shenzhen Expressway (Guangdong) New Energy Investment Company Limited (深高速(廣東)新能源投資有限公司).
Huai'an Zhongheng	Huai'an Zhongheng New Energy Company Limited (淮安中恒新能源有限公司).



SPIC Fujian Company	State Power Investment Corporation Fujian Electric Power Company Limited (國家電投集團福建電力有限公司).
Nanjing Avis	Nanjing Avis Transmission Technology Company Limited (南京安維士傳動技術股份有限公司).
Fenghe Energy	Shenzhen Fenghe Energy Investment Limited (深圳峰和能源投資有限公司).
Yongcheng Zhuneng	The 32 MW wind power project in Yongcheng City, Shangqiu City, Henan Province.
Zhongwei Gantang	The 49.5 MW wind power project in Gantang, Zhongwei City, Ningxia Province.
Xinjiang Mulei	The wind power project of Changji Mulei Laojunmiao Wind Farm in Xinjiang Zhudong New Energy Base, including Qianzhi, Qianhui and QianXin projects.
Qianzhi	Xinjiang Mulei County Qianzhi New Energy Development Company Limited (新疆木壘縣乾智能源開發有限公司).
Qianhui	Xinjiang Mulei County Qianhui New Energy Development Company Limited (新疆木壘縣乾慧能源開發有限公司).
Qianxin	Xinjiang Mulei County Qianxin New Energy Development Company Limited (新疆木壘縣乾新能源開發有限公司).
Guangming Environmental Park Project	The Shenzhen Guangming Environmental Park Project, invested in and constructed by the Company under the BOT model.
Bioland	Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd (深高藍德環保科技集團股份有限公司).
Lisai Environmental	Shenzhen Lisai Environmental Technology Limited (深圳市利賽環保科技有限公司).
Shaoyang Project	The concession project of kitchen waste collection and disposal in Shaoyang, Hunan Province.

Definition and Cautionary Statement

Ya'an Project	The concession project of harmless and resource recovery of kitchen waste treatment in Ya'an, Sichuan Province.
Unitoll Services	Guangdong Unitoll Services Incorporated (廣東聯合電子服務股份有限公司).
United Land	Shenzhen International United Land Company Limited (深圳市深國際聯合置地有限公司).
Gaoleyi	Shenzhen Expressway Gaoleyi Health and Elderly Care Services Limited (深圳高速高樂亦健康養老有限公司).
Fengrunjiu	Shenzhen Guangming Fengrunjiu Health Services Limited (深圳光明鳳潤玖健康服務有限公司).
One Apartment	Shenzhen Expressway One Apartment Management Company Limited (深圳市深高速壹家公寓管理有限公司).
PPP (model)	Public-Private-Partnership model, refers to a partnership on the basis of the concession agreement for the construction of urban infrastructure projects or the provision of public goods and services between the government and private organisations. The PPP model ultimately makes both parties of the cooperation get more favourable results than those who act alone expected, by signing the contract to define the rights and obligations of both parties, to ensure the smooth completion of cooperation.
BOT (model)	Build-Operate-Transfer model, refer to the infrastructure model of investment, construction and operation. Premised on an agreement between the government and the private sector, the government issues a franchise to the private sector to allow it to raise funds for a certain period of time to build infrastructure, manage and operate the facility and its corresponding products and services.
EPC (model)	Engineering Procurement Construction model means the company is entrusted by the owner to carry out the whole process or several stages of contracting for the design, procurement, construction, and trial operation of a construction project in accordance with the contract. Usually, the company is responsible for the quality, safety, cost and schedule of the contracted project under the conditions of the total price contract.



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.
ETC	Electronic Toll Collection, a system used to electronically collect tolls on highways.
Coastal Freight Compensation Scheme	Shenzhen Transport Bureau and the Company entered into the freight compensation agreement, wherein it is agreed that during the period from 1 January 2021 to 31 December 2024, the vehicles passing the Coastal Project should be charged at 50% of the standard rate of the toll, and such toll waived by the Company and Coastal Company shall be compensated by the government in a one-off manner in March of the following year.
“71118” Expressway Network	According to the National Expressway Network Planning (2013-2023), the national expressway network adopts the layout plan combining radial and horizontal-vertical grid, forming a large road network radiating outward from the central cities and comprising 7 capital radial lines, 11 north-south vertical lines and 18 east-west horizontal lines, with a total scale of approximately 118,000 km.

Note:

1. For principal business of the investee companies of the Company, please refer to the Group Structure in “Introduction of the Company” of this report.
2. For information on the projects operated, invested and managed by the Company, please refer to the website of the Company at <http://www.sz-expressway.com>.

II. Cautionary Statement on Risk

Detailed analysis and description on the future operation and development of the Group were set out in “Management Discussion and Analysis” of this annual report. Investors’ inspection and attention are reminded.

Introduction of the Company

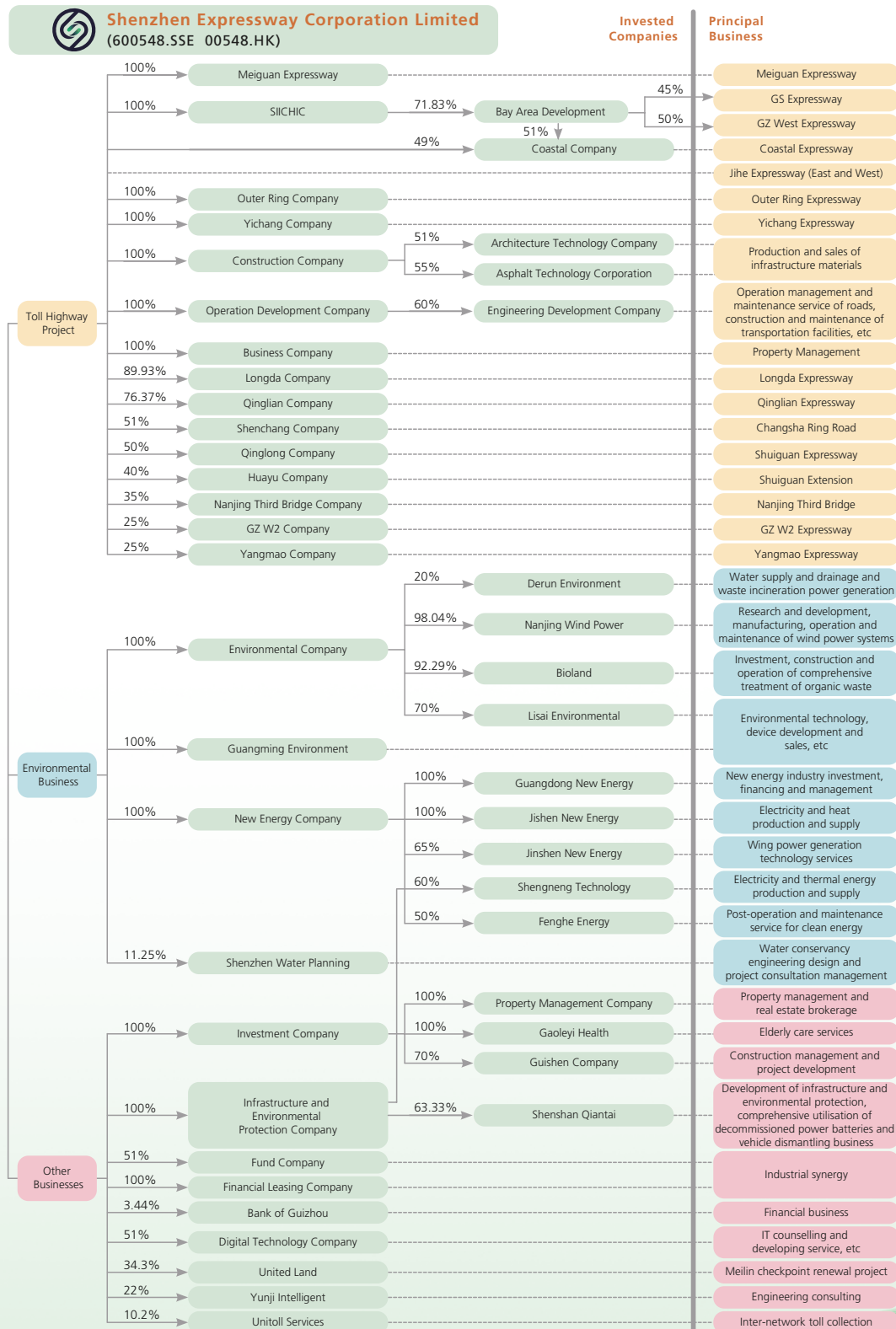
Incorporated in Shenzhen on 30 December 1996, the Company principally engages in the investment, construction, operation and management of toll highways and roads, as well as the general-environmental protection business. At present, the general-environmental protection business includes recovery and solid waste management and clean energy power generation business. In addition, the Company provides outstanding construction management and highways operation management services for the government and other enterprises. Building on relevant management experience and resources and relying on its core business, the Company has launched in the related businesses such as project development and management, road operation and maintenance, construction consultation and industrial financial services, etc.

As of the date of this Report, the Company operated and invested in a total of 16 toll highway projects. The total mileage of the high-grade highways invested in or operated by the Company (on equity basis) is approximately 660km. The Company has also actively participated in various regional urban infrastructure development projects while investing in more than 21 projects in the field of environmental protection, clean energy and finance, and set up multiple platform companies: the Investment Company, the Construction Development Company, the Operation Development Company, the Environmental Company, the Urban Infrastructure Company and the New Energy Company, etc.

A total of 2,180,770,326 ordinary shares are issued by the Company, of which 1,433,270,326 A Shares are listed on SSE and 747,500,000 H Shares are listed on HKEx, representing approximately 65.72% and 34.28% of the total share capital of the Company, respectively. XTC Company, one of the promoters of the Company and currently a wholly-owned subsidiary of Shenzhen International (stock code: 00152) which is listed on HKEx, is currently holding approximately 30.03% of the Company's shares as the largest shareholder of the Company. Shenzhen International has become the indirect controlling shareholder of the Company, indirectly holding more than 50% of the Company's shares since December 2008.



At the end of the Reporting Period, the Group's investee companies (including abbreviations of the investee companies) and equity structure are as follows:



Note: This structure chart only includes the first level and second level subsidiaries of the Group, and the third level and below subsidiaries are not listed.

Financial and Operational Highlights

I. Financial Data and Financial Indicators of the Year

Item (Unit: RMB)	2023	2022		Change as compared to last year (%)	2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Revenue	9,295,304,371.69	9,372,582,546.59	9,372,582,546.59	-0.82	10,889,580,617.90	10,871,924,008.52
Net profit attributable to owners of the Company	2,327,197,196.81	2,016,496,533.08	2,014,112,457.01	15.41	2,617,979,523.37	2,606,254,756.43
Net profit attributable to owners of the Company – excluding non-recurring items	2,240,100,027.08	1,228,230,901.37	1,225,846,825.30	82.38	2,335,580,556.97	2,335,503,841.79
Net cash flows from operating activities	4,094,812,227.87	3,369,490,111.19	3,369,490,111.19	21.53	3,757,315,986.90	3,941,530,767.73

Item (Unit: RMB)	As at 31 Dec 2023	As at 31 Dec 2022		Change as compared to last year (%)	As at 31 Dec 2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Owners' equity attributable to owners of the Company	22,357,997,457.11	21,348,467,566.83	21,346,287,718.08	4.73	25,560,385,725.33	24,638,965,669.92
Total assets	67,507,469,090.77	69,204,698,015.50	69,201,468,263.76	-2.45	72,305,816,869.59	60,613,494,756.12

Item	2023	2022		Change as compared to last year (%)	2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Earnings per share – basic (RMB/share)	0.982	0.839	0.838	17.04	1.115	1.110
Earnings per share – diluted (RMB/share)	0.982	0.839	0.838	17.04	1.115	1.110
Earnings per share excluding non-recurring items – basic (RMB/share)	0.942	0.478	0.477	97.07	0.985	0.985
Return on equity – weighted average (%)	11.99	9.93	9.93	Increase 2.06 pct.pt	11.53	12.24
Return on equity excluding non-recurring items – weighted average (%)	11.53	5.65	5.65	Increase 5.88 pct.pt	10.26	10.87



Description of Principal Accounting Data and Financial Indicators of the Company for the first three years at the end of the Reporting Period:

1. On 30 November 2022, the Ministry of Finance (MOF) issued and implemented ASBE Interpretation No. 16, "Accounting for Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply", which is effective from 1 January 2023 onwards. For lease liabilities and right-of-use assets recognised at the beginning of the earliest period for the presentation of financial statements in which the provision is first implemented, as well as projected liabilities related to abandonment obligations and corresponding related assets arising from a single transaction to which the provision applies, which give rise to a taxable temporary difference and a deductible temporary difference, the Group, in accordance with the provisions of the above-mentioned provision and the provisions of "Accounting Standard for Business Enterprises No. 18 – Income Taxes", the Group adjusts the cumulative effect to opening retained earnings and other relevant financial statement items in the earliest period for which the financial statements are presented.
2. SIICHIC which holding 71.83% of the equity of Bay Area Development and consolidating its financial statements, was consolidated into the Group as a jointly controlled entity in January 2022. The Company adjusted the data of consolidated financial statements before 2022 retrospectively pursuant to relevant requirements under the Accounting Standards for Business Enterprises.
3. In 2020, the Company issued RMB4 billion of perpetual bonds, which were included in other equity instruments. The impact of perpetual bonds was deducted when calculating the above earnings per share and weighted average return on net assets pursuant to relevant requirements

II. Major quarterly Financial Data for 2023

Item (Unit: RMB)	The first quarter (Jan-Mar)	The second quarter (Apr-Jun)	The third quarter (Jul-Sept)	The fourth quarter (Oct-Dec)
Revenue	1,903,638,574.41	2,221,241,390.87	2,246,408,274.72	2,924,016,131.69
Net profit attributable to owners of the Company	442,550,909.53	486,724,191.48	609,624,394.83	788,297,700.97
Net profit attributable to owners of the Company – excluding non-recurring items	437,099,779.89	367,493,446.46	613,714,463.93	821,792,336.80
Net cash flows from operating activities	1,013,802,070.16	889,549,715.92	1,089,363,267.90	1,102,097,173.89

Financial and Operational Highlights

III. Non-recurring items and their amounts

Non-recurring item (Unit: RMB)	2023	Notes	Unit: Yuan Currency: RMB	
			2022	2021 (restated)
Gains or losses from disposal of non-current assets, including the offsetting portion of the provision for impairment of assets that has been provisioned for	13,990,976.35		928,497,414.27	42,728,445.20
Government grants recognised in the profit or loss for the period, except for those which are closely related to the Company's normal business operation, qualified with the requirements under national policies and according to established standards, and continuously impact on the company's profit and loss	24,318,693.79		28,720,706.16	61,495,011.45
Profit and loss from fair value changes arising from the financial assets and the financial liabilities, and derivative financial liabilities other than those from the effective hedging business in relation to the normal operation of the Company, and the profit and loss from the disposal of the financial assets, and financial liabilities	153,607,037.26	Mainly: (1) gains and losses arising from the change of the fair value of holding equity in participating companies. (2) Compensation for outstanding performance commitments of subsidiary companies.	95,175,495.33	233,230,358.31
Capital occupation fee received from non-financial corporation recognised in the profit or loss for the period	3,818,394.57		17,153,619.00	5,055,604.11
The investment cost of subsidiaries, associates, and joint ventures less than the fair value of the identifiable net assets of the invested entity that should be enjoyed when the investment is obtained				5,772,764.94
The net profit and loss of a subsidiary from the beginning of merger to the combined date under the same control			-4,489,534.28	106,733,639.77
Other non-operating income and expenditure excluding above items	-97,127,523.44	Mainly due to the provision of contract liquidated damages and compensation by subsidiaries.	-5,108,951.16	17,001,564.94
Other profit/loss items which fall under the definition of non-recurring item				
Less: Income tax effects	45,477,192.83		266,405,454.54	88,630,604.94
Minority shareholder's interest effects(after taxes)	-33,966,784.03		5,277,663.07	100,987,817.38
Total	87,097,169.73		788,265,631.71	282,398,966.40



IV. Item Measured at Fair Value

Unit: Yuan Currency: RMB

Item	Opening Balance	Ending Balance	Change during the Period	Effects on the total amount of Profit of the Reporting Period
Transactional financial liabilities	-133,009,243.01	-148,117,309.14	-15,108,066.13	-13,096,456.41
Transactional financial assets	1,112,243,771.54	468,792,208.25	-643,451,563.29	36,098,821.85
Other non-current financial assets	763,264,630.44	895,069,302.26	131,804,671.82	130,604,671.82
Total	1,742,499,158.97	1,215,744,201.37	-526,754,957.60	153,607,037.26

V Statistics Summary for Last Five Years

Project	Average Daily Toll Revenue (Unit: RMB'000)				
	2023	2022	2021	2020	2019
Meiguan Expressway	427.4	373.2	448.9	392.6	382.9
Jihe East	1,861.0	1,733.0	2,012.4	2,012.0	2,104.8
Jihe West	1,498.1	1,284.0	1,526.7	1,680.4	1,829.5
Shuiguan Expressway	1,741.9	1,565.6	1,808.7	1,658.5	1,786.4
Shuiguan Extension	214.3	189.2	244.1	252.8	331.0
Coastal Project ⁽²⁾	1,724.1	1,317.8	1,619.6	1,498.4	1,459.1
Outer Ring Project	3,270.4	2,615.6	2,523.5	-	-
Longda Expressway	426.6	361.0	400.1	-	-
Qinglian Expressway	1,862.0	1,686.1	2,399.5	2,274.5	2,293.2
GS Expressway ⁽²⁾	7,923.8	6,186.4	-	-	-
GZ West Expressway ⁽²⁾	3,572.2	2,862.4	-	-	-
Yangmao Expressway	2,063.9	1,681.9	1,352.6	1,293.6	1,524.0
GZ W2 Expressway	1,365.6	1,109.6	1,380.4	1,543.5	1,597.1
Changsha Ring Road	730.4	650.9	816.3	511.5	427.8
Nanjing Third Bridge	1,509.7	1,250.1	1,301.3	1,516.9	1,393.2
Yichang Project	1,183.6	1,059.7	1,277.5	1,065.8	1,105.5

Financial and Operational Highlights

Note:

- (1) The average daily toll revenue in the above table is tax-excluded.
- (2) According to the freight compensation agreement entered into between Shenzhen Transport Bureau, the Company and Coastal Company, it is agreed that during the period from 1 January 2021 to 31 December 2024, the lorries passing the Coastal Expressway should be charged at 50% of the standard rate of the toll, and such toll waived by the Company and Coastal Company shall be compensated by the government in a one-off manner in March of the following year
- (3) The Group indirectly holding approximately 71.83% equity interests in Bay Area Development, which indirectly enjoys 50% profits of GZ West Expressway and 45% profits of GS Expressway.

Financial Highlights (Unit: RMB million, unless otherwise stated)					
Item	2023	2022 (restated)	2021 (restated)	2020 (restated)	2019 (restated)
Revenue	9,295	9,373	10,890	8,027	6,390
Of which: Toll revenue	5,375	4,978	5,893	4,387	4,722
Profit before interests and tax	4,105	3,597	4,419	3,463	3,400
Net profit	2,327	2,016	2,618	1,771	2,451
Net cash inflows from operating activities	4,095	3,369	3,757	1,059	1,658
Interest covered multiple (Times)	3.42	3.16	4.05	3.16	3.51
Earnings per share (RMB)	0.982	0.839	1.115	0.805	1.124
Cash dividends per share (RMB)	0.55	0.462	0.62	0.43	0.52

Item	As at 31 Dec 2023	As at 31 Dec 2022(restated)	As at 31 Dec 2021(restated)	As at 31 Dec 2020(restated)	As at 31 Dec 2019(restated)
Total assets	67,507	69,205	72,312	67,073	57,037
Total liabilities	39,509	41,841	40,772	36,837	33,995
Total equity	27,999	27,364	31,539	30,236	23,042
Debt-to-asset ratio (%)	58.53	60.46	56.38	54.92	59.60
Gross liabilities-to-equity ratio (%)	141.11	152.90	129.28	121.83	147.53
Net borrowings-to-equity ratio (%)	106.18	110.12	79.12	74.05	87.56
Net assets per share (RMB)	8.42	7.96	9.89	9.22	8.00



Description of principal financial ratios

Profit before interests and tax = Net profit + Income tax expenses + Interest expenses

Net cash inflows from operating activities and cash return on investments = Net cash flows from operating activities + Cash received from disposal of investments + Cash received from returns on investments

Interest covered multiple = Profit before interests and tax/Interest expenses

Debt-to-asset ratio = Total liabilities/Total assets

Gross liabilities-to-equity ratio = Total liabilities/Total equity

Net borrowings-to-equity ratio = (Total amount of borrowings – Cash and cash equivalents)/Total equity

Events of the Year

February

Issued the first tranche of Ultra-short-term Commercial Paper of RMB1 billion for 2023.

March

Released the annual results of 2022.

Issued the second tranche of Ultra-short-term Commercial Paper for 2023 of RMB1 billion.

The Operation Company won the Bronze Prize and the Excellence Prize in the 2022 Shenzhen Employee "Five Smalls" Innovation and Quality Technology Achievement Competition held by Shenzhen Association for Quality.

April

Released the first quarterly results of 2023.

May

Declared and distributed a final dividend of RMB0.462 per share (inclusive of tax) for 2022.

Issued the first tranche of medium-term notes of RMB1 billion for 2023.

June

The New Energy Company has obtained the fully independent photovoltaic project construction quota for the first time: the 130 MW photovoltaic projects in Pingshan County, Hebei Province.

The Management Office of the Jihe Expressway Reconstruction and Expansion Project won a second prize of the 2023 "Traffic BIM Engineering Innovation" of the China Highway and Transportation Society ("CHTS").

July

The Board approved the Company to issue not more than 654 million A Shares to specific targets.

The Board approved to continue to invest in the construction of Outer Ring Phase III.

August



Released the interim results of 2023.

Issued the third tranche of Ultra-short-term Commercial Paper of RMB1.5 billion for 2023.

The Board approved the Company to carry out the application and issuance of infrastructure public offering REITs.

Issued the second tranche of medium-term notes of RMB1 billion for 2023.

Listed in the Guangdong SASAC's "Greater Bay Area State-owned Enterprises ESG Development Index" and "China ESG Listed Companies Greater Bay Area Pioneer 50", ranking 10th and 39th, respectively.

The Management Office of the Jihe Expressway Reconstruction and Expansion Project won an Excellence Award in the 12th "Longtu Cup" National BIM (Building Information Modelling) Competition of the China Graphics Society in 2023.

September

The general meeting considered and approved the proposal of the issuance of A Shares to specific targets.

The ESG rating for the Company in the second quarter of 2023 by SynTao Green Finance is A-.



October



Released the third quarterly results of 2023.

Issued Phase 1 Green Corporate Bonds of RMB550 million.

Awarded “2023 Listed Company Award for High-quality Development” of the 8th Golden Tangerine Awards of Time Finance by Time Weekly.

Awarded “Top 20 Board Governance” and “Annual Contribution Award” of “2023 Listed Corporate Governance in Greater Bay Area” by Shenzhen Research Association of Corporate Governance.

Selected as “Best Practice Case of Corporate Governance in 2023” by China Association for Public Companies (“CAPCO”).

November

The construction contracts for part of the sections of Outer Ring Phase III were entered into and construction work commenced.

The ESG rating for the Company is A+ with a STABLE outlook by CCXGF.

Listed in “Best Practice Cases” of “Best Practice Innovation Activity of the Boards of the Directors of Listed Companies in 2023” by CAPCO.

Selected as “CAPCO’s the Best Practice Case of ESG for Listed Companies in 2023”.

Listed in “1st CRHC Cup • ESG Golden Bull Award Top 100” by China Securities Journal.

Awarded “2023 ESG Model Enterprise Award for Listed Companies” by Time Weekly.

The Management Offices of the Jihe Expressway Reconstruction and Expansion Project and the Outer Ring Project won the Gold Prize and the Silver Prize in the 2023 “Tiangong Cup” Digital Transportation and Intelligent Construction Technology Application Competition organised by CHTS, respectively.

Shenzhen Qiantai Power Battery Ecological Industry Chain Project (Phase I Expansion) was included in the National (Shenzhen) Climate Investment and Financing Project Database.



December



Listed in “Top 500 Chinese Listed Companies in 2023” and won “Top 500 Enterprise Award”.

Awarded “Best Investor Relations Award” of the VBrokers in 2023.

The Management Office of the Jihe Expressway Reconstruction and Expansion Project won the Silver Prize and the Bronze Prize in the 4th

ISCIA (2023) (International Smart Construction Innovation Awards) organised by IMDIA (International Macau Digital Architecture Institute).

Shenshan Qiantai was awarded “Advanced PACK Enterprise” and “Advanced Technology Innovation Organisation” by Guangdong Battery Industry Association in 2023.

Letter from the Board



LIAO XIANG WEN

Executive Director
and President

To all shareholders,

On behalf of the Board, I am pleased to inform the shareholders that in 2023, the Group recorded revenue of RMB9,295 million, basically the same as that of the previous year, while achieving a net profit attributable to shareholders of the parent company of RMB2,327 million, with a YOY increase of approximately 15.41%, and realising earnings per share of RMB0.98. Always committed to enhancing corporate value, the Group has implemented an aggressive cash dividend policy to balance the long-term and short-term interests of investors, and provide good and consistent returns for shareholders. The Board has proposed a final cash dividend of RMB0.55 per share for 2023, with an aggregate amount of approximately RMB1,199 million, which, after excluding the investment income payable to the holders of the perpetual bonds, accounts for 56.03% of the net profit attributable to ordinary shareholders of the listed company in the consolidated statements for 2023. The aforesaid proposal will be implemented after submitting at the 2023 Annual General Meeting of the Company for approval.



Business Review

In 2023, in face of the complex and severe international environment, China adhered to the overall tone of seeking progress while maintaining stability, accelerated the establishment of a new development pattern, and strengthened macroeconomic regulation. China's economy overcame difficulties and achieved a GDP of RMB126.06 trillion in 2023, a YOY increase of 5.2%, showing strong resilience. During the year, the Company studied the current situation and tasks carefully, promoted the strategic arrangements steadily, sought development, promoted management efficiency improvement in a coordinated manner, and made all efforts to implement the key tasks while consolidating its core businesses with focus on the annual business goals, maintaining the overall stability of business development.

During the Reporting Period, guided by the "14th Five-Year Plan" development strategy and with the mission of "building high-quality infrastructure to serve a better urban life", the Group adhered to the position as an urban and transportation infrastructure construction and operation service provider with the support of our shareholders, the government and all sectors of society, and implemented all work plans laid down at the beginning of the year thoroughly.

In 2023, the Group consolidated and improved the core business of toll highways, promoted congestion control, and optimised the level of road assets management and maintenance by leveraging IT-based and intelligent operation and control in order provide the public with safe and fast transportation services. During the Reporting Period, most of the toll roads operated and invested by the Group achieved significant growth in traffic volume, and largely restored or exceeded the level of 2019.

Letter from the Board

In terms of major project construction, major projects such as Coastal Phase II, Outer Ring Phase III and the Longli River Bridge progressed orderly. Equipment commissioning and acceptance was completed for the Guangming Environmental Park Project in December 2023. During the Reporting Period, the reconstruction and expansion projects of 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 commenced at the end of 2023. In addition, Bay Area Development, a subsidiary of the Group, is still conducting in-depth research on the land along Guangshen Expressway and exploring feasible business models to promote the revitalisation, development and utilisation of the land along the expressway, and improve the overall return of the expressway.

In terms of project expansion, the Company is actively promoting the construction of the Outer Ring Project and the preliminary work for the Jihe Expressway reconstruction and expansion project; the Shaoyang organic waste treatment project has entered trial operation, and the preliminary work for the Ya'an organic waste treatment project is progressing actively. As at the end of the Reporting Period, the designed organic waste treatment capacity of the Group exceeded 6,900 tons/day. During the Reporting Period, the Group actively promoted the expansion of clean energy power generation projects. The New Energy Company was qualified to independently develop the 60MW and 70MW photovoltaic projects in Pingshan County, Hebei Province, which were selected as a local supported project and a local reserved project, respectively, making a breakthrough in the field of photovoltaic power generation; in addition, an approved quota of 460MW for wind power projects was obtained in Guizhou Province through the joint venture Jinshen New Energy, and the preliminary work is in orderly progress.

In terms of funding and financing, leveraging the favourable market opportunities, the Group issued green corporate bonds, ultra-short-term financing bonds and medium-term notes, and coordinated with banks to reduce loan interest rates. During the year, the general meeting approved the plan to issue A shares to specific targets. The relevant work is progressing orderly. In addition, the Company carried out pilot application for REITs with 100% toll road rights in Yichang Expressway and its auxiliary facilities being the underlying infrastructure. As at the end of the Reporting Period, the Yichang Expressway REITs project has been approved. The offering of Yichang Expressway REITs was completed on 7 March 2024, ultimately raised 300 million shares, with a raised capital of RMB2,047.5 million, among them, the Company, as the original right holder, participated in the strategic allotment and subscription of 120 million shares, accounting for 40% of all offered shares. Yichang Expressway REITs are expected to be listed on the SEE at the end of March 2024.

In 2023, the Group continued to improve its governance structure, further established its compliance management system, optimised the classified management model of subsidiaries, and improved the overall decision-making quality and efficiency.

A description of the business operation of each segment of the Group is set out in "Management Discussion and Analysis" of this annual report. For details, please refer to the report made by the management of the Company.

In 2023, there were some changes in the macroeconomic environment compared to the early stage of the 14th Five-Year Plan period. The Group conducted an interim review of the 14th Five-Year strategy in early 2023 to review and analyse the achievements and weaknesses of all business segments during the strategic period, and adjust and optimise subsequent work directions and strategies timely. In the future, the Company will firmly adhere to the two-wheel driving strategy of "toll highways + general environmental protection", expand high-quality investment with focus on its core businesses, and strive to realise high-quality development.

Future Outlook

The central government defined China's strategic tasks and major measures for the next five years, including accelerating the establishment of a new development pattern, promoting green development, building a new generation of information technology, new energy, green environmental protection and other new growth engines, optimising the infrastructure layout, establishing a modern infrastructure system, and promoting the development of the Guangdong-Hong Kong-Macao Greater Bay Area, thereby generating opportunities for regional development and the establishment of a modern comprehensive transportation system. The Group will follow the national macro strategic layout, adhere to the market-oriented and innovation-driven approach, consolidate and enhance the advantages of the toll highway industry, and actively expand the general environmental protection industry to achieve long-term sustainable development.



In December 2023, the Political Bureau of the CPC Central Committee held a meeting to analyse and study the economic work in 2024, proposing the general policy principle of “making steady progress, and remaining stable first and making breakthroughs later”, emphasising the improvement of social expectations, enhancing the positive trend of economic recovery, and communicating positive policy signals. In the second half of 2023, a series of national policies were introduced, which played a positive role in boosting the confidence of market. In 2024, it is expected that China’s economy will grow steadily while remaining stable based on its advantages of high resilience, great potential and strong vitality.

Toll highways are the primary core business of the Group. According to the National Highway Network Plan (2013-2030), the growth of expressway mileage will continue to slow down, the toll highway industry will transit from a growth stage to an inventory stage, and the market size will tend to be stable. The existing toll highways will maintain relatively stable return on investment in general, while new projects may face challenges such as high costs and longer development periods. In face of the above challenges, the Group will actively promote the digital transformation of toll highways following the development trend of IT in an effort to reduce operational management costs and improve traffic efficiency. In addition, the Group will focus on investment in the reconstruction and expansion of existing highway projects, seek investment and M&A opportunities for high-quality projects, and actively support the core businesses with corresponding financial resources. In addition, the Group will strengthen cooperation with the government and stakeholders, and actively promote the revitalisation and development of land along expressways to improve the comprehensive utilisation value of assets.

Entering the general environmental protection industry is a strategic choice made by the Group to realise sustainable development. The 2023 Central Economic Work Conference defined “promoting carbon peaking and carbon neutrality actively and prudently, and accelerating the building of green and low-carbon supply chains” as a priority. An array of industry plans and policies issued by the state in recent years have shown the way for the solid waste recycling and clean energy industries, which are facing significant market opportunities. Currently, the Group has made preliminary strategic presence in the general environmental protection industry, and will continue to focus on the segments of solid waste recycling and clean energy power generation, optimise investment timing, boost the quality and efficiency improvement of existing projects, and improve the operational quality and profitability of the environmental protection industry in all aspects.

Based on the above analysis of the business environment, industry trend and competitive landscape, the Group has formulated a specific annual work plan. For details, please refer to the description of the Group’s development strategy, business plan, capital expenditure plan, risk analysis and coping strategy set out in “Management Discussion and Analysis” of this annual report.

In the future, based on the existing industry pattern of the dual core businesses, the Group will leverage its core geographic, brand, team and capital advantages, and seize the opportunities of the times arising from the development of the “dual regions” in a market-oriented and innovation-driven manner, do better in the Guangdong-Hong Kong-Macao Greater Bay Area, and strive to become a first-class and important service provider for infrastructure construction and operation such as highway transportation and environmental protection with national presence, thereby building a smart Shenzhen Expressway and facilitating the high-quality sustainable development of the Company.

Acknowledgements

2023 was a challenging year. On behalf of the Company, I would like to take this opportunity to express our sincere gratitude to our shareholders and all sectors of society for your strong support and deep trust, as well as to our directors, supervisors, management and employees for your hard work and selfless service. In 2024, faced with challenges and opportunities, Shenzhen Expressway people will keep forging ahead towards the established goals through persistent efforts in a morally upright manner with the aim of realising the high-quality sustainable development of Shenzhen Expressway!

Liao Xiang Wen
Executive Director and President

Shenzhen, the PRC, 22 March 2024



MANAGEMENT DISCUSSION AND ANALYSIS

- 32 Discussion and Analysis of the Operations
- 34 Particulars of the Industry in which
the Company Operates during
the Reporting Period
- 39 Business of the Company during
the Reporting Period
- 55 Analysis of Core Competitiveness during
the Reporting Period
- 58 Financial Analysis
- 86 Outlook and Plans



Management Discussion and Analysis

I. Discussion and Analysis of the Operations

The Company principally engages in the investment, construction, operation and management of toll highways, and the general environmental protection business. At present, the general environmental protection business of the Group mainly includes recovery and solid waste management, and clean energy power generation. The Group adheres to a market-oriented, specialised and industrialised approach, and has gradually established various business platforms for urban infrastructure, environmental protection, operation, construction and new energy which include the Operation Development Company, a company principally engaging in highway operation and maintenance management services; the New Energy Company, a company principally engaging in the expansion of businesses relating to wind energy, photovoltaics and new energy power generation; the Environmental Company, a company principally engaging in businesses relating to the environmental protection industry such as solid waste recycling treatment; the Infrastructure and Environmental Protection Company, a company, located in the Shenshan Special Cooperation Zone, engaging in the provision of large-scale infrastructure construction management services for the cooperation zone and environmental project investment within the cooperation zone; the Construction Development Company, a company principally engaging in the provision of project construction management services; the Investment Company, a company principally engaging in the business of infrastructure construction and joint comprehensive development of land; and the industry financial management department, which would act as a consolidated management platform of the Group for the industrial-financial integration business. Through the aforesaid business platforms, the Group will give full play to its own competitive advantages in infrastructure investment and financing, construction, operation and integrated management. The Group will also actively extend its business scope upstream and downstream the industry chain of its dual core businesses of “toll highways + general environmental protection”, and develop other service-oriented businesses, such as operation maintenance, engineering management, industrial finance and digital technology, striving for greater room for the development of the Group’s operation.



At the current stage, the Group's revenues and profits are mainly derived from toll highway operations and investments, and the revenue contribution of general environmental business is gradually emerging. In addition, the Group provides outstanding construction management and highway operation management services for the government and other enterprises. Building on the relevant management experiences and resources and relying on its core business, the Group has launched businesses such as project development and management, industry and finance services, engineering consulting and inter-network toll collection businesses. As of the end of the Reporting Period, the main business of the Group is set out as follows:

Shenzhen Expressway Corporation Limited

Mail Toll Highway Business

General Environmental Business

Shenzhen region:

• Meiguan Expressway	100%
• Jihe East	100%
• Jihe West	100%
• Coastal Project	100%
• Outer Ring Project	100%
• Longda Expressway	89.93%
• Shuiguan Expressway	50%
• Shuiguan Extension	40%

Other regions in

Guangdong Province:

• Qinglian Expressway	76.37%
• GS Expressway ^{Note 2}	45%
• GZ West Expressway ^{Note 2}	50%
• Yangmao Expressway	25%
• GZ W2 Expressway	25%

Other Provinces in the PRC:

• Yichang Project	100%
• Changsha Ring Road	51%
• Nanjing Third Bridge	35%

• Environmental Company ^{Note 1}	100%
• New Energy Company ^{Note 1}	100%
• Infrastructure and Environmental Protection Company ^{Note 1}	100%
• Guangming Environmental Park	100%
• Shenzhen Water Planning	11.25%

Icon: • Consolidated project • Non-consolidated project

Note 1: The Company directly or indirectly holds equity interests in a number of general-environmental protection projects through environmental, new energy and infrastructure environmental protection platform companies.

Note 2: The Company indirectly holds interests of GS Expressway and GZ West Expressway through holding 71.83% of the shares of Bay Area Development.

Entrusted Management and Other
Infrastructure Development
Industrial-Financial Integration
Other businesses

- Digital Technology
- Engineering Consulting
- Inter-network Toll Collection

Management Discussion and Analysis

II Particulars of the Industry in which the Company Operates during the Reporting Period

In 2023, due to intensified geopolitical conflicts and other factors, the evolution of the global political and economic landscape accelerated, risks of global inflation increased, and global economic recovery was weak. In face of the complex and severe international and domestic situation, China adhered to the keynote of seeking progress while maintaining stability, and coordinated macroeconomic regulation policies scientifically, and the Chinese economy presented a trend of being low in the early stage, high in the middle stage and stable in the late stage, and rebounded quarter by quarter, with a GDP of RMB126.06 trillion in 2023, a YOY increase of 5.2%; total import and export volume reached RMB41.76 trillion, a YOY increase of 0.2%, demonstrating the strong resilience of the Chinese economy. The long-term trend of steady economic development is conducive to the proper implementation of investment, production and operation activities of enterprises, which drives the stable growth in general demand for highway transportation and logistics, and increases the demand for environmental protection businesses such as solid waste recycling and clean energy power generation to a certain extent.^{Source of data: government statistics information website}

(I) Toll Highway Business

Transportation is a fundamental link and important pillar for building a modern circulation system, facilitating the circulation of the national economy, and building a unified national market. Currently, China is accelerating the modernisation process of the transportation industry. The 14th Five-Year Development Plan for the Modern Comprehensive Transportation System (《「十四五」現代綜合交通運輸體系發展規劃》) (“Transportation Plan”) released by the State Council has made top-level design and systematic arrangements for the establishment of a modern comprehensive transportation system during the 14th Five-Year Plan period. In particular, for the highway industry, it proposes to ameliorate the highway system structure and functions, improve the national expressway network’s quality, expand and reconstruct busy sections of trunk national expressways, and accelerate the construction of parallel lines, connection lines and unfinished sections during the 14th Five-Year Plan period; by 2025, China shall have realised integrated development in comprehensive transportation, where the total length of completed expressways will be 190,000 kilometres. The 14th Five-Year Plan for Highway Development (《公路「十四五」發展規劃》) released by the MOT proposes to accelerate the interconnection of national expressways, continue to promote the expansion and reconstruction of busy national expressway passages, actively improve high-speed networks of urban agglomerations and metropolitan areas, and promote the construction and reconstruction of ring expressways, urban entrance and exit sections, and interchanges in megacities and core cities of urban agglomerations orderly, and make arrangements for the construction of strategic passages and local expressways during the 14th Five-Year Plan period; by 2025, expressways will reach cities and counties with an urban population of 100,000 or more, and the trunk lines of the “71118” national expressways will be largely opened to traffic. For expressways – an important component of the national comprehensive transportation system, the expansion and reconstruction market of existing busy and congested sections, and sections newly planned by the government will still bring room for the development of the expressway industry.

In addition, the Transportation Plan puts forward requirements for the further extended application of intelligent technologies, and the in-depth integration of new technologies and the transportation industry. On 20 September 2023, the MOT issued the Opinions on Promoting Digital Transformation of Highways and Accelerating the Development of Smart Highway, which put forward specific objectives and requirements for promoting the digital transformation of the entire process of highway construction, maintenance, operation, etc., deeply applying digital technology to improve quality and efficiency, and reduce operating costs, and building a modern highway infrastructure system. The government’s efforts to accelerate the modernisation, transformation and upgrading of the transportation system has also brought new market demand. By providing smart transportation application platforms, service systems, digital products and professional services, professional highway maintenance services for the public, and intelligent construction and renovation services for highways, etc., it will also create new room of market development for the toll highway industry.



In terms of industrial nature, the highway industry features strong connection with government and industrial policies, weak cycles and stable cash flows. In terms of competitive landscape, compared to transportation modes such as railway and aviation, expressways feature large capacity, fast travel, low travel costs, high flexibility, etc., especially for short-distance or small-scale passenger and cargo transportation. With the development of the national economy, there is a clear trend for the public to choose expressways for self-driving. As the most basic and extensive transportation mode in the comprehensive transportation system, short-distance, fast and direct expressway transportation will have long-term competitive advantages. In addition, the operation and development status of individual expressways is positively correlated with the economic development process of regions, and is highly region-specific.

Being dedicated to the transportation infrastructure industry for over two decades, the Group has gained extensive experience in areas such as road investment, construction and operation management. Currently, the Group has invested in or operated 16 toll highway projects in total, with the total mileage of approximately 660 kilometres (on equity basis), mainly located in Shenzhen, the Guangdong-Hong Kong-Macao Greater Bay area and economically developed regions. With its favourable geographical advantages and excellent asset conditions, the Company is leading in terms of the scale of road assets and profitability among the listed domestic expressway companies. At present, the Company is actively promoting the construction of the Outer Ring Project, and the preliminary work for the reconstruction and expansion of Jihe Expressway and the projects under Bay Area Development in order to keep enriching the Group's high-quality highway assets. In addition, the Group actively promotes the research and application of intelligent transportation in response to the requirements of quality and efficiency improvement, upgrading, and high-quality development. In recent years, the successfully developed road network monitoring and command scheduling system platform has been put into operation, providing an information application platform for realising road network operation monitoring and management, business collaboration, joint emergency response, and other businesses; the pavement information integrated control platform for the Outer Ring Project developed independently by the Group has obtained a national computer software copyright and two national practical innovation patents; the development of the main functions of the BIM-based expressway construction management platform has been completed, and its application to highway reconstruction and expansion projects, and waste treatment plants, and system optimisation is in orderly progress. In order to promote digitalisation, the Group has also established the Digital Technology Company as the Group's digital transformation platform together with Yunji Intelligent. In 2023, it won the first market-oriented project successfully and took the first step in providing digital services. In addition, the Engineering Development Company under the Operation Company of the Group has obtained the Class I general contracting qualification for highway project construction, creating admission conditions for developing higher-level municipal and highway maintenance markets. The Group has expanded upstream and downstream industry chains moderately to deeply empower the development of its main businesses. For details of the industry position of the Group, please refer to "Analysis of Core Competitiveness" below.

(II) General Environmental Protection Business

During the 14th Five-Year Plan period, China's ecological civilisation construction entered a critical period of promoting synergies in pollution and carbon reduction, and comprehensive green transformation in economic and social development, and shifting from a qualitative change to a qualitative change in ecological environment quality improvement with carbon reduction being the key strategic direction. Strengthening the solid waste management and new pollutants, implementing waste sorting, reduction and recycling, promoting the low carbon transformation of energy, and developing renewable and clean energy has become an important measure in building an ecological civilisation system.

Management Discussion and Analysis

During the last strategic period, having set the goal of entering the general environmental protection industry for strategic transformation, the Group prudently sought opportunities for cooperation with environmental protection enterprises to enter the environmental protection and clean energy business sector while consolidating and improving the main business of toll highways. Moreover, the Group gradually shifted focus to the solid waste recycling and clean energy power generation industries through investment and MA over the past few years, and turned organic waste treatment into a priority segment of development under solid waste recycling. The solid waste recycling and clean energy industries are key green industries developed in the process of national ecological civilisation construction, and are relatively more aligned with the resource advantage, and management and operation mode of the Group in view of their heavy assets and stable business operation.

◆ **Solid waste recycling treatment industry:**

Solid waste is divided into industrial Solid waste, domestic waste, construction waste and agricultural solid waste. Solid waste recycling refers to the process of converting solid waste into resources suitable for transport, storage, utilisation or disposal by physical, chemical, biochemical and other means in order to realise harmless treatment, reduction and recycling. Promoting the recycling of solid waste is an important way to accelerate the development of the circular economy. As an important renewable resource in solid waste, domestic waste is receiving more and more attention. Since the beginning of the 14th Five-Year Plan period, the national ministries and commissions concerned have promulgated a series of policies on the construction of “zero-waste cities”, the sorting and management of domestic waste, charging mechanisms, pollution and carbon reduction, and integrated solid waste utilisation. The NDRC issued the 14th Five-Year Plan for the Development of Urban Domestic Waste Classification and Treatment Facilities (《「十四五」城鎮生活垃圾分類和處理設施發展規劃》), which proposed that the utilisation rate of the national urban domestic waste recovery will reach approximately 60% by the end of 2025. The domestic waste classification collection and transportation capacity will reach approximately 700,000 tons/day, which will basically meet the needs of the classification collection, transfer and treatment of urban domestic waste at the prefecture level and above, and the plan has imposed requirements for orderly construction of kitchen waste treatment facilities. In July 2023, three ministries including the NDRC issued the Action Plan for Improving the Construction Level of Environmental Infrastructure (2023-2025), proposing that by 2025, the national capacity for sorted collection and transfer of domestic waste should reach over 700,000 tons per day, and explicitly proposing to improve the system of domestic waste sorting facilities, and the collection and transfer network, and promote the disposal and comprehensive utilisation of solid waste. In January 2024, the Opinions of CPC Central Committee and the State Council on Building a Beautiful China proposed further goals: By 2027, the proportion of “zero-waste cities” built should reach 60%, and the intensity of solid waste generation should drop significantly; by 2035, the full coverage of “zero-waste cities” should be achieved, with eastern provinces taking the lead. Driven by a series of comprehensive solid waste management policies implemented by the state, governments at all levels actively promote the building of “zero-waste cities”, and keep increasing investment in solid waste treatment and recycling facilities, promoting refined and specialised solid waste management effectively. The solid waste recycling industry will undergo overall quality and efficiency improvement, which will also bring important development opportunities for the industry.

In recent years, the amount of urban domestic waste collected and transferred in China has kept rising. According to data from the National Bureau of Statistics, the annual amount of urban domestic waste collected and transferred in China rose from 228.0108 million tons in 2018 to 255.992 million tons in 2022, with a compound annual growth rate of approximately 3%. It is expected that this figure will reach 263.506 million tons in 2023. To this end, governments at all levels have stepped up efforts in the harmless treatment of urban domestic waste, and kept promoting the waste sorting management mechanism, thereby releasing the market demand for domestic waste significantly, especially kitchen waste treatment, and creating great market demand for the waste treatment industry.



With the rapid development of the solid waste recycling industry, more and more new entrants are entering this industry. From the perspective of competitive landscape, the solid waste treatment industry implements an administrative licensing system, with local governments planning treatment plants of appropriate scale based on local solid waste output, and granting franchise rights to operators. This has certain regional barriers, and due to the exclusivity and scarcity of franchise rights, market competition is fierce, affecting the industry's profit margin to some extent; solid waste recycling technology involves such disciplines as physics, chemistry and biology, and complex technical processes, so that enterprises must have strong comprehensive project management capabilities and normative operating standards, and there are also certain technical and management barriers; on the other hand, a capital barrier exists in respect of large-scale organic solid waste treatment projects due to their characteristics including huge investment, long construction cycle, complicated treatment techniques and long investment payback period; in addition, the solid waste treatment industry is closely related to regional economy and local government policy orientation, and is highly region-specific. Therefore, enterprises with higher qualifications and capital strength are more competitive.

In the field of solid waste recycling, Bioland, a subsidiary of the Environmental Company under the Group, is currently a major enterprise in integrated organic waste treatment, construction and operation in China, and has service capabilities throughout the industry chain for organic waste treatment. As of the date of this report, Bioland had a total of 20 BOT concession projects of organic waste treatment. Lisai Environmental has BOT concession rights for biomass waste disposal projects in some parts of the urban area of Shenzhen; the Shaoyang Project started trial operation in February 2023; in addition, the Shenzhen Guangming Environmental Park Project had been largely completed by the end of 2023, and is expected to be put into trial operation in 2024. As of the date of the report, the organic waste treatment designed capacity of the Group exceeded 6,900 tons/day, ranking among the leaders in the domestic industry. As a newcomer in the recovery and solid waste treatment industry, the Group will further integrate management and build a professional talent team, strive to improve technological processes, and continually enhance core competitiveness and profitability.

◆ **Clean energy industry:**

With the accelerated low-carbon transformation in the global energy structure, accelerating the substitution of fossil fuels for clean energy sources has become a global consensus. According to the World Energy Outlook 2023 report released by the International Energy Agency in October 2023, the world energy system will undergo significant changes by 2030, with renewable energy sources accounting for nearly 50% in the global electricity structure.

In order to deeply implement the major strategic decisions of the CPC Central Committee and the State Council on carbon peaking and carbon neutrality, and promote the carbon peaking action steadily, governments at all levels in China have promulgated multiple policies in recent years to actively promote low-carbon energy transformation and accelerate the establishment of a modern energy system. The Action Plan for Carbon Peaking before 2030 issued by the State Council proposes to develop new energy energetically, promote the large-scale and high-quality development of wind and solar energy comprehensively, develop both centralised and distributed systems, and accelerate the construction of wind and photovoltaic power generation bases; by 2030, the total installed power generation capacity of wind and solar energy will exceed 1.2 billion kilowatts. The 14th Five-Year Plan for the Development of Renewable Energy (「十四五」可再生能源發展規劃) jointly issued by 9 ministries and commissions including the NDRC proposes that during the 14th Five-Year Plan period, the increased power generation by renewable energy shall represent more than 50% in the growth of social power consumption, and the wind and solar power generation shall be doubled. The 2023 Guidelines on Energy Work issued by the National Energy Administration in April 2023 proposes to deepen structural transformation. The main goals for 2023 include "increasing the proportion of non-fossil energy sources in total energy consumption to approximately 18.3%, increasing the proportion of installed power generation capacity of non-fossil energy sources to approximately 51.9%, and increasing the proportion of wind and photovoltaic power output to 15.3% of total social power consumption". 2023 is a transitional year for the implementation of the 14th Five-Year Plan for a modern energy system. The NDRC, National Energy Administration, and other authorities have issued a series of policies and documents to promote the construction of new energy systems, mainly including wind power and photovoltaics. The relevant national policies for further promoting green and low-carbon energy transformation will create room for the sustained and stable development of the clean energy industry.

Management Discussion and Analysis

In the past decade, China's scale of new energy utilisation has grown rapidly, and China has become the world's largest country in energy conservation, and the utilisation of new and renewable energy sources. According to the 2023 Annual Report on Responding to Climate Change: China's Policies and Actions released by the Ministry of Ecology and Environment in October 2023, by the end of 2022, the proportion of non-fossil energy consumption in China reached 17.5%. By the end of 2023, the proportion of installed power generation capacity of renewable energy sources in China exceeded 51.9% of total installed capacity, surpassing that of thermal power for the first time; in 2023, China had an additional installed power generation capacity of 75.9 million kilowatts for wind power and 216.88 million kilowatts for photovoltaics, and the proportion of wind and photovoltaic power generation to total social power consumption exceeded 15%; by the end of 2023, China's installed power generation capacity of wind power and photovoltaics exceeded 1.05 billion kilowatts, ranking first in the world for many consecutive years.^{Source: statistics of the national government website}. As renewable energy sources with enormous resource potential and mature technologies, wind power and photovoltaics have always been of great concern to the government. With the support of industry policies, China's wind power and photovoltaics industry has developed rapidly, with numerous participants in the industry chain and fierce competition. High requirements are placed on enterprises in R&D investment, technological innovation and cost control capability. In terms of clean energy power generation, in recent years, benefiting from significant breakthroughs in China's ultra-high voltage transmission technology, the "west-to-east power transmission" strategy has been implemented, the problem of reverse distribution of energy resources and power loads in China solved, wind curtailment alleviated, and the economic efficiency brought by progress in wind power technology in reducing operating costs improved, expanding room for the development of wind power generation enterprises; on the other hand, wind power development and operation projects are characterised by huge investment, long construction period and long payback period, which pose high requirements for professional technology and capabilities in the industry. In addition, new wind farm development and construction projects have to follow strict approval procedures imposed by government authorities, and have high financial, technical and policy barriers. Therefore, despite the large number of new entrants in the industry, major energy groups with solid strength and a government background are dominant. With the increase of industry concentration, it has become more difficult to acquire high-quality projects, and cooperating with major energy enterprises is an important way for new entrants to enter this business field.

Through practical exploration in recent years, the Group has identified clean energy power generation as a key area of development. As at the end of the Reporting Period, the Group had wind power projects with a total installed capacity of 648MW, all of which had commenced on-grid power generation, and an approved quota of 130MW for self-developed photovoltaic projects had been obtained. During the Reporting Period, the Group and a subsidiary of SPIC jointly established the joint venture Jinshen New Energy to jointly invest in and develop new energy wind power and photovoltaic projects. In 2023, Jinshen New Energy obtained an approved quota of 460MW for wind power projects in Guizhou Province and also made some progress in expanding photovoltaic projects; in addition, the Group holds 51% equity interests in Nanjing AVIS, which focuses on the wind power post operation and maintenance business through a joint venture with SPIC Fujian Company; the Group also owns a financing leasing business license. Through early-stage layout planning, the Group has developed integrated business capabilities in the investment, operation, post-operation and maintenance services, and financing of wind farm and photovoltaic projects. As a new entrant to the industry, the Group will strengthen the management and integration of merged and acquired enterprises, and continue to promote the stable development of the clean energy business.



III. Business of the Company during the Reporting Period

During the Reporting Period, the Group took active measures to promote the production and operation of toll highways, general environmental protection and other related businesses. In 2023, the Group recorded revenue of approximately RMB9.295 billion, which was basically the same as the same period last year. Among them, toll revenue was approximately RMB5.375 billion, revenue from environmental protection businesses such as clean energy and recovery and solid waste management was approximately RMB1.618 billion, and other revenue was approximately RMB2.302 billion, which accounted for 57.82%, 17.41% and 24.77% of the total revenue of the Group, respectively.

(I) Business Management and Upgrade

◆ *Continually strengthening the building of the internal management system and promoting the high-quality development of the Group*

Strengthening compliance management is an important pillar for the Group to realise high-quality development. During the Reporting Period, the Group formulated the Three-Year Action Plan for Promoting High-quality Compliance Management (2023-2025) to promote the establishment of a comprehensive and effective compliance management system. 2023 is the year for promoting compliance management in all aspects of the Group. The Group has released and implemented basic policies on compliance management, such as the Compliance Manual and the Compliance Management Measures, formulated compliance guidelines for contract management, and labour and employment management, and prepared a compliance risk list for 14 key areas in corporate governance, project construction and capital operation, etc. The Group has strengthened compliance management in key areas of compliance management such as investment, bidding and procurement, project construction, and major contracts, implemented of the Group's three lines of defence for compliance management strictly, established a compliance risk identification and early warning mechanism, strengthened effective collaboration among compliance review, internal control review and risk control review, and addressed management loopholes for risks identified in compliance inspections and established a long-term mechanism by improving regulations and optimising business processes. In addition, as the business scale of the Group keeps expanding, the Group's property rights hierarchy and management chain keep extending. In order to improve the Group's management efficiency and level, during the Reporting Period, the Group further improved the authorisation mechanism and classified management system, prepared and issued a list of matters requiring run-through control by the headquarters over day-to-day operations of tertiary and below subsidiaries, and revised the Management Procedure for Subsidiaries to further define the boundary of the Group's control powers and responsibilities; in addition, it has formulated and implemented performance evaluation systems such as the Annual Overall Evaluation Management Measures for Chief Property Representatives of Subsidiaries to establish a sound and effective incentive and constraint mechanism. The Group promotes the high-quality development of its operations by strengthening its internal management system, and revising and improving management policies and processes continually.

◆ *Promoting digitalisation to empower business operations with technology*

In recent years, the Group has followed the development trend of the digital era, and kept promoting the construction of IT-based intelligence, and the application of innovative technologies to conventional expressway construction and operation, and the environmental protection business so as to reduce costs, and improve efficiency and management.

Management Discussion and Analysis

During the Reporting Period, the Group conducted unified planning in multiple aspects, including blueprint planning, enterprise architecture and digital governance system based on the development needs and industry characteristics of all business sectors to build a basic framework and implementation path for the Group's digital transformation. In addition, the Group continued to rely on major projects to promote informationisation and innovative technology application in highway construction and operation, kitchen waste treatment, environmental protection, and services. In terms of highway operation, based on the existing road maintenance, road network monitoring and other systems, application platforms covering health monitor of road and bridge structure and tunnels, active traffic control, etc. has been planned, and applied to the operation and maintenance management of multiple highways in the Shenzhen region, improving the overall intelligence level; drone road inspection has been applied, improving the capability of road operation control and intelligent maintenance; the comprehensive upgrading of the video monitoring platform for Outer Ring Expressway and the event detection system for directly managed road sections in Shenzhen has been completed, improving the efficiency of road video inspection and the emergency response capability; in addition, a new toll collection software system was developed and tested at the Guanlan toll station in 2023 to continually improve traffic efficiency under the ETC mode. In terms of project construction, the Group continued to promote the application, and system optimisation and upgrading of the BIM construction management platform in the Jihe project taking the Jihe Expressway reconstruction and expansion project as a carrier, and carried out BIM modelling and digital management R&D in some sections such as Coastal and Outer Ring Expressways. In addition, the Group also accelerated the informationisation presence in the environmental protection industry. Taking the Guangming Environmental Park Project as a trial, it has built a smart operation management platform that integrates functions such as collection and transfer, equipment, safety and sanitation management, and production data visualisation. By collecting data indicators from all aspects, and analysing and mining data, the Group realised refined production and operation management. In addition, in terms of comprehensive management, the Group continued to promote the building and application of information systems in various functional areas such as finance, human resources, auditing and administration in order to improve management efficiency. The Group continued to promote full IT application coverage in its businesses, and carry out the application and practice of innovative technologies to empower business development and improve efficiency.



(II) Toll Highway Business**1. Business Performance and Analysis**

The average daily traffic volume and toll revenue of all toll highways operated and invested by the Group during 2023 are as follows:

Toll highway	Average daily mixed traffic volume (number of vehicles in thousand) ⁽¹⁾	YOY	Average daily toll revenue (RMB'000)	YOY
Guangdong Province – Shenzhen Region:				
Meiguan Expressway	164	19.1%	427	14.5%
Jihe East	318	12.5%	1,861	7.4%
Jihe West	218	16.5%	1,498	16.7%
Coastal Project ⁽²⁾	189	34.1%	1,724	30.8%
Outer Ring Project	307	26.9%	3,270	25.0%
Longda Expressway	165	18.4%	427	18.2%
Shuiguan Expressway	269	13.3%	1,742	11.3%
Shuiguan Extension	64	17.4%	214	13.2%
Guangdong Province – Other Regions:				
Qinglian Expressway	51	15.3%	1,862	10.4%
GS Expressway ⁽³⁾	632	19.9%	7,924	28.1%
GZ West Expressway ⁽³⁾	270	21.6%	3,572	24.8%
Yangmao Expressway	55	24.5%	2,064	22.7%
GZ W2 Expressway	91	25.1%	1,366	23.1%
Other Provinces in the PRC:				
Yichang Project	61	10.4%	1,184	11.7%
Changsha Ring Road	96	16.6%	730	12.2%
Nanjing Third Bridge	39	34.9%	1,510	20.8%

Note:

- (1) Traffic volume which is toll free during holidays is not included in the data of average daily mixed traffic volume. The toll revenue listed in the above table is tax exclusive.
- (2) According to the freight compensation agreement entered by Shenzhen Transport Bureau, the Company and Coastal Company, during the period from 1 January 2021 to 31 December 2024, trunks passing through the Coastal Expressway shall be charged at 50% of the standard toll rate, and such toll waived by Coastal Company shall be compensated for by the government in a one-off manner in March of the following year.
- (3) The Group indirectly holds approximately 71.83% shares in Bay Area Development, which is indirectly entitled to 50% and 45% of profit-sharing interests in GZ West and GS Expressways, respectively.

Management Discussion and Analysis

In 2023, with the comprehensive resumption of normal domestic economic and social operation, the demand for road transport rebounded rapidly. However, due to the global economic downturn and weak overseas demand, the domestic economy and production were stressed overall, and the growth of road freight transport demand slowed down; on the other hand, benefitted from the stronger public willingness for self-driving after the all-round restoration of social order, the traffic volume of passenger cars rebounded steadily; in addition, the concession period of Wuhuang Expressway expired in December 2022, which had a certain impact on the Group's toll revenue During the Reporting Period. Due to the low base during the same period last year, the toll highways operated and funded by the Group mostly saw significant YOY growth in traffic volume and toll revenue during the Reporting Period.

Moreover, the operational performance of the toll expressway projects is also affected by the positive or negative impact of factors such as changes in surrounding competitive or coordinated road networks, construction or maintenance of these projects, renovation of connected or parallel highways, and implementation of urban traffic organisation plans.

(1) Guangdong Province – Shenzhen Region

In 2023, Shenzhen's economic development showed a restorative and upward trend, the total import and export volume of goods kept growing, and the demand for logistics transport and public travel underwent restorative growth. In February 2023, the Shenzhen-Hong Kong Port fully reopened, which had a positive impact on the recovery of passenger and freight traffic between the two cities. During the Reporting Period, Shenzhen strived to build an international logistics transfer hub, and accelerate the construction of the Shenzhen port group system with focus on the overall position of building a global logistics hub city. Eight new port group shipping lines were added to the east and west wings of the Shenzhen Port, and the Shenzhen Airport also opened multiple international freight airlines, which had a positive impact on the growth of freight traffic in the Company's port and airport connecting sections. On the other hand, although the domestic economy improved, endogenous drivers remained insufficient. According to statistics released by the Shenzhen Transportation Bureau, the container throughput of Shenzhen ports was approximately 29.88 million TEUs in 2023, a slight YOY decrease of 0.52%, and the highway freight volume was approximately 318.8741 million tons, a YOY increase of 4.17% only, which had a certain impact on the growth of truck traffic in the Company's road sections in the Shenzhen region. During the Reporting Period, the total toll revenue of the Group's road sections in the Shenzhen region grew by 18% YOY.

Among them, the Outer Ring Project, as important transportation infrastructure in the Guangdong-Hong Kong-Macao Greater Bay Area, is a densifying line in the main network of the "12 vertical, 8 horizontal and two ring" expressways in Guangdong Province, and an important part of the network of the "8 horizontal and 13 vertical" trunk roads in Shenzhen. Outer Ring Phase II officially opened to traffic on New Year's Day 2022, creating a run-through effect with Outer Ring Phase I, and becoming the most convenient high-speed west-to-east main road in Shenzhen. In 2023, the cross-line section of the Kengzi east interchange in Outer Ring Phase II was completed, which would meet the traffic changeover demand between the Outer Ring Project and Shenshan Expressway, realise rapid connection between local roads and expressways, and further promote the overall growth of vehicular traffic of the Outer Ring Project. During the Reporting Period, the average daily traffic volume and toll revenue of the Outer Ring Project grew by 26.9% and 25.0% YOY, respectively. To give further play to the overall benefits of the Outer Ring Project, the Board of the Company has approved the construction of Outer Ring Phase III. For details, please refer to "Business Development" below.

(2) Guangdong Province – Other Regions

During the Reporting Period, as production and living order along the line returned to normal, the operating performance of Qinglian Expressway showed restorative growth. Guanglian Expressway (Guangzhou-Lianzhou), which is basically parallel to Qinglian Expressway, officially opened to traffic at the end of 2021, creating a certain traffic diversion impact on Qinglian Expressway. To increase vehicular traffic, Qinglian Company has carried out marketing and publicity through multiple channels, improved the service level, and actively attracted vehicles.



GS Expressway serves as an important fast channel between Guangzhou and Shenzhen, and GZ West Expressway is a component of the Pearl River Delta Ring Expressway. During the Reporting Period, with the improvement of production and operation order in cities along the expressways, the vehicular traffic and toll revenue of these sections grew significantly. In addition, the opening of Zhongshan West Ring Expressway in January 2023 and the imposition of traffic controls on the surrounding local road network had both positive and negative impacts on the vehicular traffic of GZ West Expressway, with an overall slight impact.

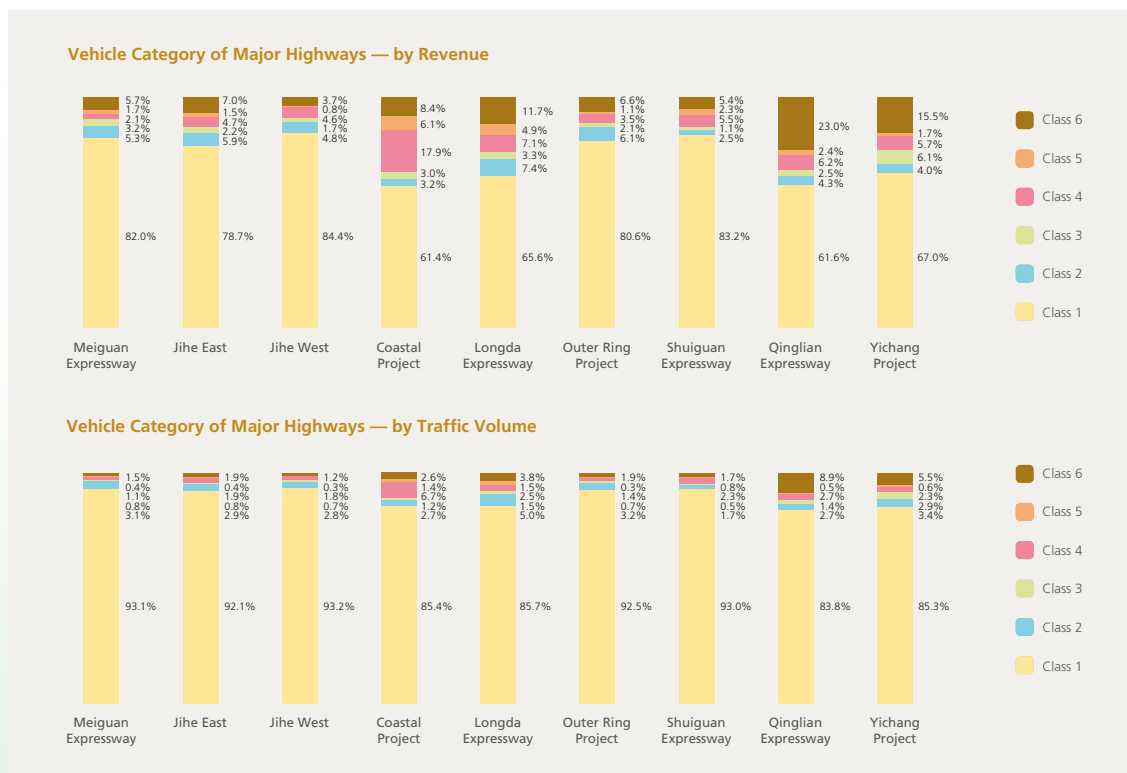
After the completion of reconstruction and expansion at the end of 2021, two-way and eight-lane Yangmao Expressway has been fully opened to traffic, significantly improving traffic capacity. In early 2023, the reconstructed and expanded Guanzhu-Linwu section of approximately 70 kilometres of Maozhan Expressway opened, which promoted the vehicular traffic of Yangmao Expressway. Benefiting from the interconnection of neighbouring highways that have opened to traffic successively, and the policies of promoting the tourism economy, etc. implemented by governments at all levels, Yangmao Expressway showed good operating performance during the Reporting Period.

(3) Other provinces

During the Reporting Period, Yichang Expressway, Changsha Ring Road and Nanjing Third Bridge all showed restorative growth in operating performance. In addition, the reconstruction and expansion projects of Ningluo Expressway (Nanjing-Luoyang) and Ninghe Expressway (Nanjing-Hexian County) were completed successively, improving the traffic capacity of the road network north of Nanjing Third Bridge greatly and promoting the growth of vehicular traffic of Nanjing Third Bridge.

Reference Information

In 2023, there was no substantial change in the vehicle category for each major highway project of the Group as compared with last year. The following diagram shows the vehicle category of major toll highway projects of the Group:



Management Discussion and Analysis

2. Business Development

Shenzhen Outer Ring Expressway runs from east to west, and is mostly located in the northern part of Shenzhen City, with some sections located in Dongguan City, with a total length of approximately 93 kilometres. Among them, the Shenzhen section of Outer Ring Expressway (the Outer Ring Project) funded and constructed by the Company has a total length of approximately 77 kilometres. The Outer Ring Project is implemented in three phases, in which the Shajing-Guanlan and Longcheng-Pingdi subsections of Outer Ring Phase I totalling approximately 51 kilometres were completed and opened to traffic on 29 December 2020; the Pingdi-Kengzi subsection of Outer Ring Phase II approximately 9.35 kilometres was completed and opened to traffic on 1 January 2022. On 14 July 2023, the Board approved a further investment of the Company of approximately RMB8.447 billion in Outer Ring Phase III. As at the end of the Reporting Period, construction and supervision bidding for multiple contract sections of Outer Ring Phase III had been completed, and some contract sections had commenced. The Outer Ring Project is important transportation infrastructure in the Guangdong-Hong Kong-Macao Greater Bay Area. After full-line opening, it will be connected to 10 expressways and 8 Class 1 highways in the Shenzhen region. It is an important backbone line for west-to-east traffic connection in northern Shenzhen. After the completion of Outer Ring Phase III, it will enrich the Company's core highway assets, and achieve the best overall economic and social benefits of the Outer Ring Project, on the other hand, it will also bring traffic to other toll highways of the Group by improving the road network layout. For details of the Outer Ring Project, please refer to the relevant content in the Company's announcements dated 14 July and 17 November 2023, and 25 January 2024.

The construction of Coastal Phase II commenced in December 2015, mainly including the construction of the interchange of the International Convention and Exhibition Center and the connecting line on the Shenzhen side of Shenzhen-Zhongshan Tunnel, in which the interchange of the International Convention and Exhibition Center was completed and put into operation in 2019. The total length of the Shenzhen side of Shenzhen-Zhongshan Tunnel is approximately 5.7 kilometres with two interchanges, namely airport interchange and Hezhou interchange respectively. Running from east to west, it starts from Huanghe toll station of Jihe Expressway (connecting with Jihe Expressway) and ends at the eastern artificial island of Shenzhen-Zhongshan Tunnel (connecting with the open section of Shenzhen-Zhongshan Tunnel). Upon completion, it will be connected to Coastal Phase I, Jihe Expressway, GS Expressway, Shenzhen-Zhongshan Tunnel and Bao'an International Airport. As at the end of the Reporting Period, Coastal Phase II had been completed by approximately 91% cumulatively, and was scheduled to be completed and open to traffic simultaneously with Shenzhen-Zhongshan Tunnel in 2024. After the full completion of Coastal Phase II, it will not only improve the traffic conditions of the Shenzhen Airport, but also enhance the connection between the west bank of the Pearl River and the trunk expressway lines of Shenzhen, which is significant for promoting the economic development of the Guangdong-Hong Kong-Macao Greater Bay Area.

The Board of the Company approved the Company to carry out preliminary design and other preparatory work for the Jihe Expressway reconstruction and expansion project in January 2018, and further approved the Company to carry out construction of the early-stage section of the Jihe Expressway reconstruction and expansion project, and the relocation of high-tension lines in 2020. The Company and the Shenzhen Transportation Bureau entered into a contract for the Jihe Expressway Renovation and Expansion Project on 30 September 2022. Shenzhen Municipal Government later intended to adjust the construction and implementation plan of the project, and adjust the investment and financing plan accordingly. The relevant concession procedures are currently being advanced. The Company will follow the corresponding approval procedure after relevant plans become clear. For details, please refer to the Company's announcements dated 30 September, 13 October, 20 October, 24 October, 2 December 2022 and 31 March 2023, respectively.



With approval of the Board, the Company has commenced preliminary work for Shenshan Second Expressway (Shenzhen-Shanwei) such as surveying and design. During the Reporting Period, the Company conducted preliminary work such as environmental impact assessment, land use application and woodland use approval. According to the current construction arrangements of the Shenzhen Municipal Government for Shenshan Second Expressway, the implementation of this project will be delayed.

The Company indirectly holds approximately 71.83% shares in Bay Area Development, which is indirectly entitled to 45% of profit-sharing interests in GS Expressway. Since the vehicular traffic of GS Expressway is close to saturation, the Guangdong Provincial Development and Reform Commission approved the reconstruction and expansion projects of the Huocun, Guangzhou to Chang'an, Dongguan section of the Beijing-Hong Kong-Macao Expressway and the Huangcun-Huocun section in Guangzhou of Guangfo Expressway (the "Reconstruction and Expansion Project") in August 2023. For details, please refer to the announcements of the Company and Bay Area Development dated 30 October 2023. During the Reporting Period, the Reconstruction and Expansion Project has commenced construction. In addition, in 2023, Bay Area Development also conducted in-depth research on land along GS Expressway with its partner shareholders to explore feasible business models to promote the revitalisation, development and utilisation of land along the expressway, and improve the overall rate of return of the expressway. For the details of operation of Bay Area Development during the Reporting Period, please refer to its Annual Report 2023.

Based on the Company's financial status and investment plan, the Company plans to offer not more than 654 million A-shares ("this issuance") to not more than 35 (inclusive) specific targets that comply with the regulations of the CSRC. The total amount of funds raised in this issuance is expected to be not more than RMB4.9 billion (inclusive), and will be used for the investment and construction of the Outer Ring Project, the repayment of interest-bearing liabilities, and other purposes after the deduction of issuance expenses. This issuance has to be considered and approved by the SSE, and approved for registration by the CSRC before implementation. For details, please refer to the Company's announcements and documents dated 14 July and 20 September 2023, and 25 January 2024, the circular dated 24 August 2023, as well as the meeting documents for the first extraordinary general meeting 2023 and the first class meeting 2023 of holders of A shares.

On 18 August 2023, the Board of the Company considered and approved the Proposal on the Application Plan for Public REITs of Yichang Expressway, and the Board agreed to carry out pilot application for real estate investment trust funds in the infrastructure industry with Yiyang-Changde Expressway in Hunan Province that a wholly-owned subsidiary of the Company enjoyed 100% toll road rights, and its auxiliary facilities being the underlying infrastructure project. According to the application guidelines of Practice Note 15 to the Listing Rules of the HKEx ("PN15"), the offering of REITs by the Company constituted a spinoff of the Company, and the HKEx granted exemption from strict compliance with PN15 in the offering of REITs by the Company on 20 October 2023; a letter of no objection was obtained from the SSE and the approval for registration from the CSRC for Yichang Expressway Public REITs at the end of December 2023. On 31 January 2024, the Board of the Company considered and approved the Proposal on the Implementation Plan for Public REITs of Yichang Expressway. The issuance of Yichang Expressway REITs was completed on 7 March 2024. Yichang Expressway REITs ultimately raised 300 million shares, with an issuance price of RMB6.825/share and total fund raised was RMB2.0475 billion. Among them, the Company, as the original right holder, participated in the strategic allotment and subscription of 120 million shares, accounting for 40% of the total issued units. Yichang Expressway REITs are expected to be listed on the SSE by the end of March 2024 (transaction code: "508033", on-exchange abbreviation: "SGS REIT"). For details of the above matters, please refer to the Company's announcements dated 18 August and 17 November 2023, and 2 January, 31 January and 13 March 2024, respectively.

Management Discussion and Analysis

(III) General Environmental Protection Business

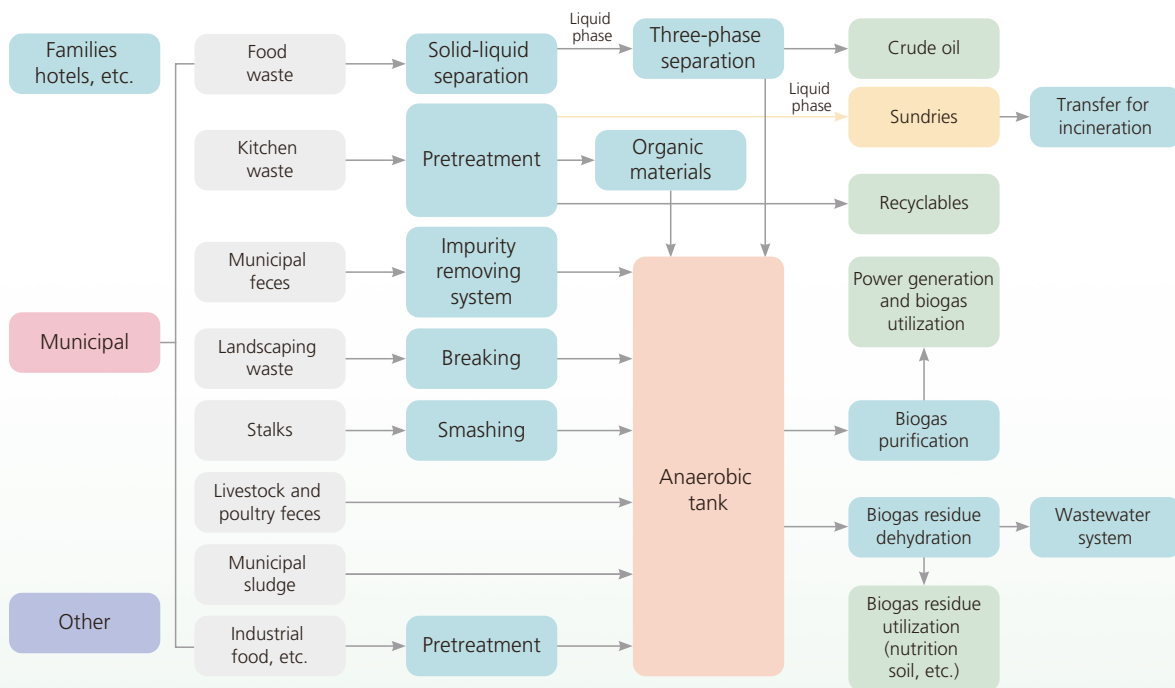
In order to explore a broader room for the Group’s long-term development, the Group has taken the general environmental protection industry including solid waste recycling treatment and clean energy as the second core business while consolidating and enhancing the core business of toll highway. The Group has established the Environmental Company and the New Energy Company as investment management platforms for expanding businesses in relation to the general environmental protection industry.

1. Solid Waste Recycling Treatment

The organic waste treatment industry is supported by the national environmental protection policies. The Group’s strategies for the “14th Five Year” period define organic waste treatment as a key industry segment of focused development in the general environmental protection industry. The Group actively builds itself into a segmented leader with industry-leading technology and scale advantages.

As of the date of this report, the designed organic waste treatment capacity of the Group exceeded 6,900 tons/day, operating in BOT and other concession models, providing harmless treatment of organic solid and domestic waste (including food, kitchen and landscaping waste, etc.) to government customers, and selling processed resource products to downstream customers. The schematic diagram of the integrated organic waste treatment process of the Group is as follows:

Schematic diagram of integrated organic waste treatment process



Bioland, a subsidiary of the Company in which the Company holds 92.29% indirectly, mainly relies on technologies such as efficient anaerobic reaction treatment, MBR membrane bioreactors and its derivative technologies to provide customers with systematic and comprehensive solutions for municipal organic waste treatment. Its business models mainly include the investment and operation of organic waste treatment projects, environment protection construction (EPC), equipment manufacturing and marketing, etc. As of the date of this report, Bioland had 20 organic waste treatment projects in total, with a total design kitchen waste treatment capacity of over 4,800 tons/day, among which 13 (with a total design capacity of 3,020.5 tons/day) had been put into commercial operation, and some were at the trial operation or commissioning stage. In 2023, with the recovery of the catering consumer market and a YOY increase in kitchen waste, Bioland's operating income grew to some extent. However, due to factors such as a significant drop in oil and grease sales prices, a low rate of reaching design capacity arising from insufficient waste collection and transfer in some projects, lower-than-expected new project development, failure to perform equipment orders on schedule, high initial project costs, and delayed settlement and commercialisation of some projects, the overall operational performance of Bioland in 2023 was poor. To reverse the unfavourable situation, Bioland has taken measures such as promoting the grid connection of power generation projects, expanding markets around projects to compensate for insufficient waste collection and transfer, and expanding oil and grease sales outside the region to improve operational performance. In addition, the Group has adjusted the business structure of Bioland, defined the business strategy of focusing on operations, diminished and closed down EPC engineering and equipment manufacturing operations with heavy losses gradually, further optimised the organisational structure, and strengthened cost control. For the next step, Bioland will focus on the quality and efficiency improvement of the existing projects, promote technological transformation, strengthen normative management, and strive to improve profitability.

The Guangming Environmental Park Project in which the Company holds 100% equity interests is located in Guangming District, Shenzhen, and will be built into the first centralised plant for food waste treatment, and harmless treatment and recycling of kitchen waste in Shenzhen, with a processing capacity of 1,000 tons/day for organic waste, 100 tons/day for bulk waste (used furniture) and 100 tons/day for landscaping waste. The proposed concession period of the project is 10 years, and may be extended for 5 years after passing the evaluation and being approved of the district government. The Guangming Environmental Park Project adopts the industry-leading "pre-treatment + anaerobic fermentation + biogas power generation" treatment process, which can solve the secondary environmental pollution problem of by-products generated by kitchen waste treatment, and realise the recycling and harmless treatment of organic waste. During the Reporting Period, the Guangming Environmental Park Project achieved 99% cumulative progress in physical shape in construction and equipment installation, and production preparations were underway. It is expected to start trial operation in 2024.

Lisai Environmental in which the Company holds 70% equity interests is entitled to the concession of the Urban Biogenic Waste Treatment Construction BOT Project in Shenzhen ("Biogenic Project") and the area for concession service covers Longhua District of Shenzhen. The Biogenic Project, located in Yunan Environmental Park, Longgang District, Shenzhen, is a key project under the 863 Program during the 11th Five-Year Plan period, with an original design processing capacity of 500 tons/day of biomass waste. The concession period for kitchen waste treatment is "10+5" years, and that for municipal sludge treatment is 25 years. Lisai Environmental officially put the project into operation in December 2017. In addition, as entrusted by the related government department, Lisai Environmental also assisted in the treatment of certain kitchen waste in Futian District. During the Reporting Period, the Environmental Company has largely completed the technological transformation of the production line of Lisai Environmental. After the transformation, its kitchen waste treatment capacity will rise to 650 tons/day, and an additional grease processing capacity of 30 tons/day will be added. The food waste collection and transfer capacity will rise to over 600 tons/day. Currently, full-capacity operation is largely realised.

The Shaoyang Project in which the Company holds 100% equity interests indirectly is located in Daxiang District, Shaoyang City, Hunan Province, with a design treatment capacity of 200 tons/day for kitchen waste and a concession period of 30 years, and operates in the "TOT" (Transfer-Operate-Transfer) model. The Shaoyang Project started trial operation on 28 February 2023.

Management Discussion and Analysis

In 2023, the key operating data of the Group's organic waste treatment projects is as follows:

Organic waste			Organic waste disposal volume (thousand tons)	Operating income (RMB'000) ⁽¹⁾
Project	Shareholding ratio of the Group	Revenue consolidation ratio	2023	2023
I. Bioland				
(I) Projects having started commercial operation				
Guiyang Project	100%	100%	174.83	94,689.30
Nanning Project	100%	100%	187.24	106,977.96
Dezhou Project	100%	100%	125.98	33,758.58
Taizhou Project	100%	100%	95.84	32,356.61
Zigong Project	84.57%	100%	53.01	39,951.36
Zhuji Project	90%	100%	62	20,119.21
Longyou Project	100%	100%	58.5	5,020.24
Handan Project	90%	100%	46.04	18,107.62
Other projects	70~100%	100%	181.98	1,530.68
(II) Projects at the trial operation and commissioning stage⁽²⁾				
Inner Mongolia Project	51%	100%	83.83	42,861.50
Other projects	89~90%	100%	21.39	4,735.49
Subtotal of Bioland projects			1,090.56	475,897.90
II. Lisai Environmental			292.28	149,625.94
III. Shaoyang Project			37.09	26,190.85
Total			1,419.93	651,714.68

Note:

- (1) The operating income in the above table includes estimated subsidy income calculated based on the amount of waste treatment.
- (2) The Inner Mongolia Project and Beihai Projects under Bioland entered the trial operation stage in August 2022 and July 2023, respectively, while the Chuzhou Project entered the commissioning stage in July 2023.



Shenshan Qiantai, in which the Company holds 63.33% equity interests indirectly, is qualified to recycle and dismantle scrapped motor vehicles, and can provide services for the recovery and disposal of gasoline-powered vehicles, as well as integrated recycling services for new energy vehicles and retired power batteries. During the Reporting Period, Shenshan Qiantai was recognised as a specialised, refined and innovative small and medium-sized enterprise, and approved to establish a province-level science and technology expert workstation in 2023, and selected as the first pilot unit in Shenzhen to set up a regional service centre for new energy vehicle power batteries. During the Reporting Period, Shenshan Qiantai completed the R&D of multiple energy storage products, low-speed electric products and special vehicle battery products based on market demand. In 2023, it applied for 10 new patents, and upgraded and transformed its production lines to improve production capacity. In terms of power battery recovery and sale, Shenshan Qiantai's business performance was lower than expected in 2023 due to the continued decline in lithium battery material prices and the slowdown of demand growth in the power battery market. In the scrapped vehicle business, prices in the scrapped vehicle recycling market kept rising in the first half year, however, prices in the scrap metal market dropped, resulting in a lower profit margin in vehicle dismantling. The acquisition of the scrapped vehicle recovery business and the overall volume of scrapped vehicle recovery and processing were affected. Due to the above factors, the performance of Shenshan Qiantai during the Reporting Period was lower than expected. During the Reporting Period, Shenshan Qiantai stepped up efforts to acquire new customer resources, actively expanded its scrapped vehicle business outside the province, and made initial progress while maintaining its existing partnerships with major clients. For the next step, Shenshan Qiantai will continue to strengthen its product R&D capabilities, expand cooperation with upstream and downstream players in the industry chain and market development, and improve its profitability.

2. Clean Energy

As at the end of the Reporting Period, the cumulative installed capacity of the wind power projects invested and operated by the Group amounted to 648MW, including Baotou Nanfeng Project with five wind farms (247.5MW), Xinjiang Mulei Project with three wind farms (299MW), Yongcheng Zhuneng Project with two distributed wind farms (32MW) and Zhongwei Gantang Project (49.5MW). In addition, the Group holds 20% equity interests in Huai'an Zhongheng Wind Power Project (99.4MW). These wind farms are completed projects and commenced on-grid power generation. The local wind resources are abundant with promising power consumption. The major operating data of wind power projects of the Group in 2023 are as follows:

Wind Power			On-grid power supply (MWh) ⁽¹⁾	Wind power generation revenue (RMB'000) ⁽¹⁾
Project	Proportion of the Group's interest	Revenue consolidation ratio	Jan – Dec 2023	Jan – Dec 2023
Baotou Nanfeng Project	100%	100%	783,244.69	245,821.55
Xinjiang Mulei Project	100%	100%	651,204.10	299,801.50
Yongcheng Zhuneng Project	100%	100%	83,239.80	40,933.30
Zhongwei Gantang Project	100%	100%	121,103.84	64,525.18
Huai'an Zhongheng Project	20%	–	222,616.10	106,152.68

Note:

- (1) On-grid power supply is calculated based on the settlement cycle of the power grid, and the operating revenue includes the electricity price subsidy income calculated based on on-grid power supply.

Management Discussion and Analysis

On 29 June 2023, the 60MW photovoltaic project (the “Pingshan Project”) and 70MW photovoltaic project independently applied for by the New Energy Company in Pingshan County, Hebei Province were selected as a local supported project and a local reserved project, respectively. With the approval of the Board, the New Energy Company established Pingshan Jishen New Energy Technology Co., Ltd. in August 2023 to implement the Pingshan Project. As at the end of the Reporting Period, the first instalment of the paid-up capital of the project company had been in place and all preliminary work was underway. During the Reporting Period, the New Energy Company and Weining Energy, a controlling subsidiary of SPIC, established Jinshen New Energy at a 65%:35% equity ratio to jointly invest in and develop new energy projects. Weining Energy is a major new energy power generation enterprise in Guizhou Province. By establishing a joint venture with Weining Energy, the New Energy Company can make up for its deficiencies in project resource development, construction and operation management, and achieve rapid business development; in 2023, Jinshen New Energy actively promoted wind power and photovoltaic projects, and obtained an approved quota of 460MW for wind power projects in Guizhou Province, and all preliminary work was in orderly progress. In addition, during the Reporting Period, New Energy Company also established the joint venture Shengneng Technology with the Infrastructure and Environmental Protection Company to jointly develop and construct the photovoltaic, storage and charging integration project in SZE Qiantai Industrial Park to explore and attempt distributed photovoltaics. This project obtained a registration certificate in April 2023, and is expected to be completed and connected to the grid in 2024.

During the Reporting Period, Nanjing Wind Power mainly provided post operation and maintenance services for wind farms funded by the Group, and also assisted the New Energy Company in market development for wind power and photovoltaic projects. However, due to factors such as the suspension of the original wind turbine manufacturing and sales business, asset impairment and estimated liabilities, Nanjing Wind Power’s operating performance was poor. In addition, during the Reporting Period, except for one shareholder who held 1.96% equity interests, the other shareholders (performance commitment parties) of Nanjing Wind Power transferred 47.04% equity interests in Nanjing Wind Power to the Environmental Company gratuitously pursuant to the VAM compensation clause of the M&A agreement. As at the end of the Reporting Period, Environmental Company held 98.04% equity interests in Nanjing Wind Power. For details, please refer to the Company’s announcements dated 11 September and 9 November 2023. For the next step, the Group will strengthen the business transformation of Nanjing Wind Power, accelerate asset revitalisation and capital recovery, and expand operation and maintenance services based on the Group’s integrated collaboration in clean energy to improve its business status.

3. *Water Environmental Remediation and Others*

The Environmental Company, a wholly-owned subsidiary of the Group, holds 20% equity interests in Derun Environment. Derun Environment is a comprehensive environmental investment enterprise, with holding subsidiaries such as Chongqing Water (stock code: 601158) and Sanfeng Environment (stock code: 601827) which are listed on the domestic main board. The major business segments include water supply and sewage treatment, waste incineration power generation, environmental restoration, etc. For the main business and operation performances of Chongqing Water and Sanfeng Environment, please refer to their annual reports 2023.

The Group holds 11.25% equity interests in Shenzhen Water Planning. Shenzhen Water Planning has been listed and traded on the ChiNext Market of the Shenzhen Stock Exchange in August 2021, with the stock code of 301038. For information of the business development of Shenzhen Water Planning, please refer to its Annual Report 2023.

For details of the profitability of wind farm projects such as Bioland, Shenshan Qiantai, Nanjing Wind Power and wind farm projects, and projects such as Derun Environment during the Reporting Period, please refer to the relevant content in “Financial Analysis” below and Notes V48 and V55 to the Financial Statements in this report.



(IV) Entrusted Management and the Development of Other Infrastructure

The Group has continually launched or participated in the entrusted construction, operation and maintenance management businesses (also known as entrusted construction and management businesses) with the expertise and experience gained in the field of highway construction and operation over these years. In addition, the Group has also attempted to participate in the construction and development of local infrastructure and land along highways by utilising own financial resources and financing capability to obtain reasonable return.

1. Entrusted Construction Business

During the Reporting Period, the Group's entrusted construction projects included the Shenshan Environmental Park Project in Shenzhen, the Longli River Bridge (formerly known as Duohua Bridge) Project and Bimeng Project in Longli County, Guizhou Province, etc. During the Reporting Period, the Group actively promoted the construction progress of the projects under construction, strengthened its safety and quality management, and supervised the collection of construction funds and income of these projects.

During the Reporting Period, the supporting public roads for the Shenshan Environmental Park Project achieved 92.16% progress in physical shape, in which key projects such as tunnels were completed, the pilot works of public facilities and the waste transfer station in the park were approved for construction, and all preliminary work was in active progress. As at the end of the Reporting Period, the main part of the Longli River Bridge had been fully completed. The bridge is a canyon landscape cable-stayed bridge that integrates traffic and tourism functions, and will have a roadway and a sightseeing glass walkway. The Bimeng Resettlement Community Project achieved 100% progress in physical shape.

2. Entrusted Management Business

The Operation Development Company, a wholly-owned subsidiary of the Group, mainly engages in such businesses as highway operation, maintenance and management. The Engineering Development Company controlled by the Operation Development Company mainly engages in businesses related to upstream and downstream industry chains, such as highway and municipal road maintenance and construction. It has the Class I general contracting qualification for highway project construction, and is the implementing entity that provides professional and market-oriented maintenance technologies and services for the Group.

In June 2022, the Operation Development Company won the bid and renewed the contract for the comprehensive management and maintenance project of four expressways, with a term of three years and a cumulative contract amount of approximately RMB290 million. The Operation Development Company performed all tasks in strict conformity with the contract, and was rated excellent by the Shenzhen transportation authority in the 2022-2023 annual contract performance evaluation.

On 30 December 2022, the Operation Development Company successfully renewed the 2023 entrusted property operation and maintenance management agreement for the Baguang toll station of Yanba Expressway with the Shenzhen Public Transportation Facility Management Office, with a contract amount of RMB17.93 million and a term of one year, from 1 January to 31 December 2023. On 1 January 2024, the Operation Development Company won the bid for this project again and renewed the service contract, with a contract amount of RMB17.93 million and a term of one year, from 1 January to 31 December 2024.

On 28 March 2023, the Operation Development Company successfully won the bid for the operation and management project of the Xiufeng, Tangbei and Henggang toll stations of the Shenzhen Transportation Bureau, which mainly provides operation and maintenance management services for six toll stations and 45 lanes, including the Xiufeng and Tangbei stations of Qingping Expressway Phase II, and the Henggang station of Yanpai Expressway. The project contract follows the "annual renewal in three years" model. The first phase contract was signed during the Reporting Period, with a term of one year, from 10 April 2023 to 9 April 2024.

Management Discussion and Analysis

The Engineering Development Company undertook the municipal road maintenance business in the entirety of Pingshan District, and some sub-districts in Guangming and Bao'an Districts through bidding in 2021. The contract follows the "annual renewal in three years" model, with a contract amount of approximately RMB273 million/year and a term of three years, from 1 January 2021 to 31 December 2023. During the Reporting Period, the Engineering Development Company performed all management and maintenance tasks in strict conformity with the requirements. On 13 December 2023, the Engineering Development Company again won the bid for two sections of the new phase of the routine road facility maintenance project of Longgang District for a period of three years, from 1 January 2024 to 31 December 2026. The contract will be renewed once a year, with an estimated total contract amount of approximately RMB507 million for three years. In addition, in 2023, the Engineering Development Company undertook 57 new maintenance projects with a total amount of approximately RMB33 million.

By actively expanding upstream and downstream management and maintenance markets, the Group has not only increased its sources of income, but also developed the ability to provide professional highway management and maintenance services to society, laying a solid foundation for the Group's future market expansion. For details of the profits as well as incomes and expenses of various entrusted management businesses during the Reporting Period, please refer to the contents in "Financial Analysis" below and the relevant contents in Note V48 to the Financial Statements in this report.

3. *Development and Management of Land Projects*

Since 2012, the Group has prudently explored business types such as comprehensive land development related to the main business of highways and the urban renewal business arising from land use planning adjustment along expressways in order to revitalise land assets and improve the comprehensive utilisation value of assets as a beneficial supplement to highway project investment and the Group's businesses.

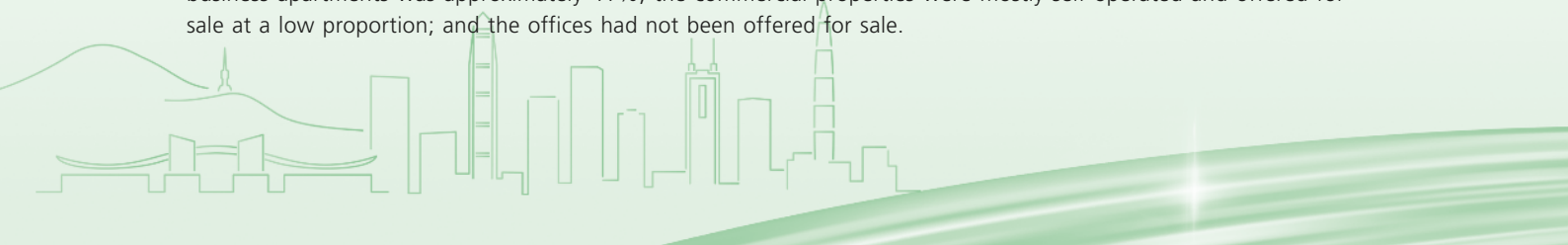
(1) *Guilong Regional Development Project*

The model of "build-transfer" and supporting land development is applied to the Guilong Project, which enables the Group to gain business and management experience to explore the Guizhou regional market and develop suitable business models. Following the Guilong Project, the Group has signed contracts with the Longli County Government or its platform company to jointly construct the Longli River Bridge and Bimeng Projects.

As at the end of the Reporting Period, Guishen Company in which the Company holds 70% equity interests indirectly had successfully won the bid for the land of the Longli Project with an area of approximately 3,038 mu (approximately 2,030,000 square metres) in aggregate, in which the interests in approximately 1,610 mu had been transferred, 1,075 mu was under secondary development, and the remaining land was under planning. The project subject to independent secondary development by Guishen Company is named as "Youshan Villa". As at the end of the Reporting Period, the sell-through rates of the supporting commercial properties for Block B of Youshan Villa Phase II was approximately 85%, and that of Block A of Phase III both exceeded 99%; Block C of Phase III had been completed, of which the supporting commercial properties had been fully sold, and the villas were being sold; the supporting commercial properties of Block B of Phase III were under construction.

(2) *Meilin Checkpoint Renewal Project*

United Land, in which the Company holds 34.3% equity interests, principally engages in the investment, development and operation of the Meilin Checkpoint Urban Renewal Project. The Meilin Checkpoint Renewal Project is developed in three phases. The residential units of Phase I Hefengxuan, Phase II Heyaxuan and Phase III Hesongxuan have been sold out. The project also includes a complex building of offices, commercial properties and business apartments with an area of approximately 190,000 square metres. As at the end of the Reporting Period, the sell-through rate of the business apartments was approximately 41%; the commercial properties were mostly self-operated and offered for sale at a low proportion; and the offices had not been offered for sale.



(3) *Xintang Project*

Before the Company acquired Bay Area Development, Bay Area Development had actively explored the land development business along toll highways. In October 2019, Bay Area Development signed an agreement with its partner shareholder Guangdong Highway Construction Co., Ltd. for the development of land along GS Expressway, specifying that Bay Area Development accounted for 37.5% of land development rights along the expressway in Guangzhou and 57.5% in Shenzhen, and land development rights along the expressway in Dongguan would be determined by the dominating party.

The Xintang Project is the first land development project in which Bay Area Development participates. After a partner shareholder for development is introduced, Bay Area Development holds 15% equity interests in the project indirectly. The project involves the comprehensive development of approximately 196,000 square metres of traffic land in Xintang Town, Zengcheng District, Guangzhou. Its residential and supporting facility construction is planned to be implemented in three phases. As at the end of the Reporting Period, Xintang Project Phase I had been completed, and was undergoing inspection and delivery; Phase II had achieved approximately 88% progress in physical shape; the supporting road south of the reconstructed Xintang interchange had commenced. For details of the Xintang Project, please refer to the Company's announcement dated 10 August 2021 and Bay Area Development's Annual Report 2023.

4. Development and Management of Other Infrastructure

The Guangming Wellness Project controlled by the Investment Company comprises the Guangming Xincun Community Integrated Service Centre Pilot Project (光明新村社區綜合服務中心試點項目) and the Fenghuang Jiulongtai Community Integrated Service Centre Pilot Project (鳳凰玖龍台社區綜合服務中心試點項目) (collectively referred to as the "Two Guangming Community Projects"), as well as the Guangming District Social Welfare Home Project (光明區社會福利院項目). The concession cooperation period of the Guangming Wellness Project is 20.5 years (including a construction period of 0.5 year), in which the Two Guangming Community Projects are positioned as community embedded elderly care service complexes, and the Guangming District Social Welfare Home Project is positioned to provide high-quality elderly care services. In July 2022, the Guangming Two Communities Projects were officially put into operation, providing all-round convenience services such as community canteen, childcare, elderly activities and public welfare services; the Guangming District Social Welfare Home Project was put into operation in April 2023. During the Reporting Period, the community integrated service centre under the Investment Company also won the bid for seven social service projects in Guangming and Fenghuang Sub-districts.

Shenzhen Expressway One Apartment Management Co., Ltd. (深圳市壹家公寓管理有限公司), in which the Investment Company holds 60% equity interests, mainly engages in the long-term rental apartment business in Fuyong and Songgang, Shenzhen. As at the end of the Reporting Period, the rental rate of the Songgang Project was 90%, and that of the Fuyong Project 73%.

Management Discussion and Analysis

(V) Industrial-Financial Integration

The Company holds approximately 3.44% equity interests in Bank of Guizhou, which was listed on the main board of the Hong Kong Stock Exchange (stock code: 06199.HK). For the business development of Bank of Guizhou, please refer to its Annual Report 2023.

Providing financial leasing services to the main businesses, and upstream and downstream businesses of the Group through the Financial Leasing Company is an important way for the Group to realise “industrial – financial”, and the business collaboration strategy. During the Reporting Period, the Financial Leasing Company kept leveraging its financing services and collaborative expansion capabilities in the field of environmental protection. In addition, it actively explored market-oriented projects in the fields of transportation infrastructure and logistics. In 2023, the Financial Leasing contracted financial leasing projects in the amount of RMB547 million. As at the end of the Reporting Period, the contracts of the Financial Leasing Company being performed amounted to RMB2.29 billion, in which approximately RMB2.098 billion had been invested.

The Company holds 45% equity interests in Foshan Shunde Shengchuang Shenzhen Expressway Environmental Technology Industry MA Investment Partnership (Limited Partnership) (佛山市順德區晟創深高速環科業並購投資合夥企業(有限合夥)) (“Shengchuang Fund”). As at the end of the Reporting Period, the total paid-in capital of the fund was RMB300 million, in which the Company’s contribution was RMB135 million. The fund is managed by Guangdong Shengchuang Investment Management Co., Ltd. (廣東晟創投資管理有限公司), and invested mainly in four types of operational projects, namely industrial hazardous waste treatment, solid waste disposal, wastewater treatment, wind power and other new energy sources. As at the end of the Reporting Period, Shengchuang Fund had completed investment in two projects.

The Company holds approximately 7.48% equity interests in Shenzhen State-owned Assets Collaborative Development Private Fund Partnership (Limited Partnership) (深圳國資協同發展私募基金合夥企業(有限合夥)) (“State-owned Assets Collaborative Development Fund”). The overall size of the fund is RMB4.01 billion, in which the Company’s contribution is RMB300 million. The fund is managed by Shenzhen Kumpeng Zhanyi Equity Investment Management Co., Ltd. (深圳市鯤鵬展翼股權投資管理有限公司), and invested mainly in utilities including environmental protection, new energy and infrastructure, as well as financial and strategic emerging industries.



(VI) Other Businesses

As at the end of the Reporting Period, the Company held 22% equity interests in Yunji Intelligent (formerly known as the “Consulting Company”), which has the qualification and capability of providing consulting services throughout the process of project investment and construction.

The Group holds 51% equity interests in Digital Technology Company, which mainly engages in the information and digital businesses of transportation infrastructure, environmental protection and clean energy. During the Reporting Period, this company was implementing 10 internal information system construction projects within the Group and two external market projects.

As at the end of the Reporting Period, the Group held 10.2% equity interests in Unitoll Services in aggregate. Unitoll Services is principally engaged in the electronic clearing business for toll highways in Guangdong Province, including the investment and management of electronic toll collection and clearing systems, services, and the marketing of relevant products.

During the Reporting Period, the overall progress of the above businesses met the Group’s expectation. Due to limitations in scale or investment model, the revenue and profit contribution of these businesses currently account for a small proportion in the Group. For details of other businesses during the Reporting Period, please refer to the content in Notes \13, 14, 48, 55 and \56 to the Financial Statements in this report.

IV. Analysis of Core Competitiveness During the Reporting Period

The major toll highway projects operated and funded by the Group possess outstanding location advantages and maintain a good condition of assets. Over the years, the Group has been dedicated to the sector of transportation infrastructure, built a good reputation in the industry, and gained extensive experience in the investment, construction, operation and management of large-scale infrastructure. Currently, the Group has confirmed its strategic development direction of the dual core businesses of toll highways and general environmental protection. In the meanwhile, it has been expanding its businesses in various fields such as infrastructure construction, project development and management, and financial services related to its core businesses. By giving full play to its professional management experience and innovation capability, and leveraging its good financing capability, the Group will gradually realise industry upgrading and transformation, and the synergistic development of its two core businesses, thus keeping improving its competitive advantages.

Management Discussion and Analysis

State-owned infrastructure platform advantage in the Greater Bay Area: Located in Shenzhen, the Company is a platform for the investment, construction, management and maintenance of highway and environmental infrastructure under the Shenzhen SASAC. The majority of the highway projects and certain environmental infrastructure projects funded and operated by the Company are located in Shenzhen and the Guangdong-Hong Kong-Macao Greater Bay Area, providing the Company with a geographic advantage and a synergistic advantage as a state-owned platform. The Company actively seizes major strategic opportunities arising from the development of the “two regions”, namely the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen, as the Pioneering Demonstration Zone of Socialism with Chinese Characteristics and the “Double-Hundred Action” for state-owned enterprise reform. The Company focuses on the new plan of innovative urban construction and integrated infrastructure services in the region, leverages the advantages as a state-owned platform to meet government demand, and thereby actively acquires opportunities of participating in high-quality highway and environmental infrastructure projects in the region to further improve the room for the Company’s business development. Not only does the development of the “two-region” creates new project opportunities, it also continues to boost traffic and transportation demand, which gives impetus to the operational performance of the Company’s existing highway and environmental projects. In addition, the Group actively participate in exploring the development business along the regions where Greater Bay Area highway projects are located based on the development plans of urban clusters in the region. The Group plays a synergistic role to unleash the value of the land sites for development along the regions and increase the comprehensive profitability.

Comprehensive integrated management capability: Since its establishment, the Company has been dedicated to the transportation infrastructure industry. Through the investment, construction, operation and management of various large-scale infrastructure projects over these years, the Company has gained extensive experience in the investment, construction, operation and management of the heavy assets and concession businesses, established a comprehensive investment decision-making system, and a construction and operation management system, and developed comprehensive and integrated management capabilities from investment to operation. During the Reporting Period, based on this core competency, the Company, on one hand, was entrusted by the government to carry out the construction, operation, maintenance and management of a number of public projects, further providing its technologies and experience in the investment, construction and maintenance of highways or expressways, thereby strengthening the Company’s position as the core platform for the investment, construction and maintenance of state-owned highways or expressways in Shenzhen. On the other hand, upon entering the solid waste resource management and clean energy business sectors with operation and management models similar to those of toll highways, the Company continued to leverage its comprehensive and integrated management capabilities in the heavy assets business, and preliminarily established its presence in related industries. In the future, the Company will further ramp up its professional, comprehensive and integrated management capabilities in the business sector of general environmental protection to enhance its market competitiveness.



Innovation capability: The Company has been focusing on reforms and innovation. In terms of business development strategy, through carefully studying the market conditions and industry development trends and aligning with its own characteristics, the Company took an innovative move to adopt the general-environmental protection industry as its second largest core business upon its transformation and upgrading, and continued to further gain the business exposure during the Reporting Period, laying the foundation for enhancing the core business and sustainable corporate development of the Group. In the field of transportation infrastructure, based on changes in the industry environment and target needs of stakeholders, the Group applies innovative business models such as the acquisition of toll highway services by the government, and cooperative investment in construction and expansion projects, which not only meet government needs for transportation planning, and economic and social development, but also bring reasonable business return to the Group, thereby realising the development and breakthrough of the Group's core business of toll highways. Meanwhile, the Company has been focusing on the innovation in the professional areas. The Company conducted R&D in and applied new technologies, new materials, new techniques and new models together with partner suppliers in key construction projects with innovative designs and construction concepts. Overcoming a number of technical problems, the Company has obtained various scientific research results in the industry. Currently, in response to the current trend of rapid development in digital information technology, the Group actively promotes the research and application of intelligent transportation/environmental protection technologies. Actively utilising its innovation capability in various sectors, the Company strives for innovation and transformation to continually improve its operation and development performance.

Good financing platform: Listed in both Shanghai and Hong Kong, the Company has a good financing platform for the capital markets in both places. In the meanwhile, the Company has been maintaining high domestic and overseas credit ratings, and good long-term cooperative relationships with banks and other financial institutions, and establishing smooth financing channels, enabling it to raise funds for corporate development and control financial costs effectively. For details of the Company's financial strategies, capital management and financing arrangements, please refer to "Financial Analysis" below.

Management Discussion and Analysis

V. Financial Analysis

In 2023, the Group recorded a net profit attributable to owners of the Company (“net profit”) of RMB2,327,197,000 (2022 (restated): RMB2,016,497,000), representing a YOY increase of 15.41%, mainly due to the restorative growth in traffic volume of toll highways operated and invested by the Group, as well as a reduction in the exchange loss related to foreign currency liabilities, etc.

(I) Main Business Analysis

1. Analysis of changes in relevant items in income statement and cash flow statement

Unit: '000 Currency: RMB

Item	Amount for the current period	Amount for the corresponding period last year (restated)	Change (%)
Revenue	9,295,304	9,372,583	-0.82
Cost of services	5,949,384	6,353,596	-6.36
Selling expenses	19,786	35,575	-44.38
General and administrative expenses	483,183	443,719	8.89
Financial expenses	1,240,207	1,386,671	-10.56
Research and development expenses	33,477	46,477	-27.97
Investment income	1,504,853	1,533,897	-1.89
Income tax expenses	529,803	529,322	0.09
Net cash flows from operating activities	4,094,812	3,369,490	21.53
Net cash flows from investing activities	-923,610	-3,439,060	-73.14
Net cash flows from financing activities	-4,409,044	-2,337,202	88.65



- ① Reasons for changes in revenue: mainly due to the combined effect of the increase in revenue arising from the restorative growth of traffic volume of the ancillary toll highways, and the YOY decrease in revenue recognition arising from the free transfer of the concession rights of Wuhuang Expressway to the government authorities upon expiry in December last year and the close completion of the entrusted construction and management projects.
- ② Reasons for changes in cost of services: mainly due to the decrease in operating costs of toll highways resulting from the adjustment of the unit amortisation amount of the ancillary toll highways, the free transfer of the concession rights of Wuhuang Expressway to the government authorities upon expiry in December last year, the YOY decrease in the construction volume of entrusted construction and management projects, etc.
- ③ Reasons for changes in selling expenses: mainly due to the streamlining of salespersons of subsidiaries, and the decrease in sales planning expenses and sales commission of Guilong Development Project.
- ④ Reasons for changes in general and administrative expenses: mainly due to the reversal of prior-year bonuses in the previous year and the YOY increase in depreciation and amortisation and property management fees of the newly purchased office buildings in the current year.
- ⑤ Reasons for changes in financial expenses: mainly due to the combined effect of the increase in interest expenses resulting from the rise in the interest rates of foreign currency loan arising from the increase in overseas HIBOR interest rates; the decrease in interest income with declining cash on hand; the decrease in exchange losses as a result of the lower depreciation of RMB in the current period than the same period last year, etc.
- ⑥ Reasons for changes in research and development expenses: mainly due to the decrease in research and development investment of Nanjing Wind Power and Bioland.
- ⑦ Reasons for changes in investment income: mainly due to the combined effect of the restorative growth in traffic volume of the invested toll highway projects, the capital reduction of United Land in the previous year, and the concentrated delivery of properties by United Land in the current year.
- ⑧ Reasons for changes in net cash flows from operating activities: mainly due to the YOY increase in revenue from the Group's ancillary toll highways.
- ⑨ Reasons for changes in net cash flows from investing activities: mainly due to the recovery of investments in wealth management products in the current period and the payment of the consideration for the acquisition of equity interests in SIICHIC in the same period last year, etc.
- ⑩ Reasons for changes in net cash flows from financing activities: mainly due to the effect of repayment of part interest-bearing liabilities in the current period, etc.

For detailed reasons for the changes in the items above, please refer to the analysis below.

Management Discussion and Analysis

2. Analysis of revenue and cost

During the Reporting Period, the Group recorded revenue of RMB9,295,304,000 (2022: RMB9,372,582,000), representing a YOY decrease of 0.82%, mainly due to the combined effect of the increase in revenue arising from the restorative growth in traffic volume of the ancillary toll highways, and the YOY decrease in revenue recognition arising from the free transfer of the concession rights of Wuhuang Expressway to the government authorities upon expiry in December last year and the close completion of the entrusted construction and management projects. After deduction of the impact of Wuhuang Expressway in the same period last year, the Group's revenue recorded a YOY increase of 3.16%, in which toll revenue recorded a YOY increase of 16.44%. The detailed analysis is as follows:

Unit: '000 Currency: RMB

Revenue item	Amount for the current period	Proportion (%)	Amount for the corresponding period last year	Proportion (%)	YOY change (%)	Description
Revenue from main business – toll highways	5,374,901	57.82	4,978,341	53.12	7.97	①
Revenue from main business – clean energy power generation	652,330	7.02	691,633	7.38	-5.68	②
Revenue from main business – solid waste recycling treatment – kitchen waste treatment	715,684	7.70	554,356	5.91	29.10	③
Revenue from main business – solid waste recycling treatment – vehicle dismantling and comprehensive battery utilisation	221,897	2.39	392,030	4.18	-43.40	④
Revenue from main business – other environmental protection business	28,343	0.30	119,200	1.27	-76.22	⑤
Revenue from other businesses – entrusted construction and management	509,116	5.48	887,796	9.47	-42.65	⑥
Revenue from other businesses – real estate development	89,710	0.97	164,812	1.76	-45.57	⑦
Revenue from other businesses – revenue from construction services under concession arrangements	1,346,855	14.49	1,256,227	13.40	7.21	⑧
Revenue from other businesses – other businesses	356,468	3.83	328,187	3.51	8.62	⑨
Total revenue	9,295,304	100.00	9,372,582	100.00	-0.82	



Description:

- ① Toll revenue increased by 7.97%, mainly due to the combined effect of the increase in revenue from the restorative growth in traffic volume of the ancillary toll highways and the decrease in revenue arising from the expiry of the concession rights of Wuhuang Expressway in December last year. After deduction of the impact of Wuhuang Expressway in the same period last year, the toll revenue of the Group's ancillary toll highways recorded a YOY increase of 16.44% on the same basis.

Detailed analysis of the operational performance of various projects during the Reporting Period is set out in the "Business of the Company during the Reporting Period" above. Breakdown of revenue by specific items is set out in "Breakdown of Main Business by Industry, Product and Region" below.

- ② The revenue from clean energy power generation decreased by 5.68%, mainly due to the YOY decrease in wind power generation revenue of Xinjiang Mulei resulting from limited wind resources for in the current period.
- ③ The revenue from kitchen waste treatment, including the revenue from project construction, operation and equipment sales, increased by 29.10%, mainly due to the increase in operating income from the kitchen waste treatment projects of Bioland and the incremental revenue contributed by Lisai Environmental and Shaoyang Project.
- ④ The revenue from vehicle dismantling and comprehensive battery utilisation decreased by 43.40%, mainly due to the decrease in revenue related to comprehensive battery utilisation resulting from the impact of the price decline of raw material in the lithium battery industry on Shenshan Qiantai.
- ⑤ The revenue from other environmental protection business decreased by 76.22%, mainly due to the decrease in sales revenue of equipment such as wind turbines of Nanjing Wind Power in the current period.
- ⑥ The revenue from entrusted construction and management decreased by 42.65%, mainly due to the YOY decrease in the recognised revenue from entrusted construction and management services resulting from the close completion of Longli River Bridge Project and Bimeng Project.
- ⑦ Real estate development revenue decreased of 45.57%, mainly due to the decrease in the number of delivered units of Guilong Development Project in the current period.
- ⑧ The Group recognised the revenue from construction services under concession arrangements of projects, such as kitchen waste treatment, Coastal Phase II, Jihe Expressway reconstruction and expansion, and Guangming Environmental Park, pursuant to the Interpretation of Accounting Standards for Business Enterprises (No.14). The construction quantity implemented in the current period is higher than those of last year, and the construction service revenue recognised based on progress records a YOY increase.
- ⑨ The revenue from other businesses increased by 8.62%, mainly due to the business growth of Asphalt Technology Company.

Management Discussion and Analysis

(1) Main business by industry, product and region

Unit: '000 Currency: RMB

Breakdown of main business by industry						
Industry	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in cost of services (%)	YOY change in gross profit margin (%)
Toll highways	5,374,901	2,666,989	50.38	7.97	-4.75	Increase by 6.63 pct. pt
Solid waste recycling treatment	937,581	961,453	-2.55	-0.93	6.10	Decrease by 6.79 pct. pt
Breakdown of main business by product						
Product	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in cost of services (%)	YOY change in gross profit margin (%)
Outer Ring Expressway	1,193,681	386,705	67.60	25.03	-13.80	Increase by 14.59 pct. pt
Qinglian Expressway	679,621	529,908	22.03	10.43	24.98	Decrease by 9.07 pct. pt
Jihe East	679,248	281,550	58.55	7.38	-3.91	Increase by 4.87 pct. pt
Jihe West	546,821	127,368	76.71	16.68	2.42	Increase by 3.24 pct. pt
Shuiguan Expressway	635,794	554,347	12.81	11.26	8.31	Increase by 2.37 pct. pt
Coastal Expressway	629,309	325,335	48.30	30.84	12.00	Increase by 8.70 pct. pt
Yichang Expressway	432,005	203,947	52.79	11.69	-3.08	Increase by 7.19 pct. pt
Breakdown of main business by region						
Region	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in cost of services (%)	YOY change in gross profit margin (%)
Guangdong Province	5,052,506	2,769,999	45.18	13.01	2.70	Increase by 5.50 pct. pt

Note: The breakdown of main businesses by industry, product and region only lists the part of toll road sections that account for 10% and more of the Company's revenue or operating profit.

Description of main business by industry, product and region:

During the Reporting Period, the overall gross profit margin of the Group's ancillary toll highways was 50.38%, representing a YOY increase of 6.63 percentage points, mainly due to the increase in toll revenue arising from the restorative growth in traffic volume of the ancillary toll highways. The gross profit margin of Outer Ring Expressway grew considerably, mainly due to the high increase in revenue in the current period and the reduction in unit amortisation of its concession intangible assets since 1 January 2023; the gross profit margin of Coastal Expressway increased significantly, mainly due to the increase in toll revenue in the current period; the gross profit margin of Yichang Expressway grew considerably, mainly due to the increase in toll revenue and the decrease in related costs in the current period; the gross profit margin of Qinglian Expressway decreased, mainly due to the increase in unit amortisation of its concession intangible assets since 1 January 2023.



(2) *Analysis of cost of services*

During the Reporting Period, the cost of services of the Group amounted to RMB5,949,384,000 (2022: RMB6,353,596,000), representing a YOY decrease of 6.36%, mainly due to the decrease in costs resulting from the expiry of the concession rights of Wuhuang Expressway in December last year and the decrease in the construction volume of entrusted construction and management projects. After deducting the impact of Wuhuang Expressway in the same period last year, the Group's costs of services recorded a YOY decrease of 3.53%.

Unit: '000 Currency: RMB

Industry	Cost item	Breakdown by industry					
		Amount for the current period	Amount for the current period as a percentage of total costs (%)	Amount for the corresponding period last year	Amount for the corresponding period last year as a percentage of total costs (%)	YOY change (%)	Description
Cost of main business – toll highways	Employee expenses	483,413	8.13	463,898	7.30	4.21	①
	Road maintenance expenses	281,904	4.74	296,921	4.67	-5.06	
	Depreciation and amortisation	1,745,378	29.34	1,752,790	27.59	-0.42	
	Other business costs	156,294	2.63	286,474	4.51	-45.44	②
	Subtotal	2,666,989	44.84	2,800,083	44.07	-4.75	
Cost of main business – clean energy power generation		275,803	4.64	269,389	4.24	2.38	
Cost of main business – solid waste recycling treatment – kitchen waste treatment		709,442	11.92	533,766	8.40	32.91	③
Cost of main business – solid waste recycling treatment – vehicle dismantling and comprehensive battery utilisation		252,011	4.24	372,415	5.86	-32.33	④
Cost of main business – other environmental protection business		18,193	0.31	113,376	1.78	-83.95	⑤
Cost of other business – entrusted construction and management		373,946	6.29	690,320	10.87	-45.83	⑥
Cost of other business – real estate development		63,826	1.07	119,695	1.88	-46.68	⑦
Cost of other business – cost of construction services under concession arrangements		1,346,855	22.64	1,256,227	19.77	7.21	⑧
Cost of other business – other businesses		242,319	4.07	198,325	3.12	22.18	⑨
Total cost of services		5,949,384	100.00	6,353,596	100.00	-6.36	

Management Discussion and Analysis

Other information of cost analysis:

- ① Mainly due to the increase in labour costs as a result of the increase in the number of employees of the toll collection series of the ancillary toll highways.
- ② Mainly due to the expiry of the concession rights of Wuhuang Expressway in December last year and the reduction in related costs of Yichang Company.
- ③ The cost of kitchen waste treatment, including the cost of project construction, operation, and equipment sales, increased by 35.00% YOY, mainly due to the incremental costs of Lisai Environmental and Shaoyang Project, and the increase in cost of the organic waste treatment business of Bioland with the increase in revenue.
- ④ Mainly due to the business volume decrease of Shenshan Qiantai.
- ⑤ Mainly due to the decrease in sales of wind power equipment in the current period.
- ⑥ Mainly due to the YOY decrease in construction volume of projects such as Longli River Bridge Project and Bimeng Project.
- ⑦ Mainly due to the YOY decrease in the number of delivered units of Guilong Development Project resulting in a corresponding decrease in real estate development costs carried forward.
- ⑧ During the Reporting Period, the Group recognised the cost of construction services under concession arrangements of projects, such as kitchen waste treatment, Coastal Phase II, Jihe Expressway reconstruction and expansion, and Guangming Environmental Park, pursuant to the Interpretation of Accounting Standards for Business Enterprises (No.14). The construction volume implemented in the current period is higher than those of last year, and the construction service costs recognised based on progress records a YOY increase.
- ⑨ Mainly due to the increase in business volume of Asphalt Technology Company in the current period.



(3) *Major sales customers and major suppliers*

A. Major sales customers of the Company

Given the nature of the Group's business, the target customers of toll highways are not specific. Apart from toll revenue, the total revenue of the top 5 customers of the Group was RMB1,125,960,000, accounting for 12.11% of the overall revenue of the Group, of which none was sales from related parties.

B. Major suppliers of the Company

The purchases from the Group's top 5 suppliers amounted to RMB10,971,300,000, accounting for 26.05% of the Group's total purchases for the year, of which none was purchased from related parties.

3. Expenses

The Group's selling expenses for the Reporting Period amounted to RMB19,786,000 (2022: RMB35,575,000), representing a YOY decrease of 44.38%, mainly due to the streamlining of personnel and expenses of the environmental protection segment, and the YOY decrease in sales planning expenses and sales commissions of Guilong Development Project.

The Group's general and administrative expenses for the Reporting Period amounted to RMB483,183,000 (2022: RMB443,719,000), representing a YOY increase of 8.89%, mainly due to the reversal of prior years' bonuses at the same period last year and the YOY increase in depreciation and amortisation and property management fees of the newly purchased office buildings for the year.

Management Discussion and Analysis

The Group's financial expenses for the Reporting Period amounted to RMB1,240,207,000 (2022: RMB1,386,671,000), representing a YOY decrease of 10.56%, mainly due to the combined effect of the increase in interest expenses resulting from the rise in the interest rates of foreign currency loan arising from the increase in overseas HIBOR interest rates; the decrease in interest income with declining cash on hand; the decrease in exchange losses as a result of the lower depreciation of RMB in the current period than the same period last year, etc. The detailed analysis of financial expenses is as follows:

Unit: '000 Currency: RMB

Financial expenses item	2023	2022	Change (%)
Interest expenses	1,241,927	1,213,881	2.31
Less: Interest capitalised	12,346	28,808	-57.14
Interest income	70,974	130,089	-45.44
Add: Exchange loss	72,777	318,162	-77.13
Others	8,822	13,526	-34.78
Total financial expenses	1,240,207	1,386,671	-10.56

The Group's research and development expenses for the Reporting Period amounted to RMB33,477,000 (2022: RMB46,477,000), representing a YOY decrease of 27.97%, mainly due to the decrease in the research and development investment of Nanjing Wind Power and Bioland.

During the Reporting Period, the Group's income tax expenses amounted to RMB529,803,000 (2022 (restated): RMB529,322,000), which was basically the same as last year.

4. Research and development expenses

(1) Breakdown of research and development investment

Unit: '000 Currency: RMB

Expensed research and development investment in the current period	33,477
Capitalised research and development investment in the current period	99
Total research and development investment	33,575
Proportion of total research and development investment to revenue (%)	0.36
Proportion of capitalised research and development investment (%)	0.29

(2) Description

The research and development investment mainly represented the expenses incurred in the research and development of wind power generation equipment by Nanjing Wind Power, the domestic waste treatment system by Lisai Environmental, the green recycling technology for used batteries by Shenshan Qiantai, etc.



5. Investment income

During the Reporting Period, the Group's investment income amounted to RMB1,504,853,000 (2022: RMB1,533,897,000), representing a YOY decrease of 1.89%, mainly due to the combined effect of the general restorative growth in toll revenue of toll highways invested by the Group in associates/joint ventures for the year, the recognition of real estate development income for the units delivered by United Land, and the corresponding reversal of the provision for resurfacing of roads accrued in previous years due to the proposed reconstruction and expansion of the GS Expressway, Derun Environment's investment income decreased year-on-year due to the government's reduction in sewage treatment prices, as well as the recognition of asset disposal income from the capital reduction of United Land in the previous year. The detailed analysis is as follows:

Unit: '000 Currency: RMB

Project	2023	2022	Change in amount
1. Investment income attributable to associates/joint ventures:			
Associated/joint toll highway enterprises in total	494,660	144,535	350,125
United Land	624,674	26,422	598,251
Derun Environment	178,758	256,033	-77,275
Others ^{Note}	179,676	155,698	23,978
Subtotal	1,477,768	582,688	895,080
2. Investment income from disposal of equity interests in associates	1,281	921,200	-919,919
3. Investment income from other non-current financial assets	10,964	18,622	-7,658
4. Investment income from wealth management products	14,632	9,385	5,246
5. Others	209	2,001	-1,792
Total	1,504,853	1,533,897	-29,043

Note: Others are attributable to the investment income from Yunji Intelligent, Bank of Guizhou, Shengchuang Fund, Guizhou Hengtongli, Huai'an Zhongheng, Fengrunjiu, Fenghe Energy, etc.

Management Discussion and Analysis

6. Cash flows

Description of the reasons for changes in net cash flows from operating activities: During the Reporting Period, the Group's net cash inflows from operating activities amounted to RMB4,094,812,000 (2022: RMB3,369,490,000), representing a YOY increase of RMB725,322,000, mainly due to the increase in toll revenue of ancillary toll highways. In addition, the recurring cash return on investments^{Note} from toll highway invested in associates/joint ventures during the Reporting Period amounted to RMB532,248,000 (2022: RMB747,407,000), representing a YOY decrease of RMB215,159,000, mainly due to the decrease in dividends received from GS Expressway and GZ West Expressways during the Reporting Period as compared with that for the same period of the previous year.

Note: The recurring cash return on investments refers to the cash flow distribution (including profit distribution) from the associates/joint toll highway companies invested by the Company. According to the articles of association of certain associates/joint toll highway companies, those companies will distribute cash to their shareholders if the conditions for cash distribution are satisfied. According to the characteristics of the toll highway industry, such cash return on investment will provide continuous and stable cash flows. The Company provided the aggregated figures of net cash inflows from operating activities and recurring cash return on investments to help the users of the financial statements understand the performance of recurring cash flows from the Group's operating and investing activities.

Description of the reasons for changes in net cash flows from investing activities: During the Reporting Period, the Group's net cash outflow from investing activities decreased by approximately RMB2.515 billion year-on-year, mainly due to the recovery of the investment in wealth management products in the current period and the payment of the consideration for the acquisition of equity interests in SIICHIC in the same period of the previous year.

Description of the reasons for changes in net cash flows from financing activities: During the Reporting Period, the Group's net cash outflows increased by approximately RMB2,072 million YOY, mainly due to the impact of repayment of part of interest-bearing liabilities in the current period.

7. Amortisation policies of concession intangible assets for toll highways and differences of different amortisation methods

The Group's concession intangible assets for toll highways are amortised based on the units-of-usage method. The amortised amount is calculated, based on usage amount per unit, by the percentage of the actual traffic volume in the respective periods to the total projected traffic volume during the toll operating period. The Group conducts regular review on the projected traffic volume and makes corresponding adjustments to ensure reasonableness of the amortised amount.

During the preliminary stages of toll highways' operation, the amortised amount calculated by the units-of-usage method is generally lower than that calculated by the straight-line method. During the Reporting Period, the difference in amortisation attributable to the Company calculated by using the two amortisation methods based on its share of equity interests was RMB300 million (2022: RMB478 million). The adoption of different amortisation methods had no impact on the cash flows from toll highway projects, and thus no impact on the valuation level of each project.

(II) Analysis of Assets and Liabilities

1. Assets and liabilities

As at 31 December 2023, the Group's total assets amounted to RMB67,507,469,000 (31 December 2022 (restated): RMB69,204,698,000), representing a decrease of 2.45% over the end of 2022. As at 31 December 2023, the Group's total outstanding interest-bearing liabilities amounted to RMB31,684,662,000 (31 December 2022: RMB33,330,545,000), representing a decrease of approximately 4.94% over the end of 2022, mainly due to the payment of mature debts during the Reporting Period. In 2023, the Group's average borrowing scale was RMB32.8 billion (2022: RMB32.9 billion), representing a YOY decrease of 0.3%.



The detailed analysis of assets and liabilities is as follows:

Unit: '000 Currency: RMB

Name of item	Amount as at the end of the current period	Amount as at the end of the current period as a percentage of total assets (%)	Amount as at the end of last year	Amount as at the end of last year as a percentage of total assets (%)	Change in amount as at the end of the current period as compared with the end of last year (%)	Description
Cash and cash equivalents	2,152,368	3.19%	3,635,862	5.25%	-40.80%	(1)
Transactional financial assets	468,792	0.69%	1,112,244	1.61%	-57.85%	(2)
Bills receivable	500	0.00%	3,500	0.01%	-85.71%	(3)
Other receivables	602,215	0.89%	1,121,629	1.62%	-46.31%	(4)
Non-current assets due within one year	264,775	0.39%	196,704	0.28%	34.61%	(5)
Other current assets	497,079	0.74%	257,806	0.37%	92.81%	(6)
Long-term prepayments	356,733	0.53%	996,880	1.44%	-64.22%	(7)
Deferred tax assets	271,445	0.40%	426,637	0.62%	-36.38%	(8)
Notes payable	89,736	0.13%	228,670	0.33%	-60.76%	(9)
Contract liabilities	67,149	0.10%	30,333	0.04%	121.37%	(10)
Non-current liabilities due within one year	2,392,023	3.54%	6,380,323	9.22%	-62.51%	(11)

Management Discussion and Analysis

Description of assets and liabilities:

- (1) Repayment of interest-bearing liabilities.
- (2) Redemption of structured deposits at maturity.
- (3) Bills receivable were cashed upon maturity.
- (4) Recovery of dividends and borrowings from associates.
- (5) Increased financing leases receivable expected to be received within one year in the financing lease business.
- (6) Increase of deposit certificates.
- (7) Delivery of apartments purchased from United Land and corresponding carryover of prepayments.
- (8) Reversal of temporary differences and deductible losses related to deferred tax assets generated by the amortisation method of intangible assets in the early stage of Coastal Expressway.
- (9) Bills payable were cashed upon maturity.
- (10) Increase in advance receipts.
- (11) Repayment of mature long-term borrowings and bonds.

2. Overseas assets

(1) Size of assets

Including: Overseas assets RMB420,832,000 (Currency: RMB), accounting for 0.62% of the total assets. Overseas assets mainly consist of part of the H shares of Bank of Guizhou held by Mei Wah Company, a wholly-owned overseas subsidiary of the Company, and the bank deposits of Mei Wah Company and its subsidiaries placed abroad, which account for a small proportion of the Company's total assets.



3. Restriction of main assets as at the end of the Reporting Period

Description of restricted assets:

- (1) As at the end of the Reporting Period, details of the mortgaged or pledged assets of the Company and its subsidiaries are as follows:

Restricted assets with secured loans balance as at the end of the Reporting Period					
Assets	Type	Beneficiary of security	Scope of security	Balance of secured loans as at the end of the Reporting Period (RMB100 million)	Term
Toll collection rights of Qinglian Expressway	Pledge	Industrial and Commercial Bank of China Limited Qingyuan Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB2.839 billion	23.61	Until repayment of all liabilities under the loan agreement
Toll collection rights of Coastal Expressway	Pledge	China Development Bank Shenzhen Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB1 billion	0.3	Until repayment of all liabilities under the loan agreement
Toll collection rights of Shuiguan Expressway	Pledge	Guangdong Huaxing Bank Co., Ltd. Shenzhen Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB600 million	2.65	Until repayment of all liabilities under the loan agreement
Equity interests, concession rights, accounts receivable and production equipment, among other assets, of various subsidiaries of Bioland	Pledge, mortgage	Various banks	The scope of security covers principal and interests of bank loans for various projects in an aggregate amount of RMB866 million	5.93	Certain periods after the repayment of liabilities
100% equity interests in Qianzhi, Qianhui and Qianxin Companies	Pledge	Industrial and Commercial Bank of China Shenzhen Futian Sub-branch	Principal and interests of loans for acquisition in an aggregate amount of not more than RMB609 million	2.13	Until repayment of all liabilities under the loan agreement
Land use rights of Shenshan Qiantai	Mortgage	Shanghai Pudong Development Bank Shenzhen Branch	Principal and interests of working capital loans in an aggregate amount of RMB150 million	0.96	Until repayment of all liabilities under the loan agreement
Accounts receivable accruing under concession rights of Guangming Company and Lisai Environmental	Pledge	Bank of China Shenzhen CBD Sub-branch	Principal and interests of fixed asset loans in an aggregate amount of RMB820 million	1.41	Until repayment of all liabilities under the loan agreement
Rentals receivable under 9 projects (Shanxi Nuohui, etc.) of Financial Leasing Company	Pledge	Bank of China Shenzhen CBD Sub-branch, CMB Wing Lung Bank	Principal and interests of working capital loans in an aggregate amount of RMB305 million	2.99	Until repayment of all liabilities under the loan agreement

Management Discussion and Analysis

Restricted assets with secured loans balance as at the end of the Reporting Period					
Assets	Type	Beneficiary of security	Scope of security	Balance of secured loans as at the end of the Reporting Period (RMB100 million)	Term
Tariff collection rights of Yongcheng Zhuneng	Pledge	Agricultural Bank of China Shenzhen Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB185 million	1.7	Until repayment of all liabilities under the loan agreement
Pledge on tariff collection rights of Mulei Project	Pledge	China Construction Bank Urumqi Sub-branch	Principal and interests of project loan in an amount of RMB1.843 billion	13.98	Until repayment of all liabilities under the loan agreement
Pledge of tariff collection rights of Baotou Lingxiang, Ningyuan, Ningxiang, Ningfeng and Nanchuan Projects	Pledge	Agricultural Bank of China Shenzhen Branch, China Merchants Bank Baotou Branch	Principal and interests of project loan in an amount of RMB1.181 billion	2.37	Until repayment of all liabilities under the loan agreement
Pledge of 98.393% equity interests in SILCHIC	Pledge	3 banks, including Ping An Bank, and China Merchants Bank	Principal and interests of term loans with an aggregate amount of HKD10.513 billion	HKD101.74	Until repayment of all liabilities under the loan agreement

(2) As of the end of the Reporting Period, details of the restricted capital of the Company and its subsidiaries are as follows:

Type of restricted capital	Restricted amount (RMB100 million)
Funds in special deposit accounts for entrusted construction and management projects	RMB4 million
Deposit	RMB35 million
Fund frozen due to litigations	RMB158 million
Total	RMB197 million

Description of restricted assets:

(1) Details of the restriction of the Group's major assets at the end of the Reporting Period are set out in note V23 to the Financial Statements in this report.



4. Capital structure and debt repayment capability

The Company is always committed to maintaining a rational capital structure and enhancing its profitability to maintain its good credit ratings and solid financial position. As at the end of the Reporting Period, due to the combined effect of the reduced borrowing scale, the distribution of dividends for 2023, and the accumulation of operating profits, the Group's debt-to-asset ratio slightly dropped, while net borrowings-to-equity ratio and net borrowing/EBITDA indicator remained almost the same as at the end of the previous year. During the Reporting Period, foreign currency loan rates and interest expenses increased due to the increase in overseas HIBOR interest rates; the YOY increase in the Group's profitability during the Reporting Period resulted in the slight increase in interest covered multiple and EBITDA interest multiple. Given the Group's stable and robust operating cash flows, and strong capabilities in financing and capital management, the Board is of the view that the financial leverage ratios remained at a safe level at the end of the Reporting Period.

Key indicators	Amount as at the end of the current period	Amount as at the end of last year (restated)
Debt-to-asset ratio (total liabilities/total assets)	58.53%	60.46%
Net borrowings-to-equity ratio ((Total borrowings – cash and cash equivalents)/Total equity)	106.18%	110.12%

	2023	2022
Net borrowing/EBITDA ((Total borrowings – cash and cash equivalents)/Earnings before interests, tax, depreciation and amortisation)	4.65	5.16
Interest covered multiple ((Profit before tax + interest expenses)/Interest expenses)	3.42	3.16
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation/Interest expenses)	5.32	5.12

Management Discussion and Analysis

5. Liquidity and cash management

During the Reporting Period, the Group's net current assets increased as compared to the end of the previous year due to the combined effect of the decrease in capital expenditure, dividend payment and the repayment of bonds at maturity. The Group will further enhance project profitability, strengthen the overall fund arrangements for subsidiaries and key projects, adjust the financing structure to replace short-term debts with medium-to-long-term borrowings, continue to optimise the capital structure, and maintain appropriate cash on hand and sufficient bank credit and debt financing lines to prevent liquidity risks.

Unit: million Currency: RMB

	31 Dec 2023	31 Dec 2022	Change in amount
Net current assets	-12,875	-13,946	1,072
Cash and cash equivalents	1,955	3,197	-1,242
Banking facilities available	43,740	30,462	13,278
Unused bond registration amount	9,550	7,100	2,450

6. Financial strategies and financing arrangements

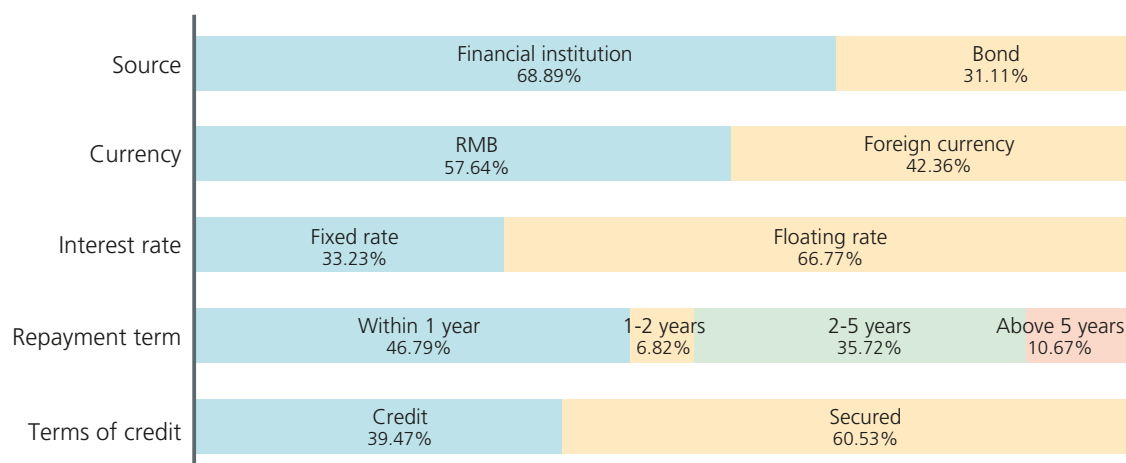
During the Reporting Period, the liquidity in the capital market remained at a reasonably sufficient level, and foreign currency loan rates increased due to the increase in overseas HIBOR interest rates, etc. Based on the demands for operating expenses and the development of project investment, the Group used its self-owned funds, bank loans, debt repayment funds, etc. to meet the capital needs such as operating and investment expenditures and debt repayment during the Reporting Period. Leveraging the favourable market opportunities, the Group issued financing bond instruments such as the corporate bonds and ultra-short-term financing bills (FIP) for debt replacement and replenishment of working capital. Leveraging the opportunity of interest rate decline, the Group also strived for bank loans with better terms through communication taking the opportunity of the interest rate cut. In view of internal and external liquidity conditions, the Company's operation, financial position and capital expenditure plan, the Company will adjust its financial strategies in a timely manner to optimise debt structure.

As at the end of the Reporting Period, the Group did not have any overdue principal and interests for bank loans and bonds.



As at the end of the Reporting Period, the specific borrowing structure was as follows:

Borrowing Structure (as at 31 Dec 2023)



During the Reporting Period, the Company continued to maintain the highest credit rating and bond rating of AAA for domestic entities, and the existing investment grade ratings for international entities.

As of 31 December 2023, the Group had obtained banking facilities totalling approximately RMB69.5 billion. As at the end of the Reporting Period, unused banking facilities amounted to approximately RMB43.7 billion, and the Group's bond limit was RMB13.6 billion, in which RMB9.55 billion was unused as at the end of the Reporting Period.

Utilisation of funds raised

During the Reporting Period, the Company issued three-year public green corporate bonds for 2023 (Phase 1) amounting to RMB550 million, where the fund raised would be mainly used to replace the repurchase principal of the Company's 2020 public issuance of green corporate bonds (Phase 1) ("G20 Shengao 1") used for green industry projects and project construction of Guangming Environmental Park. During the Reporting Period, the Guangming Environmental Park Project was still under construction.

Contingencies

Details of the Group's contingencies during the Reporting Period are set out in Note XIII.2 of the Financial Statements in this report.

Management Discussion and Analysis

7. Foreign exchange risks

Currently, the Group's main business operations are within the territory of China; except the payment of H share dividends, the Group's operating revenue and main capital expenditures are settled in RMB. During the Reporting Period, in order to avoid the impact of the actual foreign exchange loss caused by exchange rate fluctuations, the matured borrowings in USD were replaced by HKD. The Group held loans totalling USD300 million and HKD12.474 billion in aggregate at the end of the Reporting Period without making any foreign currency hedging arrangement. The amount included in financial expenses due to exchange rate fluctuation during the Reporting Period was RMB72,777,000. The impact on the Group is not significant, and the exchange rate risk is generally controllable. For details, please refer to Note IX1.1.1 to the financial statements in this report.

(III) Analysis of Investments

1. Material equity investments

During the Reporting Period, the Group had no significant equity investment.

2. Material non-equity investments

During the Reporting Period, the Group's expenditures on material non-equity investments mainly comprised the construction of Outer Ring Expressway, Guangming Environmental Park, Coastal Phase II, etc., totalling approximately RMB2.014 billion. The Company meets the relevant investment expenditure with a combination of self-owned funds and debt financing. The investments in major projects are as follows:

Unit: '000 Currency: RMB

Name of item	Project amount	Project progress	Amount invested during the Reporting Period	Accumulated amount invested	Project income
Outer Ring Project (Phases I, II III)	14,947,036	64.4%	434,739	6,532,051	For the operation of Outer Ring Project (Phases I and II), please refer to the analysis of main business for the Outer Ring Project above. The other construction projects are still underway.
Coastal Phase II	1,000,000	91.0%	321,615	698,544	
Jihe Expressway Reconstruction and Expansion (early stage)	/	/	440,119	1,591,130	
Multiple kitchen waste projects of Bioland	/	/	44,607	1,297,913	
Guangming Environmental Park Project	958,100	99%	259,456	616,943	



Name of item	Project amount	Project progress	Amount invested during the Reporting Period	Accumulated amount invested	Project income
Shaoyang Project	320,000	/	150,000	310,000	(1) Environmental Company, a wholly-owned subsidiary of the Company, acquired concession rights for kitchen waste collection, transfer and treatment in the Shaoyang Project at a consideration of RMB320 million through bidding. This project operates in the TOT model, and is currently at the operation stage. (2) During the Reporting Period, the Shaoyang Kitchen Waste Treatment Project operated well, contributing a net profit attributable to owners of the Company of approximately RMB7,112,000.
Total	/	/	1,650,536	11,046,582	/

3. Financial assets/liabilities measured at fair value

Unit: '000 Currency: RMB

Asset class	Opening balance	Gains and losses from changes in fair value in the current period	Changes in cumulative fair value included in equity	Provision for impairment in the current period	Purchase amount in the current period	Sales/redemption amount in the current period	Other changes	Closing balance	Note
Others	763,265	130,605	-	-	1,200	-	-	895,069	(1)
Others	901,440	-	-	-	0	-581,067	-	320,372	(2)
Others	210,804	-	-	-	-	-	-62,384	148,420	(3)
Total	1,875,509	130,605	0	0	1,200	-581,067	-62,384	1,363,862	

Explanation on financial assets/liabilities at fair value:

- (1) Mainly due to the holding of equity interests such as Shenzhen Water Planning, Unitoll Services, and State-owned Assets Collaborative Development Fund;
- (2) Mainly being structured deposits.
- (3) Mainly being the VAM compensation for performance commitment;

Management Discussion and Analysis

(V) Analysis of Major Controlling Companies and Participating Companies

1. Analysis of major controlling and participating companies

Unit: '000 Currency: RMB

Company name	Percentage of interests held by the Group	Registered capital	31 December 2023		2023			Main business
			Total assets	Net assets	Revenue	Operating profit	Net profits	
Outer Ring Company	100%	6,500,000	7,809,857	6,686,988	1,387,502	848,911	730,555	Investment in the construction and operation of the Shenzhen section of Outer Ring Expressway
Qinglian Company	76.37%	3,361,000	5,757,903	3,047,695	683,198	73,841	55,943	Construction, operation and management of Qinglian Expressway and related auxiliary facilities
Qinglong Company	50%	324,000	1,423,700	810,575	640,175	74,907	58,860	Development, construction, toll collection and management of Shuiguan Expressway
Yichang Company	100%	345,000	2,381,527	1,290,787	432,005	221,742	174,931	Construction, operation and management of Yichang Expressway
Shenchang Company	51%	200,000	455,935	345,714	270,476	173,926	130,841	Development, construction, toll collection and management of the northwest section of Changsha Ring Expressway
Investment Company	100%	400,000	3,183,661	1,495,931	232,627	16,657	1,672	Investment in industry and engineering construction
Bioland	92.29%	505,439	4,255,914	2,350,769	630,532	-123,767	-129,673	Research and development of organic waste treatment technology with focus on kitchen waste, manufacturing of core equipment, investments in construction, operation and maintenance, etc.
New Energy Company	100%	2,251,990	5,969,408	2,977,371	652,992	264,278	241,086	Investment and operation of wind power projects
SIICHIC	100%	USD50	16,798,834	-385,387	953,328	108,827	-186,368	SIICHIC directly holds 71.83% equity interests in Bay Area Development, and Bay Area Development mainly holds equity interests in GZ West Expressway, GS Expressway and Xintang IV.



Company name	Percentage of interests held by the Group	Registered capital	31 December 2023		2023			Main business
			Total assets	Net assets	Revenue	Operating profit	Net profits	
Derun Environment	20%	1,000,000	65,449,824	18,076,354	13,515,673	2,409,393	893,788	Derun Environment is a comprehensive environmental enterprise with two subsidiaries listed on the main board of A shares including Chongqing Water (50.04% equity interests) and Sanfeng Environment (43.86% equity interests). The main businesses of these companies include water supply and sewage treatment, and investment, construction, integrated equipment and operation management of waste incineration power generation projects, as well as environmental remediation.
United Land	34.3%	714,286	7,750,810	2,135,682	6,572,073	2,411,911	1,821,206	Responsible for land acquisition, house demolition, project construction and sale for the project as the applicant and legal entity for the Meilin Checkpoint Urban Renewal Project

Note 1: The companies listed in the above table are the major companies controlled or participated by the Company.

Note 2: Relevant data is consolidated, and has been adjusted with factors such as premium amortisation.

Note 3: The net profit listed in the above table is the net profit of such companies which is attributable to owners of the Company, the net asset are the net asset of such companies which is attributable to owners of the Company.

Note 4: For details of the operational and financial performance of the above major controlling companies and participating companies and their businesses during the Reporting Period, please refer to related contents in this section.

Note 5: Bioland recorded a loss during the Reporting Period, mainly because construction progress, the quantities of equipment sold, and kitchen waste collected, transferred and treated were less than expected, when some projects entered commercial operation, borrowing interests, depreciation and amortisation became costs and expenses, etc.

Management Discussion and Analysis

2. Analysis of major controlling companies and participating companies whose net profit or investment income has an impact of 10% or more on the net profit attributable to owners of the Company during the Reporting Period

Unit: '000 Currency: RMB

Company name	Shareholding (controlling/participating) by the Group	Net profit/investment income during the Reporting Period	Proportion of net profit/investment income to the net profit attributable to owners of the Company during the Reporting Period(negative numbers are listed as absolute values)	Amount of revenue from main businesses during the Reporting Period	Cost of principal business during the Reporting Period	Profit from main business during the Reporting Period
Outer Ring Company	Wholly-owned subsidiary of the Company	730,555	31.39%	1,193,681	386,705	806,976
New Energy Company	Wholly-owned subsidiary of the Company	241,086	10.36%	651,082	282,889	368,192
Nanjing Wind Power	Non-wholly-owned subsidiary of the Company	-328,649	14.12%	1,780	14,655	-12,876
United Land	Associate owned as to 34.3% by the Company	624,674	26.84%	6,567,609	2,745,438	3,822,171

3. Acquisition and disposal of subsidiaries during the Reporting Period

- (1) During the Reporting Period, the subsidiaries acquired by the Group were Shenzhen Expressway Shengneng Technology Co., Ltd., Shenzhen Jinshen New Energy Co., Ltd., Guizhou Ziyun Jinshen New Energy Co., Ltd., Xingyuan Yuansheng New Energy Co., Ltd., Duyun Jinxin New Energy Co., Ltd., and Ya'an Shenzhen Expressway Bioland Environmental Protection Technology Co., Ltd. by way of new establishment, as well as Zhangshu Gaochuan New Energy Co., Ltd. in the form of business merger not under common control.
- (2) During the Reporting Period, Shenzhen Expressway Advertising Company Limited, Harbin Lingfeng New Energy Co., Ltd., Shenzhen Expressway SUEZ Environment Company Limited and Xuanwei Nanfeng New Energy Co., Ltd. (a subsidiary of Nanjing Wind Power) were deregistered.
- (3) Details of the scope of consolidation are set out in Note VI to the financial statement of this report.



(VI) Analysis and Explanation on Reasons and Influences in Accounting Policies and Accounting Estimate Changes, and Corrections of Significant Accounting Errors

1. Changes in accounting estimates

(1) Change in accounting estimate for unit amortised amount of concession intangible assets

In accordance with the requirements of the relevant accounting policies and systems of the Company, and taking into account the respective actual conditions of its major expressways, relevant changes has been made to the account estimates on the amortisation of the concession intangible assets of Phase I and Phase II of Outer Ring Expressway since 1 January 2023; made relevant changes to the account estimates on the amortisation of the concession intangible assets of Guangzhou-Shenzhen section of the Beijing-Hong Kong-Macao Expressway held by the joint venture company Guangshenzhu Company and the amortisation of the concession intangible assets of the western line held by the joint venture company Guangdong Guangzhou-Zhuhai West Expressway Co., Ltd. (廣東廣珠西線高速公路有限公司) since 1 November 2023, and made relevant changes to the account estimates on the amortisation of the concession intangible assets of Yichang Expressway since 1 January 2024. Among which, the changes to the account estimates on the amortisation of the concession intangible assets of Phase I and Phase II of Outer Ring Expressway reduced the Group's amortisation of the concession intangible assets by approximately RMB124,982,000 in total during the Reporting Period, and increased the net profit attributable to the Company's shareholders during the Reporting Period by approximately RMB93,737,000. The changes to the account estimates on the amortisation of the concession intangible assets of Guangzhou-Shenzhen section of the Beijing-Hong Kong-Macao Expressway held by the joint venture company Guangshenzhu Company and the western line held by the joint venture company Guangdong Guangzhou-Zhuhai West Expressway Co., Ltd. (廣東廣珠西線高速公路有限公司) increased the Group's long-term equity investment and investment income by approximately RMB21,911,000 during the Reporting Period, and increased the net profit attributable to the company's shareholders during the Reporting Period by approximately RMB15,738,000. The changes to the account estimates on the amortisation of the concession intangible assets of Yichang Expressway did not have any impact on the Group during the Reporting Period. During the Reporting Period, the above changes in account estimates did not have significant impact on the Group's financial position and operating results.

(2) Change in accounting estimate for reversal of provision for resurfacing of Guangzhou-Shenzhen section of G4

According to the relevant accounting rules and policies, and taking into account the actual situation of Guangzhou-Shenzhen section of G4, the accumulated provision balance for resurfacing that had been provided for Guangzhou-Shenzhen section of the G4 has been reversed by the end of 2023. This change in accounting estimates will increase the Group's investment income by RMB182 million and increase the net profit attributable to owners of the Company by RMB122 million during the Reporting Period.

The above changes in accounting estimates have been considered and approved at the 31st and 42nd meeting of the 9th session of the Board of the Company, respectively. For details, please refer to Note III\36 to the Financial Statements in this annual report and the relevant announcements of the Company dated 27 April 2023 and 22 March 2024.

Management Discussion and Analysis

(VII) Fulfillment of performance commitments and impact on goodwill impairment test

1. *Nanjing Wind Power*

On 15 March 2019, Environmental Company, a wholly-owned subsidiary of the Company, entered into the “Equity Acquisition Agreement in respect of Nanjing Wind Power Technology Co., Ltd” (《關於南京風電科技有限公司的股權併購協議》) (“Equity Acquisition Agreement”) with 12 parties, including Nanjing Anbeixin Investment Management Co., Ltd., Jiangyin Jiangong Group Co., Ltd., PAN Ai Hua, WANG An Zheng, etc. (collectively “Party B”), and PAN Yu (“Party C”), and Environmental Company acquired a total of 30% equity interests in Nanjing Wind Power from Party B and Party C, and unilaterally increased its shareholdings to 51% via capital contribution, upon which, Party C exited from the investment and Party B undertook that the audited revenue of Nanjing Wind Power in 2019, 2020, 2021 and 2022 will be no less than RMB450 million, RMB600 million, RMB760 million and RMB950 million, respectively, while the audited net profit will be no less than RMB56 million, RMB70 million, RMB88 million and RMB106 million, respectively.

Nanjing Wind Power fulfilled its performance commitments for 2019-2020, but did not fulfil its performance commitments for 2021-2022. The audited net losses of Nanjing Wind Power for 2021 and 2022 were RMB115.32 million and RMB230.86 million, respectively. Compared to the performance commitments, the profit gaps of Environmental Company for 2021 and 2022 were RMB103.69 million and RMB171.8 million, respectively. According to the equity acquisition agreement, if Nanjing Wind Power fails to fulfil the target performance for the third or fourth time (i.e., 2021 or 2022), the Committing Party shall transfer part or all equity interests in Nanjing Wind Power to Environmental Company as compensation gratuitously at the same proportion and according to the agreed-on calculation method, but not to exceed all equity interests in Nanjing Wind Power held by the Committing Party. As at the date of this report, except that one individual shareholder of Party B who held 1.96% equity interests had not entered into an agreement, the other 11 shareholders had transferred all 47.04% equity interests in Nanjing Wind Power held by them to Environmental Company gratuitously. For the individual shareholder who has not fulfilled its obligation, Environmental Company has filed a lawsuit with the Shenzhen Intermediate People’s Court, which is being tried. For details, please refer to the Company’s announcement dated 9 November 2023.

The Group’s goodwill arising from the acquisition of equity interests in Nanjing Wind Power was RMB156 million. Pursuant to the Asset Valuation Reports issued by Shenzhen Pengxin Asset Appraisal Co., Ltd. engaged by the Company with 31 December 2021 and 31 December 2022 as the valuation benchmark dates, the recoverable amount of the asset group containing goodwill was lower than the book value. Accordingly, the Company has recognised goodwill impairment losses of RMB110 million and RMB46 million in 2021 and 2022, respectively.

2. *Bioland*

On 8 January 2020, Environmental Company, a wholly-owned subsidiary of the Company, entered into a capital increase and equity transfer agreement with the relevant parties to acquire no more than 68.1045% of the controlling interest in Bioland at a consideration of not more than RMB809.6 million by way of share subscription and capital increase. For details, please refer to the Company’s announcement dated 8 January 2020. Pursuant to the agreement, the relevant parties, including Zhengzhou Cida Environmental Technology Co., Ltd., Beijing Shuiqi Bioland Technology Co., Ltd., Mr. SHI Junying and Mr. SHI Junhua (“Committing Party”), shall jointly undertake and guarantee in joint liability that the audited net profit attributable to owners of the Company after deducting non-recurring profit or loss of Bioland in 2020, 2021, 2022 and 2023 (“Performance Commitment Period”) will be no less than RMB30 million, RMB80 million, RMB110 million and RMB140 million, respectively, while the accumulated net profit attributable to owners of the Company realised during the Performance Commitment Period will be no less than RMB360 million. If the actual cumulative net profit realised at the end of any year during the performance commitment period is less than 70% of the committed net profit accumulated during the same period, the share compensation obligation shall be triggered, and the number of shares compensated for by the Committing Party shall be limited to the shares in Bioland held by it.



Bioland fulfilled its performance commitment for 2020, but did not fulfil those for 2021-2023. According to the agreement, the Committing Party transferred 22.64 million shares in Bioland held by it to Environmental Company in September 2022 as the performance VAM compensation for 2021. On 15 October 2023, Environmental Company received an arbitration notice from the Committing Party to the Shenzhen Court of International Arbitration, requesting to change the proportion of its performance compensation liability from 33% to 1%. Environmental Company should return the remaining transferred equity to the Committing Party. Environmental Company has engaged a relevant law firm to handle this case as an agent, which is being tried.

In July 2023, Environmental Company filed arbitration with the Shenzhen Court of International Arbitration, applying for the transfer of 19.53 million shares in Bioland to Environmental Company as the performance VAM compensation for 2022, which had been pledged by the Committing Party to Environmental Company. The Shenzhen Court of International Arbitration has accepted this case; on 22 December 2023, Environmental Company submitted a property preservation application to the Qianhai Court in Shenzhen for the Committing Party based on this calculation, and a case is being filed for this application. For details, please refer to the Company's announcement dated 18 August 2023.

As at the date of this report, Bioland had not issued its audited report for 2023. According to the preliminary audit results prepared by the annual audit institution of the Company (which is also the annual audit institution of Bioland for 2023), Bioland is expected to record a net loss of approximately RMB100 million for 2023, and fail to fulfil its performance commitment target this year. Since there is still a gap in making up for the performance VAM compensation for 2022 using all remaining 19.53 million shares pledged by the Committing Party to Environmental Company, Environmental Company will not confirm the performance VAM compensation income for 2023 for the moment on the prudence principle.

The Group will continue to actively take legal and other measures in the future to urge the Committing Party to fulfil its VAM liability, and protect the legitimate rights and interests of the Group effectively.

3. Shenshan Qiantai

On 6 August 2020, Infrastructure and Environmental Protection Company, a wholly-owned subsidiary of the Company, entered into an agreement with Shenzhen Qiantai Energy Renewable Technology Co., Ltd. ("Shenzhen Qiantai") and other related parties in respect of acquiring 50% equity interests in Shenshan Qiantai by way of capital increase and transfer with a total capital contribution of RMB225 million. Meanwhile, Shenzhen Qiantai undertook that the audited net profit of Shenshan Qiantai in 2021, 2022, 2023 and 2024 ("Valuation Adjustment Mechanism Period") will be no less than RMB12.29 million, RMB18.56 million, RMB23 million and RMB28.34 million, respectively.

Shenshan Qiantai failed to fulfil its performance commitment target for 2021. According to the relevant agreements and documents, Shenzhen Qiantai paid performance compensation of approximately RMB4.78 million to Infrastructure and Environmental Protection Company in 2022. Shenshan Qiantai's audited net profit for 2022 was RMB20.31 million, fulfilling its performance commitment target for 2022. Shenshan Qiantai has not issued its audit report for 2023. According to the preliminary financial accounting results, the net loss for the year is RMB49.20 million. According to the relevant agreements, the Committing Party has pledged 15.67% equity interests in Shenshan Qiantai to Infrastructure and Environmental Protection Company as a compensation guarantee for the performance shortfall, and it is expected that the fair value of such equity interest can cover the income receivable from the performance compensation. Therefore, Infrastructure and Environmental Protection Company recognised performance compensation income of RMB36.10 million. The Company will urge the Committing Party to fulfil its VAM liability after the audit report of Shenshan Qiantai is officially issued.

Management Discussion and Analysis

(VIII) Profit Distribution Proposal

The Company's 2023 net profits attributable to owners of the Companies in its consolidated statements and the net profits of the parent company in its statements audited based on CASBE were RMB2,327,197,196.81 and RMB3,073,902,818.48, respectively. The Board recommended to distribute a final dividend of RMB0.55 per share (tax inclusive) in cash to all shareholders for the year ended 31 December 2023 after withdrew its statutory common reserve fund of RMB288,734,726.30 for the year of 2023, based on the total share capital of 2,180,770,326 shares at the end of 2023, with an aggregate amount of RMB1,199,423,679.30, which accounts for 56.03% of the net profits attributable to ordinary shareholders of the listed company in the consolidated statements for 2023 after excluding the investment income payable to the holders of the perpetual bonds. The residual balance upon distribution shall be carried forward to the next year. No capital reserve was converted into share capital during the year. The aforesaid proposal will be submitted for approval at the 2023 Annual General Meeting of the Company.

1. *Formulation, implementation or adjustment of cash dividend policy*

The Company has always been pursuing to reward its shareholders and has been distributing cash dividends for 26 consecutive years since its listing.

According to the Articles of Association, the Company should implement a positive cash dividend policy on the principle of paying attention to reasonable returns for shareholders, and also to meet sustainable operation and development needs. The Articles of Association clearly specify the dividend distribution standard and the lowest percentage of annual dividends, and formulate a sound decision-making procedure and mechanism. If the Company is to adjust its profit distribution policy or is unable to develop/implement a profit distribution proposal according to the policy, this shall be submitted to the general meeting for approval with a special resolution.

According to the Shareholders' Return Proposal for 2021-2023 approved by the general meeting of the Company, in the event that the conditions for cash dividend distribution are satisfied, the Company will endeavor to increase the proportion of cash dividend in 2021-2023. Besides, the profit intended for cash dividend will not be less than 55% of the net profits attributable to owners of the Company in the consolidated statements for the same year after excluding the distribution payable to the holders (if any) of other equity instruments such as perpetual bonds, provided the financial and cash status of the Company are good and neither issue of substantial investment plans or cash expenditures exist.

The 2023 profit distribution proposal (including the cash dividend proposal) formulated by the Company was in compliance with the relevant requirements of the Articles of Association and the Shareholders' Return Proposal. While formulating and determining the proposal, the Independent Directors have issued an independent opinion after careful study and analysis of the relevant factors. The Company is also able to listen to the opinions of the Independent Directors and the shareholders through various channels, and give regard to the demands and legitimate interests of the minority investors.



2. Plans/Proposals of profit distribution and conversion of capital reserve into share capital of the Company in the past three years

Unit: yuan Currency: RMB

Year of dividend distribution	Number of bonus shares send for every 10 shares (shares)	Number of dividend paid for every 10 shares (RMB) (tax inclusive)	Number of conversion for every 10 shares (shares)	Cash dividend amount (tax inclusive)	Net profit in the consolidated statements of the year of dividend distribution ^{Note}	Percentage of dividend over the net profit in consolidated statements (%)
2023 (Proposal)	0	5.50	0	1,199,423,679.30	2,140,641,641.26	56.03
2022	0	4.62	0	1,007,515,890.61	1,827,556,901.46	55.13
2021	0	6.20	0	1,352,077,602.12	2,606,254,756.43	55.88

Note 1: The net profits attributable to the ordinary shareholders of the listed company in the consolidated statements for the years of dividend distribution of 2021 and 2022 in the above table were data before restatement.

Note 2: The net profits attributable to the ordinary shareholders of the listed company in the consolidated statements for the year of dividend distribution of 2023 have excluded the investment income payable to the holders of the perpetual bonds.

Management Discussion and Analysis

V. Outlook and Plans

(I) Development Strategies of the Company

Based on the in-depth study of both the internal and external environments as well as the Company's core competencies, the Company has formulated its development strategies for the "14th Five-Year Plan" period (2021-2025), which were considered and approved by the general meeting in December 2021.

The overall development strategy: of the Company is to seize the opportunities of the times arising from the process of building the Guangdong-Hong Kong-Macau Greater Bay Area and Shenzhen into pilot socialist demonstration areas with Chinese characteristics in a market-oriented and innovation-driven manner, enhance its advantages in the toll highway industry and actively expand into the featured environmental protection and integrated clean energy industries, thereby building a smart Shenzhen Expressway and facilitating the high-quality sustainable development of the Company.

The strategic goals: will be to expand its presence nationwide while staying focus on Shenzhen and the Guangdong-Hong Kong-Macao Greater Bay Area, and to provide cities with solutions of sustainable development featuring "innovation, intelligence, environmental protection and high efficiency", thereby striving to become a first-class infrastructure construction and operation service provider including transportation via highway and environmental protection that realises growth of scale, optimisation of organisation, enhancement of capabilities and improvement of systems.

As for the toll highway sector, the Group will "consolidate and enhance the toll highway business by such means as carrying out new construction projects, expansion projects, mergers and acquisitions (M&A) and resources consolidation, at the same time actively expanding the business of investment, construction, management and maintenance of expressways and high-speed roads, extending the operating periods of toll highway projects, and maintaining the leading advantages of its core highway business by increasing the scale of highway assets, promoting cost reduction and efficiency improvement, and refining its management. The Company will also actively explore upstream and downstream market-oriented projects along the industry chain with focus on intelligent upgrading, and comprehensive management and maintenance business."

As for the general environmental protection sector, the Group will "enhance and build up its operation capability with focus on solid waste recycling treatment and clean energy power generation, hence securing a leading position in these industry segments. New investments or acquisitions of equity interests in wind farms or photovoltaics power stations will be made with an aim to develop an integrated clean energy system with Shenzhen Expressway characteristics. Meanwhile, the Group will explore and moderately invest in other opportunistic high-quality environmental protection projects such as scrap vehicle dismantling and municipal environmental protection."

In addition, the Group will continue to activate existing resources, and promote the development and utilisation of land along expressways. The Group will explore and develop new businesses closely associated with Shenzhen Expressway's own resources, such as new urban construction and combination of industry and finance.



(II) Operation Plans

2024 is a year in which the Group implements its strategic goals for the “14th Five-Year Plan” deeply, forge ahead and overcome difficulties. Adhering to these goals, and seizing the opportunities of the times arising from the process of building the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen into pilot socialist demonstration areas with Chinese characteristics, the Group will make all efforts to promote operation management, investment and M&A, major project construction, digital transformation and upgrading, and other priorities with focus on the dual-core businesses of “toll highways and general environmental protection” under the philosophy of high-quality development, thereby contributing to the national dual-carbon goal and the long-term blueprint of beautiful China building. Based on the analysis and expectations of the operating environment and operating conditions, the Group expects that income and operating costs of the main business will remain stable in 2024. The working goals and focuses for the Group in 2024 are as follows:

- ◆ **Toll Highway Business:** The Group will deeply tap into internal potential, refine and implement cost reduction and efficiency improvement plans, improve the level of refined operation and management, and road traffic efficiency and service quality by intelligent means, and keep expanding the service advantages and brand influence of comprehensive management projects. By focusing on the construction of toll highways, and the reconstruction and expansion of existing highways, the Group will coordinate the construction of major projects, fully commence the construction of Outer Ring Phase III in this year, strive to implement the Jihe Expressway Reconstruction and Expansion Project in this year, and ensure that Coastal Phase II is completed and opened to traffic together with Shenzhen-Zhongshan Tunnel. The Group will promote the development of intelligent innovation, strengthen the integration of digital technology and the core businesses, keep improving the coverage of digital technology in major project construction and road operation and maintenance, and enhance the standardisation level of construction, operation and maintenance management. The Group will pay constant attention to investment and M&A opportunities of high-quality projects in the market, and expand the core business of toll highways when appropriate; take opportunities such as highway reconstruction and expansion to promote the development and utilisation of land resources along highways, and improve the overall investment efficiency of toll highways.

Management Discussion and Analysis

- ◆ **General Environmental Protection and Other Businesses:** With focus on the segments of recovery and solid waste management and clean energy power generation, the Group will acquire high-quality project resources, and learn advanced technologies and management experience in cooperation with industry-leading enterprises; construct newly acquired environmental protection projects properly, and strengthen the independent development capability of projects. The Group will keep improving the standardised operation and control system for clean energy power generation projects to consolidate and strengthen its core competencies. The Group will optimise the business and organisational structures of the kitchen waste treatment segment, orderly promote the technological upgrading and transformation of some projects, and improve the quality and efficiency of existing projects properly. The Group will strengthen the technological R&D capability of Shenshan Qiantai, explore product application scenarios, strengthen in-depth cooperation with upstream and downstream customers, and enhance its own competitiveness and risk resistance. The Group will rationalise business models and management systems of M&A projects, strengthen the management and integration of underperforming projects, and activate assets and recover funds as soon as possible; promote the integration of industry and finance, and the coordinated development of all business segments of the Group.
- ◆ **Financial Management and Corporate Governance:** The Group will fully promote the digital transformation of finance, and further improve budget management level and fund utilisation efficiency to reduce financial risks. The Group will pay close attention to changes in the external policy environment, adjust funding strategies timely, and manage and coordinate funds effectively. The Group will explore diversified financing channels, promote capital market financing tasks such as the issuance of A-shares to specific targets and bond issuance, optimise the corporate financing structure, reduce financial costs, and provide financial support for the construction of major projects during the strategic period. The Group will further strengthen the classified management and financial control of its subsidiaries, and keep improving their market competitiveness through precise authorisation and power delegation. Based on its actual business situation, the Group will keep optimising the corporate governance structure, establish a compliance management system in all aspects, adhere to high-level information disclosure, and ensure the high-quality and sustainable development of the Company.



(III) Capital Expenditure Plan

As of the date of approval of this report, the capital expenditures approved by the Board of the Group mainly include the construction expenditures for the Outer Ring Project, Coastal Phase II, the kitchen waste projects of Bioland, Guangming Environmental Park and other projects, as well as the preliminary expenses for the photovoltaic project in Pingshan County, Hebei, etc. It is estimated that by the end of 2026, the total capital expenditure of the Group approved by the Board will be approximately RMB8.869 billion. The Group plans to satisfy such capital needs with its own capital and bank borrowings. The Group's financial resources and financing capacity are currently adequate to meet the various capital expenditure needs.

The Group's capital expenditure plans approved by the Board from 2024 to 2026 are as follows:

Unit: '000 Currency: RMB

Project name	2024	2025	2026	Total
I. Investment in intangible assets and fixed assets				
Outer Ring Project (Phases I, II and III)	914,865	1,889,893	1,983,599	4,788,357
Coastal Phase II	294,839	–	–	294,839
Jihe Expressway Reconstruction and Expansion	1,695,746	1,218,124	–	2,913,870
Kitchen waste projects of Bioland	372,128	130,629	9,000	511,757
Guangming Environmental Park Project	243,568	389	30,233	274,190
Shaoyang Kitchen Waste Treatment Project	16,177	353	–	16,530
Lisai Environmental technological renovation project	6,360	10,751	–	17,111
Balance of renovation of the office property on 35th-48th floors of Hanking Centre	–	17,983	–	17,983
Pavement structural reinforcement of Changsha Ring Road	9,453	–	–	9,453
Preliminary expenditures for the photovoltaic project in Pingshan County	13,955	–	–	13,955
Shengneng Energy Technology Project	4,683	–	–	4,683
II. Equity Investment				
Acquisition of Lisai Environmental	6,475	–	–	6,475
Total	3,578,249	3,268,122	2,022,832	8,869,203

Note 1: The investment and financing plan for the Jihe Expressway Reconstruction and Expansion Project has not been finalised yet.

Management Discussion and Analysis

(IV) Risk Management

By actively identifying, evaluating and responding to risk issues in its operation, the Company has applied risk management to all aspects, including corporate strategies, decision-making, operations and finance. For details of the establishment and operation of the Company's risk management system, please refer to the "Internal Control" section in this annual report. Currently, the Company focuses on internal and external risk issues in respect of policies, operation management, investment expansion, financing and construction management.

1. Industry and Policy Risks

Risk position/analysis:

In 2024, the global economy is facing more uncertainties than before geopolitical and economic tensions are further intensifying, and the instability of the international financial situation has led to significant fluctuations in interest and exchange rates in recent years, increasing exchange and financial risks of the Group's foreign currency debts. With the slowdown in domestic economic growth and increase in uncertainties in social expectations, industries such as transportation, kitchen waste treatment and new energy generation that are closely related to the macroscopic social and economic situation may result in lower-than-expected vehicular traffic, kitchen waste collection and treatment capacity, and on-grid power generation for the Group.

The Group's toll highway and general environmental protection businesses are closely related to the national industry policies. The amended Regulations on the Administration of Toll Highways (《收費公路管理條例》) have not been promulgated. As such, changes to the tolling period and the approval principles of charging standards remain uncertain, and no market-based fixation and regulation mechanism has been established; regulatory policies on the environmental industry are tightening with rising industry standards, and both penalties for violations of laws and regulations and the capital requirements for project owners have thus been elevated; as the wind power industry enters an era of grid parity, the income level of wind power projects may be affected. In addition, the pricing power of toll highways and general environmental protection projects invested by the Group is dominated by the government. The government's price fixation or adjustment during a project's operation period will directly affect the project's actual income level. If the government's price fixation or adjustment is lower than expected, lower-than-expected actual return on investment of the Group's relevant projects may arise.

Management/response measures:

The 2024 Central Economic Work Conference clearly stated that the fundamentals of China's economy have remained unchanged, and its risk resistance and international competitiveness remain relatively strong. In 2024, with the implementation of policies to boost economic development, the Chinese economy will make steady progress, remain stable first and make breakthroughs later, and show a positive trend in the long run. The Group will always pay attention to trends of interest and exchange rates, reserve financial resources in advance, and adjust interest rate, the risk exposure of exchange rates timely through loan swaps and other means to reduce financial costs.

The Group's strategies for "14th Five-Year Plan" period have entered the home stretch. The Group will keep a close watch on and collect relevant policy information, study long-term impacts of industry policy changes on the Group's relevant businesses, analyse internal and external environmental changes, make timely strategic reviews, and promote the steady development of the "dual-core business" strategy. In addition, the Group will accelerate digital transformation, implement the concept of refined operation and management, and maintain the leadership of the toll highway business through orderly investment expansion, standardised operation, lean management, potential tapping, efficiency improvement, etc. As for the general environmental protection business, the Group will strive for opportunities of cooperation with industry-leading enterprises such as major central and state-owned enterprises, acquire high-quality project resources, introduce advanced technologies and management experience, and improve core competencies, thereby enhancing the resilience to external business environment changes. In addition, the Group will further strengthen communication with competent government authorities, strive for favourable policy conditions, and strengthen risk prediction and analysis in project investment to improve the risk resistance of projects.

2. **Operational Management Risks**

Risk position/analysis:

The national strategic plan to establish China's strength in transportation clearly defines requirements for promoting digital transformation of highways and accelerating the construction of smart highways, thereby placing stricter requirements on the Group's technical reserves, talent team, financial strength and management level; in addition, as government and public requirements and standards for expressway traffic efficiency, maintenance level, driving safety, emergency rescue, etc. keep rising, the Group is facing greater challenges in operation and management. In recent years, guided by the strategies for the "14th Five-Year Plan" period, the Group has stepped up investment and M&A efforts in the general environmental protection sector. However, some environmental protection projects have not developed as expected, and the business structure and management system need to be further rationalised; in addition, power generation hours of wind farms may fluctuate with changes in wind resources and on-grid conditions, the actual collection and transfer volume of kitchen waste treatment projects may be lower than expected, and many factors such as increased costs of collection, transfer and treatment, insufficient oil and grease recovery, and selling price fluctuation may affect the actual profitability of general environmental protection projects.

Management/response measures:

The Group has completed the transformation of toll stations and the switching of the toll collection system under the ETC mode according to the overall national arrangements. Through technologies such as 5G, satellite positioning, remote intelligent monitoring, and drone road patrol, the Group has increased the speed of detecting and responding to abnormal road conditions, improved the overall traffic efficiency of the road network. The Group keeps improving the toll management and customer service quality, and doing well in road maintenance to maintain a safe and comfortable road traffic environment, and attracts more vehicles to use the Group's highways through targeted road network marketing. In the long run, this will help increase the road network traffic and toll revenue, and improve the overall operational performance of the toll highway business.

For underperforming acquired projects such as Nanjing Wind Power and Bioland, the Group will promote personnel and business integration actively and prudently, deepen cost reduction and efficiency improvement measures, further define business positioning, optimise the organisational structure, and improve the business situation. The Group will keep optimising the management structure and internal control system of new M&A projects, strengthen the integration of corporate cultures and concepts, and attach importance to communication and coordination with local competent authorities to ensure stable operating revenue.

Management Discussion and Analysis

3. Business Expansion Risks

Risk position/analysis:

In recent years, nationwide highways have experienced leapfrog development, the road network has been increasingly sophisticated, the number of new projects has decreased, and construction and operation costs have risen, resulting in a decrease in return on investment. The demand for highway reconstruction and expansion projects and road maintenance is relatively higher, but it also faces high reconstruction and expansion costs, high regional barriers in the road operation and maintenance service market, etc. With the rapid development of the recovery and solid waste management and clean energy power generation industries, the number of new investors is rising, the market space in advantageous areas tends to be saturated, it becomes more difficult to obtain high-quality projects, and the profit margin of new projects is narrowing. All the above factors will challenge the development of the Group's core businesses.

Management/response measures:

As for the toll highway business, based in the markets of Shenzhen and the Guangdong-Hong Kong-Macao Greater Bay Area, and building on its influence in advantageous areas, the Group will improve the return of projects by operating the core business of toll highways in a refined manner, promoting the implementation of high-quality regional construction and expansion projects, activating land resources, and increasing the overall utilisation value of assets; as for the general environmental protection business, the Group will make presence in advantageous areas mainly, strengthen the cooperation with industry-leading enterprises, realise the complementation of advantages, and look for high-quality targets actively to develop the market jointly.

4. Financing Risks

Risk position/analysis:

The Group's existing toll highway and general environmental protection businesses are both capital-intensive industries. Given increased efforts of the Group in expanding the core businesses and increasing investment in recent years, the overall scale of investment is increasing, and the Group is expecting a surge in capital expenditures in the next few years. While ensuring the repayment of mature debts and dividend distribution, the Group should also make arrangements for spending new project investments and paying existing project funds. The Group currently has a high debt-to-asset ratio and limited room of debt financing. In addition, due to factors such as global economic slowdown and USD interest rate hikes, if there is a capital shortage or cost increase in the market in the future, the Company may be faced with financing risks.

Management/response measures:

The Group's excellent financing and capital management capability is a major core advantage. The Group will manage such risk in the following manners: (1) revising capital planning on a rolling basis and controlling the overall payment schedule through early-on planning; (2) coordinating bank resources, maintaining sufficient credit lines, strengthening credit policy tracking, and domestic and overseas credit maintenance, maintaining close communication and mutual trust with financial institutions, and formulating financing plans in advance based on business needs; (3) making effective use of the multi-level capital market to expand financing channels, promoting A-share private placement and other specific tasks, performing tasks related to the issuance of REITs properly, making flexible use of debt financing instruments, reducing funding costs and improving the capital structure while meeting capital demand; and (4) making good capital planning and financing arrangements, capitalising on market opportunities to carry out debt swaps timely, keeping optimising the Company's debt structure, reducing financial costs and exchange rate risks, and improving the efficiency of resource allocation.



5. **Construction Management Risks**

Risk position/analysis:

The main projects under construction of the Group include Outer Ring Phase III, Coastal Phase II, the expansion and renovation project under Bay Area Development, and a number of kitchen waste treatment projects, and wind power and PV power projects. The Jihe Expressway Reconstruction and Expansion Project is also expected to be implemented in 2024. The concurrent construction of a number of major projects will place extremely high requirements on project investment, cost control, construction periods, construction quality, safety management, etc. Meanwhile, the current construction cost, future operating cost, project profitability and company reputation are directly or indirectly affected by fluctuations of building materials price, change of planning or design, new policy and technical regulations promulgated by the government or administrative measures on public affairs introduced by the government and the adjustment of development plans made by the government.

Management/response measures:

Project construction management capability has become one of the Group's important core capabilities after nearly 30 years of development. The Group has maintained a sophisticated and effective construction management system, and is capable of managing and controlling various types of risks in the course of project construction. For preliminary works, the Group will conduct full research, strengthen communication with design parties and the competent governmental authorities, optimise design and construction plans, overcome technical difficulties, and control project costs. In terms of contract and construction management, firstly, fully considering the adjustment of material price difference in the construction contract, and effectively reducing or transferring the risk of price fluctuation of construction materials through the contract terms; secondly, enhancing internal control and reducing changes of design by the management of changes in construction projects, and allocating responsibilities on an equality basis in terms of duties, powers and interests; thirdly, strengthening safety management, urging construction participating units to implement safety management in strict accordance with contracts, strengthening safety education and training and emergency response capabilities of operators, strictly implementing the requirements of operation specifications, strengthening the investigation and management of hidden dangers on construction sites, and carrying out multi-level cross-checking, etc.

Report of the Directors

The Board hereby presents the Report of the Directors and the audited financial statements for the year ended 31 December 2023. The financial statements have been prepared in accordance with CASBE, and also in compliance with the disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules of the HKEx.

Main businesses and review

The Company principally engages in the investment, construction, operation and management of toll highways, and the general environmental protection business in China. At present, the general environmental protection business mainly includes recovery and solid waste management, and clean energy power generation. During the Reporting Period, there was no substantial change in respect of the Group's businesses. The discussion and analysis of the Group's business as required by the relevant regulations and guidelines (including but not limited to the relevant regulations and guidelines of the PRC and Hong Kong, and the Hong Kong Companies Ordinance), business development plans, main risks encountered, uncertainties, key financial indicators, etc. can be found in "Management Discussion and Analysis" in this annual report, the Notes to the Financial Statements, and the Social Responsibility Report 2023 of the Company dated 22 March 2024.

Major Customers and Suppliers

During the Reporting Period, the revenue from the Group's top five customers and the amounts of purchases from the Group's top five suppliers accounted for approximately 12.11% and 26.05% of the Group's total revenue and total amount of purchases, respectively. For details, please refer to "Financial Analysis" of "Management Discussion and Analysis" in this annual report. No further disclosure in respect of its major customers and suppliers is to be made by the Group.

Results, Dividend Distribution Policy and Distribution

The results of the Group for the year ended 31 December 2023 are set out in the Consolidated Income Statement in this annual report.

The Board recommended the payment of a final dividend of RMB0.55 (tax included) per share in cash for 2023, and the details of the Company's dividend distribution policy and the 2023 profit distribution plan are set out in "Financial Analysis" of "Management Discussion and Analysis" in this annual report.

Financial Highlights of the Group

The financial positions of the Group and the Company as at 31 December 2023 are set out in the Consolidated Balance Sheet and the Company Balance Sheet in this annual report.

A summary of the results and the assets and liabilities of the Company for the last five financial years is set out in "Summary of Accounting Data and Financial Indicators" in this annual report.

Share Capital

The share capital of the Company is RMB2,180,770,326. Details are set out in "Share Capital and Shareholders" and note V42 to the Financial Statements in this annual report.

Purchase, Sale or Redemption of Securities

During the Reporting Period, no listed securities of the Company were purchased, sold or redeemed by the Company, its subsidiaries or joint ventures.



Pre-emptive Rights

According to the PRC laws and the Articles of Association, there are no provisions for pre-emptive rights requiring the Company to offer new shares (if any) firstly to the existing shareholders in proportion to their shareholdings.

Reserves Available for Distribution

As at 31 December 2023, the reserves available for distribution to shareholders of the Company according to the Chinese Accounting Standards were RMB9,112,002,127.97, and the Company's share premium accounts could be distributed through paid-up dividend shares.

The amounts and details of material transfers to and from reserves of the Group and the Company during the Reporting Period are set out in note V47 to the Financial Statements in this annual report.

Tax and Tax Relief

Shareholders of the Company are taxed in accordance with the following tax regulations and the amendments thereof from time to time. They shall enjoy possible tax relief according to the actual situation. The following laws, regulations and normative documents are extracted from relevant provisions issued and effective as of 31 December 2023. Shareholders shall, if necessary, consult professional tax and legal advisors for advice relating to specific tax payment or the impact thereof:

Holders of A Shares:

Pursuant to the Notice on Differentiated Individual Income Tax Policy for Stock Dividends of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) (Cai Shui [2015] No. 101), for shares of listed companies obtained by individuals from public offerings or the market, where the holding period exceeds one year, the dividends shall be exempted from individual income tax; where the holding period is less than one month (inclusive), the dividends shall be counted as taxable income in the full amount; where the holding period is more than one month and less than one year (inclusive), 50% of the dividends shall be counted as taxable income on a provisional basis. The individual income tax rate of 20% shall be applicable for all incomes mentioned above.

Pursuant to the Notice on Withholding and Paying Enterprise Income Tax Matters Concerning PRC Domestic Enterprise Paying Dividends, Bonuses and Interests to QFII (《關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2009] No. 47), for qualified foreign institutional investors, the Company shall withhold and pay enterprise income tax at a tax rate of 10%. If the relevant Shareholders consider their dividends enjoy tax treaty (arrangement) benefits, such Shareholders may apply for tax refund on their own to the competent tax authorities in accordance with the provisions after obtaining dividends.

Report of the Directors

Holders of H Shares:

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules, any PRC domestic enterprise which pays dividends to non-resident enterprise overseas H shareholders shall withhold and pay enterprise income tax at a tax rate of 10%. Pursuant to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發 [1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) and the letter of the HKEx titled Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies dated 4 July 2011, when the domestic non-foreign invested companies which are listed in Hong Kong distribute dividends to their shareholders, the shareholders in general will be subject to individual income tax at a rate of 10%, unless otherwise specified under tax laws, regulations and other normative documents, as well as relevant tax treaties or arrangements.

Under the current practice of relevant tax authorities, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Investors of the Shanghai-Hong Kong Stock Connect Program:

For tax matters on individual investors in the PRC investing in H shares listed on HKEx and investors in Hong Kong investing in A shares listed on the Shanghai Stock Exchange under the Shanghai-Hong Kong Stock Connect Program, please refer to the Notice on Tax Policy Concerning the Pilot Inter-connected Mechanism for Trading on the Stock Markets of Shanghai and Hong Kong (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81) and the Notice on Continuing the Implementation of the Individual Income Tax Policy Concerning the Inter-connected Mechanism for Trading on the Stock Markets of Shanghai and Hong Kong (《關於繼續執行滬港股票市場交易互聯互通機制有關個人所得稅政策的通知》) (Cai Shui [2017] No. 78) jointly issued by the Ministry of Finance, State Administration of Taxation and CSRC.

Charity Donations

During the Reporting Period, the Group donated RMB3.6 million for charity or public welfare purposes.

Environmental Policies and Performance

The Group is principally engaged in the investment, construction and operation management of toll highways and the general environmental protection business in the PRC. Currently, the general environmental protection business mainly includes solid waste and hazardous waste treatment, and clean energy power generation. The Group adheres to the basic environmental policy of "using resources rationally and protecting the environment, as well as promoting the practical application of environmentally-friendly technologies and materials in various aspects such as daily management, engineering design and construction". The Group integrates the green, recycling and low-carbon business philosophy into each aspect and the entire process of production and operation. The Group also strictly complies with laws, regulations and industry practices such as the Environmental Protection Law, Air Pollution Prevention Law, Solid Waste Pollution Prevention Law, Water Pollution Prevention Law, Environmental Impact Assessment Law, and Regulations on the Administration of Construction Project Regarding Environmental Protection. The Group also promotes green construction and low-carbon operation, and actively develops and introduces innovative technologies, innovative processes and environmentally friendly materials, so as to encourage energy saving and emission reduction, promote the recycling of resources and endeavor to assume the social responsibility of environment protection.

For details of the Group's environmental policies and performance during the Reporting Period, please refer to the Environmental, Social and Governance Report 2023 of the Company.



Communication with Stakeholders

The Company has paid attention to and actively identified the appeals and expectations of stakeholders on an ongoing basis, including the government, shareholders, suppliers, customers, employees and communities. The Company has improved the communication and feedback mechanism by establishing diverse communication channels, with a view to fully understanding and actively responding to the needs of its stakeholders, thereby facilitating the sustainable development of both the Company and the stakeholders. Communication of the stakeholders of the Company is as follows:

Stakeholders	Appeals and Expectations	Responses
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations • Implement state policies, and promote economic and social development • Carry out targeted poverty alleviation and support regional development 	<ul style="list-style-type: none"> • Continually strengthen the Company's compliance management, and ensure lawful and compliant operation • Develop and continually optimise the Company's strategic positioning, industry directions and business initiatives, ensure compliance with the state's policy orientation, pay equal attention to economic and social benefits in business development, and promote economic and social development • Carry out targeted poverty alleviation and support regional development by such means as industry investment, staff dispatching and public welfare input
Shareholders	<ul style="list-style-type: none"> • Steady returns and dividends • Reducing investment risks • Open and transparent information 	<ul style="list-style-type: none"> • Conduct business operations properly, improve business performance, and maintain a stable dividend distribution policy • Improve business management, and pay attention to risk identification and control • Conduct information disclosure compliantly and pay attention to investor relations
Suppliers	<ul style="list-style-type: none"> • Commence cooperation to achieve a win-win situation • Abide by contracts • Promote development of industries 	<ul style="list-style-type: none"> • Promote fair procurement to create a responsible supply chain • Keep promises and perform contracts honestly. • Suppliers are encouraged to promote industry development jointly by applying new technologies, materials and processes, and optimising management models
Customers	<ul style="list-style-type: none"> • High-quality services • Maintain safe and smooth operation of roads • Timely rescue and barrier removal • Comprehensive and timely road information • Perfect road facilities 	<ul style="list-style-type: none"> • Disclose service feedback and complaint channels • Improve traffic efficiency through technological and model innovation • Strengthen emergency rescue and attach importance to road safety management • Release traffic information timely • Strengthen road maintenance

Report of the Directors

Stakeholders	Appeals and Expectations	Responses
Employees	<ul style="list-style-type: none"> • Remuneration packages • Room for development • Training system 	<ul style="list-style-type: none"> • Improve the remuneration and performance system continually, and conduct employee satisfaction surveys • Optimise the job system and evaluation-based promotion mechanism, establish systems for competitive employment of management positions and new employee orientation, etc. • Pay attention to vocational development training, develop online and offline training courses, and establish a diploma education and technical title incentive mechanism, etc.
Community	<ul style="list-style-type: none"> • Environmental impact of highways • Ethics in business operation • Participate in community development • Support public welfare programs 	<ul style="list-style-type: none"> • Carry out project environmental impact assessment and planning design properly • Pay attention to coordinated development with surrounding communities, disclose complaint channels, and handle reasonable demands timely and properly • Carry out targeted poverty alleviation and support regional development • Conduct public welfare activities
Environmental protection NGOs	<ul style="list-style-type: none"> • Ensure reasonable utilisation of resources • Protect the ecological environment 	<ul style="list-style-type: none"> • Increase the utilisation rate of energy and resources • Implement green operation and green office • Enhance information disclosure regarding environmental protection

In 2023, the Company continued to communicate and interact with various stakeholders through different channels to create a mutually beneficial and win-win relationship and promote the sustainable development of the Company. For details of the Company's fulfillment of social responsibility for stakeholders during the Reporting Period, please refer to the chapter headed "Investor Relations" in this annual report as well as the Company's Environmental, Social and Governance Report 2023.



Compliance with Laws and Regulations

In 2023, the Group complied with the relevant laws and regulations that exerted a significant impact on its businesses. Pursuant to the disclosure requirements under the Environmental, Social and Governance Reporting Guidelines contained in Appendix C2 of the Listing Rules of the HKEx, the relevant details are set out as follows:

Principal laws/regulations	Policies/regulations formulated by the Company;	Compliance measures
Highway Law of the People's Republic of China (《中華人民共和國公路法》) Measures on the Administration of Highway Project Quality (《公路工程質量管理辦法》) Inspection and Evaluation Quality Standards for Highway Engineering (JTG F80/1-2004) (《公路工程質量檢驗評定標準 (JTG F80/1-2004)》) Highway Performance Assessment Standards (JTG H20-2007) (《公路技術狀況評定標準 (JTG H20-2007)》)	Procedures for Engineering Quality Management (《工程質量管理規程》) Procedures for Construction Safety Management (《施工安全管理規程》) Manual for Standardized Management of Engineering Construction (《工程施工標準化管理手冊》) Manual for the Prevention of Common Quality Issues (《質量通病防治手冊》) Engineering Construction Organisation Design Scheme (《工程施工組織設計方案》) Specifications for Supervision of Highway Projects (《公路工程監理規範》)	The Company has strictly implemented its systems and procedures. During the project management process, the Company treats contract management as the core and implements refined control over construction quality through measures such as system management, access management, construction procedure management, and standardised management. It implements quality management systems such as access management for equipment, access system for raw materials, owners' independent random inspection system, first construction recognition system, and trial construction system, so as to ensure the quality of its construction projects.
Regulations on the Administration of Toll Highways (《收費公路管理條例》) Highway Maintenance Technical Specifications (JTG H10-2009) (《公路養護技術規範 (JTG H10-2009)》) Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) Standardised Basic Regulations on Production Safety of Highway Maintenance Department (《養護部門安全生產標準化基本規範》)	Technical Specifications and Acceptance Criteria for Daily Maintenance Works (《日常養護工程技術規範與驗收標準》) Manual for Project Management of Special Maintenance Works (《專項養護工程項目管理手冊》) Implementation Measures for Maintenance Work and Road Assets Management during the Defect Liability Period of Newly Constructed Highways (《新建公路缺陷責任期內養護、路產管理實施辦法》) Management of Highway Maintenance Projects (《公路養護項目委託實施辦法》) Administrative Measures for Highway Maintenance Contracts (《公路養護合同管理辦法》) Safety Production Management Manual of Road Maintenance Department (《道路養護部安全生產管理手冊》) Investigation and Rectification System on Potential Hazards of Road Maintenance Department (《道路養護部隱患排查治理制度》)	The Company has been strictly adhering to the National Highway Maintenance Technical Specifications and Assessment Criteria, pursuant to which a mid-to-long term maintenance plan for each expressway mainly based on the five-year maintenance system has been formulated. Routine and regular inspections have been conducted to ensure the safety of structures such as bridges and tunnels. The Company has been closely monitoring the technical conditions of highways to identify and make corrections for highway damages as early as possible.

Report of the Directors

Principal laws/regulations	Policies/regulations formulated by the Company;	Compliance measures
<p>Tendering and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》)</p> <p>Implementation of the Tendering and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》)</p>	<p>Administrative Measures for Tendering and Bidding of Highway Construction Projects (《公路工程建設項目招標投標管理辦法》)</p> <p>Administrative Measures for Outsourcing and Management of Highway Construction (《公路工程施工分包管理辦法》)</p> <p>Measures for Tendering and Bidding of Construction Projects (《工程建設項目施工招標投標辦法》)</p> <p>Management Measures for Tendering and Bidding of Supervision over Highway Construction (《公路工程施工監理招標投標管理辦法》)</p> <p>Procedures for Project Tendering Management (《工程招標管理規程》)</p> <p>Procedures for Special Construction Technologies (《專用施工技術規程》)</p> <p>Management Measures for Documents of Contractors Engaging in Highway Maintenance (《公路養護承包商檔案管理辦法》)</p> <p>Controlling Process of Outsourcing Management (《外包管理控制程序》)</p>	<p>The Company has formulated and strictly adhered to the standards for special construction technologies in accordance with the regulatory requirements regarding qualification management, and tendering and bidding management. The Company has reviewed the qualification of potential contractors, strengthened its control over the quality of tender documents, and regularly evaluated, and established appraisal and assessment records for the constructors or contractors with whom it cooperates, striving to select cooperation partners who can meet the requirements for qualification and project quality, and establish long term cooperation relationship with creditworthy partners.</p>
<p>Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)</p> <p>Air Pollution Prevention Law of the People's Republic of China (《中華人民共和國大氣污染防治法》)</p> <p>Water Pollution Prevention Law of the People's Republic of China (《中華人民共和國水污染防治法》)</p> <p>Solid Waste Pollution Prevention Law of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》)</p> <p>Opinions on Further Promoting Classification of Household Waste (《關於進一步推進生活垃圾分類工作的若干意見》)</p> <p>Renewable Energy Law of the People's Republic of China (《中華人民共和國可再生能源法》)</p> <p>Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》)</p>	<p>Monitoring and Management System for Third Parties (《第三方監測管理制度》)</p> <p>Operating Rules for Deodorisation (《除臭操作規範》)</p> <p>Operating Procedures for Sewage (《污水操作規程》)</p> <p>Operating Procedures for the Desulphurization System (《脫硫系統操作規程》)</p> <p>Regulations on Maintenance of Pre-processing Equipment (《預處理設備維修規範》)</p> <p>Regulations on Maintenance of Anaerobic Gas and Methane Equipment (《厭氧沼氣設備維修規範》)</p> <p>Management System of Equipment (《設備管理制度》)</p> <p>Management System of Production Sites (《生產現場管理制度》)</p> <p>Operation Guide on Analysis of Operating Data of Wind Turbine (《風機運行數據分析作業指導書》)</p> <p>Management System of Safety and Production (《安全及生產管理制度》)</p> <p>Management System of Equipment Abnormality (《設備異動管理制度》)</p> <p>Management System of Technical Transformation (《技術改造管理制度》)</p> <p>Management System of Special Projects (《專項工程管理制度》)</p> <p>Monitoring and Management System of Techniques (《技術監督管理制度》)</p>	<p>In accordance with requirements of the relevant laws and regulations on environmental protection, the Company has formulated the corresponding operating rules and management systems, coupled with the establishment of facilities and equipment of environmental protection with stringent management, to ensure effective operation of such facilities and equipment of environmental protection. The Company has also monitored the emission and treatment of all types of waste in strict compliance with the requirements of pollutant discharge and environmental impact assessment to ensure compliance with the standards. In strict compliance with the technical regulations and evaluation standards issued by the PRC on the recycling and treatment of solid waste, the Company has formulated the technical standards and operating procedures in respect of harmless treatment and landfilling of inorganic waste, as well as resource recovery of kitchen waste for recycling, with a view to improving the treatment effect and reducing waste through active research and development of innovative technologies and techniques.</p> <p>In strict compliance with the technical parameters and standards issued by the PRC on wind turbine manufacturing, the Company has secured compliance with the requirements of national regulations in respect of the technical standards and equipment installation of wind turbines. The Company has also secured safe production by strictly implementing the systems and procedures, refining the safe production system, and carrying out investigation and rectification by levels on potential hazards in a strict manner.</p>



Report on Corporate Social Responsibility

In March 2024, the management of the Company submitted to the Board the Environmental, Social and Governance Report 2023, which focuses on the responsibility and practices of the Company in relation to environment, products, customers, employees, communities and other aspects. Details of the environment, society and corporate governance performance of the Group in 2023 are set out in the Environmental, Social and Governance Report 2023. The Environmental, Social and Governance Report 2023 can be accessed and downloaded on the websites of SSE (<http://www.sse.com.cn>) (in Chinese), the HKEx (<http://www.hkexnews.hk>) (in both Chinese and English) and the Company (<http://www.sz-expressway.com>) under the section of “Environment, Society and Governance” of “Investor Relations”. Through the report, investors can obtain more comprehensive and detailed information in relation to the performance of social responsibility of the Company.

Fixed and Intangible Assets

The movements in fixed assets and intangible assets of the Group during the Reporting Period are set out in notes V\16 - 19 to the Financial Statements in this annual report respectively.

Bank Loans and Other Borrowings

Details of bank loans and other borrowings of the Group and the Company as at the end of the Reporting Period are set out in notes V\33 - 34 and 35 to the Financial Statements in this annual report.

Subsidiaries and Joint Ventures

Details of the Company’s subsidiaries and joint ventures are set out in notes V\13 and VII to the Financial Statements in this annual report respectively.

Directors, Supervisors and Senior Management (hereinafter referred to as the “Management”)

- (1) Information of the Management and changes in the Management during the Reporting Period are set out in “Directors, Supervisors, Senior Management and Employees” in this annual report.
- (2) Details of the remuneration received by the management during the Reporting Period are set out in “Directors, Supervisors, Senior Management and Employees” in this annual report and note XI\5 to the Financial Statements.

Report of the Directors

(3) Service contracts:

Each of the Directors of the ninth session of the Board has entered into a director's service contract with the Company. Contents of such contracts are the same in all material respects. The service contract of Non-executive Director Lü Da Wei was effective from 30 June 2022 to 31 December 2023, those of Independent Non-executive Directors Miao Jun and Xu Hua Xiang were effective from 17 May 2021 to 31 December 2023, and those of other Directors were effective from 1 January 2021 to 31 December 2023. Since the nomination of candidates for the next session of the Board has not been completed, the term-end election of the Board will be postponed. Before the completion of the term-end election of the Board, all members of the ninth session of the Board will continue to perform their duties and obligations in accordance with laws, regulations, the Articles of Association of the Company, etc. The Company has renewed the supplementary director service contracts with the Directors, which will expire upon expiry of the office term of the ninth session of the Board. In addition, Independent Non-executive Director Bai Hua and Executive Director Wang Zeng Jin submitted written resignation reports to the Board of the Company on 22 December 2023 and 20 February 2024, for personal work and job change reasons, respectively. The resignation of Independent Director Bai Hua and Director Wang Zeng Jin took effect on 20 February 2024. Through election at the general meeting held by the Company on 20 February 2024, Yao Hai was appointed as Executive Director and Yan Yan as Independent Non-executive Director, and their service contracts will expire upon expiry of the office term of the ninth session of the Board. Save as the aforesaid, no service contracts that can be terminated within one year with compensation (other than general statutory compensation) have been or proposed to be entered into between the Company and the Directors or the Supervisors.

(4) Interests in contracts:

As at the end of the Reporting Period or at any time during the Reporting Period, no contract of significance was entered into to which the Company or any of its subsidiaries was a party and in which a Director or Supervisor of the Company had a material interest, whether directly or indirectly, or had any significant conflict of interests, whether directly or indirectly, nor any of the aforesaid contracts still subsisted at the end of the Reporting Period or at any time during the Reporting Period (excluding service contracts).

None of the Management has any conflict of interests in any contract or arrangement entered into by any member of the Group or any contract or arrangement which subsists at the date of this annual report and which is significant to the businesses of the Group.

(5) Loans provided to senior management:

During the Reporting Period, the Group has not directly or indirectly provided loans to or guarantee to the debts of the Management of the Company and its controlling shareholder(s) or their respective connected persons.



(6) Rights to subscribe for shares or debentures:

As at 31 December 2023, the interests or short positions of the Directors, the Supervisors or the Chief Executive in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part 15 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) which were required to be entered into the register maintained by the Company under Section 352 of the Securities and Futures Ordinance (including interests and short positions deemed or taken to have under such provisions of the Securities and Futures Ordinance) or which were required to be notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (collectively, "interests or short positions") were as follows:

Long positions in ordinary shares of Shenzhen International:

Name	Number of ordinary shares held as at 31 December 2023	During the Reporting Period Change	Approximate percentage of ordinary shares held in the issued share capital of the Company	Nature of interests	Capacity
Liao Xiang Wen ⁽⁴⁾	20,293	+748	0.001%	Family interests	Beneficial owner

Interests in share option of Shenzhen International:

Name	Options	As at December 31, 2023 Number of share options unexercised ⁽¹⁾⁽²⁾⁽³⁾	Change during the Reporting Period				Nature of interests	Capacity
			Adjustment during the Reporting Period	Granted during the Reporting Period ⁽²⁾	Exercised	Lapsed		
Liao Xiang Wen ⁽⁴⁾	Share option scheme 1 ⁽¹⁾	332,000	-	332,000	-	-	Family dependent	Beneficial owner
	Share option scheme 2 ⁽²⁾	249,000	-	249,000	-	-	Nature of interests	
	Share option scheme 3 ⁽³⁾	249,000	-	249,000	-	-		

Note:

- Share option scheme 1 was granted on 1 November 2023 and could be exercised during the period from 1 November 2025 to 31 October 2028 pursuant to the grant provision;
- Share option scheme 2 was granted on 1 November 2023 and could be exercised during the period from 1 November 2026 to 31 October 2028 pursuant to the grant provision;
- Share option scheme 3 was granted on 1 November 2023 and could be exercised during the period from 1 November 2027 to 31 October 2028 pursuant to the grant provision;
- The interests are owned by the spouse of Liao Xiang Wen, a Director of the Company.

Saved as disclosed herein, as at 31 December 2023, none of the Directors, Supervisors or the Chief Executive had any interests or short positions defined above.

Report of the Directors

Stock linkup agreements

As of 31 December 2023, neither the Company nor any of its subsidiaries had entered into any stock linkup agreement.

Make-up provisions approved for the Directors and supervisors

As of 31 December 2023, the Company had approved make-up provisions to provide certain protection for potential liabilities arising from legal proceedings potentially encountered by the directors, supervisors and senior management through the liability insurance covered for the directors, supervisors and senior management. For details, please refer to C.1 “Responsibilities of the Directors” of the “Corporate Governance Report” in this annual report.

Progress of issuing of ultra-short-term financing notes

The Company issued Phase 1 and Phase 2 ultra-short-term financing notes in 2023 on 21 February and 13 March 2023, respectively, with an issuance size of RMB1 billion and a maturity of 180 days both, and a coupon rate of 2.16% and 2.20%, respectively. These two phases of ultra-short-term financing notes expired in August and September 2023, respectively, and the Company has repaid the corresponding principals with interests on their respective maturity dates. For details, please refer to the Company’s announcement dated 19 January, 22 February and 14 March 2023.

The Company issued Phase 3 of 2023 ultra-short-term financing notes in 2023 on 10 August 2023, with an issuance size of RMB1.5 billion, a maturity of 270 days and a coupon rate of 2.25%. For details, please refer to the announcements of the Company dated 9 May 2022 and 10 August 2023, respectively.

Progress of issuance of medium-term notes

The Company issued Phase 1 medium-term notes in 2023 on 22-23 May 2023, with an issuance size of RMB1 billion, a maturity of 3 years and a coupon rate of 2.89%. Phase 2 medium-term notes in 2023 were issued on 4-5 September, with an issuance size of RMB1 billion, a maturity of 5 years and a coupon rate of 3.05%. For details, please refer to the Company’s announcements dated 19 January, 24 May and 6 September 2023.

Progress of the Issuance of Corporate Green Bonds

Pursuant to the Approval for Consent to the Registration of Public Issuance of Green Corporate Bonds to Professional Investors by Shenzhen Expressway Corporation Limited (CSRC Approval [2022] No. 559, the “Approval”) issued by the CSRC on March 2022, the Company may publicly issue green corporate bonds with a total nominal value of not more than RMB4.1 billion to professional investors within 24 months from the date of registration. According to the Approval, the Company issued 2023 public green corporate bonds (Phase 1) (bond code: 240067) on 17-18 October 2023, with an offering price of RMB100 per share, a maturity of 3 years, an actual issuance size of RMB550 million and a coupon rate of 2.88%. For details, please refer to the Company’s announcements dated 28 March 2022 and 18 October 2023, respectively.

For details of the bonds issued by the Company during the Reporting Period, please refer to paragraph II “Issuing and Listing of Securities” in “Share Capital and Shareholders” in this annual report.



Proposed Issuance of A-shares to Specific Targets

On 14 July 2023, with the approval of the 32nd meeting of the ninth session of the Board of the Company, the Company planned to issue not more than 654,231,097 A-shares (inclusive) (“this offering”) to not more than 35 (inclusive) specific targets that comply with the regulations of the CSRC, with a total amount of not more than 30% of the Company’s total share capital before this issuance. The total amount of funds raised in this issuance is expected to be not more than RMB6.5 billion (inclusive), and will be used for the investment and construction of the Outer Ring Project, the repayment of interest-bearing liabilities, etc. after the deduction of offering expenses. The plan for this issuance and related matters were approved by the general meeting of Shenzhen International, and the Company’s general meeting and class meetings on 14 and 20 September 2023, respectively. Based on the external market environment and the actual business status of the Company, the Board of the Company approved the reduction of the total raised capital of this issuance to no more than RMB4.9 billion (inclusive), and accordingly adjusted the plan to use the raised capital and the relevant application documents for this issuance on 25 January 2024. This issuance has to be considered and approved by the SSE, and approved for registration by the CSRC before implementation. There are uncertainties in whether this offering can be approved and registered, and the timing of approval and registration. For details, please refer to the Company’s announcements dated 14 July and 20 September 2023, and 25 January 2024, the circular dated 24 August 2023, as well as the meeting documents for the first extraordinary general meeting and the first A-share class general meeting in 2023.

The issuance of Yichang Expressway REITs

On 18 August 2023, the 34th meeting of the ninth session of the Board of the Company considered and approved the Proposal on the Application Plan for Public REITs of Yichang Expressway, and the Board agreed to carry out pilot application for real estate investment trust funds in the infrastructure industry (“Yichang Expressway Public REITs”) with Yiyang-Changde Expressway in Hunan Province that a wholly-owned subsidiary of the Company 100% owned and enjoyed 100% toll road rights, and its auxiliary facilities being the underlying infrastructure project. According to the application guidelines of Practice Note 15 to the Listing Rules of the HKEx (“PN15”), relevant transactions may constitute a spinoff of the Company. The Company obtained the approval of exemption from strict compliance with PN15 from the HKEx on 20 October 2023. The SSE and the CSRC issued a letter of no objection and approval for Yichang Expressway Public REITs at the end of 2023. On 31 January 2024, the 41st meeting of the ninth session of the Board of the Company considered and approved the implementation plan for the issuance of Yichang Expressway REITs. The issuance of Yichang Expressway REITs was completed on 7 March 2024, which ultimately raised 300 million shares, with an offering price of RMB6.825/share and a raised capital of RMB2,047.5 million. Among them, the Company, as the original right holder, participated in the strategic allotment and subscription of 120 million shares, accounting for 40% of all offered shares. Yichang Expressway REITs are expected to be listed on the SEE at the end of March 2024 (transaction code: “508033”, on-exchange abbreviation: “SGS REIT”). For details of the above matters, please refer to the Company’s announcements dated 18 August and 17 November 2023, and 2 January, 31 January and 13 March 2024, respectively.

Report of the Directors

Related/Connected Transactions

XTC Company, a subsidiary of Shenzhen International, the controlling shareholder of the Company, plans to subscribe for some A-shares offered this time, with a subscription amount of not more than RMB1.51 billion (“this transaction”). After this issuance, Shenzhen International plans to indirectly hold not less than 45.00% of the Company’s shares in total. Currently, Shenzhen International indirectly holds approximately 51.56% equity interests in the Company, including its wholly-owned subsidiary, XTC Company, which directly holds approximately 30.03% of the Company’s shares. According to the listing rules and relevant guidelines of the SSE and HKEx, XTC Company is a related/connected person of the Company, and this transaction constitutes a related/connected transaction of the Company. On 14 July 2023, the Board considered and approved the transaction and related matters. XTC Company signed a subscription agreement attached with validation conditions with the Company on 14 July 2023. The final number of shares subscribed for by XTC Company will be determined through negotiation with the Company after the issuance price is fixed, and the remaining shares will be subscribed for by other issuance targets. This issuance has to be registered with the securities regulator before implementation. For details, please refer to the Company’s announcements dated 14 July and 20 September 2023, the circular dated 24 August 2023, as well as the meeting documents for the first extraordinary general meeting and the first A-share class general meeting in 2023.

In 2020, the Company established Shenzhen State-owned Assets Collaborative Development Private Fund Partnership (Limited Partnership) (“State-owned Assets Collaborative Development Fund”) together with seven limited partners including Shenzhen International Holdings (SZ) Limited (“Shenzhen International (SZ)”) and a general partner (the “Fund Partners”). The total size of the fund is RMB4.01 billion, of which the Company’s contribution is RMB300 million, accounting for 7.48%. Based on the actual operation of the State-owned Assets Collaborative Development Fund and needs of investment projects, the Fund Partners jointly signed the Supplementary Agreement to the State-owned Assets Collaborative Development Fund Partnership Agreement (“Supplementary Agreement”) on 27 October 2023, extending the investment period by one year and shortening the withdrawal period by one year. The fund’s duration of 7 years remains unchanged, and the Supplementary Agreement only involves changes to the relevant provisions of the original partnership agreement without changing the original rights and interests of the Company. Shenzhen International holds approximately 51.56% equity interests in the Company indirectly, and Shenzhen International (SZ) is a wholly-owned subsidiary of Shenzhen International. According to the listing rules and relevant guidelines of the SSE and HKEx, the joint investment by the Company and Shenzhen International (SZ) as fund partners in the State-owned Assets Collaborative Development Fund constitutes a related/connected transaction of the Company, and the signing of the Supplementary Agreement involves changes to this related/connected transaction. The relevant proposals were considered and approved at the 37th meeting of the ninth session of the Board held by the Company on 27 October 2023. For details, please refer to the Company’s announcements dated 17 August and 24 September 2020, and 27 October 2023.

On 11 January 2022, the Company completed the acquisition of 100% equity interests in SIICHIC through Mei Wah Company, and undertook the shortfall make-up obligation (if any) of SIHC and SIICH (collectively, the “SIHC Party”) in the withdrawal of the CMF Global Quantitative Stable Segregated Portfolio (“CMF Fund”) from its holding in Bay Area Development (a holding subsidiary in which SIICHIC holds 71.83% equity interests). According to the original agreement between the SIHC Party and the CMF Fund, the CMF Fund may sell its equity interests in Bay Area Development to any independent third party in the market within 6 months from 17 August 2023. Due to various factors such as changes in market conditions, the Company, Mei Wah Company, the SIHC Party and the CMF Fund have all agreed that the delayed withdrawal of the CMF Fund is in their respective interests, and signed a package renewal agreement for its delayed withdrawal on 16 January 2024. SIHC indirectly holds approximately 44.25% equity interests in Shenzhen International, the controlling shareholder of the Company, and is the controlling shareholder of Shenzhen International. According to the listing rules and relevant guidelines of the SSE and HKEx, the signing of the renewal package agreement constitutes a related/connected transaction of the Company. The Company held the 39th meeting of the ninth session of the Board on 15 January 2024, considering and approving the relevant proposals. For details, please refer to the Company’s announcement dated 16 January 2024.



Further Disclosure Made Pursuant to the Listing Rules of the HKEx

Save as the above-mentioned, the transactions with related parties set out in note XI to the Financial Statements in this annual report are either connected transactions or continuing connected transactions exempt from reporting, announcement, independent shareholders' approval and/or annual review requirements under Rules 14A.76, 14A.95 and 14A.96 of the Listing Rules of the HKEx or do not constitute a connected transaction or a continuing connected transaction as defined under Chapter 14A of the Listing Rules of the HKEx. The Company does not have any other matters that need to be disclosed in accordance with Chapter 14A of the Listing Rules of the HKEx.

Credits and Liabilities with Related Parties (as defined in the relevant PRC regulations)

As of the Reporting Date, there was no non-operating occupation of funds by the Company's controlling shareholder or any other related party. The auditor of the Company has issued a specific report in relation to the statement of fund embezzlement by the controlling shareholders and other related parties prepared by the Company in accordance with the relevant requirements.

Major Investment and Transaction Matters

As approved by the Board, the Company and Shenzhen Transport Bureau entered into a Contract for the Jihe Expressway Renovation and Expansion Project (the "Jihe Project Contract") on 30 September 2022. The Shenzhen Municipal Government intended to adjust the construction and implementation plan of the Jihe Expressway reconstruction and expansion project, and adjust the investment and financing plan accordingly, relevant concession procedures is being promoted. The Company will follow the corresponding approval procedure after the relevant plan becomes clear. For details, please refer to the Company's announcements dated 30 September, 13 October, 20 October, 24 October and 2 December 2022, and 31 March 2023 respectively.

On 14 July 2023, the Board of the Company considered and approved the investment plan for the Kengzi-Dapeng subsection of approximately 16.8 kilometres of the Outer Ring Project ("Outer Ring Phase III"), with an estimated total investment of RMB8.447 billion. As of the date of this report, Outer Ring Company had signed construction contracts through public bidding on 7 November 2023, and 25 January and 12 March 2024, respectively, with contract amounts of RMB875 million, RMB841 million, RMB885 million, RMB607 million, RMB741 million and RMB735 million, respectively. For details of the Outer Ring Project, please refer to the Company's announcements dated 14 July and 17 November 2023, and 25 January and 12 March 2024.

Report of the Directors

External Guarantees

Unit: RMB million, unless otherwise specified

External guarantees of the Company (excluding guarantees for subsidiaries)										
Name of the guarantor	Name of the guaranteed	Amount of guarantee	Date of occurrence (date of the agreement)	Commencement of guarantee	Expiry of guarantee	Type of guarantee	Completed or not	Overdue or not	Counter guarantee provided or not	Guarantee for related party or not
Guizhou Property ⁽¹⁾	Customers of Shenzhen Expressway • Interlaken Town	392.34	2016-01 – 2023-12	Effective date of the mortgage loan contract	Effective date of the mortgage under the contract	Joint and several liability guarantee	No	No	No	No
Shenzhen Bay Infrastructure ⁽²⁾	Zhantong Industrial	93.48	2021-12-17 – 2023-12-31	2021-12-17	2023-4-14	Joint and several liability guarantee	Yes	No	No	No
Total amount of guarantees incurred during the Reporting Period										-161.36
Total balance of guarantees as at the end of the Reporting Period (A)										392.34
Guarantees for subsidiaries of the Company										
Total amount of guarantees for subsidiaries incurred during the Reporting Period										-440.35
Total balance of guarantees for subsidiaries as at the end of the Reporting Period (B)										4,504.72
Total amount of guarantees of the Company (including guarantees for subsidiaries)										
Total amount of guarantees (A + B)										4,897.06
Proportion of total amount of guarantees to the net assets of the Company (%)										21.90
Including:										
Amount of guarantees for shareholders, de-facto controller and their related parties (C)										-
Amount of the debt guarantees directly or indirectly provided for those whose gearing ratio exceeded 70% (D)										2,505.46
Amount of the guarantees that exceed 50% of net assets in aggregate (E)										-
Total amount of the above three guarantees (C+D+E)										2,505.46
Description on unexpired guarantees that may be confronted with joint and several liability								Please refer to the description below.		



Description on guarantees:

- (1) The provision of periodical joint liability guarantees by Guizhou Property, a controlling subsidiary of the Company, to qualified mortgage customers of the “Shenzhen Expressway • Interlaken Town” (now renamed as “Shenzhen Expressway • Youshan Villa”) project in accordance with the business practices of the real estate industry was considered and approved at the 4th meeting of the seventh session of the Board held on 30 June 2015, the 27th meeting of the seventh session of the Board held on 18 August 2017, and the 2017 annual general meeting held on 31 May 2018. It is expected the total amount of guarantees will not exceed RMB1 billion. During the Reporting Period, Guizhou Property provided an interim guarantee for 36 customers with an aggregate amount of RMB21,535,000, and the interim guarantee with an amount of RMB89,418,000 provided in the past was released. As at the end of the Reporting Period, the balance amount of the guarantees actually provided by Guizhou Property was RMB392,342,000.
- (2) Before Bay Area Development was controlled by the Company through acquisition, its wholly-owned subsidiary, Shenzhen Bay Infrastructure, had provided approximately RMB225 million of shareholders’ credit of guarantee for the bank loans of Zhentong Industrial, an associated enterprise holding 15% equity interests in it. The guaranteed party, Zhentong Industrial, had all the debts paid on 14 April 2023, and Shenzhen Bay Infrastructure was relieved at the same time from all of its guarantee obligations.
- (3) The Company has not provided any external guarantee in violation of the stipulated decision-making procedures.

Guarantee Authorisation and Guarantees for Subsidiaries of the Company

(1) Guarantee authorisation

Subsequently, the 2021 annual general meeting held on 30 June 2022 considered and approved the proposal on the authorisation of the guarantees. The Board of the Company may provide guarantees for wholly-owned subsidiaries of not more than RMB3 billion in aggregate, and not more than RMB7 billion in aggregate for non-wholly-owned subsidiaries, as necessary. These guarantees include guarantees for financing and bankers’ letters of guarantee. The guarantee authorisation is effective from the date of approval by the general meeting to the date of convening of the 2022 annual general meeting. Subsequently, the 2022 annual general meeting held on 16 May 2023 considered and approved the proposal on the authorisation of the guarantees. The Board of the Company may provide guarantees for wholly-owned subsidiaries of not more than RMB2.5 billion in aggregate (not more than RMB600 million for wholly-owned subsidiaries with an asset-liability ratio of over 70%), and not more than RMB7 billion in aggregate for non-wholly-owned subsidiaries (not more than RMB4.8 billion for wholly-owned subsidiaries with an asset-liability ratio of over 70%), as necessary. These guarantees include guarantees for financing and bankers’ letters of guarantee. The guarantee authorisation is effective from the date of approval by the general meeting to the date of convening of the 2023 annual general meeting.

Report of the Directors

(2) Guarantees for Subsidiaries of the Company

As at the end of the Reporting Period, the guarantees for subsidiaries of the Group were as follows:

Unit: million Currency: RMB

External guarantees of the Company (guarantees for subsidiaries)										
Name of the guarantor	Name of the guaranteed	Maximum amount of guarantees	Actual balance of guarantees	Date of occurrence (date of the agreement)	Commencement of guarantee	Expiry of guarantee	Type of guarantee	Completed or not	Overdue or not	Counter guarantee provided or not
Environmental Company	Guangxi Bioland	149.92	115.33	2021/8/3	2021/8/3	2 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	Yes
Bioland	Fuzhou Bioland	60	56	2021/9/15	2021/9/15	2 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Guilin Bioland	100	86.40	2021/12/24	2021/12/24	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Beihai Zhonglan Note 1	66.8	59.40	2021/12/29	2021/12/29	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Zhuji Bioland Note 1	130	30.84	2021/12/29	2021/12/29	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bay Area Development	Shenzhen Bay Infrastructure	1,798	1,699	2022/11/8	2022/11/8	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Guilin Bioland	40	33.92	2023/1/6	2023/1/6	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Investment Company	Shengao Lekang	36.26	17.60	2023/5/11	2023/5/11	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Guangxi Bioland	30	30	2023/5/12	2023/5/12	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Handan Bioland	98	95	2023/5/12	2023/5/12	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bay Area Development	SIHCL Bay Area Finance Limited	829.78	815.60	2023/6/26	2023/6/26	Upon expiration of the debt performance period, as required in the agreement	Joint and several liability guarantee	No	No	No
Bioland	Huangshi Bioland	42	42	2023/6/29	2023/6/29	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Sichuan Lansheng Note 2	101.48	91.34	2023/8/25	2023/8/25	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Various project subsidiaries in which the Company invested prior to its acquisition of Bioland Company Note 3	63.60	63.60	2015/11/24 – 2018/9/26	2015/11/24	Upon expiration of the debt performance period, as required in the agreement	Joint and several liability guarantee	No	No	No
Bay Area Development	SIHCL Bay Area Finance Limited (Note 4)	2,197.81	1,268.71	2014/8/26 – 2020/7/14	2014/8/26	Upon expiration of the debt performance period, as required in the agreement	Joint and several liability guarantee	No	No	No
Total		/	4,504.72	/	/	/	/	/	/	/



As at the end of the Reporting Period, based on the financing amount of holding subsidiaries, the total amount of guarantees actually provided by the Company to its holding subsidiaries was RMB4,504.7197 million, including the balance of guarantees provided by Bioland prior to its acquisition by the Company, amounting to RMB63.6 million (all being guarantees provided by Bioland to its holding subsidiaries), and the balance of guarantees provided by Bay Area Development prior to its acquisition by the Company, equivalent to RMB1,268.708 million. There is no overdue guarantee in the above guarantees. For details, please refer to the Company's announcements dated 3 and 25 August, 13 and 15 September, and 24 and 30 December 2021, 12 January, 1 April, 21 July and 8 November 2022, 6 January, 11 and 12 May, 26 and 29 June, and 25 August 2023.

Note 1: The Company's 15th meeting of the ninth session of the Board held on 22 December 2021 considered and passed the Proposal on the Guarantees of Bioland Company for the Financing of its Non-wholly-owned Subsidiaries, and the Board agreed that Bioland would provide guarantees for the financing of its holding subsidiaries Beihai Zhonglan, Zhuji Bioland and Chuzhou Bioland. Up to the Reporting Date, Chuzhou Bioland had not incurred any financing, but its authorised credit of guarantee had been fully written down. For details, please refer to the Company's announcement dated 22 December 2021.

Note 2: The Company's 33rd meeting of the ninth session of the Board held on 31 July 2023 considered and passed the Proposal on Providing Guarantees to its Non-wholly-owned Subsidiaries Sichuan Lansheng and Chuzhou Bioland, and the Board agreed that Bioland would provide guarantees for the financing of its holding subsidiaries Sichuan Lansheng and Chuzhou Bioland. Up to the Reporting Date, Chuzhou Bioland had not incurred any financing or guarantee. For details, please refer to the Company's announcement dated 31 July 2023.

Note 3: All external guarantees provided by Bioland prior to its acquisition by the Company were provided by Bioland for its subsidiaries.

Note 4: Guarantees provided by Bay Area Development for its controlling subsidiaries before its acquisition by the Company.

Mortgage and Pledge of Assets

For details of the Company's and its subsidiaries' assets mortgaged or pledged as at the end of the Reporting Period, please refer to the relevant contents of "3. Restrictions on main assets as at the end of the Reporting Period" in "III. Financial Analysis" in the "Management Discussion and Analysis" section in this report.

Report of the Directors

Entrusted Wealth Management

Unit: '000 Currency: RMB

Partner name	Type of entrusted wealth management product	Amount of entrusted wealth management	Commencement date	Maturity date	Capital source	Is there any restriction?	Method for determining revenue	Annualised rate of return (%)	Actual revenue	Actual recovery of principal amount	Outstanding amount	Overdue amount uncovered	Whether statutory procedures have been performed	Is there any future entrusted wealth management plan?	Provision for impairment
China Construction Bank Corporation															
Shenzhen Central District Branch	Structured deposits	225,000	2022-11-25	2023-1-17	Owned fund	No	Principal-guaranteed floating income type	3.50	1,143.49	225,000	0	0	Yes	-	-
Chinese Mercantile Bank Head Office															
Banking Department															
	Structured deposits	225,000	2022-11-28	2023-2-6	Owned fund	No	Principal-guaranteed floating income type	3.06	1,320.41	225,000	0	0	Yes	-	-
Chinese Mercantile Bank Head Office															
Banking Department															
	Structured deposits	145,000	2023-2-7	2023-4-18	Owned fund	No	Principal-guaranteed floating income type	2.94	817.56	145,000	0	0	Yes	-	-
China Construction Bank Corporation															
Shenzhen Central District Branch	Structured deposits	225,000	2023-2-8	2023-4-14	Owned fund	No	Principal-guaranteed floating income type	3.10	1,242.12	225,000	0	0	Yes	-	-
Banking Department of the Industrial and Commercial Bank of China															
Shenzhen Futian Sub-branch															
	Structured deposits	200,000	2023-4-26	2023-6-26	Owned fund	No	Principal-guaranteed floating income type	3.00	1,016.67	200,000	0	0	Yes	-	-
Banking Department of the Industrial and Commercial Bank of China															
Shenzhen Futian Sub-branch															
	Structured deposits	200,000	2023-7-3	2023-9-1	Owned fund	No	Principal-guaranteed floating income type	2.94	980.00	200,000	0	0	Yes	-	-
Banking Department of the Industrial and Commercial Bank of China															
Shenzhen Futian Sub-branch															
	Structured deposits	200,000	2023-9-12	2023-12-13	Owned fund	No	Principal-guaranteed floating income type	2.80	1,431.11	200,000	0	0	Yes	-	-
Chinese Mercantile Bank Head Office															
Banking Department															
	Structured deposits	160,000	2023-12-14	2024-3-13	Owned fund	No	Principal-guaranteed floating income type	3.02	-	-	160,000	-	Yes	-	-
China Construction Bank Corporation															
Shenzhen Central District Branch															
	Structured deposits	160,000	2023-12-19	2024-2-27	Owned fund	No	Principal-guaranteed floating income type	2.80	-	-	160,000	-	Yes	-	-
China Construction Bank Corporation															
Shenzhen Branch															
	Structured deposits	450,000	2022-12-6	2023-3-6	Owned fund	No	Principal-guaranteed floating income type	3.50	3,883.56	450,000	0	0	Yes	-	-
Bank of Communications Co., Ltd.															
Shenzhen Branch															
	Structured deposits	500,000	2023-3-15	2023-6-13	Owned fund	No	Principal-guaranteed floating income type	3.15	3,883.56	500,000	0	0	Yes	-	-
Total	/	2,690,000	/	/	/	/	/	/	15,718.48	237,000	320,000	0	/	/	0

Description of entrusted wealth management:

As approved by the Board of the Company, provided that the safety and liquidity of its capital reserves are ensured, the Group invests part of its capital reserves in monetary funds, wealth management products issued by banks, financial products for financing purposes issued by holding enterprises within the Shenzhen SASAC system and other types of wealth management products. During the Reporting Period, 8 new transactions of principal-guaranteed floating income wealth management products were newly incurred by the Group, with an entrusted wealth management amount of RMB1.79 billion. As at the end of the Reporting Period, the capital balance of the Group's wealth management products was RMB320 million, with income on entrusted wealth management of RMB15,718,480 (tax included) received during the Reporting Period, and there was no outstanding principal or income.

Other Agreements and Matters

The Company did not enter into any contract in respect of the management or administration of its overall businesses or any material business or had any such contract subsisting, nor did it enter into any other material contract in relation to entrustment, subcontracting, leasing or guarantee during the Reporting Period. Furthermore, there was no such prior material contract subsisting during the Reporting Period.

During the Reporting Period, there was no material litigation or arbitration matter, matter which the media generally questioned, or bankruptcy and reorganisation in connection with the Company, nor was any share option incentive scheme implemented. In addition, there was no such prior matter subsisting during the Reporting Period. As at the end of the Reporting Period, the Group was involved in several small-claim lawsuits and arbitrations, which would not have any significant impact on the Group's daily operations. As at the end of the Reporting Period, the major outstanding and concluded lawsuits and arbitrations during the Reporting Period were as follows:

Report of the Directors

Unit: '000 Currency: RMB

Plaintiff (applicant)	Defendant (respondent)	Party with joint and several liability	Type of litigation (arbitration)	Basic information of the litigation (arbitration)	Amount involved in litigation (arbitration)	Does the litigation (arbitration) result in any estimated liability and its amounts	Progress of litigation (arbitration)	Result and influence of litigation (arbitration)	Execution of judgment of litigation (arbitration) judgment
Nanjing Wind Power	CRRC Wind Power (Shandong) Co., Ltd.	—	Arbitration	Dispute over purchase contract	101,080.7 (Counterclaim for 30,000)	Recognition of penalties payable of RMB30,000,000	The arbitration request withdrawal application is being tried.	The final judgment was given by the Jinan Arbitration Commission on 16 June 2023: (1) CRRC Wind Power (Shandong) Co., Ltd. shall pay to Nanjing Wind Power RMB99,991,400 for goods purchased; (2) Nanjing Wind Power shall pay CRRC Wind Power (Shandong) Co., Ltd. a penalty of RMB30 million for overdue delivery. On 4 August 2023, Nanjing Wind Power submitted an arbitration request withdrawal application.	—
Nanjing Wind Power	CRRC Wind Power (Shandong) Co., Ltd.	—	Litigation	Dispute over purchase contract	40,138.0 (Counterclaim for 47,656)	No	Conclude	The judgment of the first instance was given on 20 June 2022: (1) CRRC Wind Power (Shandong) Co., Ltd. shall pay to Nanjing Wind Power RMB32,725,000 in purchase price and penalties; (2) Nanjing Wind Power shall pay CRRC Wind Power (Shandong) Co., Ltd. RMB703,000 in penalty for overdue delivery. On 13 October 2022, the original judgment was affirmed in the second instance.	On 8 August 2023, CRRC Wind Power (Shandong) Co., Ltd. paid all sums under the judgment, and the case was closed.
Yonker Environmental Protection Co., Ltd.	Guangxi Bioland, Bioland	—	Litigation	Construction contract disputes of construction projects	51,757.8 (Counterclaim for 50,000)	Estimated liabilities of RMB21,758,000 (including project funds and interests) are provided for.	Second instance underway	On 14 December 2022, the first instance judgment was received from the Nanning Intermediate People's Court, Guangxi Zhuang Autonomous Region: (1) Guangxi Bioland shall pay Yonker Environmental Protection a project payment of RMB19,585,470 with interests; (2) Yonker Environmental Protection shall pay the losses of RMB1.5 million arising from the delay in construction progress to Guangxi Bioland.	Second instance underway
Nantong Sijian Construction Group Co., Ltd.	Taizhou Bioland	—	Litigation	Construction contract disputes of construction projects	51,326.9 (Counterclaim for 1,408)	No	Conclude	The judgment of the first instance was given on 28 March 2023: (1) Taizhou Bioland shall pay project funds of RMB23,975,700, interests of RMB1,182,770 on project funds (25%) and interests on overdue payment to Nantong No.4 Construction Company. The judgment of the second instance was given on 14 September: The appeal shall be rejected and the original judgment affirmed.	On 28 November 2023, Bioland Company paid all sums under the judgment of RMB29,902,010, and the case was closed.



Plaintiff (applicant)	Defendant (respondent)	Party with joint and several liability	Type of litigation (arbitration)	Basic information of the litigation (arbitration)	Amount involved in litigation (arbitration)	Does the litigation (arbitration) result in any estimated liability and its amounts	Progress of litigation (arbitration)	Result and influence of litigation (arbitration)	Execution of judgment of litigation (arbitration) judgment
Xinqing Environmental Technology (Lianyungang) Co., Ltd.	Nanjing Wind Power	—	Litigation	Contract disputes	150,743.2 (Counterclaim for 52,426.93)	Estimated liabilities of RMB53,210,000 are provided for.	Second instance underway	The judgment of the first instance was given on 31 August 2023: (1) The remaining part of the contract between both parties shall be terminated; (2) Nanjing Wind Power shall pay RMB3,917,840 to Xinqing Environmental, Xinqing Environmental shall issue a bank quality guarantee, etc.	Second instance underway
Baihe Town People's Government, Hengzhou City	Guangxi Institute of Building Research and Design	Bioland (third party)	Litigation	Contract disputes	3,783.8	No	In first instance	—	In first instance
Environmental Company	Zhu Sheng Li ^{Note 1}	—	Litigation	Disputes over equity transfer	—	No	In first instance	Environment Company submitted an arbitration request withdrawal application for Pan Ai Hua on 7 December 2023, which was approved by the court on 15 December 2023; in December 2023, Zhu Sheng Li was added as a defendant of this case, and was requested to transfer 1.96% equity interests in Nanjing Wind Power held by him to the plaintiff without compensation.	In first instance
Environmental Company	Shi Junying, Shi Junhua, Zhengzhou Cida Environmental Technology Co., Ltd., Beijing Shuiqi Lande Technology Co., Ltd.	—	Arbitration	The promised performance was not achieved and the respondent was required to pay the performance compensation.	170,002.1	No	The arbitration request has been accepted, but no court session has been held.	—	Being accepted
Guizhou Xinhe Lifu Real Estate Development Co., Ltd.	Guizhou Land, Guishen Development Company	—	Arbitration	Disputes over equity and creditor's rights transfer contracts	486,046.3	No	The arbitration request has been accepted, but no court session has been held.	—	Being accepted
China Power Construction Corporation Jiangxi Electric Power Construction Co., Ltd.	Nanjing Wind Power	—	Litigation	Contract disputes	109,100.1	No	In first instance	—	In first instance
Beijing Shuiqi Lande Technology Co., Ltd., Shi Junying, Shi Junhua, Zhengzhou Cida Environmental Technology Co., Ltd.	Environmental Company	—	Arbitration	Disputes over equity transfer	129,727.2	No	The arbitration request has been accepted, but no court session has been held.	—	Being accepted

Report of the Directors

Commitments

Background of undertaking	Type of undertaking	Undertaking party	Undertaking details	Time and duration of undertaking	Term of fulfilment or not	Whether fulfilled timely and strictly or not
Undertakings made in Acquisition Report or Report on the Changes in Equity Interests	Others	Shenzhen International/ Shenzhen International (SZ)	For details of the undertakings to avoid peer competition and regulate connected transactions, please refer to Detailed Report on the Changes in Equity Interests (《詳式權益變動報告書》) published on 18 October 2007 in the securities market of the PRC by undertaking parties or relevant contents in the Annual Report 2007 of the Company.	October 2007	No	Yes
	Others	Shenzhen International	1. Continue to perform the above undertaking to avoid peer competition, regulate connected transactions, etc. made in October 2007. 2. Unless with the approval the Board of the Company and the written consent of the Independent Directors of the Company, Shenzhen International will not engage directly or indirectly in any business constituting peer competition with the Company's main businesses solely or together with any other person or company, unless otherwise agreed upon between both parties. For details, please refer to the Acquisition Report published by SIHCL on 4 January 2011 in the securities market of the PRC and the announcement of the Company dated 1 June 2011.	December 2010	No	Yes
	Others	SIHC	To avoid peer competition, SIHCL has made the following undertakings: 1. It undertakes that it does not engage directly or indirectly in any business that constitutes or is likely to constitute substantial competition with the businesses operated by the Group, and is not involved in investment in any other enterprise that constitutes or is likely to constitute substantial competition with the products of or businesses operated by the Group. 2. Unless with the approval the Board of the Company and the written consent of the Independent Directors of the Company, SIHCL will not engage directly or indirectly in any business constituting peer competition with the Company's main businesses solely or together with any other person or company, unless otherwise agreed upon between both parties. For details, please refer to the Acquisition Report published by SIHCL on 4 January 2011 in the securities market of the PRC and the announcement of the Company dated 1 June 2011.	December 2010	No	Yes



Background of undertaking	Type of undertaking	Undertaking party	Undertaking details	Time and duration of undertaking	Term of fulfilment or not	Whether fulfilled timely and strictly or not
Commitment letter	Others	Shenzhen International	<p>1. It will take the Company as the only platform for the final integration of the expressway business of Shenzhen International;</p> <p>2. It will fulfil all undertakings to support the development of the Company.</p> <p>3. Shenzhen International undertakes to inject the expressway assets owned by it into the Company in around 5-8 years, subject to the satisfaction of certain conditions to promote the Company's sustainable and stable development.</p>	June 2011	No	Yes
Commitment letter	Others	SIHC	<p>1. It will take the Company the only platform for the final integration of the expressway business of SIHC;</p> <p>2. SIHC will fulfil all undertakings to support the development of the Company.</p> <p>3. SIHC undertakes to inject the expressway assets owned by it into the Company in around 5-8 years, subject to the improved profitability of such assets the satisfaction of certain conditions to eliminate its peer competition with the Company, and promote the Company's sustainable and stable development.</p>	May 2011	No	Yes
Undertakings related to IPO	Avoidance of peer competition	XTC Company/SGH Company	The undertaking parties will not engage in any industry or business in any way which, directly or indirectly, competes with the Company in Shenzhen.	January 1997	No	Yes
Undertakings related to refinancing ^{Note}	Others	Directors and senior management of Shenzhen International/the Company	The Special Self-inspection Report on the Real Estate Business of Shenzhen Expressway Corporation Limited in the Offering of A-shares to Specific Targets has truthfully disclosed the self-inspection on the Group's real estate development projects during the period from 1 January 2020 to 30 September 2023. Shenzhen International, the controlling shareholder of the Company, and the Directors and senior management of the Company have made the following undertaking: Shenzhen Expressway and the subsidiaries included in its consolidated financial statements are not subject to any administrative penalty or (with a case filed) investigation for any illegal or nonconforming act, such as land idling, land speculation, property hoarding and property price manipulation. If Shenzhen Expressway has any illegal or nonconforming act under Special Self-inspection Report on the Real Estate Business of Shenzhen Expressway Corporation Limited in the Offering of A-shares to Specific Targets, such as land idling, land speculation, property hoarding or property price manipulation, causing any loss to Shenzhen Expressway or any investor, the undertakers will assume the corresponding liability for compensation in accordance with laws, regulations and the securities regulator's requirements.	July 2023 and January 2024	No	Yes

Report of the Directors

Background of undertaking	Type of undertaking	Undertaking party	Undertaking details	Time and duration of undertaking	Term of fulfilment or not	Whether fulfilled timely and strictly or not
Undertakings related to refinancing, ^{Note}	Others	Shenzhen International	<p>The following commitments are made to ensure that the Company's immediate return make-up measures are implemented practically in this offering of A-shares to specific targets ("this offering"):</p> <ol style="list-style-type: none"> 1. We promise not to interfere with Shenzhen Expressway's business management activities beyond our authorities; 2. We promise not to encroach on the interests of Shenzhen Expressway; 3. Before the completion of this offering, if the CSRC or the SSE promulgates other new regulatory provisions on return make-up measures, and related commitments, and the above commitments do not meet these provisions, we will make supplementary commitments in accordance with the prevailing provisions of the CSRC or the SSE. 4. We promise to implement the make-up measures for the diluted immediate return formulated by the Company and any commitment on the return make-up measures for the diluted immediate return practically. If we break or refuse to fulfil the above commitments, and cause losses to the Company or any other shareholder, we are willing to bear the corresponding liability according to law. 	July 2023 and January 2024	No	Yes
Undertakings related to refinancing, ^{Note}	Others	The Directors and senior management members of the Company	<p>have made the following commitments regarding the make-up measures for the diluted immediate return of this offering:</p> <ol style="list-style-type: none"> 1. We promise not to deliver benefits to any other organisation or individual without compensation or under unfair conditions, and not to damage the interests of the Company by other means; 2. We promise to restrain our own position-related consumption behaviour; 3. We promise not to use company assets to engage in investment or consumption activities unrelated to the performance of our duties; 4. We promise to link up the remuneration system formulated by the Board or the Remuneration Committee with the implementation of the Company's make-up measures for the diluted immediate return; 5. If the Company implements an equity incentive plan in the future, we promise to support the linkup of the exercise conditions of the proposed corporate equity incentive plan with the implementation of the Company's make-up measures for the diluted immediate return. 6. Before the completion of this offering, if the CSRC or the SSE promulgates other new regulatory provisions on return make-up measures, and related commitments, and the above commitments do not meet these provisions, we will make supplementary commitments in accordance with the prevailing provisions of the CSRC or the SSE; 7. We promise to implement the make-up measures for the diluted immediate return formulated by the Company and any commitment on the return make-up measures for the diluted immediate return practically. If we break or refuse to fulfil the above commitments, and cause losses to the Company or the shareholders, we are willing to bear the corresponding liability according to law. 	July 2023 and January 2024	No	Yes



Note: On 14 July 2023, with the approval of the 32nd meeting of the ninth session of the Board of the Company, the Company planned to issue A-shares to specific eligible targets. Shenzhen International, the controlling shareholder of the Company, and the Directors and senior management of the Company have made written commitments on the relevant matters according to the applicable requirements of the General Office of the State Council and the CSRC. On 25 January 2024, through consideration by the Board of the Company, the Company adjusted the total raised capital of this issuance and its use, and revised the issuance plan and the related documents accordingly. Shenzhen International, the controlling shareholder of the Company, and the Directors and senior management of the Company made written commitments on the relevant matters again.

Appointment of Auditor for the Year

Details of the appointment and remuneration of the auditor for the year (including audit of financial reports and internal control) are set out in “Corporate Governance Report” in this annual report.

Review of Results

The Audit Committee of the Company has reviewed and confirmed the financial statements and the annual report for the twelve months ended 31 December 2023. For details, please refer to “Corporate Governance Report” in this annual report.

Sufficient Public Shareholdings

As of the Reporting Date, based on the directors’ knowledge and the information disclosed to the Company, the Company maintained sufficient public shareholdings that were 25% more than the Company’s issued shares as required by the Listing Rules.

Compliance with Laws and Regulations

The Group’s businesses are mainly carried out by the Company and its subsidiaries in the PRC. Our operations accordingly shall mainly comply with the relevant laws and regulations in the PRC. During the Reporting Period, the Group had not breached the relevant laws and regulations that exert a significant impact on the Group.

Names of Directors

As at the date of this report, the members of the Board include: Mr. Liao Xiang Wen (Executive Director and President), Mr. Yao Hai (Executive Director), Mr. Wen Liang (Executive Director), Mr. Dai Jing Ming (Non-executive Director), Ms. Li Xiao Yan (Non-executive Director), Mr. Lü Da Wei (Non-executive Director), Mr. Li Fei Long (Independent Director), Mr. Miao Jun (Independent Director), Mr. Xu Hua Xiang (Independent Director) and Mr. Yan Yan (Independent Director).

By Order of the Board
Liao Xiang Wen
Executive Director

Shenzhen, the PRC, 22 March 2024

Share Capital and Shareholders

I. Profile of Movements of Share Capital

During the Reporting Period, there was no change in the Company's total number of shares or share structure.

A total of 2,180,770,326 ordinary shares were issued by the Company, of which 1,433,270,326 A Shares are listed on SSE and 747,500,000 H Shares are listed on HKEx representing 65.72% and 34.28% of the total share capital of the Company respectively.

II. Issuing and Listing of the Securities

1. During the Reporting Period, there is no issuing or listing of the stock or derivative securities by the Company.

Based on the publicly available information known to the Directors, the Board believes that the Company has maintained a sufficient public float as at the date of this annual report.

As at the end of the Reporting Period, the circulating market capitalisation of the A Shares of the Company (circulating A Share capital × closing price of A Shares (RMB8.99)) was RMB12.885 billion and the circulating market capitalisation of H Shares (circulating H Share capital × closing price of H Shares (HK\$6.31)) was HK\$4.717 billion.

2. The Company has completed the issuance of phase 1 of the 2021 green corporate bonds of RMB1.2 billion with a term of 5 years on 19 April 2021 publicly. The abbreviation of the bond is "G21 Shenzhen Expressway 1" and the bond code is "175979", which has been listed on the SSE.
3. The Company issued overseas debenture of US\$300 million at fixed interest rate with a maturity of 5 years in July 2021 publicly. The bond abbreviation is "SZEXP B2607" and bond code is "40752", which has been listed on HKEx since 8 July 2021.
4. The Company has completed the issuance of phase 1 of the 2021 corporate bonds of RMB1 billion with a term of 5 years on 27 July 2021 publicly. The abbreviation of the bond is "21 Shenzhen Expressway 01" and the bond code is "188451", which has been listed on SSE.
5. The Company has completed the issuance of phase 1 of the 2022 corporate bonds of RMB1.5 billion with a term of 5 years on 19 January 2022 publicly. The bond abbreviation is "22 Shenzhen Expressway 01" and bond code is "185300", which has been listed on SSE.



6. The Company has completed the issuance of phase 1 of the 2023 corporate bonds of RMB0.55 billion with a term of 3 years on 18 October 2023 publicly. The bond abbreviation is “G23 Shenzhen Expressway 1” and bond code is “240067”, which has been listed on SSE.
7. The Company issued the phase 1 of the 2020 corporate bonds of RMB1.4 billion on 20 March 2020 publicly, the abbreviation of the bond is “20 Shenzhen Expressway 01” and the bond code is “163300”, with a term of 5 years. The Company has an option to adjust the interest rate and the investors have an option to sale back after the end of the third year from the date of the issuance. The Bonds were registered for sale back on February 2023, pursuant to the results of sale back registration, the Company has paid the full remaining principal amount of the Bonds and the corresponding interest on 20 March 2023, and the Bonds have been delisted early from the Shanghai Stock Exchange on 30 March 2023.
8. The Company issued the phase 1 of the 2020 green corporate bonds of RMB800 million on 22 October 2020 publicly, the abbreviation of the bond is “G20 Shenzhen Expressway 01” and the bond code is “175271”, with a term of 5 years. The Company has an option to adjust the interest rate and the investors have an option to sale back after the end of the third year from the date of the issuance. The Bonds were registered for sale back on September 2023, pursuant to the results of sale back registration, the Company has paid the full remaining principal amount of the Bonds and the corresponding interest on 23 October 2023, and the Bonds have been delisted early from the Shanghai Stock Exchange on 2 November 2023.

III. Information of Share Capital and the De-facto Controller

As at the end of the Reporting Period, based on the shareholders’ registers provided by the share registrars and the transfer offices of the Company in the PRC and Hong Kong, the information of the total number of shareholders, the top ten shareholders and the top ten holders of non-restricted circulating shares of the Company were as follows:

1. Total Number of Shareholders:

Total number of shareholders as at the end of the Reporting Period	15,841
Total number of shareholders as at the end of the last month prior to the Reporting Date	16,684

Note:

- (1) The Company had 15,597 holders of A Shares and 244 holders of H Shares as at the end of the Reporting Period.
- (2) The Company had 16,439 holders of A Shares and 245 holders of H Shares as at the end of the last month prior to the Reporting Date.

Share Capital and Shareholders

2. Information of the Top Ten Shareholders and the Top Ten Holders of Non-restricted Circulating Shares of the Company as at the end of the Reporting Period

The top ten shareholders							
Name of shareholder	Changes during the Reporting Period	Number of shares held	Percentage	Number of restricted circulating shares held	Number of shares pledged or frozen		Nature of shareholders
					State of shares	Number	
HKSCC NOMINEES LIMITED ⁽¹⁾	-37,973	729,791,402	33.46%	-	Unknown		Overseas legal person
Xin Tong Chan Development (Shenzhen) Company Limited	-	654,780,000	30.03%	-	None	0	State-owned legal person
Shenzhen Shen Guang Hui Highway Development Company	-	411,459,887	18.87%	-	None	0	State-owned legal person
China Merchants Expressway Network & Technology Holdings Company Limited	-	91,092,743	4.18%	-	None	0	State-owned legal person
Guangdong Roads and Bridges Construction Development Company Limited	-	61,948,790	2.84%	-	None	0	State-owned legal person
China Merchants Bank-SSE Dividend Trading Open Index Securities Investment Fund	-1,153,050	31,895,796	1.46%	-	Unknown		Domestic non-state-owned legal person
Hong Kong Central Clearing Company Limited	+10,127,066	17,778,688	0.82%	-	Unknown		Other
AU SIU KWOK	-	11,000,000	0.50%	-	Unknown		Overseas natural person
Industrial and Commercial Bank of China Co., Ltd. - Fullgoal China Securities Dividend Index Enhanced Securities Investment Fund	+827,476	8,364,100	0.38%	-	Unknown		Domestic non-state-owned legal person
Zhang Ping Ying	+28,900	7,738,565	0.35%	-	Unknown		Domestic natural person



The top ten holders of non-restricted circulating shares		
Name of shareholder	Number of non-restricted circulating shares held	Type of shares
HKSCC NOMINEES LIMITED ⁽¹⁾	729,791,402	H share
Xin Tong Chan Development (Shenzhen) Company Limited	654,780,000	A share
Shenzhen Shen Guang Hui Highway Development Company	411,459,887	A share
China Merchants Expressway Network & Technology Holdings Company Limited	91,092,743	A share
Guangdong Roads and Bridges Construction Development Company Limited	61,948,790	A share
China Merchants Bank-SSE Dividend Trading Open Index Securities Investment Fund	31,895,796	A share
Hong Kong Central Clearing Company Limited	17,778,688	A share
AU SIU KWOK	11,000,000	H share
Industrial and Commercial Bank of China Co., Ltd. – Fullgoal China Securities Dividend Index Enhanced Securities Investment Fund	8,364,100	A share
Zhang Ping Ying	7,738,565	A share
Connected relationship or concerted action relationship among the abovementioned shareholders	XTC Company and SGH Company are connected persons under the same control of Shenzhen International. In addition to the above associations, there is no connected relationship among the state-owned shareholders in the above table. The Company did not notice any connected relationship among the other abovementioned shareholders or any connected relationship among the abovementioned state-owned shareholders and other shareholders.	

Note: (1) The H Shares held by HKSCC NOMINEES LIMITED were held on behalf of various clients.

Share Capital and Shareholders

3. Disclosure of Interests of Shareholders Pursuant to the Listing Rules of HKEx

As at 31 December 2023, the interests or short positions of shareholders, other than a Director, Supervisor or senior management of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), were as follows:

A Shares:

Name of shareholder	Capacity	Number of A Shares of the Company held	Percentage of total issued A Share capital
Shenzhen International ⁽²⁾	Interest of corporation controlled ⁽³⁾	1,066,239,887(L)	74.39%(L)
SIHC	Interest of corporation controlled ⁽⁴⁾	1,066,239,887(L)	74.39%(L)

H Shares:

Name of shareholder	Capacity	Number of H Shares of the Company held	Percentage of total issued H Share capital
China Merchants Expressway Network & Technology Holdings Company Limited	Beneficial owner	28,612,000(L)	
	Interest of corporation controlled	54,556,000 (L)	11.13% (L)
Shenzhen International ⁽²⁾	Interest of corporation controlled ⁽³⁾	52,612,000 (L)	7.03% (L)
SIHC	Interest of corporation controlled ⁽⁴⁾	52,612,000 (L)	7.03% (L)

Note: (L) – long positions, (S) – short positions, (P) – lending pool. Please refer to Securities and Futures Ordinance for relevant definitions.

Notes:

- (1) All the A Shares of the Company are listed on SSE, and all the H Shares of the Company are listed on the main board of HKEx.
- (2) Shenzhen International is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of HKEx.
- (3) Pursuant to a written letter provided by Shenzhen International to the Company, on 31 December 2023, long positions of 654,780,000 A Shares of the Company were directly held by XTC Company as beneficial owner, 411,459,887 A Shares of the Company were directly held by SGH Company as beneficial owner, and long position of 58,194,000 H Shares, which accounting for 7.785% of the issued H share capital of the Company, were directly held by Advance Great Limited as beneficial owner. All of these companies are wholly-owned subsidiaries of Shenzhen International, while 58,194,000 H Shares, which accounting for 7.785% of the issued H share capital of the Company were indirectly held by Shenzhen International and SIHC.
- (4) SIHC indirectly held 44.255% interests in Shenzhen International. Pursuant to the Securities and Futures Ordinance of Hong Kong, SIHC was deemed to be interested in shares of the Company owned by Shenzhen International.

Save as disclosed above, to the knowledge of the Company, as at 31 December 2023, there were no other persons required to be disclosed under Section 336 of Part 15 of Securities and Futures Ordinance of Hong Kong.



IV. Information of the Controlling Shareholder and the De-facto Controller

1. Information of the Controlling Shareholder

- (1) XTC Company, holding 30.025% shares of the Company, is the largest beneficial shareholder of the Company:

Name of shareholder	Legal representative	Date of establishment	Registered capital	Major operating management activities
Xin Tong Chan Development (Shenzhen) Company Limited	Ge Fei	8 September 1993	RMB200,000,000	Transportation information consulting, software development of transport platform software and investment in various industrial projects (specific project shall be applied separately)

- (2) SGH Company is a corporate shareholder beneficially holding 18.868% shares of the Company (please refer to “Other Legal Person Shareholders Holding More Than 10% of the Company’s Shares ” in V below for details), and Advance Great Limited is a corporate shareholder beneficially holding 2.669% shares of the Company.

- (3) As at the end of the Reporting Period, Shenzhen International indirectly held a total of 51.561% shares of the Company by its wholly-owned subsidiaries XTC Company, SGH Company and Advance Great Limited. For details, please refer to the following “chart of ownership and relation of control between the Company and the de-facto controller”.

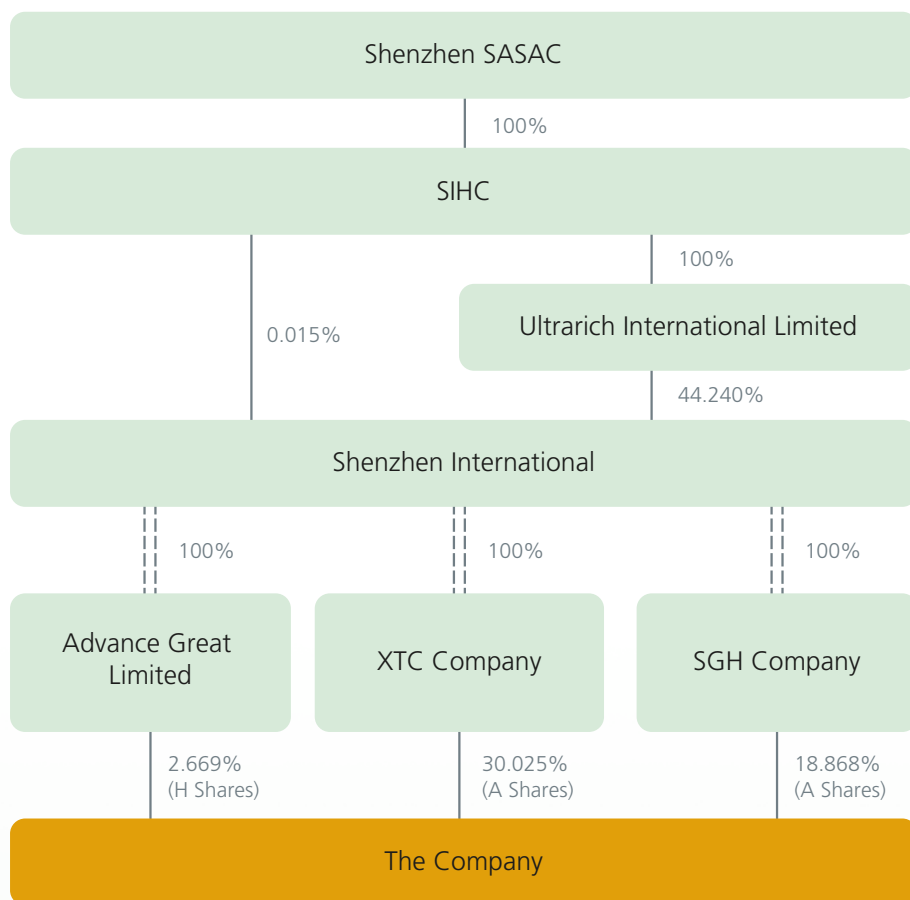
Name	Shenzhen International Holdings Limited
Person in charge or legal representative	Li Hai Tao (Chairman of the Board)
Date of establishment	22 November 1989
Registered capital	HK\$2,393,148,888 (issued share capital)
Major operating management activities	Shenzhen International is principally engaged in investment holding. Shenzhen International and its subsidiaries are principally engaged in the investment, construction and operation of logistic infrastructure facilities, as well as providing various value-added logistic services to customers leveraging its infrastructure facilities and information services platform.
Other domestic and overseas listed company controlled or participated during the Reporting Period	N/A
Other information	Shenzhen International is listed on the main board of HKEx (Stock Code: 00152). For details and the latest information of Shenzhen International, please refer to the information disclosed on the websites of HKEx and Shenzhen International.

Share Capital and Shareholders

2. Information of the De-facto Controller

The actual controller of the Company is Shenzhen SASAC. As at 31 December 2023, Shenzhen SASAC holds 100% interests in SIHC, and performs supervision and management on SIHC. SIHC held 0.015% and 44.240% interests in Shenzhen International as the beneficial owner and through its wholly-owned subsidiary Ultrarich International Limited respectively, totaling approximately 44.255%.

The chart of ownership and relation of control between the Company and the de-facto controller:



V. Other Legal Person Shareholders Holding More Than 10% of the Company's Shares

As at the end of the Reporting Period, other legal person shareholders beneficially holding more than 10% shares of the Company included:

Name of shareholder	Legal representative	Date of establishment	Registered capital	Major operating management activities
Shenzhen Shen Guang Hui Highway Development Company	Du Peng	June 1993	RMB105,600,000	Road and bridge construction and investment, materials supply and marketing

Description

Based on the shareholders' registers provided by the share registrars and the transfer offices of the Company in Hong Kong and the PRC, as at the end of the Reporting Period, apart from XTC Company and SGH Company disclosed in this section, the Company has not found any other individual shareholder beneficially holding issued shares of the Company reaching 10% or more of the total share capital.

Directors, Supervisors, Senior Management and Employees

I. General Information, Change in Shareholding and Remuneration

1. General Information of Directors, Supervisors and Senior Management in Office as at the End of the Period and whom had Left Office During the Period

1.1 General Information of Directors, Supervisors and Senior Management in Office as at the End of the Reporting Period

Name	Title (as at the end of the Reporting Period)	Sex	Age	Commencement of the term of office of this session ⁽¹⁾	End of the term of office of this session
Liao Xiang Wen	Executive Director	Male	55	Nov 2016	Expiry date of the ninth session of the Board
Liao Xiang Wen	President (concurrent position)	Male	55	Sep 2018	Expiry date of the ninth session of the Board
Wang Zeng Jin	Executive Director ⁽³⁾	Male	53	Jun 2020	Feb 2024
Wen Liang	Executive Director	Male	50	Mar 2019	Expiry date of the ninth session of the Board
Wen Liang	Financial Controller (concurrent position)	Male	50	Sep 2018	Expiry date of the ninth session of the Board
Dai Jing Ming	Non-executive Director	Male	59	Jan 2021	Expiry date of the ninth session of the Board
Li Xiao Yan	Non-executive Director	Female	46	Jan 2021	Expiry date of the ninth session of the Board
Lü Da Wei	Non-executive Director	Male	49	Jun 2022	Expiry date of the ninth session of the Board
Bai Hua	Independent Director ⁽²⁾	Male	54	Feb 2018	Feb 2024
Li Fei Long	Independent Director	Male	59	Jan 2021	Expiry date of the ninth session of the Board
Miao Jun	Independent Director	Male	66	May 2021	Expiry date of the ninth session of the Board
Xu Hua Xiang	Independent Director	Male	47	May 2021	Expiry date of the ninth session of the Board
Lin Ji Tong	Chairman of the Supervisory Committee	Male	54	Jun 2020	Expiry date of the ninth session of the Supervisory Committee
Wang Chao	Supervisor	Male	51	Jan 2021	Expiry date of the ninth session of the Supervisory Committee
Ye Hui Hui	Supervisor	Female	47	Jan 2021	Expiry date of the ninth session of the Supervisory Committee
Huang Bi Nan	Vice President	Female	52	Sep 2015	Expiry date of the ninth session of the Board
Wen Po Wei	Vice President	Male	50	Sep 2015	Expiry date of the ninth session of the Board
Wen De Liang	Vice President	Male	41	Dec 2021	Expiry date of the ninth session of the Board
Du Meng	Vice President	Male	49	Dec 2021	Expiry date of the ninth session of the Board
Zhao Gui Ping	Chief Financial Officer	Female	50	Sep 2018	Expiry date of the ninth session of the Board
Zhao Gui Ping	Board Secretary (concurrent position)	Female	50	Mar 2022	Expiry date of the ninth session of the Board
Chen Shou Yi	Chief Engineer	Male	52	Sep 2018	Expiry date of the ninth session of the Board

Directors, Supervisors, Senior Management and Employees

Note:

- (1) The term of office of the members of the ninth session of the Board and the Supervisory Committee of the Company have expired on 31 December, 2023. Given that the nomination of candidates for the new session of the Board and the Supervisory Committee of the Company has not been completed, the election of the new session of the Board and the Supervisory Committee of the Company will be postponed, and the term of office of each special committee and senior management of the Board will be extended accordingly. For details, please refer to the announcement of the Company dated 27 December, 2023.
- (2) The Company received a written resignation report submitted by Mr. Bai Hua on 22 December 2023. As approved at the general meeting held on 20 February 2024, Mr. Yan Yan was appointed as an independent Director of the ninth session of the Board of the Company for a term commencing from 20 February 2024 and ending on the expiry date of the ninth session of the Board. The resignation of Mr. Bai Hua as an independent Director shall take effect upon the appointment of Mr. Yan Yan as an independent Director.
- (3) The Company received a written resignation report submitted by Mr. Wang Zeng Jin on 20 February 2024. Mr. Wang resigned as a Director of the Company due to his change of career with immediate effect.
- (4) As approved at the general meeting held on 20 February 2024, Mr. Yao Hai was appointed as an executive Director of the ninth session of the Board of the Company for a term commencing from 20 February 2024 and ending on the expiry date of the ninth session of the Board.
- (5) These dates are the dates on which these individuals first assumed the positions listed in the table, and please refer to point 3 below for details of their other positions.
- (6) The Company has issued announcements in a timely manner in relation to the appointment, hiring, resignation and leaving of Directors, Supervisors and senior management. For details, please refer to such announcements.

1.2 General Information and Changes in Duties of Directors, Supervisors and Senior Management whom had Left Office During the Period

During the Reporting Period, there were no changes in the duties of Directors, Supervisors and senior management of the Company.



2. Interests and Remuneration of Directors, Supervisors and Senior Management in Office as at the End of the Period and Left Office During the Period

Unit: RMB ten thousand (before tax)

Name	Whether hold or trade shares of the Company	Total pre-tax remuneration received from the Company during the Reporting Period				Whether receive remuneration from related parties during the Period
		Salary	Five insurances and two funds	Fee and/or meeting subsidies	Total	
Liao Xiang Wen	No	117.08	24.33	N/A	141.41	No
Wen Liang	No	N/A	N/A	N/A	0.00	Yes
Dai Jing Ming	No	N/A	N/A	N/A	0.00	Yes
Li Xiao Yan	No	N/A	N/A	N/A	0.00	Yes
Lü Da Wei	No	N/A	N/A	1.05	1.05	Yes
Li Fei Long	No	N/A	N/A	25.20	25.20	Yes
Miao Jun	No	N/A	N/A	25.20	25.20	No
Xu Hua Xiang	No	N/A	N/A	24.35	24.35	No
Lin Ji Tong	No	N/A	N/A	N/A	0.00	Yes
Wang Chao	No	N/A	N/A	N/A	0.00	No
Ye Hui Hui	No	51.04	16.00	0.80	67.84	No
Huang Bi Nan	No	106.12	23.04	N/A	129.16	No
Wen Po Wei	No	106.12	22.39	N/A	128.51	No
Wen De Liang	No	105.08	22.35	N/A	127.43	No
Du Meng	No	105.08	21.94	N/A	127.02	No
Zhao Gui Ping	No	104.04	22.74	N/A	126.78	No
Chen Shou Yi	No	104.04	22.15	N/A	126.19	No
Wang Zeng Jin (Leave)	No	108.20	22.31	N/A	130.51	No
Bai Hua (Leave)	No	N/A	N/A	24.75	24.75	No
Total	/	/	/	/	1,205.41	/

Directors, Supervisors, Senior Management and Employees

Notes:

- (1) Total salary includes fixed salary and performance salary. The 2023 senior management performance salary in the above table has not yet been released. The above figure was estimated and summarized in accordance with the applicable rules of performance salary for 2022, and the final actual amount to be released to the senior management shall prevail. Five insurances and two funds including the contributions to social retirement insurance, other kinds of social insurance, the supplemental retirement scheme, the housing allowances.
- (2) Director Wen Liang, Dai Jing Ming, Supervisor Lin Ji Tong and Wang Chao get paid in related parties of the Company.
- (3) Directors Li Xiao Yan, Lü Da Wei, Li Fei Long and Xu Hua Xiang get paid in related parties, and such related parties, has no relationship with the substantial shareholder of the Company.

For the information on the remuneration policies of the Directors/Supervisors of the Company, remuneration and benefits policies and performance evaluation and incentive system of the Company, please refer to point III below.

3. Biography of the Directors, Supervisors and Senior Management

According to the approval of the general meeting, the term of office of the members of the ninth session of the Board and the Supervisory Committee of the Company have expired on 31 December 2023. Given that the nomination of the candidates for the new session of the Board and the Supervisory Committee of the Company has not been completed, the re-election of the Board and the Supervisory Committee of the Company will be postponed, and the term of office of members of the Board Committees and senior management will also be extended accordingly. Before the election of the new session of the Board and the Supervisory Committee is completed, all members of the ninth session of the Board, the Supervisory Committee and the senior management of the Company will continue to perform their corresponding duties and obligations in accordance with laws and regulations and the Articles of Association. For details, please refer to the announcement of the Company dated 27 December 2023.

Wang Zeng Jin, the executive director of the Company, submitted a written resignation report to the Company on February 20 February 2024 due to his change of job, and the resignation took effect immediately. Bai Hua, the independent Director, submitted a written resignation report to the Company on 22 December 2023 due to personal work reasons. As approved at the first extraordinary general meeting 2024 of the Company held on 20 February 2024, Mr. Yao Hai and Mr. Yan Yan were appointed as executive Director and independent Director of the ninth session of the Board of the Company, respectively, with a term from 20 February 2024 to the expiry date of the ninth session of the Board. The resignation of independent Director Bai Hua, has took effect from the appointment of Mr. Yan Yan as an independent Director. For details, please refer to the announcements of the Company dated 22 December 2023 and 20 February 2024. Each of the above two newly appointed Directors had obtained Hong Kong legal advice pursuant to Rule 3.09D of the Listing Rules of HKEx.







The biography of the Director, Supervisor and Senior Management in Office as at the End of the Reporting Period:




The Board:

Name	Position in the Company	Biography
<p>LIAO Xiang Wen</p> 	<p><i>Executive Director, President,</i> Member of Strategic Committee (temporary chairmanship), Member of Risk Management Committee.</p> <p>Director since Nov 2016, Temporarily chair the operation of the Board since December 2022, President since Sep 2018.</p>	<p>Born in 1968. Mr. Liao has extensive experience in toll highway management, human resources, and legal affairs management. Mr. Liao is mainly responsible for coordinating and managing the Group's business and operation, implementing the strategies laid down by the Board and making day-to-day operating decisions. Passed by the Board, Mr. Liao is also temporarily responsible for chairing and coordinating the work of the Board.</p> <p>Mr. Liao joined the Company in November 2004 and served as a Vice President from September 2009 to September 2018. He has been the President since September 2018. Mr. Liao temporarily chairs the operation of the Board since December 2022, he also serves as the chairman and director in some subsidiaries and investment enterprises of the Company, including the Chairman of Bay Area Development (a company listed on the Stock Exchange) since January 2023.</p>
<p>YAO Hai</p> 	<p><i>Executive Director,</i> Member of Nomination Committee.</p> <p>Director since Feb 2024.</p>	<p>Born in 1973. Mr. Yao has over 20 years of experience in property management and business operation and management. He is currently mainly responsible for the coordination and management of human resources, administration, party building and labour union of the Company.</p> <p>Mr. Yao has been working in Shenzhen State-owned Assets Office (currently known as Shenzhen SASAC) since July 2002, and has successively served as a staff member, deputy director and director. He served as the director of the property rights management and regulations division of Shenzhen SASAC from March 2019 to December 2020. He served as a director and deputy secretary of the party committee of Shenzhen State-owned Duty-free Commodity (Group) Co., Ltd. from December 2020 to December 2023. Mr. Yao has been the deputy secretary of the Party Committee of the Company since January 2024.</p>
<p>WEN Liang</p> 	<p><i>Executive Director, Financial Controller,</i> Member of Risk Management Committee.</p> <p>Director since Mar 2019, Financial Controller since Sep 2018.</p>	<p>Born in 1973, Mr. Wen has extensive experience in finance and auditing management. Mr. Wen is mainly responsible for coordination and management of financial monitoring, internal control and internal auditing affairs of the Company. Mr. Wen takes the lead in charge of the Company's asset evaluation and filing work.</p> <p>Mr. Wen successively served as the head of budget control office and auditing department of Shenzhen Water (Group) Co., Ltd. from 1996 to September 2018 and concurrently served as director and supervisor of some of its subsidiaries. Mr. Wen has also been concurrently served as supervisor of Shenzhen Port Group Co., Ltd. since February 2017 until now. Mr. Wen joined the Company in September 2018 and served as the Financial Controller. He has served as an Executive Director of the Company since March 2019.</p>

Directors, Supervisors, Senior Management and Employees




Name	Position in the Company	Biography
<p data-bbox="178 461 300 491">DAI Jing Ming</p> 	<p data-bbox="453 461 715 513"><i>Non-executive Director,</i> Member of Strategic Committee.</p> <p data-bbox="453 526 644 556">Director since Jan 2021.</p>	<p data-bbox="916 461 1370 513">Born in 1964, Mr. Dai has extensive experiences in corporate finance, investment and management.</p> <p data-bbox="916 526 1370 664">Mr. Dai has successively served in Shum Yip Investment Development Co., Ltd. and Shum Yip Group Limited, etc.. He joined Shenzhen International (a company listed on the Stock Exchange) and served as the chief financial officer in August 2017, and has served as an Executive Director of Shenzhen International since September 2020.</p>
<p data-bbox="178 784 277 814">LI Xiao Yan</p> 	<p data-bbox="453 784 756 858"><i>Non-executive Director,</i> Member of Audit Committee, Member of Remuneration Committee.</p> <p data-bbox="453 871 644 901">Director since Jan 2021.</p>	<p data-bbox="916 784 1370 858">Born in 1977, Ms. Li has extensive working experience in financial management, corporate management, and investment and financing management.</p> <p data-bbox="916 871 1370 1073">Ms. Li worked in Sinotrans Group from August 2001 to March 2020. She served as the chief financial officer of a business division, general manager of the finance department, and a member of the disciplinary committee of Sinotrans Limited (a company listed on the Stock Exchange and SSE). She has served as the deputy chief financial officer of CMET (a company listed on the SZSE) since April 2020, and served as the chief financial officer of CMET since April 2022.</p>
<p data-bbox="178 1108 277 1138">LÜ Da Wei</p> 	<p data-bbox="453 1108 715 1181"><i>Non-executive Director,</i> Member of Strategic Committee.</p> <p data-bbox="453 1194 644 1224">Director since June 2022.</p>	<p data-bbox="916 1108 1370 1181">Born in 1975, Mr. Lü has extensive experience in engineering management and corporate management.</p> <p data-bbox="916 1194 1370 1353">Mr. Lü joined GDRB Company in July 1999, and served successively as technical supervisor, project leader, department manager, deputy general manager and general manager of subsidiaries. He has served as a member of the party committee and deputy general manager of GDRB Company since September 2021. He also serves as Chairman of some subsidiaries of GDRB Company.</p>
<p data-bbox="178 1431 277 1461">LI Fei Long</p> 	<p data-bbox="453 1431 762 1569"><i>Independent Director,</i> Chairman of Remuneration Committee, Chairman of Audit Committee, Member of Nomination Committee, Member of Strategic Committee.</p> <p data-bbox="453 1582 746 1612">Independent Director since Jan 2021.</p>	<p data-bbox="916 1431 1370 1526">Born in 1964, Mr. Li has extensive experience in financial management, capital operation, investment and financing management, as well as experience in energy industry.</p> <p data-bbox="916 1539 1370 1895">Mr. Li previously worked at China National Offshore Oil Corporation. From September 2010 to February 2018, Mr. Li served as executive director, executive vice president and chief financial officer of China Oilfield Services Limited (a company listed on the SSE). From March 2018 to October 2019, he served as the vice president and the chief financial officer of GCL-Poly Petroleum and Natural Gas Co., Ltd. Since November 2019, he has concurrently served as a director and the chairman of the audit and risk committee of Newage (African Global Energy) Ltd. in the United Kingdom. From October 2021 to December 2023, he served as a director of Shuyan Technology Co., Ltd. He has been serving as the deputy general manager and chief financial officer of Beijing Jiejixi Technology Company Limited (formerly known as Beijing Jiejixi Petroleum Equipment Company Limited) since March 2021, and has been serving as a director since December 2023.</p>



Name	Position in the Company	Biography
<p>MIAO Jun</p> 	<p><i>Independent Director,</i> Chairman of Nomination Committee, Member of Strategic Committee, Member of Audit Committee.</p> <p>Independent Director since May 2021.</p>	<p>Born in 1957, Mr. Miao has extensive experience in power and energy management.</p> <p>Mr. Miao has worked in the Ministry of Water Resources and Electric Power, the Planning Department of the Ministry of Energy, and China Longyuan Power Group Corporation Limited (a company listed on the Stock Exchange and SZSE). He successively served as the chief economist, deputy general manager and member of the party group in GD Power Development Co., Ltd (a company listed on the SSE) from 2000 to 2017. Mr. Miao retired in July 2017.</p>
<p>XU Hua Xiang</p> 	<p><i>Independent Director,</i> Chairman of Risk Management Committee, Member of Remuneration Committee.</p> <p>Independent Director since May 2021.</p>	<p>Born in 1976, Mr. Xu has extensive experience in financial investment and financing management.</p> <p>Mr. Xu previously worked at Shanghai Rui'an Consulting Co., Ltd. From June 2004 to June 2019, Mr. Xu successively served as vice president, executive director, head of Asia Pacific transportation research at Morgan Stanley Asia Limited; From July 2019 to July 2022, he served as the chief strategy officer of EHang Intelligence Holdings Co., Ltd. (a listed company). Since June 2023, he has been a licenced person and a senior partner of Axioms Capital Management Limited. Currently, he also serves as the legal representative of Shenzhen Xujiang Innovation Technology Co., Ltd. and the executive partner of Guangzhou Guoning Xiangyuan Commercial Investment Partnership (Limited Partnership).</p>
<p>YAN Yan</p> 	<p><i>Independent Director,</i> Member of Audit Committee, Member of Risk Management Committee.</p> <p>Independent Director since February 2024.</p>	<p>Born in 1972. Mr. Yan has extensive research and practical experience in financial management and legal affairs.</p> <p>Mr. Yan was a postdoctoral researcher at the School of Accounting of Shanghai University of Finance and Economics. Mr. Yan Yan successively served as a principal staff member of the Department of Science and Technology of Jiangsu Province and a professor of Shanghai National Accounting Institute. He has been a lawyer and partner assigned by the Shanghai Branch of Beijing Long'an Law Firm since August 2020. Mr. Yan also serves as an independent director of SB Wealth Management Co., Ltd., BNP Paribas (Shanghai) Limited and Jiangsu Tongxingbao Smart Transport Technology Co., Ltd. (a company listed on the SZSE).</p>



Directors, Supervisors, Senior Management and Employees

Members of the ninth session of the Supervisory Committee:




Name	Position in the Company	Biographies
<p>LIN Ji Tong</p> 	<p>(Shareholders' representative) Supervisor. Chairman of Supervisory Committee since Jun 2020.</p>	<p>Born in 1969, Mr. Lin has extensive working experience in the Communist party and disciplinary inspection and supervision. Mr. Lin is mainly responsible for the overall management of the Company's disciplinary supervision and integrity building.</p> <p>Mr. Lin has worked as the head of the People's Court of Rongcheng District of Jieyang City and the Rongcheng District Committee of Jieyang City. He successively served as deputy secretary of the party working committee of Guangming Office and the director of the Land Supervision Bureau of Guangming New District of Shenzhen from August 2008 to September 2016. He worked as the deputy general manager of a subsidiary of Shenzhen International (a company listed on the Stock Exchange), the head of the discipline inspection and supervision office and the deputy secretary of the disciplinary committee of Shenzhen International successively from September 2016 to April 2020. Mr. Lin has served as the Secretary of the Disciplinary Committee of the Company since May 2020 and the Chairman of the Supervisory Committee of the Company since June 2020.</p>
<p>WANG Chao</p> 	<p>(Shareholders' representative) Supervisor. Supervisor since Jan 2021.</p>	<p>Born in 1972, Mr. Wang has extensive working experience in finance, auditing, and risk management.</p> <p>Mr. Wang has worked in Shenzhen Baoheng (Group) Co., Ltd. and COFCO Real Estate (Group) Co., Ltd. He served as department head and deputy minister in Shenzhen Investment Holdings Co., Ltd. from June 2008 to November 2016, and the head and minister of the financial department of Shenzhen Talents Housing Group Co., Ltd. from November 2016 to November 2020. He has served as a director and chief financial officer of Shenzhen Tagen Group Co., Ltd. (a company listed on the SZSE) since November 2020.</p>
<p>YE Hui Hui</p> 	<p>(Staff representative) Supervisor. Supervisor since Jan 2021.</p>	<p>Born in 1976, Ms. Ye has years of auditing experience.</p> <p>Ms. Ye taught in the department of economics and management of Guangdong Shaoguan University. She joined the Company in November 2001 and has served as a senior manager of the standards management department, senior manager of the Board secretary department, and senior auditor of the audit department. She is currently the senior manager of risk management and legal department of the Company.</p>



Non-director Senior Management and Joint Company Secretaries:

Name	Position in the Company	Biographies
<p data-bbox="293 528 422 549">HUANG Bi Nan</p> 	<p data-bbox="558 528 678 549"><i>Vice President.</i></p>	<p data-bbox="1021 528 1484 679">Born in 1971. Ms. Huang has many years of experience in highway operation management, enterprise management and management system construction. Currently, Ms. Huang is mainly responsible for the overall management of the Group's highway operation business, the business objectives and performance appraisal of subsidiaries, and the equity interests of joint-stock enterprises.</p> <p data-bbox="1021 700 1484 808">Ms. Huang joined the Company in 1997 and has been the Office Administrator of the Company since June 2008 and Vice President since September 2015, concurrently Ms. Huang serving as Chairman, Vice Chairman and Director of some subsidiaries and joint companies of the Company.</p>
<p data-bbox="293 862 406 883">WEN Po Wei</p> 	<p data-bbox="558 862 678 883"><i>Vice President.</i></p>	<p data-bbox="1021 862 1484 937">Born in 1973. Mr. Wen has many years of experience in project and construction, operation and investment management.</p> <p data-bbox="1021 959 1484 1164">Mr. Wen is currently mainly responsible for the strategic affairs, investment business and the overall management of the organic waste treatment industry of the Company. From April 2008 to August 2015, he served as the general manager of the investment management department of SZ International and deputy general manager of various subsidiaries. Mr. Wen joined the Company in 2015 and has been serving as the vice president of the Company since September 2015. Mr. Wen is also chairman and director of some subsidiaries of the Company.</p>
<p data-bbox="293 1218 422 1239">WEN De Liang</p> 	<p data-bbox="558 1218 678 1239"><i>Vice President.</i></p>	<p data-bbox="1021 1218 1484 1272">Born in 1982. Mr. Wen has many years of experience in administrative management and corporate management.</p> <p data-bbox="1021 1293 1484 1584">Mr. Wen is currently mainly responsible for the overall management of the Company's industry-finance business and new energy industry. Mr. Wen had worked in Whole Logistics (Shenzhen) Co., Ltd., Shenzhen International South China Logistics Co., Ltd. and Shenzhen International. Mr. Wen joined the Company in June 2015 and successively served as the deputy general manager of the new industry research and development department and the deputy director of the general office. Mr. Wen served as the director of the general office of the Company from August 2016 to May 2022. Mr. Wen has been serving as the vice president of the Company since December 2021. Mr. Wen currently also serves as chairman and director of certain subsidiaries of the Company.</p>
<p data-bbox="293 1649 375 1670">DU Meng</p> 	<p data-bbox="558 1649 678 1670"><i>Vice President.</i></p>	<p data-bbox="1021 1649 1484 1735">Born in 1974. Mr. Du has many years of experience in construction and corporate development management, and is currently mainly responsible for the overall management of the Company's engineering construction.</p> <p data-bbox="1021 1757 1484 2007">Mr. Du joined the Company in 2002 and has served as the deputy general manager of the project management division, the general manager of the project management division, the deputy general manager of the engineering management division and the deputy general manager of Shenzhen Expressway Construction and Development Co., Ltd. Since November 2017, Mr. Du has successively served as the general manager and chairman of Shenzhen Expressway Infrastructure Environmental Protection Development Co., Ltd. Mr. Du has been a Vice President of the Company since December 2021. Mr. Du is also chairman of some subsidiaries of the Company.</p>

Directors, Supervisors, Senior Management and Employees

Name	Position in the Company	Biographies
<p>ZHAO Gui Ping</p> 	<p><i>Chief Financial Officer, Board Secretary.</i></p>	<p>Born in 1973, Ms. Zhao has extensive experience in finance, auditing and corporate management. Ms. Zhao is currently mainly responsible for the overall management of the Company's financial management, financing, information disclosure, corporate governance and investor relations.</p> <p>Ms. Zhao joined the Company in 2000 and successively served as assistant to the manager of the finance department, deputy general manager of the finance department, deputy general manager and chief financial officer of Shenzhen Expressway Investment Co., Ltd.. Ms. Zhao served as the general manager of the finance department of the Company from December 2016 to March 2020, and has been the chief accountant of the Company since September 2018. Ms. Zhao has been the secretary to the Board and joint company secretary of the Company since March 2022. Ms. Zhao is also currently a director of some subsidiaries of the Company.</p>
<p>CHEN Shou Yi</p> 	<p><i>Chief Engineer.</i></p>	<p>Born in 1971, Mr. Chen has extensive experience in engineering construction and corporate management.</p> <p>Mr. Chen is currently mainly responsible for the overall management of the Company's engineering technology, information technology construction and safety production. Mr. Chen served as the General Manager of Shenzhen Longda Expressway Company Limited from 2008 to 2015. Mr. Chen joined the Company in 2015 and served as the general manager of the engineering management department and the chairman of Shenzhen Expressway Construction and Development Co., Ltd. Mr. Chen has been the chief engineer of the Company since September 2018.</p>
<p>LAM Yuen Ling Eva</p> 	<p><i>Joint Company Secretary.</i></p>	<p>Born in 1966. Ms. Lam has over 20 years of experience in company secretarial services and commercial solutions.</p> <p>Ms. Lam is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and is a Certified Corporate Governance Professional. Ms. Lam is also a permanent associate member of The Hong Kong Independent Non-executive Director Association. Ms. Lam is currently a director of BMI Listed Corporate Services Limited and is responsible for supervising the company secretarial teams to provide full range of listed and private company secretarial services to clients, and Ms. Lam has been the Joint Company Secretary from January 2016 to January 2019 and since August 2019.</p>



Directors who held office as at the end of the Reporting Period and resigned as at the date of this report:

Name	Position in the Company at the end of the Reporting Period
WANG Zeng Jin	<p>Mr. Wang served as an executive director of the Company from June 2020 to February 2024.</p> <p>Born in 1970. Mr. Wang has over 20 years of experience in human resources management and corporate management.</p> <p>Mr. Wang joined Shenzhen International (a company listed on the Stock Exchange) in October 2004 and had been the secretary to the chairman and the general manager of Human Resources Department successively. Mr. Wang had been a Director of the Company from January 2015 to December 2017 and a Supervisor of the Company from January 2018 to June 2020. Mr. Wang served as an Executive Director of the Company from June 2020 to February 2024, and served as the Secretary of the Discipline Inspection Commission and the Deputy Secretary of the Party Committee of the Company. Mr. Wang has been the deputy secretary of the Party Committee of Shenzhen Zhenye Group Co., Ltd. (a company listed on the SZSE) since January 2024.</p>
BAI Hua	<p>Mr. Bai served as an independent Director of the Company from February 2018 to February 2024.</p> <p>Born in 1969, Mr. Bai has extensive research and practical experience in auditing and internal control.</p> <p>Mr. Bai has worked in the Department of Accounting of Jinan University since 2003 and now serves as a professor and doctoral tutor of the Department of Accounting of Jinan University. Mr. Bai was an independent director of Guangdong Mingjia United Mobile Technology Co., Ltd., Guangzhou Echom Science & Technology Co., Ltd. and Yipinhong Pharmaceutical Co., Ltd. Mr. Bai is also a director of Guangdong Auditing Society and an independent director of Skyworth Digital Co., Ltd. (a company listed on the SZSE), Guangzhou Yangpu Medical Technology Co., Ltd. (a company listed on the SZSE) and Livzon Pharmaceutical Group Inc. (a company listed on the SZSE).</p>

Directors, Supervisors, Senior Management and Employees

II. Major Position held by the Directors, Supervisors and Senior Management Hold

1. Positions in Shareholders' Entities

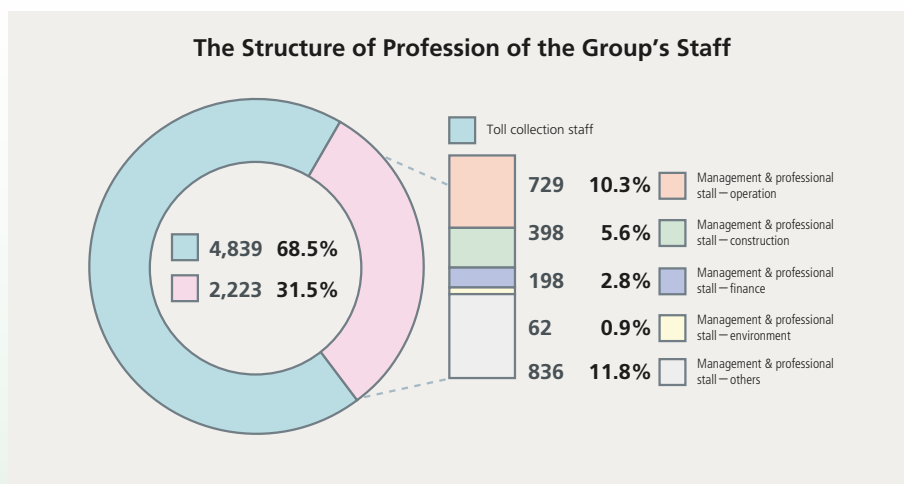
Name	Name of shareholder entity	Position	Term
Dai Jing Ming	Shenzhen International	Executive Director	Sep 2020 – Now
		Financial Controller	Aug 2017 – Now
Li Xiao Yan	CMET	Financial Controller	Apr 2022 – Now
Lü Da Wei	GDRB Company	Deputy General Manager	Sep 2021 – Now
The description of position in shareholder entities	In addition to abovementioned main positions in shareholders entities, Director Li Xiao Yan and Lü Da Wei are also concurrently serving as a Director or Supervisor in some subsidiaries or investee companies of the relevant shareholders entities.		

III. Basic Information of Employees and Human Resource Management

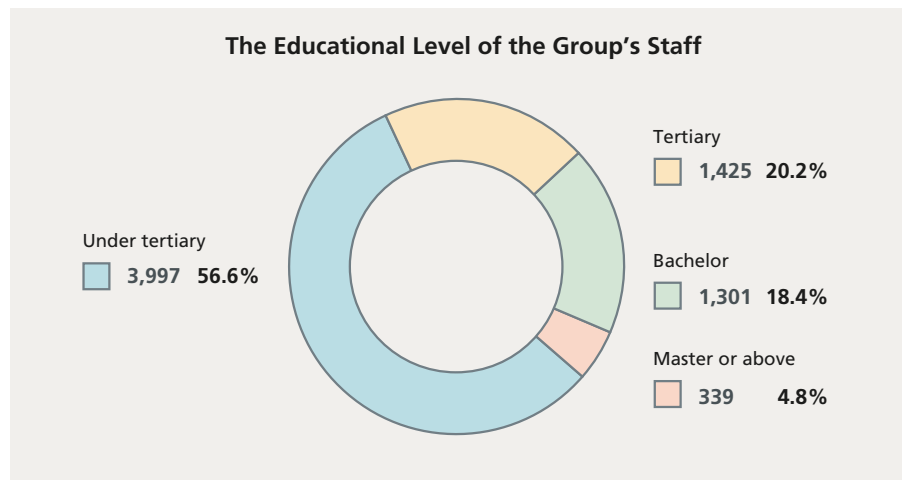
1. Basic Information of Employees:

Amount of employees in the parent company	177
Amount of employees in main subsidiaries	6,885
The total amount of employees	7,062
Amount of retired employee for whom the parent company and main subsidiaries shall bear retirement costs	0

At the end of the Reporting Period, among the employees of the Group (including the Company and its consolidated subsidiaries) 4,839 were frontline staff, representing 68.5% of total number, while 2,223 were management and professional staff, including staff of operation, engineering, finance, environment and other series, representing 31.5% of the total number. The structure of profession of the Group's staff is as follows:



Among the employees of the Group, 43.4% held tertiary or above qualifications, of which 93.3% of the management and professional staff held tertiary or above qualifications. The educational level of the Group's staff is as follows:



2. Remuneration Policies

Remuneration Policies of the Directors/Supervisors:

The remuneration of the Directors and the Supervisors of the Company are determined in accordance with the relevant PRC policies/regulations with reference to prevailing market conditions and the Company's actual situation, subject to approval at the general meeting upon review by the Board and the Supervisory Committee respectively. The Remuneration Committee is responsible for advising the Board on formulating the proposals in respect of the Directors' remuneration during the Reporting Period.

According to the proposed plans approved by the general meeting, Independent Directors and Directors who were not nominated by the shareholders of the Company would receive Directors' fees, and the Company would not separately determine or pay any additional fees to the Directors and the Supervisors who are entitled to receive management salary in the Company or shareholder entities. All Directors and Supervisors are entitled to obtain meeting subsidy for the meetings as stipulated. During the Reporting Period, the proposal for the remuneration of the members of the Board and the Supervisory Committee was strictly implemented as approved by the general meeting.

Remuneration and Benefits Policies:

The remuneration and benefit policies of the Company were implemented pursuant to the statutory requirements and the Management Procedures for Remuneration and Benefits (《薪酬福利管理程序》) and other rules of the Company. The remuneration and benefits of the staff include position salary, the performance salary and the statutory and corporate welfares and are determined by the market value of the position, corporate performance and the comprehensive performance of staff, etc. on the principle of "salary based on the position and changed with the position".

Directors, Supervisors, Senior Management and Employees

The Company's Executive Directors, senior management and the staff representative Supervisor received management salary based on their specific management positions in the Company. The remuneration of senior management includes fixed salaries and performance salaries, of which performance salaries are calculated based on company performance and individual comprehensive performance of senior managers, etc. which is reviewed by the Remuneration Committee and reported to the Board for approval.

Pursuant to statutory requirements, the Group has participated in an employee retirement scheme organised by the local government authorities (social pension insurance) and the housing provident fund plan, and has adopted various protection plans such as medical insurance, work injury insurance, unemployment insurance, and maternity insurance for its employees. According to the relevant regulations, the Group is required to pay contributions equivalent to a certain percentage of the employee's aggregate salary (subject to the required maximum cap) to the labour and social security authorities management centre as social insurance contributions for items such as pension and medical insurance expenses. Moreover, the Company has made regular enterprise annuity payments (supplemental pension insurance) for its management personnel and professionals. For employees who have reached the statutory retirement age, the Group complies with local social insurance regulations and handles retirement procedures at their local social insurance institutions. For details of the remuneration and benefits for employees during the Reporting Period, please refer to note \30 and 39 to the Financial Statements in this annual report.

Performance Evaluation and Incentive System:

The Board determines the Company's annual operating performance targets at each year and sets out clear and concrete rating criteria as the basis for year-end appraisals on the overall performance of the Executive Directors and the management of the Company. In 2023, guided by the overall goals of value enhancement and development quality improvement, the Company has set key performance goals such as economic benefits, business expansion, promotion of key tasks, market value management, production safety and ecological civilization, party building and clean government construction.

Based on the operating performance targets approved by the Board, the Company is required to determine the annual tasks and targets for staff members of all ranks, segregate and delegate the Company's objectives to the relevant departments and staff. Meanwhile, senior management members are also required to sign accountability statements on their performance targets with the President. By the end of the year, the Board and the President will determine the overall performance score of the Company and individual performance scores of the senior management members with reference to the state of completion of the Company's and individual performance targets, and calculate the performance salaries for the senior management members accordingly. The remuneration of all senior management members shall be reviewed by the Remuneration Committee and reported to the Board for approval.

3. Staff Training

The Company values staff training and has established the training system based on job competency. At the beginning of each year, according to the actual needs of the businesses and staff, the Company formulates the training plan to guide the training work of the year, with summary and review conducted at the end of the year. In 2023, the Company has organised a number of training sessions, which covered all business segments of the Company, including general management, operating management and professional skills. The Company has also organised 691 offline training sessions, with more than 28,000 person-times participation. In addition, in order to meet the growing demand for cross-regional training within the Company and fulfill full coverage training for all employees, the Company introduced its mobile learning platform, on which various series of campaigns such as live courses and knowledge quizzes were launched. During the reporting period, a total of 61 online live learning sessions were organised for employees, with a total live broadcast time of 112 hours, and a total of more than 30,000 employees watching the live broadcasts.



Corporate Governance Summary

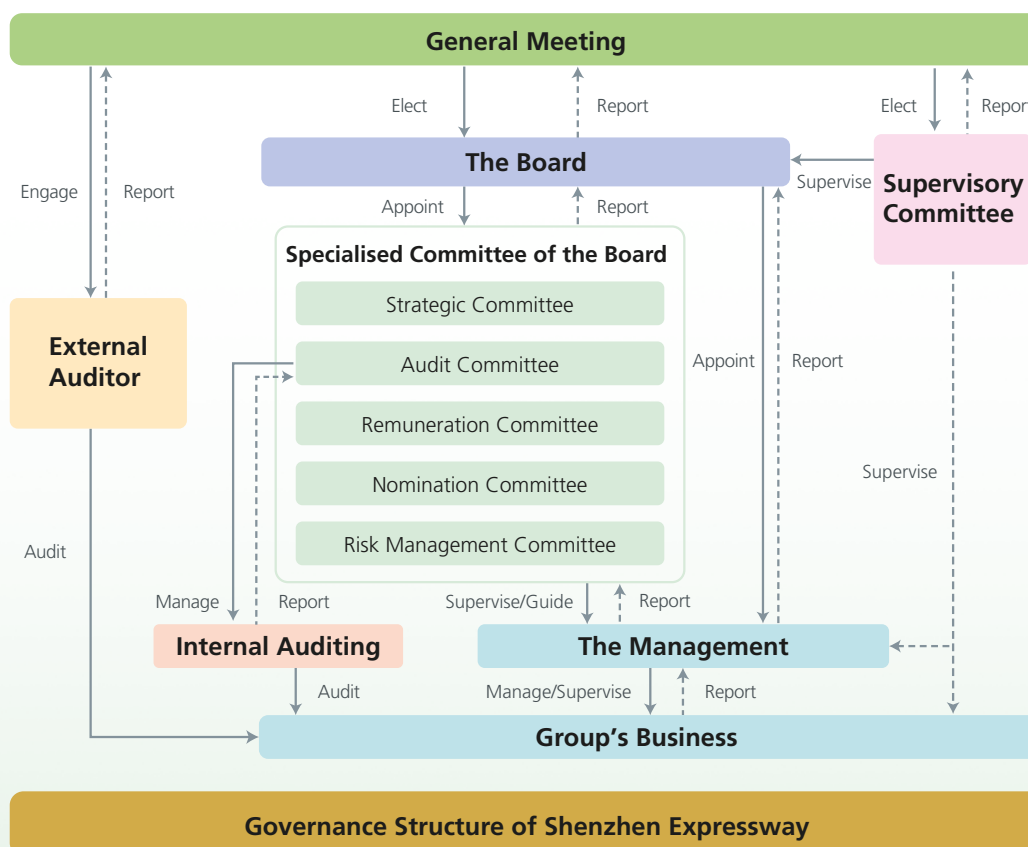
I. Description of Overall Corporate Governance

Sound corporate governance enables the Company to achieve healthy and stable development. The Company has always been committed to perfecting its governance structure, establishing and improving operational principles, and improving the effectiveness of governance continually.

The Company is listed at both the SSE and HKEx. The Company has to comply with the applicable laws and regulatory requirements for securities regarding corporate governance practises in both places. During the Reporting Period, the Company complied with the Company Law and the relevant requirements issued by the CSRC. The Company has also fully adopted all provisions of the Corporate Governance Code as set out in C1 of the Listing Rules of HKEx without any material deviation or breach. The Company strives to implement better corporate governance practices and has adopted more stringent requirements than the code provisions under the Corporate Governance Code in certain aspects. Please refer to “Corporate Governance Report” in this annual report for details of the compliance with the Corporate Governance Code.

II. Corporate Governance Structure and Rules

The Company has set up a corporate governance structure which comprises the general meeting, the Board, the Supervisory Committee and the management, and formulated multi-tier governance rules based on the Articles of Association, covering overall policies, principles and standards on corporate governance, compliance and the code of conduct, aiming to clearly define the duties, terms of reference and code of conduct of all parties.



Corporate Governance Summary

The key documents in the governance rules of the Company include the Articles of Association and its appendices (Rules of Procedures for the General Meeting, Rules of Procedures for the Board of Directors and Rules of Procedures for the Supervisory Committee), Terms of Reference of the specialised committees, Rules on Performing Duties by the Independent Directors, Rules on Performing Duties by the President, Securities Transaction Code, Rules Governing Information Disclosure Matters, Rules of Investor Relations Management, Rules Governing Insider Information, and Rules Governing Connected Transactions etc., all of which can be found or downloaded in the “Corporate Governance” section on the Company’s website.

The implementation of the management system of insiders:

The Company attaches great importance to enhancing the law observance and compliance awareness of the Directors, Supervisors and senior management and forbids any insider trading of the shares of the Company. The Company has established various systems including the Securities Transaction Code, Rules Governing Insider Information Management, and Code of Conduct in Relation to Information Disclosure to Shareholders so as to enhance the secrecy management of insider information, regulate insider trading of the Company’s shares, and protect the Company’s interests and the principle of equality for information disclosure. During the year, the Company completed informant registration in relation to regular reports and other matters pursuant to the relevant regulations.



III. Information on General Meetings

In 2023, two general meetings were held by the Company at the conference room of the Company, one for A/H shares each, as detailed below:

Name of the meeting	Convening date	Query index on designated websites for resolutions	Disclosing date of resolutions	Resolution of the meeting
2022 Annual General Meeting	16 May 2023	Available on the websites of SSE http://www.sse.com.cn , the websites of HKEx http://www.hkexnews.hk , and the websites of the Company http://www.sz-expressway.com .	16 May 2023	<p>The following proposals were considered and passed as ordinary resolutions at the meeting:</p> <ol style="list-style-type: none"> 1. The report of the Directors for the year 2022; 2. The report of the Supervisory Committee for the year 2022; 3. The audited accounts for the year 2022; 4. The proposed distribution scheme of profits for the year 2022 (including the declaration of final dividend); 5. The budget report for the year 2023; 6. The proposal in relation to the appointment of the auditor for 2023; 7. The proposal in relation to providing guarantees for subsidiaries; 8. The proposal on revising the Management System for the Selection and Appointment of the Annual Auditing Firm for the Group. <p>The following proposals were considered and passed as special resolutions at the meeting:</p> <ol style="list-style-type: none"> 9. The proposal in relation to the grant of a general mandate to the Board to issue bond financing tools was considered and approved item by item;

Corporate Governance Summary

Name of the meeting	Convening date	Query index on designated websites for resolutions	Disclosing date of resolutions	Resolution of the meeting
The first extraordinary general meeting of 2023	20 September 2023		20 September 2023	<p>The meeting will consider and approve Proposals 1, 6, 9 and 10 below through ordinary resolutions, and Proposals 2-5, 7 and 8 through special resolutions:</p> <ol style="list-style-type: none"> 1. Proposal on Conditions for Offering A-shares to Specific Targets by the Company; 2. Proposal on the Scheme for Offering A-shares to Specific Targets by the Company; 3. Proposal on the Plan for Offering A-shares to Specific Targets by the Company; 4. The proposal on the demonstration and analysis report of the Company's plan to issue A-shares to specific targets; 5. The proposal on the feasibility study report on the use of funds raised by the Company's issuance of A-shares to specific targets; 6. The proposal on the Company not needing to provide a report on the use of funds raised in the previous round; 7. The proposal on the signing of conditional share subscription agreements and related/connected transactions between the Company and specific targets; 8. The proposal on requesting the general meeting to authorise the Board to handle matters related to the issuance of A-shares to specific targets; 9. Proposal on the diluted immediate return of this offering of A-shares to specific targets, make-up measures and related commitments; 10. The proposal on implementing the rural revitalisation strategy and making external donations.



Name of the meeting	Convening date	Query index on designated websites for resolutions	Disclosing date of resolutions	Resolution of the meeting
The first class meeting of holders of A-shares in 2023	20 September 2023	Available on the websites of SSE http://www.sse.com.cn , the websites of HKEx http://www.hkexnews.hk , and the websites of the Company http://www.sz-expressway.com .	20 September 2023	<p>The following proposals were considered and passed as special resolutions at the meeting:</p> <ol style="list-style-type: none"> 1. The proposal on the Company's plan to issue A-shares to specific targets was considered and approved item by item; 2. Proposal on the Plan for Offering A-shares to Specific Targets by the Company; 3. The proposal on the signing of conditional share subscription agreements and related/connected transactions between the Company and specific targets; 4. The proposal on requesting the general meeting to authorise the Board to handle matters related to the issuance of A-shares to specific targets;
The first class meeting of holders of H-shares in 2023				<p>The following proposals were considered and passed as special resolutions at the meeting:</p> <ol style="list-style-type: none"> 1. The proposal on the Company's plan to issue A-shares to specific targets was considered and approved item by item; 2. Proposal on the Plan for Offering A-shares to Specific Targets by the Company; 3. The proposal on the signing of conditional share subscription agreements and related/connected transactions between the Company and specific targets; 4. The proposal on requesting the general meeting to authorise the Board to handle matters related to the issuance of A-shares to specific targets;

Corporate Governance Summary

IV. Performance of Duties by Directors

(I) Attendance of Directors at the Board Meetings and the General Meetings in 2023

Directors in service as at the end of the Reporting Period	Position	Attendance at the Board Meetings					Attendance at the General Meetings (Attendance in person/Total number of meetings)
		Total number of meetings	Attendance in person	Attendance by proxy	Absence	Attendance rate in person	
Liao Xiang Wen	Executive Director	10	10	0	0	100%	2/2
Wang Zeng Jin	Executive Director	10	10	0	0	100%	1/2
Wen Liang	Executive Director	10	9	1	0	90%	2/2
Dai Jing Ming	Non-executive Director	10	9	1	0	90%	1/2
Li Xiao Yan	Non-executive Director	10	9	1	0	90%	1/2
Lü Da Wei	Non-executive Director	10	10	0	0	100%	2/2
Bai Hua ^{Note 1}	Independent Director	10	10	0	0	100%	2/2
Li Fei Long	Independent Director	10	10	0	0	100%	2/2
Miao Jun	Independent Director	10	10	0	0	100%	2/2
Xu Hua Xiang	Independent Director	10	10	0	0	100%	2/2

Note 1: The Company received a written resignation report from Mr. Bai Hua, an Independent Director, on 22 December 2023. Mr. Bai Hua intended to resign from his position as an Independent Director of the Company for personal work reasons. With the approval of the general meeting held on 20 February 2024, Mr. Yan Yan was appointed as an Independent Director of the ninth Board of the Company. Mr. Bai Hua's resignation as an Independent Director will take effect from Mr. Yan Yan's appointment as an Independent Director.

Note 2: According to the Company's Articles of Association of the Company, attendance at a meeting through electronic communication such as telephone is regarded as attendance in person.



(II) Attendance of Directors at the Meetings of the Specialised Committees in 2023

Directors in service	Position held in the specialised committees	Attendance (Attendance in person/Total number of meetings)							
		Strategic Committee (enlarged meeting)	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	Independent Director Meetings	Special Meeting ^{Note 3}	Independent Director Meetings ^{Note 4}
Liao Xiang Wen	Member of the Strategic Committee Member of the Risk Management Committee	4/4	N/A	N/A	N/A	3/3	N/A	1/1	N/A
Wang Zeng Jin	Member of the Risk Management Committee	N/A	N/A	^{Note 1}	N/A	3/3	N/A	N/A	N/A
Wen Liang	Member of the Risk Management Committee	1/1	^{Note 15}	N/A	N/A	3/3	N/A	N/A	N/A
Dai Jing Ming	Member of the Strategic Committee	^{Note 2} 3/4	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Li Xiao Yan	Member of the Audit Committee Member of the Remuneration Committee	1/1	^{Note 2} 4/6	3/3	N/A	N/A	N/A	N/A	N/A
Lü Da Wei	—	1/1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bai Hua	Chairman of the Audit Committee Member of the Remuneration Committee Member of the Nomination Committee	1/1	6/6	3/3	3/3	N/A	2/2	1/1	1/1
Li Fei Long	Chairman of the Nomination Committee Member of the Strategic Committee Member of the Audit Committee Chairman of the Remuneration Committee	4/4	6/6	3/3	3/3	N/A	2/2	1/1	1/1
Miao Jun	Member of the Strategic Committee Member of the Audit Committee, Member of the Nomination Committee	4/4	6/6	N/A	3/3	N/A	2/2	1/1	1/1
Xu Hua Xiang	Chairman of the Risk Management Committee Member of the Remuneration Committee	1/1	N/A	^{Note 2} 2/3	N/A	3/3	2/2	1/1	1/1

Corporate Governance Summary

Note:

1. Attendance as a non-voting member.
2. Absent from the meetings:

Director Mr. Dai Jing Ming was unable to attend the third meeting of the Strategic Committee in 2023 due to business engagements, and had approved the proposals before the meeting;

Director Ms. Li Xiao Yan was unable to attend the third and fourth meetings of the Audit Committee in 2023 due to business engagements, and entrusted Director Mr. Bai Hua to attend the meetings and express opinions for her;

Director Mr. Xu Hua Xiang was unable to attend the first meeting of the Remuneration Committee in 2023 due to business engagements, and had approved the proposals before the meeting;
3. One special meeting was held for the Executive Director and President and Independent Directors by the Company during the Reporting Period.
4. One special meeting was held for the Independent Directors during the Reporting Period.

(III) Performance of Duties by Independent Directors

The Independent Directors gave no dissent to the resolutions/matters discussed by the Board or specialised committees of the Company. In 2023, no Independent Director of the Company proposed to convene any Board meeting or general meeting. During the year, the four Independent Directors of the Company provided independent advice on matters including the Company's external guarantees, profit distribution plan, impairment provision accrual, changes in accounting policies and/or estimates, investment and financing plans, and connected transactions, and provided constructive opinions on the business development, strategic planning, risk control, etc. of the Company, playing an excellent supervising and balancing role in protecting the overall interests of the Company and shareholders. For details of the performance of duties by the four Independent Directors during the year, please refer to the 2023 Duty Report of Independent Directors released by the Company on the websites of the exchanges on the Reporting Date.

V. Performance of Duties by Specialised Committees of the Board during the Year

The Board of the Company has established five specialised committees, namely the Strategic Committee, Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. The members of the specialised committees are appointed by the Board for an office term of three years, consistent with that of the Directors. Each specialised committee has its terms of reference which explicitly explain and define its duties and powers, which have been approved by the Board. In 2023, the specialised committees of the Board convened 19 meetings in total. For the composition of each specialised committee and the attendance at the committee meetings during the year, please refer to "Performance of Duties by Directors" above.



(I) Strategic Committee

The Strategic Committee was established in November 2001, responsible for studying the directions of the Company's strategic development, considering the Company's strategic plans, monitoring the implementation of strategies and investment plans, and facilitating adjustments to the Company's strategies and governance structure on a timely basis.

In 2023, the Strategic Committee held four meetings in total, and its major tasks during the year included:

- ◆ reviewing the Interim Review Report of the "14th Five-Year" Strategic Development Plan of the Company;
- ◆ reviewing and revising the Terms of Reference of the Strategic Committee;
- ◆ reviewing the subsequent investment in the Shenzhen section of the Outer Ring Expressway and the proposals on issuing A-shares to specific targets, and submitting review opinions to the Board;
- ◆ reviewing the proposal to establish a photovoltaic project company in Pingshan County, Shijiazhuang, Hebei, and submitting review opinions to the Board;
- ◆ reviewing the application plan for public offering REITs for the Yichang Expressway, and submitting review opinions to the Board.

(II) Audit Committee

The Audit Committee was established in August 1999, mainly responsible for the independent review of the Company's financial reporting and the quality and efficiency of internal control as well as the control and routine management of connected transactions of the Company.

In 2023, the Audit Committee held six meetings in total, and actively conducted work and performed duties focusing on the goals set at the beginning of the year, reviewed the periodic reports, internal control reports and other reports under the HKEX's Corporate Governance Code, and the efficiency of the internal control system of the Group, and provided the Company with professional opinions and suggestions on various aspects including financial reporting, relevant accounting policies and estimates, audit work, corporate governance, risk management and internal control.

During the year, auditors attended meetings of the Audit Committee to discuss the matters in relation to the review of regular reports. In addition, the auditor also held one independent meeting with the committee in the absence of the Executive Director and the management of the Company to ensure the independence and objectivity of the reports. The major tasks of the committee during the year included:

- ◆ reviewing the Group's periodical financial reports, including the annual financial reports for 2022 and the Q1, interim and Q3 unaudited financial reports of 2023, and making suggestions to the Board for approval;
- ◆ assisting the Board in making independent evaluations on the effectiveness of the Group's internal control;
- ◆ reviewing and revising the Terms of Reference of the Audit Committee;
- ◆ supervising and guiding the internal audit work;
- ◆ supervising control and routine management work of connected transactions;
- ◆ supervising and guiding the Group's risk management and anti-fraud work;
- ◆ evaluating the auditor's work during the year and proposing renewal suggestions.

Corporate Governance Summary

The related work of and opinions on the Group's financial reporting, review on financial statements, internal control and the relevant works of auditors are set out in "Corporate Governance Report" and "Internal Control" in this annual report. For details of the performance of duties by the Audit Committee during the year, please refer to the 2023 Duty Report of the Audit Committee (Chinese version) released by the Company on the websites of the exchanges on the Reporting Date.

(III) Remuneration Committee

The Remuneration Committee was established in November 2001, responsible for assisting the Board to review the remuneration policies and incentive mechanism of the Company on an ongoing basis, devising the appraisal standards for the Directors and senior management of the Company and conducting appraisals thereof, and ensuring that none of the Directors, senior management or their associates (as defined in the Listing Rules) was involved in setting his/her own remuneration. The committee only makes recommendations to the Board regarding the remuneration of the Directors and senior management, and the remuneration of the Directors and senior management shall be specifically determined at general meetings or by the Board.

In 2023, the Remuneration Committee held three meetings in total, and its major tasks during the year included:

- ◆ reviewing the management measures for the implementation of traffic subsidies for business purposes for the senior management;
- ◆ reviewing and revising the Terms of Reference of the Remuneration Committee;
- ◆ reviewing the performance of the executive directors for the year 2023 and the terms of the service contracts of the executive directors
- ◆ reviewing the performance self-evaluation of the management in 2021 and 2022, setting the management goals for 2023, and submitting review opinions to the Board.

Details of the remuneration policies and incentive mechanism of the Company and relevant recommendations of the committee are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in this annual report.

(IV) Nomination Committee

The Nomination Committee was established in November 2001, responsible for examining or devising the Company's human resources development strategies and planning; and conducting studies and providing recommendations in respect of candidates, nomination criteria and nomination procedures for Directors and senior management of the Company.



In 2023, the Nomination Committee held three meetings in total, and its major tasks during the year included:

- ◆ reviewing the structure, number of members and composition of the Board, and improving the diversity of the Board members;
- ◆ reviewing and revising the Terms of Reference of the Nomination Committee;
- ◆ reviewing the suitability of the nomination process and selection and recommendation criteria adopted by director candidates;
- ◆ reviewing the probationary evaluation of the Vice President of the Group.

Details of the appointment of Directors and senior management of the Company are set out in “Directors, Supervisors, Senior Management and Employees” in this annual report.

(V) Risk Management Committee

The Risk Management Committee was established in August 2004, responsible for formulating policies on risk management of the Company, ensuring that the management has established a comprehensive and effective risk management system, supervising the Group’s overall risk position, reviewing the Company’s risk management system and material risk matters, and analysing and monitoring the risk position of the Company’s material projects.

In 2023, the Risk Management Committee held three meetings in total, and its major tasks during the year included:

- ◆ reviewing the annual risk review report and risk management plans of the Group, understanding the changes of risk exposed to the Company and the implementation of risk responsive measures, and discussing the major risks exposed to the Company in the future and responsive measures with the management;
- ◆ reviewing the updates of the financial warning indicator system and monitoring the material changes of the warning indicators;
- ◆ reviewing and revising the Terms of Reference of the Risk Committee;
- ◆ reviewing the semi-annual major risk assessment report.

VI. Work of the Supervisory Committee

In 2023, the Supervisory Committee held five meetings in total, and the Supervisors also attended all the general meetings and Board meetings. They considered or reviewed matters including the periodical reports, financial accounts and budget reports, proposed profit distribution, impairment provision accrual, changes in accounting policies and estimates, the offering of A-shares to specific targets, related transactions and supervised the compliance of the decision-making procedures of general meetings and Board meetings, the implementation of the resolutions of the general meetings, the implementation of the Company’s profit distribution policy, the disclosure of periodical reports and other information, the performance of duties by the Directors and senior management, and the implementation of relevant securities regulatory requirements. During the Reporting Period, there was no occurrence about which the Supervisors disputed with the Directors or sued the Directors on behalf of the Company. The Supervisory Committee has no objection to the matters under their supervision during the Reporting Period.

Corporate Governance Report

During the Reporting Period, the Company has fully adopted all provisions of the Corporate Governance Code as set out in C1 of the Listing Rules of HKEx without any material deviation or breach. The Company strives to implement better practices, and has gone beyond the code provisions under the Corporate Governance Code in some aspects, mainly including:

- ☑ The requirements for the appointment of Independent Directors are clearer and more specific, and it is stipulated that the terms of office of Independent Directors of no more than 6 years and a maximum of three domestic listed companies to be served as Independent Directors;
- ☑ Disclosure of the remunerations of all Directors, Supervisors and senior management on a named basis in the annual report;
- ☑ Appointment of an external auditor for the audit on the internal control of the financial reporting;
- ☑ Preparation and publication of quarterly results announcements;
- ☑ Establishment of the Risk Management Committee, the risk control and management system for the Group as well as financial risk warning system to exercise regular control and reporting by the Company, etc.

Pursuant to the good corporate governance principles contained in the Corporate Governance Code, the evaluation and details of the daily governance work and practices of the Company during the Reporting Period are set out as follows:

A. Corporate Goal, Strategy and Governance

A.1 Corporate strategy, business model and culture

The code provisions that we complied with	A.1.1~A.1.2
-------------------------------------------	-------------

The Company has set up a multi-tier corporate governance structure with the Board as the core. The Board of the Company exercises management and decision-making powers, leads and supervises the Company's operation and development, ensures and the achievement of the pre-set strategic goals as authorised by the Articles of Association and the general meeting in respect of development strategies, management structure, investment and financing, planning, financial control, human resources, corporate governance, etc.

The governance rules of the Company are based on the Articles of Association, and cover overall policies, principles and standards on corporate governance, compliance and code of conduct, aiming to clearly define the duties, scope of authority and code of conduct of all parties, including the fiduciary and diligence duties of the Directors. The full text of the Articles of Association is available on the website of the Company.

The Board is responsible for drawing up mid to long-term development strategies of the Company, including its corporate mission, values, entrepreneurship, strategic goals, development planning and implementation assurance. The latest strategy of the Company is the "14th Five-Year" Strategic Development Plan (2021-2025), which was approved at the second extraordinary general meeting in 2021.

The Company has discussed and analysed the performance of the Group in its annual report every year, including the impact of the internal and external environments on the operation of the Company and its movement trend, the actual operating results and its influencing factors for the year, the completion of business plan and the plan for next year etc.



A.2 Corporate governance functions

The code provisions that we complied with	A.2.1
-------------------------------------------	-------

The Board is responsible for the performance of its duties on corporate governance. It also established five specialised committees, namely the Strategic Committee, Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. The Articles of Association of the Company and the Rules of Procedures for the Board of Directors have clearly defined the powers of the Board in respect of development strategies, management structure, investment and financing, planning, financial control, human resources, corporate governance, etc., as well as the supervision and inspection of the Company's development and operation. Each specialised committee has its terms of reference which explicitly explain and define its duties and powers, which have been approved by the Board. The Articles of Association, Rules of Procedures for the Board of Directors and the terms of reference of the specialised committees are available on the website of the Company. The committees shall be authorised by the Board to exercise their powers under the terms of reference. The committees shall be accountable to the Board but shall not enjoy exclusive powers. They shall not replace the Board in exercising their decision and management powers unless duly authorised.

In 2023, the Board regularly received reports on the review of the rules on governance, the compliance in operation of the Company, the Directors' compliance in performance of duties, and the training and growth of the management personnel, and constantly monitored the overall status and level of corporate governance. Moreover, the Audit Committee also reviewed periodical reports of the Company and the specialized internal audit reports submitted by the audit department.

B. The Composition and Nomination of the Board

B.1 Composition, succession and appraisal of the Board

The code provisions that we complied with	B.1.1~B.1.4
The recommended best practise(s) that we complied with	B.1.5~B.1.6

According to the provisions of the Company's Articles of Association, the Board of the Company is composed of 12 directors. The Board regularly evaluates its structure, number of members and composition (including their skills, knowledge, experience, etc.) through the Nomination Committee.

The term of office of the ninth session of the Board was from 1 January 2021 to 31 December 2023. The Company issued an announcement on the postponement of the re-election of the Board on 27 December 2023. Since the nomination of candidates for the new session of Board has not been completed, the re-election of the Board will be postponed in order to ensure the continuity and stability of relevant work of the Board. Before the completion of the re-election of the Board, all members of the ninth session of the Board will continue to perform their duties and obligations in accordance with laws, regulations, the Articles of Association of the Company, etc. As at 31 December 2023, the Board comprised 10 directors, including Mr. Liao Xiang Wen, Mr. Wang Zeng Jin and Mr. Wen Liang as Executive Directors, Mr. Dai Jing Ming, Ms. Li Xiao Yan and Mr. Lü Da Wei as Non-executive Directors, and Mr. Bai Hua, Mr. Li Fei Long, Mr. Miao Jun and Mr. Xu Hua Xiang as Independent Non-executive Directors. The Board members come from various industry backgrounds with professional expertise in the highway industry, the clean energy industry, financial, accounting and auditing, finance and securities, law, administration and human resources, etc., and five of them (including two Independent Directors) possess professional financial and accounting qualifications. The members of the Board have various industry backgrounds and maintain diversity in terms of various aspects including experience, skills and judgment, allowing the Board to analyse and discuss issues from different perspectives and make decisions in a more cautious and careful manner.

Corporate Governance Report

The Company has established the Board diversity policy. Under the policy, the Board shall take full consideration of the actual situation and development needs of the Company when selecting, evaluating and nominating its members, and follow the diversity principle when comprising the Board. The Board shall consider and assess the diversity of its members in terms of age, gender, cultural background, educational background, professional experience and expertise, and the term of office. In 2023, based on the diversification practices for Board members of Company and the specific provisions of the Listing Rules of the HKEx, the Board further revised and improved the diversity policy for Board members, and defined measurable targets to be achieved in the appointment of the Director, including the composition of the Board members shall with different industry/professional backgrounds, the structure of Independent Directors, that at least two Board members shall have worked for the Company or served as Directors for three years or more, and that there shall be at least one female and one male director in the Board. The members of the ninth session of the Board demonstrate the diversity principle particularly well in terms of professional experience and background, term of office, age, gender, cultural and educational background, and independence.

The Company strictly complies with the applicable laws and regulations, including the Labor Law of the People's Republic of China, continuously establish and improve policies on employment management, and maintains reasonable and legal employment, and provides equal employment and developments opportunities to employees of different genders, backgrounds and regions. As at the end of the Reporting Period, the gender ratio of the employees (including senior management) of the Company was 61.7:38.3. The Company will continuously improve the policies on human resources, recruitment and employment management, attract employees of different backgrounds and genders by various means, and give full play to the advantages of diversity. For details of the Company's policies on diversified employment and employee structure, please refer to the Environmental, Social and Governance Report 2023 of the Company.

The Company has published the latest list of Board members timely, which states their roles and functions, including their respective roles in each specialised committee, and indicates whether they are Independent Non-executive Directors. The capacity of each Director (Executive Director, Non-executive Director or Independent Non-executive Director) is identified in all corporate communications that disclose the names of the Directors.

The Company has reviewed and summarised the major tasks performed by the Board during the year, the Company's business performance and related financial information, and the specific practices of corporate governance, and prepared the Board Report for submission to the general meeting; all Directors submit an annual duty performance report to the Board every year. In 2023, each Independent Director of the Company submitted an annual duty report to the general meeting. The annual general meeting of the Company evaluates the performance of duties by the Board.

The Board of the Company comprises four Independent Directors, representing not less than one-third of the number of members of the Board, which complies with the relevant requirements. The Board has obtained written confirmations from all Independent Directors concerning their independence in accordance with the requirements under Rule 3.13 of the Listing Rules of HKEx. The Company believes that all Independent Directors complied with the relevant guidelines as stipulated in such rules and were regarded as independent parties in 2023.

Details of the election and change of the Directors, the Directors' biographies, terms of office and key positions are set out in "Directors, Supervisors, Senior Management and Employees" in this annual report.



B.2 Appointment, re-election and removal

The code provisions that we complied with

B.2.1~B.2.4

According to the provisions of the Articles of Association and its appendixes, Directors are elected or replaced by the general meeting. The shareholders of the Company, the Board or the Supervisory Committee are/is eligible to nominate candidates for directorship. Directors serve for a term of three years, and upon expiry of the term, their appointment is subject to re-submission for consideration at a general meeting and they may offer themselves for re-election. Independent Directors are eligible for re-election, subject to a maximum term of six years. A cumulative voting system is adopted for the election of the Directors of the Company, and the Independent and Non-independent Directors vote separately. The requirements of the Company on the qualifications and basic qualities of Directors, the nomination mode and the proposing procedure are set out in the Rules of Procedures for the Board of Directors of the Company. The Nomination Committee is responsible for qualification inspections and quality assessments on the candidates for directorship, as well as making proposals to the Board and providing explanations at the general meetings. In order that the shareholders have a better understanding of the nomination procedure of Directors, the Company has extracted the relevant provisions for such procedure separately and posted them on the Company's website.

B.3 Nomination Committee

The code provisions that we complied with

B.3.1~B.3.4

The Board has established the Nomination Committee with the majority being Independent Directors, and chaired by an Independent Director. Please refer to C.4 below and "Corporate Governance Summary" in this annual report for details of the composition of the Nomination Committee and its performance of duties. The Terms of Reference of the Nomination Committee approved by the Board have been published on the websites of the exchanges and the Company. The Company provided the committee with sufficient resources for its performance of duties. During the year, the Nomination Committee did not seek for independent professional advice for the performance of duties.

C. The Responsibilities of Directors, Delegation of Powers and Procedures of the Board

C.1 Responsibilities of Directors

The code provisions that we complied with

C.1.1~C.1.8

The "Rules of Procedures for the Board of Directors", the "Terms of Reference" of each specialised committee and the "Rules on Performing Duties by the Independent Directors" prepared by the Company has clearly stated the responsibilities of the Directors to ensure their complete understanding on their roles and responsibilities. In 2023, the Company revised the Rules on Performing Duties by the Independent Directors in accordance with the Management Measures for Independent Directors of Listed Companies implemented by the CSRC in September 2023 and by reference to the relevant provisions of the Listing Rules of the HKEx in order to further regulate corporate governance and give full play to the role of the Independent Directors in corporate governance.

Attendance ratio of Directors (including attendance by appointing other Directors as proxies) at the Board meetings in 2023 was 100%, while the average attendance ration in person was 97%. Attendance ratio of members in person at the meetings of the specialised committees of the Board (including the meetings of the Independent Directors) was 97%. Attendance ratio of members in person at the general meetings was 85%. Please refer to "Corporate Governance Summary" in this annual report for the details of the attendance of Directors and the overview of the performance of duties of the Independent Directors during the year.

Corporate Governance Report

During the Reporting Period, the Company's Directors attended Board meetings and specialised committee meetings in a prudent, responsible, proactive and serious manner. After gaining an understanding of the Company's operation and operating development, they capitalised on their respective professional experience and expertise and provided independent judgments, knowledge and experience towards the matters discussed, thereby enabling the Board to carry out effective discussions and make prompt yet prudent decisions. They produced proactive and encouraging effect in ensuring the Board to work in the best interest of the Company as its objective.

Upon acceptance of appointment and after appointment, each Director or Supervisor of the Company has to provide the information about his/her service at other companies in time, including their service at other listed companies in the past three years. The relevant information has been disclosed in the announcements and the shareholder documents relating to the nomination and election of the Directors/Supervisors, and is available in the section of "Directors, Supervisors, Senior Management and Employees" in this annual report.

According to the Listing Rules of the HKEx titled "Model Code for Securities Transactions by Directors of Listed Issuers" and the relevant requirements of domestic securities regulatory authorities, the Board formulated the Securities Transaction Code of the Company as a written guideline for securities transactions of the Company by the Directors, the Supervisors and relevant staff members. The Securities Transaction Code of the Company has incorporated the standards as set out in the "Model Code for Securities Transactions by Directors of Listed Issuers", and has gone beyond such standards to a certain extent. After making specific inquiry to the Directors, Supervisors and senior management, the Company confirms that all of them have complied with the standards on securities transactions as stipulated in the aforementioned code during the Reporting Period.

In 2023, Executive Director Mr. Liao Xiang Wen attended the quality improvement conference for listed companies, and special training for board chairmen and general managers held by the Shenzhen Office of the CSRC, Executive Director Mr. Wen Liang attended the follow-up training for CFOs of listed companies organised by the China Capital Market Institute, Director Mr. Lü Da Wei attended the initial training for directors, supervisors and senior management of listed companies organised by the SSE, Independent Directors Mr. Bai Hua, Mr. Li Fei Long, Mr. Miao Jun and Mr. Xu Hua Xiang attended the follow-up training for independent directors organised by the SSE, Executive Director Mr. Liao Xiang Wen, Mr. Wang Zeng Jin, Mr. Wen Liang, Director Mr. Dai Jing Ming, Ms. Li Xiao Yan, Mr. Lü Da Wei and Supervisor Mr. Lin Ji Tong, Mr. Wang Chao, Ms. Ye Hui Hui attended a series of special training and workshops for Chinese listed companies, as well as training for directors, supervisors and senior management of listed companies organised by the Shenzhen Office of the CSRC. Directors Mr. Dai Jing Ming, and Independent Directors Mr. Bai Hua and Mr. Miao Jun attended the professional training lecture on corporate governance of the Hong Kong Chartered Governance Institute. The above measures allowed the Board and the Supervisory Committee to continuously and effectively learn the relevant regulations and guidelines promulgated or updated by regulatory authorities, and provided practical support for the continuous updating of the knowledge and information required for the performance of their duties as Directors/Supervisors.

As approved and authorised by the general meeting, the Company has taken out liability insurance for the Directors, Supervisors and senior management every year since 2008, and adequate insurance for legal actions that the management may face in order to promote the Company's resilience to risk, protect the legal rights and interests of the shareholders, and build a professional risk prevention mechanism for the management.



C.2 Chairman and Chief Executive Officer

The code provisions that we complied with

C.2.1~C.2.9

The Company clearly defines the duties between the Chairman and the President, so that the functions of the Board and management are separated to ensure the balance of power and authority. Due to the retirement and resignation of Mr. Hu Wei, the former Chairman, in order to ensure the integrity of the Company's governance structure and the smooth conduct of day-to-day work, the Board elected Executive Director and President Mr. Liao Xiang Wen to lead the Board temporarily until the date of election of the new chairman by the Board.

In 2023, the Company did not elect a new chairman, and the Executive Director and President led the Board according to Board resolutions. There was no connection or interest relationship (including financial, business, family or otherwise) between the Chairman and the President. Based on the duties defined by the Company, the Chairman is responsible for leading and coordinating the work of the Board, leading the Board to set the Group's overall development strategies and to achieve the strategic goals, and ensuring the effective operation of the Board and good corporate governance. The President, with the support and assistance of the Board and other senior management members of the Company, is responsible for coordinating and managing the Group's businesses and operations, implementing strategies and decisions formulated by the Board, making day-to-day operating decisions and arrangements, etc.

The Board has established an information reporting and submission mechanism to ensure that the Directors can obtain various information and messages required for their performance of duties on a timely basis. Please refer to C.5 below for details.

The Board encourages the Directors to maintain a prudent attitude as expected, create an open discussion atmosphere that encourages dissenting Directors to fully express their views, and motivate the Directors, especially the Non-executive Directors, to make effective contributions to objective and prudent decisions of the Board, and strategies and policies formulated by the Company. In 2023, the Company solicited opinions of all Non-executive Directors, who thought that there was no matter to be discussed by the Executive Director and Chairman, and the Non-executive Directors. In addition, one special meeting was convened by the Company for the Executive Director and Chairman, and the Independent Directors to fully discuss the Company's operational management, corporate governance, etc. The Company has set up a well-established governance structure and formulated multi-tier governance rules. Please refer to "Corporate Governance Summary" in this annual report and A.1 above for details.

C.3 Management functions

The code provisions that we complied with

C.3.1~C.3.3

The functions of the Board and senior management of the Company are separated (as detailed in the Articles of Association, and the attached Rules of Procedures for the Board of Directors and Rules on Performing Duties by the President) to protect the relative independence of decisions of the Board from operational management activities of the Company. The above rules have been published on the websites of the exchanges and the Company.

The Board is responsible for leading the Group's development, setting the strategic goals of the Group and ensuring the availability of necessary resources for the Group to achieve the pre-set strategic goals. The Articles of Association of the Company and the Rules of Procedures for the Board of Directors clearly define the powers of the Board, and matters to be submitted to the Board for approval; the Articles of Association of the Company and the Rules on Performing Duties by the President define the powers of the management. The Company perform appropriate approval processes for operation policies and policies in strict conformity with such corporate governance systems.

Corporate Governance Report

Without material prejudice to or impairment of the overall capability to perform duties and authorities of the Board, the Board has granted certain authorities to the Executive Directors, so as to enhance the overall decision-making quality and efficiency of the Company. The Board has also formulated the Rules of Procedures for the Executive Directors to monitor and manage authorised matters by establishing a mechanism on procedural management, filing and regular reviews. Specific information and management procedures relating to authorisation have been clearly set out in the Articles of Association of the Company and the Rules of Procedures for the Board of Directors. In 2023, the Executive Directors held 12 meetings in total, during which they discussed and made decisions on matters regarding project investment and disposal, financing management, account opening, revision of management systems for subsidiaries, review and filing, etc. within their authorisation. Resolutions for such matters have been reported to the Board and Supervisory Committee in time.

C.4 Committees under the Board

The code provisions that we complied with C.4.1~C.4.2

Five specialised committees have been set up under the Board, and each committee has its terms of reference, which explicitly explain and define their duties and powers, and they have been approved by the Board. These committees are responsible for reviewing and monitoring specific matters of the Company, such as the Company's strategies, financial reports, accounting policies and estimates, the operation of internal control, project investments, risk management, evaluation and remuneration, etc., and making corresponding suggestions to the Board. As at the end of the Reporting Period, the composition of each specialised committee of the Board of the Company is set out as follows:

	Strategic Committee	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee
Chairman:	Note 1	Bai Hua Independent Director	Li Fei Long Independent Director	Li Fei Long Independent Director	Xu Hua Xiang Independent Director
Member:	Liao Xiang Wen Executive Director	Li Fei Long Independent Director	Bai Hua Independent Director	Bai Hua Independent Director	Liao Xiang Wen Executive Director
	Dai Jing Ming Non-executive Director	Miao Jun Independent Director	Xu Hua Xiang Independent Director	Miao Jun Independent Director	Wang Zeng Jin Executive Director
	Li Fei Long Independent Director	Li Xiao Yan Non-executive Director	Li Xiao Yan Non-executive Director		Wen Liang Executive Director
	Miao Jun Independent Director				

Note 1: The Chairman of the Strategic Committee was formerly the Company's former Chairman Mr. Hu Wei, who had resigned from such positions as the Company's Chairman, Director and Chairman of the Strategic Committee under the Board due to his retirement.

Each specialised committee has appointed the head of the corresponding functional department of the Company to be the secretary of the committee, and clearly defined the meeting and reporting procedures by reference to the Rules of Procedures for the Board of Directors. The meeting minutes of the committees contain the details of the matters discussed in the meetings and are maintained properly according to the file management system of the Company upon the confirmation of all members. The chairman of each committee reports the work progress to the Board regularly and submits the relevant minutes for record. In 2023, the five specialized committees of the Company convened 19 meetings. For details, please refer to "Corporate Governance Summary" in this annual report.



C.5 Procedures of Board meetings and provision of and access to data

The code provisions that we complied with

C.5.1~C.5.10

The Board holds one regular meeting each quarter and convenes extraordinary meetings when necessary. The Company has issued a written notice to all Directors in respect of the date and proposals to be submitted 30 days before each regular meeting is convened, so as to ensure that they can propose issues to be discussed and include them in the agenda. Formal notices of all regular meetings have been dispatched to all Directors 14 days before the meeting is convened, while notices of extraordinary meetings have been dispatched at least 5 days before the meeting is convened. If a substantial shareholder or a Director has material conflict of interest in the issues to be discussed, the Company shall hold a plenary Board meeting for consideration of such resolution and shall not approve the same by a written resolution or authorisation. When considering the related issues, any Director who is connected or interested in the same shall not have any voting rights and shall be absent when necessary.

In 2023, the Board convened ten plenary meetings, 12 Executive Directors' meetings and signed two written resolutions of the Board. It has discussed and made decisions on issues covering the Group's financial reporting, operational analysis, budget execution, annual risk management planning, regular review and monitoring, business development and challenges, investment and financing plans, changes to accounting policies and estimates, related/connected transactions, remuneration, performance, etc. During the year, when considering proposals, the Directors who had material interest in the same had complied with the avoidance principle and abstained from voting. For example, when considering related/connected transactions related to the issuance of A-shares by the Company to specific targets, and the application for extension of the investment period by SASAC collaborative funds, the Directors holding positions at Shenzhen International Holdings Limited (excluding the Group) and other interested Directors declared their interests to the Board and abstained from voting.

The meeting minutes of the Board and Board committees contain the details of the matters discussed in the meeting, which include the questions and suggestions proposed or the consent or objection expression by each Director, and the final voting results of the Board. The draft meeting minutes shall be delivered to all Directors for comments within a reasonable time after each meeting. The final version shall be maintained properly according to the file management system of the Company and a copy of which shall be delivered to all Directors for filing. The meeting minutes are also available for Directors' access at any time through the Secretary of the Board.

According to the consideration and decision making needs, the Company may engage the professional institutions including the accountants firms, lawyers and assessment institutions based on the actual situation to issue written report for Directors' review. In addition, according to the Rules of Procedures for the Board of Directors and relevant requirements, the Directors and the specialised committees may engage professional institutions or professionals through established procedures to obtain professional advice at the expense of the Company. To ensure the independence of professional institutions, specific selection and employment work is conducted by the Independent Directors or an independent Board committee for the engagement of independent financial advisors for connected transactions. Selection and employment shall be determined by a majority of votes of the members, and the members with a connection or conflict of interest shall abstain from voting and not be counted in the membership.

Corporate Governance Report

The management of the Company has provided the Board, the specialised committees of the Board and the Supervisory Committee with the materials and information necessary for the consideration of each resolution within a reasonable period. After the Directors/Supervisors have raised reasonable inquiries, the management shall make appropriate response or provide further information as soon as possible. Under normal circumstances, relevant documents containing matters to be proposed for consideration or discussion by the Board shall be delivered to all Directors and Supervisors at least three days before the meeting. In addition, each Director and Supervisor is provided with channels to independently contact and communicate with the Company's senior management and secretaries of the specialised committees when necessary.

The Non-executive Directors (including Independent Directors) and Supervisors of the Company are able to understand the Company's operation activities and business development trends, and their duties as the Company's Directors/Supervisors through several channels to ensure their proper performance of such duties. In 2023, the Company supported the performance of duties of the Directors/Supervisors in the following ways:

- ◆ Arranged the management to report the progress of the material matters of the Group on the meetings of the Board;
- ◆ Arranged annual and semi-annual work presentations to provide a detailed report on the completion of the Group's tasks in 2022 and the semi-annual of 2023, the next stage work plan and budget targets, as well as the progress of major tasks and projects including operating conditions, project construction, and new industry expansion;
- ◆ Organised the Directors and Supervisors to conduct on-site inspections of the Guangming Environment Park, Coastal Phase II, Outer Ring Expressway, and other expressway projects to support them gain a better understanding of the construction and operation of relevant business segments of the Group, thereby giving them insights into the strategic layout of the Group, and the industry development trends and prospects of the dual main businesses.
- ◆ Dispatched Operation Information Monthly, which regularly reports information such as the operation performance of highway projects, the progress of construction projects and major tasks, updates on investees, monitoring of the early warning indicators of financial risks and work progress during adjournments of Board meetings;
- ◆ Arranged the Directors and Supervisors to participate in the trainings held by securities regulatory authorities, and provided consultation of laws and regulations for the Directors/Supervisors in need, allowing them to understand the operation of the Company and the domestic and international rules and principles relating to governance in a comprehensive and systematic manner.
- ◆ Continuously follow up the implementation status or progress of resolution of the general meeting, the Board, and the executive Board, and submit the above information with other material of the Board in writing to all Directors and Supervisors before each Board meeting. At each Board meeting, the Secretary of the Board reports on the progress of the aforementioned matters, board resolutions during adjournments of board meetings, resolutions of the executive Board, the progress of important matters, etc. The Board understands the implementation status of Board decision-making matters timely through such arrangements, so as to urge the management and adjust decisions based on the actual situation when necessary.



C.6 Company Secretary

The code provisions that we complied with	C.6.1~C.6.4
-------------------------------------------	-------------

The Secretary to the Board of the Company, who is appointed by the Board and reports to the Chairman for daily routines, is a senior management member of the Company. The Secretary to the Board is responsible for communication and coordination among the Company, Directors and shareholders, giving advice to the Board and the management on corporate governance, information disclosure and investor relations management, and making specific arrangements. The secretary of the Board of the Company is Ms. Zhao Gui Ping, and the joint secretaries of the Company are Ms. Zhao Gui Ping and Ms. Lin Wan Ling as Joint Secretaries to the Company. In 2023, Ms. Zhao Gui Ping and Ms. Lin Wan Ling both attended not less than 15 hours of relevant training in total to continuously update their professional knowledge and skills, and better support the operation of the Board.

The Secretary to the Board is also responsible for providing applicable regulations, regulatory requirements, and other relevant information and updates to all Directors in office timely, arranging reasonable induction training and professional development for the Directors to ensure compliance with the procedures of the Board and all applicable laws, rules and regulations, and providing support for the Directors to perform their duties compliantly; all Directors can directly contact the Secretary to the Board individually and independently when necessary to obtain more detailed information, and the Secretary's opinions on governance matters.

D. Audit, Internal Control and Risk Management

D.1 Financial reporting

The code provisions that we complied with	D.1.1~D.1.4
The recommended best practise(s) that we complied with	D.1.5~D.1.6

In the periodical financial reports over the years, the Board made efforts to comply with the requirements of the relevant laws and the Listing Rules, and prepared documents and disclosed information under the principle of more and stricter as possible, so as to meet the regulatory requirements of both the Shanghai and Hong Kong markets. On this basis, the Company took the initiative to understand what the investors focused on, carried out more targeted voluntary information disclosures, striving to make comprehensive, objective, fair and clear statements on status and prospects of the operation and management of the Group. Apart from an in-depth analysis on the operational and financial positions and the major factors affecting the business performance, the Company also provided the information in relation to the risks that are faced in operating activities, responsive measures, development strategies and plans, etc. in annual reports to enhance investors' understanding on the Company's business, management and development trends. The Company has also prepared and released quarterly performance reports within one month after the end of the first and third quarters of each year according to the requirements of the CSRC and the SSE. The Board shall be able to assess the Company's performance and make decisions on the basis of fully understanding the required information. Please refer to C.1 and C.5 above for details of information provision and support.

Corporate Governance Report

Statement of the Responsibilities towards the Financial Statements of the Board:

The financial statements contained in this annual report were prepared in accordance with CASBE, and have been audited by the Company's auditor for the year – Deloitte Touche Tohmatsu Certified Public Accountants LLP (“Deloitte”). This statement intends to make clarification to our shareholders for the respective responsibilities of the Directors and the auditor of the Company in relation to the financial statements, and shall be read together with the statement of responsibilities of the auditor set out in the Auditor's Report of this annual report.

It is in the Board's opinion that the financial statements are prepared on a going concern basis given that the resources available to the Company are sufficient for carrying out on-going business operations in the foreseeable future. Appropriate accounting policies have been adopted in preparing the financial statements. These policies have been consistently applied to the preparation of the financial statements and supported by reasonable and prudent judgments and estimates, and comply with all accounting standards as the Board deems appropriate. It is the responsibility of the Directors to ensure that the account records prepared by the Company can provide a reasonable and accurate view of the Company's financial position and that the financial statements comply with the requirements of the relevant accounting standards.

D.2 Risk Management and Internal Control

The code provisions that we complied with	D.2.1~D.2.7
The recommended best practise(s) that we complied with	D.2.8~D.2.9

The Board has established the Risk Management Committee, which is chaired by an Independent Director. Please refer to C.4 above and “Corporate Governance Summary” in this annual report for details of the composition of the Risk Management Committee and its performance of duties. The Terms of Reference of the Risk Management Committee approved by the Board has been published on the websites of the exchanges and the Company. The Company provided the committee with sufficient resources for its performance of duties. During the year, the Risk Management Committee did not seek for independent professional advice for the performance of duties.

Having a sound and practical internal control system is the basis of good corporate governance. The Board is responsible for developing and maintaining the internal control system of the Company to review the effectiveness of all important control procedures in finance, operations, compliance and risk management, thereby protecting the shareholders' interests and the Group's assets. In 2023, the Board reviewed the soundness and effectiveness of the internal control system of the Group and issued a self-assessment report on internal control, which included but not limited to the provisions of D.2.3 of the code. In addition, the Company has engaged an auditor to audit the effectiveness of internal control relating to the financial reporting of the Company in order to provide independent and objective assessment and recommendation in the form of audit report. Please refer to “Internal Control” in this annual report for the details of the establishment of the internal control and risk management system of the Company, the Statement of the Responsibilities of the Board, the self-assessment, key deficiencies (if any) and the audit.



In August 2000, the Company established the Audit Department, and has carried out an independent internal audit system to review the Group's operating and management activities and the effectiveness of the internal control system. Internal audit personnel have the authority to access all information about the Company and make inquiries to relevant personnel at work. The General Manager of the Audit Department directly reports the result of his work to the Audit Committee, and the Audit Committee will then make recommendation to the management of the Company after consideration and examine the implementation of the rectification and improvement plan by way of follow-up inspection.

The Board has established the Anti-fraud Work Regulations, and specified the key areas of anti-fraud work and matters including the division of labour, fraud prevention and control, procedures for accusing, investigating, handling and reporting on fraud cases. The Audit Committee and the Audit Department have set up independent hotlines and email boxes for reporting any suspected cases which are posted on the internal and external websites of the Company as channels for staff at all levels and stakeholders of the Company to reflect and report ethical violations or suspected fraud cases in connection to the Company or its staff. During the year, the Audit Committee communicated with the auditor of the Company in relation to fraud risks and control measures in order to understand the internal control suggestions proposed by the auditor and the Audit Department, and the feedback and rectification of the management, investigate reports/complaints against the Company or the management from the perspective of internal control, and provide continual guideline and supervision on the Company's anti-fraud work.

D.3 Audit Committee

The code provisions that we complied with

D.3.1~D.3.7

The Board has established the Audit Committee composed of Non-executive Directors, with the majority being Independent Directors, and chaired by an Independent Director. The Audit Committee is responsible for the review and supervision of the financial accounting policies, financial reporting procedures and reporting quality of the Group; the evaluation of the soundness and effectiveness of the internal control system of the Company, supervision of fraudulent risk and management measures of the Company; responsible for the coordination with the work of the auditor and the evaluation of its efficiency and quality of work as well as its engagement; the review on the internal audit report and evaluation of the feedback from the management; and responsible for the control and daily management of connected transactions of the Company. Works falling under the scope of risk management are handled by the Risk Management Committee under the Board. Please refer to C.4 above and "Corporate Governance Summary" in this annual report for details of the compositions of the Audit Committee and Risk Management Committee, and their respective performance of duties. The Terms of Reference of the Audit Committee approved by the Board have been published on the websites of the exchanges and the Company. The Company provided the committee with sufficient resources for its performance of duties. During the year, the Audit Committee did not seek for independent professional advice for the performance of duties.

Corporate Governance Report

Under the authorisation granted by the Board, the Audit Committee is responsible for reviewing and monitoring the quality and procedures of the Group's financial reporting. The committee reviewed the periodic financial reports of the Group in 2023 and made suggestions to the Board for approval. The specific tasks of the committee included:

- ◆ The committee reviewed the interim and quarterly financial reports of the Group, listened the auditor's review/report on the agreed procedures, and discussed how to handle significant financial and accounting matters with the management and the auditor.
- ◆ Before the annual audit, the committee held meetings with the auditor and discussed the composition of its audit team members, risks of the year, scope of audit, method of audit, focus of audit and the schedule for the annual audit in order to understand the overall arrangement of the audit work for the annual financial reports of the Company.
- ◆ During the annual audit process, the committee maintained on-going communication with the management and the auditor, and discussed and confirmed how to handle significant financial and accounting matters of the Group, the appropriateness of the accounting policies adopted and the reasonableness of the accounting estimates.
- ◆ The committee supervised the completion of the annual audit by the auditor as scheduled and reviewed the Group's annual financial reports and issued its written opinions. The Audit Committee held two meetings in early 2024 (up to the Reporting Date) and held a separate communication meeting with the auditors without the participation of the management of the Company to ensure the objective and independent opinions of the auditors. The Audit Committee reviewed the 2023 annual financial reports and annual report of the Group. Based on the results of relevant work and by reference to the audit opinions of the auditor, the committee is of the view that the Group's 2023 annual financial reports reflect the operating results and financial position of the Group for the year truthfully and reasonably, and thus recommend the Board to approve the same.



The report of the auditor:

Upon approval by the general meeting, the Company has appointed Deloitte as its auditor for the year 2023 to carry out a combined audit on the annual financial reports and internal control, and assume the due duties of an international auditor as specified in the Listing Rules of the HKEx. Deloitte had been appointed by the Company as its statutory auditor from 2021, which has provided audit services to the Group for three consecutive years.

The remuneration of the Company's auditor in 2023 is set out as follows:

(Unit: RMB '000)	2023	2022
Financial statements audit/review fees	3,000	3,240
Internal control audit fees	450	450
Others	1,366	1,411

Notes:

1. The auditor has submitted to the Company a written confirmation letter in respect of the total amount of the aforementioned remuneration.
2. Other services provided by Deloitte in 2023 mainly included issuance of investment circular documents and audit of proposed acquisition projects, etc.

Save as the above-mentioned, a total of 63 wholly-owned or controlled subsidiaries of the Company, including Bay Area Development, have hired accounting firms include KPMG, KPMG Huazhen LLP Shenzhen Branch, BDO China Shu Lun Pan Certified Public Accountants LLP Shenzhen Branch and LIF & Wong CPA Limited respectively, to provide annual financial statement auditing services. The audit fee for the year 2023 was RMB1.98 million and HK\$43,000.

The Audit Committee is responsible for conducting an assessment on the completion of the annual audit and the practising quality of the auditor, and makes recommendations to the Board in respect of the appointment or replacement of the auditor. The appointment or replacement of the auditor as well as the determination of audit fees are proposed by the Board at the general meeting for approval or authorisation. According to the requirements of the Management Measures for the Selection of Accounting Firms by State-owned Enterprises and Listed Companies (Cai Kuai [2023] No. 4) jointly issued by the Ministry of Finance, the SASAC of the State Council, and the CSRC, the Company evaluated and summarised the work of Deloitte in 2023, and issued an evaluation report; the Audit Committee has supervised Deloitte's audit performance in 2023 and issued a special report. The committee believes that Deloitte has performed well in terms of independence, objectivity, professional proficiency, quality and efficiency of financial information disclosure audits, and effectiveness of communication with the Company. For details, please refer to the Evaluation Report on Performing Duties by Deloitte and the Report on the Supervision of Accounting Firms by the Audit Committee of the Board of Directors, disclosed by the Company on the websites of the SSE (<http://www.sse.com.cn>), HKEx (<http://www.hkexnews.hk>) and the Company (<http://www.sz-expressway.com>) as separate reports.

Corporate Governance Report

E. Remuneration

E.1 Standard and composition of remuneration and its disclosure

The code provisions that we complied with	E.1.1~E.1.5
The recommended best practise(s) that we complied with	E.1.6~E.1.9

The Board has established the Remuneration Committee composed of Non-executive Directors, with the majority being Independent Directors, and chaired by an Independent Director. Please refer to C.4 above and “Corporate Governance Summary” in this annual report for details of the composition of the Remuneration Committee and its performance of duties. The Terms of Reference of the Remuneration Committee approved by the Board has been published on the websites of the exchanges and the Company. The Company provided the committee with sufficient resources for its performance of duties. During the year, the Remuneration Committee did not seek for independent professional advice for the performance of duties.

The Company has disclosed the remuneration of the Directors, Supervisors and senior management on a named basis. Please refer to the section headed “Directors, Supervisors, Senior Management and Employees” in this annual report for the details of the remuneration policy of the Directors, the appraisal and incentive mechanism of the senior management and the remuneration of the management for the year.

F. Shareholders Engagement

F.1 Effective communication

The code provisions that we complied with	F.1.1
-------------------------------------------	-------

The Company has been complying with the principle of equal treatment of all investors, and established a smooth communication channel with investors while observing various regulations relating to information disclosure by maintaining an effective two-way communication with investors through various channels. Please refer to “Investor Relations” in this annual report and F.2 below for details.

Always committed to enhancing corporate value, the Group has implemented an aggressive cash dividend policy to balance the long-term and short-term interests of investors and provide good and consistent returns for shareholders. The Company has been paying back its shareholders ever since its listing, which is underpinned by the payment of cash dividends for 26 consecutive years for an aggregate amount of approximately RMB13.2 billion.

According to the Articles of Association, provided that the cash dividend distribution conditions are met, the Company shall distribute cash dividends annually. The profit distributed by cash by the Company for the year shall not be less than 20% of the distributable profit for the year, and the profit distributed by cash by the Company for three consecutive years in aggregate shall not be less than 30% of the distributable profit for the three years.



According to the Plan of Shareholders' Return for 2021-2023 approved by the Company's general meeting, the Company will strive to increase the cash dividend distribution ratio for the years 2021-2023 if the conditions for cash dividend distribution are met. When the financial and cash position of the Company is satisfactory and there is no material investment plan or cash expenditure, the profit proposed to be distributed in cash shall not be lower than 55% of the net profit attributable to Shareholders of the parent company pursuant to the consolidated statements of the year, net of profit distributable to holders of other equity instruments such as perpetual bonds (if any). From 2021 to 2023, the Company paid dividends according to the above plan.

The Company regularly discloses details of the total number of shares, classes of shareholders, substantial shareholders and market value of the shares held by the public. Please refer to "Share Capital and Shareholders" in this annual report for details.

F.2 General meetings

The code provisions that we complied with

F.2.1~F.2.3

The Company encourages all shareholders to attend the general meetings. In 2023, two general meetings were held by the Company, one for A and H shares each. For details, please refer to "Corporate Governance Summary" in this annual report.

The Company serves a notice of at least 15 days prior to the date of the general meeting, and provides the shareholders with any information necessary for them to attend and make decision at the meeting. Each separate matter in substance submitted to the general meeting for consideration is put forth respectively as a separate resolution. According to the Articles of Association of the Company, eligible shareholders of the Company have the right to call general meetings and propose impromptu motions or collect voting rights from other shareholders according to the established procedures. According to the Articles of Association, shareholder(s) who hold 10% or more of the Company's voting shares may convene an extraordinary general meeting by a written request. The Board has to convene an extraordinary general meeting within two months after receipt of such written request. In addition, shareholder(s) who individually or jointly hold 3% or more of the Company's voting shares may request to include new proposal(s) at the next general meeting of the Company in writing. The content of such resolution(s) shall be within the terms of reference of the general meeting, with clear topics and specific matters to be resolved, and comply with the relevant requirements of laws, regulations and the Articles of Association. The Company shall include such matter(s) of the new resolution(s) which is/are within the terms of reference of the general meeting in the agenda of its next general meeting. A cumulative voting system is adopted for the election of the Directors and the Supervisors by the shareholders. These arrangements are made to protect the rights of minority shareholders and encourage them to fully express their opinions. The specific procedures and requirements of the aforementioned arrangements are set out in details in the Articles of Association of the Company and the attached Rules of Procedures for General Meetings. The full texts of the Articles of Association of the Company and the Rules of Procedures for General Meetings are available on the website of the Company.

During the year, the President and Executive Director of the Company attended the annual general meeting and all chairmen of the specialised committees under the Board or their representatives were also arranged to attend the meeting to answer inquiries from the shareholders when necessary.

Corporate Governance Report

At a general meeting, all shareholders present are entitled to make inquiries to the Directors and management regarding issues in relation to the proposals. At any other time than at general meetings, the shareholders may make inquiries and express their opinions to the Board by calling the investor hotline of the Company or in writing (including facsimile, letter, e-mail, online message, etc.). The Company has published detailed methods of contact through its website, notices of the general meeting, circulars to the shareholders and annual reports for the shareholders to express their opinions or make any inquiries. The Board has formulated the Rules of Investor Relations Management and the Standard for Investor Relations Management, which clearly define the principles, responsible persons, channels and criteria for shareholder communication to keep in touch with the shareholders on an on-going basis. In 2023, the Company reviewed the implementation of the Rules of Investor Relations Management and the Standard for Investor Relations Management, and revised them according to the requirements of securities regulatory authorities on investor relations management of listed companies in order to further standardise its investor relations management. For details of the Company's investor relations management in 2023, please refer to "Investor Relations" in this annual report.

The Company has formulated the Rules of Procedures for General Meetings, which clearly set out the voting method and procedure at general meetings to ensure compliance with the Listing Rules and the Articles of Association of the Company.

The Company provides detailed explanations on the documents for convening a general meeting on such matters as the way of filling in voting forms, rights of the shareholders, voting procedures and method of vote counting to ensure that the shareholders are familiar with the voting procedures by way of poll. A shareholder who is unable to attend a general meeting in person may appoint a proxy (who does not have to be a shareholder of the Company) to attend and vote at the general meeting.



Internal Control

I. Statement of Responsibilities towards Internal Control

To develop, improve and effectively implement internal control, assess its effectiveness and truthfully disclose assessment reports on internal control is the responsibility of the Board of the Company and its audit committee. The Supervisory Committee shall supervise the establishment and implementation of internal control by the Board. The management shall be responsible for organising and leading the daily operation of the Company's internal control.

The internal control objectives of the Company are to reasonably ensure that its operational management complies with the relevant laws and regulations, its assets are safe, and its financial reports and relevant information are truthful and complete, to improve its operational efficiency and effectiveness, and facilitate the fulfillment of its development strategy. As the internal control bears inherent limitations, it can only provide reasonable assurance for achieving the aforesaid objectives. Moreover, as changes in the circumstances may render internal control inappropriate, or reduce the degree of compliance with control policies and procedures, it is risky, to a certain extent, to make predictions about the effectiveness of internal control in the future based on the results of internal control evaluation.

The purpose for establishing the internal control system is to manage potential risks as it will be unrealistic to eliminate all risks. Meanwhile, the coverage of internal control shall be in line with the Company's operating scale, business scope, competition condition and risks levels, and shall be timely adjusted to reflect the change of circumstances. It would be a persistent and continuous task to improve the internal control system, regulate the implementation of the system and strengthen the supervision and examination of internal control.

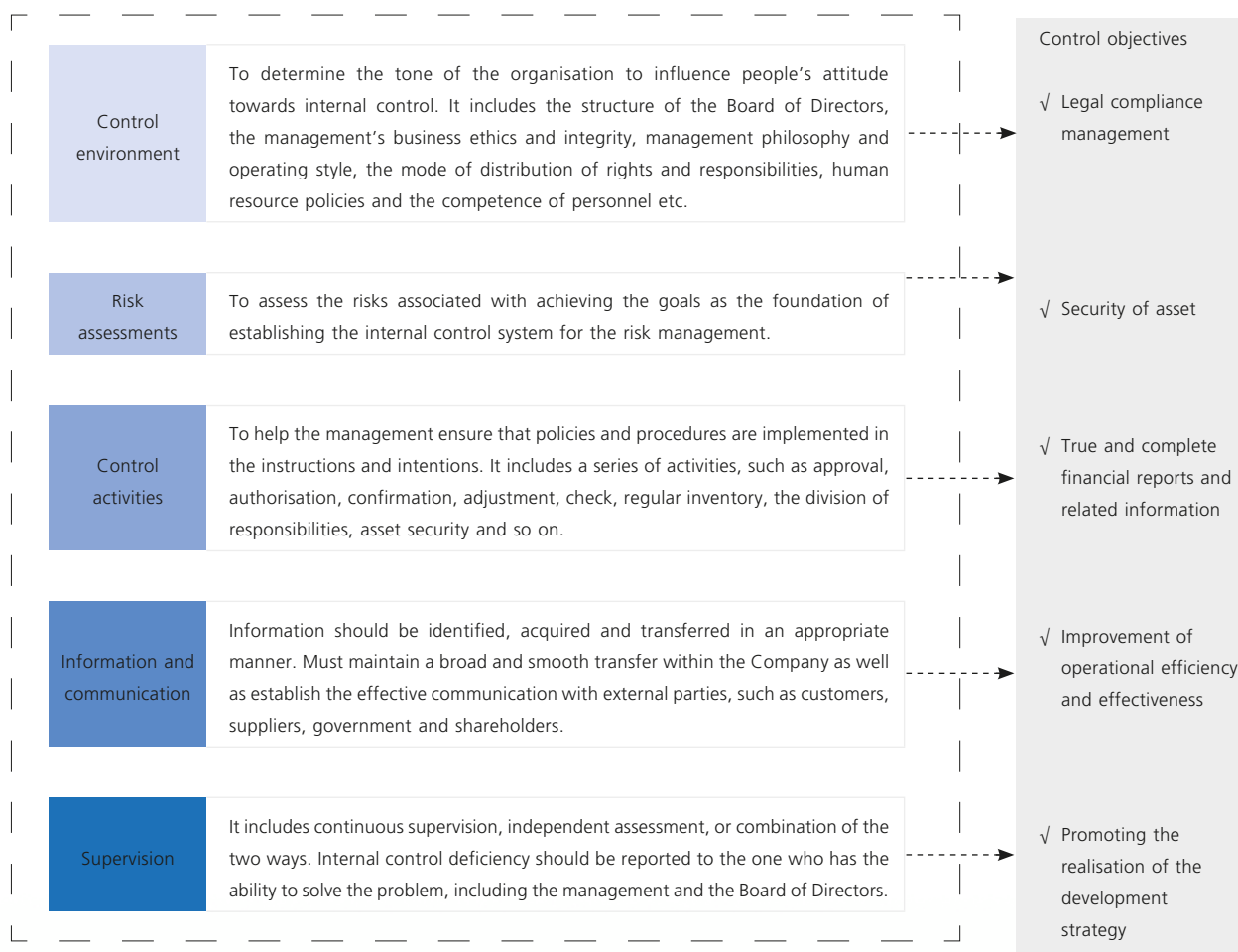
II. Establishment of the Internal Control System

The Company always focuses on the standardisation of its internal management. It has established a comprehensive management system and the practical rules for various layers of business operation and management in order to maintain a stable growth of the Company. The Company's prevailing management system covers the key management procedures of various business segments and supporting segments such as investment, project management, management on road assets, toll collection management, wind power operation, kitchen waste operation, financial management, general and administrative management, human resources management, information management, legal management, safety management, information disclosure management, management of investee companies, integrity management and internal audit.

As required in the Basic Standard for Enterprise Internal Control jointly issued by five ministries and commissions including the Ministry of Finance and CSRC, and the requirements set out in various internal control application guidelines, the Company has prepared its own internal control manual to identify the relevant priorities. In addition, the Company has formulated the Quality Control Procedure for the Assessment of Internal Control, setting out the measures for internal control testing and defect assessment, assessment procedure, preparation of internal control assessment reports, and disclosure procedure in order to standardise the Company's internal control assessment.

In order to establish a sound internal control system and keep it effective, the Company has considered five major basic aspects of internal control, namely control environment, risk assessment, control activities, information and communication, and supervision.

Internal Control



III. Risk Management

The Company improves its management capability and adaptability, and further ensures the realisation of the business objectives and sustainable steady growth through active and systematic identification, assessment and response to risk issues occurred in the operation process. The Company has formulated the Procedures for Risk Control and Management to define the risk assessment model and the risk evaluation criteria. Qualitative and quantitative evaluations were carried out to evaluate risks from two dimensionalities, i.e. probability and impact of the risks, so as to determine the levels of impact. In preparing the annual work plans, those major risks that may affect the achievement of the annual business objectives were identified, analysed and assessed by each unit of the Company, and corresponding risk response measures and annual risk management plan for each unit were formulated. In combination with the Company’s annual business objectives and company strategy, the management determined the Company’s key area of the annual risk management, and reviewed and assessed the implementation of the risk management plan quarterly, semi-annually and annually. Meanwhile, the Company has formulated reporting mechanism for major risk emergency events and quarterly material risk matters to strengthen the supervision on major risk events. In addition, the Company has also formulated the Management Rules on the Warning of Financial Risks to regularly monitor the warning indicator system and hierarchically report the results to the management, Risk Management Committee and Board.



IV. The Supervision and Self-Assessment of the Internal Control Systems

The Board focuses on the five basic elements of the internal control and continues to review the effectiveness of the Company's internal control system through the Audit Committee and its subordinate Audit Department. The Audit Department independently reviews, supervises and evaluates internal control activities regularly and whenever necessary based on possible risks and degrees of importance involved in various businesses and procedures of the Company and directly reports to the Audit Committee. Through the following tasks, the Audit Committee supervises and reviews the soundness and effectiveness of the Company's financial reporting and internal control system on an ongoing basis:

- ◆ Review and approve the annual Assessment Plan for Internal Control;
- ◆ Keep abreast of the progress of internal control system establishment and evaluation tasks through daily routines, periodical summary and reports submitted by the Audit Department;
- ◆ Comprehend the method and scope of the internal control assessment tests and the key deficiencies found during the tests and their correction;
- ◆ Discuss with the auditor the scope of audit, the audit results and audit opinions in respect of the audit of internal control;
- ◆ Review the annual Assessment Report for Internal Control.

According to the relevant requirements of the Corporate Internal Control Standard System which is based on the Basic Standard for Enterprise Internal Control, along with the Company's internal control system and assessment measures, the Board had assessed the effectiveness of the Company's internal control as at 31 December 2023 (the base date of the Assessment Report) and issued 2023 Assessment Report on Internal Control based on routine monitoring and special supervision. The scope of evaluation included Shenzhen Expressway Corporation Limited, Shenzhen Expressway Operation Development Co., Ltd., Guangdong Qinglian Highway Development Co., Ltd., Hunan Yichang Expressway Development Co., Ltd., Shenzhen Expressway Infrastructure and Environmental Protection Development Co., Ltd. and its subsidiaries, Shenzhen Expressway Construction Development Co., Ltd. and its subsidiaries, Shenzhen Expressway Financial Leasing Co., Ltd., Shenzhen Expressway Private Equity Industrial Investment Fund Management Co., Ltd., Shenzhen Expressway New Energy Holdings Co., Ltd. and its subsidiaries, Shenzhen Expressway Environmental Co., Ltd. and its subsidiaries, Shenzhen Expressway Investment Co., Ltd. and its subsidiaries, Shenzhen Investment Holdings Bay Area Development Co., Ltd., Shenzhen Qinglong Expressway Co., Ltd., Shenzhen Expressway Business Co., Ltd., Shenzhen Expressway Digital Technology Co., Ltd., Shenzhen Guangming Environment Technology Co., Ltd., Shenzhen Longda Expressway Co., Ltd., covering all actual managed subsidiary entities within the scope of the company and its consolidated financial statements, and also covered the main businesses and matters of these companies in terms of corporate governance, business procedures and high-risk areas. The assets of the abovementioned assessed companies accounted for 100% of the Company's total assets and their aggregate revenue accounted for 100% of the Company's total revenue as per the consolidated financial statements.

Internal Control

The Assessment Report for Internal Control 2023 of the Company (Chinese version) was disclosed as a separate report on the websites of the SSE (<http://www.sse.com.cn>), the HKEx (<http://www.hkexnews.hk>) and the Company (<http://www.sz-expressway.com>). According to the identified key deficiencies in the internal control on the Company's financial reporting, there was no key deficiency in the internal control on the Company's financial reporting as at the basis date of the assessment report. The Board of Directors is of the opinion that the Company has maintained an effective internal control on financial reporting in all material aspects according to the Corporate Internal Control Standard System and the relevant regulatory requirements, and the Company's risk management and internal control systems are effective and sufficient. According to the identified key deficiencies in the internal control on the Company's non-financial reporting, no key deficiency in the internal control on the Company's non-financial reporting was aware of as at the basis date of the assessment report. During the period from the basis date to the issue date of the Assessment Report for Internal Control 2023, no factors that affected the conclusions on effectiveness of internal control assessment occurred.

V. Description on Internal Control Audit

Deloitte Touche Tohmatsu Certified Public Accountants LLP, appointed by the Company, has audited the effectiveness of internal control relating to the Company's financial reporting, and issued an unqualified audit opinion. The audit report (Chinese version) was disclosed on the websites of the exchanges and the Company in the form of separate report.



Investor Relations

The Company advocates a corporate culture that respects investors and holds itself accountable for investors. The Company establishes a smooth communication channel with investors and enhances mutual trust and interaction based on proper information disclosure and initiating various investor relation activities, and fully respects investors' rights of knowledge and option, while asserting to reward its shareholders.

I. Information Disclosure

Credible information disclosure can effectively build a bridge of communication and understanding between the Company and its investors, the regulatory authorities, and the public. This can facilitate a broader and more thorough understanding of the Company's values. For years, according to the fundamental principles of openness, impartiality and fairness, the Company has been striving to comply with the requirements of the relevant laws and the Listing Rules, and fulfilling the information disclosure obligations in a timely and accurate manner. The Company takes the initiative to understand investors' concerns and voluntarily discloses information in response to these concerns, so as to increase its transparency.

In 2023, the Company timely completed the preparation and disclosure of its annual, interim and quarterly reports and published over 300 announcements and other shareholders' documents and materials in both English and Chinese, disclosing in detail the following information of the Company: operations of the Board, the Supervisory Committee and general meetings, dividend distribution, communication with investors, corporate governance, operating conditions, investment and financing arrangements, etc. The Company acted, on its own accord, to disclose its monthly operational statistics by way of announcements and adds other voluntary information disclosures based on business progress. The Company also maintained to provide in-depth analyses on its operating and financial positions as well as the major factors affecting its business performance in its annual reports with a view to strengthening investors' understanding about the operation, management, and development trends of the Company.

II. Ongoing Communication

On the basis of a competent disclosure of information, the Company maintains effective two-way communication with investors through various channels and conveys information which investors are concerned with, so as to boost their confidence in the Company's future development. Meanwhile, the Company extensively collects feedback from the market to elevate the standards of the Company's governance and operations management.

The management of the Company highly values investor relationship management. During the year, the President, Independent Directors, Chief Financial Officer and Secretary of the Board, Vice President, and investor relations team of the Company actively participated in various investor exchange activities to communicate and interact with investors directly. The investor relations activities were mostly organised by the Company in the following forms:

- ◆ Disclosing the investor hotline and investor relations e-mail box, setting up an investor message section on the Company's website and an SSE e-interactive column, and promptly responding to investor inquiries. In 2023, the Company replied to over 100 investor inquiries by telephone, e-mail and website message.

Investor Hotline: (86) 755-8669 8069
Investor Relations Email: ir@sz-expressway.com
Company Website: <http://www.sz-expressway.com>

Investor Relations

- ◆ The Company has properly arranged requests of visits and research from the investors, maintained an open attitude to communicate with investors, and established a direct communication mechanism with investors. The communication activities between the Company and investors in 2023 were conducted both offline and online, and the Company kept optimising promotional materials to ensure that research needs of investors are met. During the year, the Company received in aggregate over 30 batches of analysts for research.
- ◆ Active in conducting or participating in various forms of A/H-share market presentation activities, including result presentations and press conferences, online investor meetings, roadshows, reverse roadshows, and investor conferences organised by brokers and intermediaries. To facilitate convenient and efficient communication, the Company added online synchronous live streaming and playback at the Hong Kong venue of the interim performance briefing. During the year, the Company interacted with a total of over 800 investors and media reporters.

Details of major promotional activities in 2023 are as follows:

February	<ul style="list-style-type: none"> ◆ Sealand Securities 2023 Spring Strategy Meeting – Shenzhen Expressway Special Session ◆ Western Securities Institution Heavy Stocks Spring Festival Conference, Shenzhen ◆ CITIC Securities Industry Forum on “Focus on Domestic Demand” ◆ China Securities 2023 Spring Capital Markets Summit
March	<ul style="list-style-type: none"> ◆ Shenzhen Expressway 2022 Annual Results Presentations and Press Conferences in Shenzhen and Hong Kong ◆ Online investor meeting in relation to the annual results ◆ Hong Kong non-deal road show in relation to the annual results
April	<ul style="list-style-type: none"> ◆ Online investor meeting in relation to the first quarterly results of 2023
May	<ul style="list-style-type: none"> ◆ “Welcoming Pine” Industry Summit Forum and Sinolink Securities Annual Strategy Conference ◆ Shanghai non-deal road show ◆ Industrial Securities Serial Exchange Meetings on the “Valuation System with Chinese Characteristics” (Virtual) ◆ 2023 Listed Companies’ Road Show Conference • Performance Briefing and Investor Exchange Meeting by RoadShow China and Easymoney.com



June	<ul style="list-style-type: none"> ◆ Huatai 2023 Interim Investment Strategy Summit ◆ Hua Chuang Securities 2023 Interim Strategy Conference ◆ Industrial Securities 2023 China Capital Market High-end Forum and Interim Strategy Conference ◆ UBS Asia Industrials & Transport Conference 2023
July	<ul style="list-style-type: none"> ◆ 2023 Online Investor Open Day ◆ Sinolink Securities Autumn Strategy Conference 2023
August	<ul style="list-style-type: none"> ◆ Shenzhen Expressway 2023 Interim Results Presentations and Press Conferences in Shenzhen and Hong Kong ◆ Online investor meeting in relation to the interim results ◆ Hong Kong non-deal road show in relation to the interim results
September	<ul style="list-style-type: none"> ◆ Shanghai and Beijing special road shows for A-share private placement ◆ 2023 Interim Results Collective Briefing for the Expressway Industry of the SSE ◆ Serial Teleconferences of Transport Group of Zhongtai Securities on “Searching for High Dividends” – Shenzhen Expressway Special Session
October	<ul style="list-style-type: none"> ◆ Online investor meeting in relation to the third quarterly results of 2023 ◆ Online Exchange Meeting on Shenzhen Expressway’s 3Q2023 Results by Guolian Securities
November	<ul style="list-style-type: none"> ◆ Everbright Securities 2024 Annual Investment Strategy Conference ◆ 2023 Virtual Investor Collective Reception Day of Listed Companies in Shenzhen ◆ Shenwan Hongyuan Securities 2024 Capital Market Investment Annual Conference and Listed Companies Communication ◆ Shenzhen Expressway Special Session of the “Entering Listed Companies” Series of Topsperity Securities
December	<ul style="list-style-type: none"> ◆ TF Securities Outlook 2024 Strategy Conference ◆ Shenzhen Expressway Special Session of the “Entering Listed Companies” Series of Xiangcai Securities ◆ Shenzhen Expressway Reverse Road Show × Shenzhen Expressway Special Session of “Understanding My Listed Companies – Shenzhen” Serial Activities of China Securities Investor Services Center

Investor Relations

- ◆ Regularly dispatching information and materials on the operations and development of the Group. The Company prepared and issued a total of six E-news and 16 result and progress presentation materials in 2023, providing information to investors on the Company's staged operational management and project operation performance, and giving responses to issues concerning investors. Such information is sent by e-mail and uploaded to the Company's website for more investors' access at any time.
- ◆ Investors and the public can access information such as the Group's basic information, corporate governance rules, information disclosure documents, profiles of directors, supervisors and senior management members, and data on the monthly operating performance of the Group's toll highway projects at any time on the Company's website.
- ◆ The Company pays attention to and responds to the messages from investors in a timely manner, and uploaded the interaction records of investors on monthly basis through the "e-interaction" platform established by the SSE for listed companies and investors.

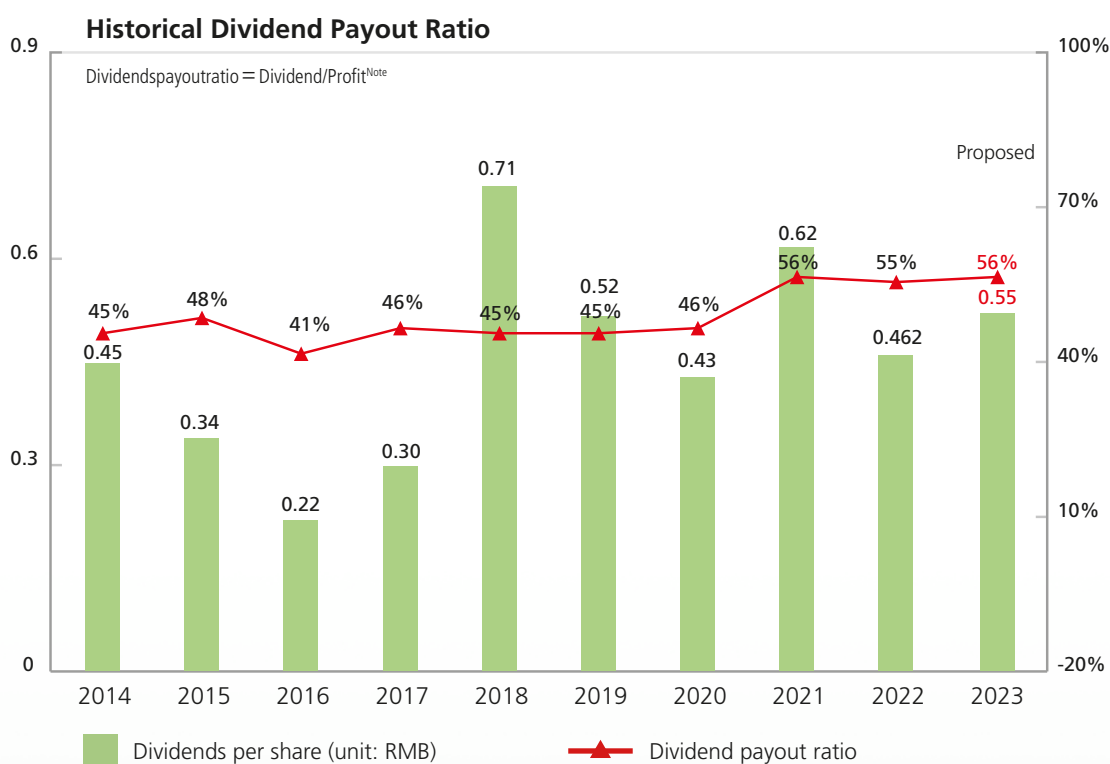
The Board of the Company has reviewed the implementation of the Company's shareholder communication policy for 2023. Taking into account the afore-mentioned communication channels for investors, and the steps taken and events organised by the Company, the Company is of the view that the shareholder communication policy for 2023 has been implemented effectively. In addition, the Company has revised the Rules of Investor Relations Management and the Standard for Investor Relations Management in accordance with the Work Guidelines for Investor Relations Management of Listed Companies issued by the CSRC and the SSE's Guidelines No. 1 on Self-discipline Regulatory of Listed Companies – Standard Operation and in light of practices, including updating the definition and basic principles of investor relations management, reclassifying investor relations work, further standardising specific work behaviours, and improving the scope and methods of investor relations management.



III. Shareholder Return

The Company has been paying back its shareholders ever since its listing, which is underpinned by the payment of cash dividends for 26 consecutive years for an aggregate amount of approximately RMB13.24 billion.

The Board of the Company recommended the payment of a cash dividend of RMB0.55 (tax included) per share for the year 2023. Such proposal is to be submitted to the 2023 Annual General Meeting of the Company for approval. For details of the dividend, and the policy and payment of cash dividends of the Company, please refer to "Financial Analysis" in "Management Discussion and Analysis" of this annual report.



Note: The dividend payout ratio was calculated based on the financial statistics of payout without taking into consideration of the effect of changes in accounting policies thereafter.



AUDITOR'S REPORT AND 2023 FINANCIAL STATEMENTS

180	Auditor's Report
185	Consolidated and Company Statement of Financial Position
190	Consolidated and Company Statement of Profit or Loss and Other Comprehensive Income
193	Consolidated and Company Statement of Cash Flows
196	Consolidated and Company Statement of Changes in Equity
199	Notes to Financial Statements
374	Supplementary Information



Auditor's Report

2023

De Shi Bao (Shen) Zi (24) No. P02456

TO THE SHAREHOLDERS OF SHENZHEN EXPRESSWAY CORPORATION LIMITED,

I. OPINION

We have audited the financial statements of Shenzhen Expressway Corporation Limited (“Shenzhen Expressway Company”), which comprise the consolidated and company statements of financial position as at 31 December 2023, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of cash flows and the consolidated and company statements of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared and present fairly, in all material respects, the consolidated and Company's financial position of Shenzhen Expressway Company as at 31 December 2023, and the consolidated and Company's results of operations and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the “Auditor's Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of Shenzhen Expressway Company in accordance with the Code of Ethics for Chinese Certified Public Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements of the year 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine the followings are key audit matters in need of communication in our report.



III. KEY AUDIT MATTERS (CONTINUED)

Allocation of franchise rights associated with toll roads

As disclosed in Note V,19 (3) to the financial statements, as at 31 December 2023, the carrying amount of the franchise rights of Shenzhen Expressway Company associated with toll roads was RMB21,879,087,542.51, and the amortisation amount of the franchise rights in 2023 was RMB1,590,833,404.66. The franchise rights of Shenzhen Expressway Company associated with toll roads are amortised over the operating period of the toll roads according to the traffic volume method. As to amortisation of franchise rights associated with toll roads, the amortisation amount per standard traffic volume is calculated based on total standard traffic volume predicted during the operating period of each toll road and the carrying amount of the franchise rights associated with toll roads, then the franchise rights are amortised based on the actual traffic volume during each accounting period and the unit amortisation amount. The total projected traffic volume refers to the forecast of the management of Shenzhen Expressway Company for the total traffic volume during the operating period, which is a significant accounting estimate. Therefore, we identified the allocation of franchise rights associated with toll roads as a key audit matter audited in the consolidated financial statements.

For above key audit matter, the audit procedures we performed mainly include:

- (1) Testing and evaluating the operating effectiveness of key internal controls associated with the amortisation of the franchise rights;
- (2) Inspecting the reasonableness of the calculations on actual traffic volume data applied by Shenzhen Expressway Company during the amortisation of the franchise rights;
- (3) Assessing the independence and professional competence of the third party organisation employed by Shenzhen Expressway Company for the purpose of performing traffic volume forecast;
- (4) Obtaining the traffic volume forecast report issued by the third party organisation, understanding the method for predicting the traffic volume in the future operating period, and evaluating the reliability of the traffic volume forecast by comparing the projected traffic volume in the past years with the actual traffic volume during the period;
- (5) Recalculating the amortisation of the franchise rights to verify the amortisation amount of such franchise rights for accuracy.

Auditor's Report

IV. OTHER INFORMATION

The management of Shenzhen Expressway Company is responsible for the other information. The other information comprises the information included in the 2023 Annual Reports of Shenzhen Expressway Company, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management of Shenzhen Expressway Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

While preparing the financial statements, the management is responsible for assessing Shenzhen Expressway Company's ability to continue as a going concern, disclosing matters related to going concern (if applicable) and using the going concern assumption, unless the management either intends to liquidate Shenzhen Expressway Company or to terminate operations, or has no other realistic options.

Those charged with governance are responsible for overseeing the financial reporting process of Shenzhen Expressway Company.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing 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 financial statements.



VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the 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.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's 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 Shenzhen Expressway Company'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 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 Shenzhen Expressway Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and evaluate whether the financial statements fairly represent the underlying transactions and events.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Shenzhen Expressway Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Report

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current year 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 if the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu CPA LLP

Chinese Certified Public Accountants
(Engagement Partner)

Shanghai, China
22 March 2024

Chinese Certified Public Accountants

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.



Consolidated Statement of Financial Position

As at 31 December 2023
(RMB)

Item	Note	31 December 2023	31 December 2022 (Restated)
Current assets:			
Cash at banks and on hand	V. 1	2,152,367,633.05	3,635,862,158.72
Transactional financial assets	V. 2	468,792,208.25	1,112,243,771.54
Bills receivable	V. 3	500,000.00	3,500,000.00
Accounts receivable	V. 4	967,487,093.08	1,052,263,013.07
Prepayments	V. 5	248,083,582.06	225,509,293.25
Other receivables	V. 6	602,215,140.81	1,121,628,992.41
Including: Interest receivable		–	–
Dividends receivable		–	181,376,782.72
Inventories	V. 7	1,355,564,013.49	1,314,262,956.81
Contract assets	V. 8	394,910,901.30	377,341,353.82
Non-current assets due within one year	V. 9	264,774,570.13	196,704,222.31
Other current assets	V. 10	497,079,323.91	257,805,744.15
Total current assets		6,951,774,466.08	9,297,121,506.08
Non-current assets:			
Long-term prepayments	V. 11	356,732,998.46	996,880,056.74
Long-term receivables	V. 12	2,334,935,756.66	2,152,166,502.48
Long-term equity investments	V. 13	18,715,822,120.74	17,749,069,948.37
Other non-current financial assets	V. 14	895,069,302.26	763,264,630.44
Investment properties	V. 15	23,033,992.33	26,068,821.95
Fixed assets	V. 16	7,328,858,518.97	7,209,500,786.33
Construction in progress	V. 17	289,690,234.44	225,703,626.92
Right-of-use assets	V. 18	66,201,181.97	75,412,073.15
Intangible assets	V. 19	26,809,094,107.69	26,847,604,300.36
Development expenditures		6,261,136.18	5,500,636.18
Goodwill	V. 20	202,893,131.20	202,893,131.20
Long-term prepaid expenses		39,044,962.13	53,624,450.56
Deferred tax assets	V. 21	271,445,109.37	426,637,402.74
Other non-current assets	V. 22	3,216,612,072.29	3,173,250,142.00
Total non-current assets		60,555,694,624.69	59,907,576,509.42
Total assets		67,507,469,090.77	69,204,698,015.50

Consolidated Statement of Financial Position

As at 31 December 2023
(RMB)

Item	Note	31 December 2023	31 December 2022 (Restated)
Current liabilities:			
Short-term borrowings	V. 24	11,105,625,836.85	9,396,229,275.32
Transactional financial liabilities	V. 25	148,117,309.14	133,009,243.01
Bills payable	V. 26	89,735,513.24	228,669,880.66
Accounts payable	V. 27	2,588,545,523.67	2,812,967,920.77
Advances from customers	V. 28	623,460.97	794,329.08
Contract liabilities	V. 29	67,149,275.34	30,333,016.72
Employee benefits payable	V. 30	378,691,400.83	363,794,024.54
Taxes payable	V. 31	462,043,523.14	507,605,023.01
Other payables	V. 32	1,059,445,155.50	1,371,768,690.38
Including: Interest payable		–	–
Dividends payable		5,622,222.18	59,026,395.77
Non-current liabilities due within one year	V. 33	2,392,022,913.00	6,380,323,337.26
Other current liabilities	V. 34	1,534,478,767.90	2,017,855,853.48
Total current liabilities		19,826,478,679.58	23,243,350,594.23
Non-current liabilities:			
Long-term borrowings	V. 35	9,567,707,809.79	9,573,248,109.29
Bonds payable	V. 36	7,159,103,456.71	5,769,517,430.62
Including: Preferred stock		–	–
Perpetual bonds		–	–
Lease liabilities	V. 37	45,614,131.00	47,738,699.35
Long-term payables	V. 38	907,277,866.27	1,148,281,363.36
Long-term employee benefits payable	V. 39	115,649,911.45	115,716,411.45
Provisions	V. 40	203,121,139.63	187,330,812.16
Deferred revenue	V. 41	388,675,627.57	474,342,722.05
Deferred tax liabilities	V. 21	1,148,490,784.95	1,281,034,171.47
Other non-current liabilities		146,667,698.70	–
Total non-current liabilities		19,682,308,426.07	18,597,209,719.75
Total liabilities		39,508,787,105.65	41,840,560,313.98



Item	Note	31 December 2023	31 December 2022 (Restated)
Shareholders' equity:			
Equity	V. 42	2,180,770,326.00	2,180,770,326.00
Other equity instruments	V. 43	4,000,000,000.00	4,000,000,000.00
Including: Preferred stock		–	–
Perpetual bonds		4,000,000,000.00	4,000,000,000.00
Capital reserve	V. 44	4,389,338,761.93	4,390,599,135.60
Other comprehensive income	V. 45	(542,304,991.67)	(408,012,206.05)
Surplus reserve	V. 46	3,218,191,232.88	3,103,651,659.99
Undistributed profits	V. 47	9,112,002,127.97	8,081,458,651.29
Total equity attributable to shareholders of the Company		22,357,997,457.11	21,348,467,566.83
Minority interests		5,640,684,528.01	6,015,670,134.69
Total shareholders' equity		27,998,681,985.12	27,364,137,701.52
Total liabilities and shareholders' equity		67,507,469,090.77	69,204,698,015.50

The attached notes form part of the financial statements.

The financial statements are signed by the following persons:

Liao Xiangwen
Head of the Company

Zhao Guiping
Chief financial officer

Jiang Weiqi
Head of accounting department

Company's Statement of Financial Position

As at 31 December 2023
(RMB)

Item	Note	31 December 2023	31 December 2022 (Restated)
Current assets:			
Cash at banks and on hand		526,318,877.01	1,706,204,173.44
Transactional financial assets		–	450,000,000.00
Accounts receivable	XV. 1	73,932,293.18	29,184,614.09
Prepayments		10,851,866.07	12,936,861.27
Other receivables	XV. 2	3,324,788,193.27	2,505,378,219.49
Including: Interest receivable		–	–
Dividends receivable		703,407,059.90	450,000,000.00
Inventories		591,398.10	1,208,231.34
Contract assets		111,898,136.37	120,715,346.96
Total current assets		4,048,380,764.00	4,825,627,446.59
Non-current assets:			
Long-term prepayments		258,402,486.55	697,940,786.69
Long-term receivables		2,008,175,000.00	3,017,447,032.09
Long-term equity investments	XV. 3	26,127,544,368.66	25,164,612,457.19
Other non-current financial assets		841,464,700.63	709,336,660.44
Investment properties		9,495,717.00	10,071,441.24
Fixed assets		2,086,300,959.83	1,842,404,378.38
Construction in progress		46,724,482.36	7,317,459.69
Right-of-use assets		18,999,909.06	26,789,811.48
Intangible assets		2,015,580,732.15	1,779,348,086.76
Development expenditures		6,261,136.18	5,500,636.18
Long-term prepaid expenses		3,732,576.83	9,820,231.89
Deferred tax assets		–	16,570,672.22
Other non-current assets		368,811,126.55	367,227,159.65
Total non-current assets		33,791,493,195.80	33,654,386,813.90
Total assets		37,839,873,959.80	38,480,014,260.49



Item	Note	31 December 2023	31 December 2022 (Restated)
Current liabilities:			
Short-term borrowings		–	715,245,676.50
Bills payable		–	40,445,702.74
Accounts payable		116,630,776.46	209,756,712.61
Contract liabilities		60,739,625.54	60,739,625.54
Employee benefits payable		143,245,422.77	136,950,095.34
Taxes payable		21,430,635.58	24,092,919.85
Other payables		3,734,241,864.01	4,262,472,342.65
Including: Interest payable		–	–
Dividends payable		5,622,222.18	5,622,222.22
Non-current liabilities due within one year		1,654,878,086.36	3,429,550,429.26
Other current liabilities		1,512,594,613.40	2,016,515,923.01
Total current liabilities		7,243,761,024.12	10,895,769,427.50
Non-current liabilities:			
Long-term borrowings		1,596,400,000.00	1,687,920,000.00
Bonds payable		7,159,103,456.71	5,769,517,430.62
Including: Preferred stock		–	–
Perpetual bonds		–	–
Lease liabilities		14,486,248.66	20,519,527.33
Long-term payables		824,596,715.85	944,646,715.85
Long-term employee benefits payable		69,919,951.40	69,919,951.40
Provisions		67,707,852.92	65,381,994.08
Deferred revenue		183,957,215.19	219,296,617.87
Deferred tax liabilities		181,660,957.43	181,670,804.94
Total non-current liabilities		10,097,832,398.16	8,958,873,042.09
Total liabilities		17,341,593,422.28	19,854,642,469.59
Shareholders' equity:			
Equity		2,180,770,326.00	2,180,770,326.00
Other equity instruments		4,000,000,000.00	4,000,000,000.00
Including: Preferred stock		–	–
Perpetual bonds		4,000,000,000.00	4,000,000,000.00
Capital reserve		1,873,257,038.28	1,894,077,082.82
Other comprehensive income		892,136,387.81	878,238,969.01
Surplus reserve		3,218,191,232.88	3,103,651,659.99
Undistributed profits		8,333,925,552.55	6,568,633,753.08
Total shareholders' equity		20,498,280,537.52	18,625,371,790.90
Total liabilities and shareholders' equity		37,839,873,959.80	38,480,014,260.49

The attached notes form part of the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023
(RMB)

Item	Note	2023	2022 (Restated)
I. Operating income	V. 48	9,295,304,371.69	9,372,582,546.59
Less: Cost of services	V. 48	5,949,383,743.38	6,353,596,261.96
Taxes and surcharges	V. 49	41,369,684.77	40,442,395.71
Selling expenses	V. 50	19,785,837.28	35,575,461.38
General and administrative expenses	V. 51	483,182,984.76	443,718,875.29
Research and development expenses	V. 52	33,476,802.52	46,477,237.77
Financial expenses	V. 53	1,240,206,520.74	1,386,671,418.30
Including: Interest expenses		1,229,267,889.23	1,184,671,246.81
Interest income		70,660,968.01	129,688,062.60
Add: Other income	V. 54	45,830,015.97	31,950,022.73
Investment income	V. 55	1,504,853,457.48	1,533,896,512.10
Including: Income from investment in associates and joint ventures	V. 55	1,477,767,743.34	582,687,782.25
Gains from changes in fair value	V. 56	153,607,037.26	95,175,495.33
Credit impairment gains (losses)	V. 57	(100,207,670.89)	(83,223,668.30)
Gains (losses) on impairment of assets	V. 58	(132,225,841.52)	(164,116,480.76)
Gains on disposal of assets		13,654,355.39	7,297,414.27
II. Operating profit		3,013,410,151.93	2,487,080,191.55
Add: Non-operating income	V. 59	7,585,183.99	24,768,816.69
Less: Non-operating expenses	V. 60	105,361,709.00	27,323,961.12
III. Total profit		2,915,633,626.92	2,484,525,047.12
Less: Income tax expenses	V. 61	529,802,587.92	529,321,506.31
IV. Net profit		2,385,831,039.00	1,955,203,540.81
(I) Classified by business continuity			
1. Net profit from continuing operations		2,385,831,039.00	1,955,203,540.81
2. Net profit from discontinued operations		–	–
(II) Classified by ownership			
1. Net profit attributable to shareholders of the Company		2,327,197,196.81	2,016,496,533.08
2. Profit or loss attributable to minority shareholders		58,633,842.19	(61,292,992.27)



Item	Note	2023	2022 (Restated)
V. Other comprehensive income, net of tax		(145,778,080.16)	(887,241,272.68)
(I) Other comprehensive income after tax attributable to shareholders of the Company		(134,292,785.62)	(834,531,987.17)
1. Other comprehensive income that cannot be subsequently reclassified to profit or loss		–	–
2. Other comprehensive income that will be reclassified to profit or loss		(134,292,785.62)	(834,531,987.17)
(1) Other comprehensive income that will be transferred to profit or loss under the equity method	V. 45	28,746,332.31	(23,265,119.18)
(2) Translation differences of financial statements denominated in foreign currencies	V. 45	(163,039,117.93)	(811,266,867.99)
(II) Other comprehensive income after tax attributable to minority shareholders		(11,485,294.54)	(52,709,285.51)
VI. Total comprehensive income		2,240,052,958.84	1,067,962,268.13
Total comprehensive income attributable to shareholders of the Company		2,192,904,411.19	1,181,964,545.91
Total comprehensive income attributable to minority shareholders		47,148,547.65	(114,002,277.78)
VII. Earnings per share			
(I) Basic earnings per share (Yuan/share)		0.982	0.839
(II) Diluted earnings per share (Yuan/share)		0.982	0.839

The attached notes form part of the financial statements.

Company's Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023
(RMB)

Item	Note	2023	2022 (Restated)
I. Operating income	XV. 4	1,771,671,550.26	1,644,437,519.65
Less: Cost of services	XV. 4	892,714,673.15	950,702,559.08
Taxes and surcharges		6,887,271.19	6,702,528.59
General and administrative expenses		262,166,568.02	187,407,006.16
Financial expenses		386,903,180.07	581,792,439.72
Including: Interest expenses		442,060,588.44	569,799,489.75
Interest income		109,922,451.04	180,227,426.27
Add: Other income		2,181,096.03	2,594,660.51
Investment income	XV. 5	2,773,130,927.47	1,544,659,039.24
Including: Income from investment in associates and joint ventures		909,712,848.03	260,825,307.11
Gains from changes in fair value		132,128,040.19	24,518,156.18
Gains (losses) on impairment of assets		–	–
Gains on disposal of assets		13,379,959.71	4,788,187.49
II. Operating profit		3,143,819,881.23	1,494,393,029.52
Add: Non-operating income		204,200.02	3,828,079.29
Less: Non-operating expenses		6,117,020.54	67,011.74
III. Total profit		3,137,907,060.71	1,498,154,097.07
Less: Income tax expenses		64,004,242.23	166,697,163.78
IV. Net profit		3,073,902,818.48	1,331,456,933.29
1. Net profit from continuing operations		3,073,902,818.48	1,331,456,933.29
2. Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax		13,897,418.80	(13,753,200.00)
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss		–	–
(II) Other comprehensive income that will be reclassified to profit or loss		13,897,418.80	(13,753,200.00)
1. Other comprehensive income that will be transferred to profit or loss under the equity method		13,897,418.80	(13,753,200.00)
VI. Total comprehensive income		3,087,800,237.28	1,317,703,733.29

The attached notes form part of the financial statements.



Consolidated Statement of Cash Flows

For the year ended 31 December 2023
(RMB)

Item	Note	2023	2022
I. Cash flows from operating activities			
Cash received from rendering services and selling goods		7,812,620,547.98	7,222,429,098.33
Refund of taxes		41,977,821.15	282,860,588.71
Other cash received relating to operating activities	V. 62 (1)	395,897,077.51	306,565,463.92
Sub-total of cash inflows		8,250,495,446.64	7,811,855,150.96
Cash payments for goods and services		1,736,038,423.58	1,963,299,468.74
Cash payments to and on behalf of employees		1,074,794,018.85	1,090,599,013.24
Payments of taxes and surcharges		726,589,852.51	899,902,602.92
Other cash payments relating to operating activities	V. 62 (1)	618,260,923.83	488,563,954.87
Sub-total of cash outflows		4,155,683,218.77	4,442,365,039.77
Net cash flows from operating activities	V. 63 (1) 1	4,094,812,227.87	3,369,490,111.19
II. Cash flows from investing activities			
Cash received from recovery of investments		2,690,159,879.44	1,480,869,795.30
Cash received from returns on investments		756,986,014.60	974,378,888.60
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		13,341,014.23	53,589.38
Other cash received relating to investing activities	V. 62 (2)	230,945,853.78	185,574,050.99
Sub-total of cash inflows		3,691,432,762.05	2,640,876,324.27
Cash payments to acquire fixed assets, intangible assets and other long-term assets		2,093,942,304.33	2,091,484,736.48
Cash payments for investing activities		2,519,144,486.09	2,447,438,617.32
Net cash payments to acquire subsidiaries and other business units		–	1,540,378,082.30
Other cash payments relating to investing activities	V. 62 (2)	1,955,857.20	634,617.04
Sub-total of cash outflows		4,615,042,647.62	6,079,936,053.14
Net cash flows from investing activities		(923,609,885.57)	(3,439,059,728.87)

Consolidated Statement of Cash Flows

For the year ended 31 December 2023
(RMB)

Item	Note	2023	2022
III. Cash flows from financing activities			
Cash received from capital contributions		4,200,000.00	5,821,468.00
Including: Cash received by subsidiaries from capital contributions by minority shareholders		4,200,000.00	5,821,468.00
Cash received from borrowings		18,496,043,223.26	25,077,978,472.81
Other cash received relating to financing activities	V. 62 (3)	–	32,136,606.04
Sub-total of cash inflows		18,500,243,223.26	25,115,936,546.85
Cash repayments of borrowings		19,816,209,101.03	23,780,445,660.77
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,716,076,080.21	2,966,159,451.85
Including: Payments for distribution of dividends or profits to minority shareholders by subsidiaries		269,215,549.27	336,754,530.31
Other cash payments relating to financing activities	V. 62 (3)	377,001,658.79	706,533,897.18
Sub-total of cash outflows		22,909,286,840.03	27,453,139,009.80
Net cash flows from financing activities		(4,409,043,616.77)	(2,337,202,462.95)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(3,941,165.62)	146,815,344.95
V. Net increase (decrease) in cash and cash equivalents	V. 63 (1) 2	(1,241,782,440.09)	(2,259,956,735.68)
Add: Cash and cash equivalents at the beginning of the year		3,197,002,667.41	5,456,959,403.09
VI. Cash and cash equivalents at the end of the year	V. 63 (1) 2	1,955,220,227.32	3,197,002,667.41

The attached notes form part of the financial statements.



Company's Statement of Cash Flows

For the year ended 31 December 2023
(RMB)

Item	Note	2023	2022
I. Cash flows from operating activities			
Cash received from rendering services and selling goods		1,314,394,513.72	1,219,498,669.59
Refund of taxes		5,629,318.44	10,828,066.60
Other cash received relating to operating activities		59,798,827.84	1,458,601,371.90
Sub-total of cash inflows		1,379,822,660.00	2,688,928,108.09
Cash payments for goods and services		207,347,072.94	152,738,125.77
Cash payments to and on behalf of employees		259,796,985.55	275,385,740.86
Payments of taxes and surcharges		70,710,241.74	191,296,029.22
Other cash payments relating to operating activities		205,865,440.43	397,641,104.79
Sub-total of cash outflows		743,719,740.66	1,017,061,000.64
Net cash flows from operating activities		636,102,919.34	1,671,867,107.45
II. Cash flows from investing activities			
Cash received from recovery of investments		1,185,665,704.62	3,850,000,000.00
Cash received from returns on investments		709,986,793.77	787,124,591.19
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		13,089,541.37	–
Other cash received relating to investing activities		730,015,173.29	2,623,138,786.23
Sub-total of cash inflows		2,638,757,213.05	7,260,263,377.42
Cash payments to acquire fixed assets, intangible assets and other long-term assets		470,187,518.23	714,838,515.34
Cash payments for investing activities		900,000,000.00	1,315,808,000.00
Other cash payments relating to investing activities		273,175,000.00	2,267,000,000.00
Sub-total of cash outflows		1,643,362,518.23	4,297,646,515.34
Net cash flows from investing activities		995,394,694.82	2,962,616,862.08
III. Cash flows from financing activities			
Cash received from borrowings		6,473,000,000.00	8,117,925,029.86
Other cash received relating to financing activities		872,750,607.47	230,000,000.00
Sub-total of cash inflows		7,345,750,607.47	8,347,925,029.86
Cash repayments of borrowings		8,176,159,282.85	10,414,782,472.80
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,635,809,277.97	2,087,309,752.67
Other cash payments relating to financing activities		339,941,793.02	54,651,553.84
Sub-total of cash outflows		10,151,910,353.84	12,556,743,779.31
Net cash flows from financing activities		(2,806,159,746.37)	(4,208,818,749.45)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		4,941.40	24,065.57
V. Net increase (decrease) in cash and cash equivalents		(1,174,657,190.81)	425,689,285.65
Add: Cash and cash equivalents at the beginning of the year		1,700,172,378.10	1,274,483,092.45
VI. Cash and cash equivalents at the end of the year		525,515,187.29	1,700,172,378.10

The attached notes form part of the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

(RMB)

Item	2023									
	Attributable to shareholders of the Company									
	Equity	Other equity instruments Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total	Minority interests	Total shareholders' equity	
I. Balance on 31 December 2022	2,180,770,326.00	4,000,000,000.00	4,390,599,135.60	(408,012,206.05)	3,103,651,659.99	8,079,278,802.54	21,346,287,718.08	6,014,620,231.70	27,360,907,949.78	
Add: Changes in accounting policies	-	-	-	-	-	2,179,848.75	2,179,848.75	1,049,902.99	3,229,751.74	
II. Balance on 1 January 2023 (Restated)	2,180,770,326.00	4,000,000,000.00	4,390,599,135.60	(408,012,206.05)	3,103,651,659.99	8,081,458,651.29	21,348,467,566.83	6,015,670,134.69	27,364,137,701.52	
III. Changes for the year	-	-	(1,260,373.67)	(134,292,785.62)	114,539,572.89	1,030,543,476.68	1,009,529,890.28	(374,985,606.68)	634,544,283.60	
(I) Total comprehensive income	-	-	-	(134,292,785.62)	-	2,327,197,196.81	2,192,904,411.19	47,148,547.65	2,240,052,958.84	
(II) Shareholders' contributions and reduction in capital	-	-	(1,260,373.67)	-	-	11,957,298.92	10,696,925.25	(152,918,605.06)	(142,221,679.81)	
1. Ordinary shares contributed by Shareholders	-	-	-	-	-	-	-	-	-	
2. Others	-	-	(1,260,373.67)	-	-	11,957,298.92	10,696,925.25	(152,918,605.06)	(142,221,679.81)	
(III) Profit distribution	-	-	-	-	114,539,572.89	(1,308,611,019.05)	(1,194,071,446.16)	(269,215,549.27)	(1,463,286,995.43)	
1. Transfer to surplus reserve	-	-	-	-	114,539,572.89	(114,539,572.89)	-	-	-	
2. Profit distribution to shareholders	-	-	-	-	-	(1,194,071,446.16)	(1,194,071,446.16)	(269,215,549.27)	(1,463,286,995.43)	
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	
1. Transfer of capital reserve to equity	-	-	-	-	-	-	-	-	-	
2. Transfer of surplus reserve to equity	-	-	-	-	-	-	-	-	-	
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	-	-	
(V) Others	-	-	-	-	-	-	-	-	-	
IV. Balance on 31 December 2023	2,180,770,326.00	4,000,000,000.00	4,389,338,761.93	(542,304,991.67)	3,218,191,232.88	9,112,002,127.97	22,357,997,457.11	5,640,684,528.01	27,998,681,985.12	



		2022 (Restated)								
		Attributable to shareholders of the Company							Total shareholders' equity	
Item		Equity	Other equity instruments		Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total	Minority interests	
			Perpetual bonds	Capital reserve						
I.	Balance on 31 December 2021	2,180,770,326.00	4,000,000,000.00	6,121,182,678.26	865,342,698.21	2,931,599,472.69	8,540,070,494.76	24,638,965,669.92	3,132,810,669.87	27,771,776,339.79
	Add: Business combination under common control	-	-	2,742,974,733.25	(438,822,917.09)	-	(1,377,744,043.76)	926,407,772.40	2,841,514,435.00	3,767,922,207.40
	Changes in accounting policies	-	-	-	-	-	(4,987,716.99)	(4,987,716.99)	(1,255,229.50)	(6,242,946.49)
II.	Balance on 1 January 2022 (Restated)	2,180,770,326.00	4,000,000,000.00	8,864,157,411.51	426,519,781.12	2,931,599,472.69	7,157,338,734.01	25,560,385,725.33	5,973,069,875.37	31,533,455,600.70
III.	Changes for the year	-	-	(4,473,558,275.91)	(834,531,987.17)	172,052,187.30	924,119,917.28	(4,211,918,158.50)	42,600,259.32	(4,169,317,899.18)
	(I) Total comprehensive income	-	-	-	(834,531,987.17)	-	2,016,496,533.08	1,181,964,545.91	(114,002,277.78)	1,067,962,268.13
	1. Net profit	-	-	-	-	-	2,016,496,533.08	2,016,496,533.08	(61,292,992.27)	1,955,203,540.81
	2. Other comprehensive income	-	-	-	(834,531,987.17)	-	-	(834,531,987.17)	(52,709,285.51)	(887,241,272.68)
	(II) Shareholders' contributions and reduction in capital	-	-	(1,730,583,542.66)	-	-	(16,147,788.22)	(1,746,731,330.88)	437,107,067.40	(1,309,624,263.48)
	1. Ordinary shares contributed by shareholders	-	-	2,738,738.90	-	-	-	2,738,738.90	5,811,468.00	8,550,206.90
	2. Others	-	-	(1,733,322,281.56)	-	-	(16,147,788.22)	(1,749,470,069.78)	431,295,599.40	(1,318,174,470.38)
	(III) Profit distribution	-	-	-	-	172,052,187.30	(1,710,685,344.97)	(1,538,633,157.67)	(336,754,530.31)	(1,875,387,687.98)
	1. Transfer to surplus reserve	-	-	-	-	172,052,187.30	(172,052,187.30)	-	-	-
	2. Profit distribution to shareholders	-	-	-	-	-	(1,538,633,157.67)	(1,538,633,157.67)	(336,754,530.31)	(1,875,387,687.98)
	(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-
	1. Transfer of capital reserve to equity	-	-	-	-	-	-	-	-	-
	2. Transfer of surplus reserve to equity	-	-	-	-	-	-	-	-	-
	3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-
	4. Others	-	-	-	-	-	-	-	-	-
	(V) Effects of business combination not under common control	-	-	-	-	-	-	-	56,250,000.01	56,250,000.01
	(VI) Effects of business combination under common control	-	-	(2,742,974,733.25)	-	-	634,456,517.39	(2,108,518,215.86)	-	(2,108,518,215.86)
IV.	Balance on 31 December 2022	2,180,770,326.00	4,000,000,000.00	4,390,599,135.60	(408,012,206.05)	3,103,651,659.99	8,081,458,651.29	21,348,467,566.83	6,015,670,134.69	27,364,137,701.52

The attached notes form part of the financial statements.

Company's Statement of Changes in Equity

For the year ended 31 December 2023
(RMB)

Item	2023							Total Shareholders' equity
	Equity	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits		
I. Balance on 31 December 2022	2,180,770,326.00	4,000,000,000.00	1,894,077,082.82	878,238,969.01	3,103,651,659.99	6,568,408,579.38	18,625,146,617.20	
Add: Changes in accounting policies	-	-	-	-	-	225,173.70	225,173.70	
II. Balance on 1 January 2023 (Restated)	2,180,770,326.00	4,000,000,000.00	1,894,077,082.82	878,238,969.01	3,103,651,659.99	6,568,633,753.08	18,625,371,790.90	
III. Changes for the year	-	-	(20,820,044.54)	13,897,418.80	114,539,572.89	1,765,291,799.47	1,872,908,746.62	
(I) Total comprehensive income	-	-	-	13,897,418.80	-	3,073,902,818.48	3,087,800,237.28	
(II) Shareholders' contributions and reduction in capital	-	-	(20,820,044.54)	-	-	-	(20,820,044.54)	
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	
2. Others	-	-	(20,820,044.54)	-	-	-	(20,820,044.54)	
(III) Profit distribution	-	-	-	-	114,539,572.89	(1,308,611,019.01)	(1,194,071,446.12)	
1. Transfer to surplus reserve	-	-	-	-	114,539,572.89	(114,539,572.89)	-	
2. Profit distribution to shareholders	-	-	-	-	-	(1,194,071,446.12)	(1,194,071,446.12)	
(IV) Others	-	-	-	-	-	-	-	
IV. Balance on 31 December 2023	2,180,770,326.00	4,000,000,000.00	1,873,257,038.28	892,136,387.81	3,218,191,232.88	8,333,925,552.55	20,498,280,537.52	

Item	2022 (Restated)							Total shareholders' equity
	Equity	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits		
I. Balance on 31 December 2021	2,180,770,326.00	4,000,000,000.00	2,812,538,343.92	891,992,169.01	2,931,599,472.69	6,947,142,639.95	19,764,042,951.57	
Add: Changes in accounting policies	-	-	-	-	-	719,524.81	719,524.81	
II. Balance on 1 January 2022 (Restated)	2,180,770,326.00	4,000,000,000.00	2,812,538,343.92	891,992,169.01	2,931,599,472.69	6,947,862,164.76	19,764,762,476.38	
III. Changes for the year	-	-	(918,461,261.10)	(13,753,200.00)	172,052,187.30	(379,228,411.68)	(1,139,390,685.48)	
(I) Total comprehensive income	-	-	-	(13,753,200.00)	-	1,331,456,933.29	1,317,703,733.29	
(II) Shareholders' contributions and reduction in capital	-	-	(918,461,261.10)	-	-	-	(918,461,261.10)	
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	
2. Others	-	-	(918,461,261.10)	-	-	-	(918,461,261.10)	
(III) Profit distribution	-	-	-	-	172,052,187.30	(1,710,685,344.97)	(1,538,633,157.67)	
1. Transfer to surplus reserve	-	-	-	-	172,052,187.30	(172,052,187.30)	-	
2. Profit distribution to shareholders	-	-	-	-	-	(1,538,633,157.67)	(1,538,633,157.67)	
IV. Balance on 31 December 2022	2,180,770,326.00	4,000,000,000.00	1,894,077,082.82	878,238,969.01	3,103,651,659.99	6,568,633,753.08	18,625,371,790.90	

The attached notes form part of the financial statements.



Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

I. GENERAL INFORMATION OF THE COMPANY

1. Company profile

Shenzhen Expressway Corporation Limited (the “Company”) is a joint stock limited company established in Guangdong Province, the People’s Republic of China (the “PRC”) on 30 December 1996. The Company has its H shares and A shares listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange of the PRC, respectively. The address of its registered office is Fumin Toll Station, Fucheng Street, Longhua District, Shenzhen, the PRC. The head office of the Company is located at Hanking Center Tower, No. 9968, Shennan Avenue, Yuehai Street, Nanshan District, Shenzhen, the PRC.

The principal activities of the Company and its subsidiaries (the “Group”) are the construction, operation, management, investment of toll highways and environmental protection in China. The environmental protection business mainly includes recycling and treatment of solid waste and clean energy power generation.

The parent company and actual controlling party of the Company are Shenzhen International Holdings Limited (“Shenzhen International”) and the State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipality (“Shenzhen SASAC”) respectively.

2. Date of approval for issue of the financial statements

These financial statements were approved for issue by the Company’s Board of Directors on 22 March 2024.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Preparation basis

The Group implements the accounting standards for business enterprises and related regulations issued by the Ministry of Finance. In addition, the related financial information has been disclosed in accordance with the requirements of the *Rules on Preparation of Disclosures of Publicly Traded Company No. 15 – General Provisions on Financial Statements (Revised in 2023)*, *Hong Kong Companies Ordinance* and the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

Going concern

As of 31 December 2023, the Group and the Company had total current liabilities in excess of total current assets by RMB12,874,704,213.50 and RMB3,195,380,260.12, respectively, and the amount of capital commitments expected to be paid by the Group in the coming year amounted to RMB3,271,948,312.22. As at 31 December 2023, the Group and the Company had unused bank credit lines totaling RMB43,739,634,053.60 and RMB34,550,995,000.00, respectively, which can satisfy the Group’s debt and capital commitments. As the Group can solve the lack of working capital through reasonable financing arrangements, the financial statements have been prepared on a going concern basis.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash and cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash and cash equivalents expected to be paid to settle the liabilities in the normal course of business.

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 measurements date, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and disclosure in the financial statements are determined according to the above basis.

When the non-financial assets are measured at fair value, we should consider the market participants' ability of making economic benefits through applying the asset to the best use, or sell the assets to other market participants who can make economic benefits through applying the asset to the best use.

For financial assets whose transaction price is the fair value upon initial recognition and using valuation technique involving unobservable inputted value in subsequent measurement of fair values, the valuation technique should be adjusted during the valuation to make the results of initial recognition determined by valuation are equal to the transaction price.

Fair value measurements are categorized into Level 1, 2 or 3 based on 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, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than inputs within Level 1, that are observable for the asset or liability
- Level 3 inputs are unobservable inputs for the asset or liability.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the consolidated and Company's financial position as at 31 December 2023, and the consolidated and Company's operating results, the consolidated and Company's changes in shareholders' equity and the consolidated and Company's cash flows for the year ended 31 December 2023 in accordance with the Accounting Standards for Business Enterprises.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Operating cycle

An operating cycle refers to the period when an enterprise purchases assets for processing purpose till the realisation of those assets in cash or cash equivalents. Except for the real estate business, PPP/EPC construction and construction business on behalf of others, the operating cycle of the Group's business is relatively short. The classification criterion of asset and liability's liquidity is 12 months. The operating cycle of the real estate business is generally longer than 12 months, starting from the commencement of property development to the collection of sales proceeds. The length of the specific operating cycle, which is used as the classification criterion of the liquidity of assets and liabilities in this business, depends on the development project. The operating cycle of PPP/EPC constructions and construction business on behalf of others are generally longer than 12 months, starting from the commencement of construction project to completion settlement. The length of the specific operating cycle, which is used as the classification criterion of the liquidity of assets and liabilities in this business, depends on the development project.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiary chooses its functional currency on the basis of the primary economic environment in which it operates. The Company adopts RMB to prepare its financial statements.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Method for determination of materiality criteria and basis for selection

Item	Materiality criteria
Significant construction in progress	The amount is greater than or equal to RMB30 million
Significant accounts payable aged over 1 year	The amount is greater than or equal to RMB30 million
Significant other payables aged over 1 year	The amount is greater than or equal to RMB30 million
Cash receipts relating to significant investing activities	The amount is greater than 10% of the subtotal of cash inflows from investing activities and is greater than or equal to RMB100 million
Cash payments relating to significant investing activities	The amount is greater than 10% of the subtotal of cash outflows from investing activities and is greater than or equal to RMB100 million
Significant non-wholly owned subsidiaries	The amount of revenue or net profit (in absolute value in case of loss) realised by a non-wholly owned subsidiary in the current year or the amount of any item included in total assets at the end of the year of a non-wholly owned subsidiary is greater than 5% of the amount of corresponding item in the Group's consolidated financial statements
Significant joint ventures or associates	The year-end balance of long-term equity investment in the enterprise accounts for more than 5% of the Group's total consolidated assets or the investment income (in absolute value in case of loss) recognised under the equity method for the reporting period accounts for more than 5% of the Group's total consolidated profit
Significant contingencies	The amount is greater than or equal to RMB50 million

6. Accounting treatment of business combinations involving entities under common control and business combinations not involving entities under common control

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

6.1 Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount (or the total face value of issued shares) of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Accounting treatment of business combinations involving entities under common control and business combinations not involving entities under common control (Continued)

6.2 Business combinations not involving entities under common control and goodwill

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination not involving entities under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

7. Determination criteria of control and preparation of consolidated financial statements

7.1 Determination criteria of control

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. If changes of related facts and situations lead to changes of related elements of control, the Group will conduct reassessment.

7.2 Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control.

The combination of subsidiaries begins with controlling the subsidiary by the Group, and ceases with the Group's losing control of the subsidiary.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Determination criteria of control and preparation of consolidated financial statements (Continued)

7.2 Preparation of consolidated financial statements (Continued)

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving entities under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving entities under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

Influence over the consolidated financial statements arising from significant intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority shareholders is presented as "profit or loss attributable to minority shareholders" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the shareholders' interests and minority interests of the Company are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Determination criteria of control and preparation of consolidated financial statements (Continued)

7.2 Preparation of consolidated financial statements (Continued)

For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not involving entities under common control, this should be dealt with based on whether this belongs to 'package deal': if it belongs to 'package deal', transactions will be dealt as transactions to acquire control. If it does not belong to 'package deal', transactions to acquire control on acquisition date will be under accounting treatment, the fair value of acquirees' shares held before acquisition date will be revalued, and the difference between fair value and carrying amount will be recognised in profit or loss of the current period; if acquirees' shares held before acquisition date involve in changes of other comprehensive income and other equity of owners under equity method, this will be transferred to income of acquisition date.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

When the Group loses control of a subsidiary in two or more arrangements (transactions), terms and conditions of the arrangements (transactions) and their economic effects are considered. One or more of the following indicate that the Group shall account for the multiple arrangements as a 'package deal': (i) they are entered into at the same time or in contemplation of each other; (ii) they form a complete transaction designed to achieve an overall commercial effect; (iii) the occurrence of one transaction is dependent on the occurrence of at least one other transaction; (iv) one transaction alone is not economically justified, but it is economically justified when considered together with other transactions. Where the transactions of disposal of equity investments in a subsidiary until the loss of control are assessed as a package deal, these transactions are accounted for as one transaction of disposal of a subsidiary with loss of control. Before losing control, the difference of consideration received on disposal and the share of net assets of the subsidiary continuously calculated from acquisition date is recognised as other comprehensive income. When losing control, the cumulated other comprehensive income is transferred to profit or loss of the period of losing control. If the transactions of disposal of equity investments in a subsidiary are not assessed as a package deal, these transactions are accounted for as unrelated transactions.

8. Classification of joint arrangements

A joint arrangement is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement, which is assessed by considering the structure and the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. 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.

The Group's joint arrangement is joint venture, which is accounted for using the equity method. Refer to Note III, 18.3.2 "Long-term equity investments accounted for using the equity method".

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Recognition criteria of cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be withdrawn on demand at any time; cash equivalents are the Group's short-term (generally due within three months from the date of purchase), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

10. Translation of transactions and financial statements denominated in foreign currencies

10.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the gross carrying amount (other than the amortised cost) of monetary items at fair value through other comprehensive income are recognised in other comprehensive income.

When the consolidated financial statements include foreign operation (s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognised as "exchange differences arising on translation of financial statements denominated in foreign currencies" in other comprehensive income, and in profit or loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit or loss or as other comprehensive income.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Translation of transactions and financial statements denominated in foreign currencies (Continued)

10.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for "undistributed profits" are translated at the spot exchange rates on the dates of the transactions; income and expense items in the income statement are translated at the average rates on the dates of the transactions; the difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognised as other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at average exchange rate for the period in which cash flows occur. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the statement of cash flows as "effect of exchange rate changes on cash and cash equivalents".

The closing balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation attributable to the shareholders' equity of the Company and presented under shareholders' equity, to profit or loss in the period in which the disposal occurs.

In case of a disposal of part equity investments or other reason leading to lower interest percentage in foreign operations but does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to minority interests and are not recognised in profit or loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

11. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

For financial assets purchased or sold in a regular way, the Group recognises assets acquired and liabilities assumed on a trade date basis, or derecognises the assets sold on a trade date basis.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value (the method for determining the fair values of the financial assets and financial liabilities is set out in related disclosures under “basis of accounting and principle of measurement” in Note II). For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts. Upon initial recognition of accounts receivable that does not contain significant financing component or without considering the financing component included in the contract with a term not exceeding one year under the *Accounting Standards for Business Enterprises No. 14 – Revenue* (“Revenue Standards”), the Group adopts the transaction price as defined in the Revenue Standards for initial measurement.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant accounting periods.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (such as repayment in advance, extension, call option or other similar options etc.) (without considering the expected credit losses).

The amortised cost of a financial asset or financial liability is the initially recognised amount net of principal repaid, plus or less the cumulative amortised amount arising from amortisation of difference between the amount initially recognised and the amount at the maturity date using effective interest method, and then net of cumulative provision for credit loss (only applicable to financial assets).

11.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group’s financial assets of various types are subsequently measured at amortised cost, at fair value through other comprehensive income (“FVTOCI”) or at fair value through profit or loss (“FVTPL”), respectively.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group classifies such financial asset as financial assets at amortised cost, which include cash at banks and on hand, bills receivable, accounts receivable, other receivables and long-term receivables, etc.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset, the Group classifies such financial asset as financial assets at FVTOCI. The accounts receivable and bills receivable classified as at FVTOCI upon acquisition are presented under financing with receivables, while the remaining items due within one year (inclusive) upon acquisition are presented under other current assets. Other financial assets of such type are presented as other debt investments if it is due after one year since the acquisition, or presented under non-current assets due within one year if it is due within one year (inclusive) since the balance sheet date.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.1 Classification, recognition and measurement of financial assets (Continued)

Upon initial recognition, the Group may irrevocably designate the non-held-for-trading equity instrument investments other than contingent considerations recognised in business combination not involving enterprises under common control as financial assets at FVTOCI on an individual basis. Such type of financial assets is presented as investments in other equity instruments.

A financial asset is classified as held-for-trading if any of the following criteria is satisfied:

- It has been acquired principally for the purpose of selling it in near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

Financial assets at FVTPL include financial assets classified as at FVTPL and financial assets designated as at FVTPL:

- Financial assets not satisfying the criteria of classification as financial assets at amortised cost and financial assets at FVTOCI are classified as financial assets at FVTPL.
- Upon initial recognition, the Group may irrevocably designate the financial assets as at FVTPL if doing so eliminates or significantly reduces accounting mismatch.

Financial assets at FVTPL other than derivative financial assets are presented as financial assets held-for-trading. Financial assets with a maturity over one year since the balance sheet date (or without a fixed maturity) and expected to be held for over one year are presented under other non-current financial assets.

11.1.1 Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. Any gains or losses arising from impairment or derecognition are included in profit or loss.

For financial assets at amortised cost, the Group recognises interest income using effective interest rate. The Group calculates and recognises interest income through gross carrying amount of financial assets multiplying effective interest, except for the following circumstances:

- For purchased or originated credit-impaired financial assets, the Group calculates and recognises its interest income based on amortised cost of the financial asset and the effective interest rate through credit adjustment since initial recognition.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.1 Classification, recognition and measurement of financial assets (Continued)

11.1.1 Financial assets at amortised cost (Continued)

- For purchased or originated financial assets that were not credit-impaired but have become credit-impaired in subsequent period, the Group calculates the interest income by applying the effective interest rate to the amortised cost of the financial assets in subsequent period. If the financial instrument is no longer credit-impaired due to improvement of credit risk, and the improvement is linked with an event occurred after application of above provisions, the Group will calculate the interest income by applying effective interest rate to the gross carrying amount of the financial assets.

11.1.2 Financial assets at FVTOCI

For financial assets classified as at FVTOCI, except for the impairment losses or gains and the interest income and exchange losses or gains calculated using the effective interest method which are included in profit or loss for the period, the fair value changes are included in other comprehensive income. The amounts included in profit or loss for each period are equivalent to that as if it has been always measured at amortised cost. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred to profit or loss for the period.

Changes in fair value of non-trading equity instrument investments designated as financial assets at FVTOCI are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period in which the Group holds the non-trading equity instrument, revenue from dividends is recognised and included in profit or loss for the period when (1) the Group has established the right of collecting dividends; (2) it is probable that the associated economic benefits will flow to the Group; and (3) the amount of dividends can be measured reliably.

11.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, with gains or losses on fair value changes and related dividends and interest income included in profit or loss for the period.

11.2 Impairment of financial instruments

For financial assets at amortised cost, financial assets classified as at FVTOCI, lease receivables, contract assets, financial liabilities that are not at FVTPL and financial guarantee contracts that are not qualified for derecognition due to the transfer of financial assets or financial liabilities arising from continuing involvement of the transferred financial assets, the Group accounts for the impairment and recognises the provision for losses on the basis of expected credit loss ("ECL").

For all contract assets, bills receivable and accounts receivable arising from transactions regulated by Revenue Standards, and lease receivables arising from transactions regulated by the *Accounting Standards for Business Enterprises No. 21 – Lease*, the Group recognises the provision for losses at an amount equivalent to the lifetime ECL.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.2 Impairment of financial instruments (Continued)

For other financial instruments, except for the purchased or originated credit-impaired financial assets, the Group assesses whether their credit risk has increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition of the financial instruments, the Group recognises the provision for losses at an amount equivalent to lifetime ECL; if the credit risk has not increased significantly since initial recognition of the financial instruments, the Group recognises the provision for losses at an amount equivalent to 12-month ECL. The increase or reversal of credit loss provision for financial assets other than those classified as at FVTOCI is recognised as impairment loss or gain and included in profit or loss for the period. For financial assets classified as at FVTOCI, the credit loss provision is recognised in other comprehensive income and the impairment loss or gain is included in profit or loss for the period without reducing the carrying amount of the financial assets in the balance sheet.

Where the Group has measured the provision for losses at an amount equivalent to lifetime ECL of a financial instrument in prior accounting period, but the financial instrument no longer satisfies the criteria of significant increase in credit risk since initial recognition at the current balance sheet date, the Group recognises the provision for losses of the financial instrument at an amount equivalent to 12-month ECL at the current balance sheet date, with any resulting reversal of provision for losses recognised as impairment gains in profit or loss for the period.

11.2.1 Significant increase in credit risk

The Group uses reasonable and supportable forward-looking information to assess whether the credit risk has increased significantly since initial recognition by comparing the risk of a default occurring on the financial instrument at the balance sheet date with the risk of a default occurring on the financial instrument at the date of initial recognition. For financial guarantee contracts, the date on which the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition in the application of criteria related to the financial instrument for impairment.

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

- (1) Significant changes in internal price indicators resulting from changes in credit risk;
- (2) Significant changes in the rates or other terms of an existing financial instrument if the instrument was newly originated or issued at the balance sheet date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher rate of return, etc.);
- (3) Significant changes in the external market indicators of credit risk of the same financial instrument or similar financial instruments with the same expected duration. These indicators include: credit spreads, credit default swap prices against borrower, length of time and extent to which the fair value of financial assets is less than their amortised cost, and other market information related to the borrower (such as the borrower's debt instruments or changes in the price of equity instruments);

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.2 Impairment of financial instruments (Continued)

11.2.1 Significant increase in credit risk (Continued)

- (4) An actual or expected significant change in the financial instrument's external credit rating;
- (5) An actual or expected decrease in the internal credit rating for the debtor;
- (6) 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;
- (7) An actual or expected significant change in the operating results of the debtor;
- (8) Significant increase in the credit risk of other financial instruments issued by the same debtor;
- (9) Significant adverse changes in regulatory, economic, or technological environment of the debtor;
- (10) Significant changes in the value of collaterals or the quality of guarantees or credit enhancements provided by third parties, which are expected to reduce the debtor's economic motives to repay within the time limit specified in contract or affect the probability of default;
- (11) Significant change in the debtor's economic motives to repay within the time limit specified in contract;
- (12) Expected changes to loan contract, including the exemption or revision of contractual obligations, the granting of interest-free periods, the jump in interest rates, the requirement for additional collateral or guarantees, or other changes in the contractual framework for financial instruments that may result from the breach of contract;
- (13) Significant change in expected performance and repayment of the debtor;
- (14) Significant change in the method used by the Group to manage the credit of financial instrument.

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 (inclusive) past due.

11.2.2 Credit-impaired financial asset

When an event or several events that are expected to have adverse impact on the future cash flows of the financial assets have occurred, the financial assets become credit-impaired. The evidence of credit impairment of financial assets includes the following observable information:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Breach of contract by the debtor, such as a default or delinquency in interest or principal payments;



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.2 Impairment of financial instruments (Continued)

11.2.2 Credit-impaired financial asset (Continued)

- (3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, have granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It is probable that the debtor will enter bankruptcy or other financial reorganisations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;
- (6) Purchase or originate a financial asset at a significant discount which reflects the fact of credit impairment.

Based on the Group's 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 outcome of the above assessment, the Group presumes that an event of default on the financial instrument has occurred if the contractual payment of the financial instrument has been more than 90 days (inclusive) past due.

11.2.3 Determination of expected credit losses

The Group determines the ECL of relevant financial instruments using the following method:

- For financial assets, the credit loss represents the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be received by the Group.
- For lease receivables, credit losses are the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be collected.
- For financial guarantee contracts (see Note III, 11.4.1.2.1 for specific accounting policies), credit losses are the present value of the difference between the expected payment to be made by the Group to the contract holder for the credit losses incurred, and the amount the Group expects to receive from the contract holder, the debtor or any other parties.

The factors reflected by the Group's measurement of ECL of financial instruments include: unbiased probability weighted average amount recognised by assessing a series of possible results; time value of money; reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.2 Impairment of financial instruments (Continued)

11.2.4 Write-down of financial assets

When the Group will no longer reasonably expect that the contractual cash flows of financial assets can be collected in aggregate or in part, the Group will directly write down the gross carrying amount of the financial asset, which constitutes derecognition of relevant financial assets.

11.3 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. Relevant liabilities are measured using the following methods:

- For transferred financial assets carried at amortised cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortised cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortised cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at FVTPL.
- For transferred financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss. Where the transferred assets are non-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income are transferred out and included in retained earnings.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.3 Transfer of financial assets (Continued)

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair value of those parts at the date of transfer. The difference between (1) the carrying amount allocated to the part derecognised on the date of derecognition; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss. Where the transferred assets are non-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income are transferred out and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety. The consideration received from transfer of assets is recognised as a liability upon receipt.

11.4 Classification of financial liabilities and equity instruments

Financial instruments issued by the Group or their components are classified into financial liabilities or equity instruments on the basis of not only the legal form but also the contractual arrangements and their economic substance, together with the definition of financial liability and equity instrument.

11.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities.

11.4.1.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include transactional financial liabilities (including derivative financial liabilities) and financial liabilities designated as at FVTPL. Except for derivative financial liabilities which are presented separately, financial liabilities at FVTPL are presented as transactional financial liabilities.

A financial liability is classified as held-for-trading if any of the following criteria is satisfied:

- It has been incurred principally for the purpose of repurchasing it in the near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.4 Classification of financial liabilities and equity instruments (Continued)

11.4.1 Classification, recognition and measurement of financial liabilities (Continued)

11.4.1.1 Financial liabilities at FVTPL (Continued)

A financial liability may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces accounting mismatch; (2) the Group makes management and performance evaluation on a fair value basis for a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities, in accordance with the Group's formally documented risk management or investment strategy, and reports to key management personnel on that basis; (3) the qualified hybrid contract that contains embedded derivatives.

Transactional financial liabilities are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest expenses paid on the financial liabilities are recognised in profit or loss for the period.

For a financial liability designated as at FVTPL, the amount of changes in the fair value of the financial liability that are attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, while other changes in fair values are included in profit or loss for the current period. Upon the derecognition of such financial liability, the accumulated amount of changes in fair value that are attributable to changes in the credit risk of that liability, which was recognised in other comprehensive income, is transferred to retained earnings. Any dividend or interest expense on the financial liabilities is recognised in profit or loss. If the accounting treatment for the impact of the change in credit risk of such financial liability in the above ways would create or enlarge an accounting mismatch in profit or loss, the Group shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss for the period.

For financial liabilities arising from contingent consideration recognised by the Group as the acquirer in the business combination not involving enterprises under common control, the Group measures such financial liabilities at fair value and includes the changes in financial liabilities in profit or loss for the period.

11.4.1.2 Other financial liabilities

Except for financial liabilities and financial guarantee contracts arising from transfer of financial assets that do not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets, other financial liabilities are subsequently measured at amortised cost, with gain or loss arising from derecognition or amortisation recognised in profit or loss.

If the modification or renegotiation for the contract by the Group and its counterparties does not result in derecognition of a financial liability subsequently measured at amortised cost but the changes in contractual cash flows, the Group will recalculate the carrying amount of the financial liability, with relevant gain or loss recognised in profit or loss. The Group will determine the carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial liability. For all costs or expenses arising from modification or renegotiation of the contract, the Group will adjust the modified carrying amount of the financial liability and make amortisation during the remaining term of the modified financial liability.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.4 Classification of financial liabilities and equity instruments (Continued)

11.4.1 Classification, recognition and measurement of financial liabilities (Continued)

11.4.1.2 Other financial liabilities (Continued)

11.4.1.2.1 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial liabilities that are not designated as at FVTPL or financial guarantee contracts of the financial liabilities arising from the transfer of financial assets that does not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets are measured at the higher of: (1) amount of provision for losses; and (2) the amount initially recognised less cumulative amortisation amount determined according to relevant regulations in revenue standards.

11.4.2 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss for the period.

11.4.3 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 (including refinanced), repurchased, sold and cancelled by the Group are recognised as changes of equity. Change of fair value of equity instruments is not recognised by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognises the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders' equity.

11.5 Derivatives and embedded derivatives

Derivatives include forward exchange contracts and foreign exchange option contracts, etc. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at fair value.

Derivatives embedded in hybrid contracts with a financial asset host are not separated by the Group. The hybrid contract shall apply to the relevant accounting standards regarding the classification of financial assets as a whole.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.5 Derivatives and embedded derivatives (Continued)

Derivatives embedded in hybrid contracts with hosts that are not financial assets are separated and treated as separate derivatives by the Group when they meet the following conditions:

- (1) The economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.
- (2) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- (3) The hybrid contracts are not measured at FVTPL.

For the embedded derivative separated from the host contracts, the Group accounts for the host contracts in the hybrid contracts with applicable accounting standards. When the embedded derivatives whose fair value cannot be measured reliably by the Group according to the terms and conditions of the embedded derivatives, the fair value of such derivatives are measured at the difference between the fair value of the hybrid contracts and the fair value of the host contracts. By adopting the above method, if the embedded derivative cannot be measured on a stand-alone basis at the time when it is acquired or at subsequent balance sheet dates, the hybrid instrument is designated as financial instruments at FVTPL as a whole.

11.6 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

12. Bills receivable

12.1 Determination and accounting methods for expected credit losses of bills receivable

The Group assesses, on an individual basis, the credit losses of bills receivable with significantly different credit risks, including bills receivable that are not accepted at maturity and for which there are clear indications that the acceptor is likely to fail in fulfilling its acceptance obligations. The credit losses of other bills receivable are determined on a portfolio basis according to credit risk characteristics.

12.2 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

In addition to bills receivable for which the credit losses are assessed on an individual basis, the remaining bills receivable are categorized into different portfolios based on their credit risk characteristics:

Category of portfolio	Basis for determination
Portfolio I	Bills receivable accepted by banks with high credit ratings
Portfolio II	Bills receivable accepted by banks with low credit ratings
Portfolio III	Bills receivable accepted by domestic enterprises



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Accounts receivable

13.1 Determination and accounting methods for expected credit losses of accounts receivable

The Group determines the expected credit losses on accounts receivable on an individual basis and on a portfolio basis. The amount of increase in or reversal of allowance for expected credit losses on accounts receivable is included in profit or loss for the period as credit impairment losses or gains.

13.2 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

The accounts receivable are grouped as below based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include historical credit losses, nature of the customers, etc.

Type of portfolio	Basis for determination
Portfolio I	Receivables from government and related parties
Portfolio II	Receivables from customers in wind turbine generators sales industry
Portfolio III	Receivables from kitchen waste disposal customers
Portfolio IV	Receivables from other third parties other than those in Portfolio I, II and III

13.3 Aging calculation method for portfolio of credit risk characteristics recognised based on aging

For Portfolio II, III and IV, the Group adopts the aging of accounts receivable as a credit risk characteristic to determine the expected credit losses using an impairment matrix. The aging is calculated from the date of initial recognition. If the terms and conditions of accounts receivable are modified which do not result in the derecognition of accounts receivable, the aging is calculated consecutively. If the accounts receivable are converted from contract assets, the aging is calculated consecutively from the date of initial recognition of the corresponding contract assets. If the debtor settles accounts receivable with commercial acceptance bills or acceptance bills of finance company, the aging of bills receivable is added to that of the original accounts receivable for calculation.

13.4 Determination criteria for provision of bad debts on an individual basis

The Group assesses the credit risk on accounts receivable from customers who clearly lack the ability to repay debts on an individual basis due to the fact that such accounts receivable are expected to be irrecoverable.

14. Other receivables

14.1 Determination and accounting methods for expected credit losses of other receivables

The Group determines the credit losses on other receivables for which the credit risk is increased significantly on an individual basis, and determines the credit losses on remaining other receivables on a portfolio basis using an impairment matrix. The amount of increase in or reversal of allowance for expected credit losses on other receivables is included in profit or loss for the period as credit impairment losses or gains.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Other receivables (Continued)

14.2 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

In addition to other receivables for which the credit losses are assessed on an individual basis, the Group categorizes other receivables into low-risk portfolio and normal-risk portfolio based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include category of the debtors.

15. Inventories

15.1 Categories of inventories, valuation method of inventories upon delivery, inventory count system, and amortisation method for low-value consumables and packaging materials

15.1.1 Categories of inventories

The Group's inventories mainly include real estate development properties, raw materials, work in progress, goods on hand, low-value consumables and others, etc.

Real estate properties comprise properties held for sale, properties under development and properties held for development. Properties held for sale are those properties completed and for sale, while properties under development are those properties still under construction and for sale purposes, and properties held for development are those lands purchased and planned to have properties developed on.

Inventories are initially measured at cost. Cost of real estate development comprises land cost, construction cost and other costs. Cost of raw materials, work in progress and finished goods comprises costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

15.1.2 Valuation method of inventories upon delivery

The cost of completed properties held for sale is determined using the specific identification method. The actual cost of raw materials, work in progress, and finished goods upon delivery is calculated using the FIFO method. The actual cost of maintenance and repair parts upon delivery is calculated using the weighted average method.

15.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

15.1.4 Amortisation method for low-value consumables and packaging materials

Low value consumables and packaging materials are amortised using the immediate write-off method.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Inventories (Continued)

15.2 Recognition criteria and provision method for decline in value of inventories

At the end of the reporting period, the inventories are measured at the lower of the cost and the net realizable value. If the net realizable value is lower than the cost, the provision for decline in value of inventories should be made.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

15.3 Categories of portfolios for which provision for decline in value of inventories is made on a portfolio basis and the basis for determination, and the basis for determining the net realizable value of different categories of inventories

For large quantity and low value items of inventories, provision for decline in value is made based on categories of inventories, i.e., wind turbine equipment, kitchen waste disposal equipment, power batteries, real estate inventories and others, respectively. The net realizable value of each category of inventories is determined based on the contract prices or market prices for similar goods.

16. Contract assets

16.1 Determination method and criteria of contract assets

Contract asset refers to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

16.2 Determination and accounting methods of expected credit losses of contract assets

Consistent with accounts receivable, the Group determines the expected credit losses on contract assets on an individual basis and on a portfolio basis. The amount of increase in or reversal of allowance for expected credit losses on contract assets is included in profit or loss for the period as asset impairment losses or gains.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Contract assets (Continued)

16.3 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

The contract assets are grouped as below based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include: historical credit losses, nature of the customers, etc.

Type of portfolio	Basis for determination
Portfolio I	Government and related parties
Portfolio II	Customers in wind turbine generators sales industry (warranties receivable)
Portfolio III	Kitchen waste disposal customers
Portfolio IV	Other third parties other than those in Portfolio I, II and III

16.4 Aging calculation method for portfolio of credit risk characteristics recognised based on aging

For Portfolio III and IV, the Group adopts the aging of contract assets as a credit risk characteristic to determine the credit losses using an impairment matrix. The aging is calculated from the date of initial recognition.

16.5 Determination criteria for provision of bad debts on an individual basis

The Group assesses the credit risk on contract assets for which the customers clearly lack the ability to repay debts on an individual basis due to the fact that such contract assets are expected to be irrecoverable.

17. Non-current assets or disposal groups classified as held-for-sale

17.1 Recognition criteria and accounting methods for non-current assets or disposal groups classified as held-for-sale

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the carrying amount through a sale (including an exchange of non-monetary assets that has commercial substance) rather than continuing use.

Non-current assets or disposal groups classified as held for sale are required to satisfy the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year.

The Group measures the no-current assets or disposal groups classified as held for sale at the lower of their carrying amount and fair value less costs to sell. Where the carrying amount is higher than the net amount of fair value less costs to sell, the carrying amount should be reduced to the net amount of fair value less costs to sell, and such reduction is recognised in impairment loss of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets is made. When there is increase in the net amount of fair value of non-current Transactional financial assets less costs to sell at the balance sheet date, the original deduction should be reversed in impairment loss of assets recognised after the classification of held-for-sale category, and the reverse amount is included in profit or loss for the period. Impairment losses of assets recognised before they are classified as held for sale will not be reversed.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Non-current assets or disposal groups classified as held-for-sale (Continued)

17.1 Recognition criteria and accounting methods for non-current assets or disposal groups classified as held-for-sale (Continued)

Non-current assets classified as held-for-sale or disposal groups are not depreciated or amortised, interest and other costs of liabilities of disposal group classified as held for sale continue to be recognised.

All or part of equity investments in an associate or joint venture are classified as held-for-sale assets. For the part that is classified as held-for-sale, it is no longer accounted for using the equity method since the date of the classification.

17.2 Recognition criteria and presentation of discontinued operations

A discontinued operation is a component of the Group that can be clearly distinguished and satisfies one of the following conditions, and such component has been disposed of or is classified as held-for-sale:

- Such component represents a separate major line of business or geographical area of operations;
- Such component is part of the separate major line of business or geographical area of operations to be disposed of based on the associated plan;
- Such component is a subsidiary acquired exclusively for the purpose of resale.

Gains or losses from discontinued operations are presented separately from those from continuing operations in the income statement. Operating gains or losses such as impairment losses from discontinued operations and the amount of reversals, and the gains or losses from disposals are presented as discontinued operations. For discontinued operations presented in the current period, the Group restates the information previously presented as gains or losses from continuing operations in the financial statements for the period as discontinued operations in the comparable accounting period.

18. Long-term equity investments

18.1 Determination criteria of joint control and significant influence

Control exists when the investor 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 over the investee to affect its returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influences are the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effects of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible have been considered.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Long-term equity investments (Continued)

18.2 Determination of initial investment costs

For a long-term equity investment acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree at the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party. The aggregate face value of the shares issued is accounted for as Equity. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the initial investment cost of the long-term equity investment is the share of carrying amount of owners' equity of the acquired entity in the ultimate controlling party's consolidated financial statements at the date of combination. The difference between the initial investment cost and the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings. Other comprehensive income recognised for the previously held equity investments by accounting treatment of equity method or investments in non-trading equity instruments designated as at fair value through other comprehensive income is not subject to accounting treatment temporarily.

For a long-term equity investment acquired through business combination not involving entities under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. If the equity previously held was accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily. If the equity investment previously held was classified as investments in non-trading equity instruments designated as at fair value through other comprehensive income, the difference between the fair value and carrying amount, together with the accumulated fair value previously included in other comprehensive income are transferred to retained earnings.

The intermediary fees incurred by the absorbing party or acquirer such as auditing legal, valuation and consulting fee, etc. and other related administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Long-term equity investments (Continued)

18.2 Determination of initial investment costs (Continued)

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously held equity investments determined in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (ASBE No. 22) and the additional investment cost.

18.3 Subsequent measurement and recognition of profit or loss

18.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

18.3.2 Long-term equity investments accounted for using the equity method

Investments in joint ventures are accounted for using the equity method, except for investments in associates and joint ventures that are classified in whole or in part as transactional financial assets. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Long-term equity investments (Continued)

18.3 Subsequent measurement and recognition of profit or loss (Continued)

18.3.2 Long-term equity investments accounted for using the equity method (Continued)

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; the carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; the share of changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognised in the capital reserve the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognises its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognise investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealised intra-group profits or losses are recognised as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. When the investment output of our corporation could be considered as business, and the investor receive long-term equity investment without the acquisition of controlling, the fair value of the investment business should be considered as the initial capital of the new long-term equity investment. The difference between initial investment capitals of the carrying amount of investment business will be entirely included in current profit or loss. The difference between the prices of the sold assets which could constitute as business and the carrying amount of the business will be entirely included in current profit or loss. The assets of the corporation which purchased from joint companies and joint ventures that could be consider as business will be dealt on the basis of *Accounting Standard for Business Enterprises No. 20 – Business Combinations* and be entirely accounted as trading profits or losses.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Long-term equity investments (Continued)

18.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss for the period. For long-term equity investments accounted for using the equity method, if the remaining interest after disposal is still accounted for using the equity method, other comprehensive income previously recognised for using the equity method is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; owners' equity recognised due to changes in other owners' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis. For long-term equity investments accounted for using the cost method, if the remaining interest after disposal is still accounted for using the cost method, other comprehensive income previously recognised for using the equity method or in accordance with the standards for the recognition and measurement of financial instruments before obtaining the control over the investee, is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; changes in other owners' equity in the investee's net assets recognised under the equity method (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis.

Where the Group loses control over the investee due to disposal of part of equity investment, during preparing separate financial statement, remaining interest after disposal which can make joint control or significant influence over the investee is accounted for using the equity method, and adjusted as if it is accounted for using the equity method since the acquisition date. If remaining interest after disposal cannot make joint control or significant influence over the investee, it is accounted for in accordance with the standards for the recognition and measurement of financial instruments, and the difference between fair value on date of losing control and carrying amount is recognised in profit or loss for the period. Other comprehensive income previously recognised for using the equity method or in accordance with the standards for the recognition and measurement of financial instruments before obtaining the control over the investee is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities; changes in other owners' equity in the investee's net assets recognised under the equity method (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period. If remaining interest after disposal is accounted for using the equity method, other comprehensive income and other owners' equity are transferred on a pro rata basis. If remaining interest after disposal is accounted for in accordance with the standards for the recognition and measurement of financial instruments, other comprehensive income and other owners' equity are transferred in their entirety.

Where the Group loses joint control or significant influence over the investee due to disposal of part of equity investment, remaining interest after disposal is accounted for in accordance with the standards for the recognition and measurement of financial instruments, and the difference between fair value on date of losing joint control or significant influence and carrying amount is recognised in profit or loss for the period. Other comprehensive income previously recognised for using the equity method is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities when stop using the equity method, and owners' equity recognised due to changes in other owners' equity (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period in its entirety when stop using the equity method.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Long-term equity investments (Continued)

18.4 Disposal of long-term equity investments (Continued)

The Group loses control over the subsidiaries through step-by-step transactions of disposal of its equity investment in the subsidiaries. Where such transactions are a “package deal”, they are accounted for as a transaction of disposal of subsidiary to lose control. The difference between the proceeds from each disposal before losing control and carrying amount of long-term equity investment corresponding to the disposed investment is firstly recognised as other comprehensive income and then transferred to profit or loss for the period in which the control is lost.

19. Investment properties

Investment property is property held to earn rents or for capital appreciation or both. It includes car parking spaces that is leased out and buildings.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group adopts the cost model for the subsequent measurement of investment properties. Investment properties are depreciated over their useful lives using the straight-line method. The depreciation method, depreciation life, estimated residual value rate and annual depreciation rate of each category of investment properties are as follows:

Category	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Car parking spaces	Straight-line method	30	5.00	3.17
Buildings	Straight-line method	20	5.00	4.75

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

20. Fixed assets

20.1 Recognition criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rents to others, or for administrative purposes, and have useful lives of over 1 accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Fixed assets (Continued)

20.1 Recognition criteria (Continued)

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

20.2 Depreciation methods

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The depreciation method, depreciation life, estimated residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Depreciation period (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line	20-30	5.00	3.17-4.75
Traffic equipment	Straight-line	5-11	0.00-10.00	8.18-20.00
Mechanical equipment	Straight-line	5-20	4.00-5.00	4.75-19.20
Motor vehicles	Straight-line	5-6	5.00	15.83-19.00
Office and other equipment	Straight-line	3-5	0.00-5.00	19.00-33.33

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

20.3 Other particulars

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

The Group reviews the depreciation period and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Construction in progress

Construction in progress is measured at its actual construction expenditures, including various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use. The criteria and point in time for carrying forward of each category of construction in progress to fixed assets are as follows:

Category	Criteria for carrying forward to fixed assets	Point in time for carrying forward to fixed assets
Construction and installation project	When it is ready for intended use	When it is handed over and accepted as qualified
Others	When it is ready for intended use	When it is handed over and accepted as qualified

22. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than three months. Capitalisation is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

23. Intangible assets

23.1 Useful life and the basis for determination, estimates, amortisation method or review procedures

Intangible assets include franchise rights (toll road and kitchen waste disposal project), billboard land use right, patent use right, land use right, contract rights and office software.

An intangible asset is measured initially at cost. Subsequent expenditures incurred for the intangible asset are included in the cost of the intangible asset when it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Intangible assets (Continued)

23.1 Useful life and the basis for determination, estimates, amortisation method or review procedures (Continued)

If the fees charged by the Group to those who receive public products and services during the period of operation of PPP project such as kitchen waste disposal and toll road do not constitute an unconditional right to receive cash, the consideration amount of the relevant PPP project assets or the amount of construction income recognised shall be recognised as concession intangible assets when the PPP project assets are ready for intended use.

The franchise rights of the toll roads invested by the state-owned shareholders on 1 January 1997 were stated at valuation performed by the asset valuation firms and the values were certified by the State-owned Assets Supervision and Administration Bureau (“SASAB”) in accordance with Guo Zi Ping (1996) No. 911. The land use right relating to Shenzhen Airport-Heao Expressway (Western Section) invested to the Company by the promoter of the Company during the restructuring period of the Group was stated at the then revaluation amount admitted by the SASAB on 30 June 1996. The land use right relating to Meiguan Expressway and Shenzhen Airport-Heao Eastern Company Expressway (Eastern Section) owned by Shenzhen Meiguan Expressway Company Limited (“Meiguan Company”) and Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited (Airport-Heao Eastern Company), the subsidiary, were invested by Xin Tong Chan Development (Shenzhen) Company Limited (“Xin Tong Chan Company”), one of the promoters of the Company, at the value determined by the cooperating parties.

(1) *Franchise rights*

(a) Toll road

Franchise rights associated with the toll roads refer to the rights granted by the respective concession grantors, which entitle the Group to receive the toll fees from users and the land use right obtained in conjunction with the concession arrangement.

When toll roads are ready for their intended use, amortisation of franchise rights is calculated to write off their costs on the traffic volume amortisation method. As to amortisation of franchise rights, the amortisation amount per standard traffic volume (“unit amortisation amount”) is calculated based on total standard traffic volume predicted during the operating period of each toll road and the cost/carrying amount of the franchise rights associated with toll roads, then the franchise rights are amortised based on the actual traffic volume during each accounting period and the unit amortisation amount.

The Group has set policies to execute internal review on the total projected traffic volume during the operating period of the concessions annually. The Group also appoints an independent professional traffic consultant to perform independent professional traffic studies when large differences between actual traffic volume and projected traffic volume exist, or every 3 to 5 years and then adjust the unit amortisation amount according to the revised total projected traffic volume, to ensure that the respective franchise rights would be fully amortised in the operating period.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Intangible assets (Continued)

23.1 Useful life and the basis for determination, estimates, amortisation method or review procedures (Continued)

(1) Franchise rights (Continued)

(a) Toll road (Continued)

The operating periods and unit amortisation amounts of toll roads are set out as follows:

Item	Operating period (Note 3)	Unit usage (RMB)
Meiguan Expressway	May 1995 to March 2027	0.53
Shenzhen Airport-Heao Expressway (Western Section)	May 1999 to March 2027	0.59
Shenzhen Airport-Heao Expressway (Eastern Section)	October 1997 to March 2027	2.95
Qinglian Expressway	July 2009 to July 2034	39.28
Shuiguan Expressway	March 2002 to January 2026	5.66
Yichang Expressway	January 2004 to December 2033	10.88
Changsha Ring Road (North-western Section) ("Changsha Ring Road")	November 1999 to October 2029	2.39
Coastal Expressway	December 2013 to December 2038	6.09
Outer Ring Phase I (Note 1) (Note 2)	Commencement of operations in December 2020	3.95
Outer Ring Phase II (Note 1) (Note 2)	Commencement of operations in January 2022	1.11
Longda Expressway	October 2005 to October 2027	0.25

Note 1: As stated in Note III,36.2, since 1 January 2023, the Group adjusted the unit amortisation amount of Outer Ring Phase I from RMB7.02 to RMB3.95, and the unit amortisation amount of Outer Ring Phase II from RMB1.36 to RMB1.11.

Note 2: The operating period of Outer Ring Expressway has not yet been approved and the Group tentatively estimates an operating period of 25 years.

Note 3: The operating period does not include the extension of the toll period that should be enjoyed according to local policies due to the fact that the national toll roads were free for 79 days at the beginning of 2020.

(b) Kitchen waste disposal project

Franchise rights related to kitchen waste disposal are amortised on a straight-line basis during the period of franchise operation.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Intangible assets (Continued)

23.1 Useful life and the basis for determination, estimates, amortisation method or review procedures (Continued)

(2) Other intangible assets

The amortisation method, useful life and residual value rate of other intangible assets are as follows:

Category	Amortisation method	Useful life (year)	Basis to determine the useful life	Residual value rate
Billboard land use right	Straight-line	5	Year (s) as agreed in the contract	–
Patent use right	Straight-line	5-10	Year (s) as agreed in the contract/Useful life as stipulated by law	–
Land use rights	Straight-line	50	Useful life as stipulated in the land use certificate	–
Contract rights	Straight-line	10	Year (s) as agreed in the contract	–
Software and others	Straight-line	2-10	Expected update cycle	–

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the year, and adjusts when necessary.

For details of the impairment test of intangible assets, see Note III, 24 “Impairment of long-term assets”.

23.2 Scope of R&D expenditures and accounting treatment

Expenditure during the research phase is recognised as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period:

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale,
- (2) The Group has the intention to complete the intangible asset and use or sell it,
- (3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Intangible assets (Continued)

23.2 Scope of R&D expenditures and accounting treatment (Continued)

- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset,
- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period. Costs of intangible assets generated from internal development activities only include total expenditures incurred from the point of time that qualify for capitalisation till the intangible asset is ready for intended use. Expenditures which have been recognised as expenses into profit or loss before the same intangible asset that qualify for capitalisation during the development course will not be adjusted any longer.

The scope of R&D expenditures include wages, salaries, and welfare expenses of personnel directly engaged in R&D activities, materials, fuel, and power expenses directly consumed in R&D activities, depreciation expenses for instruments and equipment used in R&D activities, rental and maintenance expenses for R&D sites, travel, transportation, and communication expenses required for research and experimental development, etc. Technical feasibility and economic viability studies are adopted as specific criteria for classifying the research and development phases.

24. Impairment of long-term assets

The Group reviews the long-term equity investments, investment properties measured using cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with uncertain useful life or not yet ready for use is tested for impairment every year whether there is any indication the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group (s), i.e., goodwill is reasonably allocated to the related assets group (s) or each of assets group (s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

Once the impairment loss of such assets is recognised, it will not be reversed in any subsequent period.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of over 1 year). Long-term prepaid expenses are averagely amortised over the expected benefit period.

26. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received or is expected to receive a consideration from the customer. Contract assets and contract liabilities under the same contract are listed on a net basis.

27. Employee benefits

27.1 Accounting treatment of short-term employee benefits

Actually occurred short-term employee benefits are recognised as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognised in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognised as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

27.2 Accounting treatment of post-employment benefits

Post-employment benefits are all defined contribution plans.

During the accounting period of rendering service to employees of the Group, amount which should be paid according to defined contribution plans is recognised as liabilities, and recognised in profit or loss or related costs of assets.

27.3 Accounting treatment of termination welfare

The Group provides termination welfare to employees, employee benefits liabilities generated from termination welfare are recognised at the earlier of the following two dates, and recognised in profit or loss of current period: When the Group cannot withdraw provided termination welfare because of severing labor relationship or reduction of suggested amount; When the Group recognises costs or expenses related to termination welfare payment.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Employee benefits (Continued)

27.4 Accounting treatment of other long-term employee benefits

For other long-term employee benefits, where the definition of defined contribution plans is met, it is accounted for according to related requirements of defined contribution plans. Otherwise, net liabilities or net assets of such other long-term employee benefit are recognised and measured according to related requirements of defined benefit plans. At the end of the reporting period, cost of employee benefit generated from other long-term employee benefit comprises service cost, net interest of net liabilities or net assets of other long-term employee benefit and changes arising from re-measurement of net liabilities or net assets of other long-term employee benefit. Net value of these items is recognised in profit or loss or cost of related assets.

28. Provisions

Provisions are recognised when the Group has a present obligation related to a contingency such as product quality assurance, onerous contract or restructuring, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows. Each category of provisions is measured as below:

Item	Method for measurement
Cost of services in the future	Present value of expected cost of services in the future
Subsequent expenditure for kitchen waste disposal project	Present value of expected subsequent expenditure on the project
Product warranty	Expected subsequent expenditure calculated based on historical warranty expenditure ratio
Pending litigation or arbitration	Expected compensation expenditure

29. Preferred stock, perpetual bonds and other financial instruments

Other financial instruments including preferred stocks and perpetual bonds issued by the Group are measured as equity instruments when they satisfy all the following criteria:

- (1) The financial instruments do not include cash or other financial assets delivered to other parties, or contractual obligations to exchange financial assets or liabilities with other parties under potential disadvantages;
- (2) When the Company's own equity instrument is required to or available to be used for settlement of the financial instrument, it does not include the contractual obligations to settle the Company's own variable equity instruments if it is a non-derivative instrument; if it is a derivative instrument, the Group can only settle the instrument by exchanging certain amount of its own equity instruments with fixed amount of cash or other financial assets.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Preferred stock, perpetual bonds and other financial instruments (Continued)

Except for other financial instruments that can be classified as equity instruments described above, other financial instruments issued by the Group are classified as financial liabilities.

For other financial instruments including preferred stocks and perpetual bonds classified as financial liabilities, interest expense or dividends distributions are treated as borrowing costs, and the gains or losses arising from the re-purchase or redemption are recognised in profit or loss for the period. When the financial liability is measured at amortised cost, related transaction costs are included in initial measurement.

For other financial instruments including preferred stocks and perpetual bonds classified as equity instruments, interest expense or dividends distribution is recorded as the profit distribution of the Group; the repurchase, cancellation etc. are accounted for as changes in equity, and related transaction costs are deducted from the equity.

30. Revenue

30.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business

The Group's revenue is mainly derived from toll road, environmental protection and property development.

The Group recognises revenue based on the transaction price allocated to the performance obligation when the Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. A performance obligation is a commitment that the Group transfers a distinct good or service to a customer in the contract.

The Group assesses a contract at contract inception, identifies each individual performance obligation included in the contract, and determines whether the performance obligation is satisfied during a period of time or at a point in time. It is a performance obligation satisfied during a period of time and the Group recognises revenue during a period of time according to the progress of performance if one of the following conditions is met: (i) the customer obtains and consumes economic benefits at the same time of the Group's performance; (ii) the customer is able to control goods or services in progress during the Group's performance; (iii) goods or services generated during the Group's performance have irreplaceable utilization, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now. Otherwise, revenue is recognised at a point in time when the customer obtains control over the relevant goods or services.

The Group adopts input method, i.e. the input by the Group for purpose of fulfilment of performance obligation to determine the appropriate progress of performance. Where the progress cannot be determined reasonably, the revenue is recognised based on the amount of cost that is expected to be compensated based on the cost already incurred, until the progress of performance is reasonably determined.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Revenue (Continued)

30.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business (Continued)

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer. In determining the transaction price, the Group should consider the effects of variable consideration, significant financing components in the contract, non-cash consideration and consideration payable to customers.

If there are two or more of performance obligations included in the contract, at the contract inception, the Group allocates the transaction price to each single performance obligation based on the proportion of stand-alone selling price of goods or services promised in each stand-alone performance obligation. However, if there is conclusive evidence indicating that the contract discount or variable consideration is only relative with one or more (not the whole) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to relative one or more performance obligations. Stand-alone selling price refers to the price of a single sale of goods or services. If the stand-alone selling price cannot be observed directly, the Group estimates the stand-alone selling price through comprehensive consideration of all relative information that can be reasonably acquired and maximum use of observable inputs.

In case of the existence of variable consideration in the contract, the Group shall determine the best estimate of variable consideration based on the expected value or the most probably occurred amount. The transaction price including variable consideration shall not exceed the amount of the cumulatively recognised revenue which is unlikely to be significantly reversed when relevant uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of variable consideration which should be included in transaction price.

If the customer pays non-cash consideration, the Group determines the transaction price based on the fair value of the non-cash consideration. If the fair value of non-cash consideration cannot be reasonably estimated, the Group shall determine the transaction price indirectly by reference to the stand-alone selling price of the goods or services promised to transfer to the customer.

For sales that are affixed with terms of sales return, as the customer obtains control of related goods, the Group recognises revenue based on the consideration (excluding expected refund amounts due to sales returns) that the Group is expected to charge due to the transfer of goods to the customer, and recognises liabilities based on the expected refund amounts due to sales returns. Meanwhile, the carrying amount at the time of transfer of goods expected to be returned, subsequent to deduction of expected costs from collecting the goods (including the decrease in value of the returned goods), is recognised as an asset and carried forward to cost at the carrying amount at which goods are transferred, net of the cost of asset.

For sales with quality assurance terms, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Group will account for the quality assurance responsibility in accordance with the Accounting Standard for Business Enterprises No. 13 – Contingencies.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Revenue (Continued)

30.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business (Continued)

In case of the existence of a significant financing component in the contract, the Group shall determine the transaction price on the assumption that the customer has paid the amount payable by cash when obtaining the control over the goods or services. Differences between transaction price and contract consideration are amortised using effective interest method during the contract life. At contract inception, if the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the Group would not consider the significant component in the contract.

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or is determined in accordance with the established commission amount or percentage, etc.

Where the Group receives receipts in advance from a customer for sales of goods or rendering of services, the amount is first recognised as a liability and then transferred to revenue when the related performance obligation has been satisfied. When the Group's receipts in advance are not required to be refunded and it is probable that the customer will waive all or part of its contractual rights, the Group recognises the said amounts as revenue on a pro-rata basis in accordance with the pattern of exercise of the customer's contractual rights, if the Group expects to be entitled to the amounts relating to the contractual rights waived by the customer; otherwise, the Group reverses the related balance of the said liabilities to revenue only when it is highly unlikely that the customer will require performance of the remaining performance obligations.

The specific revenue recognition criteria of the Group are as follows:

- (1) The Group's revenue from operation of toll roads is recognised when the related services have been provided and economic benefits associated with the services are likely to flow into the Group.
- (2) The Group's revenue from sales of wind turbine equipment, kitchen waste disposal equipment and other commodities are recognised when the client obtains the control over the goods.
- (3) For engineering construction services provided, the Group determines the performance progress and recognises revenue according to the proportion of the cost incurred to the estimated total cost.
- (4) The Group's revenue from real estate sales is recognised when (1) the real estate is completed and accepted as qualified, (2) the real estate meets the delivery conditions as agreed in the sales contract, and (3) the client obtains the control over relevant goods or services.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Revenue (Continued)

30.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business (Continued)

- (5) The Group's revenue from entrusted highway operation and management and maintenance services is recognised on a straight-line basis over the contract period.
- (6) The Group has signed cooperation agreements with government departments to participate in the construction of toll roads and kitchen waste disposal projects. During the construction period, the construction service provided by the Group shall be regarded as the performance obligations performed within a certain period 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. During the commercial operating period, the revenue from kitchen waste disposal shall be recognised according to the actual amount of waste disposal and the unit price agreed in the waste disposal agreement. Revenue from sales of electric power shall be recognised according to the on-grid electric quantity and the unit price agreed in the electricity purchase and sale contract when the electric power has been produced and connected to the grid. Revenue from sales of grease shall be recognised according to the actual grease sales volume and the unit price agreed in the agreement when the client obtains the control over relevant goods.

30.2 Similar operations under different business models which involve different revenue recognition and measurement methods

The Group has no similar operations under different business models which involve different revenue recognition and measurement methods.

31. Contract costs

31.1 Costs of obtaining contracts

If the incremental costs (costs that will not occur if no contract obtained) incurred for obtaining the contract are expected to be recovered, the Group recognises it as an asset and adopts goods or service income related to the assets to confirm the same basis for amortisation and recognises it in profit or loss. Other expenses incurred by the Group for obtaining the contract are recognised in profit or loss for the period in which it occurs, except as expressly borne by the customer.

31.2 Costs to fulfill contracts

If the costs incurred in fulfilling a contract are not within the scope of other standards other than standards on revenue, the Group shall recognise an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: 1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; 2) the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and 3) the costs are expected to be recovered. The assets recognised shall be amortised on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognised in profit or loss for the period.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Contract costs (Continued)

31.3 Impairment loss of assets related to contract costs

In determining the impairment losses of assets related to contract costs, the Group first determines the impairment losses of other assets related to contracts recognised in accordance with other ASBEs; then, for assets related to contract costs, if the carrying amount of the assets is higher than the difference between: (1) the remaining consideration that the Group expects to obtain for the transfer of the goods or services related to the asset; and (2) the estimated costs to be incurred for the transfer of the related goods or services, any excess is provided for impairment and recognised as impairment loss of assets.

After the provision for impairment of assets related to contract costs is made, if the factors of impairment in previous periods change so that the difference between the above two is higher than the carrying amount of the asset, the original provision for impairment of the asset is reversed and recognised in profit or loss for the period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

32. Categories of government grants and accounting treatment methods

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

32.1 Determination basis and accounting treatment of government grant related to assets

Government grants of the group included equipment subsidy. These payments are government grant related to assets.

A government grant related to an asset is recognised as deferred revenue and will be included in profit or loss over the useful life of the related asset with the straight-line method.

32.2 Determination basis and accounting treatment of government grant related to income

Government grants of the Group includes tax refunds and government incentive funds and these are government grant related to income.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred revenue, and recognised in profit or loss over the periods in which the related costs are recognised; if the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the current period.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Categories of government grants and accounting treatment methods (Continued)

32.2 Determination basis and accounting treatment of government grant related to income (Continued)

A government grant related to the Group's daily activities is recognised in other income based on the nature of economic activities; a government grant not related to the Group's daily activities is recognised in non-operating income.

For repayment of a government grant already recognised, if there is related deferred revenue, the repayment is offset against the gross carrying amount of the deferred revenue, and any excess is recognised in profit or loss for the period.

33. Leases

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

The Group assesses whether a contract is or contains a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

33.1 The Group as a lessee

33.1.1 Separating components of a lease

If the contract contains one or more lease and non-lease components, the Group will separate the individual lease and non-lease components and allocate contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease components and the stand-alone prices of the non-lease components.

33.1.2 Right-of-use assets

Except for short-term leases and leases of low value assets, at the commencement date of the lease, the Group recognises a right-of-use asset. The Group's right-of-use assets consist mainly of buildings, mechanical equipment, billboard, etc.

The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Group measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs incurred to produce inventories.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Leases (Continued)

33.1 The Group as a lessee (Continued)

33.1.2 Right-of-use assets (Continued)

The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of *Accounting Standards for Business Enterprises No. 4 – Fixed Assets*. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

The Group applies *Accounting Standards for Business Enterprises No. 8 – Impairment of Assets*, to determine whether the right-of-use assets are impaired and to account for any impairment loss identified.

33.1.3 Lease liabilities

Except for short-term leases and leases of low value assets, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. The Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the Group to the lessor, including:

- fixed payments and in-substance fixed payments, less any lease incentives receivable (if any);
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the Group.

After the commencement date of the lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on fixed periodic rate, and recognises such expenses in profit or loss or cost of related assets.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Leases (Continued)

33.1 The Group as a lessee (Continued)

33.1.3 Lease liabilities (Continued)

After the commencement date of the lease, the Group re-measures the lease liabilities and adjusts the right-of-use assets accordingly in the following cases. If the book value of the right-of-use asset has been reduced to zero, but the lease liability needs to be reduced further, the Group will recognise the difference in profit or loss for the period:

- there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- there is a change in the amounts expected to be payable under a residual value guarantee, or in future lease payments resulting from a change in an index or a rate used to determine those payments, in which case the related lease liability is remeasured by discounting the revised lease payments using the unchanged discount rate. If the change of lease payment comes from the change of floating interest rate, the revised discount rate shall be used to calculate the present value.

33.1.4 Determination basis and accounting treatment for short-term leases and leases of low value assets under simplified approach as a lessee

The Group chooses not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain a call option. A lease of low-value assets, is a lease that the single underlying asset, when is new, is no more than RMB50,000.00. The Group shall recognise the lease payments associated with short-term leases and leases of low-value assets in profit or loss or cost of related assets on a straight-line basis over the lease term.

33.1.5 Lease modifications

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

- the lease modification expanded the scope of the lease by adding the right-of-use of one or more lease assets; and
- the increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.

If the lease modification is not accounted for as an individual lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract after the change, re-determines the lease term, and re-measures lease liabilities based on the changed lease payments and the present value calculated by the revised discount rate.

If the lease modification results in a reduction in the lease scope or lease term, the carrying amount of the right-of-use assets will be reduced, and the gains or losses relevant to the lease partially or fully terminated will be included in profit or loss for the period; for other lease modifications resulting in the remeasurement of lease liabilities, the carrying amount of right-of-use assets is adjusted accordingly.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Leases (Continued)

33.1 The Group as a lessee (Continued)

33.1.6 Sale and leaseback transactions

The Group as seller-lessee

The Group applies the requirements of the ASBE No. 14 Revenue to determine whether the transfer of an asset is accounted for as a sale of that asset. If the transfer of an asset does not constitute a sale, the Group shall continue to recognise the transferred assets and recognise a financial liability equal to the transfer proceeds in accordance with the *Accounting Standards for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement*. If the transfer of an asset is a sale, the Group shall measure the right-of-use assets arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use, and recognise only the amount of any gain or loss that relates to the rights transferred to the lessor.

33.2 The Group as a lessor

33.2.1 Separating components of a lease

For a contract that contains lease components and non-lease components, the Group allocates the contract consideration in accordance with the Revenue Standard on apportionment of transaction prices, based on the respective stand-alone prices of the lease components and the non-lease components.

33.2.2 Classification criteria and accounting treatment of leases as a lessor

Leases are classified as finance leases whenever the terms of the leased assets transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

33.2.2.1 The Group as a lessor under operating leases

Receipts of lease under operating leases are recognised as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalised when incurred, and are recognised in profit or loss for the current period on the same basis as recognition of rental income over the lease term.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in the lease receipts are recognised in profit or loss when incurred.

33.2.2.2 The Group as a lessor under finance leases

At the commencement date, the Group recognises a finance lease receivable at the amount equal to the net investment in the lease with finance lease assets derecognised. The net investment in the lease is the sum of any unguaranteed residual value and lease receipts from the commencement date, discounted at the interest rate implicit in the lease.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Leases (Continued)

33.2 The Group as a lessor (Continued)

33.2.2 Classification criteria and accounting treatment of leases as a lessor (Continued)

33.2.2.2 The Group as a lessor under finance leases (Continued)

The receipts of the lease refer to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets during the lease term, including:

- fixed payments (including in-substance fixed payments) paid by the lessee, less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option, provided that it is reasonably determined that the lessee will exercise the option;
- the amount to be paid by the lessee to exercise the option to terminate the lease, provided that the lease term reflects the lessee's exercise of the option to terminate the lease;
- the residual value of the guarantee provided by the lessee, the party concerned with the lessee and the independent third party with the financial ability to perform the guarantee obligation.

The variable lease receipts that are not included in the measurement of net lease investment are recognised in profit or loss when incurred.

The Group calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate.

33.2.3 Subleases

As the lessor of a sublease, the Group accounts for the original lease contract and the sublease contract as two separate contracts. The Group classifies the subleases based on the right-of-use assets generating from the original lease rather than the underlying assets of the original lease.

33.2.4 Lease modifications

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any advances from customers or lease receivable relating to the original lease as part of the lease receivable for the new lease.

The Group will account for the lease modification to a finance lease as an individual lease, when it satisfies all the following criteria:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Leases (Continued)

33.2 The Group as a lessor (Continued)

33.2.4 Lease modifications (Continued)

For a modification to a finance lease that is not accounted for as a separate lease, the Group shall account for the modification as follows:

- If the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group shall account for the lease modification as a new lease from the effective date of the modification, and measure the carrying amount of the underlying asset as the net investment in the lease before the effective date of the lease modification.
- If the lease would have been classified as a finance lease had the modification been in effect at the inception date, the Group shall apply the requirements of contract modification and renegotiation under the *Accounting Standards for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement*.

33.2.5 Sale and leaseback transactions

The Group as buyer-lessor

If the transfer of an asset in a sale and leaseback transaction does not constitute a sale, the Group does not recognise the transferred asset but a financial asset equal to the transfer proceeds in amount, and accounts for such financial asset under the *Accounting Standards for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement*. If the transfer of an asset constitutes a sale, the Group accounts for the purchase of the asset in accordance with other applicable Accounting Standards for Business Enterprises and accounts for the lease of the asset.

34. Deferred tax assets/deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

34.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

34.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Deferred tax assets/deferred tax liabilities (Continued)

34.2 Deferred tax assets and deferred tax liabilities (Continued)

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of 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 taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised, or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity, and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

34.3 Offsetting of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

35. Other significant accounting policies and accounting estimates

Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

35. Other significant accounting policies and accounting estimates (Continued)

Segment information (Continued)

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) the component's operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; (3) the information on the financial position, operating results and cash flows of the segment is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

36. Changes in significant accounting policies and accounting estimates

36.1 Changes in significant accounting policies

Interpretation No. 16 of the Accounting Standards for Business Enterprises

The *Interpretation No. 16 of the Accounting Standards for Business Enterprises* (the "Interpretation No. 16") was issued by the Ministry of Finance on 30 November 2022, which stipulated the accounting treatment concerning the inapplicability of initial recognition exemption for deferred income tax relating to assets and liabilities arising from a single transaction. Interpretation No. 16 revised the coverage of exemption of the initial recognition of deferred income tax in the Accounting Standards for Business Enterprises No. 18 – Income Tax, and specified that the relevant provisions on the exemption of initial recognition of deferred tax liabilities and deferred tax assets are not applicable to a single transaction (not a business combination) that affects neither the accounting profit nor taxable income (or deductible losses) at the time of transaction, and where the assets and liabilities initially recognised generate equal taxable temporary differences and deductible temporary differences. The Interpretation became effective from 1 January 2023 and could be early applied. The Group started to apply the Interpretation on 1 January 2023, adopted the retrospective adjustment method for accounting treatment, and restated the financial statements for the comparable years. The specific impact is as follows:

RMB

Items affected	1 January 2022	Adjustment	1 January 2022
Deferred tax assets	451,230,984.30	881,703.00	452,112,687.30
Deferred tax liabilities	1,286,986,799.74	–	1,286,986,799.74
Undistributed profits	7,157,542,961.33	(204,227.32)	7,157,338,734.01
Minority interests	5,971,983,945.05	1,085,930.32	5,973,069,875.37

RMB

Items affected	31 December 2022	Adjustment	31 December 2022
Deferred tax assets	423,407,651.00	3,229,751.74	426,637,402.74
Deferred tax liabilities	1,281,034,171.47	–	1,281,034,171.47
Undistributed profits	8,079,278,802.54	2,179,848.75	8,081,458,651.29
Minority interests	6,014,620,231.70	1,049,902.99	6,015,670,134.69

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

36. Changes in significant accounting policies and accounting estimates (Continued)

36.2 Changes in significant accounting estimates

36.2.1 Change in accounting estimate of unit amortisation amount of Outer Ring Expressway

RMB

Items affected	2022	Adjustment	2023
Income tax expenses	531,669,555.05	(2,348,048.74)	529,321,506.31

RMB

Content and reasons for changes in accounting estimates	Time point at which application begins	Name of items in the financial statements affected significantly	Amounts affected
Change in accounting estimate of unit amortisation amount of franchise rights – Outer Ring Expressway	1 January 2023	Intangible assets and cost of services	124,982,162.23

In view of that the actual traffic volume of Outer Ring Expressway (including Outer Ring Phase I and Phase II) in recent years differs greatly from the total projected traffic volume and such difference is expected to persist for some time, the Group re-predicts the total projected traffic volume of Outer Ring Expressway in the remaining operating period. The Group adjusted the unit amortisation amount of Outer Ring Expressway Phase I from RMB7.02/vehicle to RMB3.95/vehicle and the unit amortisation amount of Outer Ring Expressway Phase II from RMB1.36/vehicle to RMB1.11/vehicle based on the updated total projected traffic volume. This change in accounting estimates is effective from 1 January 2023, and the impact of which on the Group's consolidated financial statements for the year 2023 is as follows:

RMB

Items in the consolidated statements of financial position	Amounts affected
Increase in intangible assets	124,982,162.23
Decrease in deferred tax assets	31,245,540.56
Increase in equity attributable to shareholders of the Company	93,736,621.67

Items in the consolidated statement of profit or loss and other comprehensive income	Amounts affected
Decrease in cost of services	124,982,162.23
Increase in income tax expenses	31,245,540.56
Increase in net profit	93,736,621.67
Increase in net profit attributable to shareholders of the Company	93,736,621.67

The change in above accounting estimate will have a certain impact on amortisation of the franchise rights of Outer Ring Expressway (including Outer Ring Phase I and Phase II) in the future accounting period.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

36. Changes in significant accounting policies and accounting estimates (Continued)

36.2 Changes in significant accounting estimates (Continued)

36.2.2 Change in accounting estimate of unit amortisation amount of Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway and West Line Expressway

RMB

Content and reasons for changes in accounting estimates	Time point at which application begins	Name of items in the financial statements affected significantly	Amounts affected
Change in accounting estimate of unit amortisation amount of franchise rights – Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway and West Line Expressway	1 November 2023	Long-term equity investments and investment income	21,910,543.50

Both Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway and West Line Expressway (including West Line Phase I, West Line Phase II and West Line Phase III) are joint venture projects invested by Shenzhen Investment Holdings Bay Area Development Company Limited (“Bay Area Development”), a subsidiary of the Company. In view of that the actual traffic volume of Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway and West Line Expressway in recent years differs greatly from total standard traffic volume projected and such difference is expected to persist for some time, according to the prediction results from an external professional organisation on total standard traffic volume of Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway and West Line Expressway in the remaining operating period, the unit amortisation amount of Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway was adjusted from RMB44.62/vehicle to RMB35.60/vehicle, the unit amortisation amount of West Line Phase I was adjusted from RMB2.34/vehicle to RMB2.42/vehicle, the unit amortisation amount of West Line Phase II was adjusted from RMB11.26/vehicle to RMB11.63/vehicle, and the unit amortisation amount of West Line Phase III was adjusted from RMB12.96/vehicle to RMB16.66/vehicle. This change in accounting estimates is effective from 1 November 2023, and the impact of which on the Group’s consolidated financial statements for the year 2023 is as follows:

RMB

Items in the consolidated statements of financial position	Amounts affected
Increase in long-term equity investments	21,910,543.50
Increase in equity attributable to shareholders of the Company	15,738,343.39
Items in the consolidated statement of profit or loss and other comprehensive income	Amounts affected
Increase in investment income	21,910,543.50
Increase in net profit	20,815,016.33
Increase in net profit attributable to shareholders of the Company	15,738,343.39

The change in above accounting estimate will have a certain impact on long-term equity investments and investment income of the Group in the future accounting period.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

36. Changes in significant accounting policies and accounting estimates (Continued)

36.2 Changes in significant accounting estimates (Continued)

36.2.3 Provision for resurfacing of Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway

As part of its responsibilities under the concession arrangement, Guangzhou-Shenzhen-Zhuhai Expressway Co., Ltd. (“Guangzhou-Shenzhen-Zhuhai Expressway”), a joint venture of the Group, is responsible for the maintenance and resurfacing of the toll roads operated by it, and provisions should be accrued for maintenance costs incurred, other than those attributable to renovation services. In view of that Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway is expected to be renovated and expanded, and according to the *Decision Analysis Report regarding the Pavement Maintenance of Guangzhou-Shenzhen Expressway for the Year 2024* issued by an external professional organisation, it is determined that the technical condition of the existing pavement of Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway is basically maintained in a good state, and it is expected that the possibility of incurring large expenditure due to the resurfacing of the existing road sections in the remaining concession period is low, based on which the amount of provisions was re-estimated accordingly. The impact of change in accounting estimates on the Group’s consolidated financial statements for the year 2023 is as follows:

RMB

Items in the consolidated statements of financial position	Amounts affected
Increase in long-term equity investments	182,297,803.95
Increase in equity attributable to shareholders of the Company	122,323,998.83
Items in the consolidated statement of profit or loss and other comprehensive income	Amounts affected
Increase in investment income	182,297,803.95
Increase in net profit	173,182,913.75
Increase in net profit attributable to shareholders of the Company	122,323,998.83

37. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates

In the application of accounting policies as set out in Note III, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of the operating activities. These judgements, estimates and assumptions are based on historical experience of the Group’s management as well as other factors that are considered to be relevant. Actual results may differ from these estimates. The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

37. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates (Continued)

37.1 Critical judgements in applying accounting policies

(1) *Business model*

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial assets. When determining whether the business model is still likely to be based on the collection of contractual cash flows, the Group needs to analyze the sale reasons, time, frequency and value of financial assets before the maturity date.

(2) *Principal/agent*

If the Group can control the project before transferring the agent project to the customer, it is the principal and recognises the revenue based on the total consideration received or receivable. Otherwise, the Group is an agent and recognises revenue based on the amount of commission or handling charges that the Group is expected to be entitled to collect. This amount is determined based on the total consideration received or receivable net of amounts due to other related parties, or predefined amount or proportion of commission.

(3) *Lease term – Lease contract with a renewal option*

The lease term is the period during which the Group has the right to use the leased asset and is irrevocable. If there is an option to renew the lease and it is reasonably determined that the option will be exercised, the lease term also includes the period covered by the option to renew the lease. Some of the Group's lease contracts have the option to renew the lease for 1 to 3 years. In assessing whether the option to renew the lease will be exercised, it will consider all relevant facts and circumstances that bring economic benefits to the exercise of the option of renewal of the Group, including the facts from the commencement date of the lease term to the date of exercise of the option and expected changes in the situation.

37.2 Key assumptions and uncertainties in accounting estimates

The followings are the critical judgments that the Group has made in the process of applying the accounting policies and that have significant effect on the amounts recognised in the financial statements:

(1) *Amortisation of franchise rights associated with toll roads*

As stated in Note III, 23.1 (1)(a), amortisation of franchise rights associated with toll roads is provided under the traffic volume method. Appropriate adjustments to the amortisation of franchise rights associated with toll roads will be made when there is a large difference between total projected traffic volume and the actual results.

The management of the Company performs periodic assessment of the total projected traffic volume. The Group will appoint an independent professional traffic consultant to perform independent professional traffic studies in order to make an appropriate adjustment if there is a large and continuous difference between projected and actual traffic volume.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

37. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates (Continued)

37.2 Key assumptions and uncertainties in accounting estimates (Continued)

(2) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future cash flows expected to be derived from the asset groups (sets of asset groups) to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from the asset groups (sets of asset groups) and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(3) *Impairment of long-term equity investments*

The Group assesses at the end of the reporting period whether there is any objective evidence that a long-term equity investment is impaired. An impairment test should be executed when there is any indication that the carrying amount is not recoverable. An impairment exists if the carrying amount of the long-term equity investments exceeds its recoverable amount, which is the higher of the fair value net of disposal costs and the present value of the estimated future cash flow. The net amount of fair value minus disposal costs is determined by reference to the agreement price or observable market price of similar assets in the fair trade. When estimating the present value of future cash flows, management must estimate the expected future cash flows of the long-term equity investments and select the appropriate discount rate to determine the present value of future cash flows.

(4) *Impairment of franchise rights*

When considering the impairment of the franchise rights, the management of the Company calculates the present value of future cash flows to determine the recoverable amount. The assumptions of calculating the franchise rights associated with kitchen waste disposal project include the per unit waste disposal fee, production/processing capacity, operation duration, operating expenses and costs, and necessary return rate.

Under the previous assumptions, the Group's management considered that a franchise right had a recoverable amount higher than the carrying amount, and therefore provision for the impairment of a franchise right was not necessary during the current year. The Group is going to exam the relevant items closely and continually. Adjustments will be made during the corresponding period once there is any indication for adjustment of the accounting estimates.



IV. TAXATION

1. Main categories and rates of taxes:

Category	Tax base	Tax rate	
Value added tax ("VAT")	Income from sale of goods and rendering of services (Note 1)	13%	
	Income from real estate development	9%	
	Taxable advertisement income	6%	
	Income from entrusted management service and other businesses	6%	
	Income from expressway toll road business	3% (Simple Method)	
	Income from leases of tangible movable property	13%	
	Income from sale and lease back business of tangible movable property	6%	
	Construction income	9%	
	Income from sale of electricity	13%	
	Operating income from waste disposal (Note 1)	6%	
	Property operating lease income	5% (Simple Method)	
	City maintenance and construction tax	Amount of commodity turnover tax payable	7%,5%
	Educational surcharge	Amount of commodity turnover tax payable	3%
Local educational surcharge	Amount of commodity turnover tax payable	2%	
Construction fee for culture undertakings	Amount of advertising turnover	3%	
Enterprise income tax ("EIT")	Taxable income	Except subsidiaries in the following table, 25%	
Land appreciation tax	Gain on the transfer of real estate	Four-level progressive rates, 30%-60%	

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

IV. TAXATION (CONTINUED)

1. Main categories and rates of taxes: (Continued)

The entities with different EIT rates are disclosed as follows:

Name of the entity	Income tax rate
Bay Area Development	For amount not exceeding HKD2 million: 8.25%; for amount exceeding HKD2 million: 16.5%
Wilberforce International Ltd. (“Wilberforce”)	
Jiehao (British Virgin Islands) Co., Ltd. (“Jiehao”)	
Shenzhen Investment Holdings Bay Area Management Company Limited (“Bay Area Management”)	
Shenzhen Investment Holdings Bay Area Service Company Limited (“Bay Area Service”)	
Shenzhen Investment Holdings Bay Area Financing Company Limited (“Bay Area Financing”)	
Hopewell Guangzhu Expressway Development Co., Ltd. (“Hopewell Guangzhu Expressway”)	
Guanjia (British Virgin Islands) Co., Ltd. (“Guanjia”)	
Hopewell China Development (Superhighway) Limited (“Hopewell China Development”)	

Note 1: According to the provisions of the *Announcement of the State Taxation Administration on Clarifying Several Issues Concerning the Administration of Collection of Value-Added Tax on the Dealing of Used Vehicles and Other Items* (Announcement No. 9 of the State Administration of Taxation [2020]), where no goods are generated after the professional disposal by means of landfill or incineration, among others, it shall be deemed that the entrusted party provides the “professional technical services” in the “Modern Services”, and the VAT rate of 6% shall apply to the disposal expenses it collects; where goods are generated after the professional disposal and the goods belongs to the entrusting party, it shall be deemed that the entrusted party provides the “processing services”, and the VAT rate of 13% shall apply to the disposal expenses it collects; where goods are generated after the professional disposal and the goods belongs to the entrusted party, it shall be deemed that the entrusted party provides the “professional technical services”, and the VAT rate of 6% shall apply to the disposal expenses it collects; where the entrusted party sells the goods, it is subject to the VAT rate for goods.

2. Tax preference

(a) Preferential policies on 50% VAT refund on collection

According to the provisions of the *Notice of the Ministry of Finance and the State Administration of Taxation on Value-Added Tax Policies for Wind Power Generation* (Cai Shui [2015] No. 74), since 1 July 2015, taxpayers who sell their self-produced power products using wind power are subject to a 50% VAT refund policy. Subsidiaries of Baotou Nanfeng Wind Power Technology Co., Ltd. (“Baotou Nanfeng”), including Baotou Lingxiang New Energy Co. Ltd. (“Baotou Lingxiang”), Damaoqi Nanchuan Wind Power Co., Ltd. (“Nanchuan Wind Power”), Damaoqi Ningyuan Wind Power Co., Ltd. (“Ningyuan Wind Power”), Damaoqi Ningxiang Wind Power Co., Ltd. (“Ningxiang Wind Power”) and Damaoqi Ningfeng Wind Power Co., Ltd. (“Ningfeng Wind Power”) (the subsidiaries of Baotou Nanfeng mentioned above are collectively referred to as the “wind power enterprises under Baotou Nanfeng”), Mulei Qianxin Energy Development Co., Ltd. (“Qianxin Company”), Mulei Qianzhi Energy Development Co., Ltd. (“Qianzhi Company”), Mulei Qianhui Energy Development Co., Ltd. (“Qianhui Company”), Ningxia Zhongwei Xintang New Energy Co., Ltd. (“Ningxia Zhongwei”) and Yongcheng Zhuneng New Energy Technology Co., Ltd. (“Yongcheng Zhuneng”) are wind power enterprises and enjoy the above tax preferences.



IV. TAXATION (CONTINUED)

2. Tax preference (Continued)

(b) Preferential policies on VAT refund for the part of actual tax burden of VAT in excess of 3%

According to the provisions of the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner* (Cai Shui [2016] No. 36), general taxpayers who provide pipeline transportation service, tangible movable property finance lease service and tangible movable property sale-leaseback financing service will enjoy a VAT refund for the part of actual tax burden of value added tax in excess of 3%. Shenzhen Expressway Financial Leasing Co., Ltd. ("Financial Leasing Company") provides tangible movable property sale-leaseback financing service and thus enjoys the above tax preferences.

(c) VAT exemption for elderly care services provided by elderly care institutions

According to the provisions of the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner* (Cai Shui [2016] No. 36), elderly care services provided by elderly care institutions are exempt from VAT. Elderly care institutions refer to all types of elderly care institutions established and registered in accordance with the *Measures for Licensing for Establishing Elderly Care Institutions* (Order No. 48 of the Ministry of Civil Affairs) which provide centralized housing and care services for the elderly. Elderly care services refer to the living care, rehabilitation nursing, spiritual comfort, cultural entertainment and other services provided by the said institutions for the elderly in accordance with the *Measures for the Administration of Elderly Care Institutions* (Order No. 49 of the Ministry of Civil Affairs). Shenzhen Expressway Shengao Lekang Health Service (Shenzhen) Co., Ltd. ("Shengao Lekang") provides elderly care services and enjoys the above preferential policies.

(d) Preferential policies on three years exemptions and three years half reduction of enterprise income tax

According to the provisions of the *Enterprise Income Tax Law of the People's Republic of China*, for income of enterprises engaged in the investment and operation of public infrastructure projects supported by the state, from the tax year in which the project obtains the first production and operation income, the enterprise income tax will be exempted from the first to the third year, and the enterprise income tax will be levied by half from the fourth to sixth year. Projects of Wind power enterprises under Baotou Nanfeng, Qianzhi Company, Qianhui Company, Ningxia Zhongwei, Yongcheng Zhuneng and The Company and Shenzhen Outer Ring Expressway Investment Company Limited ("Outer Ring Company") satisfy the tax preferences policies for public infrastructure projects supported by the state. Wind power enterprises under Baotou Nanfeng started grid-connected power generation in 2018 and obtained income from production and operation for the first time, the enterprise income tax is exempted from 2018 to 2020 and levied by half from 2021 to 2023.

Qianzhi Company, Qianhui Company, Ningxia Zhongwei and Yongcheng Zhuneng started grid-connected power generation in 2020 and obtained income from production and operation for the first time, the enterprise income tax is exempted from 2020 to 2022 and levied by half from 2023 to 2025.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

IV. TAXATION (CONTINUED)

2. Tax preference (Continued)

(d) Preferential policies on three years exemptions and three years half reduction of enterprise income tax (Continued)

Outer Ring Company started the operation of Outer Ring Expressway on 29 December 2020 and obtained income from operation for the first time, the enterprise income tax is exempted from 2020 to 2022 and levied by half from 2023 to 2025.

According to the provisions of Article 88 of the *Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China*, enterprises that engage in eligible environmental protection, energy conservation and water saving projects shall, from the tax year in which the production and business income of the project is obtained for the first time, be exempted from enterprise income tax for the first year to the third year, and halved from the fourth year to the sixth year. Longyou Bioland Environmental Technology Co., Ltd. ("Longyou Bioland") and Taizhou Bioland Environmental Technology Co., Ltd. ("Taizhou Bioland") engage in operation projects that meet the preferential policies on enterprise income tax for environmental protection and energy-saving water conservation project, the enterprise income tax is exempted from 2018 to 2020 and levied by half from 2021 to 2023.

Huangshi Huantou Bioland Renewable Energy Co., Ltd. ("Huangshi Bioland") engages in operation projects that meet the preferential policies on enterprise income tax for environmental protection and energy-saving water conservation project, the enterprise income tax is exempted from 2019 to 2021 and levied by half from 2022 to 2024.

Handan Bioland Renewable Resources Co., Ltd. ("Handan Bioland"), Zhuji Bioland Renewable Resources Co., Ltd. ("Zhuji Bioland"), Shangrao Bioland Environmental Protection Technology Co., Ltd. ("Shangrao Bioland"), Xinyu Bioland Renewable Resources Co., Ltd. ("Xinyu Bioland"), Fuzhou Bioland Environmental Protection Technology Co., Ltd. ("Fuzhou Bioland") and Sichuan Lansheng Environmental Protection Technology Co., Ltd. ("Sichuan Lansheng") engage in operation projects that meet the preferential policies on enterprise income tax for environmental protection and energy-saving water conservation project, the enterprise income tax is exempted from 2021 to 2023 and levied by half from 2024 to 2026.

Guilin Bioland Renewable Energy Co., Ltd. ("Guilin Bioland") and Inner Mongolia Chenghuan Bioland Renewable Resources Co., Ltd. ("Inner Mongolia Chenghuan Bioland") engage in operation projects that meet the preferential policies on enterprise income tax for environmental protection and energy-saving water conservation project, the enterprise income tax is exempted from 2022 to 2024 and levied by half from 2025 to 2027.

Chuzhou Bioland Environmental Protection Technology Co., Ltd. ("Chuzhou Bioland") engages in operation projects that meet the preferential policies on enterprise income tax for environmental protection and energy-saving water conservation project, the enterprise income tax is exempted from 2023 to 2025 and levied by half from 2026 to 2028.

(e) Preferential policies on reduction and exemption of enterprise income tax for ethnic minority regions

According to the provisions of the *Notice of Joint Implementation of Preferential Enterprise Income Tax Policies for Ethnic Minority Autonomous Regions by Guangdong Department of Finance, Guangdong Local Taxation Bureau and Guangdong State Taxation Bureau* (Yue Cai fa [2017] No. 11), the enterprises in Lianshan Zhuang and Yao Autonomous Counties, Liannan Yao Autonomous County and other minority areas will be exempted from the local sharing part of enterprise income tax payable (including provincial and municipal and county levels), i.e., enterprise income tax is reduced and exempted by 40%. This policy is implemented from 1 January 2018 to 31 December 2025. Shenzhen Expressway (Guangdong) New Energy Investment Co., Ltd ("Guangdong New Energy") is registered in Liannan Yao Autonomous County, and enjoys a 40% reduction of enterprise income tax.



IV. TAXATION (CONTINUED)

2. Tax preference (Continued)

(f) Preferential policies on enterprise income tax for the large-scale development of western China

According to the provisions of *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China* (Announcement No. 23 (2020) of the Ministry of Finance), the enterprise income tax is levied at a reduced rate of 15% for enterprises in encouraging industries located in Western China from 1 January 2021 to 31 December 2030. Wind power enterprises under Baotou Nanfeng, Qianxin Company, Qianzhi Company, Qianhui Company, Ningxia Zhongwei, Guangxi Bioland Renewable Energy Co., Ltd. (“Guangxi Bioland”), Inner Mongolia Chenghuan Bioland and Guiyang Bioland Environmental Technologies Co., Ltd. (“Guiyang Beier Bioland”) are enterprises in encouraging industries located in the western region and enjoy the tax preference of calculating and paying enterprise income tax at the reduced tax rate of 15%.

(g) Preferential policies on enterprise income tax for high-tech enterprises

Shenzhen-Shanwei Special Cooperation Zone Qiantai Technology Co., Ltd. (“Qiantai Company”) obtained the High-tech Enterprise Certificate (Certificate No. GR202344206897) on 12 December 2023, which is valid for three years. According to the relevant provisions of the *Enterprise Income Tax Law of the People’s Republic of China*, Qiantai Company pays enterprise income tax at a tax rate of 15% for the year 2023, 2024 and 2025.

Shenzhen Expressway Infrastructure Environment Protection Development Co., Ltd. (“Infrastructure Environment Protection Development Company”) obtained the High-tech Enterprise Certificate (Certificate No. GR202244204468) on 19 December 2022 which is valid for three years. According to the *Enterprise Income Tax Law of the People’s Republic of China* and related regulations, Infrastructure Environment Protection Development Company pays enterprise income tax at a tax rate of 15% for the year 2022, 2023 and 2024.

Shenzhen Lisai Environmental Protection Technology Co., Ltd. (“Lisai Environmental Protection”) obtained the High-tech Enterprise Certificate (Certificate No. GR202244206664) on 19 December 2022, which is valid for three years. According to the relevant provisions of the *Enterprise Income Tax Law of the People’s Republic of China*, Lisai Environmental Protection levies enterprise income tax at a tax rate of 15% for the year 2022, 2023 and 2024.

(h) Income tax preference for small and micro enterprises

In accordance with the *Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Income Tax Preferential Policies for Small and Micro Enterprises* (No. 13 Announcement of the Ministry of Finance and the State Administration of Taxation in 2022) and the *Announcement on Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (No. 12 Announcement of the Ministry of Finance and the State Administration of Taxation in 2023), the annual taxable income of small and micro enterprises that is more than RMB1 million but less than RMB3 million is included in taxable income at a reduced rate of 25% and is subject to the enterprise income tax rate of 20% from 1 January 2022 and 31 December 2027.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

IV. TAXATION (CONTINUED)

2. Tax preference (Continued)

(h) Income tax preference for small and micro enterprises (Continued)

In accordance with the *Announcement of the Ministry of Finance and the State Administration of Taxation on Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households* (No. 6 Announcement of the Ministry of Finance and the State Administration of Taxation in 2023) and the *Announcement on Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (No. 12 Announcement of the Ministry of Finance and the State Administration of Taxation in 2023), the annual taxable income of small and micro enterprises that is less than RMB1 million is included in taxable income at a reduced rate of 25% and is subject to the enterprise income tax rate of 20% from 1 January 2023 and 31 December 2027.

Shenzhen Expressway Group Digital Technology Co. Ltd. (“Expressway Digital Technology”), Chuzhou Bioland, Longyou Bioland, Shenzhen Bioland Environmental Protection Technology Research and Design Institute Co., Ltd. (“Bioland Environmental Protection Technology”) and Shenzhen Expressway Property Management Company Limited (“Property Management Company”) are small and micro enterprises and thus enjoy the above preferential policies.

(i) “Six Taxes and Two Fees” reduction and exemption policies for micro and small enterprises

In accordance with the *Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement No. 12 (2023) of the Ministry of Finance and the State Taxation Administration), from 1 January 2023 to 31 December 2027, small-scale VAT taxpayers, small and micro enterprises and individual industrial and commercial households are subject to a 50% reduction in the payment of resource tax (excluding water resource tax), city maintenance and construction tax, property tax, urban land-use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupancy tax, educational surcharges and local educational surcharges.

Expressway Digital Technology, Chuzhou Bioland, Longyou Bioland, Bioland Environmental Protection Technology and Property Management Company are small and micro enterprises and thus enjoy the above preferential policies. Shenzhen Jinshen New Energy Co., Ltd. (“Jinshen New Energy”) and Shengao Lekang are small-scale VAT taxpayers and thus enjoy the above preferential policies.

(j) Preferential policies on exemption from property tax for three years

According to Article 9 of the *Measures for the Implementation of Property Tax in Shenzhen Special Economic Zone* (Shen Fu [1987] No. 164), newly-built houses (excluding those built in violation of regulations) which are newly constructed or purchased by taxpayers are exempt from property tax for three years from the next month following the completion or purchases of the newly-built houses. Outer Ring Company enjoy this preferential policy from 2021 to 2023.

Apart from the above, there is no other tax preference that has a significant impact on the Group.



IV. TAXATION (CONTINUED)

3. Others

According to the *Reply from the State Administration of Taxation Concerning about the Recognition as Resident Enterprises of Related Overseas Enterprises of Shenzhen Expressway Corporation Limited* (Guo Shui Han (2010) No. 651) issued by the State Administration of Taxation on 30 December 2010, Mei Wah (Hong Kong) Company (“Mei Wah Company”), Maxprofit Company and Jade Emperor Limited (“JEL Company”) were recognised as resident enterprises of China and would be subject to the relevant taxation administration, which came into effect in 2008.

According to the *Certificate of Resident Status of Overseas Registered Chinese Holding Enterprises* issued by Shenzhen Taxation Bureau of the State Administration of Taxation (Shen Shui Ju Gao [2020] No. 4, Shen Shui Ju Gao [2022] No. 1), Fameluxe Investment Limited and China Logistics Finance Services Co., Ltd. (“Logistics Finance Company”) were recognised as a resident enterprise of China and would be subject to the relevant taxation administration. This came into effect for Fameluxe Investment Limited in 2020, and came into effect for Logistics Finance Company in 2022.

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at banks and on hand

Item	RMB	
	31 December 2023	31 December 2022
Cash on hand:		
RMB	6,881,214.18	9,205,134.25
HKD	6,852,199.49	9,155,309.10
EUR	28,781.92	49,607.03
JPY	94.31	89.07
Franc	19.08	19.91
Peseta	98.50	88.26
Bank deposits:	20.88	20.88
RMB	2,089,053,154.85	3,537,493,482.47
HKD	2,025,261,672.95	3,444,132,683.24
USD	55,768,062.22	85,457,200.07
Others:	8,023,419.68	7,903,599.16
RMB	56,433,264.02	88,934,042.00
HKD	56,353,988.49	88,911,126.63
Interest receivable on bank deposits	79,275.53	22,915.37
	–	229,500.00
Total	2,152,367,633.05	3,635,862,158.72
Including: Total amount deposited abroad	180,530,811.85	442,387,618.80

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Cash at banks and on hand (Continued)

As at 31 December 2023, the Group's restricted funds are listed as follows:

RMB

Item	31 December 2023	31 December 2022
Regulated equity acquisition funds	211,058.04	212,356,372.09
Special account for project management	4,237,645.58	21,194,557.46
Security deposits	34,629,682.33	55,633,451.03
Frozen funds due to litigation	158,069,019.78	149,445,610.73
Total	197,147,405.73	438,629,991.31

2. Transactional financial assets

RMB

Category	31 December 2023	31 December 2022
Financial assets at FVTPL	468,792,208.25	1,112,243,771.54
Including:		
Structural deposits	320,372,339.72	901,439,630.14
Compensation for valuation adjustment mechanism receivable	148,419,868.53	210,804,141.40
Total	468,792,208.25	1,112,243,771.54

3. Bills receivable

(1) Categories of bills receivable

RMB

Category	31 December 2023	31 December 2022
Bank acceptance bills	500,000.00	3,500,000.00
Commercial acceptance bills	—	—
Total	500,000.00	3,500,000.00

The Group considers that the bank acceptances bills held by it were accepted by banks with high credit ratings and there was no significant credit risk, therefore no bad debt provision was made.



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Bills receivable (Continued)

- (2) The Group had no bills receivable pledged at the end of the year
- (3) Bills receivable that had been endorsed or discounted by the Group at the end of the year but were not due as at the balance sheet date

RMB

Item	31 December 2023		31 December 2022	
	Amount derecognised at the end of the year	Amount not derecognised at the end of the year	Amount derecognised at the end of the year	Amount not derecognised at the end of the year
Bank acceptance bills	–	–	–	1,700,000.00
Total	–	–	–	1,700,000.00

- (4) As at 31 December 2023, the Group had no bills that were converted into accounts receivable due to the failure to perform the contract by drawer.

4. Accounts receivable

- (1) Accounts receivable disclosed by aging

Aging	31 December 2023	31 December 2022
Within 1 year	559,540,282.52	574,068,324.23
1 to 2 years	164,463,453.31	243,591,659.80
2 to 3 years	189,609,768.02	269,713,590.76
Over 3 years	227,406,909.92	76,151,150.17
Total	1,141,020,413.77	1,163,524,724.96

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(2) Accounts receivable disclosed by method of bad debt provision

RMB

Category	31 December 2023					31 December 2022				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on an individual basis										
Provision assessed on an individual basis	97,078,696.46	8.51	64,055,138.30	65.98	33,023,558.16	57,597,180.02	4.95	36,736,521.02	63.78	20,860,659.00
Bad debt provision assessed on a portfolio basis										
Portfolio I	234,267,133.83	20.53	-	-	234,267,133.83	133,653,033.13	11.49	-	-	133,653,033.13
Portfolio II	295,534,935.39	25.90	48,205,729.70	16.31	247,329,205.69	431,354,819.18	37.07	36,502,914.94	8.46	394,851,904.24
Portfolio III	140,261,764.61	12.29	50,936,570.57	36.32	89,325,194.04	117,638,461.08	10.11	36,954,338.59	31.41	80,684,122.49
Portfolio IV	373,877,883.48	32.77	10,335,882.12	2.76	363,542,001.36	423,281,231.55	36.38	1,067,937.34	0.25	422,213,294.21
Total	1,141,020,413.77	100.00	173,533,320.69		967,487,093.08	1,163,524,724.96	100.00	111,261,711.89		1,052,263,013.07

Bad debt provision assessed on an individual basis

RMB

Name	31 December 2023			Reason for provision
	Gross carrying amount	Bad debt provision	Proportion (%)	
Customer I	35,492,465.65	21,067,607.90	59.36	It is expected that some of the receivables are irrecoverable
Customer II	434,987.94	434,987.94	100.00	It is expected to be irrecoverable
Customer III	26,250,000.00	14,772,521.02	56.28	It is expected that some of the receivables are irrecoverable
Customer IV	28,364,000.00	24,511,400.00	86.42	It is expected that some of the receivables are irrecoverable
Customer V	6,537,242.87	3,268,621.44	50	It is expected that some of the receivables are irrecoverable
Total	97,078,696.46	64,055,138.30		



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(2) Accounts receivable disclosed by method of bad debt provision (Continued)

Bad debt provision assessed on a portfolio basis:

The accounts receivable for which the bad debt provision is assessed by aging analysis method in portfolio II, portfolio III and portfolio IV:

RMB

	31 December 2023		
	Accounts receivable	Bad debt provision	Proportion (%)
Portfolio II			
Within 1 year	1,246,090.95	8,839.06	0.71
2 to 3 years	166,358,706.92	15,517,238.46	9.33
Over 3 years	127,930,137.52	32,679,652.18	25.54
Total	295,534,935.39	48,205,729.70	

RMB

	31 December 2023		
	Accounts receivable	Bad debt provision	Proportion (%)
Portfolio III			
Within 1 year	59,948,087.78	1,175,735.90	1.96
1 to 2 years	30,955,964.42	6,841,541.26	22.10
2 to 3 years	6,136,082.21	2,101,421.20	34.25
Over 3 years	43,221,630.20	40,817,872.21	94.44
Total	140,261,764.61	50,936,570.57	

RMB

	31 December 2023		
	Accounts receivable	Bad debt provision	Proportion (%)
Portfolio IV			
Within 1 year	318,147,857.67	6,690,573.22	2.10
1 to 2 years	55,730,025.81	3,645,308.90	6.54
Total	373,877,883.48	10,335,882.12	

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(2) Accounts receivable disclosed by method of bad debt provision (Continued)

Measurement of expected credit losses at an amount equivalent to the lifetime ECL

RMB

Bad debt provision	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2023	74,525,190.87	36,736,521.02	111,261,711.89
– Transfer into those credit-impaired	(718,927.67)	718,927.67	–
– Reversal of those not credit-impaired	–	–	–
Provision	35,671,919.19	26,599,689.61	62,271,608.80
Reversal	–	–	–
Transfer out due to derecognition of financial assets (including direct write-down)	–	–	–
Other changes	–	–	–
31 December 2023	109,478,182.39	64,055,138.30	173,533,320.69

(3) Details of bad debt provision

RMB

Category	1 January 2023	Changes for the year				31 December 2023
		Provision	Recovery or reversal	Write-off or charge-off	Other changes	
Accounts receivable for which bad debt provision is assessed on an individual basis	36,736,521.02	26,599,689.61	–	–	718,927.67	64,055,138.30
Accounts receivable for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics	74,525,190.87	35,671,919.19	–	–	(718,927.67)	109,478,182.39
Total	111,261,711.89	62,271,608.80	–	–	–	173,533,320.69

In 2023, the Group had no recovery or reversal of bad debt provision which was individually significant.

(4) In 2023, no accounts receivable has been written off.



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(5) Top five accounts receivable and contract assets categorized by debtor

RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
Total of top five accounts receivable and contract assets as at 31 December 2023	457,249,580.00	76,881,653.66	534,131,233.66	34.33	97,257,646.77

5. Prepayments

(1) Prepayments presented by aging

RMB

Aging	31 December 2023		31 December 2022	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	233,050,857.20	93.94	207,607,247.43	92.06
1 to 2 years	2,781,366.90	1.12	17,682,668.05	7.84
2 to 3 years	12,041,464.89	4.86	219,151.77	0.10
Over 3 years	209,893.07	0.08	226.00	–
Total	248,083,582.06	100.00	225,509,293.25	100.00

(2) Prepayments presented by nature:

RMB

Item	31 December 2023	31 December 2022
Prepayments for materials	195,330,287.46	178,031,919.20
Others	52,753,294.60	47,477,374.05
Total	248,083,582.06	225,509,293.25

As at 31 December 2023, the prepayments aged over 1 year mainly represent the prepayments for materials. As the materials had not yet been delivered or signed for warehousing, the prepayments remain outstanding.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Prepayments (Continued)

(3) Top five prepayments categorized by payee

RMB

Name of entity	Relationship with the Group	Gross carrying amount	Aging	Proportion to total prepayments (%)
Total of top five prepayments as at 31 December 2023	Non-related party	169,480,955.75	Within 1 year	68.32

6. Other receivables

6.1 Presentation of other receivables

RMB

Item	31 December 2023	31 December 2022
Dividends receivable	–	181,376,782.72
Other receivables	602,215,140.81	940,252,209.69
Total	602,215,140.81	1,121,628,992.41

6.2 Dividends receivable

RMB

Investee	31 December 2023	31 December 2022
Guangzhou-Shenzhen-Zhuhai Expressway	–	181,376,782.72
Total	–	181,376,782.72



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

6.3 Other receivables

(1) Other receivables disclosed by aging

RMB

Aging	31 December 2023	31 December 2022
Within 1 year	349,597,998.42	518,762,688.32
1 to 2 years	13,852,013.22	178,693,252.36
2 to 3 years	169,473,184.24	102,735,493.19
Over 3 years	97,885,172.89	147,029,895.71
Sub-total	630,808,368.77	947,221,329.58
Less: Bad debt provision of other receivables	28,593,227.96	6,969,119.89
Total	602,215,140.81	940,252,209.69

(2) Classification of other receivables by nature

RMB

Nature	31 December 2023	31 December 2022
Receivables from related parties (Note XI, 6 (1))	89,127,581.88	298,897,320.68
Advances receivable	12,085,156.12	235,425,413.45
Receivables from third parties	301,310,479.29	210,315,511.63
Deposits and security deposit	70,044,741.99	74,371,425.14
Employee advance loan	6,942,183.75	3,686,005.04
Administrative reserve	1,621,848.20	2,837,649.98
Others	149,676,377.54	121,688,003.66
Total	630,808,368.77	947,221,329.58

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

6.3 Other receivables (Continued)

(3) Provision of bad debts

RMB

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	
1 January 2023	6,969,119.89	–	–	6,969,119.89
– Transfer into Stage II	–	–	–	–
– Transfer into Stage III	–	–	–	–
– Reverse to Stage II	–	–	–	–
– Reverse to Stage I	–	–	–	–
Provision	21,624,108.07	–	–	21,624,108.07
Reversal	–	–	–	–
Transfer out due to derecognition of financial assets (including direct write-down)	–	–	–	–
Other changes	–	–	–	–
31 December 2023	28,593,227.96	–	–	28,593,227.96

(4) Details of bad debt provision

RMB

Category	1 January 2023	Changes for the year			31 December 2023
		Provision	Recovery or reversal	Write-off or charge-off	
Other receivables for which bad debt provision is assessed on a portfolio basis	6,969,119.89	21,624,108.07	–	–	28,593,227.96



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

6.3 Other receivables (Continued)

(5) Top five other receivables categorized by debtor

RMB

Item	Closing balance	Proportion to total closing balance of other receivables (%)	Nature	Aging	Closing balance of provision for bad debts
Total of top five other receivables as at 31 December 2023	477,168,015.79	75.64	Receivables from related parties, advances receivable	Within 1 year, 1 to 2 years, 2 to 3 years	19,426,495.34

7. Inventories

(1) Categories of inventories

RMB

Item	31 December 2023			31 December 2022		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Properties held for development (Note 1)	255,588,404.50	-	255,588,404.50	254,000,155.96	-	254,000,155.96
Properties under development (Note 2)	103,688,351.51	-	103,688,351.51	101,081,878.68	-	101,081,878.68
Properties held for sale (Note 3)	620,852,765.61	-	620,852,765.61	534,923,450.11	-	534,923,450.11
Raw materials	285,767,030.43	107,978,328.25	177,788,702.18	291,987,813.12	61,144,810.12	230,843,003.00
Work in progress	181,145,606.61	109,679,937.21	71,465,669.40	173,997,247.29	44,538,598.76	129,458,648.53
Goods on hand	147,970,514.54	24,134,161.23	123,836,353.31	64,120,269.89	3,883,176.29	60,237,093.60
Low value consumables and others	2,343,766.98	-	2,343,766.98	3,718,726.93	-	3,718,726.93
Total	1,597,356,440.18	241,792,426.69	1,355,564,013.49	1,423,829,541.98	109,566,585.17	1,314,262,956.81

Note 1: Properties held for development represent the lands to be developed under Phase II Stage III and Phase III Stage II of Youshan Villa project by Guizhou Shenzhen Expressway Land Co., Ltd. ("Guizhou Land"), and to be developed by Guizhou Shenzhen Expressway Investment Land Company ("Guishen Expressway Investment") and Guizhou Yefengrui Land Limited Company ("Yefengrui Land"), all of them are subsidiaries of the Company.

Note 2: Properties under development

RMB

Name of project	31 December 2023	31 December 2022
Public area to be amortised	103,688,351.51	101,081,878.68
Total	103,688,351.51	101,081,878.68

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(1) Categories of inventories (Continued)

Note 3: Properties held for sale

RMB

Name of project	Time of completion	1 January 2023	Addition	Reduction	31 December 2023	Closing balance of provision for decline in value
Phase I Stage I of Youshan Villa	December 2016	11,176,877.24	-	-	11,176,877.24	-
Phase II Stage II of Youshan Villa	April 2019	46,251,723.77	-	-	46,251,723.77	-
Phase III Stage I of Youshan Villa	November 2020	17,554,210.44	-	13,566,507.83	3,987,702.61	-
Phase III Stage III of Youshan Villa	August 2022	459,940,638.66	164,125,783.32	64,629,959.99	559,436,461.99	-
Total		534,923,450.11	164,125,783.32	78,196,467.82	620,852,765.61	-

(2) Provision for decline in value of inventories

RMB

Item	1 January 2023	Provision	Reversal	Write-off	31 December 2023
Raw materials	61,144,810.12	46,833,518.13	-	-	107,978,328.25
Work in progress	44,538,598.76	65,141,338.45	-	-	109,679,937.21
Goods on hand	3,883,176.29	20,250,984.94	-	-	24,134,161.23
Total	109,566,585.17	132,225,841.52	-	-	241,792,426.69

Provision for decline in value of inventories made on a portfolio basis

RMB

Name of portfolio	31 December 2023			31 December 2022		
	Gross carrying amount	Provision for decline in value	Proportion of provision for decline in value (%)	Gross carrying amount	Provision for decline in value	Proportion of provision for decline in value (%)
Wind turbine equipment	418,269,225.51	209,601,434.15	50.11	395,051,107.46	95,074,711.53	24.07
Power batteries	119,987,325.97	17,699,118.90	14.75	54,803,480.72	-	-
Kitchen waste disposal equipment	67,667,951.71	14,375,730.13	21.24	64,166,828.00	14,375,730.13	22.40
Real estate inventories	980,129,521.62	-	-	890,005,484.75	-	-
Others	11,302,415.37	116,143.51	1.03	19,802,641.05	116,143.51	0.59
Total	1,597,356,440.18	241,792,426.69		1,423,829,541.98	109,566,585.17	



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(3) Descriptions on capitalised borrowing costs included in the closing balance of inventories

In 2023, the amount of capitalised interest included in inventories was RMB nil (2022: RMB1,924,457.48), and the capitalisation rate used to recognise the capitalisation amount was nil (2022: 4.75%). As at 31 December 2023, the amount of capitalised interest included in the closing balance of inventories was RMB3,027,433.33 (31 December 2022: RMB3,662,855.01).

8. Contract assets

(1) Details of contract assets

RMB

Item	31 December 2023			31 December 2022		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Contract assets over one year (Note)	2,661,993,597.28	-	2,661,993,597.28	2,640,721,802.69	-	2,640,721,802.69
Agent-construction receivables	277,580,031.21	3,304,869.42	274,275,161.79	295,419,726.44	3,304,869.42	292,114,857.02
Warranties receivable	69,502,219.88	343,019.88	69,159,200.00	73,757,219.88	343,019.88	73,414,200.00
Kitchen waste engineering construction receivables	67,947,904.19	16,471,364.68	51,476,539.51	28,283,661.48	16,471,364.68	11,812,296.80
Sub-total	3,077,023,752.56	20,119,253.98	3,056,904,498.58	3,038,182,410.49	20,119,253.98	3,018,063,156.51
Less: Contract assets over 1 year	2,661,993,597.28	-	2,661,993,597.28	2,640,721,802.69	-	2,640,721,802.69
Total	415,030,155.28	20,119,253.98	394,910,901.30	397,460,607.80	20,119,253.98	377,341,353.82

Note: Refer to Note V, 22.

(2) Amount and reason for the significant changes in carrying amount for the year

RMB

Item	Amount of changes	Reason for changes
Agent-construction receivables	(17,839,695.23)	Carry forward contract assets based on project settlement situation for the year
Kitchen waste engineering construction receivables	39,664,242.71	Increase in contract assets recognised based on project progress for the year

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Contract assets (Continued)

(3) Contract assets disclosed by method of bad debt provision

RMB

Category	31 December 2023					31 December 2022				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on an individual basis	3,304,869.42	0.11	3,304,869.42	100.00	-	3,304,869.42	0.11	3,304,869.42	100.00	-
Bad debt provision assessed on a portfolio basis	3,073,718,883.14	99.89	16,814,384.56		3,056,904,498.58	3,034,877,541.07	99.89	16,814,384.56		3,018,063,156.51
Including:										
Portfolio I	2,936,268,759.07	95.42	-	-	2,936,268,759.07	2,932,836,659.71	96.53	-	-	2,932,836,659.71
Portfolio II	69,502,219.88	2.26	343,019.88	0.49	69,159,200.00	73,757,219.88	2.43	343,019.88	0.47	73,414,200.00
Portfolio III	67,947,904.19	2.21	16,471,364.68	24.24	51,476,539.51	28,283,661.48	0.93	16,471,364.68	58.24	11,812,296.80
Total	3,077,023,752.56	100.00	20,119,253.98		3,056,904,498.58	3,038,182,410.49	100.00	20,119,253.98		3,018,063,156.51

Bad debt provision assessed on an individual basis

RMB

Bad debt provision assessed on an individual basis	31 December 2023			Reason for provision
	Gross carrying amount	Bad debt provision	Proportion (%)	
Shenhshan Houmen Project	3,304,869.42	3,304,869.42	100.00	It is expected that the agent-construction fee is irrecoverable
Total	3,304,869.42	3,304,869.42		



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Contract assets (Continued)

(3) Contract assets disclosed by method of bad debt provision (Continued)

Bad debt provision assessed on a portfolio basis

RMB

	31 December 2023		
	Gross carrying amount	Bad debt provision	Proportion (%)
Portfolio II			
Customers in wind turbine generators sales industry (warranties receivable)	69,502,219.88	343,019.88	0.49
Total	69,502,219.88	343,019.88	

RMB

	31 December 2023		
	Gross carrying amount	Bad debt provision	Proportion (%)
Portfolio III			
Within 1 year	28,669,872.61	–	–
1 to 2 years	18,443,447.72	2,611,955.16	14.16
2 to 3 years	6,181,378.44	1,517,508.79	24.55
3 to 4 years	253,077.91	139,050.20	54.94
4 to 5 years	4,085,076.05	3,363,887.90	82.35
Over 5 years	10,315,051.46	8,838,962.63	85.69
Total	67,947,904.19	16,471,364.68	

Measurement of expected credit losses at an amount equivalent to the lifetime ECL

RMB

Bad debt provision	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2023	16,814,384.56	3,304,869.42	20,119,253.98
– Transfer into those credit-impaired	–	–	–
– Reversal of those not credit-impaired	–	–	–
Provision	–	–	–
Reversal	–	–	–
Transfer out due to derecognition	–	–	–
Other changes	–	–	–
31 December 2023	16,814,384.56	3,304,869.42	20,119,253.98

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Contract assets (Continued)

(4) Provision for credit losses of contract assets for the year

RMB

Category	1 January 2023	Provision	Reversal	Write-off/ Charge-off	Changes for the year	31 December 2023
Agent-construction receivables	3,304,869.42	-	-	-	-	3,304,869.42
Warranties receivable	343,019.88	-	-	-	-	343,019.88
Kitchen waste engineering construction receivables	16,471,364.68	-	-	-	-	16,471,364.68
Total	20,119,253.98	-	-	-	-	20,119,253.98

9. Non-current assets due within one year

RMB

Item	31 December 2023	31 December 2022
Advances due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd. (Note)	9,412,279.18	52,377,212.17
Financial leasing receivables (Note)	260,026,234.70	145,910,867.47
Sub-total	269,438,513.88	198,288,079.64
Less: Provision for bad debts	4,663,943.75	1,583,857.33
Total	264,774,570.13	196,704,222.31

Note: Please refer to Note V, 12.

10. Other current assets

RMB

Item	31 December 2023	31 December 2022
Pending deduction of input value-added tax	268,559,421.98	240,144,678.43
Certificates of time deposits	204,392,500.00	-
Prepaid tax	24,127,401.93	17,661,065.72
Total	497,079,323.91	257,805,744.15



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term prepayments

RMB

Item	31 December 2023	31 December 2022
Prepayments for acquisition and construction of long-term assets	134,180,514.54	589,559,480.09
Prepayments for reconstruction and expansion of Shenzhen Airport-Heao Expressway	195,940,689.80	291,600,725.90
Prepaid project fund of Outer Ring Company	24,740,925.26	63,608,512.06
Prepaid project fund of Guangming Environment project	1,870,868.86	29,543,364.49
Prepayments for equipment under financial leasing of Financial Leasing Company	–	22,567,974.20
Total	356,732,998.46	996,880,056.74

12. Long-term receivables

(1) Details of long-term receivables

RMB

Item	31 December 2023			31 December 2022		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Financial leasing receivables (Note 1)	1,313,436,928.10	21,883,569.82	1,291,553,358.28	1,185,090,984.80	22,432,158.58	1,162,658,826.22
Electricity compensation income (Note 2)	1,270,230,085.06	22,302,840.47	1,247,927,244.59	1,088,459,539.35	5,442,297.69	1,083,017,241.66
Advances due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd.	60,229,723.92	–	60,229,723.92	103,194,656.91	–	103,194,656.91
Sub-total	2,643,896,737.08	44,186,410.29	2,599,710,326.79	2,376,745,181.06	27,874,456.27	2,348,870,724.79
Less: Long-term receivables due within one year (Note V, 9)	269,438,513.88	4,663,943.75	264,774,570.13	198,288,079.64	1,583,857.33	196,704,222.31
Including: Advances due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd.	9,412,279.18	–	9,412,279.18	52,377,212.17	–	52,377,212.17
Financial leasing receivables (Note 1)	260,026,234.70	4,663,943.75	255,362,290.95	145,910,867.47	1,583,857.33	144,327,010.14
Total	2,374,458,223.20	39,522,466.54	2,334,935,756.66	2,178,457,101.42	26,290,598.94	2,152,166,502.48

Note 1: It represents the rents and interest of equipment under financial leasing receivable by Financial Leasing Company, the Company's subsidiary. As at 31 December 2023, the financial leasing receivables amounted to RMB1,313,436,928.10 (31 December 2022: RMB1,185,090,984.80).

Note 2: It represents the electricity compensation which has not been received by Baotou Nanfeng, Qianzhi Company, Qianxin Company, Qianhui Company, Yongcheng Zhuneng and Ningxia Zhongwei, subsidiaries of the Group engaged in new energy business. In 2023, the subsidy income recognised by the aforesaid companies based on relevant documents amounted to RMB403,617,224.96, and the subsidy received in 2023 amounted to RMB221,846,679.25.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term receivables (Continued)

(2) Long-term receivables disclosed by method of bad debt provision

RMB

Category	31 December 2023					31 December 2022				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on a portfolio basis:										
Portfolio I	60,229,723.92	2.28	-	-	60,229,723.92	103,194,656.91	4.34	-	-	103,194,656.91
Portfolio II (Financial leasing receivables)	1,313,436,928.10	49.68	21,883,569.82	1.67	1,291,553,358.28	1,185,090,984.80	49.86	22,432,158.58	1.89	1,162,658,826.22
Portfolio III (Electricity compensation income)	1,270,230,085.06	48.04	22,302,840.47	1.76	1,247,927,244.59	1,088,459,539.35	45.80	5,442,297.69	0.50	1,083,017,241.66
Total	2,643,896,737.08	100.00	44,186,410.29		2,599,710,326.79	2,376,745,181.06	100.00	27,874,456.27		2,348,870,724.79

Bad debt provision assessed on a portfolio basis

RMB

	31 December 2023		
	Gross carrying amount	Bad debt provision	Proportion (%)
Portfolio I			
Advances due from Shenzhen- Shanwei Special Cooperation Zone Development and Construction Co., Ltd	60,229,723.92	-	-

RMB

	31 December 2023		
	Gross carrying amount	Bad debt provision	Proportion (%)
Portfolio II (Financial leasing receivables)			
Normal	644,923,597.22	6,604,147.82	1.02
Attention	668,513,330.88	15,279,422.00	2.29
Total	1,313,436,928.10	21,883,569.82	



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term receivables (Continued)

(2) Long-term receivables disclosed by method of bad debt provision (Continued)

Bad debt provision assessed on a portfolio basis (Continued)

RMB

	31 December 2023		
	Gross carrying amount	Bad debt provision	Proportion (%)
Portfolio III (Electricity compensation income)			
<i>Approval for electricity compensation has been obtained</i>	1,120,446,131.15	5,602,230.66	0.50
<i>Under approval for electricity compensation</i>	149,783,953.91	16,700,609.81	11.15
Total	1,270,230,085.06	22,302,840.47	

Provision for bad debts based on general model of expected credit losses:

RMB

Bad debt provision	Stage I 12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2023	27,874,456.27	–	–	27,874,456.27
– Transfer into Stage II	–	–	–	–
– Transfer into Stage III	–	–	–	–
– Reverse to Stage II	–	–	–	–
– Reverse to Stage I	–	–	–	–
Provision	19,940,629.20	–	–	19,940,629.20
Reversal	3,628,675.18	–	–	3,628,675.18
Transfer out due to derecognition of financial assets (including direct write-down)	–	–	–	–
Other changes	–	–	–	–
31 December 2023	44,186,410.29	–	–	44,186,410.29

RMB

Item	1 January 2023	Additions in the current year	Reductions in the current year	31 December 2023
Financial leasing receivables	22,432,158.58	3,080,086.42	3,628,675.18	21,883,569.82
Electricity compensation income	5,442,297.69	16,860,542.78	–	22,302,840.47
Total	27,874,456.27	19,940,629.20	3,628,675.18	44,186,410.29

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments

RMB

Investee	Changes for the year										
	1 January 2023	Addition	Reduction	Investment gains or losses recognised under the equity method	Adjustment to other comprehensive income	Cash dividend or profit declared	Provision for impairment	Others	31 December 2023	Shareholdings (%)	Provision for impairment at 31 December 2023
Nanjing Yangtze River Third Bridge Company Limited ("Nanjing Third Bridge Company")	449,038,114.64	-	-	56,101,199.52	-	(50,801,306.53)	-	-	454,338,007.63	35.00	-
Guangdong Yangmao Expressway Company Limited ("Yangmao Company")	831,127,311.40	-	-	38,150,403.30	-	(32,501,498.89)	-	-	836,776,215.81	25.00	-
Guangzhou Western Second Ring Expressway Company Limited ("GZ W2 Company")	321,828,011.03	-	-	55,876,254.74	-	(43,327,500.00)	-	-	334,376,765.77	25.00	-
Shenzhen International United Land Company Limited ("United Land Company") (Note 1)	23,392,242.61	-	-	624,673,799.06	-	-	-	29,590,610.00	677,656,651.67	34.30	-
Chongqing Derun Environment Co., Limited ("Derun Environment")	5,061,201,366.80	-	-	178,757,592.72	10,178,968.61	(168,000,000.00)	-	(3,913,171.20)	5,078,224,756.93	20.00	-
Foshan Shunde Shengchuang Shenzhen Expressway Environmental Technology Industry M&A Investment Partnership (Limited Partnership) ("Shengchuang Fund")	118,382,068.13	-	-	(6,042,556.89)	-	-	-	-	112,339,511.24	45.00	-
Shenzhen Fenghe Energy Investment Co., Ltd. ("Fenghe Energy")	213,223,929.34	-	-	17,095,194.04	2,195,062.10	-	-	-	232,514,185.48	50.00	-
Guangzhou-Shenzhen-Zhuhai Expressway	5,046,576,853.72	-	-	196,001,404.82	-	(108,000,000.00)	-	-	5,134,578,258.54	45.00	-
Guangdong Guangzhou-Zhuhai West Line Expressway Co., Ltd. ("Guangzhou-Zhuhai West Line Expressway")	3,529,445,345.37	-	-	106,238,672.07	-	(111,822,142.97)	-	-	3,523,861,874.47	50.00	-
Guangzhou Zhentong Industrial Development Co., Ltd. ("Xintang Joint Venture") (Note 2)	390,710,484.05	-	-	41,918,730.15	-	-	-	-	432,629,214.20	15.00	-
Others (Note 3)	1,764,144,221.28	-	-	168,997,049.81	16,372,301.60	(30,166,849.15)	-	(20,820,044.54)	1,898,526,679.00	-	-
Total	17,749,069,948.37	-	-	1,477,767,743.34	28,746,332.31	(544,619,297.54)	-	4,857,394.26	18,715,822,120.74		-

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (Continued)

Note 1: It represents the sales revenue realised from United Land Company's real estate development & construction projects during the year. The Group shares the net profit (net of gains and losses from upstream transactions incurred in the year) of United Land Company in proportion to its shareholding, and reverses the unrealised gains and losses from internal transactions eliminated in prior years based on the selling proportion of the urban renewal project on Meilin Checkpoint of United Land Company.

Note 2: Bay Area Development, a subsidiary of the Company, has appointed one director to the Board of Directors of Xintang Joint Venture, which has a significant impact on its operation and financial decisions.

Note 3: Others include the Group's associates and joint ventures Yunji Smart Engineering Co., Ltd. ("Yunji Smart"), Shenzhen Huayu Expressway Investment Co., Ltd. ("Huayu Company"), Guizhou Hengtongli Property Co., Ltd. ("Guizhou Hengtongli"), Bank of Guizhou Co., Ltd. ("Bank of Guizhou"), Shenzhen Guangming Fengrunjiu Health Service Co., Ltd. ("Guangming Fengrunjiu") and Huai'an Zhongheng New Energy Co., Ltd. ("Huai'an Zhongheng").

14. Other non-current financial assets

RMB

Item	31 December 2023	31 December 2022
Shenzhen Water Planning & Design Institute Co., Ltd. ("Water Planning & Design Institute")	346,519,804.81	246,936,713.24
Shenzhen State Owned Cooperative Development Private Equity Fund Partnership (Limited Partnership) ("Cooperative Development Fund")	328,721,725.86	308,486,714.70
Guangdong United Electronic Service Co., Ltd. ("United Electronic")	184,699,801.59	173,913,232.50
Guangdong Heyuan Rural Commercial Bank Co., Ltd.	22,503,680.00	22,503,680.00
Guangdong Zijin Rural Commercial Bank Co., Ltd.	9,180,560.00	9,180,560.00
Yiwu Shenneng Renewable Resources Utilization Co., Ltd. ("Yiwu Shenneng")	3,443,730.00	2,243,730.00
Total	895,069,302.26	763,264,630.44

In 2023, the amount of such equity instruments increased by RMB131,804,671.82, of which RMB1,200,000.00 was invested in the cost of Yiwu Shenneng, and the gains from changes in fair value of such equity investments were RMB130,604,671.82 (2022: gains from changes in fair value were RMB24,418,156.18) in total. Please refer to Note V, 56.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Investment properties

(1) Investment properties measured at cost

RMB

Item	Parking space (Note)	Buildings	Total
I. Cost			
1. 1 January 2023	18,180,000.00	18,172,660.84	36,352,660.84
2. Additions	–	547,481.14	547,481.14
(1) Transfer from fixed assets	–	547,481.14	547,481.14
3. Reductions	–	2,577,765.20	2,577,765.20
(1) Transfer to fixed assets	–	2,577,765.20	2,577,765.20
4. 31 December 2023	18,180,000.00	16,142,376.78	34,322,376.78
II. Accumulated amortisation			
1. 1 January 2023	8,108,558.76	2,175,280.13	10,283,838.89
2. Additions	575,724.24	902,074.19	1,477,798.43
(1) Provision	575,724.24	844,623.46	1,420,347.70
(2) Transfer from fixed assets	–	57,450.73	57,450.73
3. Reductions	–	473,252.87	473,252.87
(1) Transfer to fixed assets	–	473,252.87	473,252.87
4. 31 December 2023	8,684,283.00	2,604,101.45	11,288,384.45
III. Carrying amount			
1. 31 December 2023	9,495,717.00	13,538,275.33	23,033,992.33
2. 1 January 2023	10,071,441.24	15,997,380.71	26,068,821.95

Note: The investment property represents the parking space beneath Jiangsu Building where the headquarters of the Company locates, which is entrusted to the property company for renting to relevant car owners.

* The Group's investment properties are all located in the mainland of China and held in the form of leases.

(2) As at 31 December 2023, the investment properties without certificates of ownership are listed as follows

RMB

Item	Carrying amount	Reason for not yet obtaining the certificate of ownership
Buildings of Qiantai Company	13,538,275.33	In process
The parking space beneath Jiangsu Building	9,495,717.00	No certificate of ownership will be issued for parking space in Shenzhen
Total	23,033,992.33	



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets

(1) Details of fixed assets

RMB

Item	Buildings	Traffic equipment	Motor vehicles	Office and other equipment	Mechanical equipment	Total
I. Cost						
1.1 January 2023	2,901,314,692.23	1,646,032,767.54	47,781,727.36	132,764,938.34	4,515,775,902.26	9,243,670,027.73
2. Additions	383,134,871.67	28,062,055.26	12,026,177.43	11,844,055.81	177,994,091.91	613,061,252.08
(1) Purchase	299,033,719.85	15,772,836.42	12,026,177.43	11,603,540.85	16,559,413.28	354,995,687.83
(2) Transfer from construction in progress	7,513,463.19	12,289,218.84	–	240,514.96	29,576,943.72	49,620,140.71
(3) Addition due to business combinations	74,009,923.43	–	–	–	131,857,734.91	205,867,658.34
(4) Transfer from investment properties	2,577,765.20	–	–	–	–	2,577,765.20
3. Reductions	2,432,574.14	10,240,325.46	7,573,607.02	7,703,144.13	1,234,163.96	29,183,814.71
(1) Disposals or retirement	1,885,093.00	10,240,325.46	7,573,607.02	7,703,144.13	1,234,163.96	28,636,333.57
(2) Transfer to investment properties	547,481.14	–	–	–	–	547,481.14
4. 31 December 2023	3,282,016,989.76	1,663,854,497.34	52,234,297.77	136,905,850.02	4,692,535,830.21	9,827,547,465.10
II. Accumulated depreciation						
1. 1 January 2023	415,140,532.15	957,790,357.65	25,520,597.09	73,613,320.50	561,448,766.13	2,033,513,573.52
2. Additions	112,623,745.88	87,691,254.87	6,155,197.64	27,988,408.12	253,047,223.91	487,505,830.42
(1) Provision	112,150,493.01	87,691,254.87	6,155,197.64	27,988,408.12	253,047,223.91	487,032,577.55
(2) Transfer from investment properties	473,252.87	–	–	–	–	473,252.87
3. Reductions	57,450.73	9,523,098.52	7,031,589.02	6,351,848.01	22,139.41	22,986,125.69
(1) Disposals or retirement	–	9,523,098.52	7,031,589.02	6,351,848.01	22,139.41	22,928,674.96
(2) Transfer to investment properties	57,450.73	–	–	–	–	57,450.73
4. 31 December 2023	527,706,827.30	1,035,958,514.00	24,644,205.71	95,249,880.61	814,473,850.63	2,498,033,278.25
III. Provision for impairment						
1. 1 January 2023	–	–	–	–	655,667.88	655,667.88
2. Additions	–	–	–	–	–	–
(1) Provision	–	–	–	–	–	–
3. 31 December 2023	–	–	–	–	655,667.88	655,667.88
IV. Carrying amount						
1. 31 December 2023	2,754,310,162.46	627,895,983.34	27,590,092.06	41,655,969.41	3,877,406,311.70	7,328,858,518.97
2. 1 January 2023	2,486,174,160.08	688,242,409.89	22,261,130.27	59,151,617.84	3,953,671,468.25	7,209,500,786.33

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets (Continued)

(2) Fixed assets without certificates of ownership

RMB

Item	Carrying amount	Reason for not yet obtaining the certificate of ownership
Buildings	954,261,653.79	As all toll roads and the affiliated buildings and structures would be returned to the government when the approved operating periods expire, the Group has no intention to acquire the related property ownership certificates except that the handling procedures for certificates of buildings of Qiantai Company and Mulei Project as well as Hesongxuan apartments purchased by the Company are in process.

17. Construction in progress

(1) Details of construction in progress

RMB

Item	31 December 2023			31 December 2022		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Langfang factory project	101,040,359.73	-	101,040,359.73	80,902,114.07	-	80,902,114.07
Special electromechanical project	33,571,207.10	-	33,571,207.10	34,849,740.12	-	34,849,740.12
Office building rectification civil engineering	19,655,958.92	-	19,655,958.92	29,184,866.66	-	29,184,866.66
Xuanwei project	25,167,669.00	-	25,167,669.00	25,167,669.00	-	25,167,669.00
Technical transformation for production line of Qiantai Company	-	-	-	17,972,695.94	-	17,972,695.94
Congestion control project for key toll stations in directly-managed sections	9,829,025.97	-	9,829,025.97	9,829,025.97	-	9,829,025.97
Construction project for "provincial station" direct transmission system	1,538,013.02	-	1,538,013.02	1,657,105.52	-	1,657,105.52
R&D project on BIM modeling and digital management regarding existing highways	30,819,627.11	-	30,819,627.11	-	-	-
Others	70,264,343.39	2,195,969.80	68,068,373.59	30,340,389.78	4,199,980.14	26,140,409.64
Total	291,886,204.24	2,195,969.80	289,690,234.44	229,903,607.06	4,199,980.14	225,703,626.92



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress (Continued)

(2) Changes in significant construction in progress during the year

RMB

Item	Budget amount	1 January 2023	Additions in the current year	Transfer to fixed assets	Transfer to intangible assets	Other reductions in the current year	31 December 2023	Proportion of the accumulated project investment to total budget (%)	Project progress (%)	Cumulative amount of interest capitalised	Including: interest capitalised for the current year	Interest capitalisation rate for the current year (%)	Source of funds
Langfang factory project	116,880,000.00	80,902,114.07	20,138,245.66	-	-	-	101,040,359.73	86.45	86.45	-	-	-	Self-owned funds
Special electromechanical project	60,000,000.00	34,849,740.12	9,413,071.21	10,643,610.63	-	47,993.60	33,571,207.10	73.77	73.77	-	-	-	Self-owned funds
R&D project on BIM modeling and digital management regarding existing highways	42,034,905.66	-	30,819,627.11	-	-	-	30,819,627.11	73.32	73.32	-	-	-	Self-owned funds
Total		115,751,854.19	60,370,943.98	10,643,610.63	-	47,993.60	165,431,193.94			-	-	-	

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress (Continued)

(3) Provision for impairment of construction in progress for the year

RMB

Item	1 January 2023	Additions in the current year	Reductions in the current year	31 December 2023	Reason for change
Luotian Station U-turn lane reconstruction project	2,004,010.34	-	2,004,010.34	-	The project is terminated, and the impairment provision is written off accordingly
Kunshan environmental protection engineering construction project	2,195,969.80	-	-	2,195,969.80	
Total	4,199,980.14	-	2,004,010.34	2,195,969.80	

18. Right-of-use assets

RMB

Item	Buildings	Billboards	Total
I. Cost			
1. 1 January 2023	217,356,007.39	17,352,841.69	234,708,849.08
2. Additions	36,142,650.94	-	36,142,650.94
(1) Acquisitions	36,142,650.94	-	36,142,650.94
3. Reductions	29,336,368.89	17,352,841.69	46,689,210.58
(1) Disposals	29,336,368.89	17,352,841.69	46,689,210.58
4. 31 December 2023	224,162,289.44	-	224,162,289.44
II. Accumulated depreciation			
1. 1 January 2023	127,189,889.52	17,352,841.69	144,542,731.21
2. Additions	42,612,865.76	-	42,612,865.76
(1) Provision	42,612,865.76	-	42,612,865.76
3. Reductions	26,595,692.53	17,352,841.69	43,948,534.22
(1) Disposals	26,595,692.53	17,352,841.69	43,948,534.22
4. 31 December 2023	143,207,062.75	-	143,207,062.75
III. Provision for impairment			
1. 1 January 2023	14,754,044.72	-	14,754,044.72
2. 31 December 2023	14,754,044.72	-	14,754,044.72
IV. Carrying amount			
1. 31 December 2023	66,201,181.97	-	66,201,181.97
2. 1 January 2023	75,412,073.15	-	75,412,073.15



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets

(1) Details of intangible assets

RMB

Item	Franchise rights	Office software and others	Billboard land use rights	Land use right	Contract rights	Patent use right	Total
I. Cost							
1. 1 January 2023	44,321,153,254.69	50,318,710.99	59,953,840.88	208,149,290.30	71,938,085.78	196,245,320.61	44,907,758,503.25
2. Additions	1,784,397,641.66	9,118,911.49	-	1,463,376.65	-	-	1,794,979,929.80
(1) Purchases	317,840,966.05	9,118,911.49	-	-	-	-	326,959,877.54
(2) Constructions	1,466,556,675.61	-	-	-	-	-	1,466,556,675.61
(3) Business combinations not involving entities under common control	-	-	-	1,463,376.65	-	-	1,463,376.65
3. Reductions	1,526,479,609.32	676,399.02	-	-	-	30,551,917.44	1,557,707,925.78
(1) Disposals (Note)	1,526,479,609.32	676,399.02	-	-	-	30,551,917.44	1,557,707,925.78
4. 31 December 2023	44,579,071,287.03	58,761,223.46	59,953,840.88	209,612,666.95	71,938,085.78	165,693,403.17	45,145,030,507.27
II. Accumulated amortisation							
1. 1 January 2023	14,061,437,868.25	28,347,767.54	59,669,978.25	10,699,199.43	20,728,965.61	49,984,932.00	14,230,868,711.08
2. Additions	1,763,872,979.48	8,470,563.55	166,844.22	4,002,628.99	8,813,934.03	27,765,597.25	1,813,092,547.52
(1) Provision	1,763,872,979.48	8,470,563.55	166,844.22	4,002,628.99	8,813,934.03	27,765,597.25	1,813,092,547.52
3. Reductions	1,524,815,984.91	273,600.00	-	-	-	12,220,765.92	1,537,310,350.83
(1) Disposals	1,524,815,984.91	273,600.00	-	-	-	12,220,765.92	1,537,310,350.83
4. 31 December 2023	14,300,494,862.82	36,544,731.09	59,836,822.47	14,701,828.42	29,542,899.64	65,529,763.33	14,506,650,907.77
III. Provision for impairment							
1. 1 January 2023	3,811,235,491.81	-	-	-	-	18,050,000.00	3,829,285,491.81
2. 31 December 2023	3,811,235,491.81	-	-	-	-	18,050,000.00	3,829,285,491.81
IV. Carrying amount							
1. 31 December 2023	26,467,340,932.40	22,216,492.37	117,018.41	194,910,838.53	42,395,186.14	82,113,639.84	26,809,094,107.69
2. 1 January 2023	26,448,479,894.63	21,970,943.45	283,862.63	197,450,090.87	51,209,120.17	128,210,388.61	26,847,604,300.36

Note: The disposals are mainly due to the expiry of the operating period of relevant expressways, which are handed over by the Group in accordance with the regulations and requirements of the traffic management department.

(2) Land use right without the certificate of ownership is listed as follows:

RMB

Item	Carrying amount	Reason for not yet obtaining the certificate of ownership
Land use right of Damaoqi wind power project	11,888,920.44	In progress

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets (Continued)

(3) Information of franchise rights

RMB

Item	Cost	1 January 2023	Additions in the current year	Reductions in the current year	Amortisation in the current year	Impairment in the current year	31 December 2023	Accumulated amortisation	Provision for impairment
I. Franchise rights associated with toll roads									
Qinglian Expressway (Note 1)	9,286,165,486.15	5,549,959,178.08	-	-	340,400,958.76	-	5,209,558,219.32	3,456,607,266.83	620,000,000.00
Airport-Heao Expressway	5,359,348,452.50	1,756,586,011.93	432,339,105.12	1,452.27	190,998,949.21	-	1,997,924,715.57	3,361,423,736.93	-
Meiguan Expressway	604,588,701.64	137,006,074.94	-	-	28,933,381.35	-	108,072,693.59	496,516,008.05	-
Outer Ring Expressway (Note 1)	5,951,353,056.20	5,260,258,467.14	209,454,442.08	-	175,322,065.36	-	5,294,390,843.86	656,962,212.34	-
Shuiguan Expressway (Note 1)	4,448,811,774.58	1,337,172,203.81	-	-	415,469,385.61	-	921,702,818.20	2,975,108,956.38	552,000,000.00
Yichang Expressway	3,159,812,106.52	2,302,710,795.04	-	226,457.72	174,198,215.23	-	2,128,286,122.09	1,031,525,984.43	-
Changsha Ring Road	614,374,358.81	410,197,067.38	-	-	43,830,293.08	-	366,366,774.30	248,007,584.51	-
Coastal Expressway Shenzhen Section (Note 1)	9,948,745,601.09	5,685,204,792.49	321,137,156.73	-	205,524,890.43	-	5,800,817,058.79	1,509,693,247.69	2,638,235,294.61
Longda Expressway	251,559,214.13	68,123,562.42	-	-	16,155,265.63	-	51,968,296.79	199,590,917.34	-
Sub-total	39,624,758,751.62	22,507,218,153.23	962,930,703.93	227,909.99	1,590,833,404.66	-	21,879,087,542.51	13,935,435,914.50	3,810,235,294.61
II. Franchise rights associated with kitchen waste disposal									
Kitchen waste disposal of Bioland Company (Note 1)	3,588,159,430.96	3,263,286,301.58	141,664,392.65	1,278,532.95	136,082,914.58	-	3,267,589,246.70	319,569,987.06	1,000,197.20
Kitchen waste disposal of Guangming	736,764,559.13	384,317,693.87	352,446,865.26	-	-	-	736,764,559.13	-	-
Kitchen waste disposal of Shaoyang	310,000,000.00	-	310,000,000.00	-	-	-	310,000,000.00	-	-
Kitchen waste disposal of Lisai Environmental Protection	272,999,169.09	258,214,805.62	6,409,243.92	157,181.47	34,893,070.94	-	229,573,797.13	43,425,371.96	-
Sub-total	4,907,923,159.18	3,905,818,801.07	810,520,501.83	1,435,714.42	170,975,985.52	-	4,543,927,602.96	362,995,359.02	1,000,197.20
III. Other franchise rights									
Shenzhen Guangming welfare institute project	46,389,376.23	35,442,940.33	10,946,435.90	-	2,063,589.30	-	44,325,786.93	2,063,589.30	-
Sub-total	46,389,376.23	35,442,940.33	10,946,435.90	-	2,063,589.30	-	44,325,786.93	2,063,589.30	-
Total	44,579,071,287.03	26,448,479,894.63	1,784,397,641.66	1,663,624.41	1,763,872,979.48	-	26,467,340,932.40	14,300,494,862.82	3,811,235,491.81

Note 1: For the pledge of charging rights/equity/rights of management related to Qinglian Expressway, Outer Ring Expressway, Coastal Expressway Shenzhen Section, Shuiguan Expressway, and the kitchen waste disposal projects of Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd. ("Bioland Company"), please refer to Notes V, 23.

Note 2: In 2023, both the amount of intangible assets amortised and the amount included in profit or loss was RMB1,813,092,547.52 (2022: RMB1,724,091,107.82).

Note 3: In 2023, the Group capitalised borrowing costs on intangible assets amounting to RMB12,659,236.04 (2022: RMB27,285,174.75).

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets (Continued)

(4) Impairment testing of intangible assets

The recoverable amount is determined at the present value of the expected future cash flows

RMB

Item	Carrying amount of the asset group (Note 1)	Recoverable amount	Amount of impairment	Projection period (Note 2)	Key parameters for projection period	Key parameters for steady period	Basis to determine the key parameters for steady period
Qinglian Expressway	5,401,282,890.64	5,416,156,606.60	-	2024 – 2034	Revenue growth rate, 4-6%; pre-tax discount rate, 8.10%	N/A	N/A

Note 1: It represents the carrying amount of the asset group including intangible assets.

Note 2: As at 31 December 2023, the management of the Group projected the future cash flows based on a detailed projection period starting from 2024 to the end of the concession period of Qinglian Expressway.

20. Goodwill

(1) Cost of goodwill

RMB

Investee	1 January 2023	Additions in the current year	Reductions in the current year	31 December 2023
Shenzhen Investment Holdings International Capital Holding Infrastructure Company Limited ("SIHICH")	202,893,131.20	-	-	202,893,131.20
Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power")	156,039,775.24	-	-	156,039,775.24
Total	358,932,906.44	-	-	358,932,906.44

(2) Provision for impairment of goodwill

RMB

Investee	1 January 2023	Additions in the current year	Reductions in the current year	31 December 2023
Nanjing Wind Power	156,039,775.24	-	-	156,039,775.24

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Goodwill (Continued)

(3) Information about the asset group or a set of asset groups to which the goodwill is allocated

Name	Composition of the asset group or a set of asset groups to which it is allocated and its basis	Operating segment to which it is allocated and its basis	Is it consistent with that of the prior year?
SIHICH	Bay Area Development asset group/ Generated from acquisition of the asset group	Toll road	Yes
Nanjing Wind Power	Wind turbines manufacturing asset group/ Generated from acquisition of the asset group	Environmental protection	Yes

(4) Specific method for determination of recoverable amount

The recoverable amount is determined at the present value of the expected future cash flows

RMB

Item	Carrying amount (Note 1)	Recoverable amount	Amount of impairment	Projection period (Note 2)	Key parameters for projection period (growth rate, profit margins, etc.)	Basis to determine parameters for projection period	Key parameters for steady period (growth rate, profit margins, discount rate, etc.)	Basis to determine the key parameters for steady period
Bay Area Development asset group	6,569,532,321.81	6,693,230,561.61	-	Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway: 2024 – 2052 West Line Expressway: 2024 – 2038	Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway: revenue growth rate, (3%) -14%; pre-tax discount rate, 6.70% West Line Expressway: revenue growth rate, (4.2%) -6%; pre-tax discount rate, 8.10%	Revenue growth rate is determined based on the regional economic development, road network planning, accessibility and inflation rates, etc. Discount rate is the pre-tax interest rate that reflects the current market time value of money and the risks specific to the underlying asset group.	N/A	N/A

Note 1: It represents the carrying amount of the asset group including goodwill.

Note 2: As at 31 December 2023, the management of the Group projected the future cash flows based on a detailed projection period starting from 2024 to the end of the concession period of Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway and West Line Expressway.



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB

Item	31 December 2023		31 December 2022 (Restated)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment and amortisation of franchise rights of Coastal Expressway	373,750,686.76	93,437,671.69	534,253,939.52	133,563,484.88
Deductible losses	294,222,156.72	73,555,539.18	468,176,313.96	117,044,078.49
Compensation for operating expenses of newly-built toll stations on Nanguang Expressway, Yanba Expressway and Yanpai Expressway ("Three Expressways") (Note 1)	178,104,931.35	44,526,232.84	211,704,931.35	52,926,232.84
Compensation for operating expenses of newly-built toll station on Longda Expressway (Note 1)	119,248,638.49	29,812,159.59	145,915,980.26	36,478,995.03
Adjustments to fair values of net assets of merged enterprises such as Shenchang Expressway Co., Ltd in Changsha, Hunan ("Shenchang Company"), etc.	111,904,206.11	27,976,051.53	125,703,204.15	31,425,801.04
Payroll accrued but not paid	121,079,026.88	30,269,756.72	121,376,279.72	30,344,069.93
Amortisation of other franchise rights	60,062,682.48	15,015,670.62	109,105,359.84	27,276,339.96
Bad debt provision	87,560,678.69	17,980,972.08	119,329,993.58	23,979,619.99
Property compensation of Meiguan Company (Note 2)	43,557,234.64	10,889,308.66	71,579,153.96	17,894,788.49
Provisions (Note 3)	79,299,874.80	16,869,886.55	67,820,501.40	14,000,043.20
Compensation for operating expenses of newly-built road ramp on Meiguan Expressway (Note 4)	42,511,276.60	10,627,819.15	55,591,669.24	13,897,917.31
Expenses accrued but not paid	66,810,750.80	16,702,687.70	40,905,731.12	10,226,432.78
Provision for impairment loss of assets	70,814,838.07	15,278,390.55	44,065,644.63	8,661,302.41
Interest receivable due to capital reduction of United Land Company (Note 5)	8,832,704.08	2,208,176.02	14,515,097.04	3,628,774.26
Compensation for demolition costs of old toll stations on Three Expressways and Longda Expressway	7,176,461.64	1,794,115.41	7,176,461.64	1,794,115.41
Lease liabilities	79,847,804.74	19,862,036.21	101,256,379.57	19,820,407.83
Others	70,745,195.21	12,842,994.61	76,478,162.36	18,678,348.71
Total	1,815,529,148.06	439,649,469.11	2,314,954,803.34	561,640,752.56

Note 1: The Company received a compensation for operating expenses of newly-built toll stations and a compensation for toll adjustment regarding Three Expressways and Longda Expressway, and recognised the corresponding deferred tax assets for the temporary difference between the tax base and carrying amount.

Note 2: Meiguan Company, the Company's subsidiary, recognised the compensation for future relocated property granted by United Land Company, an associate of the Group, as other non-current assets. Considering the impact of the unrealised profits of the associate, the Group recognised the corresponding deferred tax asset for the temporary difference arising from the difference between the tax base and carrying amount of other non-current assets recognised.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets/deferred tax liabilities (Continued)

(1) Deferred tax assets before offsetting (Continued)

Note 3: It represents the deferred tax assets accrued by Bioland Company for provisions recognised for pending litigation or arbitration and subsequent expenditures of BOT project.

Note 4: In 2015, the Group received a compensation for operating expenses of newly-built toll station on Meiguan Expressway, and recognised the corresponding deferred tax assets for the temporary difference between the tax base and carrying amount.

Note 5: United Land Company capitalised the interest on capital reduction payable to the Company. Considering the impact of the unrealised profits of the associate, the Group recognised the corresponding deferred tax assets for the temporary difference arising from the difference between the tax base and carrying amount based on its shareholding ratio of 34.30%.

(2) Deferred tax liabilities before offsetting

RMB

Item	31 December 2023		31 December 2022 (Restated)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not involving entities under common control				
– Shenzhen Qinglong Expressway Co., Ltd. (“Qinglong Company”)	566,007,301.73	141,501,825.44	820,785,424.29	205,196,356.08
– Hunan Yichang Expressway Development Co., Ltd. (“Yichang Company”)	763,325,569.58	190,831,392.40	826,861,648.98	206,715,412.25
– Guangdong Qinglian Highway Development Co., Ltd. (“Qinglian Company”)	483,888,689.04	117,667,365.35	515,506,734.24	125,571,876.65
– Airport-Heao Eastern Company	332,874,013.36	83,218,505.33	446,355,587.56	111,588,898.88
– Bioland Company	458,710,721.31	112,856,429.96	479,521,980.67	118,059,244.80
– Lisai Environmental Protection	147,309,697.07	22,096,454.56	162,961,175.20	24,444,176.28
– Qiantai Company	122,116,558.20	18,317,483.73	142,595,090.85	19,792,846.79
– Nanjing Wind Power	12,097,673.20	1,814,650.98	19,798,354.13	2,969,753.12
– Baotou Nanfeng	28,801,244.80	7,200,311.20	30,556,500.16	7,639,125.04
– Meiguan Company	215,034.44	53,758.61	2,434,313.32	608,578.33
– Shenzhen Expressway New Energy Holding Co., LTD. (“New Energy Company”)	13,450,767.32	3,362,691.83	14,410,510.52	3,602,627.63
Amortisation of franchise rights (Note)	436,336,407.00	109,084,101.75	451,299,237.80	112,824,809.45
Compensation for valuation adjustment mechanism	148,419,868.53	32,824,283.13	210,804,141.40	52,701,035.35
Right-of-use assets	66,201,181.97	13,693,864.03	75,412,073.15	16,590,656.09
Others	2,118,103,775.04	462,172,026.39	1,903,510,833.44	407,732,124.55
Total	5,697,858,502.59	1,316,695,144.69	6,102,813,605.71	1,416,037,521.29

Note: The methods for amortisation of franchise rights associated with toll roads are inconsistent in accounting (traffic volume method) and taxation (straight-line method), resulting in temporary differences with deferred tax liability recognised.



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets/deferred tax liabilities (Continued)

(3) Deferred tax assets or liabilities presented on net basis

RMB

Item	Offset amount of deferred tax assets and liabilities as at 31 December 2023	Deferred tax assets or liabilities after offset as at 31 December 2023	Offset amount of deferred tax assets and liabilities as at 31 December 2022	Deferred tax assets or liabilities after offset as at 31 December 2022 (Restated)
Deferred tax assets	(168,204,359.74)	271,445,109.37	(135,003,349.82)	426,637,402.74
Deferred tax liabilities	(168,204,359.74)	1,148,490,784.95	(135,003,349.82)	1,281,034,171.47

(4) Details of unrecognised deferred tax assets

RMB

Item	31 December 2023	31 December 2022
Deductible losses	1,326,713,339.21	903,520,726.46
Deductible temporary differences	365,258,835.46	163,279,006.09
Total	1,691,972,174.67	1,066,799,732.55

(5) Deductible losses for which deferred tax assets are not recognised will expire in the following years:

RMB

Year	31 December 2023	31 December 2022
2023	–	25,062,641.28
2024	46,885,054.42	46,885,146.80
2025	59,229,762.99	62,050,134.87
2026	186,818,451.79	222,885,336.20
2027	527,306,480.37	546,637,467.31
2028	506,473,589.64	–
Total	1,326,713,339.21	903,520,726.46

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Other non-current assets

RMB

Item	31 December 2023			31 December 2022		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Contract assets over one year (Note 1)	2,661,993,597.28	-	2,661,993,597.28	2,640,721,802.69	-	2,640,721,802.69
Meiguan Company – property relocation compensation (Note 2)	342,599,500.00	-	342,599,500.00	342,599,500.00	-	342,599,500.00
Pending deduction of input tax over one year	210,869,870.90	-	210,869,870.90	189,928,839.31	-	189,928,839.31
Others	1,149,104.11	-	1,149,104.11	-	-	-
Total	3,216,612,072.29	-	3,216,612,072.29	3,173,250,142.00	-	3,173,250,142.00

Note 1: It mainly includes the contract assets corresponding to the toll fee revenue recognised by the Group based on relevant documents issued by Guangdong Provincial Transportation Management Department, as well as the contract assets corresponding to the revenue that are recognised for Duohua Construction Project and Bimeng Construction Project.

Note 2: According to the *Compensation Agreement for Meilinguan Urban Renewal Project of Shenzhen Longhua District Minzhi Office*, United Land Company paid the compensation for demolition of RMB28,328,230.00 to Meiguan Company, a subsidiary of the Company, in July 2016. On 27 April 2018, the two parties entered into the *Supplementary Agreement to the Compensation Agreement for Meilinguan Urban Renewal Project of Shenzhen Longhua District Minzhi Office*, which agrees that United Land Company will pay property relocation compensation on the basis of the above monetary compensation, the compensated relocated property is the office building to be constructed by United Land Company, and the compensated building area is 9,120 square meters. The relocated property will be completed in 2024. On the date of signing the supplementary agreement, according to the evaluation report issued by Shenzhen Pengxin Assets Appraisal Co., Ltd. (Peng Xin Zi Gu Bao Zi [2018] No. 062), the fair value of the relocated property was RMB342,599,500.00, which kept unchanged during the year.

23. Assets with ownership or use right restricted

RMB

Item	31 December 2023				31 December 2022			
	Gross carrying amount	Carrying amount	Type of restriction	Status of restriction	Gross carrying amount	Carrying amount	Type of restriction	Status of restriction
Cash at banks and on hand	197,147,405.73	197,147,405.73	Note 1	Note 1	438,629,991.31	438,629,991.31	Note 1	Note 1
Accounts receivable	-	-			80,608,528.29	80,608,528.29	Pledge	Pledge for borrowings
Long-term receivables	842,781,250.01	827,438,727.29	Pledge	Pledge for borrowings	638,156,976.58	623,394,734.34	Pledge	Pledge for borrowings
Intangible assets	26,696,110,631.65	14,695,939,786.11	Pledge	Pledge for borrowings and finance leases	30,829,664,941.02	19,454,935,640.79	Pledge	Pledge for borrowings and finance leases
Intangible assets	90,228,000.00	88,096,114.82	Mortgage	Mortgage for borrowings	191,667,576.70	190,271,074.68	Mortgage	Mortgage for borrowings
Total	27,826,267,287.39	15,808,622,033.95			32,178,728,013.90	20,787,839,969.41		



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Assets with ownership or use right restricted (Continued)

Note 1: Refer to Note V,1 for details.

Note 2: In addition to those mentioned above, the Group pledged with the 100% equity and charging rights to electric charge of Qianxin Company, 100% equity and charging rights to electric charge of Qianzhi Company, 100% equity and charging rights to electric charge of Qianhui Company, 98.393% equity of SIHICH, equity of kitchen waste disposal projects of certain subsidiaries of Bioland Company, and charging rights to electric charge of Yongcheng Zhuneng and wind power enterprises under Baotou Nanfeng.

Note 3: The principal of bank borrowings obtained by the Group through mortgages and pledges of the aforesaid assets and the balance arising from sale and leaseback transactions totaled RMB15,136,813,427.44.

24. Short-term borrowings

(1) Categories of short-term borrowings

RMB

Item	31 December 2023	31 December 2022
Pledged borrowings	9,226,577,924.66	7,129,200,145.74
Guaranteed borrowings	1,471,934,733.60	1,112,327,599.94
Credit borrowings	368,993,001.88	1,104,701,529.64
Borrowings in the form of discounted notes	38,120,176.71	–
Mortgage borrowings	–	50,000,000.00
Total	11,105,625,836.85	9,396,229,275.32

(2) Details of pledged borrowings

RMB

Name of entity	31 December 2023	Pledged by
Bank of China Limited Macao Branch	2,689,782,012.34	28.68% equity of SIHICH
China Merchants Bank Co., Ltd. Hong Kong Branch	2,497,226,908.85	26.62% equity of SIHICH
China Merchants Bank Co., Ltd. Hong Kong Branch	2,134,827,765.00	22.783% equity of SIHICH
Ping An Bank Co., Ltd. Hong Kong Branch	1,904,741,238.47	20.31% equity of SIHICH
Total	9,226,577,924.66	

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Short-term borrowings (Continued)

(3) Details of guaranteed borrowings

RMB

Name of entity	31 December 2023	Guaranteed by
Ping An Bank Co., Ltd. Hong Kong Branch	821,355,228.00	Bay Area Development
Bank of China (Hong Kong) Limited	428,929,952.40	Bay Area Development
Shanghai Pudong Development Bank Co., Ltd.	191,649,553.20	Bay Area Development
China Merchants Bank Co., Ltd. Nanning Branch	30,000,000.00	Bioland Company
Total	1,471,934,733.60	

25. Transactional financial liabilities

RMB

Item	1 January 2023	Additions in the current year	Reductions in the current year	31 December 2023	Reason and basis for designation
Obligation to pay the difference	133,009,243.01	15,108,066.13	–	148,117,309.14	N/A
Total	133,009,243.01	15,108,066.13	–	148,117,309.14	

Note: In January 2022, the Group acquired 100% equity interest in SIHICH held by Shenzhen Investment Holdings International and assumed the obligation to make up the difference for CMF Global Quantitative Multi-Asset Segregated Portfolio Company and CMF Global Quantitative Stable Segregated Portfolio (collectively, "CMF Global"). And, the Group renewed such obligation to 17 August 2028 or earlier maturity date as determined by the Company and either of Mei Wah Company and CMF Global in accordance with the written notice on Agreement for Make-Up of the Earnings during the Renewal Period or other covenants of the agreement. If CMF Global disposes of its 9.45% equity interest in Bay Area Development before 17 August 2028, the difference between the transfer price and the agreed investment cost of HKD1,075,713,016.54 will be made up by the Group. Meanwhile, during the renewal period, the portion of the annual investment return obtained by CMF Global through Bay Area Development that does not reach the agreed level will be made up by the Group. As at 31 December 2023, the Group recognised the difference make-up obligation amounting to RMB148,117,309.14 accordingly.

26. Bills payable

Presentation of bills payable

RMB

Item	31 December 2023	31 December 2022
Commercial acceptance bills	26,729,231.57	204,239,880.66
Bank acceptance bills	63,006,281.67	24,430,000.00
Total	89,735,513.24	228,669,880.66

As at 31 December 2023, the Group had no overdue bills payable.



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Accounts payable

(1) Presentation of accounts payable:

RMB

Item	31 December 2023	31 December 2022
Payables for construction projects, quality deposits and security deposits	1,883,158,134.56	2,026,322,610.20
Payables for goods	563,431,778.05	577,333,357.41
Others	141,955,611.06	209,311,953.16
Total	2,588,545,523.67	2,812,967,920.77

(2) Significant accounts payable aged over 1 year:

RMB

Item	31 December 2023	Reason for failure in repayment or carry-forward
Total significant accounts payable	390,726,477.76	Unsettled project funds

28. Advances from customers

(1) Presentation of advances from customers

RMB

Item	31 December 2023	31 December 2022
Income from advertising billboard received in advance	623,460.97	794,329.08

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Contract liabilities

(1) Details of contract liabilities

RMB

Item	31 December 2023	31 December 2022
Advances from sales of goods	45,554,145.00	6,538,109.91
Advances from sales of real estate	12,621,993.58	14,888,116.53
Advances from sales of wind turbine	5,993,361.00	5,993,361.00
Others	2,979,775.76	2,913,429.28
Total	67,149,275.34	30,333,016.72

(2) Amount and reason for significant change in carrying amount during the year

RMB

Item	Amount	Reason
Advances from sales of goods	39,016,035.09	Increase in receipts in advance from car-dismantling and battery operations

30. Employee benefits payable

(1) Presentation of employee benefits payable

RMB

Item	1 January 2023	Additions in the current year	Reductions in the current year	31 December 2023
I. Short-term wages	358,624,140.06	1,067,726,130.88	1,052,684,423.61	373,665,847.33
II. Post-employment benefits – defined contribution plans	5,169,884.48	100,961,363.38	101,105,694.36	5,025,553.50
Total	363,794,024.54	1,168,687,494.26	1,153,790,117.97	378,691,400.83



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Employee benefits payable (Continued)

(2) Presentation of short-term benefits

RMB

Item	1 January 2023	Additions in the current year	Reductions in the current year	31 December 2023
I. Wages and salaries, bonuses, allowances and subsidies	335,279,341.28	833,105,176.72	822,105,264.68	346,279,253.32
II. Staff welfare	6,538,004.32	94,079,664.69	93,923,177.59	6,694,491.42
III. Social security contributions	1,243,206.34	37,343,629.61	37,323,245.54	1,263,590.41
Including: Medical insurance	1,114,960.61	31,585,504.57	31,631,711.52	1,068,753.66
Work injury insurance	47,412.06	3,210,182.77	3,148,972.39	108,622.44
Maternity insurance	80,833.67	2,547,942.27	2,542,561.63	86,214.31
IV. Housing funds	986,249.98	66,520,701.23	65,887,687.07	1,619,264.14
V. Labor union funds and employee education funds	11,358,681.09	18,450,983.17	17,966,987.55	11,842,676.71
VI. Others	3,218,657.05	18,225,975.46	15,478,061.18	5,966,571.33
Total	358,624,140.06	1,067,726,130.88	1,052,684,423.61	373,665,847.33

(3) Presentation of defined contribution plans

RMB

Item	1 January 2023	Additions in the current year	Reductions in the current year	31 December 2023
1. Basic pensions	2,517,113.94	71,331,159.02	71,434,651.98	2,413,620.98
2. Unemployment insurance	125,913.99	3,569,364.06	3,574,502.05	120,776.00
3. Enterprise annuities	2,526,856.55	26,060,840.30	26,096,540.33	2,491,156.52
Total	5,169,884.48	100,961,363.38	101,105,694.36	5,025,553.50

The Group participates, as required, in the pension insurance and unemployment plan established by government institutions. According to such plans, the Group contributes monthly to such plans based on the regulations of the government institutions. Except for above monthly contributions, the Group does not assume further payment obligations. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

In 2023, the Group should contribute pension insurance and unemployment plans amounting to RMB71,331,159.02 and RMB3,569,364.06 (2022: RMB77,131,805.00 and RMB3,858,376.53). As at 31 December 2023, the Group has outstanding contributions to pension insurance and unemployment plans that are due as at the reporting period amounting to RMB2,413,620.98 and RMB120,776.00 (31 December 2022: RMB2,517,113.94 and RMB125,913.99), which have been fulfilled subsequent to the reporting date.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Taxes payable

RMB

Item	31 December 2023	31 December 2022
Enterprise income tax	238,064,126.25	185,518,901.36
VAT	155,442,202.53	247,354,932.23
Land appreciation tax	61,231,620.93	60,584,898.11
City maintenance and construction tax	2,785,914.16	3,151,434.56
Educational surcharge	2,134,895.26	2,498,955.30
Others	2,384,764.01	8,495,901.45
Total	462,043,523.14	507,605,023.01

32. Other payables

32.1 Presentation of other payables

RMB

Item	31 December 2023	31 December 2022
Dividends payable	5,622,222.18	59,026,395.77
Other payables	1,053,822,933.32	1,312,742,294.61
Total	1,059,445,155.50	1,371,768,690.38

32.2 Dividends payable

Presentation by category

RMB

Item	31 December 2023	31 December 2022
Perpetual bond dividends classified as equity instruments	5,622,222.18	5,877,411.77
Including: Perpetual bond dividends	5,622,222.18	5,877,411.77
Dividends payable – Original shareholder of Nanjing Wind Power	–	53,148,984.00
Total	5,622,222.18	59,026,395.77



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Other payables (Continued)

32.3 Other payables

(1) Presentation of other payables by nature

RMB

Item	31 December 2023	31 December 2022
Payables for tender and performance deposits and warranty	183,088,858.68	102,290,835.84
Project funds retained for construction management contracts	6,550,866.02	12,133,832.03
Payables related to maintenance for roads	125,346,026.75	110,036,442.82
Accrued project expenditure and special administrative expenses	109,851,547.96	148,883,809.47
Accounts payable to related parties (Note XI, 6 (2))	112,962,577.30	61,845,716.90
Payables for mechanical and electrical costs	53,598,750.10	37,704,328.83
Payables for the cost of provincial toll station cancellation project	29,182,658.08	54,721,137.75
Receipts of liquidated damages for equity transfer of Guizhou Xinhe Lifu Real Estate Development Co., Ltd. ("Xinhe Lifu")	20,412,000.00	20,412,000.00
Payable for agent-construction fee of Coastal Expressway Phase II Project	19,378,599.38	19,378,599.38
Payables related to independent costs of construction projects	10,915,545.35	59,047,171.98
Payables for equity acquisition	6,910,811.23	216,521,233.40
Payable for demolition fee of old stations	6,486,749.57	6,282,201.82
Payables for country road construction fee and management service fee of Hunan Province	3,041,574.14	35,976,352.52
Subscription funds and down deposits received for real estate sales	2,653,070.10	5,178,582.00
Payables for the construction cost of the Shenzhen World Exhibition & Convention Center toll station	139,855,284.60	139,855,284.60
Others	223,588,014.06	282,474,765.27
Total	1,053,822,933.32	1,312,742,294.61

(2) Significant other payables aged over 1 year

As at 31 December 2023, the Group has no significant other payables aged over 1 year.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Non-current liabilities due within one year

RMB

Item	31 December 2023	31 December 2022
Long-term borrowings due within one year (Note V, 35)	997,739,421.30	988,980,478.83
Including: Pledged borrowings	139,786,703.19	141,809,949.98
Credit borrowings	626,403,768.06	630,267,129.79
Guaranteed borrowings	227,548,950.05	208,550,329.62
Mortgage borrowings	4,000,000.00	8,353,069.44
Bonds payable due within one year (Note V, 36)	1,335,987,865.40	3,157,388,893.09
Lease liabilities due within one year (Note V, 37)	34,233,673.74	53,517,680.22
Long-term payables due within one year (Note V, 38)	24,061,952.56	2,180,436,285.12
Total	2,392,022,913.00	6,380,323,337.26

34. Other current liabilities

RMB

Item	31 December 2023	31 December 2022
Ultra-short term financing bonds (Note)	1,512,594,613.40	2,016,515,923.01
Output tax to be transferred	21,884,154.50	1,339,930.47
Total	1,534,478,767.90	2,017,855,853.48

Note: RMB1.5 billion of ultra-short term financing bonds was issued by the Company on 8 August 2023 with an annual interest rate of 2.25% and a term of 270 days.



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term borrowings

Categories of long-term borrowings

RMB

Item	31 December 2023	31 December 2022	Range of interest rate
Pledged borrowings	5,114,340,659.80	6,651,244,937.96	2.90%-4.11%
Guaranteed borrowings	2,378,084,182.40	2,953,903,875.43	2.90%-6.88%
Credit borrowings	2,375,405,546.00	472,792,000.00	2.10%-3.40%
Guaranteed and pledged borrowings	538,551,740.00	297,301,070.00	3.25%-4.55%
Mortgage borrowings	96,000,000.00	100,000,000.00	3.30%
Guaranteed, mortgage and pledged borrowings	54,600,000.00	76,700,000.00	3.50%-3.80%
Accrued interest	8,465,102.89	10,286,704.73	
Total	10,565,447,231.09	10,562,228,588.12	
Less: Long-term borrowings due within one year (Note V, 33)	997,739,421.30	988,980,478.83	
Long-term borrowings due after one year	9,567,707,809.79	9,573,248,109.29	

36. Bonds payable

(1) Categories of bonds payable:

RMB

Item	31 December 2023	31 December 2022
Long-term corporate bonds	6,469,450,498.51	8,112,338,776.38
Medium-term notes	2,025,640,823.60	814,567,547.33
Total	8,495,091,322.11	8,926,906,323.71
Less: Bonds payable due within one year (Note V, 33)	1,335,987,865.40	3,157,388,893.09
Bonds payable due after one year	7,159,103,456.71	5,769,517,430.62

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Bonds payable (Continued)

Changes in bonds payable:

Name of bonds	Per value	Coupon rate (%)	Date of issuance	Maturity	Issued amount	1 January 2023	Issue amount in the current year		Accrual of interest by per value	Discount and issue fee amortisation	Effects of foreign currency translation	Payment amount in the current year	31 December 2023	Is it in breach of contract	RMB
							current year	per value							
Long-term corporate bonds (Note 1)	US\$300,000,000.00	1.75	8 July 2021	5 years	US\$300,000,000.00	2,094,738,029.92	-	38,031,467.57	3,643,893.63	35,430,000.00	37,710,721.94	2,134,132,769.18	No		
Long-term corporate bonds (Note 1)	1,400,000,000.00	3.05	20 March 2020	5 years	1,400,000,000.00	1,431,887,625.32	-	9,297,586.52	1,504,794.16	-	1,442,700,000.00	-	No		
Long-term corporate bonds (Note 1)	1,500,000,000.00	3.18	20 January 2022	7 years	1,500,000,000.00	1,541,637,667.89	-	47,702,250.00	598,184.18	-	47,702,250.00	1,540,235,252.07	No		
Long-term corporate bonds (Note 1)	800,000,000.00	3.65	20 October 2020	5 years	800,000,000.00	804,371,921.13	-	23,522,222.31	1,305,856.56	-	829,200,000.00	-	No		
Long-term corporate bonds (Note 1)	1,200,000,000.00	3.49	15 April 2021	5 years	1,200,000,000.00	1,227,288,378.16	-	41,898,867.96	699,937.47	-	41,880,000.00	1,228,007,183.59	No		
Long-term corporate bonds (Note 1)	1,000,000,000.00	3.35	23 July 2021	5 years	1,000,000,000.00	1,012,465,753.96	-	33,500,000.04	541,836.30	-	33,500,000.00	1,012,947,590.30	No		
Long-term corporate bonds (Note 1)	550,000,000.00	2.88	17 October 2023	3 years	550,000,000.00	-	550,000,000.00	3,212,151.50	(1,084,448.13)	-	-	552,127,703.37	No		
Medium-term notes (Note 2)	800,000,000.00	4.49	13 August 2018	5 years	800,000,000.00	814,567,547.33	-	20,976,824.06	413,838.80	-	835,959,400.19	-	No		
Medium-term notes (Note 2)	1,000,000,000.00	2.89	22 May 2023	3 years	1,000,000,000.00	-	1,000,000,000.00	17,500,844.45	(799,922.20)	-	-	1,016,700,922.25	No		
Medium-term notes (Note 2)	1,000,000,000.00	3.05	4 September 2023	5 years	1,000,000,000.00	-	1,000,000,000.00	9,743,216.41	(803,215.06)	-	-	1,008,999,990.35	No		
Total						8,926,906,323.71	2,550,000,000.00	245,387,424.82	6,019,975.71	35,430,000.00	3,268,652,402.13	8,495,061,322.11			

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Bonds payable (Continued)

(2) Changes in bonds payable: (Continued)

Note 1: Corporate bonds

The Company issued a long-term bond on 8 July 2021 with a principal value of USD300,000,000.00 upon approval by the National Development & Reform Commission in the Document "Fa Gai Ban Wai Zi Bei [2021] No. 287". The bond issuance price was 99.13% of the principal value, bearing a term of 5 years and interest at a rate of 1.75% per annum. The interest bearing began on 8 July 2021 and is repaid semi-annually. On 8 July 2026, the bond should be fully repaid upon maturity. The main purpose of the bond is to repay the USD bonds due on 18 July 2021.

The Company was permitted to publicly issue corporate bonds with a face value of not more than RMB5 billion to qualified investors upon approval by the China Securities Regulatory Commission ("CHINA SECURITIES REGULATORY COMMISSION") in the Document "Zheng Jian Xu Ke [2019] No. 2262". On 18 March 2020, the Company completed the issuance of the first phase of 2020 corporate bonds, and the actual issuance scale was RMB1,400,000,000.00. The bond was issued at the rate of 3.05%, with interest to be paid once a year and principal repaid once at maturity. The term of the bond is 5 years, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year. The interest-bearing term is from 20 March 2020 to 19 March 2025. If the investor exercises the option to sell back, the interest-bearing period for the portion of the bond it sells back is from 20 March 2020 to 19 March 2023. As of 31 December 2023, all of the bonds have been sold back.

On 20 January 2022, the Company completed the issuance of 2022 corporate bonds (first phase), and the actual issuance scale was RMB1,500,000,000.00. The bond was issued at the rate of 3.18%, and the term of the bond is 5+2 years, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the fifth year. The interest bearing began on 20 January 2022, and the interest payment date is 20 January of each year from 2023 to 2029. If the investor exercises the option to sell back, the interest payment date for the portion of the bond it sells back is 20 January of each year from 2023 to 2027.

The Company was permitted to publicly issue Green corporate bonds with a face value of not more than RMB2 billion to professional investors upon approval of Shanghai Stock Exchange and registration by the CHINA SECURITIES REGULATORY COMMISSION (Document "Zheng Jian Xu Ke [2020] No. 1003"). On 20 October 2020, the Company completed the public issuance of the first phase of 2020 Green corporate bonds, and the actual issuance scale was RMB800,000,000.00. The bond was issued at the rate of 3.65%, with interest to be paid once a year and principal repaid once at maturity. The term of the bond is 5 years, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year. The interest-bearing term is from 22 October 2020 to 21 October 2025. If the investor exercises the option to sell back, the interest-bearing period for the portion of the bond it sells back is from 22 October 2020 to 21 October 2023. As of 31 December 2023, all of the bonds have been sold back.

On 15 April 2021, the Company completed the public issuance of the first phase of 2021 Green corporate bonds, and the actual issuance scale was RMB1,200,000,000.00. The bond was issued at the rate of 3.49%, with interest to be paid once a year and principal repaid once at maturity. The term of the bond is 5 years, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year. The interest-bearing term is from 19 April 2021 to 18 April 2026. If the investor exercises the option to sell back, the interest-bearing period for the portion of the bond it sells back is from 19 April 2021 to 18 April 2024.

On 23 July 2021, the Company completed the public issuance of the first phase of 2021 corporate bonds, and the actual issuance scale was RMB1,000,000,000.00. The bond was issued at the rate of 3.35%, with interest to be paid once a year and principal repaid once at maturity. The term of the bond is 5 years, and the interest-bearing term is from 27 July 2021 to 26 July 2026.

The Company was permitted to publicly issue corporate bonds with a face value of not more than RMB4.1 billion to professional investors upon approval of Shanghai Stock Exchange and registration by the CHINA SECURITIES REGULATORY COMMISSION (Document "Zheng Jian Xu Ke [2022] No. 559"). On 18 October 2023, the Company completed the issuance of the first phase of 2023 Green corporate bonds, and the actual issuance scale was RMB550,000,000.00. The bond was issued at the rate of 2.88%. The term of the bond is 3 years, and the interest-bearing term is from 18 October 2023 to 18 October 2026. The bonds bear interest on a simple interest basis, and the interest is repaid annually, with a lump sum repayment of principal at maturity.

Note 2: Medium-term notes

On 13 August 2018, as approved by the China Association of Interbank Market Dealers, the Company issued medium-term notes of RMB800,000,000.00, which bear a term of 5 years and interest at a rate of 4.49% per annum, with interest to be paid once a year and principal repaid in a lump sum at maturity on 15 August 2023.

On 22 May 2023, the Company issued the first phase of 2023 medium-term notes of RMB1,000,000,000.00, which bear a term of 3 years and interest at a rate of 2.89%, with an inception date of interest on 24 May 2023 and a due date on 24 May 2026. The funds raised are intended to be used to repay interest-bearing debts of the Company and its subsidiaries.

On 4 September 2023, the Company issued the second phase of 2023 medium-term notes of RMB1,000,000,000.00, which bear a term of 5 years and interest at a rate of 3.05%, with an inception date of interest on 6 September 2023 and a due date on 6 September 2028. The funds raised are intended to be used to repay interest-bearing debts of the Company and its subsidiaries.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Lease liabilities

RMB

Item	31 December 2023	31 December 2022
Lease liabilities	79,847,804.74	101,256,379.57
Less: Lease liabilities included in non-current liabilities due within one year (Note V, 33)	34,233,673.74	53,517,680.22
Net amount	45,614,131.00	47,738,699.35

The analysis of the Group's lease liabilities based on the maturity period of the undiscounted remaining contractual obligations is as follows:

RMB

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
31 December 2023	35,091,767.30	23,098,237.92	39,419,890.62	3,836,515.45	101,446,411.29
31 December 2022	59,298,906.47	28,077,270.07	21,121,371.94	3,461,192.67	111,958,741.15

38. Long-term payables

(1) Presentation of long-term payables by nature:

RMB

Item	31 December 2023	31 December 2022
Borrowings from associates and joint ventures (Note XI, 5 (4))	824,596,715.85	944,646,715.85
Financial liabilities arising from sale and leaseback transactions (Note 1)	106,743,102.98	279,029,169.22
Borrowings from Shenzhen Investment Holdings International Capital Holding Company Limited ("Shenzhen Investment Holdings International") (Note 2)	–	2,105,041,763.41
Total	931,339,818.83	3,328,717,648.48
Less: Long-term payables due within one year (Note V, 33)	24,061,952.56	2,180,436,285.12
Long-term payables due after one year	907,277,866.27	1,148,281,363.36

Note 1: As at 31 December 2023, the balance arising from sale and leaseback transactions represents the long-term payables arising from the sale and leaseback of the equipment of Guangxi Bioland, a subsidiary of Bioland Company, for which Bioland Company provided joint and several liability guarantee.

Note 2: It represents the borrowings borrowed by SIHICH, a subsidiary of the Company, from Shenzhen Investment Holdings International for a term from 27 September 2018 to 26 September 2023. As of 31 December 2023, the borrowings have been repaid.



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Long-term employee benefits payable

RMB

Item	31 December 2023	31 December 2022
Other long-term employee benefits (Note)	115,649,911.45	115,716,411.45

Note: Other long-term employee benefits are the Group's long-term incentive bonuses, which are expected to be paid in subsequent years.

40. Provisions

RMB

Item	31 December 2023	31 December 2022
Cost of services in the future (Note 1)	151,602,590.20	146,394,830.60
Subsequent expenditure for kitchen waste disposal project (Note 2)	47,505,506.46	39,071,788.53
Pending litigation or arbitration	3,805,664.91	–
Product warranty	207,378.06	1,864,193.03
Total	203,121,139.63	187,330,812.16

Note 1: The estimated cost of services of toll roads in the future accrued by the Group according to relevant government documents.

Note 2: It represents the expenditure expected to be incurred by the Group to maintain a certain service capacity of the kitchen waste disposal assets it holds or to maintain a certain state of use of these assets before they are handed over to the contract grantor.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Deferred revenue

RMB

Item	1 January 2023	Additions in the current year	Reductions in the current year	31 December 2023	Reason
Compensation for future operating expenses of new stations on Nanguang Expressway and Yanpai Expressway	211,704,931.35	-	33,600,000.00	178,104,931.35	Compensation from Shenzhen government for future operating costs of new stations on Nanguang and Yanpai Expressway
Compensation for future operating expenses of new stations on the free section of Longda Expressway	145,915,980.26	-	26,667,341.77	119,248,638.49	Compensation from Shenzhen government for future operating expenses of new station due to toll adjustment of the Shenzhen section of Longda Expressway
Compensation for operating expenses regarding the new ramp on the free section of Meiguan Expressway	55,591,669.24	-	13,080,392.64	42,511,276.60	Compensation from Shenzhen government for future operating expenses of new ramp constructed due to toll adjustment of Meiguan Expressway
Central subsidy funds for cancellation of the provincial expressway toll station project	30,252,071.17	-	7,129,398.11	23,122,673.06	The Ministry of Transport's cash subsidies for cancellation of the provincial expressway toll station project regarding the toll roads of the Company
Government economic grants for Bioland Company	22,128,255.85	1,070,000.00	3,480,486.90	19,717,768.95	Government grants for equipment received by Bioland Company
Government compensation for demolition	8,240,966.70		2,746,988.88	5,493,977.82	Government compensation for demolition received by Qinglong Company
Government financial grants for Guizhou Land	508,847.48	-	32,486.18	476,361.30	Government financial grants received by Guizhou Land from Guizhou Longli County Government
Total	474,342,722.05	1,070,000.00	86,737,094.48	388,675,627.57	



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Equity

RMB

Item	1 January 2023	Movement					31 December 2023
		New shares issued	Bonus issue	Transfer from reserve	Others	Sub-total	
Equity	2,180,770,326.00	-	-	-	-	-	2,180,770,326.00

43. Other equity instruments

As at 31 December 2023, the specific situation of the Group's outstanding perpetual bonds is as follows:

RMB

Item	Issue date	Accounting classification	Interest rate	Amount	Expiry day or renewal situation	Transfer conditions	General information of transfer
Perpetual bonds	4 December 2020	Other equity instruments	4.6%	4,000,000,000.00	No fixed deadline	Nil	Nil

44. Capital reserve

RMB

Item	1 January 2023	Additions in the current year	Reductions in the current year	31 December 2023
Share premium	4,088,787,596.29	23,472,842.07	-	4,112,260,438.36
Including: Contributions from investors	1,444,510,961.24	-	-	1,444,510,961.24
Business combination involving entities under common control	2,759,887,122.51	-	-	2,759,887,122.51
Acquisition of minority interests in subsidiaries	(114,598,966.13)	23,472,842.07	-	(91,126,124.06)
Capital injection in the investee	(1,011,521.33)	-	-	(1,011,521.33)
Other capital reserve (Note 1)	301,811,539.31	-	24,733,215.74	277,078,323.57
Total	4,390,599,135.60	23,472,842.07	24,733,215.74	4,389,338,761.93

Note: The Group recognised a decrease in capital reserve of RMB24,733,215.74 based on the change in capital reserve of joint ventures and associates held by it.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other comprehensive income

RMB

Item	Amount incurred in the current year						31 December 2023
	1 January 2023	Pre-tax amount incurred during the year	Less: Amount included in other comprehensive income in the previous period and transferred to profit or loss in the current year	Less: Income tax expenses	Amount attributable to the Company, net of tax	Amount attributable to minority shareholders, net of tax	
I. Other comprehensive income that may not be reclassified to profit or loss	-	-	-	-	-	-	-
Including: Changes from remeasurement of defined benefit plans	-	-	-	-	-	-	-
II. Other comprehensive income that may be reclassified to profit or loss	(408,012,206.05)	(145,778,080.16)	-	-	(134,292,785.62)	(11,485,294.54)	(542,304,991.67)
Including: Appreciation of initial equity interest upon business combination	893,132,218.74	-	-	-	-	-	893,132,218.74
- Other comprehensive income that will be reclassified to profit or loss under the equity method (Note V, 13)	(46,118,896.94)	28,746,332.31	-	-	28,746,332.31	-	(17,372,564.63)
- Translation differences of financial statements denominated in foreign currencies	(1,255,431,707.85)	(174,524,412.47)	-	-	(163,039,117.93)	(11,485,294.54)	(1,418,470,825.78)
Others	406,180.00	-	-	-	-	-	406,180.00
Total other comprehensive income	(408,012,206.05)	(145,778,080.16)	-	-	(134,292,785.62)	(11,485,294.54)	(542,304,991.67)



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Surplus reserve

RMB

Item	1 January 2023	Additions in the current year	Reductions in the current year	31 December 2023
Statutory surplus reserve	2,650,260,329.93	114,539,572.89	-	2,764,799,902.82
Discretionary surplus reserve	453,391,330.06	-	-	453,391,330.06
Total	3,103,651,659.99	114,539,572.89	-	3,218,191,232.88

In accordance with the Company Law of the People's Republic of China, the Company's Articles of Association and the resolution of the shareholders' meeting, the Company should appropriate 10% of the net profit for the year to the statutory surplus reserve, where the appropriation can cease when the statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase capital after approval from the appropriate authorities. The Company has appropriated statutory surplus reserve of RMB114,539,572.89 in 2023 (2022: RMB172,052,187.30).

The amount of the Company's discretionary surplus reserve was proposed by the Board of Directors and has been approved by the Annual General Meeting. The discretionary surplus reserve can be used to make up for previous years' loss or increase capital upon approval. The Company has not appropriated any discretionary surplus reserve in the current year.

47. Undistributed profits

RMB

Item	2023	2022
Balance of undistributed profits at the end of the prior year before adjustment	8,079,278,802.54	8,540,070,494.76
Total opening balance of undistributed profits adjusted	2,179,848.75	(1,382,731,760.75)
Opening balance of undistributed profits after adjustment	8,081,458,651.29	7,157,338,734.01
Add: Net profit attributable to shareholders of the Company in the current year	2,327,197,196.81	2,016,496,533.08
Less: Appropriation for statutory surplus reserve	114,539,572.89	172,052,187.30
Ordinary share dividend payable (Note)	1,007,515,890.61	1,352,077,602.12
Dividends paid to other equity instruments	186,555,555.55	186,555,555.55
Effects of business combination involving entities under common control	-	(634,456,517.39)
Effects of acquisition of equity from minority shareholders	-	16,147,788.22
Others	(11,957,298.92)	-
Closing balance of undistributed profits	9,112,002,127.97	8,081,458,651.29

Note: According to the resolution of the annual shareholders' meeting on 16 May 2023, the Company distributed 2022 cash dividends to all shareholders at RMB0.462 per share. Based on the 2,180,770,326 shares issued, a total of RMB1,007,515,890.61 cash dividends were distributed, of which a cash dividend of RMB662,170,890.61 was distributed for 1,433,270,326 A shares issued, and a cash dividend of HKD390,338,542.43 (equivalent to RMB345,345,000.00) was distributed for 747,500,000 H shares issued. As of 31 December 2023, the above dividends have been paid.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Operating income and cost of services

(1) Details of operating income and cost of services

RMB

Item	2023		2022	
	Income	Cost	Income	Cost
Main business – Toll road	5,374,901,239.20	2,666,988,877.55	4,978,341,345.68	2,800,083,416.38
Main business – Environmental protection	1,618,254,610.60	1,255,448,544.17	1,757,219,821.16	1,288,946,396.95
– Sales of wind turbine equipment	530,973.45	13,728,614.50	116,313,086.15	107,845,843.75
– Wind power	652,330,053.45	275,802,882.36	691,632,965.90	269,388,623.13
– Construction of kitchen waste disposal projects	63,722,444.05	109,658,127.04	56,824,373.47	75,731,347.28
– Operation of kitchen waste disposal projects	628,891,338.51	582,372,036.03	474,562,756.65	420,138,146.62
– Sales of kitchen waste disposal equipment	23,070,239.09	17,411,459.14	22,968,999.31	37,897,089.30
– Others	249,709,562.05	256,475,425.10	394,917,639.68	377,945,346.87
Other services	2,302,148,521.89	2,026,946,321.66	2,637,021,379.75	2,264,566,448.63
– Entrusted construction and management services	509,115,518.71	373,945,931.01	887,795,704.26	690,320,224.59
– Construction service under franchise arrangements	1,346,854,567.69	1,346,854,567.69	1,256,226,886.98	1,256,226,886.98
– Financial leasing	95,301,665.90	39,937,811.54	94,278,147.14	35,408,623.71
– Real estate development	89,710,321.17	63,826,446.06	164,812,097.30	119,695,332.54
– Advertising	8,873,723.83	6,971,233.55	21,441,556.61	14,742,487.48
– Others	252,292,724.59	195,410,331.81	212,466,987.46	148,172,893.33
Total	9,295,304,371.69	5,949,383,743.38	9,372,582,546.59	6,353,596,261.96



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Operating income and cost of services (Continued)

(2) Breakdown of operating income

2023

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	4,676,202,486.34	375,356,821.95	397,648,570.14	95,301,665.90	1,275,630,578.62	257,089,626.19	7,077,229,749.14
Hunan Province	698,594,112.90	26,190,846.73	-	-	-	3,886,796.06	728,671,755.69
Guizhou Province	-	103,438,721.55	111,466,948.57	-	2,783,565.54	89,900,347.34	307,589,583.00
Hubei Province	104,639.96	13,222,267.20	-	-	-	-	13,326,907.16
Jiangsu Province	-	38,006,553.42	-	-	2,142,599.04	-	40,149,152.46
Inner Mongolia Autonomous Region	-	288,683,044.19	-	-	21,737,032.52	-	310,420,076.71
Guangxi Zhuang Autonomous Region	-	137,073,394.19	-	-	22,071,607.25	-	159,145,001.44
Shandong Province	-	53,338,354.46	-	-	-	-	53,338,354.46
Zhejiang Province	-	28,965,170.46	-	-	-	-	28,965,170.46
Sichuan Province	-	48,835,006.80	-	-	3,455,492.70	-	52,290,499.50
Jiangxi Province	-	68,765,128.98	-	-	9,760,938.30	-	78,526,067.28
Hebei Province	-	18,375,078.46	-	-	1,482,612.24	-	19,857,690.70
Xinjiang Uygur Autonomous Region	-	301,711,869.13	-	-	-	-	301,711,869.13
Henan Province	-	40,933,295.36	-	-	-	-	40,933,295.36
Ningxia Hui Autonomous Region	-	64,525,181.35	-	-	-	-	64,525,181.35
Anhui Province	-	10,833,876.37	-	-	7,790,141.48	-	18,624,017.85
Total	5,374,901,239.20	1,618,254,610.60	509,115,518.71	95,301,665.90	1,346,854,567.69	350,876,769.59	9,295,304,371.69

Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of revenue recognition							
Revenue recognised at a point in time	5,374,901,239.20	1,554,532,166.55	-	-	-	213,908,632.42	7,143,342,038.17
Revenue recognised over time	-	63,722,444.05	509,115,518.71	-	1,346,854,567.69	128,094,413.34	2,047,786,943.79
Total	5,374,901,239.20	1,618,254,610.60	509,115,518.71	-	1,346,854,567.69	342,003,045.76	9,191,128,981.96

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Operating income and cost of services (Continued)

(2) Breakdown of operating income (Continued)

2022

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	3,991,705,713.53	483,552,370.78	409,774,284.57	94,278,147.14	1,062,239,762.45	216,460,511.91	6,258,010,790.38
Hunan Province	624,366,395.40	-	-	-	-	5,359,681.34	629,726,076.74
Guizhou Province	-	99,388,028.97	478,021,419.69	-	8,611,308.30	164,977,749.18	750,998,506.14
Hubei Province	362,269,236.75	17,647,938.92	-	-	-	-	379,917,175.67
Jiangsu Province	-	132,243,261.43	-	-	-	11,742,080.78	143,985,342.21
Inner Mongolia Autonomous Region	-	255,039,922.30	-	-	12,342,227.16	180,618.16	267,562,767.62
Guangxi Zhuang Autonomous Region	-	133,438,139.94	-	-	83,520,040.47	-	216,958,180.41
Shandong Province	-	58,988,554.90	-	-	-	-	58,988,554.90
Zhejiang Province	-	23,612,818.89	-	-	-	-	23,612,818.89
Sichuan Province	-	24,938,431.42	-	-	67,526,440.66	-	92,464,872.08
Jiangxi Province	-	65,599,986.85	-	-	-	-	65,599,986.85
Hebei Province	-	13,305,401.40	-	-	-	-	13,305,401.40
Xinjiang Uygur Autonomous Region	-	346,488,244.94	-	-	-	-	346,488,244.94
Henan Province	-	42,201,461.95	-	-	-	-	42,201,461.95
Ningxia Hui Autonomous Region	-	50,722,284.58	-	-	-	-	50,722,284.58
Anhui Province	-	10,052,973.89	-	-	21,987,107.94	-	32,040,081.83
Total	4,978,341,345.68	1,757,219,821.16	887,795,704.26	94,278,147.14	1,256,226,886.98	398,720,641.37	9,372,582,546.59

Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of revenue recognition							
Revenue recognised at a point in time	4,978,341,345.68	1,700,395,447.69	-	-	-	243,085,654.84	6,921,822,448.21
Revenue recognised over time	-	56,824,373.47	887,795,704.26	-	1,256,226,886.98	134,193,429.92	2,335,040,394.63
Total	4,978,341,345.68	1,757,219,821.16	887,795,704.26	-	1,256,226,886.98	377,279,084.76	9,256,862,842.84



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Operating income and cost of services (Continued)

(3) Breakdown of cost of services

2023

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	2,364,599,997.71	436,346,962.43	300,907,133.23	39,937,811.54	1,275,630,578.62	202,381,565.36	4,619,804,048.89
Hunan Province	300,436,609.59	15,133,454.30	-	-	-	-	315,570,063.89
Guizhou Province	-	76,981,714.64	73,038,797.78	-	2,783,565.54	63,826,446.06	216,630,524.02
Hubei Province	1,952,270.25	14,199,963.55	-	-	-	-	16,152,233.80
Jiangsu Province	-	54,115,137.62	-	-	2,142,599.04	-	56,257,736.66
Inner Mongolia Autonomous Region	-	92,106,030.74	-	-	21,737,032.52	-	113,843,063.26
Guangxi Zhuang Autonomous Region	-	132,230,185.74	-	-	22,071,607.25	-	154,301,792.99
Shandong Province	-	41,740,161.13	-	-	-	-	41,740,161.13
Zhejiang Province	-	33,194,239.03	-	-	-	-	33,194,239.03
Sichuan Province	-	30,728,238.22	-	-	3,455,492.70	-	34,183,730.92
Jiangxi Province	-	76,468,059.65	-	-	9,760,938.30	-	86,228,997.95
Hebei Province	-	22,376,445.02	-	-	1,482,612.24	-	23,859,057.26
Xinjiang Uygur Autonomous Region	-	129,362,562.75	-	-	-	-	129,362,562.75
Henan Province	-	14,947,619.85	-	-	-	-	14,947,619.85
Ningxia Hui Autonomous Region	-	64,525,181.35	-	-	-	-	64,525,181.35
Anhui Province	-	20,992,588.15	-	-	7,790,141.48	-	28,782,729.63
Total	2,666,988,877.55	1,255,448,544.17	373,945,931.01	39,937,811.54	1,346,854,567.69	266,208,011.42	5,949,383,743.38

Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of revenue recognition							
Revenue recognised at a point in time	2,666,988,877.55	1,145,790,417.13	-	-	-	133,400,181.01	3,946,179,475.69
Revenue recognised over time	-	109,658,127.04	373,945,931.01	-	1,346,854,567.69	125,836,596.86	1,956,295,222.60
Total	2,666,988,877.55	1,255,448,544.17	373,945,931.01	-	1,346,854,567.69	259,236,777.87	5,902,474,698.29

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Operating income and cost of services (Continued)

(3) Breakdown of cost of services (Continued)

2022

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	2,246,081,759.92	480,422,712.44	346,027,216.28	35,408,623.71	1,062,239,762.45	162,915,380.81	4,333,095,455.61
Hunan Province	296,909,457.56	-	-	-	-	-	296,909,457.56
Guizhou Province	-	73,474,668.28	344,293,008.31	-	8,611,308.30	119,695,332.54	546,074,317.43
Hubei Province	257,092,198.90	13,630,351.36	-	-	-	-	270,722,550.26
Jiangsu Province	-	163,444,049.08	-	-	-	-	163,444,049.08
Inner Mongolia Autonomous Region	-	80,314,099.76	-	-	12,342,227.16	-	92,656,326.92
Guangxi Zhuang Autonomous Region	-	100,508,572.65	-	-	83,520,040.47	-	184,028,613.12
Shandong Province	-	65,346,463.95	-	-	-	-	65,346,463.95
Zhejiang Province	-	30,487,129.66	-	-	-	-	30,487,129.66
Sichuan Province	-	2,530,494.38	-	-	67,526,440.66	-	70,056,935.04
Jiangxi Province	-	58,389,861.36	-	-	-	-	58,389,861.36
Hebei Province	-	20,000,776.36	-	-	-	-	20,000,776.36
Xinjiang Uygur Autonomous Region	-	126,984,063.75	-	-	-	-	126,984,063.75
Henan Province	-	13,543,284.18	-	-	-	-	13,543,284.18
Ningxia Hui Autonomous Region	-	50,722,284.58	-	-	-	-	50,722,284.58
Anhui Province	-	9,147,585.16	-	-	21,987,107.94	-	31,134,693.10
Total	2,800,083,416.38	1,288,946,396.95	690,320,224.59	35,408,623.71	1,256,226,886.98	282,610,713.35	6,353,596,261.96

Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of revenue recognition							
Revenue recognised at a point in time	2,800,083,416.38	1,236,522,544.48	-	-	-	193,263,671.94	4,229,869,632.80
Revenue recognised over time	-	52,423,852.47	690,320,224.59	-	1,256,226,886.98	74,604,553.93	2,073,575,517.97
Total	2,800,083,416.38	1,288,946,396.95	690,320,224.59	-	1,256,226,886.98	267,868,225.87	6,303,445,150.77



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Operating income and cost of services (Continued)

(4) Descriptions on performance obligations

The main businesses of the Group are toll highways, environmental protection, etc. Please refer to Note III, 30.

There is no major financing component in the revenue contract of the Group.

(5) Descriptions on allocation to remaining performance obligations

At the end of the year, the amount of contract liabilities corresponding to the performance obligations for which the Group has entered into a contract but which has not been fulfilled or completely fulfilled was RMB67,149,275.34, and the revenue will be recognised when the customer obtains control of the product.

49. Taxes and surcharges

RMB

Item	2023	2022
City maintenance and construction tax	13,946,380.25	11,796,699.39
Educational surcharge	9,885,060.98	9,130,624.07
Property tax	9,603,848.35	7,908,790.96
Stamp tax	2,093,980.95	3,022,030.56
Land appreciation tax	2,079,414.80	3,904,865.45
Land use tax	2,818,873.90	3,875,314.99
Others	942,125.54	804,070.29
Total	41,369,684.77	40,442,395.71

50. Selling expenses

RMB

Item	2023	2022
Salaries and wages	12,684,656.93	23,547,867.34
Low-value consumables	–	2,074,187.54
Advertising expenses and business promotion expenses	2,581,805.44	4,265,619.98
Travel fees	1,276,860.13	2,018,173.12
Depreciation and amortisation	702,027.22	782,850.92
Business entertainment	67,316.80	399,255.21
Others	2,473,170.76	2,487,507.27
Total	19,785,837.28	35,575,461.38

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. General and administrative expenses

RMB

Item	2023	2022
Salaries and wages	268,155,912.05	227,545,001.54
Depreciation and amortisation	116,258,131.26	109,663,514.25
Office building management fees	10,631,217.65	7,045,488.98
Legal and advisory fees	27,515,428.12	36,161,698.21
Office and communication charges	11,113,758.40	7,808,493.10
Audit fees	12,447,748.51	13,383,978.38
Travel fees	4,746,182.97	3,778,271.08
Rents	2,790,535.54	7,176,686.70
Stock exchange fees	6,581,075.96	6,363,352.28
Business entertainment fees	3,985,630.68	5,218,442.89
Vehicle fees	2,102,795.91	1,519,638.33
Others	16,854,567.71	18,054,309.55
Total	483,182,984.76	443,718,875.29

52. Research and development expenses

RMB

Item	2023	2022
Labor cost	15,907,314.46	25,107,407.13
Direct consumables	4,657,321.83	6,042,787.93
Depreciation and amortisation	7,448,778.18	8,314,618.32
Technical service fee	610,530.00	5,259,101.59
Others	4,852,858.05	1,753,322.80
Total	33,476,802.52	46,477,237.77

The research and development expenses include costs of materials and labor, depreciation and amortisation of R&D machines used in the development of patents. The R&D expenses in this year mainly include the expenses on research and development of green recycling technology for waste batteries of Qiantai Company, and those on research and development of various environmental protection device systems and process technologies of Bioland Company and Lisai Environmental Protection.



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. Financial expenses

RMB

Item	2023	2022
Interest expenses	1,241,927,125.27	1,213,880,879.04
Including: Interest expenses on borrowings	884,652,950.22	761,101,929.87
Interest expenses on bonds payable	300,200,268.75	341,829,740.19
Interest expenses on long-term payables	16,674,836.49	31,522,173.92
Unrecognised financing expenses of compensation for newly-built toll station of Longda Expressway and Three Expressways	26,742,016.32	30,693,607.08
Interest expenses on lease liabilities	7,225,082.58	26,214,597.79
Interest expenses on provisions	6,175,647.35	15,143,130.87
Interest expenses on notes discounted	256,323.56	5,451,241.84
Interest expenses on house payment received in advance	–	1,924,457.48
Less: Interest income	70,974,421.18	130,089,462.79
Less: Interest capitalised	12,345,782.87	28,808,232.04
Including: Interest expense capitalised	12,659,236.04	29,209,632.23
Interest income capitalised	313,453.17	401,400.19
Exchange losses	72,777,474.20	318,161,944.37
Others	8,822,125.32	13,526,289.72
Total	1,240,206,520.74	1,386,671,418.30

In 2023, the capitalisation amount of the Group's borrowing costs included in inventories and intangible assets is set out in Note V, 7 (3) and Note V, 19 (3).

Details of interest income are listed as follows:

RMB

Item	2023	2022
Interest on deposits	42,122,277.11	74,225,527.21
Interest income on free compensation	25,033,749.50	38,973,416.58
Interest income on advances from shareholder	3,818,394.57	16,104,641.51
Interest income on long-term receivables	–	785,877.49
Less: Interest income capitalised	313,453.17	401,400.19
Total	70,660,968.01	129,688,062.60

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Other income

RMB

Classification by nature	2023	2022
Award for return of Duohua Project	13,603,415.00	–
VAT refund on collection	8,233,624.93	4,712,005.05
Central government subsidy for cancellation of provincial expressway toll station project	7,129,398.11	7,129,398.11
Government financial aid for Bioland Company	3,480,486.90	3,245,878.08
Tax refund and additional deduction of VAT	2,930,822.00	1,695,860.91
Financial grants for Guizhou Land	32,486.18	1,874,814.54
Research and development and application demonstration of green recycling technology for used ternary lithium-ion batteries of Qiantai Company	–	1,800,000.00
Others	10,419,782.85	11,492,066.04
Total	45,830,015.97	31,950,022.73

55. Investment income

RMB

Item	2023	2022
Income from long-term equity investments under the equity method (Note V, 13)	1,477,767,743.34	582,687,782.25
Investment income from financial products	14,631,595.42	9,385,482.19
Investment income from other non-current financial assets during the holding period	10,964,210.54	18,622,334.03
Investment income from disposal of long-term equity investments	1,281,118.47	921,200,000.00
Others	208,789.71	2,000,913.63
Total	1,504,853,457.48	1,533,896,512.10

56. Gains from changes in fair value

RMB

Item	2023	2022
Financial assets (liabilities) at FVTPL	153,607,037.26	95,175,495.33
Including: Other non-current financial assets (Note V, 14)	130,604,671.82	24,418,156.18
Obligation to pay the difference	(13,096,456.41)	(57,612,566.52)
Compensation for valuation adjustment mechanism	36,098,821.85	128,369,905.67
Total	153,607,037.26	95,175,495.33



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Credit impairment gains (losses)

RMB

Item	2023	2022
Impairment losses of accounts receivable (Note V, 4 (3))	(62,271,608.80)	(61,740,491.04)
Impairment losses of other receivables (Note V, 6.3 (4))	(21,624,108.07)	(4,253,230.23)
Impairment losses of long-term receivables (Note V, 12 (3))	(16,311,954.02)	(17,229,947.03)
Total	(100,207,670.89)	(83,223,668.30)

58. Gains (losses) on impairment of assets

RMB

Item	2023	2022
Losses on decline in value of inventories (Note V, 7 (2))	(132,225,841.52)	(99,012,856.94)
Impairment losses of intangible assets	–	(19,050,197.20)
Impairment losses of goodwill	–	(46,039,775.24)
Impairment losses of contract assets	–	(13,651.38)
Total	(132,225,841.52)	(164,116,480.76)

59. Non-operating income

RMB

Item	2023	2022	Amount recognised in non-recurring profit or loss for the period
Government grants not related to daily activities	295,495.94	2,553,806.73	295,495.94
Others	7,289,688.05	22,215,009.96	7,289,688.05
Total	7,585,183.99	24,768,816.69	7,585,183.99

(1) Government grants not related to daily activities are as follows:

RMB

Item	2023	2022	Related to assets/income
Government incentives	295,495.94	2,553,806.73	Related to income

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Non-operating expenses

RMB

Item	2023	2022	Amount recognised in non-recurring profit or loss for the period
Loss on destruction and retirement of non-current assets Provision for liquidated damages and compensation by subsidiaries	94,122,644.67	3,402,892.22	94,122,644.67
Donation	3,801,000.00	312,335.30	3,801,000.00
Losses on damage or retirement of non-current assets	944,497.51	14,760,041.44	944,497.51
Others	6,493,566.82	8,848,692.16	6,493,566.82
Total	105,361,709.00	27,323,961.12	105,361,709.00

61. Income tax expenses

(1) Classification of income tax expenses

RMB

Item	2023	2022 (Restated)
Current tax expense	507,153,681.07	529,626,485.34
Deferred tax expense	22,648,906.85	(304,979.03)
Total	529,802,587.92	529,321,506.31

(2) Reconciliation of income tax expenses to the accounting profit is as follows:

RMB

Item	2023	2022 (Restated)
Total profit	2,915,633,626.92	2,484,525,047.12
Income tax expenses calculated at the statutory/applicable tax rate	728,908,406.73	621,131,261.78
Effect of different tax rates applicable to certain subsidiaries	(47,343,744.39)	53,478,663.75
Effect of income not subject to tax	(347,072,059.48)	(271,059,644.66)
Effect of deductible temporary differences or deductible losses for which deferred tax assets not recognised for the year	164,456,533.58	140,776,288.67
Effect of adjusting income tax of the previous year	31,925,933.47	1,745,835.86
Effect of cost, expenses and losses not deductible	825,280.74	1,360,567.13
Effect of using previously unrecognised deductible losses and deductible temporary differences	(1,897,762.73)	(18,111,466.22)
Income tax expenses	529,802,587.92	529,321,506.31



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Items in the statement of cash flows

(1) Cash relating to operating activities

Other cash received relating to operating activities

RMB

Item	2023	2022
Security deposit received and recovered	165,513,843.20	67,302,144.44
Funds temporarily received	66,343,786.88	86,900,756.82
Government grants received	22,779,608.17	11,025,614.36
Interest income	24,974,001.00	29,112,979.63
Project compensation received	3,988,269.83	6,866,476.64
Project advances received	3,116,652.92	31,733,600.00
Others	109,180,915.51	73,623,892.03
Total	395,897,077.51	306,565,463.92

Other cash payments relating to operating activities

RMB

Item	2023	2022
Project funds paid	206,925,630.33	120,300,234.01
Security deposit paid and refunded	123,296,987.47	28,534,837.46
Expenditures	78,704,059.69	84,310,086.59
Intermediary service fee	46,072,535.80	73,486,239.15
Withholding payments paid	39,945,833.63	70,156,810.39
Repayment of borrowings to shareholders	–	13,800,000.00
Others	123,315,876.91	97,975,747.27
Total	618,260,923.83	488,563,954.87

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Items in the statement of cash flows (Continued)

(2) Cash relating to investing activities

Cash received relating to significant investing activities

RMB

Item	2023	2022
Structured deposits recovered during the year	2,370,000,000.00	1,368,000,000.00

Cash payments relating to significant investing activities

RMB

Item	2023	2022
Capital expenditures on Coastal Expressway Phase II project	610,417,562.16	541,267,017.83
Increase in structured deposits and certificates of time deposits for the year	1,990,000,000.00	1,918,000,000.00
Payments made by Financial Leasing Company during the year for purchase of equipment under finance lease	527,944,486.09	157,672,747.48

Other cash received relating to investing activities

RMB

Item	2023	2022
Recovery of advances from shareholder	209,960,000.00	52,920,000.00
Interest income	20,966,670.68	99,802,499.04
Equity refunds received	–	32,383,800.00
Others	19,183.10	467,751.95
Total	230,945,853.78	185,574,050.99

Other cash payments relating to investing activities

RMB

Item	2023	2022
Payment of expenses related to the construction of Shaoyang project	1,627,307.24	–
Others	328,549.96	634,617.04
Total	1,955,857.20	634,617.04



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Items in the statement of cash flows (Continued)

(3) Cash relating to financing activities

Other cash received relating to financing activities

RMB

Item	2023	2022
Refundable finance lease deposits received	–	12,000,000.00
Funds on discounted bills received	–	20,000,000.00
Others	–	136,606.04
Total	–	32,136,606.04

Other cash payments relating to financing activities

RMB

Item	2023	2022
Payment for principal and interest on sale and leaseback financing	177,345,554.37	248,693,824.31
Repayment of principal and interest on lease liabilities	46,243,852.92	345,688,211.22
Repayment for capital contribution from minority shareholders	19,005,693.50	28,058,311.04
Payment of interest on USD bonds and withholding taxes on annual trust fees	6,611,099.56	–
Brokerage fees for issuing bonds	3,848,383.69	7,127,645.26
Payment for acquisition of equity from minority shareholders	–	74,222,613.03
Others	123,947,074.75	2,743,292.32
Total	377,001,658.79	706,533,897.18

Changes in liabilities arising from financing activities

RMB

Item	Opening balance	Additions in cash changes for the year	Reductions in cash changes for the year	Non-cash changes, net	Closing balance
Short-term borrowings	9,396,229,275.32	11,026,972,327.94	9,639,737,957.79	322,162,191.38	11,105,625,836.85
Other current liabilities – Ultra-short term financing bonds	2,016,515,923.01	3,500,000,000.00	4,048,989,535.15	45,068,225.54	1,512,594,613.40
Long-term borrowings (including long-term payables due within one year)	10,562,228,588.12	1,339,070,895.32	1,732,311,472.52	396,459,220.17	10,565,447,231.09
Bonds payable (including bonds payable due within one year)	8,926,906,323.71	2,550,000,000.00	3,278,556,914.73	296,741,913.13	8,495,091,322.11
Lease liabilities (including lease liabilities due within one year)	101,256,379.57	–	46,243,852.92	24,835,278.09	79,847,804.74
Long-term payables (including long-term payables due within one year)	3,328,717,648.48	80,000,000.00	2,708,454,929.05	231,077,099.40	931,339,818.83
Dividends payable	59,026,395.77	–	1,434,363,701.52	1,380,959,527.93	5,622,222.18

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

RMB

Supplementary information	2023	2022 (Restated)
1. Reconciliation from net profit to cash flows from operating activities:		
Net profit	2,385,831,039.00	1,955,203,540.81
Add: Credit impairment losses	100,207,670.89	83,223,668.30
Impairment loss of assets	132,225,841.52	164,116,480.76
Depreciation of fixed assets	487,032,577.55	482,138,003.74
Depreciation of right-of-use assets	42,612,865.76	53,201,992.21
Depreciation of investment properties	1,420,347.70	1,453,496.29
Amortisation of intangible assets	1,813,092,547.52	1,724,091,107.82
Amortisation of long-term prepaid expenses	18,494,871.82	15,774,981.52
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(13,654,355.39)	(7,297,414.27)
Losses on damage and retirement of non-current assets	944,497.51	14,760,041.44
Losses (gains) on changes in fair value	(153,607,037.26)	(95,175,495.33)
Financial expenses	1,265,180,521.74	898,678,586.05
Investment loss (income)	(1,504,853,457.48)	(1,533,896,512.10)
Decrease in deferred tax assets	155,192,293.37	31,656,973.32
Increase (decrease) in deferred tax liabilities	(132,543,386.52)	(31,961,952.35)
Decrease (increase) in inventories	(173,526,898.20)	(74,454,954.67)
Decrease (increase) in operating receivables	(44,421,711.94)	247,068,318.49
Increase (decrease) in operating payables	(284,815,999.72)	(559,090,750.84)
Net cash flows from operating activities	4,094,812,227.87	3,369,490,111.19
2. Net changes in cash and cash equivalents:		
Closing balance of cash	1,955,220,227.32	3,197,002,667.41
Less: Opening balance of cash	3,197,002,667.41	5,456,959,403.09
Net increase (decrease) in cash and cash equivalents	(1,241,782,440.09)	(2,259,956,735.68)

(2) Composition of cash and cash equivalents

RMB

Item	31 December 2023	31 December 2022
I. Cash	1,955,220,227.32	3,197,002,667.41
Including: Cash on hand	6,881,214.18	9,205,134.25
Cash at banks that can be withdrawn on demand	1,948,339,013.14	3,187,797,533.16
II. Balance of cash and cash equivalents at the end of the year	1,955,220,227.32	3,197,002,667.41
Add: Restricted cash and cash equivalents held by the Company and subsidiaries of the Group (Note V, 1)	197,147,405.73	438,629,991.31
Add: Interest on bank deposits	-	229,500.00
III. Cash at banks and on hand	2,152,367,633.05	3,635,862,158.72

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. Monetary items denominated in foreign currencies

(1) Monetary items denominated in foreign currencies

Item	31 December 2023	Exchange rate	Equivalent to RMB
Cash at banks and on hand			
HKD	61,658,449.02	0.91	55,876,119.67
USD	1,132,819.36	7.08	8,023,419.68
EUR	12.00	7.86	94.31
FRF	11.70	8.42	98.50
ESP	446.00	0.05	20.88
JPY	379.98	0.05	19.08
Other receivables			
HKD	939,946.73	0.91	851,798.53
Short-term borrowings			
HKD	11,765,393,687.06	0.91	10,668,512,658.26
Employee benefits payable			
HKD	2,319,340.16	0.91	2,101,832.44
USD	100,616.96	7.08	712,639.74
Other payables			
HKD	2,869,204.29	0.91	2,600,130.31
USD	4,115.23	7.08	29,146.97
Non-current liabilities due within one year			
HKD	82,909,288.68	0.91	75,134,055.59
USD	2,522,916.63	7.08	17,869,061.62
Bonds payable			
USD	300,000,000.00	7.08	2,116,263,707.56
Long-term borrowings			
HKD	725,082,410.89	0.91	657,084,182.40
Lease liabilities			
HKD	1,553,743.49	0.91	1,408,033.43

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. Monetary items denominated in foreign currencies (Continued)

(2) Overseas operating entities

The significant overseas operating entities of the Group include Mei Wah Company, SIHICH and Bay Area Development, among which Mei Wah Company, an investment and financing company, chooses HKD as its functional currency. SIHICH is an investment company which chooses HKD as its functional currency, and its principal subsidiaries and joint ventures determine RMB as their functional currency on the basis of the primary economic environment in which they operate. Bay Area Development is an investment company whose investment entities have their principal operating activities in mainland China and choose RMB as their functional currency.

65. Leases

(1) As a lessee

The Group has lease contracts for various items of houses and buildings, vehicles, machinery and other equipment used in the operating process. Leases of buildings, machinery and equipment generally have lease terms of 1 to 9 years, while those of vehicles and other equipment generally have lease terms of 1 to 3 years. The above right-of-use assets cannot be used as mortgages and guarantees for borrowings.

Short-term lease expenses or expenses on leases of low-value assets that are accounted for using simplified approach:

Short-term lease expenses and expenses on leases of low-value assets that are accounted for using simplified approach and included in profit or loss for the period amounted to RMB34,260,738.17 (2022: RMB22,248,990.29) and RMB nil (2022: RMB1,769,955.68), respectively.

Total cash outflows relating to leases for the year amounted to RMB257,850,145.46 (2022: RMB618,400,981.50).

(2) As a lessor

Operating leases

RMB

Item	Lease income	Including: Income related to variable lease payments that are not included in lease receipts
Parking spaces, workshops, staff dormitory buildings and other buildings	18,882,543.76	–

The Group leases out some parking spaces, workshops, staff dormitory buildings and other buildings for indefinite lease term and lease term of 1 to 5 year, forming an operating lease.



V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Leases (Continued)

(2) As a lessor (Continued)

Operating leases (Continued)

Income related to operating leases for the year amounted to RMB18,882,543.76 (2022: RMB27,964,856.09), of which income related to variable lease payments that are not included in lease receipts was RMB nil (2022: RMB nil).

RMB

	31 December 2023	31 December 2022
1 st year subsequent to the balance sheet date	15,680,756.97	16,048,766.55
2 nd year subsequent to the balance sheet date	8,908,499.86	10,324,912.24
3 rd year subsequent to the balance sheet date	4,040,344.65	6,241,286.58
4 th year subsequent to the balance sheet date	3,675,379.53	4,048,363.77
5 th year subsequent to the balance sheet date	3,675,379.53	3,694,488.59
Subsequent years	15,877,354.29	19,533,564.88
Total undiscounted lease receipts	51,857,714.83	59,891,382.61

Finance lease

RMB

Item	Gains/losses on sales	Financing income	Income related to variable lease payments excluding net lease investment
Direct leases	-	55,363,854.36	-

The Group, as a lessor, entered into lease contracts on fixed assets with customers, with lease term ranging from 2 to 13 years. The contracts do not contain options for renewal and termination.

Reconciliation of undiscounted lease receipts to net lease investment

RMB

	31 December 2023	31 December 2022
Total undiscounted lease receipts	1,698,296,991.17	1,643,753,203.20
Unguaranteed residual value	-	-
Total lease investment	1,698,296,991.17	1,643,753,203.20
Less: Unrealised financing income	384,860,063.07	458,662,218.40
Net lease investment	1,313,436,928.10	1,185,090,984.80
Including: Finance lease receivables due within 1 year	260,026,234.70	145,910,867.47
Finance lease receivables due after 1 year	1,053,410,693.40	1,039,180,117.33

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Leases (Continued)

(2) As a lessor (Continued)

Undiscounted lease receipts for the next five years

RMB

Item	Undiscounted lease receipts per year	
	31 December 2023	31 December 2022
The first year	272,364,778.91	210,134,524.53
The second year	249,530,049.40	209,669,521.66
The third year	155,815,412.58	220,010,485.03
The fourth year	209,612,201.52	177,053,664.01
The fifth year	197,293,343.45	155,165,919.92
Total undiscounted lease receipts after five years	613,681,205.31	671,719,088.05

Gains relating to finance lease are as follows:

RMB

Item	2023	2022
Gains/losses on sales	–	–
Financing income from net lease investment	55,363,854.36	58,869,523.43
Total	55,363,854.36	58,869,523.43

VI. CHANGES IN SCOPE OF CONSOLIDATION

1. Business combination not involving entities under common control

(1) Business combination not involving entities under common control for the year

RMB

Name of acquiree	Equity acquisition date	Cost of acquisition	Shareholding percentage (%)	Acquisition method	Acquisition date	Basis for determination of acquisition date	Income of the acquiree from the date of acquisition to the end of the year	Net profit of the acquiree from the date of acquisition to the end of the year	Cash flows of the acquiree from the date of acquisition to the end of the year
Zhangshu Gaochuan New Energy Co., Ltd. ("Zhangshu Gaochuan") (Note)	1 December 2023	1,000,000.00	100.00	Acquisition of equity	1 December 2023	The control of the acquiree has been transferred	1,248,538.87	(502,443.39)	(128.99)

Note: In the current year, Nanjing Wind Power, a subsidiary of the Company, entered into an agreement with Jiangxi Gaochuan New Energy Co., Ltd., the parent company of Zhangshu Gaochuan, to acquire 100.00% equity interests in Zhangshu Gaochuan at RMB1,000,000.00. On 1 December 2023, the equity transfer procedures were completed and, Nanjing Wind Power appointed senior executives and relevant personnel in Zhangshu Gaochuan, taken over their daily operating activities and controlled the financial and operation policies of Zhangshu Gaochuan, enjoying corresponding benefits and bearing corresponding risks. Therefore, the Group included Zhangshu Gaochuan in the scope of consolidated financial statements with effect from 1 December 2023.

VI. CHANGES IN SCOPE OF CONSOLIDATION (CONTINUED)

1. Business combination not involving entities under common control (Continued)

(2) Consolidation cost and goodwill

RMB

Item	Zhangshu Gaochuan
Cash paid	–
Fair value of non-cash assets	1,000,000.00
Total consolidation cost	1,000,000.00
Less: Fair value share of identifiable net assets acquired	1,000,000.00
Goodwill	–

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

RMB

Item	Zhangshu Gaochuan	
	Fair value on acquisition date	Carrying amount on acquisition date
Assets:	325,591,698.66	335,993,922.38
Cash at banks and on hand	58,165.86	58,165.86
Accounts receivable	8,373,829.52	8,373,829.52
Prepayments	35,280.75	35,280.75
Other receivables	98,672,280.84	98,672,280.84
Fixed assets	205,867,658.34	216,307,304.17
Intangible assets	1,463,376.65	1,425,954.54
Long-term prepaid expenses	215,405.20	215,405.20
Other current assets	10,905,701.50	10,905,701.50
Liabilities:	324,591,698.66	324,591,698.66
Accounts payable	137,833,675.82	137,833,675.82
Other payables	35,000.00	35,000.00
Long-term payables	186,723,022.84	186,723,022.84
Net assets	1,000,000.00	11,402,223.72
Less: Minority interests	–	–
Net assets acquired	1,000,000.00	11,402,223.72

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

VI. CHANGES IN SCOPE OF CONSOLIDATION (CONTINUED)

2. Changes in scope of consolidation for other reasons

(1) New subsidiaries for the year

Jinshen New Energy was established in Shenzhen, Guangdong Province on 11 March 2023 with a registered capital of RMB1,000,000,000.00 and, the Group holds 65.00% of its equity. The company's scope of operation is the production and supply of electricity and heat. This newly-established subsidiary was included in the scope of consolidation during the current year.

Shenzhen Expressway Shengneng Technology Co., Ltd. ("Expressway Shengneng Technology") was established in Shenzhen, Guangdong Province on 13 March 2023 with a registered capital of RMB15,000,000.00 and, the Group holds 100.00% of its equity. The company's scope of operation is the production and supply of electricity and heat. This newly-established subsidiary was included in the scope of consolidation during the current year.

Guizhou Ziyun Jinshen New Energy Co., Ltd. ("Guizhou Ziyun") was established in Anshun, Guizhou Province on 17 March 2023 with a registered capital of RMB50,000,000.00 and the Group holds 100.00% of its equity. The company's scope of operation is production and supply of electricity and heat. This newly-established subsidiary was included in the scope of consolidation during the current year.

Xingren Yuansheng New Energy Co., Ltd. ("Xingren Yuansheng") was established in Xingren, Guizhou Province on 11 April 2023 with a registered capital of RMB2,000,000.00 and, the Group holds 100.00% of its equity. The company's scope of operation is production and supply of electricity and heat. This newly-established subsidiary was included in the scope of consolidation during the current year.

Duyun Jinxin New Energy Co., Ltd. ("Duyun Jinxin") was established in Duyun, Guizhou Province on 18 April 2023 with a registered capital of RMB1,000,000.00 and, the Group holds 100.00% of its equity. The company's scope of operation is production and supply of electricity and heat. This newly-established subsidiary was included in the scope of consolidation during the current year.

Pingshan Jishen New Energy Technology Co., Ltd. ("Jishen New Energy Technology") was established in Shijiazhuang, Hebei Province on 4 August 2023 with a registered capital of RMB110,000,000.00 and, the Group holds 100% of its equity. The company's scope of operation is power generation, transmission and supply (distribution). This newly-established subsidiary was included in the scope of consolidation during the current year.

Hunan Yichang Expressway Operation & Management Co., Ltd. ("Yichang Expressway Operation & Management") was established in Changde, Hunan Province on 22 August 2023 with a registered capital of RMB5,000,000.00 and, the Group holds 100% of its equity. The company's scope of operation is engineering management and traffic facility maintenance. This newly-established subsidiary was included in the scope of consolidation during the current year.



VI. CHANGES IN SCOPE OF CONSOLIDATION (CONTINUED)

2. Changes in scope of consolidation for other reasons (Continued)

(1) New subsidiaries for the year (Continued)

Ya'an Shenlan Environmental Protection Technology Co., Ltd. ("Ya'an Shenlan Environmental Protection Technology") was established in Ya'an, Sichuan Province on 5 September 2023 with a registered capital of RMB25,000,000.00 and, the Group holds 100% of its equity. The company's scope of operation is research and development of resource recycling technology; solid waste treatment; sale of fertilizer; sewage treatment and recycling; processing and sale of non-edible vegetable oil. This newly-established subsidiary was included in the scope of consolidation during the current year.

(2) Cancellation of subsidiaries for the year

Shenzhen High Speed Advertising Limited Company ("Advertising Company"), Shenzhen Expressway SUEZ Environment Limited Company, Harbin Lingfeng New Energy Co., Ltd. and Xuanwei Nanfeng New Energy Co., Ltd., subsidiaries of the Group, have been cancelled, the taxation and business cancellation procedures of which were completed on 6 June 2023, 2 January 2023, 30 May 2023 and 20 December 2023, respectively.

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Outer Ring Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	6,500,000,000.00	100.00	-	Incorporation
Investment Company	Guizhou Province, PRC	Shenzhen, Guangdong Province, PRC	Investment	1,000,000,000.00	100.00	-	Incorporation
Guizhou Guishen Investment Development Company Limited ("Guishen Company")	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Infrastructure construction	500,000,000.00	-	70.00	Incorporation
Guizhou Land Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	158,000,000.00	-	100.00	Incorporation
Property Management Company	Longli County, Guizhou Province, PRC	Shenzhen, Guangdong Province, PRC	Property management	1,000,000.00	-	100.00	Incorporation
Environment Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Environmental projects and advisory	6,550,000,000.00	100.00	-	Incorporation
JEL Company	Hubei Province, PRC	Cayman Islands	Investment holding	USD30,000,000.00	-	100.00	Business combinations under common control

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)			
					Direct	Indirect	Acquired through	
Hubei Magerk Expressway Management Co., Ltd.	Hubei Province, PRC	Hubei Province, PRC	Toll road operation	USD28,000,000.00	-	100.00	Business combinations under common control	
Qinglian Company	Qingyuan, Guangdong Province, PRC	Qingyuan, Guangdong Province, PRC	Toll road operation	3,361,000,000.00	51.37	25.00	Business combinations not under common control	
Meiguan Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	332,400,000.00	100.00	-	Business combinations not under common control	
Mei Wah Company	Hubei Province and Guangdong Province, PRC	Hong Kong, PRC	Investment holding	HKD7,953,813.00	100.00	-	Business combinations not under common control	
Maxprofit Company	Guangdong Province, PRC	British Virgin Islands	Investment holding	USD85,360,000.00	-	100.00	Business combinations not under common control	
Fameluxe Company	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD10,000.00	-	100.00	Business combinations not under common control	
Shenzhen Expressway Operation Development Co., Ltd. ("Operation Development Company")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	60,000,000.00	98.70	1.30	Incorporation	
Qinglong Company (Note 1)	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	324,000,000.00	40.00	10.00	Business combinations not under common control	
Shenchang Company	Changsha, Hunan Province, PRC	Changsha, Hunan Province, PRC	Toll road operation	200,000,000.00	51.00	-	Business combinations not under common control	
Yichang Company	Changde, Hunan Province, PRC	Changde, Hunan Province, PRC	Toll road operation	345,000,000.00	100.00	-	Business combinations not under common control	
Shenzhen Expressway Construction Development Company Limited ("Construction Development Company")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Infrastructure construction	30,000,000.00	100.00	-	Incorporation	
Infrastructure Environment Protection Development Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Infrastructure and environment protection business	500,000,000.00	51.00	49.00	Incorporation	
Shenzhen Express Private Equity Industry Investment Fund Management Co., Ltd. ("Fund Company")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Capital market services	19,607,800.00	51.00	-	Incorporation	



VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Shenzhen Guangshen Coastal Expressway Investment Company Limited ("Coastal Expressway")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	5,714,285,714.00	49.00	51.00	Business combination under common control
Guishen Expressway Investment	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	1,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Yijia Apartment Management Limited Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Apartment leases and management	10,000,000.00	-	60.00	Incorporation
Yefengrui Land	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	1,000,000.00	-	100.00	Incorporation
Nanjing Wind Power (Note 2)	Nanjing, Jiangsu Province, PRC	Nanjing, Jiangsu Province, PRC	Manufacturing	357,142,900.00	-	98.04	Business combinations not under common control
Baotou Jinling Wind Power Technology Co., Ltd.	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Manufacturing	20,000,000.00	-	100.00	Business combinations not under common control
Shangzhi Nanfeng New Energy Technology Co., Ltd.	Shangzhi, Heilongjiang Province, PRC	Shangzhi, Heilongjiang Province, PRC	Manufacturing	5,000,000.00	-	100.00	Incorporation
Baotou Nanfeng	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	632,800,000.00	0.95	99.05	Business combinations not under common control
Baotou Lingxiang	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	148,100,000.00	-	100.00	Business combinations not under common control
Nanchuan Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	128,200,000.00	-	100.00	Business combinations not under common control
Ningyuan Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	179,000,000.00	-	100.00	Business combinations not under common control
Ningxiang Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	129,500,000.00	-	100.00	Business combinations not under common control
Ningfeng Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	126,000,000.00	-	100.00	Business combinations not under common control
Bioland Company	Shenzhen, Guangdong Province, PRC	Zhengzhou, Henan Province, PRC	Environment and facility services	505,439,108.00	-	92.29	Business combinations not under common control

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Guangxi Bioland	Nanning, Guangxi Zhuang Autonomous Region, PRC	Nanning, Guangxi Zhuang Autonomous Region, PRC	Kitchen waste disposal	123,000,000.00	-	100.00	Business combinations not under common control
Dezhou Bioland	Dezhou, Shandong Province, PRC	Dezhou, Shandong Province, PRC	Kitchen waste disposal	50,000,000.00	-	100.00	Business combinations not under common control
Guiyang Beier Bioland	Guiyang, Guizhou Province, PRC	Guiyang, Guizhou Province, PRC	Kitchen waste disposal	110,923,700.00	-	100.00	Business combinations not under common control
Taizhou Bioland	Taizhou, Jiangsu Province, PRC	Taizhou, Jiangsu Province, PRC	Kitchen waste disposal	68,000,000.00	-	100.00	Business combinations not under common control
Dezhou Zhonghe Environmental Protection Equipment Manufacturing Co., Ltd.	Dezhou, Shandong Province, PRC	Dezhou, Shandong Province, PRC	Equipment manufacturing	30,000,000.00	-	100.00	Business combinations not under common control
Kunshan Beier Bioland Environmental Technology Co., Ltd.	Kunshan, Jiangsu Province, PRC	Kunshan, Jiangsu Province, PRC	Kitchen waste disposal	25,000,000.00	-	95.00	Business combinations not under common control
Longyou Bioland	Quzhou, Zhejiang Province, PRC	Quzhou, Zhejiang Province, PRC	Kitchen waste disposal	10,500,000.00	-	100.00	Business combinations not under common control
Langfang Waterland	Langfang, Hebei Province, PRC	Langfang, Hebei Province, PRC	Equipment manufacturing	30,000,000.00	-	100.00	Business combinations not under common control
Shangrao Bioland	Shangrao, Jiangxi Province, PRC	Shangrao, Jiangxi Province, PRC	Kitchen waste disposal	25,000,000.00	-	100.00	Business combinations not under common control
Huangshi Bioland	Huangshi, Hubei Province, PRC	Huangshi, Hubei Province, PRC	Kitchen waste disposal	24,274,980.00	-	70.00	Business combinations not under common control
Pingyu Beier Environmental Technology Co., Ltd.	Zhumadian, Henan Province, PRC	Zhumadian, Henan Province, PRC	Kitchen waste disposal	500,000.00	-	100.00	Business combinations not under common control
Handan Bioland	Handan, Hebei Province, PRC	Handan, Hebei Province, PRC	Kitchen waste disposal	50,000,000.00	-	90.00	Business combinations not under common control
Guilin Bioland	Guilin, Guangxi Zhuang Autonomous Region, PRC	Guilin, Guangxi Zhuang Autonomous Region, PRC	Kitchen waste disposal	54,600,000.00	-	100.00	Business combinations not under common control
Xinyu Bioland	Xinyu, Jiangxi Province, PRC	Xinyu, Jiangxi Province, PRC	Kitchen waste disposal	23,940,000.00	-	100.00	Business combinations not under common control
Zhuji Bioland	Zhuji, Zhejiang Province, PRC	Zhuji, Zhejiang Province, PRC	Kitchen waste disposal	100,000,000.00	-	90.00	Business combinations not under common control
Fuzhou Bioland	Fuzhou, Jiangxi Province, PRC	Fuzhou, Jiangxi Province, PRC	Kitchen waste disposal	24,000,000.00	-	100.00	Business combinations not under common control
Nanjing Shenlu Environmental Technology Co., Ltd.	Nanjing, Jiangsu Province, PRC	Nanjing, Jiangsu Province, PRC	Environment and facility services	100,000,000.00	-	100.00	Business combinations not under common control



VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Sichuan Lansheng	Zigong, Sichuan Province, PRC	Zigong, Sichuan Province, PRC	Kitchen waste disposal	45,039,000.00	-	84.57	Business combinations not under common control
Shenzhen Shengao Lande Engineering Co., Ltd. (formerly known as "Jiangsu Bioland Construction Engineering Co., Ltd.")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Environment and facility services	10,000,000.00	-	100.00	Business combinations not under common control
Logistics Finance Company	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD1.00	-	100.00	Business combinations under common control
Financial Leasing Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Financial leasing and commercial factoring	902,500,000.00	72.30	27.70	Business combinations under common control
Shenzhen High Speed Engineering Development Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road construction	40,500,000.00	-	60.00	Business combinations not under common control
New Energy Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Wind power	2,619,441,000.00	100.00	-	Incorporation
Inner Mongolia Chenghuan Bioland	Hohhot, Inner Mongolia Autonomous Region, PRC	Hohhot, Inner Mongolia Autonomous Region, PRC	Environment and facility services	43,360,000.00	-	51.00	Incorporation
Bioland Environmental Protection Technology	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Environmental and ecological monitoring, agricultural science research	10,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Gao Le Health Care Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Health, elderly care and nursing services	30,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Construction Technology Development Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Construction and Engineering	40,000,000.00	-	51.00	Incorporation
Guangdong New Energy	Liannan Yao Autonomous County, Guangdong Province, PRC	Liannan Yao Autonomous County, Guangdong Province, PRC	Investment holding	1,956,550,000.00	-	100.00	Incorporation
Qiantai Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Comprehensive utilization of resources	307,692,300.00	-	63.33	Business combinations not under common control
Shenzhen Longda Expressway Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	50,000,000.00	89.93	-	Business combinations under common control

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Qianxin Company	Mulei County, Changji Prefecture, Xinjiang, PRC	Mulei County, Changji Prefecture, Xinjiang, PRC	Wind power	181,120,000.00	-	100.00	Business combinations not under common control
Qianzhi Company	Mulei County, Changji Prefecture, Xinjiang, PRC	Mulei County, Changji Prefecture, Xinjiang, PRC	Wind power	479,183,100.00	-	100.00	Business combinations not under common control
Qianhui Company	Mulei County, Changji Prefecture, Xinjiang, PRC	Mulei County, Changji Prefecture, Xinjiang, PRC	Wind power	264,376,900.00	-	100.00	Business combinations not under common control
Shenzhen Guangming Shenzhen Expressway Environment Technology Co., Ltd. ("Guangming Environment Technology")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Kitchen waste disposal	200,000,000.00	100.00	-	Incorporation
Shenzhen High Speed Asphalt Technology Development Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Asphalt materials	30,000,000.00	-	55.00	Incorporation
Beihai Zhonglan	Beihai, Guangxi Zhuang Autonomous Region, PRC	Beihai, Guangxi Zhuang Autonomous Region, PRC	Kitchen waste disposal	16,390,000.00	-	90.00	Incorporation
Yongcheng Zhuneng	Yongcheng, Shangqiu, Henan Province, PRC	Yongcheng, Shangqiu, Henan Province, PRC	Wind power	102,450,000.00	-	100.00	Business combinations not under common control
Shenzhen Zhuneng New Energy Technology Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Investment holding	100,000.00	-	100.00	Incorporation
Shanghai Zhuneng	Shanghai, PRC	Shanghai, PRC	Investment holding	2,450,000.00	-	100.00	Business combinations not under common control
Ningxia Zhongwei	Zhongwei, Ningxia Hui Autonomous Region, PRC	Zhongwei, Ningxia Hui Autonomous Region, PRC	Wind power	175,920,236.88	-	100.00	Business combinations not under common control
Harbin Nengchuang Fenglian New Energy Co., Ltd.	Harbin, Heilongjiang Province, PRC	Harbin, Heilongjiang Province, PRC	Manufacturing	5,000,000.00	-	51.00	Incorporation
Chuzhou Bioland	Chuzhou, Anhui Province, PRC	Chuzhou, Anhui Province, PRC	Kitchen waste disposal	25,492,400.00	-	89.10	Incorporation
Shenzhen Expressway Business Co., Ltd. ("Shenzhen Expressway Business")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Business services	8,000,000.00	100.00	-	Incorporation



VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Shengao Lekang	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Health, elderly care and nursing services	15,000,000.00	-	80.00	Incorporation
SIHICH	Shenzhen, Guangdong Province, PRC	British Virgin Islands	Investment holding	USD50,000.00	-	100.00	Business combinations under common control
Bay Area Development	Hong Kong, PRC	Cayman Islands	Investment holding	HKD1,000,000,000.00	-	71.83	Business combinations under common control
Wilberforce	Hong Kong, PRC	British Virgin Islands	Investment holding	USD1.00	-	100.00	Business combinations under common control
Jiehao	Hong Kong, PRC	British Virgin Islands	Investment holding	USD1.00	-	100.00	Business combinations under common control
Bay Area Management	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD1.00	-	100.00	Business combinations under common control
Bay Area Service	Hong Kong, PRC	Hong Kong, PRC	Office service	HKD2.00	-	100.00	Business combinations under common control
Bay Area Financing	Hong Kong, PRC	Hong Kong, PRC	Loan financing	HKD1.00	-	100.00	Business combinations under common control
Hopewell Guangzhou-Zhuhai Expressway	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD2.00	-	100.00	Business combinations under common control
Guanjia	Hong Kong, PRC	British Virgin Islands	Investment holding	USD1.00	-	97.50	Business combinations under common control
Hopewell China Development	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD2.00	-	100.00	Business combinations under common control
Shenzhen Bay Infrastructure	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Investment holding	4,498,000,000.00	-	100.00	Business combinations under common control
Expressway Digital Technology	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Information technology service	30,000,000.00	51.00	-	Incorporation
Lisai Environmental Protection	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Environmental technology service	17,441,900.00	-	70.00	Business combinations not under common control
Shaoyang Shengao Environmental Technology Co., Ltd.	Shaoyang, Hunan Province, PRC	Shaoyang, Hunan Province, PRC	Kitchen waste disposal	100,000,000.00	-	100.00	Incorporation
Guangdong Qizhen Toll Road Construction Co., Ltd.	Foshan, Guangdong Province, PRC	Foshan, Guangdong Province, PRC	Toll road construction	100,000,000.00	-	100.00	Acquisition
Shenzhen Jingmao Infrastructure Operation and Maintenance Co., Ltd.	Guangzhou, Guangdong Province, PRC	Guangzhou, Guangdong Province, PRC	Construction and Engineering	10,000,000.00	-	100.00	Acquisition
Guizhou Ziyun (Note 3)	Anshun, Guizhou Province, PRC	Anshun, Guizhou Province, PRC	Production and supply of electricity and heat	50,000,000.00	-	100.00	Incorporation

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Xingren Yuansheng (Note 3)	Xingren, Guizhou Province, PRC	Xingren, Guizhou Province, PRC	Production and supply of electricity and heat	2,000,000.00	-	100.00	Incorporation
Duyun Jinxin (Note 3)	Duyun, Guizhou Province, PRC	Duyun, Guizhou Province, PRC	Production and supply of electricity and heat	1,000,000.00	-	100.00	Incorporation
Shenzhen Bay City Investment (Shenzhen) Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Real estate	1,300,000,000.00	-	100.00	Incorporation
Jinshen New Energy (Note 3)	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Production and supply of electricity and heat	1,000,000,000.00	-	65.00	Incorporation
Expressway Shengneng Technology (Note 3)	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Manufacturing of electrical machinery and equipment	15,000,000.00	-	100.00	Incorporation
Jishen New Energy Technology (Note 3)	Shijiazhuang, Hebei Province, PRC	Shijiazhuang, Hebei Province, PRC	Science and technology promotion and application services	110,000,000.00	-	100.00	Incorporation
Yichang Expressway Operation & Management (Note 3)	Changde, Hunan Province, PRC	Changde, Hunan Province, PRC	Toll road operation	5,000,000.00	100.00	-	Incorporation
Ya'an Shenlan Environmental Protection Technology (Note 3)	Ya'an, Sichuan Province, PRC	Ya'an, Sichuan Province, PRC	Ecological protection and environmental governance	25,000,000.00	-	100.00	Incorporation
Zhangshu Gaochuan (Note 4)	Zhangshu, Jiangxi Province, PRC	Zhangshu, Jiangxi Province, PRC	Wind power	1,000,000.00	-	100.00	Business combinations not under common control

Note 1: The Board of Directors of Qinglong Company is composed of 7 directors, and the Group is entitled to nominate 5 directors and the voting on business matters made by the Board of Directors is effective only after it is approved by more than half of all directors. The Group substantially controls Qinglong Company.

Note 2: Environment Company, a subsidiary of the Company and the parent company of Nanjing Wind Power, entered into an *Agreement* with certain minority shareholders of Nanjing Wind Power, under which such minority shareholders transferred 47.04% of the equity interest in Nanjing Wind Power to Environment Company for free as a compensation for failure to satisfy the commitment to valuation adjustment mechanism. The above transaction was completed in November 2023, and the Group's shareholding in Nanjing Wind Power was changed from 51.00% to 98.04%.

Note 3: Newly established subsidiary in the current year.

Note 4: New subsidiaries established through business combinations not involving entities under common control.



VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(2) Significant non-wholly-owned subsidiaries

31 December 2023

RMB

Name of subsidiary	Equity interest held by minority shareholders	Profit or loss attributable to minority shareholders	Dividend declared to minority shareholders	Balance of minority interests at the end of the year
Qinglian Company	23.63%	13,219,219.25	–	737,390,565.70
Shenchang Company	49.00%	64,112,160.97	(58,800,000.00)	169,486,339.33
Qinglong Company	50.00%	29,429,932.36	(120,000,000.00)	431,437,163.00
Bioland Company	7.71%	(10,002,227.39)	–	177,867,747.75
Bay Area Development	28.17%	43,900,953.11	(84,018,673.48)	3,392,674,671.37
Nanjing Wind Power	1.96%	195,573,217,421	–	2,461,177.10
Total		45,086,820.88	(262,818,673.48)	4,911,317,664.25

31 December 2022

RMB

Name of subsidiary	Equity interest held by minority shareholders	Profit or loss attributable to minority shareholders	Dividend declared to minority shareholders	Balance of minority interests at the end of the year
Qinglian Company	23.63%	16,433,154.69	–	743,177,039.93
Shenchang Company	49.00%	54,980,153.12	(58,800,000.00)	164,175,243.39
Qinglong Company	50.00%	20,611,140.69	(118,500,000.00)	522,007,230.64
Bioland Company	7.71%	(27,220,904.21)	–	187,870,136.19
Bay Area Development	28.17%	(13,555,133.44)	(146,501,637.62)	3,444,740,115.49
Nanjing Wind Power	49.00%	(125,126,540.05)	–	222,567,224.32
Total		(73,878,129.20)	(323,801,637.62)	5,284,536,989.96

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(3) Major financial information of significant non-wholly-owned subsidiaries

RMB

Name of subsidiary	31 December 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	138,386,950.72	5,619,516,244.92	5,757,903,195.64	319,251,272.71	2,361,392,088.93	2,680,643,361.64
Shenchang Company	21,270,794.11	434,663,902.37	455,934,696.48	110,221,146.87	-	110,221,146.87
Qinglong Company	253,942,904.75	1,169,757,423.32	1,423,700,328.07	189,348,799.17	371,477,202.88	560,826,002.05
Bay Area Development	1,285,079,694.83	15,309,911,442.91	16,594,991,137.74	2,336,495,801.28	2,386,635,945.94	4,723,131,747.22
Bioland Company	647,206,245.11	3,608,707,313.39	4,255,913,558.50	895,289,843.73	929,829,083.98	1,825,118,927.71
Nanjing Wind Power	911,225,840.74	253,586,193.86	1,164,812,034.60	847,125,884.03	194,692,783.14	1,041,818,667.17

RMB

Name of subsidiary	31 December 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	316,214,333.80	5,767,140,106.37	6,083,354,440.17	404,412,366.19	2,866,815,323.53	3,271,227,689.72
Shenchang Company	55,212,732.32	486,990,462.33	542,203,194.65	207,328,614.09	2.24	207,328,616.33
Qinglong Company	321,554,980.06	1,435,773,582.00	1,757,328,562.06	177,340,250.44	516,958,274.37	694,298,524.81
Bay Area Development	1,474,026,116.23	15,193,330,089.71	16,667,356,205.94	1,875,443,439.44	2,958,816,361.24	4,834,259,800.68
Bioland Company	568,720,275.60	3,627,375,092.33	4,196,095,367.93	890,326,839.31	746,780,793.08	1,637,107,632.39
Nanjing Wind Power	1,686,933,253.73	76,513,085.98	1,763,446,339.71	1,301,421,120.62	7,806,393.95	1,309,227,514.57



VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(3) Major financial information of significant non-wholly-owned subsidiaries (Continued)

RMB

Name of subsidiary	2023			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Qinglian Company	683,198,476.78	55,942,527.49	55,942,527.49	483,552,638.67
Shenchang Company	270,475,646.17	130,841,144.84	130,841,144.84	185,309,633.42
Qinglong Company	640,174,850.97	58,859,864.72	58,859,864.72	433,073,340.69
Bay Area Development	953,328,084.38	293,227,115.25	251,084,715.41	467,865,776.15
Bioland Company	630,531,990.61	(121,127,439.66)	(121,127,439.66)	21,527,834.39
Nanjing Wind Power (Note)	13,191,556.25	(328,648,564.71)	(328,648,564.71)	138,141,803.60

Note: Net loss of Nanjing Wind Power for the year included the amortisation of premium for the year amounting to RMB6,878,557.43 and the estimated interest expenses on borrowings from the Company amounting to RMB24,522,187.89.

RMB

Name of subsidiary	2022			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Qinglian Company	618,871,922.00	69,543,608.49	69,543,608.49	432,957,896.79
Shenchang Company	242,006,141.11	112,204,394.13	112,204,394.13	186,970,523.07
Qinglong Company	575,526,913.30	41,222,281.38	41,222,281.38	396,189,796.59
Bay Area Development	791,940,852.38	(767,953.56)	(187,941,669.83)	206,944,143.24
Bioland Company	666,388,290.82	(158,681,673.88)	(158,681,673.88)	30,894,024.09
Nanjing Wind Power	136,680,167.77	(255,360,285.81)	(255,360,285.81)	(98,205,333.99)

(4) Substantial restriction to the usage of assets or the settlement of liabilities of the Group

As at 31 December 2023, there was no substantial restriction which prohibited the usage of assets or the settlement of liabilities of the Group.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Transaction which gives rise to changes in ownership interests in subsidiaries while the subsidiaries are still held by the Group

(1) Descriptions on changes in ownership interests in subsidiaries

Please refer to Note VII, 1(1).

(2) Effect of the transaction on minority interests and equity attributable to owners of the Company

RMB

Item	Nanjing Wind Power
Acquisition cost/Disposal consideration	
– Cash	–
– Fair value of non-cash assets	98,483,094.72
Total acquisition cost/disposal consideration	98,483,094.72
Less: Share of net assets of subsidiaries calculated based on the proportion of equity acquired	121,955,936.79
Difference	(23,472,842.07)
Including: Adjustment to capital reserve	23,472,842.07

3. Interests in associates and joint ventures

(1) Significant associates and joint ventures

Name	Place of main business	Place of registration	Nature of business	Equity interest (%)		Method of accounting treatment
				Direct	Indirect	
Derun Environment	Chongqing, China	Chongqing, China	Environmental governance and resource recovery	–	20.00	Equity method
Guangzhou-Shenzhen-Zhuhai Expressway	Guangdong Province	Guangzhou, Guangdong Province	Toll road operation	–	45.00	Equity method
Guangzhou-Zhuhai West Line Expressway	Guangdong Province	Guangzhou, Guangdong Province	Toll road operation	–	50.00	Equity method
United Land Company	Guangdong Province	Guangzhou, Guangdong Province	Real estate development	34.30	–	Equity method



VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in associates and joint ventures (Continued)

(2) Major financial information of significant associates and joint ventures

RMB

Item	31 December 2023/2023				31 December 2022/2022		
	Derun Environment (Note)	Guangzhou-Shenzhen-Zhuhai Expressway	Guangzhou-Zhuhai West Line Expressway	United Land Company	Derun Environment (Note)	Guangzhou-Shenzhen-Zhuhai Expressway	Guangzhou-Zhuhai West Line Expressway
Current assets	14,043,801,415.95	1,272,156,375.42	489,478,896.41	7,454,904,093.07	13,204,827,688.03	1,354,142,769.27	341,236,098.44
Including: Cash and cash equivalents	6,279,078,823.65	776,264,696.16	457,809,780.60	184,863,951.76	5,475,233,286.95	819,822,357.74	315,693,971.48
Non-current assets	51,406,022,296.12	14,348,059,774.01	11,274,866,099.67	295,906,325.38	48,877,057,882.57	15,071,995,678.91	11,826,991,388.23
Total assets	65,449,823,712.07	15,620,216,149.43	11,764,344,996.08	7,750,810,418.45	62,081,885,570.60	16,426,138,448.18	12,168,227,486.67
Current liabilities	12,699,222,538.16	1,579,391,632.65	953,295,683.23	5,615,128,028.80	11,845,158,841.55	1,805,379,239.48	1,085,049,761.81
Non-current liabilities	19,308,590,551.06	2,492,153,431.23	3,763,325,563.91	-	17,386,387,854.36	3,261,913,206.37	4,024,287,034.12
Total liabilities	32,007,813,089.22	4,071,545,063.88	4,716,621,247.14	5,615,128,028.80	29,231,546,695.91	5,067,292,445.85	5,109,336,795.93
Minority interests	15,365,656,834.29	-	-	-	14,859,102,036.79	-	-
Equity attributable to shareholders of the Company	18,076,353,788.56	11,548,671,085.55	7,047,723,748.94	2,135,682,389.65	17,991,236,837.90	11,358,846,002.33	7,058,890,690.74
Share of net assets calculated according to shareholding ratio	3,615,270,757.71	5,196,901,988.50	3,523,861,874.47	732,539,059.65	3,598,247,367.58	5,111,480,701.05	3,529,445,345.37
Adjustments	1,462,953,999.22	(62,323,729.96)	-	(54,882,407.98)	1,462,953,999.22	(64,903,847.33)	-
- Goodwill	1,462,953,999.22	-	-	-	1,462,953,999.22	-	-
- Unrealised profits from internal transactions	-	(63,311,229.94)	-	(54,882,407.98)	-	(65,891,347.31)	-
- Others	-	987,499.98	-	-	-	987,499.98	-
Carrying amount of equity investment in associates and joint ventures	5,078,224,756.93	5,134,578,258.54	3,523,861,874.47	677,656,651.67	5,061,201,366.80	5,046,576,853.72	3,529,445,345.37
Fair value of equity investment in associates and joint ventures with publicly quoted prices	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Operating income	13,515,672,679.62	2,892,202,770.25	1,303,868,084.44	6,572,072,557.51	14,028,621,278.55	2,279,607,241.51	1,073,960,280.73
Income tax expenses	365,712,676.72	459,001,374.34	94,301,802.52	604,465,440.39	529,499,615.04	255,591,767.09	67,670,037.44
Net profit	893,787,963.60	435,558,677.38	212,477,344.13	1,821,206,411.25	1,280,163,290.90	(93,584,534.29)	150,334,094.02
Net profit from discontinued operations	-	-	-	-	-	-	-
Other comprehensive income	50,894,843.05	-	-	-	(35,313,595.90)	-	-
Total comprehensive income	944,682,806.65	435,558,677.38	212,477,344.13	1,821,206,411.25	1,244,849,695.00	(93,584,534.29)	150,334,094.02
Dividends received from associates and joint ventures in the current year	168,000,000.00	289,376,782.72	111,822,142.97	-	148,000,000.00	450,302,799.30	173,641,362.52

Note: The Group shares the net profit of Derun Environment attributable to shareholders of the Company at a 20% shareholding ratio. After deducting the current-year premium amortisation of RMB39,131,417.04, the Group recognised the investment income from Derun Environment of RMB178,757,592.72. The Group shares, based on the 20% shareholding ratio, other comprehensive income net of tax of Derun Environment attributable to shareholders of the Company amounting to RMB10,178,968.61, and decreases the capital reserve of the Group by RMB3,913,171.20 as a result of a decrease in capital reserve of Derun Environment. Please refer to Note V, 13.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in associates and joint ventures (Continued)

(3) Major financial information of insignificant associates and joint ventures

RMB

Item	31 December 2023/2023	31 December 2022/2022
Associates and joint ventures:		
Total carrying amount of investments	4,301,500,579.13	4,111,846,382.48
Total of the following items calculated according to the shareholding ratio		
– Net profit	372,096,274.67	293,601,117.49
– Other comprehensive income	18,567,363.70	(16,202,400.00)
– Total comprehensive income	390,663,638.37	277,398,717.49

As at 31 December 2023, there was no substantial restriction on transferring funds between the Group and associates and its joint ventures.

VIII. GOVERNMENT GRANTS

1. Government grants recognised at the amount of receivables at the end of the reporting period

RMB

Closing balance of receivables	5,000,000.00
--------------------------------	--------------

2. Liabilities involving government grants

RMB

Item	Opening balance	Amount of new government grants	Amount included in non-operating income	Amount included in other income	Other changes	Closing balance	Related to assets/income
Central subsidy funds for cancellation of the provincial expressway toll station project	30,252,071.17	-	-	7,129,398.11	-	23,122,673.06	Related to assets
Government financial grants for Guizhou Land	508,847.48	-	-	32,486.18	-	476,361.30	Related to assets
Government economic grants for Bioland Company	22,128,255.85	1,070,000.00	-	3,480,486.90	-	19,717,768.95	Related to assets
Total	52,889,174.50	1,070,000.00		10,642,371.19	-	43,316,803.31	



VIII. GOVERNMENT GRANTS (CONTINUED)

3. Government grants included in profit or loss

RMB

Item	2023	2022
Award for return of Duohua Project	13,603,415.00	–
Central government subsidy for cancellation of provincial expressway toll station project	7,129,398.11	7,129,398.11
VAT refund on collection	8,233,624.93	4,712,005.05
Government financial aid for Bioland Company	3,480,486.90	3,245,878.08
Financial grants for Guizhou Land	32,486.18	1,874,814.54
Others	10,715,278.79	13,760,872.77
Total	43,194,689.91	30,722,968.55

IX. FINANCIAL INSTRUMENTS AND RISKS

The Group's major financial instruments include cash at banks and on hand, transactional financial assets, bills receivable, accounts receivable, other receivables, non-current assets due within one year, long-term receivables, other non-current financial assets, short-term borrowings, transactional financial liabilities, bills payable, accounts payable, other payables, non-current liabilities due within one year, other current liabilities, long-term borrowings, bonds payable, long-term payables, etc. At the end of the year, the Group has the following financial instruments. Please refer to Note V. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure the risks are monitored at a certain level.

RMB

Item	31 December 2023	31 December 2022
Financial assets		
Measured at fair value through profit or loss		
Transactional financial assets	468,792,208.25	1,112,243,771.54
Other non-current financial assets	895,069,302.26	763,264,630.44
Measured at amortised cost		
Cash at banks and on hand	2,152,367,633.05	3,635,862,158.72
Bills receivable	500,000.00	3,500,000.00
Accounts receivable	967,487,093.08	1,052,263,013.07
Other receivables	602,215,140.81	1,121,628,992.41
Other current assets	204,392,500.00	–
Non-current assets due within one year	264,774,570.13	196,704,222.31
Long-term receivables	2,334,935,756.66	2,152,166,502.48

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

IX. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

RMB

Item	31 December 2023	31 December 2022
Financial liabilities		
Measured at fair value through profit or loss		
Transactional financial liabilities	148,117,309.14	133,009,243.01
Measured at amortised cost		
Short-term borrowings	11,105,625,836.85	9,396,229,275.32
Bills payable	89,735,513.24	228,669,880.66
Accounts payable	2,588,545,523.67	2,812,967,920.77
Other payables	1,059,445,155.50	1,371,768,690.38
Non-current liabilities due within one year	2,392,022,913.00	6,380,323,337.26
Other current liabilities	1,512,594,613.40	2,016,515,923.01
Long-term borrowings	9,567,707,809.79	9,573,248,109.29
Bonds payable	7,159,103,456.71	5,769,517,430.62
Lease liabilities	45,614,131.00	47,738,699.35
Long-term payables	907,277,866.27	1,148,281,363.36

The Group adopts sensitivity analysis technique to analyze how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

1. Risk management objectives, policies and procedures, and changes during the period

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure the risks are monitored at a certain level.



IX. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risk management objectives, policies and procedures, and changes during the period (Continued)

1.1 Market risk

1.1.1 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with HKD and USD. Except for the purchases and sales of several subsidiaries of the Group in HKD and USD, other principal operating activities of the Group are denominated and settled in RMB. As at 31 December 2023, the Group's assets or liabilities are all denominated in functional currency, except for the balances of assets or liabilities set out below, which are in currencies other than functional currency.

RMB

Item	31 December 2023	31 December 2022
Cash at banks and on hand	14,393,915.63	47,010,028.71
Other receivables	7,800.50	214,216,939.77
Other payables	2,560,215.27	536,181,490.94
Non-current liabilities due within one year	17,869,061.62	199,082,031.53
Bonds payable	2,116,263,707.56	2,094,738,029.92

Sensitivity analysis on currency risk

The assumption for the sensitivity analysis on currency risk is that all hedges of net investments in foreign operations and the cash flow hedges are highly effective.

Based on the above assumptions, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

RMB

Items	Changes in exchange rate	2023		2022	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
USD	10% increase against RMB	(212,613,849.65)	(212,613,849.65)	(210,514,575.55)	(210,514,575.55)
USD	10% decrease against RMB	212,613,849.65	212,613,849.65	210,514,575.55	210,514,575.55
HKD	10% increase against RMB	384,722.82	384,722.82	(46,362,882.84)	(46,362,882.84)
HKD	10% decrease against RMB	(384,722.82)	(384,722.82)	46,362,882.84	46,362,882.84

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

IX. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risk management objectives, policies and procedures, and changes during the period (Continued)

1.1 Market risk (Continued)

1.1.2 Interest rate risk – risk of changes in cash flows

The Group's risk of changes in the cash flow of financial instruments caused by changes in interest rates is mainly related to the Group's floating rate bank borrowings. The Group continues to pay close attention to the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain floating interest rates for these borrowings. Currently, there are no arrangements such as interest rate swaps.

Sensitivity analysis on interest rate risk

Where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

RMB

Item	Interest rate changes	2023		2022	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
RMB	100 basis points higher	(146,329,247.80)	(146,329,247.80)	(130,446,486.61)	(130,446,486.61)
RMB	100 basis points lower	146,329,247.80	146,329,247.80	130,446,486.61	130,446,486.61

1.2 Credit risk

As at 31 December 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group (without considering the available collateral or other credit enhancements) is arising from cash at banks and on hand, bills receivable, accounts receivable, other receivables, long-term receivables, etc. For financial instruments measured at fair value, the carrying amount reflects their risk exposure, but it is not the maximum risk exposure. The maximum risk exposure will change with changes in the fair value in the future. In addition, the Group's maximum exposure to credit risk includes the amount of financial guarantee contract as disclosed in Note XII, 2 "Contingencies".

In order to reduce credit risk, the Group deals only with recognised and reputable third parties. In accordance with the Group's policy, all customers requiring credit transactions are subject to credit checking. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group does not face significant risk of bad debts. For transactions that are not settled in functional currencies of the relevant business units, the Group will not provide conditions for credit transactions unless the Group's credit control department specifically approves them.



IX. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risk management objectives, policies and procedures, and changes during the period (Continued)

1.2 Credit risk (Continued)

The Group continuously conducts credit assessment on the financial status of customers, and the bad debt loss is maintained within the amount expected by the management.

The credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.

1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the use of bank loans and ensures compliance with loan agreements.

As at 31 December 2023, the Group has unused bank credit lines totaling RMB43,739,634,053.60, which can satisfy the Group's debt and capital commitments. The Group can solve the lack of working capital through reasonable financing arrangements.

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

RMB

Item	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term borrowings	11,362,234,861.09	–	–	–	11,362,234,861.09
Bills payable	89,735,513.24	–	–	–	89,735,513.24
Accounts payable	2,588,545,523.67	–	–	–	2,588,545,523.67
Other payables	1,059,445,155.50	–	–	–	1,059,445,155.50
Non-current liabilities due					
within one year	2,430,800,779.11	–	–	–	2,430,800,779.11
Other current liabilities	1,524,780,821.90	–	–	–	1,524,780,821.90
Long-term borrowings	335,582,530.53	2,423,030,305.56	4,427,581,763.93	3,874,519,582.02	11,060,714,182.04
Bonds payable	207,584,175.00	193,624,175.00	5,965,717,435.42	1,503,975,000.00	7,870,900,785.42
Lease liabilities	15,680,756.96	8,908,499.86	11,391,103.72	15,877,354.29	51,857,714.83
Long-term payables	4,735,754.45	36,471,196.00	885,044,511.39	141,069.42	926,392,531.26
Transactional financial					
liabilities	148,117,309.14	–	–	–	148,117,309.14
Mortgage guarantee	392,342,062.43	–	–	–	392,342,062.43
Total	20,159,585,243.02	2,662,034,176.42	11,289,734,814.46	5,394,513,005.73	39,505,867,239.63

Given that the Group has stable and abundant operating cash flow and sufficient credit lines, and has made appropriate financing arrangements to meet debt repayment and capital expenditures, the management of the Company believes that the Group does not have significant liquidity risk.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

IX. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

2. Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, repurchase shares or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or procedures for managing capital in 2023 and 2022.

The Group monitors capital using an asset-liability ratio, which is total liabilities divided by total assets. The Group's asset-liability ratio as at the balance sheet date is as follows:

RMB

Item	31 December 2023	31 December 2022 (Restated)
Total assets	67,507,469,090.77	69,204,698,015.50
Total liabilities	39,508,787,105.65	41,840,560,313.98
Asset-liability ratio	58.53%	60.46%

X. DISCLOSURE OF FAIR VALUE

1. Closing balance of fair value of financial assets and liabilities measured at fair value

31 December 2023

RMB

Item	Closing balance of fair value			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Fair value measurement on a recurring basis				
Transactional financial assets	320,372,339.72	–	148,419,868.53	468,792,208.25
Other non-current financial assets	346,519,804.81	–	548,549,497.45	895,069,302.26
Transactional financial liabilities	–	–	148,117,309.14	148,117,309.14
Total	666,892,144.53	–	548,852,056.84	1,215,744,201.37



X. DISCLOSURE OF FAIR VALUE (CONTINUED)

1. Closing balance of fair value of financial assets and liabilities measured at fair value (Continued)

31 December 2023 (Continued)

The fair value of level 3 financial instrument is estimated using the market approach, discounted cash flow method, etc. Unobservable inputs mainly include discount rate, liquidity discount, etc. The Group believes that the fair value estimated based on valuation techniques and its changes are reasonable and it is the most appropriate value at 31 December 2023.

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

As at 31 December 2023, the management of the Company considers that the carrying amounts of financial assets and financial liabilities in the Group's financial statements approximate their fair values.

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

1. General information of the parent company

HKD

Name of parent company	Place of registration	Nature of business	Registered capital	Interest held	Voting rights
Shenzhen International	Bermuda	Investment holding	HKD2,000,000,000.00	51.561%	51.561%

The controlling shareholder of the Company is Shenzhen International, and the ultimate controlling party of the Company is Shenzhen SASAC.

2. Information about subsidiaries

The information about the subsidiaries is set out in Note VII, 1.

3. Information about associates and joint ventures

The situation of the associates and joint ventures that have related party transactions with the Group in the current year or have related party transactions with the Group in the previous period is as follows:

Name	Relationship with the Company
Yunji Smart	Associate or joint venture
Huayu Company	Associate or joint venture
Huai'an Zhongheng	Associate or joint venture
Yangmao Company	Associate or joint venture
United Land Company	Associate or joint venture
Nanjing Anvis Transmission Technology Co., Ltd. ("Nanjing Anvis")	Associate or joint venture
Guangzhou-Shenzhen-Zhuhai Expressway	Associate or joint venture
Xintang Joint Venture	Associate or joint venture

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Information about other related parties

Name	Relationship with the Company
Shenzhen Investment Holdings International	Wholly-owned subsidiary of the ultimate controlling party
Shenzhen International South-China Logistics Co., Ltd. ("SC Logistics Company")	Wholly-owned subsidiary of the controlling shareholder
Shenzhen International Co., Ltd. ("Shenzhen International Hong Kong")	Wholly-owned subsidiary of the controlling shareholder
Shenzhen International Modern Logistics Petty Loan Co. Ltd. ("Shenzhen International Modern Logistics Petty Loan")	Wholly-owned subsidiary of the controlling shareholder
Henan Yudong Shenan Port Co., Ltd. ("Henan Yudong")	Holding subsidiary of the controlling shareholder
Hunan Guangyuan Culture Media Co., Ltd. ("Hunan Guangyuan")	Holding company of a subsidiary's minority shareholder
Xin Tong Chan Company	Participating shareholder
United Electronic	Participating company
Water Planning & Design Institute	Participating company

5. Related party transactions

(1) Related transactions for procurement and sale of goods, rendering and receipt of labor services

Procurement of goods/receipt of labor services

		RMB	
Name of related party	Content of transaction	2023	2022
United Land Company	Purchase of house property	353,672,990.00	–
United Electronic (Note 1)	Receiving network tolling settlement services	26,625,559.04	24,461,493.15
Yunji Smart (Note 2)	Receiving engineering survey, design and consulting services	31,501,268.60	37,155,705.16
Water Planning & Design Institute (Note 3)	Receiving technical services regarding flood control for projects and water-related impact	2,287,500.00	2,053,500.00
Guangzhou-Shenzhen-Zhuhai Expressway (Note 4)	Receiving corporate management services and brokerage services	10,502,151.50	–
Others (Note 5)	Receiving power supply services and others	2,994,457.84	125,604.14
Total		427,583,926.98	63,796,302.45



XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Related transactions for procurement and sale of goods, rendering and receipt of labor services (Continued)

Procurement of goods/receipt of labor services (Continued)

Note 1: The Guangdong Provincial People's Government has designated United Electronic to take charge of the sub-account management of highway tolls across the province and unified management of non-cash settlement systems. The Company and its subsidiaries have entered into a series of agreements with United Electronic and entrusted it to provide toll settlement services for Coastal Expressway, Meiguan Expressway, Airport-Heao Expressway, Qinglian Expressway, Outer Ring Expressway, Longda Expressway and Shuiguan Expressway invested by the Group. The service periods end on the expiry dates of toll collection periods of each toll road. The related service charges are determined by the commodity price bureau of the Guangdong Province.

Note 2: The Group has entered into service contracts with Yunji Smart to receive engineering survey and design, consulting, highway inspection and special maintenance services for Outer Ring Expressway and other roads of the Group.

Note 3: The Company has entered into a service contract with Water Planning & Design Institute to receive technical consulting services regarding flood control impact assessment and safety assessment on water-related projects of Airport-Heao Expressway reconstruction and expansion project.

Note 4: Bay Area Development, a subsidiary of the Company, received the corporate management services and brokerage services provided by Guangzhou-Shenzhen-Zhuhai Expressway.

Note 5: High Speed Advertising Company and Qinglong Company, subsidiaries of the Company, received the water and electricity resources and power supply services for its billboards provided by Xin Tong Chan Company and Huayu Company. The respective transaction amounts were not presented separately as they were not material.

Sale of goods/rendering of labor services:

		RMB	
Name of related party	Content of transaction	2023	2022
Huai'an Zhongheng (Note 1)	Operation and maintenance services	3,549,970.99	7,709,219.81
Yunji Smart (Note 2)	Engineering supervision fees, water and electricity services	3,606,910.64	146,312.22
Henan Yudong	Service fee income	–	1,966,260.13
Others (Note 3)	Commission sale of water and electricity for office and others	531,014.65	988,059.91
Total		7,687,896.28	10,809,852.07

Note 1: Nanjing Wind Power, a subsidiary of the Company, entered into an entrusted operation contract with Huai'an Zhongheng, under which it provides entrusted management services for Huai'an Zhongheng's wind power plants.

Note 2: Outer Ring Company, a subsidiary of the Company, provided engineering supervision services and water and electricity resources to Yunji Smart.

Note 3: The Group provided water and electricity services and other services to Xin Tong Chan Company, Huayu Company and United Electronic. The water and electricity service is charged and calculated based on the price paid to the water supply agency and power supply agency. The respective transaction amounts were not presented separately as they were not material.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Related leases

(a) *The Group as a lessor*

RMB

Lessee	Type of assets leased	Lease income recognised in the current year	Lease income recognised in the prior year
Yunji Smart	Office building	–	322,095.25
Hunan Guangyuan	Billboard	180,000.00	253,539.53
Henan Yudong	Equipment	2,638,388.09	–
Total		2,818,388.09	575,634.78

(b) *The Group as a lessee*

RMB

Lessor	Type of assets leased	Short-term lease expenses or expenses on leases of low-value assets that are accounted for using simplified approach		Rents paid		Interest expenses on lease liabilities assumed		Right-of-use assets acquired	
		For the year ended 31 December 2023	For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2022
Huayu Company	Billboard land use rights			453,869.28	805,326.78	52,863.60	77,279.10	–	2,184,143.10
SC Logistics Company	Lease of premises	44,365.30	52,063.28	–	–	–	–	–	–
Total		44,365.30	52,063.28	453,869.28	805,326.78	52,863.60	77,279.10	–	2,184,143.10



XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

*(3) Remuneration of key management personnel

RMB

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
Remuneration of key management personnel	12,054,113.36	13,467,593.44

Key management personnel include directors, supervisors and senior management personnel. The Company has a total of 19 (2022: 21) key management personnel during the year.

(a) Remuneration of directors and supervisors

The remuneration for each director and supervisor in 2023 is as follows:

RMB

Name	Remuneration	Salary and bonus	Total
Liao Xiangwen	–	1,170,800.00	1,170,800.00
Wang Zengjin	–	1,082,000.00	1,082,000.00
Lin Jitong	–	–	–
Wen Liang	–	–	–
Ye Huihui	–	510,384.00	510,384.00
Dai Jingming	–	–	–
Li Xiaoyan	–	–	–
Lv Dawei	–	–	–
Bai Hua	230,000.00	–	230,000.00
Li Feilong	230,000.00	–	230,000.00
Miao Jun	230,000.00	–	230,000.00
Xu Huaxiang	230,000.00	–	230,000.00
Wang Chao	–	–	–

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

*(3) Remuneration of key management personnel (Continued)

(a) Remuneration of directors and supervisors (Continued)

The remuneration for each director and supervisor in 2022 is as follows:

				RMB
Name	Remuneration	Salary and bonus	Total	
Hu Wei	–	1,016,583.33	1,016,583.33	
Liao Xiangwen	–	1,187,200.00	1,187,200.00	
Wang Zengjin	–	1,060,000.00	1,060,000.00	
Lin Jitong	–	–	–	
Wen Liang	–	–	–	
Ye Huihui	–	489,444.00	489,444.00	
Dai Jingming	–	–	–	
Li Xiaoyan	–	–	–	
Lv Dawei	–	–	–	
Bai Hua	230,000.00	–	230,000.00	
Li Feilong	230,000.00	–	230,000.00	
Miao Jun	230,000.00	–	230,000.00	
Xu Huaxiang	230,000.00	–	230,000.00	
Wang Chao	–	–	–	

The remuneration of the above directors and supervisors has been reflected in the remuneration of key management personnel.

In the current year, the meeting allowances (before tax) payable to directors Liao Xiangwen, Wang Zengjin, Wen Liang, Dai Jingming, Li Xiaoyan, Lv Dawei, Bai Hua, Li Feilong, Miao Jun and Xu Huaxiang, and to supervisors Lin Jitong, Wang Chao and Ye Huihui amounted to RMB16,000.00, RMB12,000.00, RMB11,500.00, RMB13,000.00, RMB14,500.00, RMB10,500.00, RMB17,500.00, RMB22,000.00, RMB22,000.00, RMB13,500.00, RMB6,000.00, RMB7,500.00, and RMB8,000.00, respectively. Among others, directors Liao Xiangwen, Wang Zengjin, Wen Liang, Dai Jingming and Li Xiaoyan, and supervisors Lin Jitong and Wang Chao have waived their rights to receive the meeting allowances of the year.

In addition, directors Liao Xiangwen, Wang Zengjin and supervisor Ye Huihui also received other benefits and allowances, including employer contributions to the retirement plan and employee medical insurance plan, which amounted to RMB243,316.32 (2022: RMB244,504.14), RMB223,050.72 (2022: RMB227,453.10), and RMB160,016.40 (2022: RMB170,932.52), respectively.



XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

*(3) Remuneration of key management personnel (Continued)

(b) Five highest paid individuals

Two directors (2022: two directors) were included in the top five highest paid individuals of the Group in the current year, the remuneration of whom has been reflected in the table above; and the total amount of remuneration of the other three (2022: three) individuals is listed as follows:

RMB

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
Basic salary, bonus, housing allowance, pensions and other subsidies	3,851,063.56	3,789,477.80

RMB

Scope of remuneration	Number of individuals in 2023	Number of individuals in 2022
HKD0 to HKD1,000,000	–	–
HKD1,000,001 to HKD1,500,000	3	3
HKD1,500,001 to HKD2,000,000	–	–
HKD2,000,001 and above	–	–

(4) Borrowings from/to related parties

Borrowings from related parties:

RMB

Related party	Amount of borrowings	31 December 2023	Interest rate	Inception date	Due date
United Land Company (Note 1)	824,596,715.85	824,596,715.85	–	29 December 2021	–
Shenzhen Investment Holdings International (Note 2)	–	–	2.85%	27 September 2018	26 September 2023
Total	824,596,715.85	824,596,715.85			

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Borrowings from/to related parties (Continued)

Borrowings to related parties:

RMB

Related party	Amount of borrowings	31 December 2023	Interest rate	Inception date	Due date
Xintang Joint Venture (Note 3)	-	-	6.00%	21 January 2021	21 January 2023
				15 March 2021	15 March 2023
				10 May 2021	10 May 2023

Note 1: As at 31 December 2023, the balance of the Company's interest-free borrowing from United Land Company was RMB824,596,715.85.

Note 2: It represents the borrowing of USD300 million from Shenzhen Investment Holdings International by SIHICH, a subsidiary of the Company, with a term from 27 September 2018 to 26 September 2023 and an interest rate of 2.85% per annum from 1 January 2021. As at 31 December 2023, the principal of the borrowing has been repaid, and the Company has recognised an interest expense of RMB44,285,750.61 accordingly.

Note 3: It represents the borrowings from Shenzhen Bay Infrastructure, a subsidiary of the Company, to Xintang Joint Venture amounting to RMB210,000,000.00, which consist of three borrowings with different inception and due dates. The term of the borrowings is one year, and it will be automatically renewed if there is no objection by both parties and, therefore, it has been automatically renewed to 2023. The initial interest rate on the borrowings was 8% per annum and the parties entered into a supplemental agreement on 16 September 2022 to re-agree the interest rate on the borrowings at 6% per annum. As of 31 December 2023, the principal of the borrowings have been repaid by Xintang Joint Venture and the Company has recognised an interest income of RMB3,818,396.23 accordingly.

6. Receivables due from and payables due to related parties

(1) Receivable items

RMB

Item	Related parties	31 December 2023		31 December 2022	
		Gross carrying amount	Bad debt provision	Gross carrying amount	Bad debt provision
Accounts receivable	Huai'an Zhongheng	1,096,043.99	-	3,810,276.80	-
Accounts receivable	Huayu Company	94,495.02	-	129,196.40	-
Dividends receivable (Note V, 6.2)	Guangzhou-Shenzhen-Zhuhai Expressway	-	-	181,376,782.72	-
Prepayments	United Electronic	79,608.86	-	39,442.03	-
Prepayments	SC Logistics Company	-	-	24,127.20	-
Prepayments	Nanjing Anvis	-	-	183,671.82	-
Prepayments	Yunji Smart	1,533,345.90	-	1,533,345.90	-
Other receivables (Note V, 6.3)	Huai'an Zhongheng	88,331,191.80	7,066,495.34	88,331,191.80	-
Other receivables (Note V, 6.3)	Xintang Joint Venture	425,000.00	-	210,385,000.00	-
Other receivables (Note V, 6.3)	Guangzhou-Shenzhen-Zhuhai Expressway	188,000.00	-	-	-
Other receivables (Note V, 6.3)	Yunji Smart	84,050.00	-	84,050.00	-
Other receivables (Note V, 6.3)	United Electronic	79,340.08	-	77,078.88	-
Other receivables (Note V, 6.3)	Huayu Company	20,000.00	-	20,000.00	-
Long-term prepayments	United Land Company	-	-	353,672,990.00	-
Long-term receivables	Henan Yudong	77,735,004.96	-	-	-
Other non-current assets	United Land Company	342,599,500.00	-	342,599,500.00	-

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables due from and payables due to related parties (Continued)

(2) Payable items

RMB

Item	Related parties	31 December 2023	31 December 2022
Accounts payable	Yunji Smart	16,423,528.16	19,462,226.60
Accounts payable	United Electronic	321,898.41	243,694.94
Accounts payable	Huayu Company	–	12,000.00
Accounts payable	SC Logistics Company	–	11,500.00
Other payables (Note V, 32.3 (1))	Yunji Smart	58,432,627.86	22,773,351.94
Other payables (Note V, 32.3 (1))	United Electronic	1,824,949.44	1,612,986.70
Other payables (Note V, 32.3 (1))	Xin Tong Chan Company	5,000.00	5,000.00
Other payables (Note V, 32.3 (1))	Shenzhen International Hong Kong	–	252,182.14
Other payables (Note V, 32.3 (1))	Shenzhen International Petty Loan	–	2,196.12
Other payables (Note V, 32.3 (1))	Huayu Company	15,200,000.00	7,200,000.00
Other payables (Note V, 32.3 (1))	Yangmao Company	37,500,000.00	30,000,000.00
Long-term payables (Note V, 38. (1))	United Land Company	824,596,715.85	944,646,715.85
Long-term payables due within one year (Note V, 38. (1))	Shenzhen Investment Holdings International	–	2,105,041,763.41

Amounts due from/to related parties above (excluding borrowings from related parties) are non-interest bearing, unsecured and have no fixed repayment terms.

7. Commitments to related parties

The following table presents the commitment related to related parties that have been contracted but have not been presented on the balance sheet:

(1) Receiving service

RMB

Related party	31 December 2023	31 December 2022
Yunji Smart	87,124,583.13	8,879,727.94

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

XII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

In addition to the related party commitments disclosed in Note XI,7, other significant commitments of the Group are as follows:

(1) Capital commitments

Item	31 December 2023	31 December 2022
Capital commitments that have been entered into but have not been recognised in the financial statements:		
– Expressway construction projects	2,667,853,887.92	2,630,821,496.96
– Kitchen waste disposal projects	1,044,303,762.52	1,218,615,510.82
– Acquisition of equity	6,475,000.00	–
Total	3,718,632,650.44	3,849,437,007.78

2. Contingencies

(1) Significant contingencies at the balance sheet date

- (a) As at 31 December 2023, the Group's guarantees for the performance of certain projects are in effect, with a total guarantee amount of approximately RMB132 million.
- (b) As at 31 December 2023, the Group provided a periodic joint and several liability guarantee amounting to RMB392 million to the bank for house mortgage loans granted by the bank to the Group's property buyers. Under the terms of guarantee, the Group is responsible for paying the outstanding mortgage loans and any accrued interest and penalties owed to the bank by the buyers in arrears if the buyers default in the mortgage payments, and the Group can then receive legal ownership of the property. The Group's guarantee period commences on the date on which the relevant mortgage loan is granted by the bank and ends on the date on which the buyer obtains the title deeds of the individual properties. The management believes that if the payment is in arrears, the net realizable value of the property is sufficient to cover the outstanding mortgage loans together with any accrued interest and penalties, and therefore no provision is made for these guarantees.



XII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies (Continued)

(1) Significant contingencies at the balance sheet date (Continued)

- (c) In December 2019, PowerChina Jiangxi Electric Power Construction Co., Ltd. (“PowerChina Jiangxi”) entered into a *Contract on Procurement of Wind Turbine Equipment for 50MW Wind Farm Project (Phase I) in Gudian Town, Yungang, Datong* (the “Procurement Contract”) with Nanjing Wind Power to purchase equipment for Datong Power Station (Phase I). The specifications of the equipment hereunder was twenty NJ140-2.5MW wind turbines, the unit price of the equipment was fixed at RMB3,900/KW, and the total price of the contract including tax was RMB195 million. On 8 October 2023, PowerChina Jiangxi filed a lawsuit to Nanchang Intermediate People’s Court for reason that Nanjing Wind Power has breached the contract due to delayed delivery of goods, serious quality issues of the goods supplied, etc., which led to the delay in grid connection for project involved and resulted in huge losses in electricity price, and requested that: (1) Nanjing Wind Power shall be ordered by law to bear all costs incurred by PowerChina Jiangxi for repairing the wind turbine blades purchased by it on its own or by entrusting a third party to do so, or for replacing the relevant wind turbine blades (tentatively amounting to RMB1,000,000, subject to the appraisal opinion or actual amount incurred); (2) Nanjing Wind Power shall be ordered by law to compensate PowerChina Jiangxi for losses in electricity price of RMB90,329,400 during the 3-year service cycle as a result of failure in grid connection as scheduled; (3) Nanjing Wind Power shall be ordered by law to compensate PowerChina Jiangxi for losses in electric quantity of RMB6,714,000 due to the quality issue; (4) Nanjing Wind Power shall be ordered by law to pay liquidated damages of RMB9,750,000 for the delayed delivery of goods to PowerChina Jiangxi; (5) Nanjing Wind Power shall be ordered by law to compensate PowerChina Jiangxi for losses in deduction of payment of RMB1,306,600 (tentative); and (6) Nanjing Wind Power shall be ordered by law to bear the legal costs, preservation fees, preservation insurance fees, appraisal fees and notarial fees for the case. As of the date of approval for issue of the financial statements, the case is in the first-instance stage, and the Board of Directors believes that the outcome of the lawsuit and the compensation obligation (if any) cannot be reliably estimated;
- (d) In January 2019, Guishen Company and Guizhou Land entered into an *Equity and Creditor’s Rights Transfer Contract* with Xinhe Lifu to transfer the 100% equity and creditor’s rights held by Guishen Company in Guizhou Shengbo Land Co., Ltd. and the 100% equity and creditor’s rights held by Guizhou Land in three companies including Guizhou Hengfengxin Real Estate Co., Ltd., Guizhou Henghongda Real Estate Co., Ltd. and Guizhou Hengda Real Estate Co., Ltd. to Xinhe Lifu. In October 2023, Xinhe Lifu filed an arbitration with the Shenzhen Court of International Arbitration, requesting Guizhou Land and Guishen Company to (1) refund the amount of RMB112,112,000.00 by which the contract price should be decreased as agreed upon in the *Equity and Creditor’s Rights Transfer Contract*; (2) pay RMB112,112,000.00 for losses from capital occupation, which is temporarily calculated at RMB77,801,053.00 as of 31 July 2023; (3) compensate for losses of RMB12,200,000.00 in respect of the payment for index on linking the increase and decrease of land use and the corresponding losses from capital occupation amounting to RMB4,589,369.00 (tentative); (4) compensate for losses from capital occupation in respect of the delay in development of eight pieces of land amounting to RMB195,829,556.00; (5) compensate for losses from house expropriation, land expropriation and grave relocation totaling RMB23,972,800.00; (6) compensate for losses from fines for forest land, forest land revegetation expenses, and technical service fees for preparing the feasibility report on forest land totaling RMB1,721,927.00, and the corresponding losses from capital occupation amounting to RMB640,302.00 (tentative); (7) compensate for losses on land VAT and enterprise income tax amounting to RMB23,282,900.00 due to the fact that the land-transferring fee amounting to RMB43,930,000.00 of Guizhou Hengfengxin Real Estate Co., Ltd. could not be deducted against the corresponding taxes; and (8) refund RMB20,412,000.00 paid by Xinhe Lifu on 13 May 2019 and the corresponding losses from capital occupation amounting to RMB13,484,394.00 (tentative). The above requests totaled RMB486,046,301.00 approximately. As of the date of approval for issue of the financial statements, the case is still under arbitration, and the Board of Directors believes that the outcome of the arbitration and the compensation obligation (if any) cannot be reliably estimated.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

XII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies (Continued)

(1) Significant contingencies at the balance sheet date (Continued)

- (e) Environment Company, a subsidiary of the Company, entered into the Capital Increase and Share Transfer Agreement Regarding Acquisition of up to 68.1045% Shares of Bioland Company between Shenzhen Expressway Environment Construction Management Co., Ltd., and Zhengzhou Cida Environmental Technology Co., Ltd., Beijing Shuiqi Lande Technology Co., Ltd., Shi Junying, Shi Junhua, and Bioland Company (the “Capital Increase and Equity Transfer Agreement”) with Bioland Company and its 4 shareholders (i.e., Shi Junying, Shi Junhua, Zhengzhou Cida Environmental Technology Co., Ltd., and Beijing Shuiqi Lande Technology Co., Ltd., collectively referred to as “Original Shareholders”) on 8 January 2020, which stipulated equity compensation for valuation adjustment mechanism and other matters. Environment Company obtained 22,640,000 shares held by the Original Shareholders as compensation because Bioland Company failed to achieve the expected performance in 2021. In May 2023, the Original Shareholders submitted an arbitration application to the Shenzhen International Arbitration Court, requesting (1) to change the formula for calculating the performance compensation under the Capital Increase and Equity Transfer Agreement, i.e., to bear the liability of 1% in respect of the performance compensation for 2021 only; (2) Environment Company to return the 22,640,000 shares that had been compensated, or to compensate the Original Shareholders RMB129,727,200.00 if such shares could not be returned due to transfer or pledge, etc.; (3) Environment Company shall bear the Original Shareholders’ attorney fees, notary fees and other expenses for defending their rights; (4) Environment Company shall bear the arbitration costs of this case. As of the date of approval for issue of the financial statements, the case is in arbitration and the Board of Directors considers that the outcome of the arbitration and the compensation obligation, if any, cannot be reliably estimated.

In addition to the above matters, as at 31 December 2023, the amount of the pending litigation and arbitration cases in which the Group is the defendant totaled RMB127,994,100.00. After consulting the relevant attorney, the Company’s Board of Directors believes that the outcome of the aforesaid litigation and arbitration and the compensation obligations, if any, cannot be reliably estimated.

XIII. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

1. On 22 February 2023, as approved by the Board of Directors, the Company, which is also the originator, launched a pilot declaration of Real Estate Investment Trust (“REITs”) in the field of infrastructure with Yichang Expressway owned by a wholly-owned subsidiary of the Company as the infrastructure project, through E Fund Management Co., Ltd. (“E Fund”), the fund manager. On 29 December 2023, E Fund received the *Reply on approving the Registration of the Close-end Infrastructure Securities Investment Funds for Expressways of E Fund – Shenzhen Expressway* (Zheng Jian Xu Ke No. 2927 [2023]) issued by the China Securities Regulatory Commission, which approved the registration of the Publicly-offered Infrastructure REITs with major contents as follows: 1. Allow E Fund to register the close-end infrastructure securities investment funds for expressways of E Fund – Shenzhen Expressway (“E Fund – Shenzhen Expressway REITs”), the fund is in closed-end contract type with a contractual term of 11 years; 2. 300,000,000 shares are allowed to be raised; 3. Agree E Fund to be the Manager of the fund and Industrial and Commercial Bank of China Limited to be the Custodian of the fund; and 4. E Fund shall conduct fund-raising activities within 6 months from the date of issuance of the reply and the fund-raising period shall not exceed 3 months from the date of offering of the fund shares. The offering of E Fund – Shenzhen Expressway REITs was completed on 7 March 2024, with 300,000,000 fund shares ultimately raised at an offering price of RMB6.825 per share, and the fund raised totaled RMB2,047.5 million. The fund contract for E Fund – Shenzhen Expressway REITs is effective on 12 March 2024. Furthermore, the Company has entered into an equity transfer agreement and a creditor’s right transfer agreement with Changde Yichang Enterprise Operation Management Co., Ltd. and Yichang Company to dispose of the 100% equity interest in Yichang Company and two creditor’s rights of approximately RMB648.5 million. As of the date of approval for issue of the financial statements, the formalities for business registration of the relevant ownership have been completed.



XIII. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (CONTINUED)

2. On 15 July 2023, as approved at the 32nd meeting of the 9th Session of Board of Directors of the Company, the Company intends to issue A-shares to specific targets, with the issue scale not exceeding RMB6.50 billion (inclusive), i.e., no more than 654,231,097 A-shares (inclusive). The net amount raised this time is intended to be used for Shenzhen section project of Shenzhen Outer Ring Expressway and for repaying interest-bearing liabilities. The matters related to the issuance of A-shares to specific targets were deliberated and passed on 20 September 2023 at the shareholders' meeting and separate meeting of classes of shareholders of the Company, and has been approved by the main body responsible for the supervision and management of state-owned assets. On 25 January 2024, as approved at the 40th meeting of the 9th session of the Company's Board of Directors, the issue size was reduced from not more than RMB6.5 billion to not more than RMB4.9 billion. It can only be implemented after being approved by the Shanghai Stock Exchange and approved by the China Securities Regulatory Commission for registration. Before and after the issue this time, the controlling shareholder of the Company is Shenzhen International, and the actual controller is Shenzhen SASAC. This issue will not result in a change in control of the Company.
3. On 22 March 2024, as approved at the 42nd meeting of the 9th session of the Board of Directors of the Company, a cash dividend of RMB0.55 (including tax) per share shall be distributed on the basis of the total share capital of the Company as at 31 December 2023, totaling RMB1,199,423,679.30, with no transfer of capital reserve to equity, and the aforesaid resolution will be submitted to the 2023 annual general meeting of the Company for approval.

XIV. OTHER SIGNIFICANT MATTERS

1. Segment information

(1) Basis for determination and accounting policies of reporting segments

According to the Group's internal organisational structure, management requirements and internal reporting system, the Group's operating business is divided into two operating segments. The Group's management regularly evaluates the operating results of these segments to determine the allocation of resources and evaluation of their performance. On the basis of operating segments, the Group has identified two reporting segments, namely the toll road segment and the environmental protection segment. These reporting segments are determined on the basis of their main business. The main products and services provided by each reporting segment of the Group: toll road segment takes charge of operation and management of toll roads in Mainland China; environmental protection segment takes charge of the operation and management of environment-related infrastructure, mainly including solid waste treatment, clean energy and other related fields; and other businesses principally comprise the provision of entrusted management services, advertising services, property development, finance leases, construction services under franchise arrangement and other services. These businesses cannot be separated into reportable segments.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria is consistent with the accounting and measurement criteria in the preparation of the financial statements.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

XIV. OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment information (Continued)

(2) Financial information of reporting segment

2023

RMB

Item	Environmental				Total
	Toll road	protection	Others	Unallocated	
Revenue from external customers	5,374,901,239.20	1,618,254,610.60	2,302,148,521.89	–	9,295,304,371.69
Cost of services	2,666,988,877.55	1,255,448,544.17	2,026,946,321.66	–	5,949,383,743.38
Interest income	30,380,622.49	4,238,890.77	10,103,834.11	25,937,620.64	70,660,968.01
Interest expenses	74,388,701.60	200,460,038.11	954,419,149.52	–	1,229,267,889.23
Income from investment in associates and joint ventures	452,741,232.25	172,715,035.83	852,311,475.26	–	1,477,767,743.34
Credit impairment gains (losses)	(3,268,621.44)	(97,487,638.21)	548,588.76	–	(100,207,670.89)
Gains (losses) on impairment of assets	–	(132,231,841.52)	6,000.00	–	(132,225,841.52)
Gains (losses) on disposal of assets	12,424,838.76	350,805.40	455,420.99	423,290.24	13,654,355.39
Depreciation and amortisation	1,741,795,402.13	445,453,420.64	96,288,026.00	79,116,361.58	2,362,653,210.35
Total profit (loss)	2,741,097,771.91	(30,458,880.71)	515,881,269.82	(310,886,534.10)	2,915,633,626.92
Income tax expenses	598,865,978.45	(12,642,731.99)	(56,420,658.54)	–	529,802,587.92
Net profit (loss)	2,142,231,793.46	(17,816,148.72)	572,301,928.36	(310,886,534.10)	2,385,831,039.00
Total assets	37,677,227,979.71	19,157,356,220.82	8,670,212,371.40	2,002,672,518.84	67,507,469,090.77
Total liabilities	28,134,704,961.20	8,570,950,108.43	2,532,646,937.46	270,485,098.56	39,508,787,105.65
Long-term equity investments in associates and joint ventures	10,778,024,996.12	5,190,564,268.17	2,747,232,856.45	–	18,715,822,120.74
Amount of non-current assets (exclusive of financial assets, long-term equity investments, and deferred tax assets)	20,144,356,901.01	9,473,070,114.72	7,059,076,016.76	1,661,919,303.17	38,338,422,335.66



XIV. OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment information (Continued)

(2) Financial information of reporting segment (Continued)

2022

RMB

Item	Toll road (Restated)	Environmental protection (Restated)	Others (Restated)	Unallocated (Restated)	Total (Restated)
Revenue from external customers	4,978,341,345.68	1,757,219,821.16	2,637,021,379.75	–	9,372,582,546.59
Cost of services	2,800,083,416.38	1,288,946,396.95	2,264,566,448.63	–	6,353,596,261.96
Interest income	48,759,052.51	12,562,454.01	2,101,251.88	66,265,304.20	129,688,062.60
Interest expenses	138,413,185.35	228,490,766.59	817,767,294.87	–	1,184,671,246.81
Income from investment in associates and joint ventures	144,534,653.97	249,495,120.52	188,658,007.76	–	582,687,782.25
Credit impairment gains (losses)	–	(68,783,264.62)	(14,440,403.68)	–	(83,223,668.30)
Gains (losses) on impairment of assets	–	(164,102,829.78)	(13,650.98)	–	(164,116,480.76)
Gains (losses) on disposal of assets	(520,096.83)	205,603.98	4,958,051.50	2,653,855.62	7,297,414.27
Depreciation and amortisation	1,701,784,016.79	423,100,333.10	84,507,650.86	67,267,580.83	2,276,659,581.58
Total profit (loss)	2,145,165,291.58	205,361,594.84	(222,255,376.03)	356,253,536.73	2,484,525,047.12
Income tax expenses	466,316,457.56	(19,190,067.77)	82,195,116.52	–	529,321,506.31
Net profit (loss)	1,678,848,834.02	224,551,662.61	(304,450,492.55)	356,253,536.73	1,955,203,540.81
Total assets	40,930,346,825.95	19,191,961,186.90	7,350,083,392.16	1,732,306,610.49	69,204,698,015.50
Total liabilities	29,211,110,536.71	8,467,930,251.66	2,547,002,404.73	1,614,517,120.88	41,840,560,313.98
Long-term equity investments in associates and joint ventures	10,629,817,482.11	5,179,583,434.93	1,939,669,031.33	–	17,749,069,948.37
Amount of non-current assets (exclusive of financial assets, long-term equity investments, and deferred tax assets)	17,093,909,109.68	13,250,293,756.77	6,804,590,860.53	1,667,644,298.41	38,816,438,025.39

(3) Other descriptions

The Group's revenue from external customers and the non-current assets other than financial assets and deferred tax assets are all derived from the PRC. The Group did not generate revenue from sales to any single customer that reaches or exceeds 10% of the Group's revenue.

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Accounts receivable disclosed by aging

RMB

Aging	31 December 2023	31 December 2022
Within 1 year	69,093,426.74	21,452,987.56
1 to 2 years	–	2,892,760.09
Over 3 years	4,838,866.44	4,838,866.44
Total	73,932,293.18	29,184,614.09

(2) Accounts receivable disclosed by method of bad debt provision

RMB

Category	31 December 2023				Carrying amount	31 December 2022				Carrying amount
	Gross carrying amount		Bad debt provision			Gross carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on a portfolio basis according to credit risk characteristics										
Portfolio I	51,377,582.42	69.49	–	–	51,377,582.42	7,754,176.53	26.57	–	–	7,754,176.53
Portfolio IV	22,554,710.76	30.51	–	–	22,554,710.76	21,430,437.56	73.43	–	–	21,430,437.56
Total	73,932,293.18	100.00	–	–	73,932,293.18	29,184,614.09	100.00	–	–	29,184,614.09



XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(3) Top five accounts receivable and contract assets categorized by debtor

RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
Total of top five accounts receivable and contract assets as at 31 December 2023	42,964,429.92	104,072,424.98	147,036,854.90	79.12	–

2. Other receivables

2.1 Presentation of other receivables

RMB

Item	31 December 2023	31 December 2022
Dividends receivable	703,407,059.90	450,000,000.00
Other receivables	2,621,381,133.37	2,055,378,219.49
Total	3,324,788,193.27	2,505,378,219.49

2.2 Dividends receivable

(1) Dividends receivable

RMB

Investee	31 December 2023	31 December 2022
Mei Wah Company	450,000,000.00	450,000,000.00
Yichang Company	253,407,059.90	–
Total	703,407,059.90	450,000,000.00

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.2 Dividends receivable (Continued)

(2) Significant dividends receivable aged over 1 year

RMB

Item (or investee)	Closing balance	Aging	Reason for failure in recovery	Impaired or not and the basis for determination
Mei Wah Company	450,000,000.00	Over 3 years	The Group's integrated management of capital	No. They are dividends receivable from wholly-owned subsidiaries, which are recoverable

2.3 Other receivables

(1) Other receivables disclosed by aging

RMB

Aging	31 December 2023	31 December 2022
Within 1 year	2,003,720,634.00	910,245,179.59
1 to 2 years	251,393,771.10	698,320,022.95
2 to 3 years	93,741,580.24	441,438,484.92
Over 3 years	272,525,148.03	5,374,532.03
Total	2,621,381,133.37	2,055,378,219.49

(2) Other receivables analyzed by nature

RMB

Nature	31 December 2023	31 December 2022
Borrowings receivable	2,548,110,193.91	1,216,913,631.11
Advances receivable	72,480,388.29	835,851,338.76
Others	790,551.17	2,613,249.62
Total	2,621,381,133.37	2,055,378,219.49



XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(3) Top five other receivables categorized by debtor

RMB

Name of entity	Nature	Closing balance	Aging	Proportion to total other receivables (%)	Closing balance of provision for bad debts
Total of top five other receivables as at 31 December 2023	Advances receivable, borrowings receivable	1,829,667,548.63	1 to 3 years or more	69.80	–

3. Long-term equity investments

RMB

Investee	1 January 2023	Changes in the year							31 December 2023	Closing balance of provision for impairment	
		Addition	Reduction	Investment gains or losses recognised under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividend or profit declared	Provision for impairment			Others
Associates and joint ventures:											
Nanjing Third Bridge Company	449,038,114.64	-	-	56,101,199.52	-	-	(50,801,306.53)	-	-	454,338,007.63	-
Yangmao Company	831,127,311.40	-	-	38,150,403.30	-	-	(32,501,498.89)	-	-	836,776,215.81	-
GZ W2 Company	321,828,011.03	-	-	55,876,254.74	-	-	(43,327,500.00)	-	-	334,376,765.77	-
United Land Company	23,392,242.61	-	-	624,673,799.06	-	-	-	-	-	648,066,041.67	-
Shengchuang Fund	118,382,068.13	-	-	(6,042,556.89)	-	-	-	-	-	112,339,511.24	-
Others	1,460,253,108.04	-	-	140,953,748.30	13,897,418.80	-	(25,560,000.00)	-	(20,820,044.54)	1,568,724,230.60	-
Sub-total	3,204,020,855.85	-	-	909,712,848.03	13,897,418.80	-	(152,190,305.42)	-	(20,820,044.54)	3,954,620,772.72	-

Notes to Financial Statements

For the year ended 31 December 2023
(RMB)

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

RMB

Investee	1 January 2023	Changes in the year							31 December 2023	Closing balance of provision for impairment	
		Addition	Reduction	Investment gains or losses recognised under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividend or profit declared	Provision for impairment			Others
Investment in subsidiaries:											
Meiguan Company	521,260,142.34	-	-	-	-	-	-	-	-	521,260,142.34	-
Qinglong Company	101,477,197.16	-	-	-	-	-	-	-	-	101,477,197.16	-
Advertising Company	3,325,000.01	-	(3,325,000.01)	-	-	-	-	-	-	-	-
Mei Wah Company	831,769,303.26	-	-	-	-	-	-	-	-	831,769,303.26	-
Qinglian Company	1,385,448,900.00	-	(187,668,005.40)	-	-	-	-	-	-	1,197,780,894.60	-
Outer Ring Company	7,150,000,000.00	-	-	-	-	-	-	-	-	7,150,000,000.00	-
Investment Company	400,000,000.00	400,000,000.00	-	-	-	-	-	-	-	800,000,000.00	-
Environment Company	5,000,000,000.00	-	-	-	-	-	-	-	-	5,000,000,000.00	-
Operation Development Company	30,000,000.00	3,325,000.01	-	-	-	-	-	-	-	33,325,000.01	-
Sherchang Company	33,280,762.94	-	-	-	-	-	-	-	-	33,280,762.94	-
Yichang Company	1,270,000,000.00	-	-	-	-	-	-	-	-	1,270,000,000.00	-
Construction Development Company	30,000,000.00	-	-	-	-	-	-	-	-	30,000,000.00	-
Infrastructure Environment Protection Development Company	255,000,000.00	-	-	-	-	-	-	-	-	255,000,000.00	-
Coastal Company	1,787,939,407.88	-	-	-	-	-	-	-	-	1,787,939,407.88	-
Fund Company	10,000,000.00	-	-	-	-	-	-	-	-	10,000,000.00	-
Baotou Nanfeng	1,280,900.27	-	-	-	-	-	-	-	-	1,280,900.27	-
Financial Leasing Company	678,193,419.87	-	-	-	-	-	-	-	-	678,193,419.87	-
New Energy Company	2,161,250,000.00	-	-	-	-	-	-	-	-	2,161,250,000.00	-
Guangming Environmental Technology	200,000,000.00	-	-	-	-	-	-	-	-	200,000,000.00	-
Longda Company	103,816,567.61	-	-	-	-	-	-	-	-	103,816,567.61	-
Shenzhen Expressway Business	4,000,000.00	-	-	-	-	-	-	-	-	4,000,000.00	-
Expressway Digital Technology	2,550,000.00	-	-	-	-	-	-	-	-	2,550,000.00	-
Sub-total	21,960,591,601.34	403,325,000.01	(190,993,005.41)	-	-	-	-	-	-	22,172,923,595.94	-
Total	25,164,612,457.19	403,325,000.01	(190,993,005.41)	909,712,848.03	13,897,418.80	-	(152,190,305.42)	-	(20,820,044.54)	26,127,544,368.66	-

Note: The detailed information about investment in associates and joint ventures is set out in Note V, 13.



XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Operating income and cost of services

RMB

Item	2023		2022	
	Income	Cost	Income	Cost
Main businesses	1,226,069,369.37	408,336,676.11	1,101,215,623.65	414,745,120.53
Other businesses	545,602,180.89	484,377,997.04	543,221,896.00	535,957,438.55
Total	1,771,671,550.26	892,714,673.15	1,644,437,519.65	950,702,559.08

5. Investment income

RMB

Item	2023	2022
Income from long-term equity investments under the cost method	1,846,116,593.31	344,511,398.10
Income from long-term equity investments under the equity method	909,712,848.03	260,825,307.11
Investment income from other non-current financial assets	9,534,362.82	18,122,334.03
Investment income from disposal of equity	–	921,200,000.00
Others	7,767,123.31	–
Total	2,773,130,927.47	1,544,659,039.24

Supplementary Information

For the year ended 31 December 2023

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE CURRENT PERIOD

RMB

Item	Amount
Profit or loss on disposal of non-current assets, including those charged off for which provision for impairment of assets has been made	13,990,976.35
Government grants recognised in profit or loss (other than government grants which are closely related to the Company's business, in line with the national regulations, enjoyed under established standards and have a continuous impact on the Company's profit or loss)	24,318,693.79
Income earned from lending funds to non-financial institutions and recognised in profit or loss	3,818,394.57
Profit or loss on changes in the fair value of financial assets and financial liabilities held by non-financial enterprises and profit or loss on disposal of financial assets and financial liabilities, other than those used in the effective hedging activities relating to normal operating business	153,607,037.26
Other non-operating income or expenses other than the above	(97,127,523.44)
Less: Tax effects	45,477,192.83
Effects attributable to minority interests	(33,966,784.03)
Total	87,097,169.73

Basis for preparation of the breakdown of non-recurring profit or loss

According to *Explanatory Announcement on Information Disclosure by Companies Making Public Offering of Securities No. 1 - Non-Recurring Profit or Loss (Revised in 2023)* issued by China Securities Regulatory Commission, non-recurring profit or loss arises from transactions or events that are not directly related to the normal business operations, or transactions or events that are related to normal business operations, but are so extraordinary that would have an impact on users of the financial statements when making proper judgments on the performance and profitability of the Company.

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

The return on net assets and earnings per share have been prepared by Shenzhen Expressway Corporation Limited in accordance with *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share* (revised in 2010) issued by China Securities Regulatory Commission.

RMB

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	11.99	0.982	0.982
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	11.53	0.942	0.942

3. SUPPLEMENTARY INFORMATION RELATING TO THE RETROSPECTIVE APPLICATION OF ACCOUNTING POLICIES/RETROSPECTIVE RESTATEMENT/RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS

RMB

Item	31 December 2023	31 December 2022	1 January 2022
Current assets:			
Cash at banks and on hand	2,152,367,633.05	3,635,862,158.72	5,948,688,887.14
Transactional financial assets	468,792,208.25	1,112,243,771.54	564,018,179.30
Bills receivable	500,000.00	3,500,000.00	87,388,115.83
Accounts receivable	967,487,093.08	1,052,263,013.07	993,613,902.45
Prepayments	248,083,582.06	225,509,293.25	191,350,700.74
Other receivables	602,215,140.81	1,121,628,992.41	981,250,269.52
Including: Interest receivable	–	–	–
Dividends receivable	–	181,376,782.72	–
Inventories	1,355,564,013.49	1,314,262,956.81	1,338,820,859.08
Contract assets	394,910,901.30	377,341,353.82	395,182,028.57
Non-current assets due within one year	264,774,570.13	196,704,222.31	235,808,874.20
Other current assets	497,079,323.91	257,805,744.15	546,140,489.67
Total current assets	6,951,774,466.08	9,297,121,506.08	11,282,262,306.50
Non-current assets:			
Long-term prepayments	356,732,998.46	996,880,056.74	1,792,084,894.91
Long-term receivables	2,334,935,756.66	2,152,166,502.48	1,116,297,854.71
Long-term equity investments	18,715,822,120.74	17,749,069,948.37	19,108,413,241.29
Other non-current financial assets	895,069,302.26	763,264,630.44	738,846,474.26
Investment properties	23,033,992.33	26,068,821.95	38,850,893.38
Fixed assets	7,328,858,518.97	7,209,500,786.33	5,709,992,223.45
Construction in progress	289,690,234.44	225,703,626.92	1,779,732,996.87
Right-of-use assets	66,201,181.97	75,412,073.15	366,721,652.00
Intangible assets	26,809,094,107.69	26,847,604,300.36	27,091,053,905.41
Development expenditures	6,261,136.18	5,500,636.18	25,767,094.71
Goodwill	202,893,131.20	202,893,131.20	248,932,906.44
Long-term prepaid expenses	39,044,962.13	53,624,450.56	53,969,025.42
Deferred tax assets	271,445,109.37	426,637,402.74	452,112,687.30
Other non-current assets	3,216,612,072.29	3,173,250,142.00	2,500,778,712.94
Total non-current assets	60,555,694,624.69	59,907,576,509.42	61,023,554,563.09
Total assets	67,507,469,090.77	69,204,698,015.50	72,305,816,869.59

Supplementary Information

For the year ended 31 December 2023

3. SUPPLEMENTARY INFORMATION RELATING TO THE RETROSPECTIVE APPLICATION OF ACCOUNTING POLICIES/RETROSPECTIVE RESTATEMENT/RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

RMB

Item	31 December 2023	31 December 2022	1 January 2022
Current liabilities:			
Short-term borrowings	11,105,625,836.85	9,396,229,275.32	4,120,586,329.34
Transactional financial liabilities	148,117,309.14	133,009,243.01	–
Bills payable	89,735,513.24	228,669,880.66	87,244,188.73
Accounts payable	2,588,545,523.67	2,812,967,920.77	2,502,175,159.44
Advances from customers	623,460.97	794,329.08	12,829,596.78
Contract liabilities	67,149,275.34	30,333,016.72	219,246,400.33
Employee benefits payable	378,691,400.83	363,794,024.54	364,069,719.08
Taxes payable	462,043,523.14	507,605,023.01	594,812,841.07
Other payables	1,059,445,155.50	1,371,768,690.38	1,776,497,691.50
Including: Interest payable	–	–	–
Dividends payable	5,622,222.18	59,026,395.77	58,771,206.22
Non-current liabilities due within one year	2,392,022,913.00	6,380,323,337.26	4,974,845,270.24
Other current liabilities	1,534,478,767.90	2,017,855,853.48	2,037,992,294.21
Total current liabilities	19,826,478,679.58	23,243,350,594.23	16,690,299,490.72
Non-current liabilities:			
Long-term borrowings	9,567,707,809.79	9,573,248,109.29	10,069,194,495.36
Bonds payable	7,159,103,456.71	5,769,517,430.62	7,086,863,713.17
Including: Preferred stock	–	–	–
Perpetual bonds	–	–	–
Lease liabilities	45,614,131.00	47,738,699.35	326,956,105.32
Long-term payables	907,277,866.27	1,148,281,363.36	4,393,072,497.98
Long-term employee benefits payable	115,649,911.45	115,716,411.45	187,966,149.45
Provisions	203,121,139.63	187,330,812.16	173,542,101.05
Deferred revenue	388,675,627.57	474,342,722.05	557,479,916.10
Deferred tax liabilities	1,148,490,784.95	1,281,034,171.47	1,286,986,799.74
Other non-current liabilities	146,667,698.70	–	–
Total non-current liabilities	19,682,308,426.07	18,597,209,719.75	24,082,061,778.17
Total liabilities	39,508,787,105.65	41,840,560,313.98	40,772,361,268.89



3. SUPPLEMENTARY INFORMATION RELATING TO THE RETROSPECTIVE APPLICATION OF ACCOUNTING POLICIES/RETROSPECTIVE RESTATEMENT/RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

RMB

Item	31 December 2023	31 December 2022	1 January 2022
Shareholders' equity:			
Equity	2,180,770,326.00	2,180,770,326.00	2,180,770,326.00
Other equity instruments	4,000,000,000.00	4,000,000,000.00	4,000,000,000.00
Including: Preferred stock	–	–	–
Perpetual bonds	4,000,000,000.00	4,000,000,000.00	4,000,000,000.00
Capital reserve	4,389,338,761.93	4,390,599,135.60	8,864,157,411.51
Other comprehensive income	(542,304,991.67)	(408,012,206.05)	426,519,781.12
Surplus reserve	3,218,191,232.88	3,103,651,659.99	2,931,599,472.69
Undistributed profits	9,112,002,127.97	8,081,458,651.29	7,157,338,734.01
Total equity attributable to shareholders of the Company	22,357,997,457.11	21,348,467,566.83	25,560,385,725.33
Minority interests	5,640,684,528.01	6,015,670,134.69	5,973,069,875.37
Total shareholders' equity	27,998,681,985.12	27,364,137,701.52	31,533,455,600.70
Total liabilities and shareholders' equity	67,507,469,090.77	69,204,698,015.50	72,305,816,869.59

Company Information

I. Company Profile

Registered name	深圳高速公路集团股份有限公司
Chinese abbreviation	深高速
English name	Shenzhen Expressway Corporation Limited
English abbreviation	SZEW
Legal representative	Hu Wei

II. Contact Information

	Secretary of the Board	Joint company secretary	Securities officer
Name	ZHAO Gui Ping	ZHAO Gui Ping, LAM Yuen Ling Eva	GONG Xin, XIAO Wei
Contact address	46/F, Hanking Center, 9968 Shennan Avenue, Nanshan District, Shenzhen		
Telephone	(86) 755-8669 8069; (86) 755-8669 8065		
Fax	(86) 755-8669 8002		
E-mail	secretary@sz-expressway.com		



III. General Information

Registered address	Fumin Toll Station, Fucheng Street, Longhua District, Shenzhen (Postal Code: 518110)
Place of business	46/F, Hanking Center, No. 9968 Shennan Avenue, Nanshan District, Shenzhen (Postal Code: 518057)
Website	http://www.sz-expressway.com
E-mail	ir@sz-expressway.com
Principal place of business in Hong Kong	Room 1603, 16/F, China Building, 29 Queen's Road Central, Hong Kong Tel: (852) 2543 0633 Fax: (852) 2543 9996

IV. Information Disclosure and Site for Inspection

Designated publication newspaper	Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily (for A Shares only)
Designated publication website	http://www.sse.com.cn http://www.hkexnews.hk http://www.sz-expressway.com
Annual report available at	PRC: 46/F Hanking Center Tower, No. 9968 Shennan Avenue, Nanshan District, Shenzhen Hong Kong: Room 1603, 16/F, China Building, 29 Queen's Road Central, Hong Kong

V. Security Profile

Type of securities	Listing exchange	Abbreviation	Security code
A Share	The Shanghai Stock Exchange	Shenzhen Expressway	600548
H Share	The Stock Exchange of Hong Kong Limited	Shenzhen Expressway	00548
Bond	The Shanghai Stock Exchange	G21 Shenzhen Expressway 1	175979
Bond	The Stock Exchange of Hong Kong Limited	SZEXP B2607	40752
Bond	The Shanghai Stock Exchange	21 Shenzhen Expressway 01	188451
Bond	The Shanghai Stock Exchange	22 Shenzhen Expressway 01	185300
Bond	The Shanghai Stock Exchange	G23 Shenzhen Expressway 1	240067

Company Information

VI. Other Information

Auditor	Deloitte & Hua Yong LLP 30/F Bund Center, No.222 Yan An Road East, Huang Pu District, Shanghai Signatory accountants: HUANG Tianyi, LIU Chan
PRC legal adviser	Guangdong Junyan Law Firm 29/F, Block 5, Dachong International Center, Shennan Avenue, Nanshan District, Shenzhen, China
Hong Kong legal adviser	Loong & Yeung, Solicitors Room 1603, 16/F, China Building, 29 Queen's Road Central, Hong Kong
Domestic share registrar and transfer office	China Securities Depository and Clearing Corporation Limited, Shanghai Branch 188 South Yanggao Road, Pudong New District, Shanghai
Share registrar and transfer office in Hong Kong	Hong Kong Registrars Limited 17M/F, Hopewell Centre, 183 Queen's Road East, Hong Kong
Investor relations consultant of A Shares	Beijing JZHT Finance Securities Service Co., Ltd. Rm3601-3607, 36/F, Life Insurance Building, 1001 Fuzhong Road, Futian District, Shenzhen
Investor relations consultant of H Shares	Ever Bloom (HK) Communications Consultants Group Limited 10/F, 80 Gloucester Road, Wanchai, Hong Kong
Principal banks	China Development Bank, Industrial and Commercial Bank of China, Bank of China, China Merchants Bank, etc.



VII. Project Information (as at 31 December 2023)

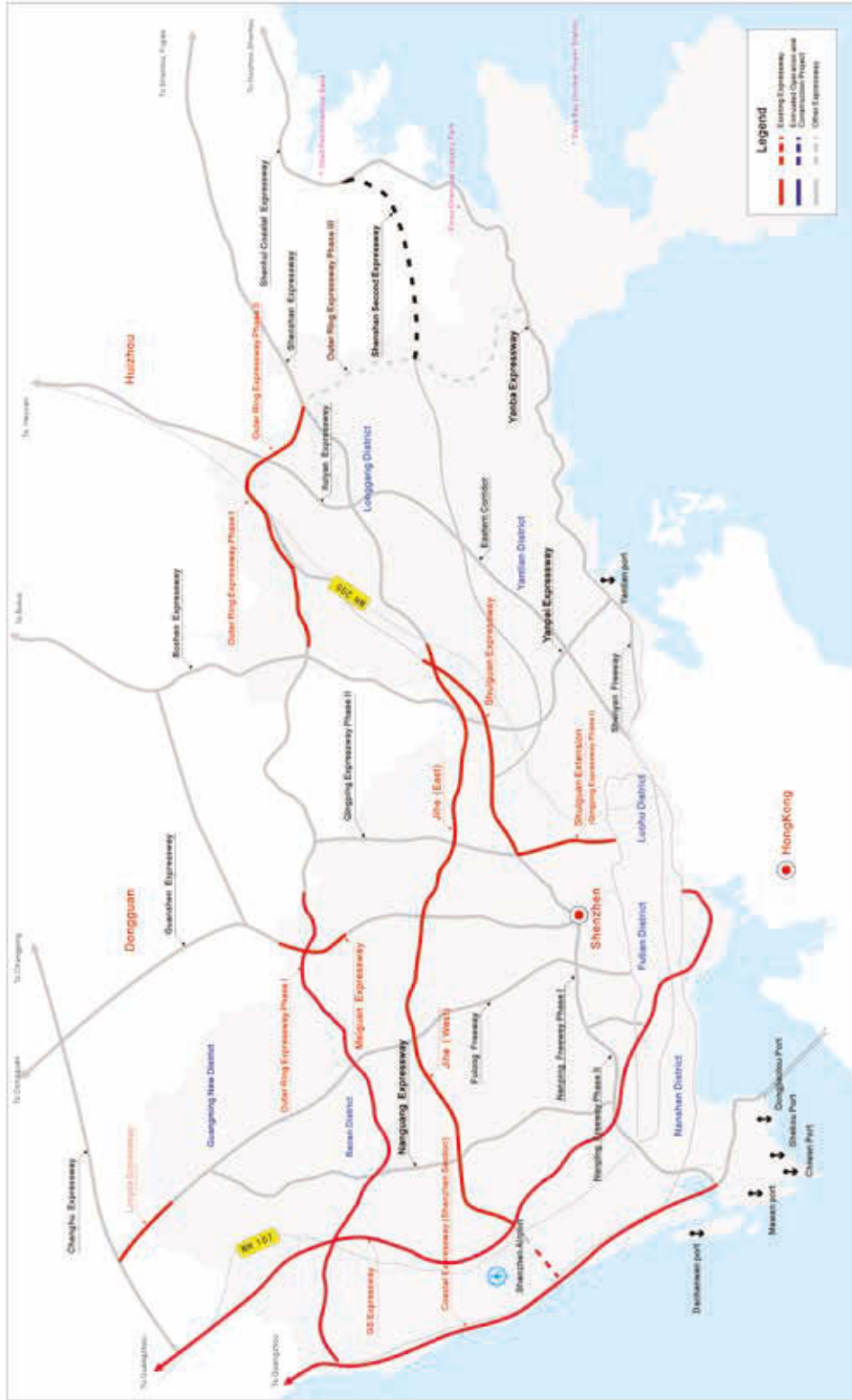
Toll highway	Interest held by the Company	Location	Toll mileage (km)	No. of lanes	Status
Meiguan Expressway	100%	Shenzhen	5.4	8	Under operation
Jihe East	100%	Shenzhen	23.7	6	Under operation
Jihe West	100%	Shenzhen	21.8	6	Under operation
Shuiguan Expressway	50%	Shenzhen	20.0	10	Under operation
Shuiguan Extension	40%	Shenzhen	6.3	6	Under operation
Coastal Project	100%	Shenzhen	36.6	8	Coastal Phase I: under operation Coastal Phase II: under construction
Outer Ring Project ⁽¹⁾	100%	Shenzhen	76.8	6	Outer Ring Phase I&II: under operation Outer Ring Phase III: under construction
Longda Expressway	89.93%	Shenzhen	4.426	6	Under operation
Yangmao Expressway	25%	Guangdong	79.8	8	Under operation
GZ W2 Expressway	25%	Guangdong	40.2	6	Under operation
Qinglian Expressway	76.37%	Guangdong	216.0	4	Under operation
Yichang Project	100%	Hunan	78.3	4	Under operation
Changsha Ring Road	51%	Hunan	34.7	4	Under operation
Nanjing Third Bridge	35%	Jiangsu	15.6	6	Under operation
GZ West Expressway	50%	Guangzhou, Foshan, Zhongshan	98	6	Under operation
GS Expressway	45%	Shenzhen, Dongguan, Guangzhou	122.8	6	Under operation

Note:

- (1) As approved by the Board, during the Reporting Period, the Company has started the investment and construction of approximately 16.8 km of Outer Ring Phase III (Kengzi to Dapeng Section). For details, please refer to the announcement of the Company dated 14 July 2023.
- (2) For detailed information, toll fees, historical operational data of above projects, and road network of peripheral area of the above projects, please refer to the column "Toll Roads" under "Corporation Business", "Operational Statistics" under "Investor Relations" and "IR Materials" under "Investor Relations" in the website of the Company at <http://www.sz-expressway.com>.

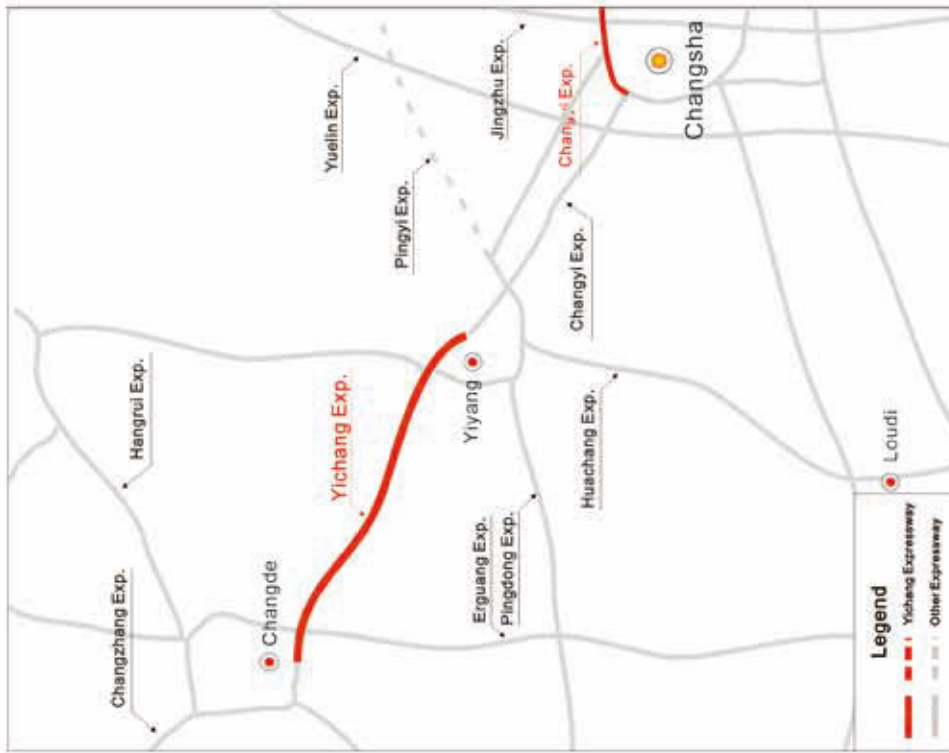
Company Information

Road Network of Shenzhen

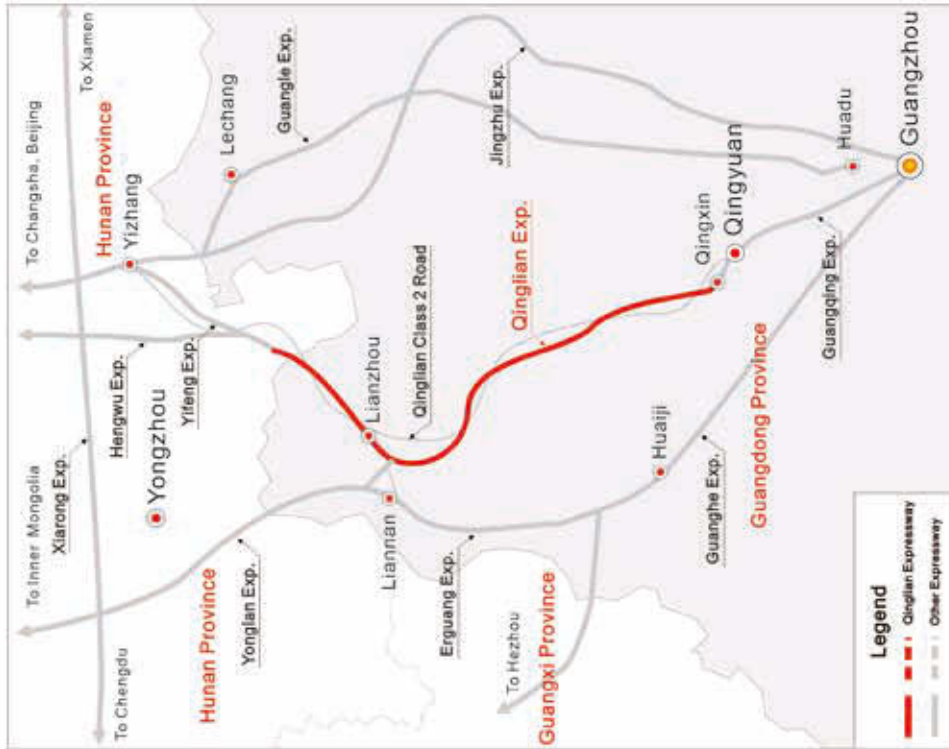


Company Information

Road Network of Yichang Expressway



Road Network of Qinglian Expressway



- ◆ *Unless otherwise stated, the amounts stated in this report are in RMB.*
- ◆ *The total of breakdown and the total may not equal in mantissa due to rounding.*



深圳高速公路集團股份有限公司
SHENZHEN EXPRESSWAY CORPORATION LIMITED

www.sz-expressway.com